



# Chegg

## Q3-24 Investor Presentation

November 12, 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, our mission, our ability to improve the overall return on investment in education by helping learners learn more in less time and at a lower cost, our platform’s ability to build essential life and job skills to accelerate their path from learning to earning, Chegg’s investment highlights, the impact of recent advancements in the AI search experience and the adoption of free and paid generative AI services by students on our business outlook, our ability to refocus and adjust the size of our business, Chegg’s restructuring plan, reduction in force, the number of employees impacted, the amount of the charges in connection with the actions, the timing that such charges will be incurred, the impact of the actions on our non-GAAP financial measures, the amount of the cost savings and the timing of those savings, our belief that our brand and product experience are resilient, Chegg’s 360 degrees of individualized academic and functional support, our description of the future Chegg, our ability to apply learning science to improve outcomes, the roll-out of Chegg’s new experience through 2025, including embedding AI into every facet of Chegg’s platform, our ability to harness AI to better serve learners around the world, 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, Chegg’s unique value and competitive advantages, Chegg’s ESG plans, 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, Chegg’s ability to forecast Chegg’s financial results, Chegg’s intention to implement a program to purchase up to \$300 million of our common stock and/or convertible notes, the expected timing, volume and nature of such securities repurchase program, 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 learners to, and retain existing learners on, our learning platform; Chegg’s innovation and offering of new products and services in response to technology and market developments, including AI; Chegg’s brand and reputation; the uncertainty surrounding the evolving educational landscape, enrollment and student behavior, including the impact of AI; Chegg’s ability to expand internationally; the efficacy of Chegg’s efforts to drive user traffic, including search engine optimization, social media campaigns, and other marketing; the

success of Chegg’s new product offerings, including 360 degrees of individualized academic and functional support; competition in all aspects of Chegg’s business, including with respect to AI, and Chegg’s expectation that such competition will increase; 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; misuse of Chegg’s platform and content; 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, 2023 filed with the Securities and Exchange Commission on February 20, 2024 and Chegg’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 filed with the Securities and Exchange Commission on November 12, 2024, 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 services leverage 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.

## Q3-24 Highlights

- While the global education industry continues to experience tremendous change, we have shown **early progress against the strategic plan** we outlined in June.
- We delivered **better-than-expected revenue of \$137 million and adjusted EBITDA of \$22 million.**
- **Technology shifts have created headwinds** for our industry and Chegg's business. Recent advancements in the AI search experience and the adoption of free and paid generative AI services by students, have resulted in challenges for Chegg. These factors are adversely affecting our business outlook and are requiring us to refocus and adjust the size of our business.
- We are **initiating a broad restructuring** that will impact all groups across the company:  
We will **reduce headcount by an additional 21%**.  
In 2025, we expect to realize **non-GAAP expense savings of \$60-\$70 million** from these employee departures, real estate savings, as well as other cost rationalizations.  
The cost savings from the restructuring announced in June, coupled with the restructuring announced today, will result in a **combined non-GAAP savings of \$100-\$120 million in 2025.**
- While we acknowledge the significance of the headwinds, Chegg has a deep legacy of serving students and we **believe our brand and product experience are resilient.** We remain optimistic and will continue to be there for the students who have grown to rely on us.

## Q3-24 Highlights – Metrics\*

	Q2'24	Q3'24
<b>Chegg Study/Pack Subscribers</b>		
<i>Global</i>	3,419	2,913
YoY	-9%	-13%
<i>US</i>	2,858	2,498
YoY	-9%	-13%
<i>INTL</i>	561	416
YoY	-6%	-16%
<b>Subscription Services Subscribers</b>		
<i>Global</i>	4,369	3,830
YoY	-9%	-13%
<i>US</i>	3,290	2,908
YoY	-10%	-13%
<i>INTL</i>	1,079	923
YoY	-7%	-12%
<b>Chegg Study/Pack Monthly Retention Rate</b>		
<i>Global</i>	78.5%	81.8%
YoY	23bps	30bps
<i>US</i>	80.6%	83.6%
YoY	33bps	7bps
<i>INTL</i>	66.5%	70.0%
YoY	15bps	206bps
<b>Total Questions Asked</b>		
<i>Global</i>	7,307	4,497
YoY	74%	79%
<b>Total Revenue</b>		
<i>Global</i>	163,147	136,593
YoY	-11%	-13%
<i>US</i>	141,654	119,069
YoY	-9%	-13%
<i>INTL</i>	21,494	17,524
YoY	-20%	-18%

	Q2'24	Q3'24
<b>Subscription Services Revenue</b>		
<i>Global</i>	146,813	119,804
YoY	-11%	-14%
<i>US</i>	126,104	102,696
YoY	-10%	-14%
<i>INTL</i>	20,709	17,108
YoY	-20%	-17%
<b>Chegg Study/Pack Revenue</b>		
<i>Global</i>	123,295	97,517
YoY	-13%	-16%
<i>US</i>	111,069	89,267
YoY	-10%	-14%
<i>INTL</i>	12,226	8,250
YoY	-31%	-34%
<b>Chegg Study/Pack ARPU</b>		
<i>Global</i>	\$36.1	\$33.5
YoY	-4%	-3%
<i>US</i>	\$38.9	\$35.7
YoY	-1%	-1%
<i>INTL</i>	\$21.8	\$19.8
YoY	-27%	-22%
<b>Subscription Services ARPU</b>		
<i>Global</i>	\$33.6	\$31.3
YoY	-3%	-2%
<i>US</i>	\$38.3	\$35.3
YoY	0%	-1%
<i>INTL</i>	\$19.2	\$18.5
YoY	-14%	-5%

# 360° of Student Support – Academic and Functional

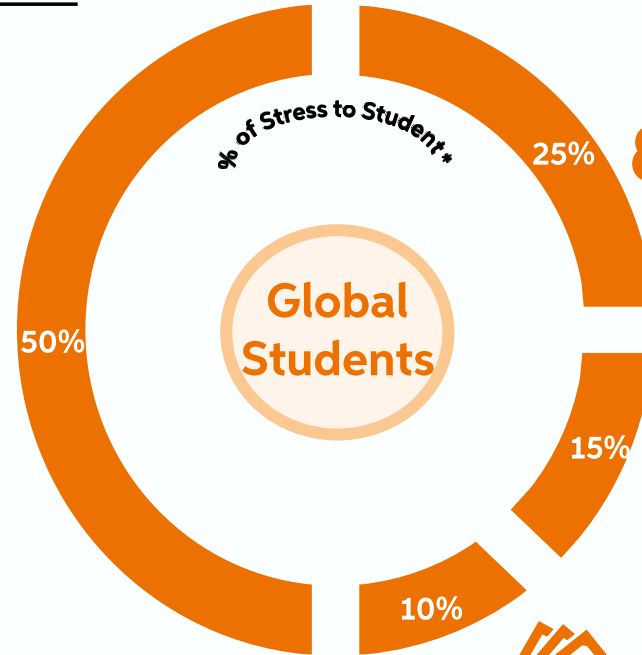
Helping students not only pass the class but excel in their learning journey

## Academic Support



### Academic

- Individualized learning support



## Functional Support

### Engagement



- Organizational & Time Management
- Administrative
- Motivational

### Early Career Skills



- Career-specific & Durable Skills
- Employment Prep

### Social & Financial



- Social & Financial Support
- Connection to popular brands

# We Know Students and We Know Learning

Meeting students where they are and applying learning science to improve outcomes.



**100 million** Q&A pairs → we know the subjects and topics students need to learn



**Content** designed for learning

*Subject-specific LLMs and prompt design for learning to create on-demand, high quality instructional content.*



**~3 billion monthly** data interaction points → we know how students prefer to learn



**Guidance** on what do next

*Helping students move forward with suggested prompts for asking follow ups, deeper learning, self-assessment.*



**Effective** learning behaviors

*Motivating students to build study behaviors that improve comprehension like planning, practice, summarizing.*



**Engaging** interactive experiences

*Helping students stay engaged and motivated by celebrating progress, balancing workloads.*

# 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 truly individualized learning support for students

## 2023

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

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

## 2H24

We are testing **AI-enhanced learnings aids** such as practice questions, study guides & flashcards,

**Next Best Action** will prompt students with helpful, relevant suggestions and integrated learning tools when using QnA

Improvements in experience drive **higher engagement**, which is key to delivering an individualized and adaptive learning experience

## 1H24

We rolled out conversational capability, which enables an **interactive AI-powered learning** experience

Our understanding of the learner journey informs our ability to proactively deliver **the right tool at the right time** throughout a semester

## 2025+

We will develop solutions to common, **durable use cases** (solution triangulation, learning reinforcement) that establish our learning service beyond homework help

We will leverage the engagement of individual users to provide **proactive, individualized, and well-timed learning tools** across the learner journey



## AI at Chegg

**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 an individualized, interactive, on-demand learning companion backed by proprietary data, generative AI large language models, human subject matter experts, and a decade+ of user insight research.

### Chegg differentiators

#### Built for Education

We apply deep learning science from an in-house team to create verticalized learning user experience that reflects how students learn best.

#### Built for Quality and Accuracy

Enhanced learning experience over generic AI models as we leverage our proprietary data, and more than a decade of learning support expertise. Proprietary rubric assess the quality of solutions created.

#### Multi-source Approach

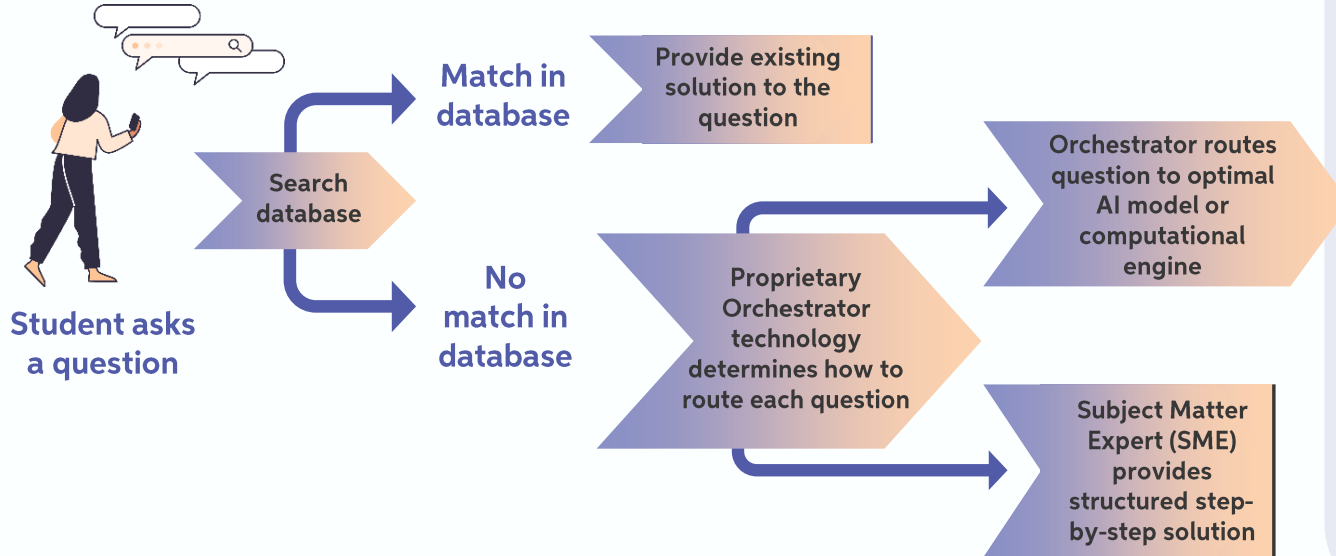
We employ a multi-source approach that involves searching our archive of 132 million solutions for an exact match, using Chegg LLMs, utilizing solutions built on top of commercial and fine-tuned open source LLMs, Chegg proprietary algorithmic solvers and our expert network.

#### Cost

We developed our approach with scale and cost in mind which results in our ability to produce solutions at an ~80% reduction per solution versus our historical approach of human creation.

# Proprietary Solution Flow Technology Incorporating Automated Solutions

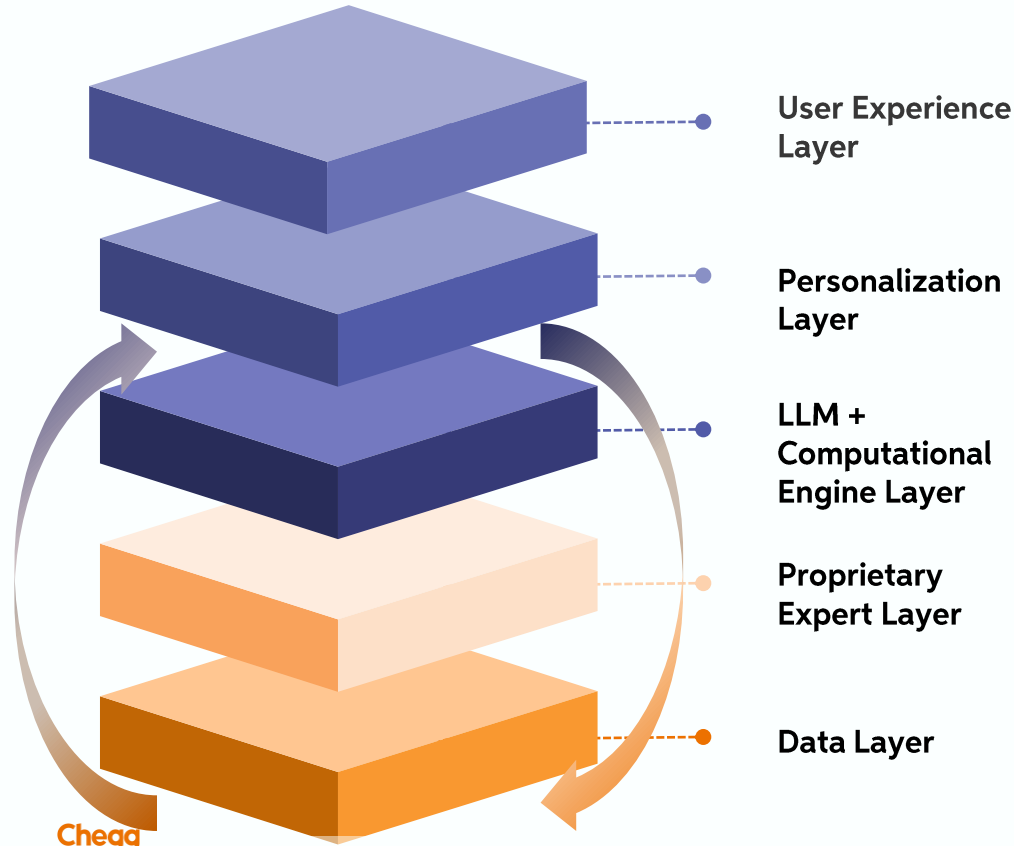
Chegg technology automatically routes questions to the best source that optimizes solution relevancy, speed, and accuracy



## 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, third-party commercial or open source LLMs or human expert
- As models evolve and improve for certain types of content, we will build our solutions on top of the best available

# Industry-Leading Proprietary AI Stack That Delivers Individualized Learning



- **Integration** into Chegg Study and Chegg Skills; available across **Desktop, Mobile Web, and Mobile Native**
- **Conversational** and **guided** learning experience based on student needs
- **Answering routing** via Orchestrator automatically routes questions to various answering systems to generate best response
- **Localized to serve English & Spanish** speaking learners, and more to come.
- **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
- Build a **Community** that connects learners through content and interactions and provides a platform for collaborative learning
- **Proprietary Orchestration between LLMs and our tooling:** Frontier Models + computational engines (e.g., Mathway) optimized for education and STEM-B
- Additional ML models for **image transcription (OCR), question understanding, and Honor Code enforcement**
- **Content moderation** by vetted and trained in-house subject matter experts, over 150K individuals
- **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-vetted 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 or upgrades to any products, and may not be an exact representation of Chegg products in the future.

## Chegg at a Glance: Financials and KPIs - 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

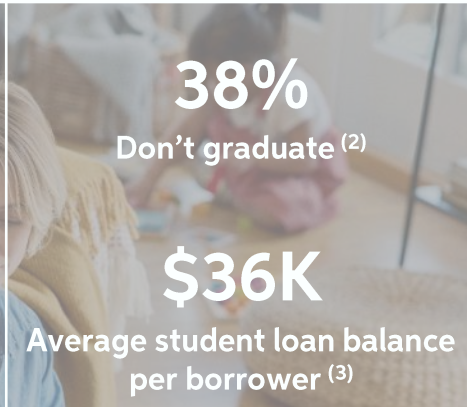
**VOTED AS ONE OF FORTUNE'S BEST WORKPLACES<sup>(3)</sup> AND 15 COMPARABLY AWARDS<sup>(4)</sup>**

# 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 subject-matter experts. Our database includes 132 million solutions<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



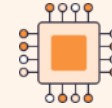
### Busuu

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

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, possibly a street or campus.

**Overwhelming  
value for students  
and unique  
competitive  
advantages**

Real-time  
Individualized  
Conversational  
Affordable  
Backed by Expert Human  
Help  
Satisfaction Guarantee

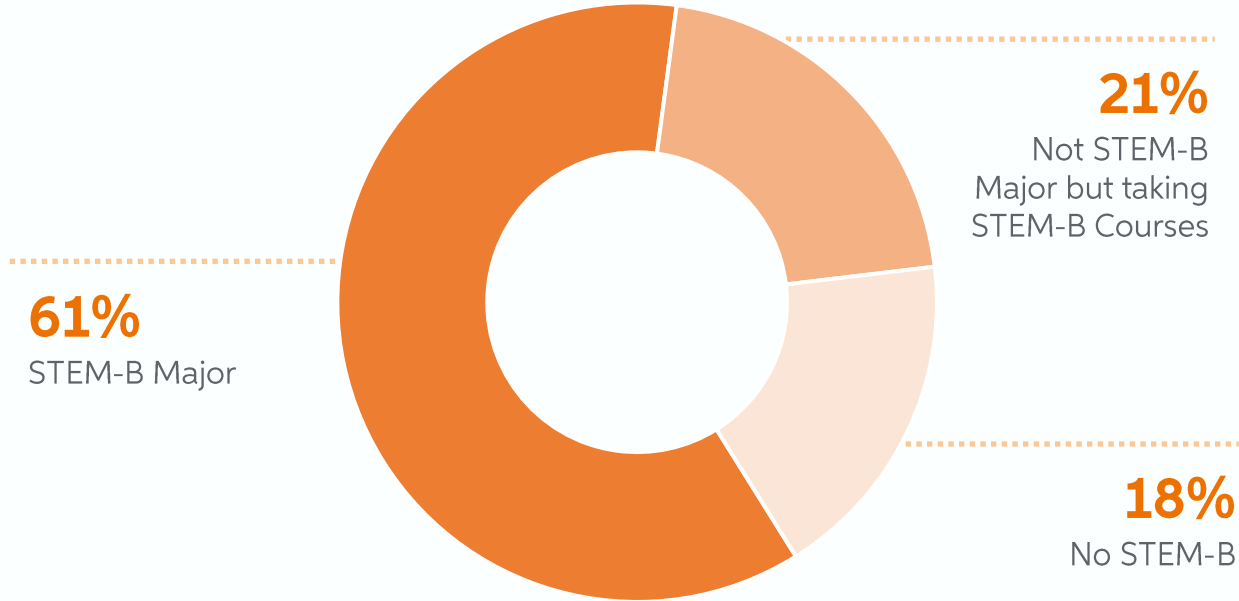
# Chegg Serves Students of Diverse Backgrounds



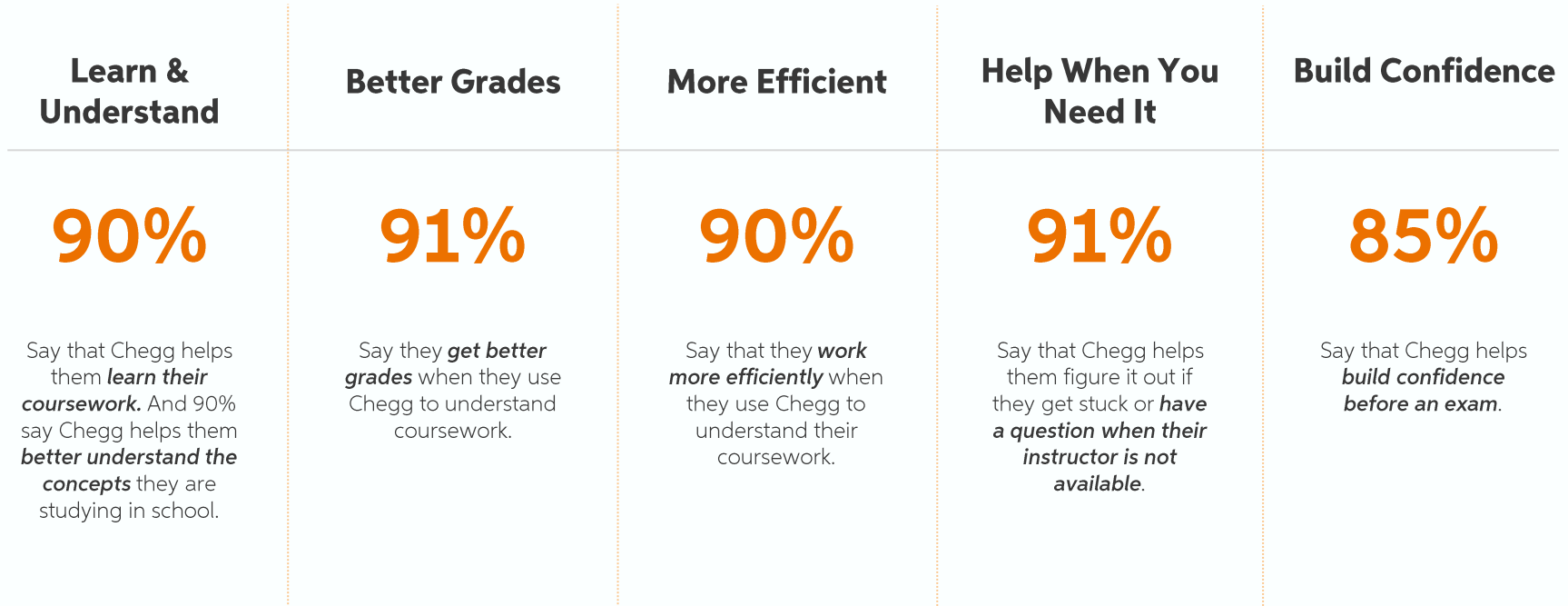
- 28% First generation
- 23% Family income <\$20k
- 53% Minorities
- 61% Female
- 26% Over 25 years old
- 5% work Full-Time / 33% Part-Time



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



# Chegg Delivers Positive Learner Outcomes



Source: Results reflect a Chegg online survey conducted among a random sample of U.S. Chegg Study and Chegg Study Pack customers that used Chegg Study or Chegg Study Pack in Q2 2024 and Q3 2024. Respondent base (n=712) among approximately 1,039,954 invites where each respondent will be entered into a drawing to win 1 of 10 \$300 e-gift cards. Data shows top 2 box (Agree/strongly agree). Sample size represents this population of customers within a margin of error of 3.67% at 95% confidence. Survey responses are not a guarantee of any particular results as individual experiences may vary. Survey fielded between Sep 09,24 – Oct 03,24

# 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](#).

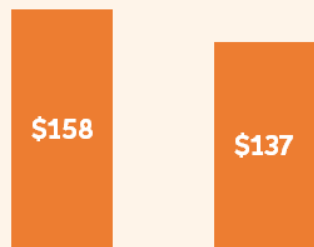
More details & recognition on our [ESG site](#)

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

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

## Financial Highlights: Q3 2024 Revenue and Subscribers

Total Revenue (\$millions)



Q3-23

Q3-24

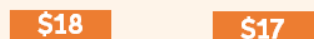
Subscription Services Revenue (\$millions)



Q3-23

Q3-24

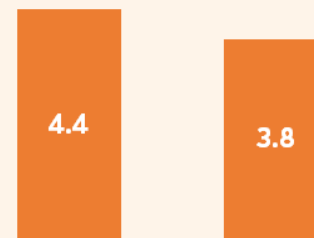
Skills & Other Revenue (\$millions)



Q3-23

Q3-24

Subscription Services Subscribers (millions)

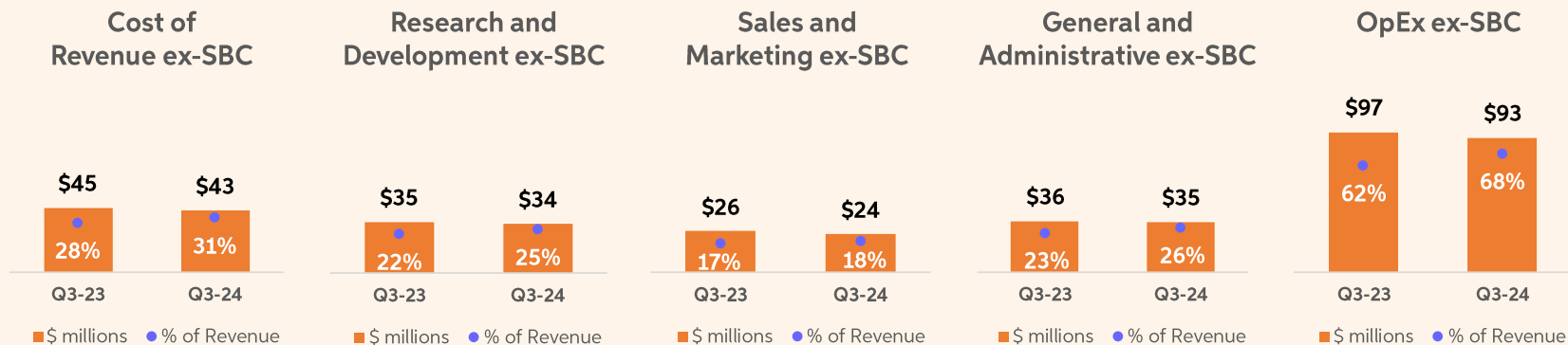


Q3-23

Q3-24

- The year-over-year decrease in Subscription Services Revenue was primarily due to an 13% decrease in Subscription Services Subscribers, partially offset by a continued improvement in retention.

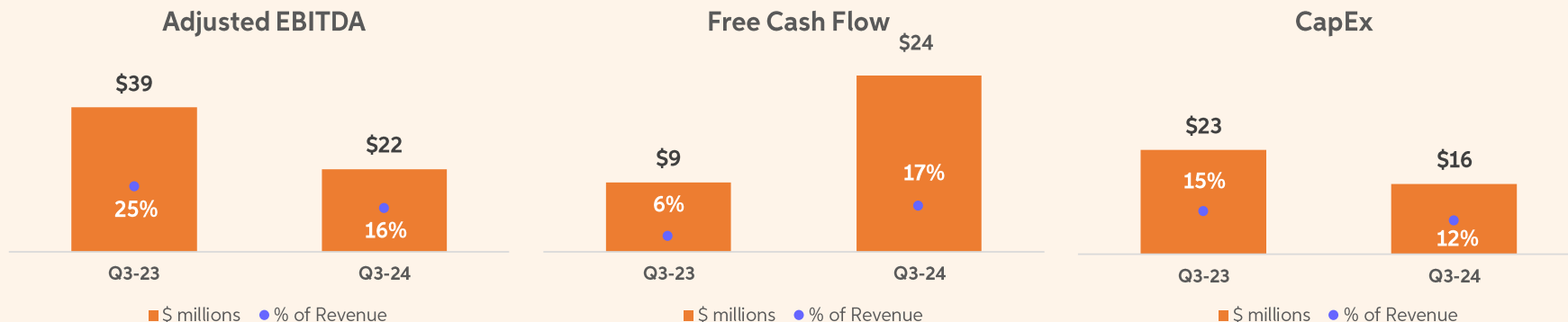
## Financial Highlights: Q3 2024 Expenses ex-Stock Based Comp (SBC)\*



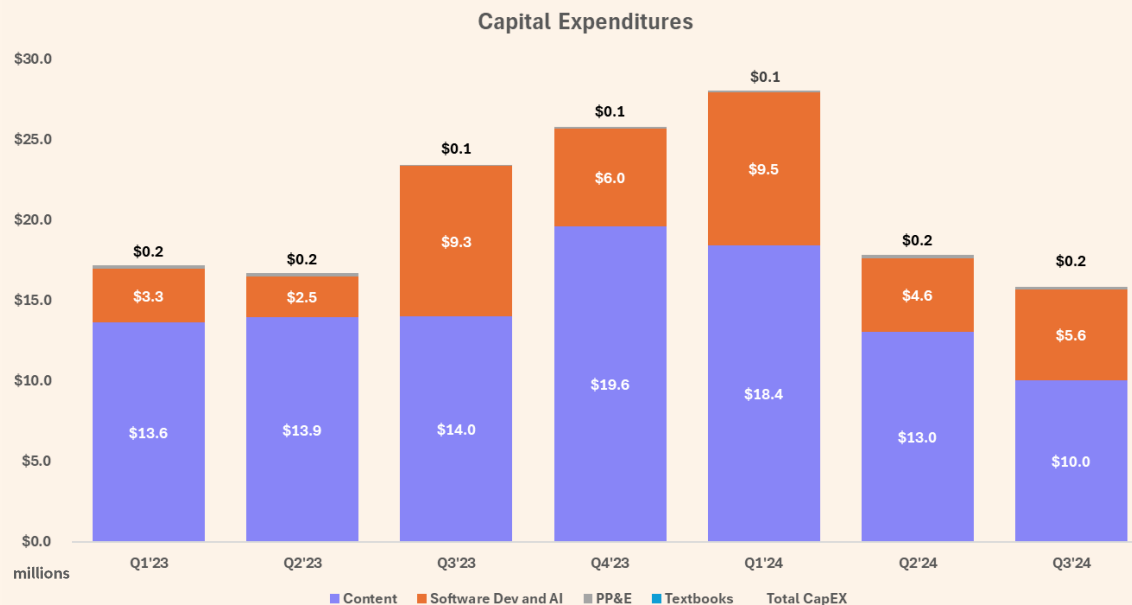
- We continue to take a prudent approach with expense management

\*This analysis excludes SBC as well as the One-Time Content and Related Assets Charge of \$41.8M in 3Q-2023. This One-Time charge impacted both GAAP Cost of Revenue and GAAP G&A in 3Q-2023, by \$38.2M and \$3.6M, respectively. It also excludes a one-time loss contingent for \$5.1 in General and Administrative and non-cash impairment charge of \$195.7 million in Q3-24. Please see Appendix for the reconciliation between GAAP expenses and Expenses excluding SBC

# Financial Highlights: Q3 2024 Adj. EBITDA Margin, Free Cash Flow, and CapEx

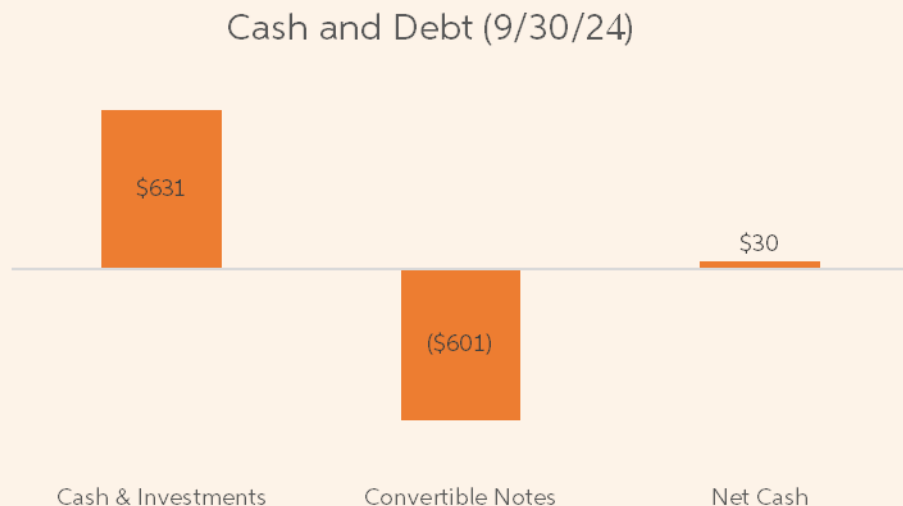


# Capital Expenditures



- As we harness the power of AI, CapEx content costs were down 28% year-over-year, while the number of questions asked increased 79%.

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



- We have opportunistically retired both convertible debt and equity, returning over \$1.2 billion and \$950 million, respectively, to investors through repurchases over the last three-plus years, including over \$300 million and almost \$600 million in 2023.
- Approximately \$601 million of convertible notes remain outstanding as of 9/30/24

- In November 2024, our board of directors approved a \$300 million increase to our existing securities repurchase program authorizing the repurchase of our common stock and/or convertible notes. After the November 2024 increase, we have \$303.7 million remaining under the securities repurchase program



## Business Outlook

	Q3 2024 Results	Q4 2024 Guidance
<b>Total Net Revenue</b>	\$137m	\$141m - \$143m
<b>Subscription Services Revenue</b>	\$120m	\$126m - \$128m
<b>Gross Margin %</b>	68%	67%-68%
<b>Adjusted EBTIDA<sup>1</sup></b>	\$22m	\$32m - \$34m
<b>CapEx</b>	\$16m	
<b>Free Cash Flow<sup>1</sup></b>	\$24m	



(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.

# Appendix



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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net (loss) income .....	\$ (212,639)	\$ (18,283)	\$ (830,943)	\$ 8,515
Interest expense .....	658	733	1,959	3,115
Provision for income taxes .....	(2,723)	172	144,681	24,029
Depreciation and amortization expense .....	19,573	56,918	58,966	108,945
EBITDA .....	(195,131)	39,540	(625,337)	144,604
Share-based compensation expense .....	21,931	31,930	69,267	101,596
Other income, net .....	(7,586)	(40,492)	(25,485)	(116,671)
Acquisition-related compensation costs .....	132	209	560	6,086
Restructuring charges .....	2,112	—	8,840	5,704
Impairment expense .....	195,708	3,600	677,239	3,600
Impairment of lease related assets .....	—	—	2,189	—
Content and related assets charge .....	—	4,047	729	4,047
Loss contingency .....	5,100	—	5,100	7,000
Transitional logistics charges .....	—	—	—	253
Adjusted EBITDA .....	<u>\$ 22,266</u>	<u>\$ 38,834</u>	<u>\$ 113,102</u>	<u>\$ 156,219</u>

# 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,							
	2023	2022	2021	2020	2019	2018	2017	2016
Net income (loss)	\$ 18,180	\$ 266,638	\$ (1,458)	\$ (6,221)	\$ (9,605)	\$ (14,888)	\$ (20,283)	\$ (42,245)
Interest expense, net	3,773	6,040	6,896	66,297	44,851	11,225	74	171
Provision for (benefit from) income taxes	32,132	(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	129,718	89,997	63,274	47,018	30,247	22,805	19,337	14,520
<b>EBITDA</b>	<b>183,803</b>	<b>201,593</b>	<b>86,768</b>	<b>127,851</b>	<b>68,127</b>	<b>20,572</b>	<b>930</b>	<b>(16,580)</b>
Print textbook depreciation expense	—	(1,610)	(10,859)	(15,397)	—	—	—	(9,267)
Share-based compensation expense	133,502	133,456	108,846	84,055	64,909	52,030	38,359	41,785
Other (income) expense, net	(121,810)	(101,029)	65,472	(8,683)	(20,063)	(3,987)	(560)	297
Acquisition-related compensation costs	6,290	14,427	6,378	9,232	10,466	14,096	6,623	4,988
Transitional logistics charges	253	2,463	7,332	—	—	—	—	—
Restructuring charges	5,704	—	1,922	—	97	589	1,047	(423)
Content and related assets charge <sup>(1)</sup>	7,647	—	—	—	—	—	—	—
Loss contingency	7,000	—	—	—	—	—	—	—
Impairment of lease related assets	—	5,225	—	—	—	—	—	—
Loss from impairment of strategic equity investment	—	—	—	10,000	—	—	—	—
Donation from Chegg Foundation	—	—	—	—	1,478	—	—	—
<b>Adjusted EBITDA</b>	<b>\$ 222,389</b>	<b>\$ 254,525</b>	<b>\$ 265,859</b>	<b>\$ 207,058</b>	<b>\$ 125,014</b>	<b>\$ 83,300</b>	<b>\$ 46,399</b>	<b>\$ 20,800</b>

## 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)

	<b>Three Months Ending December 31, 2024</b>
Net loss .....	\$ (16,600)
Interest expense, net .....	500
Provision for income taxes .....	(1,700)
Depreciation and amortization expense .....	19,200
EBITDA .....	<u>1,400</u>
Share-based compensation expense .....	15,100
Other income, net .....	(7,200)
Acquisition-related compensation costs .....	200
Restructuring charges .....	18,100
Impairment of lease related assets .....	3,800
Content and related assets charge .....	1,600
Adjusted EBITDA .....	<u><u>\$ 33,000</u></u>

\* Adjusted EBITDA guidance for the three months ending December 31, 2024 represent the midpoint of the range of \$32 million to \$34 million, respectively.

# 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net cash provided by operating activities .....	\$ 39,532	\$ 32,807	\$ 107,077	\$ 168,714
Purchases of property and equipment .....	(15,842)	(23,434)	(61,659)	(57,298)
Proceeds from disposition of textbooks .....	—	—	—	9,787
Free cash flow .....	<u>\$ 23,690</u>	<u>\$ 9,373</u>	<u>\$ 45,418</u>	<u>\$ 121,203</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,								
	2023	2022	2021	2020	2019	2018	2017	2016
Net cash provided by operating activities .....	\$ 246,198	\$ 255,736	\$ 273,224	\$ 236,442	\$ 113,403	\$ 75,113	\$ 51,550	\$ 24,262
Purchases of property and equipment .....	(83,052)	(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 .....	9,787	6,003	8,714	7,569	—	—	6,943	25,646
Free cash flow .....	<u>\$ 172,933</u>	<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 Non-GAAP Expenses Excluding Share-Based Compensation and Other One-Time Expenses

CHEGG, INC.  
 RECONCILIATION OF GAAP EXPENSES TO NON-GAAP EXPENSES EXCLUDING CERTAIN  
 SHARE-BASED COMPENSATION AND OTHER ONE-TIME EXPENSES  
 (unaudited)

	Three Months Ended September 30,	
	2024	2023
Cost of revenues	\$ 43,420	\$ 83,575
Share-based compensation	(471)	(598)
Content and related assets charge	—	(38,242)
Cost of revenues excluding share-based compensation and content and related assets charge	<u>\$ 42,949</u>	<u>\$ 44,735</u>
Research and development	\$ 41,337	\$ 46,202
Share-based compensation	(7,492)	(11,027)
Research and development excluding share-based compensation	<u>\$ 33,845</u>	<u>\$ 35,175</u>
Sales and marketing	\$ 26,508	\$ 28,872
Share-based compensation	(2,100)	(2,435)
Sales and marketing excluding share-based compensation	<u>\$ 24,408</u>	<u>\$ 26,437</u>
General and administrative	\$ 51,910	\$ 53,475
Share-based compensation	(11,868)	(17,870)
Loss contingency	(5,100)	—
General and administrative excluding share-based compensation and loss contingency	<u>\$ 34,942</u>	<u>\$ 35,605</u>
Total operating expenses	\$ 315,463	\$ 132,149
Share-based compensation	(21,460)	(31,332)
Impairment expense	(195,708)	(3,600)
Loss contingency	(5,100)	—
Total operating expenses excluding share-based compensation, impairment expense, and loss contingency	<u>\$ 93,195</u>	<u>\$ 97,217</u>