



Investor Relations Data Sheet

Unaudited

Last updated: 7/24/17

In thousands, except percentages

	FY 2013	FY 2014	Q1'15	Q2'15	Q3'15	Q4'15	FY 2015	Q1'16	Q2'16	Q3'16	Q4'16	FY 2016	Q1'17	Q2'17
REVENUE														
Total net revenues	\$ 255,575	\$ 304,834	\$ 84,872	\$ 67,061	\$ 81,286	\$ 68,154	\$ 301,373	\$ 66,654	\$ 53,036	\$ 71,343	\$ 63,057	\$ 254,090	\$ 62,602	\$ 56,317
Y/Y change	19.8%	19.3%	14.1%	4.0%	-0.3%	-19.3%	-1.1%	-21.5%	-20.9%	-12.2%	-7.5%	-15.7%	-6.1%	6.2%
Required Materials	\$ 213,746	\$ 236,717	\$ 62,396	\$ 44,531	\$ 60,664	\$ 39,497	\$ 207,088	\$ 41,098	\$ 23,159	\$ 41,667	\$ 18,831	\$ 124,755	\$ 21,567	\$ 11,617
Y/Y change	13.3%	10.7%	2.5%	-10.2%	-4.5%	-37.0%	-12.5%	-34.1%	-48.0%	-31.3%	-52.3%	-39.8%	-47.5%	-49.8%
Chegg Services	\$ 41,829	\$ 68,117	\$ 22,476	\$ 22,531	\$ 20,622	\$ 28,657	\$ 94,285	\$ 25,556	\$ 29,877	\$ 29,676	\$ 44,226	\$ 129,334	\$ 41,035	\$ 44,700
Y/Y change	69.7%	62.8%	66.6%	51.1%	14.5%	32.1%	38.4%	13.7%	32.6%	43.9%	54.3%	37.2%	60.6%	49.6%
Non-GAAP total net revenues	\$ 99,021	\$ 134,228	\$ 45,792	\$ 33,804	\$ 45,495	\$ 41,011	\$ 166,103	\$ 46,799	\$ 40,703	\$ 55,521	\$ 56,396	\$ 199,419	\$ 62,602	\$ 56,317
Y/Y change	40.3%	35.6%	33.7%	53.9%	0.8%	24.8%	23.7%	2.2%	20.4%	22.0%	37.5%	20.1%	33.8%	38.4%
Required Materials	\$ 57,192	\$ 66,111	\$ 23,316	\$ 11,274	\$ 24,874	\$ 12,354	\$ 71,818	\$ 21,243	\$ 10,826	\$ 25,845	\$ 12,170	\$ 70,085	\$ 21,567	\$ 11,617
Y/Y change	24.6%	15.6%	12.3%	59.8%	-8.3%	10.5%	8.6%	-8.9%	-4.0%	3.9%	-1.5%	-2.4%	1.5%	7.3%
Chegg Services	\$ 41,829	\$ 68,117	\$ 22,476	\$ 22,531	\$ 20,622	\$ 28,657	\$ 94,285	\$ 25,556	\$ 29,877	\$ 29,676	\$ 44,226	\$ 129,334	\$ 41,035	\$ 44,700
Y/Y change	69.7%	62.8%	66.6%	51.1%	14.5%	32.1%	38.4%	13.7%	32.6%	43.9%	54.3%	37.2%	60.6%	49.6%
Subscribers														
Chegg Services subscribers	464,000	737,000	552,000	540,000	563,000	658,000	1,039,000	755,000	764,000	862,000	977,000	1,527,000	1,139,000	1,180,000
Y/Y change	55%	59%	40%	33%	25%	32%	41%	37%	41%	53%	48%	47%	51%	54%
EBITDA														
EBITDA	\$ 23,447	\$ 17,051	\$ (10,341)	\$ 6,402	\$ (11,588)	\$ 13,106	\$ (2,420)	\$ (8,152)	\$ (2,223)	\$ (9,863)	\$ 3,658	\$ (16,580)	\$ (1,346)	\$ (587)
% of revenue	9.2%	5.6%	-12.2%	9.5%	-14.3%	19.2%	-0.8%	-12.2%	-4.2%	-13.8%	5.8%	-6.5%	-2.2%	-1.0%
Y/Y change	0%	-27.3%	-208.6%	-42.1%	8.9%	-40.6%	n/m	21.2%	n/m	14.9%	-72.1%	-585.0%	83.5%	73.6%
Adjusted EBITDA	\$ (3,995)	\$ (12,952)	\$ (4,279)	\$ 3,206	\$ (8,883)	\$ 15,314	\$ 5,358	\$ (499)	\$ 7,183	\$ 212	\$ 13,904	\$ 20,800	\$ 9,531	\$ 10,080
% of revenue	-1.6%	-4.2%	-5.0%	4.8%	-10.9%	22.5%	1.8%	-0.7%	13.5%	0.3%	22.0%	8.2%	15.2%	17.9%
Y/Y change	75%	-224.2%	74.2%	106.0%	47.0%	-18.7%	n/m	88.3%	124.0%	n/m	-9.2%	288.2%	n/m	40.3%
RECONCILIATION OF NET (LOSS) INCOME TO EBITDA AND ADJUSTED EBITDA														
Net (loss) income:	\$ (55,850)	\$ (64,758)	\$ (28,542)	\$ (10,131)	\$ (24,167)	\$ 3,630	\$ (59,210)	\$ (15,685)	\$ (9,008)	\$ (16,063)	\$ (1,489)	\$ (42,245)	\$ (6,401)	\$ (6,025)
Interest expense, net	3,818	317	61	60	61	65	247	60	61	30	20	171	19	18
Provision for (benefit from) income taxes	642	186	294	430	389	366	1,479	400	509	554	244	1,707	647	716
Textbook library depreciation expense	64,759	70,147	14,674	12,802	9,362	6,714	43,553	4,496	2,724	1,683	364	9,267	—	-
Other depreciation and amortization	10,078	11,159	3,172	3,241	2,767	2,331	11,511	2,577	3,491	3,933	4,519	14,520	4,389	4,704
EBITDA	23,447	17,051	(10,341)	6,402	(11,588)	13,106	(2,420)	(8,152)	(2,223)	(9,863)	3,658	(16,580)	(1,346)	(587)
Textbook library depreciation expense	(64,759)	(70,147)	(14,674)	(12,802)	(9,362)	(6,714)	(43,553)	(4,496)	(2,724)	(1,683)	(364)	(9,267)	—	-
Share-based compensation expense	36,958	36,888	15,020	7,831	8,933	6,991	38,775	11,270	11,221	10,210	9,084	41,785	8,278	9,099
Other expense (income), net	359	(879)	(76)	(56)	(85)	1	(216)	(65)	63	148	151	297	199	9
Restructuring (credits) charges	-	-	2,514	464	342	1,548	4,868	(44)	(154)	(100)	(125)	(423)	900	59
Transitional logistic charges	-	-	2,483	707	2,669	174	6,033	-	-	—	—	—	-	-
Acquisition related compensation costs	-	2,583	795	660	208	208	1,871	988	1,000	1,500	1,500	4,988	1,500	1,500
Impairment of intangible assets	-	1,552	-	-	-	-	-	-	-	—	—	-	-	-
Adjusted EBITDA	\$ (3,995)	\$ (12,952)	\$ (4,279)	\$ 3,206	\$ (8,883)	\$ 15,314	\$ 5,358	\$ (499)	\$ 7,183	\$ 212	\$ 13,904	\$ 20,800	\$ 9,531	\$ 10,080

Notes:

*Non-GAAP total net revenues is total net revenues as if Chegg had already transitioned to a fully commission-based revenue model with Ingram for its print textbook business. Beginning in the first quarter of 2017, total net revenues and non-GAAP total net revenues are the same as the transition to Ingram is complete.

*Non-GAAP Required Materials Revenue includes Chegg Print Textbooks, Ingram Commission, eTextbooks

*Chegg Services revenue includes Chegg Study, Chegg Tutors, Writing Tools, Enrollment Marketing, Brand Partnership, Internships, and Test Prep

*Chegg Services subscribers include Chegg Study, Chegg Tutors, and Writing Tools customers with paid access to 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, transitional logistic charges 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 July 25, 2017 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)
(unaudited)

	FY 2013	FY 2014	Q1'15	Q2'15	Q3'15	Q4'15	FY 2015	Q1'16	Q2'16	Q3'16	Q4'16	FY 2016	Q1'17	Q2'17
Total net revenues	\$ 255,575	\$ 304,834	\$ 84,872	\$ 67,061	\$ 81,286	\$ 68,154	\$ 301,373	\$ 66,654	\$ 53,036	\$ 71,343	\$ 63,057	\$ 254,090	\$ 62,602	\$ 56,317
Adjustment as if transition to Ingram is complete	(156,554)	(170,606)	(39,080)	(33,257)	(35,791)	(27,143)	(135,270)	(19,855)	(12,333)	(15,822)	(6,661)	(54,671)	-	-
Non-GAAP total net revenues	\$ 99,021	\$ 134,228	\$ 45,792	\$ 33,804	\$ 45,495	\$ 41,011	\$ 166,103	\$ 46,799	\$ 40,703	\$ 55,521	\$ 56,396	\$ 199,419	\$ 62,602	\$ 56,317
Operating expenses	\$ 131,546	\$ 158,983	\$ 47,642	\$ 40,502	\$ 43,368	\$ 37,712	\$ 169,224	\$ 43,021	\$ 40,004	\$ 47,975	\$ 43,559	\$ 174,559	\$ 46,742	\$ 44,557
Share-based compensation expense	(35,773)	(36,271)	(14,886)	(7,750)	(8,830)	(7,047)	(38,513)	(11,242)	(11,180)	(10,164)	(9,027)	(41,613)	(8,211)	(9,011)
Amortization of intangible assets	(4,353)	(4,970)	(1,560)	(1,437)	(1,118)	(646)	(4,761)	(628)	(1,186)	(1,402)	(1,389)	(4,605)	(1,403)	(1,375)
Restructuring credits (charges)	-	-	(2,514)	(464)	(342)	(1,548)	(4,868)	44	154	100	125	423	(900)	(59)
Acquisition related compensation costs	-	(2,583)	(795)	(660)	(208)	(208)	(1,871)	(988)	(1,000)	(1,500)	(1,500)	(4,988)	(1,500)	(1,500)
Impairment of intangible assets	-	(1,552)	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP operating expenses	\$ 91,420	\$ 113,607	\$ 27,887	\$ 30,191	\$ 32,870	\$ 28,263	\$ 119,211	\$ 30,207	\$ 26,792	\$ 35,009	\$ 31,768	\$ 123,776	\$ 34,728	\$ 32,612
Operating expenses as a percent of net revenues	51.5%	52.2%	56.1%	60.4%	53.4%	55.3%	56.2%	64.5%	75.4%	67.2%	69.1%	68.7%	74.7%	79.1%
Non-GAAP operating expenses as a percent of net revenues	35.8%	37.3%	32.9%	45.0%	40.4%	41.5%	39.6%	45.3%	50.5%	49.1%	50.4%	48.7%	55.5%	57.9%
Operating income (loss)	\$ (51,031)	\$ (65,134)	\$ (28,263)	\$ (9,697)	\$ (23,802)	\$ 4,062	\$ (57,700)	\$ (15,290)	\$ (8,375)	\$ (15,331)	\$ (1,074)	\$ (40,070)	\$ (5,536)	\$ (5,282)
Share-based compensation expense	36,958	36,888	15,020	7,831	8,933	6,991	38,775	11,270	11,221	10,210	9,084	41,785	8,278	9,099
Amortization of intangible assets	4,353	4,970	1,560	1,437	1,118	646	4,761	628	1,186	1,402	1,389	4,605	1,403	1,375
Restructuring (credits) charges	-	-	2,514	464	342	1,548	4,868	(44)	(154)	(100)	(125)	(423)	900	59
Transitional logistic charges	-	-	2,483	707	2,669	174	6,033	-	-	-	-	-	-	-
Acquisition related compensation costs	-	2,583	795	660	208	208	1,871	988	1,000	1,500	1,500	4,988	1,500	1,500
Impairment of intangible assets	-	1,552	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP operating income (loss)	\$ (9,720)	\$ (19,141)	\$ (5,891)	\$ 1,402	\$ (10,532)	\$ 13,629	\$ (1,392)	\$ (2,448)	\$ 4,878	\$ (2,319)	\$ 10,774	\$ 10,885	\$ 6,545	\$ 6,751
Net income (loss)	\$ (158,407)	\$ (64,758)	\$ (28,542)	\$ (10,131)	\$ (24,167)	\$ 3,630	\$ (59,210)	\$ (15,685)	\$ (9,008)	\$ (16,063)	\$ (1,489)	\$ (42,245)	\$ (6,401)	\$ (6,025)
Deemed dividend to preferred stockholders	102,557	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation expense	36,958	36,888	15,020	7,831	8,933	6,991	38,775	11,270	11,221	10,210	9,084	41,785	8,278	9,099
Amortization of intangible assets	4,353	4,970	1,560	1,437	1,118	646	4,761	628	1,186	1,402	1,389	4,605	1,403	1,375
Restructuring (credits) charges	-	-	2,514	464	342	1,548	4,868	(44)	(154)	(100)	(125)	(423)	900	59
Transitional logistic charges	-	-	2,483	707	2,669	174	6,033	-	-	-	-	-	-	-
Acquisition related compensation costs	-	2,583	795	660	208	208	1,871	988	1,000	1,500	1,500	4,988	1,500	1,500
Impairment of intangible assets	-	1,552	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition related income tax benefit	-	(1,291)	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP net income (loss)	\$ (14,539)	\$ (20,056)	\$ (6,170)	\$ 968	\$ (10,897)	\$ 13,197	\$ (2,902)	\$ (2,843)	\$ 4,245	\$ (3,051)	\$ 10,359	\$ 8,710	\$ 5,680	\$ 6,008
Weighted average shares used to compute net income (loss) per share	20,902	83,205	84,794	86,741	87,706	87,993	86,818	89,118	90,416	91,059	91,526	90,534	92,830	95,047
Effect of dilutive options, restricted stock units and warrants	-	-	-	5,863	-	5,232	-	-	2,468	-	8,887	6,476	6,944	9,517
Non-GAAP weighted average shares used to compute net income (loss) per share	20,902	83,205	84,794	92,604	87,706	93,225	86,818	89,118	92,884	91,059	100,413	97,010	99,774	104,564
Net income (loss) per share	\$ (7.58)	\$ (0.78)	\$ (0.34)	\$ (0.12)	\$ (0.28)	\$ 0.04	\$ (0.68)	\$ (0.18)	\$ (0.10)	\$ (0.17)	\$ (0.02)	\$ (0.47)	\$ (0.07)	\$ (0.06)
Adjustments	\$ 6.88	\$ 0.54	\$ 0.27	\$ 0.13	\$ 0.16	\$ 0.10	\$ 0.65	\$ 0.15	\$ 0.15	\$ 0.14	\$ 0.12	\$ 0.56	\$ 0.13	\$ 0.12
Non-GAAP net income (loss) per share	\$ (0.70)	\$ (0.24)	\$ (0.07)	\$ 0.01	\$ (0.12)	\$ 0.14	\$ (0.03)	\$ (0.03)	\$ 0.05	\$ (0.03)	\$ 0.10	\$ 0.09	\$ 0.06	\$ 0.06

Notes:

*Non-GAAP total net revenues is total net revenues as if Chegg had already transitioned to a fully commission-based revenue model with Ingram for its print textbook business. Beginning in the first quarter of 2017, total net revenues and non-GAAP total net revenues are the same as the transition to Ingram is complete.

*Non-GAAP net loss as net loss excluding share-based compensation expense, amortization of intangible assets, acquisition related compensation costs, restructuring charges (credits), transitional logistic charges and acquisition-related income tax benefit

*Non-GAAP weighted average shares outstanding as weighted average shares outstanding adjusted for the effect of dilutive options, restricted stock units and warrants

*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.