



Investor Relations Data Sheet

Unaudited

Last updated: 2/8/21

In thousands, except percentages and Chegg Services subscribers

	FY 2017	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019	Q1'20	Q2'20	Q3'20	Q4'20	FY 2020
REVENUE																
Total net revenues	\$ 255,066	\$ 76,949	\$ 74,222	\$ 74,237	\$ 95,676	\$ 321,084	\$ 97,409	\$ 93,862	\$ 94,151	\$ 125,504	\$ 410,926	\$ 131,590	\$ 153,009	\$ 154,018	\$ 205,721	\$ 644,338
Y/Y change		22.9%	31.8%	18.5%	30.2%	25.9%	26.6%	26.5%	26.8%	31.2%	28.0%	35.1%	63.0%	63.6%	63.9%	56.8%
Required Materials	\$ 69,383	\$ 20,672	\$ 12,373	\$ 20,036	\$ 14,018	\$ 67,099	\$ 22,117	\$ 13,555	\$ 24,847	\$ 18,186	\$ 78,705	\$ 31,231	\$ 27,005	\$ 35,123	\$ 29,751	\$ 123,110
Y/Y change		-4.2%	6.5%	-13.5%	7.6%	-3.3%	7.0%	9.5%	24.0%	29.7%	17.3%	41.2%	99.2%	41.4%	63.6%	56.4%
Chegg Services	\$ 185,683	\$ 56,277	\$ 61,849	\$ 54,201	\$ 81,658	\$ 253,985	\$ 75,291	\$ 80,307	\$ 69,304	\$ 107,318	\$ 332,221	\$ 100,359	\$ 126,004	\$ 118,895	\$ 175,970	\$ 521,228
Y/Y change		37.1%	38.4%	37.3%	35.0%	36.8%	33.8%	29.8%	27.9%	31.4%	30.6%	33.3%	56.9%	71.6%	64.0%	56.9%
Subscribers																
Chegg Services subscribers	2,210,000	1,642,000	1,709,000	1,711,000	1,931,000	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
Y/Y change	45%	44%	45%	45%	34%	38%	31%	30%	29%	32%	29%	35%	67%	69%	74%	67%
EBITDA																
EBITDA	\$ 930	\$ 3,161	\$ 5,631	\$ (3,258)	\$ 15,038	\$ 20,572	\$ 7,325	\$ 19,217	\$ 10,129	\$ 31,456	\$ 68,127	\$ 21,006	\$ 39,427	\$ (1,715)	\$ 69,133	\$ 127,851
% of revenue	0.4%	4.1%	7.6%	-4.4%	15.7%	6.4%	7.5%	20.5%	10.8%	25.1%	16.6%	16.0%	25.8%	-1.1%	33.6%	19.8%
Y/Y change	n/m	n/m	n/m	42.8%	75.8%	n/m	131.7%	241.3%	n/m	109.2%	231.2%	186.8%	105.2%	n/m	119.8%	87.7%
Adjusted EBITDA	\$ 46,399	\$ 16,707	\$ 19,251	\$ 12,521	\$ 34,821	\$ 83,300	\$ 23,896	\$ 31,064	\$ 23,058	\$ 46,996	\$ 125,014	\$ 31,793	\$ 55,474	\$ 31,926	\$ 87,865	\$ 207,058
% of revenue	18.2%	21.7%	25.9%	16.9%	36.4%	25.9%	24.5%	33.1%	24.5%	37.4%	30.4%	24.2%	36.3%	20.7%	42.7%	32.1%
Y/Y change	123.1%	75.3%	91.0%	119.6%	65.1%	79.5%	43.0%	61.4%	84.2%	35.0%	50.1%	33.0%	78.6%	38.5%	87.0%	65.6%
RECONCILIATION OF NET (LOSS) INCOME TO EBITDA AND ADJUSTED EBITDA																
Net (loss) income:	\$ (20,283)	\$ (2,617)	\$ (3,909)	\$ (13,709)	\$ 5,347	\$ (14,888)	\$ (4,318)	\$ (2,029)	\$ (11,477)	\$ 8,219	\$ (9,605)	\$ (5,713)	\$ 10,589	\$ (37,140)	\$ 26,043	\$ (6,221)
Interest expense, net	74	20	3,664	3,772	3,769	11,225	4,232	13,514	13,548	13,557	44,851	13,427	13,425	17,468	21,977	66,297
Provision for (benefit from) income taxes	1,802	541	428	713	(252)	1,430	626	583	623	802	2,634	522	1,287	1,066	2,485	5,360
Textbook library depreciation expense	-	-	-	-	-	-	-	-	-	-	-	3,527	3,535	3,637	4,698	15,397
Other depreciation and amortization	19,337	5,217	5,448	5,966	6,174	22,805	6,785	7,149	7,435	8,878	30,247	9,243	10,591	13,254	13,930	47,018
EBITDA	930	3,161	5,631	(3,258)	15,038	20,572	7,325	19,217	10,129	31,456	68,127	21,006	39,427	(1,715)	69,133	127,851
Textbook library depreciation expense	-	-	-	-	-	-	-	-	-	-	-	(3,527)	(3,535)	(3,637)	(4,698)	(15,397)
Share-based compensation expense	38,359	11,642	12,043	13,818	14,527	52,030	15,038	15,452	16,865	17,554	64,909	18,334	19,546	21,529	24,646	84,055
Other expense (income), net	(560)	(564)	(894)	(1,209)	(1,320)	(3,987)	(1,567)	(5,253)	(7,751)	(5,492)	(20,063)	(4,960)	(3,240)	804	(1,287)	(8,683)
Restructuring (credits) charges	1,047	220	15	17	337	589	22	47	28	-	97	-	-	-	-	-
Acquisition related compensation costs	6,623	2,248	2,456	3,153	6,239	14,096	3,078	1,601	2,309	3,478	10,466	940	3,276	4,945	71	9,232
Loss from impairment of strategic equity investment	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000	-	10,000
Donation from Chegg Foundation	-	-	-	-	-	-	-	-	1,478	-	1,478	-	-	-	-	-
Adjusted EBITDA	\$ 46,399	\$ 16,707	\$ 19,251	\$ 12,521	\$ 34,821	\$ 83,300	\$ 23,896	\$ 31,064	\$ 23,058	\$ 46,996	\$ 125,014	\$ 31,793	\$ 55,474	\$ 31,926	\$ 87,865	\$ 207,058

Notes:

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

*Chegg Services subscribers include Chegg Study, Chegg Study Pack, Chegg Writing, Chegg Tutors, Chegg Math Solver, Thinkful, and Mathway 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, 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 February 8, 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 2017	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019	Q1'20	Q2'20	Q3'20	Q4'20	FY 2020
Operating expenses	\$ 193,858	\$ 59,345	\$ 57,149	\$ 64,752	\$ 66,062	\$ 247,308	\$ 75,101	\$ 66,529	\$ 77,044	\$ 82,253	\$ 300,927	\$ 85,924	\$ 87,424	\$ 109,450	\$ 99,370	\$ 382,168
Share-based compensation expense	(38,043)	(11,548)	(11,940)	(13,712)	(14,410)	(51,610)	(14,913)	(15,378)	(16,769)	(17,423)	(64,483)	(18,165)	(19,333)	(21,267)	(24,340)	(83,105)
Amortization of intangible assets	(5,531)	(1,417)	(1,446)	(1,836)	(1,812)	(6,511)	(1,790)	(1,713)	(1,490)	(2,489)	(7,482)	(2,467)	(3,000)	(4,408)	(4,403)	(14,278)
Restructuring credits (charges)	(1,047)	(220)	(15)	(17)	(337)	(589)	(22)	(47)	(28)	(97)	(97)	—	—	—	—	—
Acquisition related compensation costs	(6,623)	(2,248)	(2,456)	(3,153)	(6,239)	(14,096)	(3,078)	(1,601)	(2,309)	(3,478)	(10,466)	(940)	(3,276)	(4,945)	(71)	(9,232)
Loss from impairment of strategic equity investment	—	—	—	—	—	—	—	—	—	—	—	—	—	(10,000)	—	(10,000)
Donation from Chegg Foundation	—	—	—	—	—	—	—	—	(1,478)	—	(1,478)	—	—	—	—	—
Non-GAAP operating expenses	\$ 142,614	\$ 43,912	\$ 41,292	\$ 46,034	\$ 43,264	\$ 174,502	\$ 55,298	\$ 47,790	\$ 54,970	\$ 58,863	\$ 216,921	\$ 64,352	\$ 61,815	\$ 68,830	\$ 70,556	\$ 265,553
Operating income (loss)	\$ (18,967)	\$ (2,620)	\$ (711)	\$ (10,433)	\$ 7,544	\$ (6,220)	\$ (1,027)	\$ 6,815	\$ (5,057)	\$ 17,086	\$ 17,817	\$ 3,276	\$ 22,061	\$ (17,802)	\$ 49,218	\$ 56,753
Share-based compensation expense	38,359	11,642	12,043	13,818	14,527	52,030	15,038	15,452	16,865	17,554	64,909	18,334	19,546	21,529	24,646	84,055
Amortization of intangible assets	5,531	1,417	1,446	1,836	1,812	6,511	1,790	1,713	1,490	2,489	7,482	2,467	3,000	4,408	4,403	14,278
Restructuring (credits) charges	1,047	220	15	17	337	589	22	47	28	—	97	—	—	—	—	—
Acquisition related compensation costs	6,623	2,248	2,456	3,153	6,239	14,096	3,078	1,601	2,309	3,478	10,466	940	3,276	4,945	71	9,232
Loss from impairment of strategic equity investment	—	—	—	—	—	—	—	—	—	—	—	—	—	10,000	—	10,000
Donation from Chegg Foundation	—	—	—	—	—	—	—	—	1,478	—	1,478	—	—	—	—	—
Non-GAAP operating income (loss)	\$ 32,593	\$ 12,907	\$ 15,249	\$ 8,391	\$ 30,459	\$ 67,006	\$ 18,901	\$ 25,628	\$ 17,113	\$ 40,607	\$ 102,249	\$ 25,017	\$ 47,883	\$ 23,080	\$ 78,338	\$ 174,318
Net income (loss)	\$ (20,283)	\$ (2,617)	\$ (3,909)	\$ (13,709)	\$ 5,347	\$ (14,888)	\$ (4,318)	\$ (2,029)	\$ (11,477)	\$ 8,219	\$ (9,605)	\$ (5,713)	\$ 10,589	\$ (37,140)	\$ 26,043	\$ (6,221)
Share-based compensation expense	38,359	11,642	12,043	13,818	14,527	52,030	15,038	15,452	16,865	17,554	64,909	18,334	19,546	21,529	24,646	84,055
Amortization of intangible assets	5,531	1,417	1,446	1,836	1,812	6,511	1,790	1,713	1,490	2,489	7,482	2,467	3,000	4,408	4,403	14,278
Restructuring (credits) charges	1,047	220	15	17	337	589	22	47	28	—	97	—	—	—	—	—
Acquisition related compensation costs	6,623	2,248	2,456	3,153	6,239	14,096	3,078	1,601	2,309	3,478	10,466	940	3,276	4,945	71	9,232
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	—	—	3,315	971	4,286
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	—	—	3,421	3,537	3,536	10,494	4,005	13,020	13,089	13,088	43,202	12,946	12,946	17,018	21,663	64,573
Non-GAAP net income (loss)	\$ 31,277	\$ 12,910	\$ 15,472	\$ 8,652	\$ 31,798	\$ 68,832	\$ 19,615	\$ 29,804	\$ 23,782	\$ 44,828	\$ 118,029	\$ 28,974	\$ 49,357	\$ 24,075	\$ 77,797	\$ 180,203
Weighted average shares used to compute net income (loss) per share, basic	100,022	110,904	112,738	114,184	115,123	113,251	116,730	118,790	120,085	121,151	119,204	122,428	123,842	126,194	141,297	125,367
Effect of shares for stock plan activity	11,063	12,912	11,449	11,457	10,487	11,992	10,032	6,540	5,960	5,058	7,094	4,376	3,665	4,268	—	4,470
Effect of shares related to convertible senior notes	—	—	—	1,221	—	—	3,332	3,646	4,098	2,941	3,526	3,968	6,344	8,721	—	4,942
Weighted average shares used to compute Non-GAAP net income (loss) per share, diluted	111,085	123,816	124,187	126,862	125,610	125,243	130,094	128,976	130,143	129,150	129,824	130,772	133,851	139,183	141,297	134,779
Net income (loss) per share	\$ (0.20)	\$ (0.02)	\$ (0.03)	\$ (0.12)	\$ 0.04	\$ (0.13)	\$ (0.04)	\$ (0.02)	\$ (0.10)	\$ 0.06	\$ (0.08)	\$ (0.05)	\$ 0.08	\$ (0.29)	\$ 0.18	\$ (0.05)
Adjustments	\$ 0.48	\$ 0.12	\$ 0.15	\$ 0.19	\$ 0.21	\$ 0.68	\$ 0.19	\$ 0.25	\$ 0.28	\$ 0.29	\$ 0.99	\$ 0.27	\$ 0.29	\$ 0.46	\$ 0.37	\$ 1.39
Non-GAAP net income (loss) per share	\$ 0.28	\$ 0.10	\$ 0.12	\$ 0.07	\$ 0.25	\$ 0.55	\$ 0.15	\$ 0.23	\$ 0.18	\$ 0.35	\$ 0.91	\$ 0.22	\$ 0.37	\$ 0.17	\$ 0.55	\$ 1.34

Notes:

- *Non-GAAP net income loss as net loss excluding share-based compensation expense, amortization of intangible assets, restructuring charges (credits), acquisition related compensation costs, loss from impairment of strategic equity investment, donation from Chegg Foundation and amortization of debt discount and issuance costs.
- *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
- *Shares related to convertible senior notes includes the impact of our issuance of 2023 notes and 2025 notes as the average price of our common stock during the period was higher than the conversion price \$26.95 and \$51.56, respectively. No economic dilution occurs until the average price of our common stock is higher than \$40.68 for the 2023 notes and \$79.32 for the 2025 notes as the exercise of capped call instruments will reduce any dilution from conversion of notes