



Investor Relations Data Sheet

Unaudited

Last updated: 11/01/2021

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	Q2'21	Q3'21
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	\$ 198,478	\$ 171,942
Y/Y change	26.9%	26.6%	26.5%	26.8%	31.2%	28.0%	35.1%	63.0%	63.6%	63.9%	56.8%	50.8%	29.7%	11.6%
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	\$ 24,965	\$ 25,152
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%	-7.6%	-28.4%
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	\$ 173,513	\$ 146,790
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%	37.7%	23.5%
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	4,858,000	4,394,000
Y/Y change	38%	31%	30%	29%	32%	29%	35%	67%	69%	74%	67%	64%	31%	17%
EBITDA and Adjusted 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)	\$ 54,852	\$ 27,560
% 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%	27.6%	16.0%
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	39.1%	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	\$ 84,359	\$ 46,360
% 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%	42.5%	27.0%
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%	52.1%	45.2%
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)	\$ 32,764	\$ 6,651
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	1,701	1,633
Provision for income taxes	1,430	626	583	623	802	2,634	522	1,287	1,066	2,485	5,360	2,821	2,225	747
Print textbook depreciation expense	-	-	-	-	-	-	3,527	3,535	3,637	4,698	15,397	3,760	2,821	2,443
Other depreciation and amortization expense	22,805	6,785	7,149	7,435	8,878	30,247	9,243	10,591	13,254	13,930	47,018	14,846	15,341	16,086
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)	54,852	27,560
Print textbook depreciation expense	-	-	-	-	-	-	(3,527)	(3,535)	(3,637)	(4,698)	(15,397)	(3,760)	(2,821)	(2,443)
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	28,545	24,512
Other income (expense), net	(3,987)	(1,567)	(5,253)	(7,751)	(5,492)	(20,063)	(4,960)	(3,240)	804	(1,287)	(8,683)	77,208	(1,920)	(8,670)
Restructuring charges	589	22	47	28	-	97	-	-	-	-	-	-	-	1,851
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	1,457	1,249
Transitional logistics charges	-	-	-	-	-	-	-	-	-	-	-	-	4,246	2,301
Loss from impairment of strategic equity investment	-	-	-	-	-	-	-	-	10,000	-	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	\$ 207,058	\$ 57,146	\$ 84,359	\$ 46,360

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 for print textbook depreciation expense and to exclude share-based compensation expense, other income (expense), net, acquisition-related compensation costs, transitional logistic charges, restructuring charges, donation from Chegg Foundation and loss from impairment of strategic equity investment.

*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 November 01, 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 - 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	Q2'21	Q3'21
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	\$ 103,000	\$ 104,479
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)	(28,126)	(24,119)
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)	(1,005)	(877)
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)	(1,457)	(1,249)
Restructuring charges	(589)	(22)	(47)	(28)	-	(97)	-	-	-	-	-	-	-	(818)
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	\$ 72,412	\$ 77,416
(Loss) Income from operations	\$ (6,220)	\$ (1,027)	\$ 6,815	\$ (5,057)	\$ 17,086	\$ 17,817	\$ 3,276	\$ 22,061	\$ (17,802)	\$ 49,218	\$ 56,753	\$ 16,779	\$ 34,770	\$ 361
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	28,545	24,512
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	3,178	3,047
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	1,457	1,249
Transitional logistics charges	-	-	-	-	-	-	-	-	-	-	-	-	4,246	2,301
Restructuring charges	589	22	47	28	-	97	-	-	-	-	-	-	-	1,851
Loss from impairment of strategic equity investment	-	-	-	-	-	-	-	-	10,000	-	10,000	-	-	-
Donation from Chegg Foundation	-	-	-	1,478	-	1,478	-	-	-	-	-	-	-	-
Non-GAAP income from operations	\$ 67,006	\$ 18,901	\$ 25,628	\$ 17,113	\$ 40,607	\$ 102,249	\$ 25,017	\$ 47,883	\$ 23,080	\$ 78,338	\$ 174,318	\$ 46,749	\$ 72,196	\$ 33,321
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)	\$ 32,764	\$ 6,651
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	28,545	24,512
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	3,178	3,047
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	1,457	1,249
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	1,471	1,412
Loss on early extinguishment of debt	-	-	-	-	-	-	-	-	3,315	971	4,286	78,152	-	-
Loss on change in fair value of derivative instruments, net	-	-	-	-	-	-	-	-	-	-	-	7,148	-	-
Gain on sale of strategic equity investments	-	-	-	-	-	-	-	-	-	-	-	(5,338)	-	(7,158)
Transitional logistics charges	-	-	-	-	-	-	-	-	-	-	-	-	4,246	2,301
Restructuring charges	589	22	47	28	-	97	-	-	-	-	-	-	-	1,851
Loss from impairment of strategic equity investment	-	-	-	-	-	-	-	-	10,000	-	10,000	-	-	-
Donation from Chegg Foundation	-	-	-	1,478	-	1,478	-	-	-	-	-	-	-	-
Non-GAAP net income	\$ 68,832	\$ 19,615	\$ 29,804	\$ 23,782	\$ 44,828	\$ 118,029	\$ 28,974	\$ 49,357	\$ 24,075	\$ 77,797	\$ 180,203	\$ 46,379	\$ 71,661	\$ 33,865
Weighted average shares used to compute net income (loss) per share, diluted	113,251	116,730	118,790	120,085	121,151	119,204	122,428	123,842	126,194	141,297	125,367	134,352	168,282	146,699
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	-	3,331	3,646	4,098	2,941	3,526	3,968	6,344	8,721	-	4,942	28,818	-	22,875
Non-GAAP weighted average shares used to compute non-GAAP net income per share, diluted	125,243	130,093	128,976	130,143	129,150	129,824	130,772	133,851	139,183	141,297	134,779	166,733	168,282	169,574
Net (loss) income per share, diluted	\$ (0.13)	\$ (0.04)	\$ (0.02)	\$ (0.10)	\$ 0.06	\$ (0.08)	\$ (0.05)	\$ 0.08	\$ (0.29)	\$ 0.18	\$ (0.05)	\$ (0.49)	\$ 0.20	\$ 0.05
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	0.23	0.15
Non-GAAP net income per share, diluted	\$ 0.55	\$ 0.15	\$ 0.23	\$ 0.18	\$ 0.35	\$ 0.91	\$ 0.22	\$ 0.37	\$ 0.17	\$ 0.55	\$ 1.34	\$ 0.28	\$ 0.43	\$ 0.20

Notes:

*Non-GAAP operating expenses as operating expenses excluding share-based compensation expense, amortization of intangible assets, acquisition-related compensation costs, restructuring charges, the loss from impairment of strategic equity investment, and the donation from Chegg Foundation.

*Non-GAAP income from operations as (loss) income from operations excluding share-based compensation expense, amortization of intangible assets, acquisition-related compensation costs, transitional logistics charges, restructuring charges, the loss from impairment of strategic equity investment, and the donation from Chegg Foundation.

*Non-GAAP net income as net (loss) income 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, the gain on sale of strategic equity investment, transitional logistics charges, restructuring charges, the loss from impairment of strategic equity investment, and the donation from Chegg Foundation.

*Non-GAAP weighted average shares outstanding as weighted average shares outstanding adjusted for the effect of outstanding stock options, RSUs, PSUs, and shares related to our convertible senior notes

*The effect of shares for stock plan activity represents the dilutive impact of outstanding stock options, RSUs, and PSUs calculated under the treasury stock method.

*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.

*Non-GAAP EPS as non-GAAP net income divided by the non-GAAP weighted average number of shares of common stock outstanding

*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.