



Q4-24 Investor Presentation

February 24, 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, which include, without limitation, that there continues to be a large market of students looking for the high-quality, proven, and differentiated learning expertise and experience that Chegg provides, that we will continue to enthusiastically serve this audience, our strategy and intent to extend our brand, individualize our product and our ability to weather current and future business challenges, our strategy to drive more qualified traffic, and increase conversion rates, our strategy to expand our product set to offer unique solutions for students that increase the frequency of use and create clear and differentiated value for us, our strategy to diversify our revenue streams with business-to-institution programs and other enterprise offerings, our commencement of a process to explore strategic alternatives and the outcome of such process, the expected timing, volume and nature of our existing securities repurchase program, the disintermediation of content sites like Chegg, the impact of generative AI for academic support on the education ecosystem at large, including universities and education technology companies broadly, the speed, scale and potential impact of Google's AIO rollout, our litigation commenced against Google and its outcome, student adoption of generative AI products, our intent to develop a verticalized and individualized experience for education and supporting students throughout their entire learning journey for education at a fraction of the time and cost, starting with academic support and eventually functional support, our expectation that our expansion into new media channels, including streaming platforms such as Hulu and YouTube, and social channels like Discord and Twitch, will reach students where they are, will engage them with our product, create new pathways for product-driven growth, and reduce our reliance on SEO, that our new vendor-based commerce platform will reduce our costs, provide flexibility and allow us to move faster as we continue to evolve our pricing and packaging programs, our commitment to building and generating momentum with our brand, traffic, and product capabilities, that we will bring both audience expansion and acquisition efficiency based on what we learned from prior brand marketing campaigns, that our product will continue to deliver individualized learning solutions, that our brand and product experiences are resilient, our ability to strengthen our student experience and increase efficiency across the business and to manage our expenses prudently as the competitive landscape evolves, all statements about Chegg's outlook under "Business Outlook", including our Q1 2025 guidance, including total revenue, Subscription Services revenue, gross margin, and adjusted EBITDA, the time it will take to adjust to Chegg's new opportunity and see the benefits in our business results and our ability to stabilize the business, as well as those included in the investor presentation referenced above and those included in the "Prepared Remarks" sections above. The words "anticipate," "believe," "estimate," "expect," "intend," "project," "endeavor," "will," "should," "future," "transition," "outlook" and similar expressions, as they relate to Chegg, are intended to identify forward-looking statements. These statements are not guarantees of future performance and are based on management's expectations as of the date of this press release 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 stabilize the business by attracting new learners to, and retaining existing learners on, our learning platform in light of declining revenue and user traffic; Chegg's ability to innovate and offer new products and services in response to competitive technology and market developments, including generative AI; Chegg's ability to diversify its

revenue streams with business-to-institution programs and other enterprise offerings; the outcome and effects of Chegg's exploration of strategic alternatives, which may not be successful and may disrupt our ongoing business, result in increased expenses and present other risks; the uncertainty surrounding the evolving educational landscape; enrollment and student behavior, including the impact of generative AI; Chegg's ability to expand internationally; the efficacy of Chegg's expanded efforts to drive user traffic, including search engine optimization, social media campaigns, and other marketing efforts; the efficacy of Chegg's efforts to build and maintain strong brands and reputation; 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; the outcome of Chegg's litigation against Google; 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; the impact and effectiveness of Chegg's internal restructuring activities; regulatory changes, in particular concerning privacy, marketing, and education; changes in the education market, including as a result of AI technology; and general economic, political and industry conditions, including inflation, recession and war. All information provided in this release 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, 2024 to be filed with the Securities and Exchange Commission following the date hereof, 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.

A young man with dark hair, wearing a light blue button-down shirt and a dark backpack, is smiling and looking down at a smartphone he is holding in his hands. The background is a blurred outdoor setting with a red structure, possibly a bridge or walkway.


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.



**Chegg has
overwhelming
value for students
and unique
competitive
advantages**

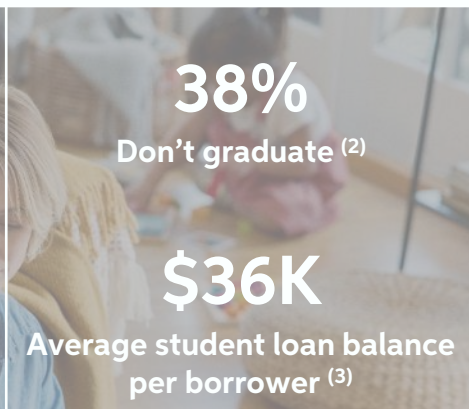
Real-time
Individualized
Conversational
Affordable
Backed by Expert Human
Help
Satisfaction Guarantee

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

Q4-24 Highlights

- We delivered a solid fourth quarter, **surpassing our Q4 guidance for both revenue and adjusted EBITDA and opportunistically repurchased \$116.6 million** in aggregate principal amount of our 2026 convertible notes at a \$20 million discount to par. We ended the quarter with cash and investments of \$528 million and a **net cash balance of \$42 million**.
- 2024 came with a series of challenges, including the rapid evolution of the content landscape, particularly the rise of Google's AIO, which has had a profound impact on Chegg's traffic, revenue, and workforce. We **filed a complaint against Google**, asserting federal antitrust claims and common-law unjust enrichment claims, in connection with Google's expansion of its AIO search experience.
- We initiated a **strategic review process** and are exploring a range of alternatives to maximize shareholder value. We are evaluating all available options, including being acquired, undertaking a go-private transaction, or remaining as a standalone public company.
- We continue to have a strong and trusted brand, a customer base of millions of global subscribers, and a large market opportunity. We are driven by a core belief that the relevancy and need for learning platforms such as Chegg will only increase over the next couple of years. We are energized and optimistic for 2025, with a **clear goal to stabilize the business**: Key #1... Build brand awareness, drive more qualified traffic, and increase conversion rates. Key #2... Expand our product set to offer unique solutions for students that increase the frequency of use and create clear and differentiated value for Chegg. Key #3...Diversify our revenue streams with business-to-institution programs and other enterprise offerings.

Q4-24 Highlights – Metrics*

	Q2'24	Q3'24	Q4'24
Chegg Study/Pack Subscribers			
<i>Global</i>	3,419	2,913	2,718
YoY	-9%	-13%	-23%
<i>US</i>	2,858	2,498	2,326
YoY	-9%	-13%	-21%
<i>INTL</i>	561	416	393
YoY	-6%	-16%	-33%
Subscription Services Subscribers			
<i>Global</i>	4,369	3,830	3,637
YoY	-9%	-13%	-21%
<i>US</i>	3,290	2,908	2,726
YoY	-10%	-13%	-21%
<i>INTL</i>	1,079	923	911
YoY	-7%	-12%	-21%
Chegg Study/Pack Monthly Retention Rate			
<i>Global</i>	78.5%	81.8%	82.3%
YoY	23bps	30bps	(84bps)
<i>US</i>	80.6%	83.6%	84.0%
YoY	33bps	7bps	(126bps)
<i>INTL</i>	66.5%	70.0%	71.0%
YoY	15bps	206bps	48bps
Total Questions Asked			
<i>Global</i>	7,307	4,497	5,521
YoY	74%	79%	2%
Total Revenue			
<i>Global</i>	163,147	136,593	143,484
YoY	-11%	-13%	-24%
<i>US</i>	141,654	119,069	124,782
YoY	-9%	-13%	-24%
<i>INTL</i>	21,494	17,524	18,702
YoY	-20%	-18%	-24%

	Q2'24	Q3'24	Q4'24
Subscription Services Revenue			
<i>Global</i>	146,813	119,804	128,543
YoY	-11%	-14%	-23%
<i>US</i>	126,104	102,696	110,604
YoY	-10%	-14%	-23%
<i>INTL</i>	20,709	17,108	17,939
YoY	-20%	-17%	-23%
Chegg Study/Pack Revenue			
<i>Global</i>	123,295	97,517	106,312
YoY	-13%	-16%	-25%
<i>US</i>	111,069	89,267	97,076
YoY	-10%	-14%	-23%
<i>INTL</i>	12,226	8,250	9,237
YoY	-31%	-34%	-39%
Chegg Study/Pack ARPU			
<i>Global</i>	\$36.1	\$33.5	\$39.1
YoY	-4%	-3%	-2%
<i>US</i>	\$38.9	\$35.7	\$41.7
YoY	-1%	-1%	-3%
<i>INTL</i>	\$21.8	\$19.8	\$23.5
YoY	-27%	-22%	-9%
Subscription Services ARPU			
<i>Global</i>	\$33.6	\$31.3	\$35.3
YoY	-3%	-2%	-3%
<i>US</i>	\$38.3	\$35.3	\$40.6
YoY	0%	-1%	-3%
<i>INTL</i>	\$19.2	\$18.5	\$19.7
YoY	-14%	-5%	-3%

- *Subscribers, questions, and revenue are in thousands
- Metrics and financials for Subscription Services include Chegg Study Pack, Chegg Study, Chegg Writing, Chegg Math and Busuu
- Metrics and financials for Chegg Study/Pack include both Chegg Study and Chegg Study Pack services

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 have 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 assesses the quality of solutions created.

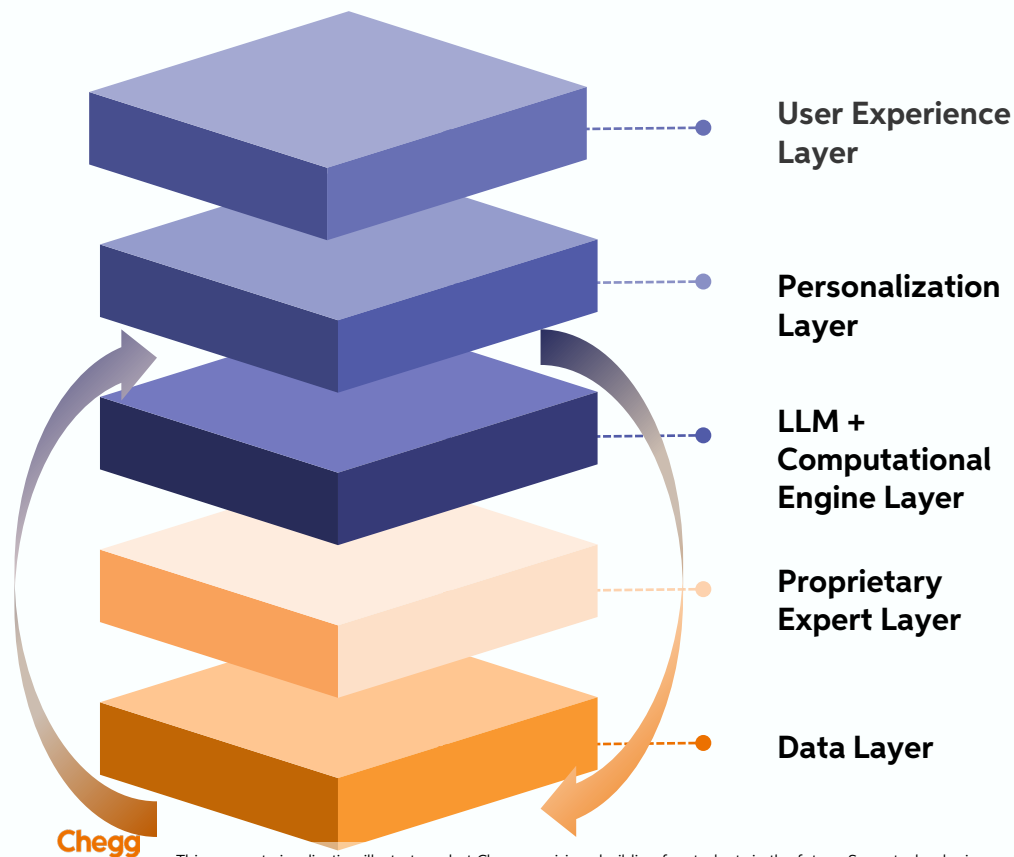
Multi-source Approach

We employ a multi-source approach that involves searching our archive of 132 million solutions for an exact match, using 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 ~70% reduction per solution versus our historical approach of human creation.

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.

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



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



10+ years of user insights research → we know the student experience



Content designed for learning

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



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.

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 solutions¹



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



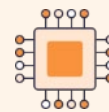
Busuu

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



New Products – Solution Scout

Solution Comparison Summary

- Both Chegg Solution and ChatGPT Solution use similar approaches to calculate the 99% confidence interval with minor differences in explanation detail and precision, leading to the same final answer

Similarities	Differences
<ul style="list-style-type: none">Key terms: Both solutions use key terms and definitions such as "sample proportion," "Z-score," "significance level" and "confidence interval."	<ul style="list-style-type: none">Explanation: Chegg Solution provides a step-by-step explanation of how to compute the confidence interval, detailing the calculation of the standard

Expand to see more ▾


**Chegg Expert Solution**  100% (4 ratings)
Answered by Physics expert


1st step

All steps

Answer only

Step 1
Since Car A is traveling 30 miles per hour faster than Car B, we can define the speed of Car A in terms of the speed Car B. Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation ullamco laboris nisi ut aliquip ex ea commodo consequat.

**ChatGPT Response**
Answered by GPT-4o

 To solve this problem, we can use the equations of motion for constant acceleration. Specifically, we are given:

- Initial velocity, $v_0 = +30.0 \text{ m/s}$ (positive since the car is moving in the positive direction)
- Final velocity, $v_f = 0 \text{ m/s}$ (since the car comes to a stop)
- Acceleration, $a = -8.00 \text{ m/s}^2$ (negative because the car is decelerating)

Students lack trust in generative AI. They spend too much time comparing and verifying solutions across multiple platforms. This results in an incredible amount of wasted time that could be spent learning!

Solution Scout allows students to see side-by-side answers from multiple LLMs alongside Chegg's solution, but what's really important is that Chegg compares and contrasts the solutions, providing students a massive time save and value

New Products – Practice and Exam Prep, Personalized for Each Student



Ready to practice?

Based on your **Financial Accounting** question view, we've created practice questions to master key concepts. See your detailed performance results at the end. Let's get started!



Practice Set

Understanding the Impact of Inventory Turnover on Company Liquidity

10 Questions | Multiple choice

Key topics

Inventory Management

Liquidity Ratios

Financial Analysis

Short-term Solvency

Working Capital M...

Operational Effic...

[Show more](#) ▾

[Start practicing](#) >

We launched an updated feature set for practice and exam preparation, personalized for each student. 67% of students report that they do not have adequate practice resources when preparing for exams. Monthly, our platform collects more than 3 billion data interaction points, which enables us to customize and personalize this experience. Along with our personalization, students can change the difficulty and format of questions – whether they want to learn via flashcards, multiple choice, or word problems.

Chegg Delivers Positive Learner Outcomes

Learn & Understand	Better Grades	More Efficient	Help When You Need It	Build Confidence
90%	91%	90%	91%	85%
Say that Chegg helps them learn their coursework . And 90% say Chegg helps them better understand the concepts they are studying in school.	Say they get better grades when they use Chegg to understand coursework.	Say that they work more efficiently when they use Chegg to understand their coursework.	Say that Chegg helps them figure it out if they get stuck or have a question when their instructor is not available .	Say that Chegg helps build confidence before an exam .

Chegg's Core Market is 15M US College Students



Satisfiers

Goal: pass their classes
18%

- Satisfiers' main goal in school is just to pass their classes. They struggle with low confidence and motivation, which can lead them to procrastinate more than other students.



Achievers

Goal: Get a high grade
39%

- Achievers' main goal in school is to get very high grades. They have a lot of anxiety around their grades and are taking particularly difficult classes, like those in STEM.



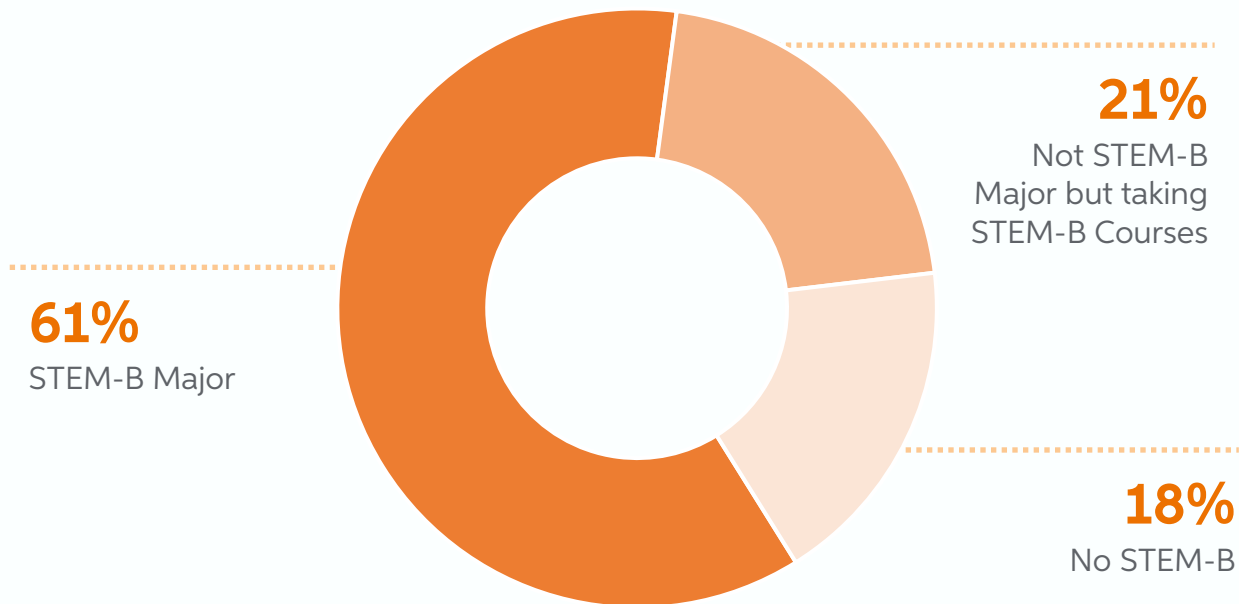
Knowledge Seekers

Goal: Gain a deep understanding
44%

- Knowledge Seekers' main goal in their classes is to understand.
- Knowledge seekers need help efficiently preparing for exams and with time management to help balance their courses with outside responsibilities.

~83% of US College Market = 15M Students*

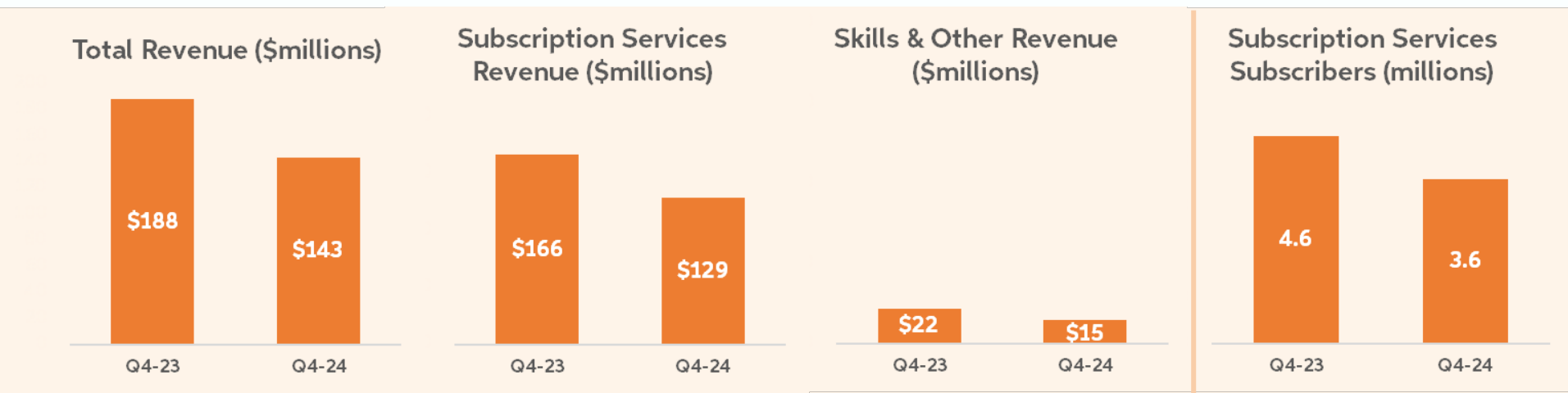
Majority of U.S. College Students are taking STEM-B Courses



Chegg Serves Students of Diverse Backgrounds

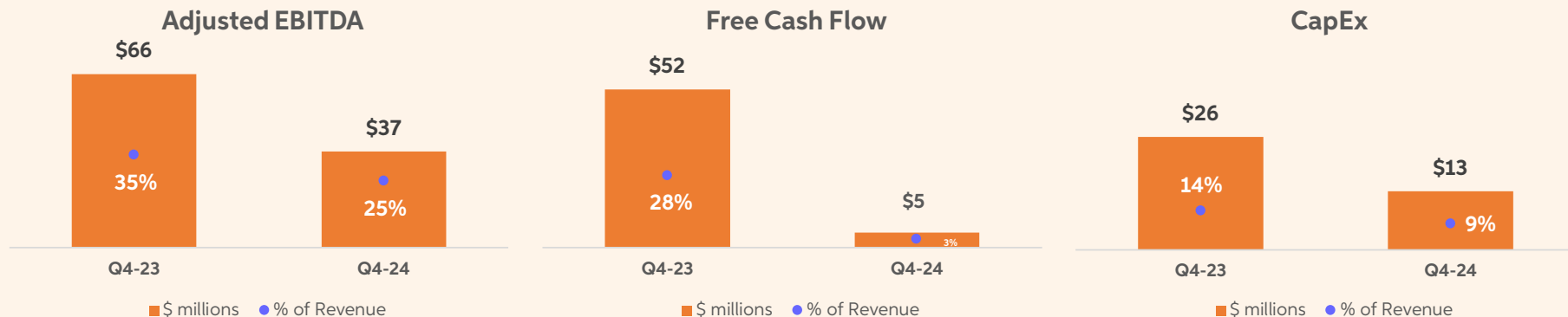
- 28% First generation
- 23% Family income <\$20k
- 53% Minorities
- 61% Female
- 26% Over 25 years old
- 5% work Full-Time / 33% Part-Time

Financial Highlights: Q4 2024 Revenue and Subscribers



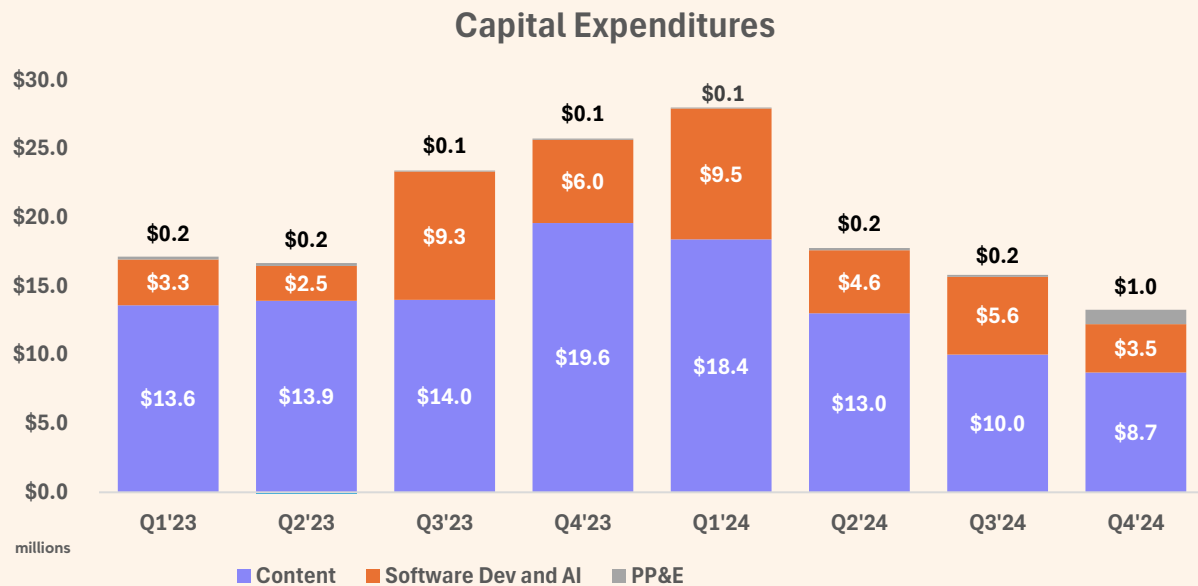
- The year-over-year decrease in Subscription Services Revenue was primarily due to a 21% decrease in Subscription Services Subscribers and a 3% decline in ARPU. The Subscription Services ARPU decline was primarily driven by a temporary dip in our monthly retention rate in November and December, which has since returned to historical norms.

Financial Highlights: Q4 2024 Adj. EBITDA Margin, Free Cash Flow, and CapEx



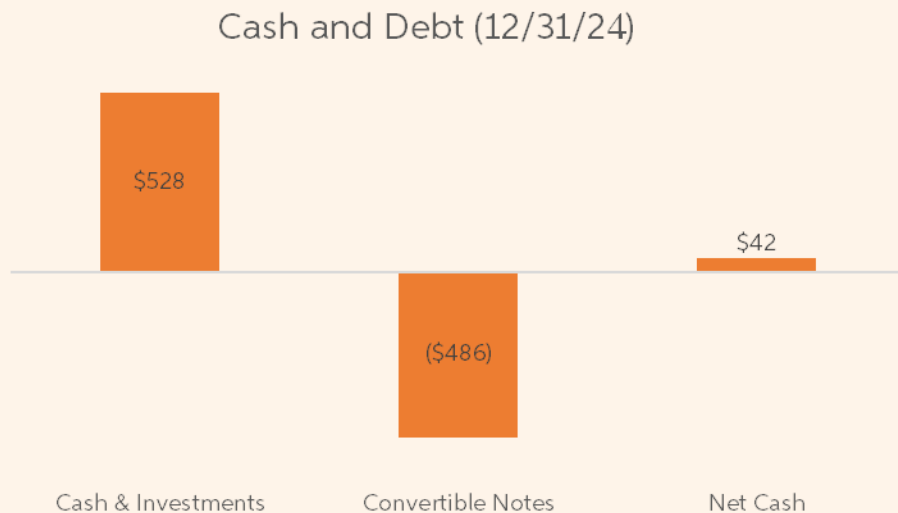
- Q4-24 free cash flow was \$4.8 million, despite incurring approximately \$25 million in cash outlays related to employee severance from our two restructurings in which we laid off more than 700 employees, as well as the Pearson legal settlement.
- As anticipated, we expect another \$11 million in cash restructuring payments, with a significant portion to be incurred in Q1.

Capital Expenditures



- As we harness the power of AI, Q4-24 CapEx content costs were down 56% year-over-year, while the number of questions asked increased 2%.

Balance Sheet



- In Q4, we opportunistically repurchased \$116.6 million in aggregate principal amount of our 2026 convertible notes at a \$20 million discount to par

Business Outlook

	Q4 2024 Results	Q1 2025 Guidance
Total Net Revenue	\$143m	\$114m - \$116m
Subscription Services Revenue	\$129m	\$104m - \$106m
Gross Margin %	68%	66%-67%
Adjusted EBTIDA¹	\$37m	\$13m - \$14m
CapEx	\$13m	
Free Cash Flow¹	\$5m	

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

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)

	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Net (loss) income	\$ (6,125)	\$ 9,665	\$ (837,068)	\$ 18,180
Interest expense	631	658	2,590	3,773
Provision for income taxes	4,021	8,103	148,702	32,132
Depreciation and amortization expense	19,378	20,773	78,344	129,718
EBITDA	17,905	39,199	(607,432)	183,803
Share-based compensation expense	15,347	31,906	84,614	133,502
Other income, net	(25,847)	(5,139)	(51,332)	(121,810)
Acquisition-related compensation costs	192	204	752	6,290
Restructuring charges	15,763	—	24,603	5,704
Impairment expense	—	—	677,239	3,600
Impairment of lease related assets	3,368	—	5,557	—
Content and related assets charge	2,937	—	3,666	4,047
Loss contingency	6,900	—	12,000	7,000
Transitional logistics charges	—	—	—	253
Adjusted EBITDA	<u>\$ 36,565</u>	<u>\$ 66,170</u>	<u>\$ 149,667</u>	<u>\$ 222,389</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
EBITDA	183,803	201,593	86,768	127,851	68,127	20,572	930	(16,580)
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 ⁽¹⁾	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	—	—	—
Adjusted EBITDA	\$ 222,389	\$ 254,525	\$ 265,859	\$ 207,058	\$ 125,014	\$ 83,300	\$ 46,399	\$ 20,800

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)

	Three Months Ending March 31, 2025
Net loss	\$ (14,300)
Interest expense, net	400
Provision for income taxes	600
Depreciation and amortization expense	17,800
EBITDA	4,500
Share-based compensation expense	11,500
Other income, net	(5,500)
Restructuring charges	3,000
Adjusted EBITDA	<u>\$ 13,500</u>

* Adjusted EBITDA guidance for the three months ending March 31, 2025 represents the midpoint of the range of \$13 million to \$14 million.

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 December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Net cash provided by operating activities	\$ 18,128	\$ 77,484	\$ 125,205	\$ 246,198
Purchases of property and equipment	(13,294)	(25,754)	(74,953)	(83,052)
Proceeds from disposition of textbooks	—	—	—	9,787
Free cash flow	<u>\$ 4,834</u>	<u>\$ 51,730</u>	<u>\$ 50,252</u>	<u>\$ 172,933</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>