Q3-21 Investor Presentation

Nov 1, 2021

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,” “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, statements regarding the impact of the ongoing coronavirus (COVID-19) pandemic on Chegg’s financial condition and results of operations, Chegg’s positioning to capture market opportunity, Chegg’s global academic market opportunity, Chegg’s belief that 102 million students could potentially benefit from Chegg, Chegg’s ESG plans, the non-GAAP presentations of Chegg’s results of operations, and all statements about Chegg’s financial outlook 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 the COVID-19 pandemic on Chegg’s business and the economy generally; Chegg’s ability to attract new students, which have an inherently high rate of turnover primarily due to graduation, to increase student engagement, and to increase monetization; changes in search engine methodologies that modify Chegg’s search result page rankings, resulting in decreased student engagement on Chegg’s website; competition in aspects of Chegg’s business, and Chegg expects such competition to increase; Chegg’s ability to maintain its services and systems without interruption, including as a result of technical issues or cybersecurity threats; 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; Chegg’s ability to expand internationally; colleges and governments restricting online access or access to Chegg’s website; 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 develop new products and services on a cost-effective basis and to integrate acquired businesses and assets; the impact of seasonality on the business; Chegg's brand and reputation; the outcome of any current litigation and investigations; the ability of our logistics partner to manage the fulfillment processes; Chegg’s ability to effectively control operating costs; changes in Chegg’s addressable market; regulatory changes, in particular concerning privacy and marketing; any significant disruptions related to cybersecurity or cyber-attacks; changes in the education market, including as a result of COVID-19; and general economic, political and industry conditions. 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, 2020 filed with the Securities and Exchange Commission on February 22, 2021, 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, non-GAAP Required Materials revenues and free cash flow. 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 defines (1) adjusted EBITDA as 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 and restructuring charges and (2) free cash flow as net cash provided by operating activities adjusted for purchases of property and equipment, purchases of textbooks and proceeds from disposition of textbooks. To the extent additional significant non-recurring items arise in the future, Chegg may consider whether to exclude such items in calculating the non-GAAP financial measures it uses. 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.

We put learners first.

We strive to improve the overall return on investment in education by helping learners learn more in less time and at a lower cost.

Our mission is to help every learner achieve their best, in school and beyond.

Investment Highlights

- Leading Direct-To-Student Connected Learning Platform
- Large Addressable Market in Early Stages of International Growth with Compelling Market Trends
- High Margin Model
- Competitive Moat Given Brand, Reach, Data and Proprietary Content

Industry Update Fall 2021

Some effects of the COVID-19 pandemic have begun to negatively impact enrollments, student course-loads, and quantity of graded assignments.

Learning sites and apps, both free and paid, in the U.S. and Canada have experienced significantly reduced traffic since the fall semester began.

We believe these factors are temporary, and we continue to invest to take advantage of attractive long-term opportunities.

Chegg continues to execute at a very high level. Students are renewing their Chegg subscriptions at higher rates and more are opting for Chegg Study Pack, both of which positively contributed to ARPU growth in Q3-21.

We believe Chegg is in an excellent position to come out of this temporary slowdown stronger than ever.

Chegg at a Glance[1]

6.6 Million
CHEGG SERVICES SUBSCRIBERS

67%
CHEGG SERVICES SUBSCRIBERS Y/Y GROWTH

~19 Million
CHEGG PLATFORM UNIQUE VISITORS IN AN AVERAGE MONTH

57%
CHEGG SERVICES Y/Y REVENUE GROWTH

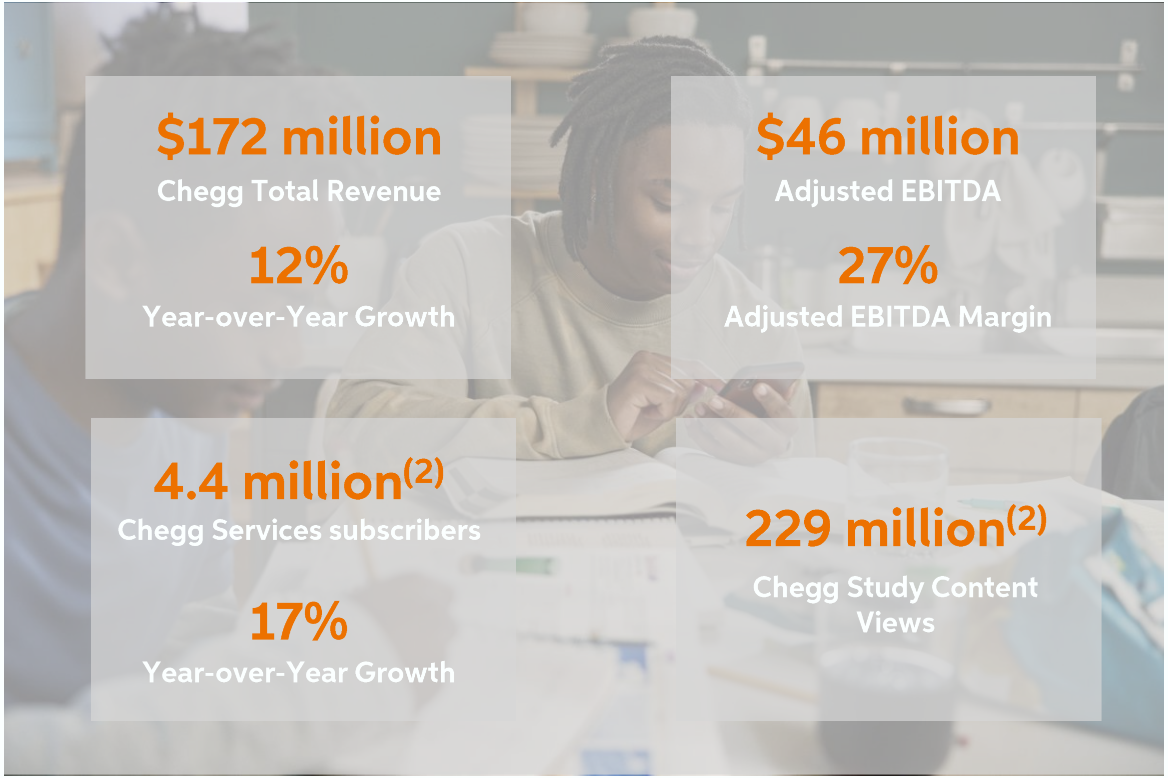
32%
ADJUSTED EBITDA MARGIN[2]

VOTED 2021 FORTUNE'S BEST
Small and Medium Workplaces

VOTED 2021 COMPARABLY'S BEST
Best Company Outlook
Best Global Culture
+ nine other Comparably awards

1. All amounts shown are for FY20 and are based on Company internal data
2. Adjusted EBITDA is a non-GAAP financial measure. See Appendix for reconciliation to GAAP.

Q3 – 21 Highlights



$172 million
Chegg Total Revenue

12%
Year-over-Year Growth

$46 million
Adjusted EBITDA

27%
Adjusted EBITDA Margin

4.4 million[(2)]
Chegg Services subscribers

17%
Year-over-Year Growth

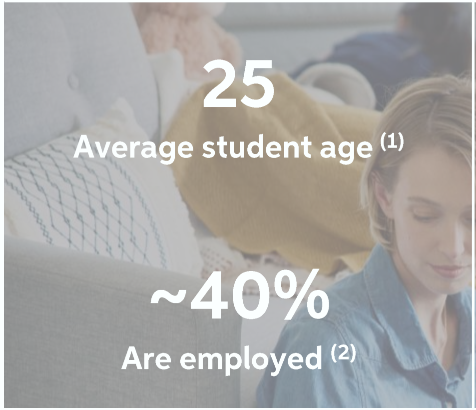
229 million[(2)]
Chegg Study Content Views

Chegg

1. Adjusted EBITDA is a non-GAAP measure and a reconciliation of Net Income (loss) to Adjusted EBITDA is set forth in the appendix.
2. Based on Company internal data

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

Need a Platform to Support Them

Chegg

1. Hall and Partners Survey, Oct 2019, (College (n=1737))
2. National Center for Education Statistics, The Condition of Education 2020.
3. National Clearinghouse Research Center (2019); Reflects % of students who don't graduate from a 4-yr public institution in 6 years or less
4. Student Loan Hero (last updated January 15, 2020)
5. Federal Reserve Bank of New York; as of December 2020

Chegg's Overwhelming Value is Critically Apparent Today Globally

Online

On-demand

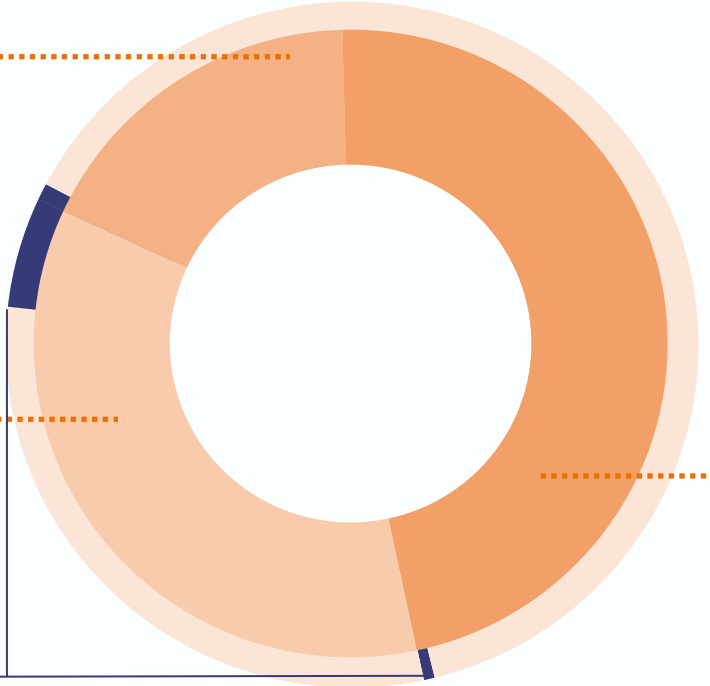
Personalized

Adaptive

Affordable

Backed by Human Help

Large Global Academic Market Opportunity



18M
CA, AU and UK Secondary and Tertiary Students(4)

36M
US University(2) and High School Students(3)

6.6M5
Chegg Services Subscribers in 2020
Y/Y growth of 67%

48M
English Language Instruction for Medium - Tertiary Students Outside the US, CA, AU, UK(1)

102M
Total students can benefit from Chegg

1. Based on internal Company estimates (includes India, Philippines, Mexico, Turkey, South Korea, South Africa, Japan, Malaysia, Saudi Arabia, Finland, New Zealand, Puerto Rico, Denmark, Netherlands, Hong Kong, Ireland, Singapore, Germany, UAE, Sweden)
2.. National Center for Education Statistics and US Census Bureau, 2020; includes graduate and undergraduate students
3. National Center for Education Statistics and US Census Bureau, 2020
4. UNESCO Institute for Statistics, 2017.
5. Based on Company internal data

Chegg's Integrated Platform of Connected Services

Chegg Services

Academic

Chegg Study
Homework help learning service with a library of 70 million step by step solutions (~64 million expert answered Q&As and ~6 million textbook solutions)*

Chegg Writing
A leading provider of online writing tools. Creates bibliographies and checks for grammar errors and plagiarism

Chegg Math Solver
Step by step math problem solver

Chegg Study Pack
Three-in-one package that bundles together Chegg Study, Chegg Writing, and Chegg Math Solver

Skills

Thinkful
High quality on-line skills-based courses
- Data science
- Data analytics
- UX / UI design
- Technical project management
- Digital marketing
- Software engineering

Required Materials

Textbooks
Rent or buy print textbooks or eTextbooks

* Based on internal Company data as of Q3-21

Chegg's Approach to ESG: Our Six Pillars

- Chegg's mission is to help learners, which includes minimizing our environmental impact on their communities.
- Our approach to ESG is tied to our six pillars; detailing the areas where Chegg has the greatest impact for society and business success.
- We know that ESG is a journey, and we are excited to share more progress and incremental disclosures over time.

We are focused on sustainable operations. We know that we owe it to our customers, employees, and society to use **environmentally sound practices**.

We foster an environment centered on respect for all people, where **diversity and inclusion are celebrated**, and employees have the opportunity to develop and advance their careers.

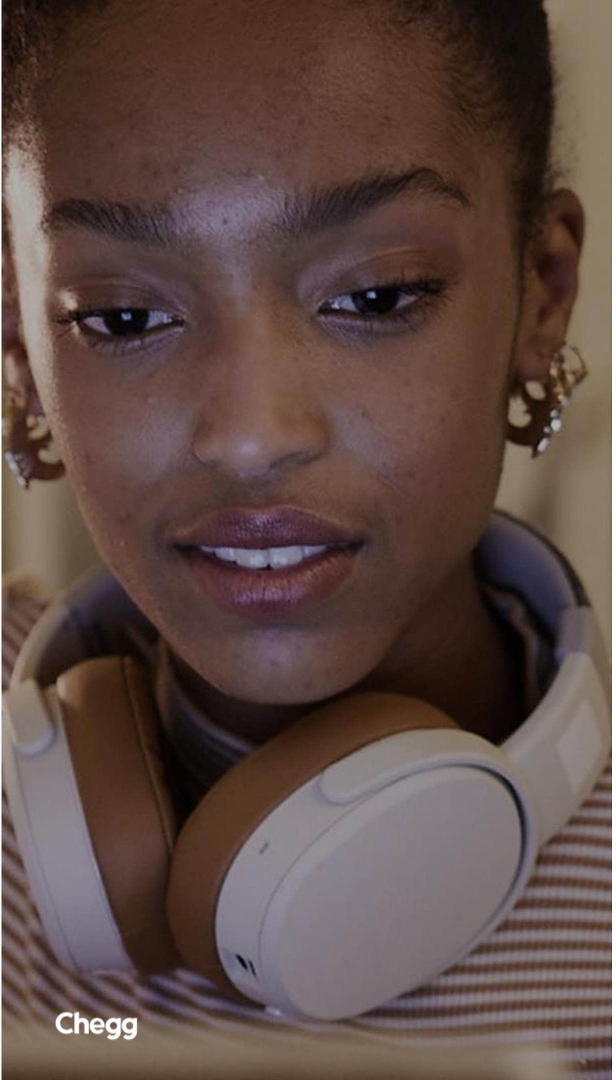
Our focus has been on supporting nonprofits who are **tackling food insecurity, mental health, and quality education,** and providing community support in areas where our offices are located.

We hold ourselves to the highest ethical standards and strive for full compliance with applicable regulations, including **data protection, cybersecurity, and responsible marketing**.

We are extremely proud to have helped so many learners **succeed on their education journey** by providing them with the type of help they need, when they need it, in the format they want to receive it.

Corporate governance is part of our culture and is founded on our daily commitment to living values and principles that recognize our **ethical obligations to our employees, customers and shareholders**.

See our ESG website for additional information and detailed disclosures



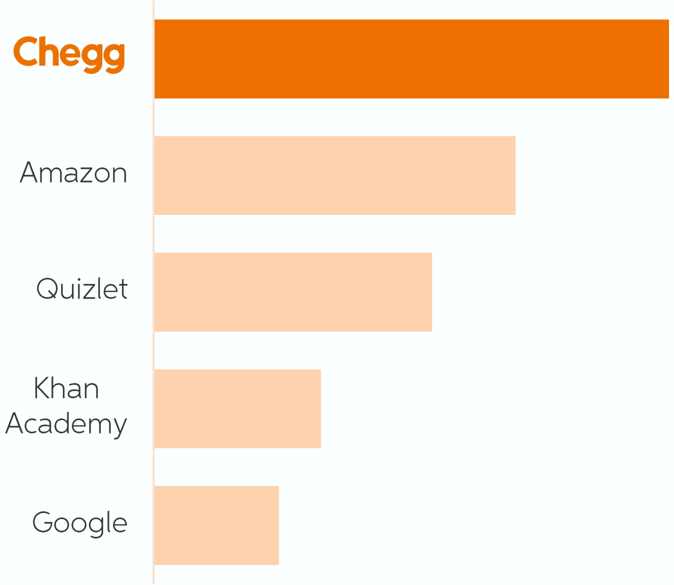
Chegg Serves Students of Diverse Backgrounds

- 29% First generation
- 26% Family income <$25k
- 53% Minorities
- 58% Female
- 28% Over 25 years old
- 17% Work full-time / 30% work part-time

Source: Hall & Partners Annual Brand Tracker, October 2020 (College n=1921).
*Chegg Platform users (College n=1200), and Chegg Platform is composed of the overall Chegg brand, Chegg-branded sub-brands (e.g. Chegg Tutors), and non-Chegg-branded sub-brands (e.g.Mathway, EasyBib, Thinkful, etc.)

Chegg is Well-Known Among College Students

Chegg scores highest in unaided awareness among college students[1]



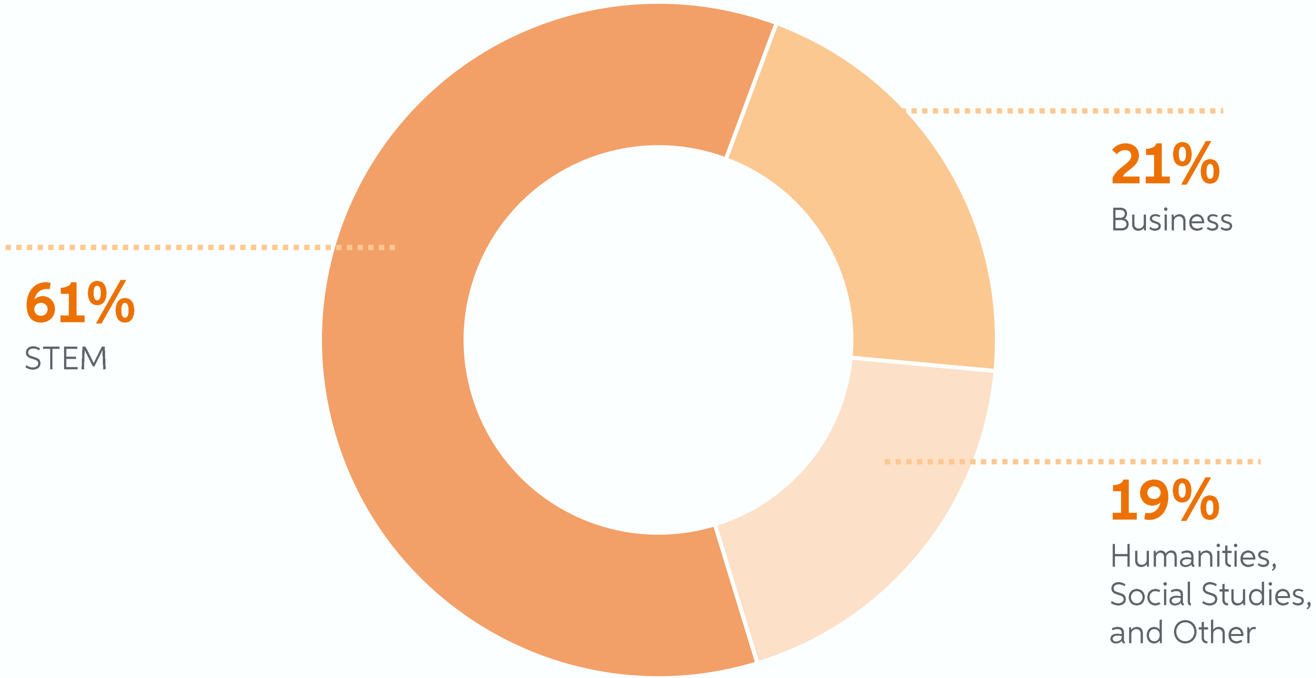
87%

Of college students have heard of a Chegg service[1]

(1) H&P Annual Survey, October 2019 (College n=1737). Based on the question: “What companies, websites, and resources can you think of that provide students with support with their studies and their lives around school (such as buying/renting textbooks, tutoring, homework help, writing help, citations, college and scholarship search, test preparation for entrance exams and finding internships)?”

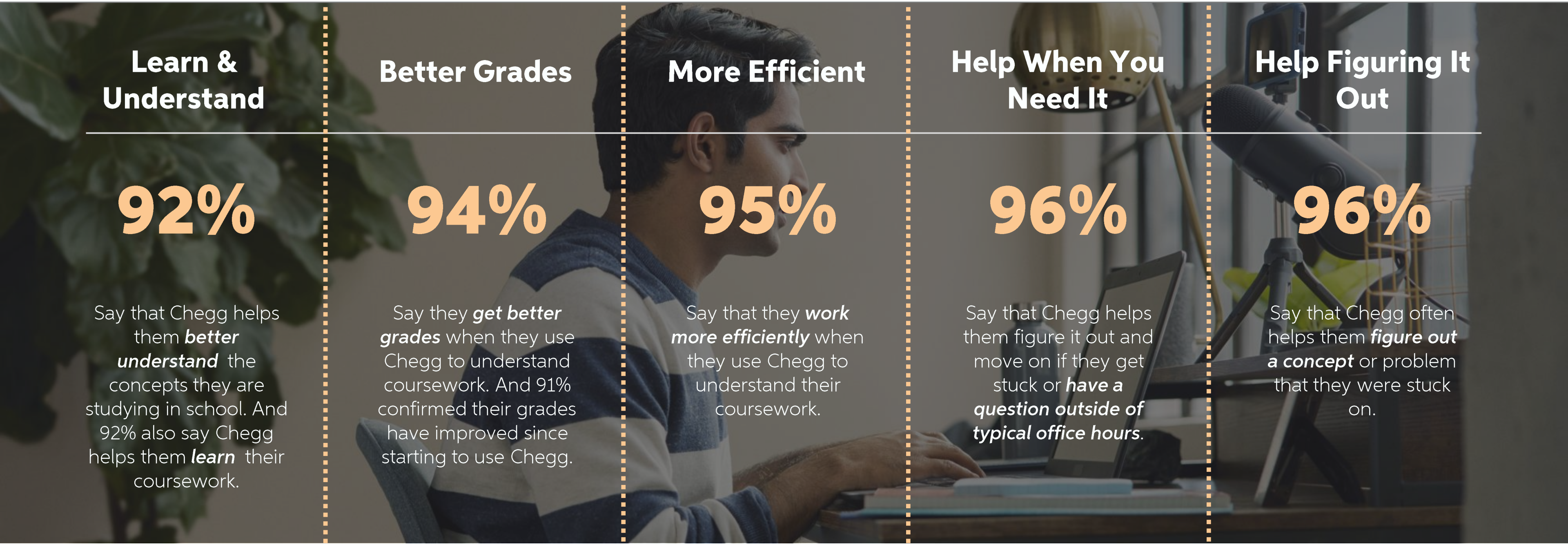
Chegg Services are Used by Students Across Several Fields of Study

Primary Field of Study for Chegg Services Subscribers*



*= Hall & Partners Brand Tracker October 2019 (College n=1737).
May not sum to 100% due to rounding

Chegg Delivers Positive Learner Outcomes



Learn & Understand

92%

Say that Chegg helps them ***better understand*** the concepts they are studying in school. And 92% also say Chegg helps them ***learn*** their coursework.

Better Grades

94%

Say they ***get better grades*** when they use Chegg to understand coursework. And 91% confirmed their grades have improved since starting to use Chegg.

More Efficient

95%

Say that they ***work more efficiently*** when they use Chegg to understand their coursework.

Help When You Need It

96%

Say that Chegg helps them figure it out and move on if they get stuck or ***have a question outside of typical office hours***.

Help Figuring It Out

96%

Say that Chegg often helps them ***figure out a concept*** or problem that they were stuck on.

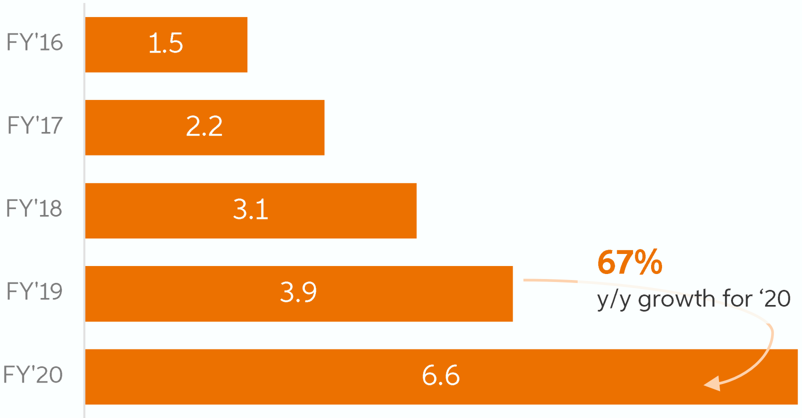
Chegg

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 Q4 2020 and Q1 2021. Respondent base (n=745) among approximately 144,000 invites. Sample size represents this population of customers within a margin of error of 3.6% at 95% confidence. Survey responses are not a guarantee of any particular results as individual experiences may vary. Survey fielded between April 23–April 25, 2021. Current survey undertaken as part of a larger Chegg survey (of up to 500,000 respondents total) where each respondent will be entered into a drawing to win 1 of 10 $500 e-gift cards.

Rapid Growth of Chegg Services

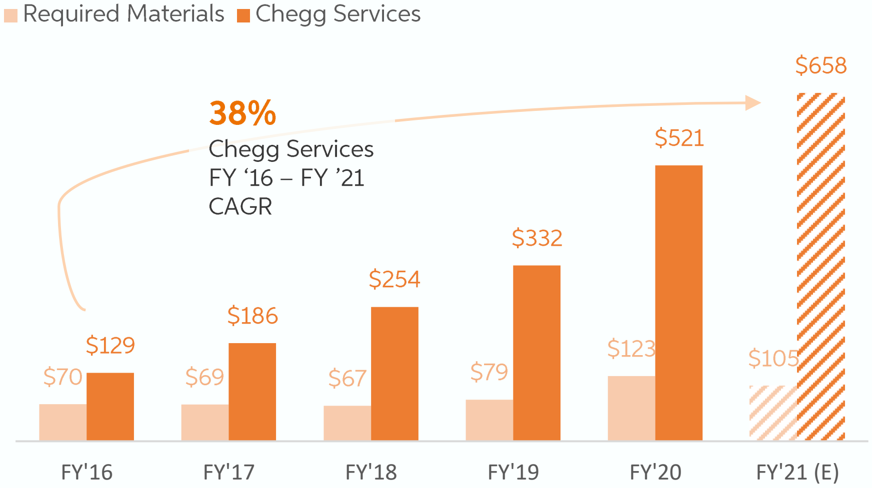
Chegg Services Subscribers

Annual Chegg Services Subscribers (in millions)



Chegg Services Revenue

Revenue Growth ($ in millions)*



Chegg

* Prior to FY 2017, Required Materials revenues are shown on a non-GAAP basis as if the transition of print textbook business to Ingram was complete and the revenues from our print textbook business were entirely commission-based. Chegg has completed its transition to Ingram and in FY 2017 all Required Materials revenues are commission-based. A reconciliation of Required Materials revenues to non-GAAP Required Materials revenues is set forth in the appendix hereto. FY'21 (E) is based on the midpoint of guidance provided on November 1, 2021.

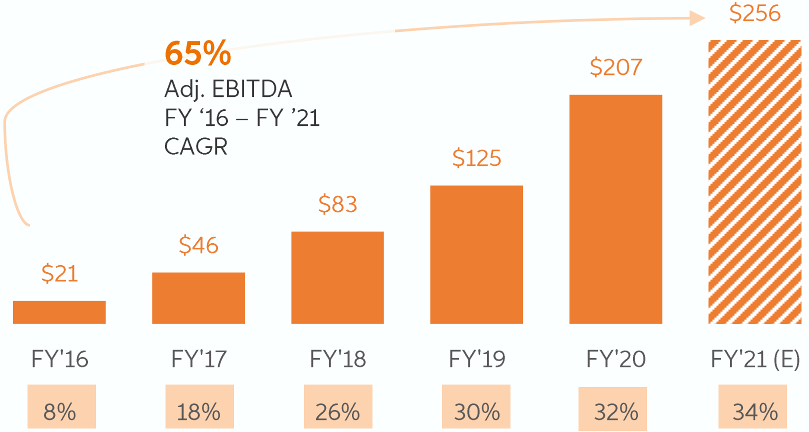
Chegg Services Drives Margin Expansion

Chegg's business model supports operating leverage

- Proven history of expanding Adj. EBITDA margin while investing in future growth
- Majority of subscribers are acquired through unpaid channels
- Create content once, used by learners many times
- Content is relevant globally
- Proven history of profitably scaling acquisitions

Adjusted EBITDA

Chegg Adj. EBITDA ($million) & **Margin** (%)



Adjusted EBITDA is a non-GAAP measure and a reconciliation of Net Income (loss) to Adjusted EBITDA is set forth in the appendix.
FY'21 (E) is based on the midpoint of guidance provided on November 1, 2021.

Business Outlook

	Q3 2021 Results	Q4 2021 Guidance	Full Year 2021 Guidance
Total Net Revenues	$171.9m	$194m - $196m	$762m- $764m
Chegg Services Revenue	$146.8m	$175m - $177m	$657m - $659m
Gross Margin %	61%	70%-71%	65%-66%
Adjusted EBTIDA*	$46.4m	$67m - $69m	$255m - $257m
CapEx	$25.1m		$90m - $100m
Free Cash Flow	$38.5m		50%-60% of adjusted EBITDA

* = Non-GAAP financial measure. See appendix for reconciliation of 1) Q3-21 net income (loss) to EBITDA and adjusted EBITDA, and 2) forward looking net income to EBITDA and adjusted EBITDA
CapEx includes Purchases of property and equipment, Purchases of textbooks, and Proceeds from disposition of textbooks

Appendix

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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	$ 6,651	$ (37,140)	$ (25,764)	$ (32,264)
Interest expense, net	1,633	17,468	5,263	44,320
Provision for income taxes	747	1,066	5,793	2,875
Print textbook depreciation expense	2,443	3,637	9,024	10,699
Other depreciation and amortization expense	16,086	13,254	46,273	33,088
EBITDA	27,560	(1,715)	40,589	58,718
Print textbook depreciation expense	(2,443)	(3,637)	(9,024)	(10,699)
Share-based compensation expense	24,512	21,529	76,157	59,409
Other income (expense), net	(8,670)	804	66,618	(7,396)
Acquisition-related compensation costs	1,249	4,945	5,127	9,161
Transitional logistics charges	2,301	—	6,547	—
Restructuring charges	1,851	—	1,851	—
Loss from impairment of strategic equity investment	—	10,000	—	10,000
Adjusted EBITDA	$ 46,360	$ 31,926	$ 187,865	$ 119,193

Reconciliation of Net Loss to EBITDA and Adjusted EBITDA

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

	Year Ended December 31,				
	2020	2019	2018	2017	2016
Net loss	$ (6,221)	$ (9,605)	$ (14,888)	$ (20,283)	$ (42,245)
Interest expense, net	66,297	44,851	11,225	74	171
Provision for income taxes	5,360	2,634	1,430	1,802	1,707
Print textbook depreciation expense	15,397	—	—	—	9,267
Other depreciation and amortization expense	47,018	30,247	22,805	19,337	14,520
EBITDA	127,851	68,127	20,572	930	(16,580)
Print textbook depreciation expense	(15,397)	—	—	—	(9,267)
Share-based compensation expense	84,055	64,909	52,030	38,359	41,785
Other income, net	(8,683)	(20,063)	(3,987)	(560)	297
Acquisition-related compensation costs	9,232	10,466	14,096	6,623	4,988
Loss from impairment of strategic equity investment	10,000	—	—	—	—
Donation from Chegg Foundation	—	1,478	—	—	—
Restructuring charges (credits)	—	97	589	1,047	(423)
Adjusted EBITDA	$ 207,058	$ 125,014	$ 83,300	$ 46,399	$ 20,800

Chegg

Reconciliation of Forward-Looking Net Income (Loss) to EBITDA and Adjusted EBITDA

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

	Three Months Ending December 31, 2021	Year Ending December 31, 2021
Net income (loss)	$ 3,100	$ (22,700)
Interest expense, net	1,600	6,900
Provision for income taxes	1,800	7,600
Textbook library depreciation expense	2,500	11,500
Other depreciation and amortization expense	17,300	63,600
EBITDA	26,300	66,900
Textbook library depreciation expense	(2,500)	(11,500)
Share-based compensation expense	35,100	111,200
Other income (expense), net	(600)	66,000
Acquisition-related compensation costs	8,300	13,500
Transitional logistic charges	1,100	7,700
Restructuring charges	300	2,200
Adjusted EBITDA*	$ 68,000	$ 256,000

* Adjusted EBITDA guidance for the three months ending December 31, 2021 and year ending December 31, 2021 represent the midpoint of the ranges of $67 million to $69 million and $255 million to $257 million, respectively.

Reconciliation of Required Materials Net Revenues to Non-GAAP Required Materials Net Revenues

CHEGG, INC.
RECONCILIATION OF REQUIRED MATERIALS NET REVENUES TO NON-GAAP REQUIRED MATERIALS NET REVENUES
(in thousands, except percentages)
(unaudited)

	Year Ended December 31,				
	2016	**2015**	**2014**	**2013**	**2012**
Required Materials net revenues	$ 124,755	$ 207,088	$ 236,717	$ 213,746	$ 188,530
Adjustment as if transition to Ingram is complete	(54,671)	(135,270)	(170,606)	(156,554)	(142,617)
Non-GAAP Required Materials net revenues	$ 70,084	$ 71,818	$ 66,111	$ 57,192	$ 45,913

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,	
	2021	2020	2021	2020
Net cash provided by operating activities	$ 63,622	$ 46,450	$ 208,123	$ 168,655
Purchases of property and equipment	(20,531)	(14,346)	(67,126)	(57,457)
Purchases of textbooks	(5,648)	(10,973)	(10,666)	(49,641)
Proceeds from disposition of textbooks	1,106	3,597	7,815	7,012
Free cash flow	$ 38,549	$ 24,728	$ 138,146	$ 68,569