



# Q1-23 Investor Presentation

May 1, 2023

# 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,” “long-term,” “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, Chegg’s long-term strategic focus including our 2023 priorities, the impact of artificial intelligence (AI) technology on our financial condition and results of operations, our investments in AI driving long-term shareholder value and allowing us to better serve students, the development and features of CheggMate, our ability to maintain margins and cash flow, Chegg’s global academic market opportunity including international growth, Chegg’s belief that 100 million students could potentially benefit from Chegg, Chegg’s ESG plans, improving learning and learning outcomes, improving learners’ overall return on investment in education, the non-GAAP presentations of Chegg’s results of operations, including Adjusted EBITDA and free cash flow, the Required Materials transition, including annual future revenue, our ability to forecast our financial results, and all statements about Chegg’s financial and business outlook, strategy, priorities 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 AI technology on Chegg’s business and the economy generally; Chegg’s ability to attract new, and retain existing, students, to increase student engagement, and to increase monetization; Chegg’s brand and reputation; changes in employment and wages and the uncertainty surrounding the evolving educational landscape, enrollment and student behavior; Chegg’s ability to expand internationally; changes in search engine methodologies that modify Chegg’s search result page rankings, resulting in decreased student engagement on Chegg’s website; the success of Chegg’s new product offerings, including CheggMate; competition in aspects of Chegg’s business, and Chegg’s expectation that such competition will increase; Chegg’s ability to innovate in response to technological and market developments, including artificial intelligence; 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; Chegg’s ability to effectively control operating costs; changes in Chegg’s addressable market; regulatory changes, in particular concerning privacy, marketing, and education; changes in the education market, including as a result of AI technology and COVID-19; and general economic, political and industry conditions, including inflation, recession and war. 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, 2022 filed with the Securities and Exchange Commission on February 22, 2023, 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 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, loss from impairment of strategic equity investment, donation from Chegg Foundation, transitional logistic charges, impairment of lease related assets, 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.

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.





## Investment Highlights

- Leading Direct-To-Student Connected Learning Platform
- Large Addressable Markets in Early Stages of Growth including International, Skills, Language Learning, and Non-Academic
- High Margin Model with Strong Free Cash Flow Generation; Increased Focus on Expense Management
- Competitive Moat Given Brand, Reach, Data and Proprietary Content

## Business Trends Update

- In the first part of the year we were meeting expectations on new sign-ups and we saw no noticeable impact from ChatGPT on our new account growth.
- Since March we saw a significant spike in student interest in ChatGPT which we believe is having an impact on our new customer growth rate.
- Similar to previous technology platform shifts, such as the internet and mobile, we believe AI is just as transformational.
- We have been aggressively shifting resources and focus towards fully embracing AI, as demonstrated by the CheggMate beta beginning in May.
- We believe Chegg is in the best position to take advantage of the advancements in artificial intelligence to the benefit of the student, making CheggMate a powerful and unique learning tool, offered exclusively by Chegg
- As we lean into important investments in AI, we are also evaluating areas to reduce existing expenses and CapEx to maintain industry-leading margins and cash flow

# Long-Term Strategic Focus

## Grow Subscribers

Embrace AI to deliver a personalized, conversational learning companion and increase local product-market fit for new learners around the world



## Grow Profitably

Maintain focus on profitable growth, investing in scalable content, technology, and tools



## Extend Lifetime Value

Become more relevant more of the time by extending the breadth and depth of our support, including skills and language learning



## Overwhelming Value

Add content and services that students find essential and enhance their experience

## Drive Outcomes

Deliver positive learner outcomes by meeting students where they are

## Help Holistically

Help learners beyond academics, including mental health and wellness

## 2023 Priorities

### Leverage the Power of AI

Successfully build and roll out an AI conversational learning companion that will empower students to learn in real-time more effectively, and with greater accuracy than ever before

### Profitable Growth

Increased focus on expense management while responsibly investing for future growth

### International

Invest in localized content, pricing, packaging, commerce, user experience, and marketing efforts to optimize our product-market fit and increase international conversion rates

### Language

Lean into Busuu freemium including continued testing and optimization efforts

### Skills

Double down on momentum with U.S. employers and start expanding Skills offerings globally



## Chegg at a Glance: Financial and KPI Highlights 2022<sup>(1)</sup>

**8.1 Million**

CHEGG SUBSCRIPTION  
SERVICES  
SUBSCRIBERS

**5%**

CHEGG SUBSCRIPTION  
SERVICES  
SUBSCRIBERS Y/Y GROWTH

**10%**

CHEGG SERVICES REVENUE  
Y/Y GROWTH

**33%**

ADJUSTED EBITDA  
MARGIN<sup>(2)</sup>

**2.1 Million**

INTERNATIONAL CHEGG  
SERVICES SUBSCRIBERS

**15%**

INTERNATIONAL REVENUE AS  
% OF TOTAL

**VOTED FORTUNE'S BEST**  
Workplaces<sup>(3)</sup>

**18 COMPARABLY AWARDS**  
Including Best Company  
Outlook and Best Global Culture

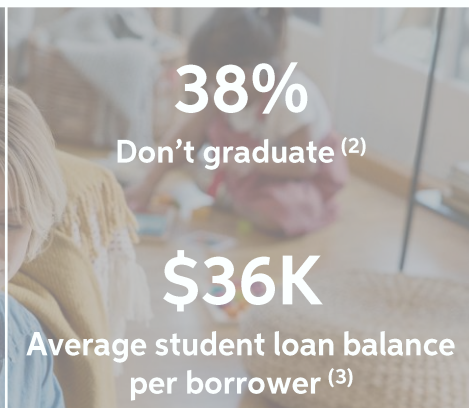


# Today's Learners Face More Pressure Than Ever

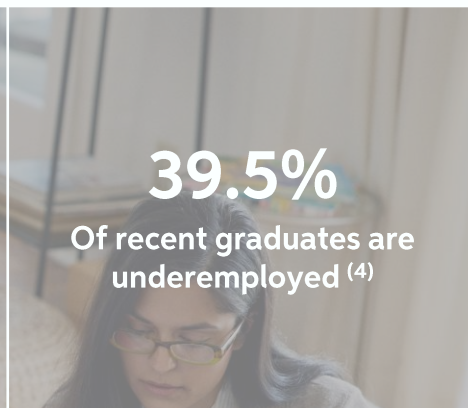
It's Harder to Be a Student



They're Faced with Mounting Costs



They Aren't Prepared for the Workplace



## Need a Platform to Support Them

## Chegg helps lighten students' heavy mental load

Over half of US College students say their emotional and mental health has negatively impacted their performance in school more than it has in the past.<sup>1</sup>

### Chegg is proud to support students' mental health in a variety of ways

Academic Support	Chegg Study helps students learn and understand, building confidence and reducing stress <sup>2</sup>
Awareness & Partnerships	Launched inaugural Student Mental Health Week with esteemed non-profits to destigmatize mental health, educate, and raise awareness
Wellness Resources	Study Pack subscribers receive access to Calm Premium, the #1 app for sleep, meditation, and relaxation, and Chegg Life provides free resources that support mental wellness
Corporate Giving	Chegg financially supports organizations focused on mental health. Since 2020, we've given nearly \$1 million to such groups. <sup>3</sup>

92% “Chegg helps me get my homework done with less stress<sup>2</sup>”

“Chegg builds confidence before an exam<sup>2</sup>” 86%

# Delivering Services That Meet The Learning Needs of Students

Our years of experience and student engagement data help us understand how students learn. We then provide evidenced-based support to address students' specific needs and desired learning outcomes, meeting students where they are.

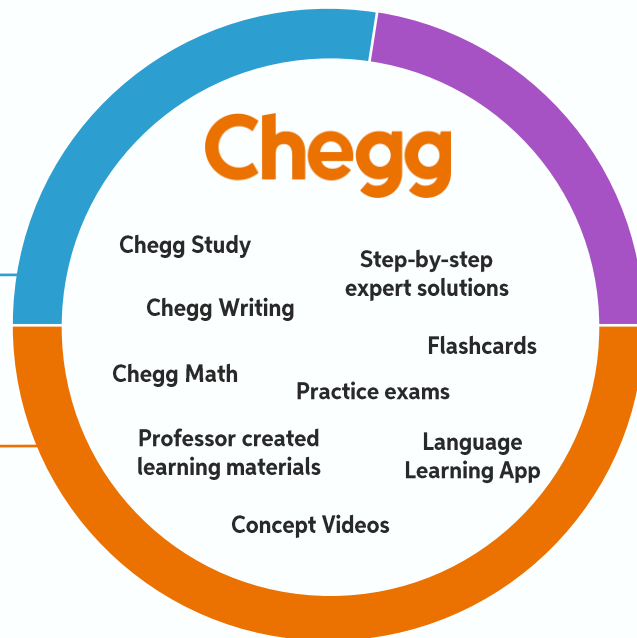
Students spend ~14 hours a week on schoolwork outside the classroom<sup>1</sup>

## CRAM for an exam

25%, 3.5 hrs/wk<sup>2</sup>

## HELP with homework/writing

51%, 7.1 hrs/wk<sup>2</sup>



## LEARN a new concept

24%, 3.4 hrs/wk<sup>2</sup>

# Chegg's Integrated Platform of Connected Services

## Subscription Services



### Chegg Study

Learning service with 95 million pieces of expert-generated content<sup>(1)</sup>



### 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



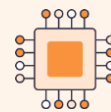
### Busuu

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. It also includes features such as concept videos, flashcards, practice tests, and instructor-created materials through Uversity, as well as access to third party non-academic tools, such as Calm and DoorDash.

## Skills & Other



### Skills / Thinkful

High quality online skills-based courses in areas such as Data Science, Data Analytics, UX/UI Design, Frontline Leadership, and Software Engineering, 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



A man with dark hair and a mustache, wearing a purple corduroy shirt, is sitting at a desk in a library. He is looking down at a laptop. There are books on shelves in the background and an open book on the desk.

**Chegg's Overwhelming Value and Unique Competitive Advantages**

**Online**

**On-demand**

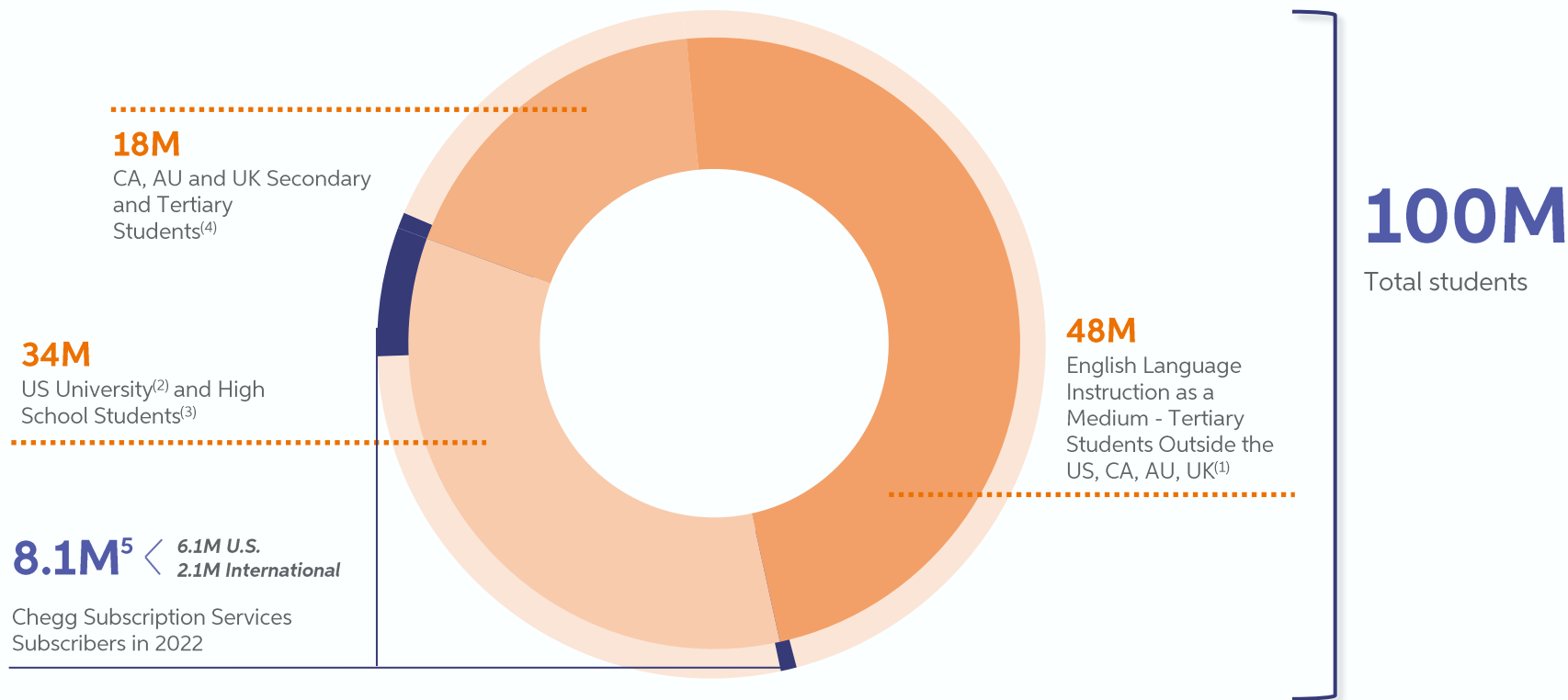
**Personalized**

**Adaptive**

**Affordable**

**Backed by Expert Human Help**

# Large Global Academic Market Opportunity



# Introducing the future of learning with Chegg, powered by GPT-4

**CheggMate** will combine the power of GPT-4's advanced AI systems with Chegg's extensive content library and subject-matter experts to make learning faster, personalized, adaptive, accurate, effective and helpful

## Data as our Competitive Advantage

We know that AI tools are only as powerful as the data that trained them, which is why we are keeping the billions of pieces of proprietary content and expert solutions that make CheggMate unique, unique to Chegg!

## Built for Learning, Supported by Experts

85% of Students say they would prefer AI chat-based study support that is backed by human expertise<sup>1</sup>. CheggMate leverages 150K+ subject matter experts who are quality control editors for accuracy.

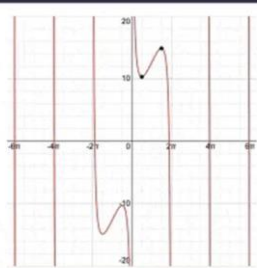


Let's jump back into your last quiz. How would you solve this?

$$f(t) = 6t + 8 \cot\left(\frac{t}{2}\right), \left[\frac{\pi}{6}, 9\frac{\pi}{4}\right]$$



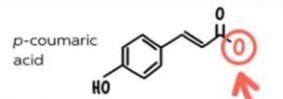
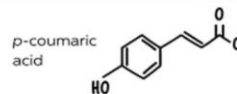
Great, try this one!  
Find the absolute minimum:



Olivia, I'll create another practice question for you.



Is this structure correct?



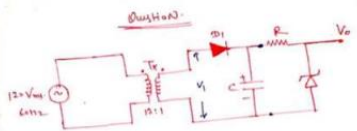
Good try. The highlighted section of the structure isn't right. Can you try it again?

# Structured Q&A

Our Structured Q&A tools enable our experts to create better, more complete, and clearer learning content and solutions for students

prashant kumar answered this  
492 answers

**Question:**



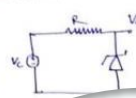
Since it is step down Transformer.

$$V_2 = \frac{1}{12} \times 120 = 10\text{V}$$
$$V_{ZM} = 10.5\text{V} \approx 10.5\text{V}$$

Since diode along with capacitor is parallel branch detector. So voltage across cap.

$$V_C = V_{in} - 0.7 = 10.5 - 0.7 = 9.8\text{V}$$

Calculate the average voltage of Transformer. Now from the given data in question

$$V_0 = V_C - (R + V_Z) I_{Z1} + 6.8$$
$$= 9.8 - (10 + 9.5) \times 0.01 - 6.8$$
$$= 2.99\text{V}$$


## Regular Q&A

- Step-by-step solution

## Structured Q&A

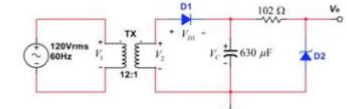
- Learning goal navigation
- Step-by-step solution
- Subject-specific drawing tools
- More legible and organized
- More searchable
- Self-directed, interactive

Step-by-step

--- 1st step    All steps    ✓ Answer only

Step 1/3

Consider the rectifier circuit.



(a) The peak value of the primary voltage is,

$$V_1 = 120\sqrt{2}\text{V}$$

The peak value of the secondary voltage is,

$$V_2 = \frac{N_2}{N_1} V_1$$
$$= \frac{1}{12} \times 120\sqrt{2}$$
$$= 10\sqrt{2}\text{V}$$

During the positive half cycle of the input voltage, the diode D1 is forward-biased. Determine the voltage across the capacitor  $V_C$  during positive half cycle.

$$V_C = V_2 - V_{D1}$$
$$= 10\sqrt{2} - 0.7 = 13.44\text{V}$$

This makes the Zener diode D2 is reverse biased. So, the Zener voltage of 6.8V appears at the output. During positive half cycle,  $V_0 = 6.8\text{V}$ .

Step 2/3

Step 3/3

Final answer

Students tell us that they **prefer this format** and believe it is more helpful to understand the topic and **learn the concepts, so they can solve problems on their own<sup>1</sup>**



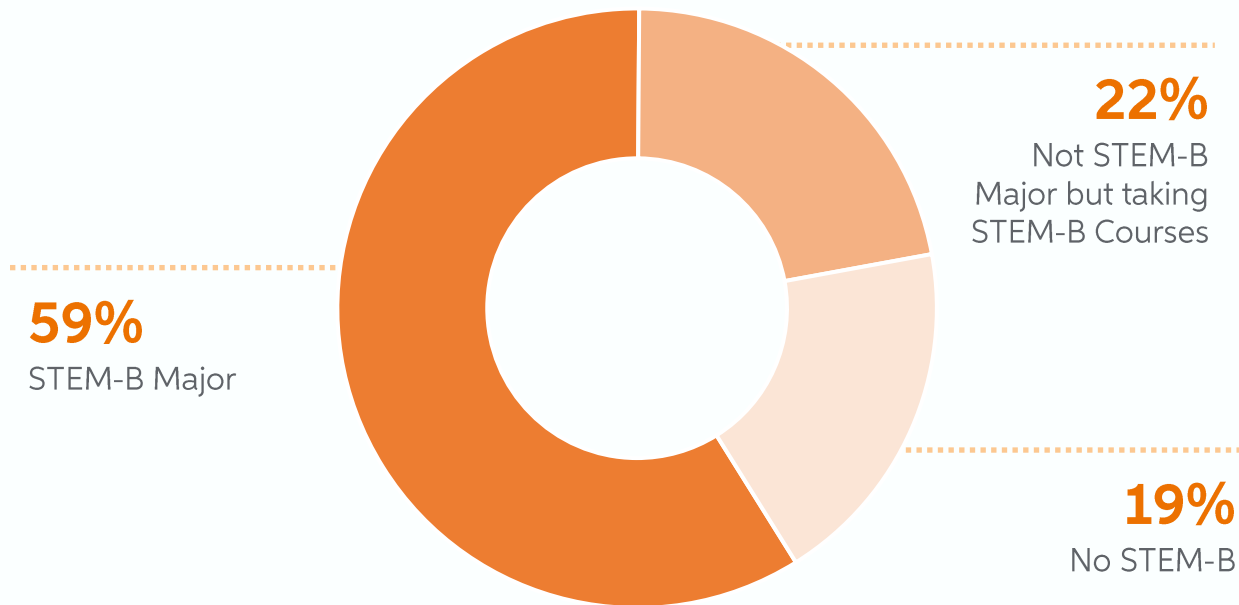


## Chegg Serves Students of Diverse Backgrounds

- 26% First generation
- 20% Family income <\$20k
- 50% Minorities
- 65% Female
- 25% Over 25 years old
- 7% Work full-time / 31% work part-time

Source: Chegg Consumer Insights, Jan 2023, Quarterly Marketing Tracker: \*Chegg Services users in the past 3 months (College n=399), Chegg services includes: Chegg.com, Mathway, Easybib, CiteThisforMe, BibMe, Citation Machine., Busuu, Thinkful.

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



# Chegg Delivers Positive Learner Outcomes

Learn &  
Understand

90%

Say that Chegg helps them **better understand** the concepts they are studying in school. And 90% also say Chegg helps them **learn** their coursework.

Better Grades

91%

Say they **get better grades** when they use Chegg to understand coursework.

More Efficient

91%

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

Help When You  
Need It

92%

Say that Chegg helps them figure it out if they get stuck or **have a question when their instructor is not available**.

# Chegg's Approach to ESG: Our Six Pillars



## Public Recognition

- Chegg was upgraded by MSCI to their **highest ESG rating, AAA**
- 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](#).

Please see our [EGS website](#) for more details and additional recognition

See our [ESG website](#) and our first annual [ESG Report](#) for additional information and detailed disclosures



# Chegg's ESG Journey

Chegg conducted a [materiality assessment](#) to identify important ESG categories and to align our strategy with what is most material to our stakeholders and society. Please see below for some recent examples of our work to enhance programs, policies, and disclosures within these material categories. We also published our first annual [ESG report](#) in May 2022.

## Employee Diversity & Inclusion

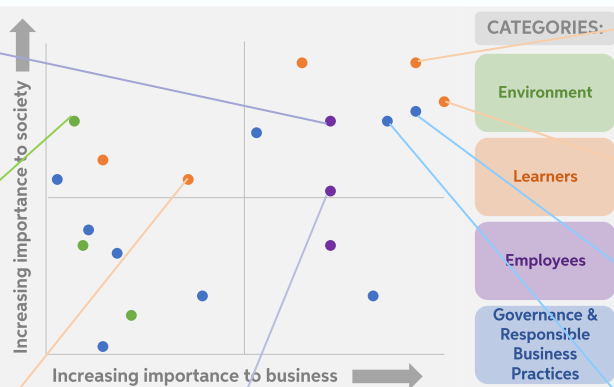
- [Disclosed](#) diversity data with 43% global female representation and 52% people of color representation within the U.S.<sup>1</sup>
- Launched new ERGs
- Continue to expand executive and financial support of ERGs

## Climate Change

- [Published](#) Scope 1 and 2 GHG emissions
- Collecting data to report Scope 3 and develop carbon reduction strategies

## Holistic Approach to Learner Success

- Calm and DoorDash partnerships provide well-being benefits to our learners
- [Chegg Life](#) provides guidance on life-skills like finances, career pathways, and mental and physical health



## Employee Health, Wellbeing, & Engagement

- Employee engagement survey showed 90% of employees are proud to work at Chegg<sup>3</sup>
- At Chegg's inaugural Global Day of Impact, Chegg volunteers supported 13 global organizations and helped almost 5,000 students

## Academic Integrity

- Honor [Code](#)
- Honor [Shield](#)
- Academic Advisory [Board](#)

## Learning Outcomes

- 90% of students say Chegg helps them learn their coursework<sup>2</sup>

## Privacy & Cybersecurity

- [Committed](#) to ongoing assessment and implementation of privacy and security programs

## Board Diversity & Independence

- Reached 50% gender [diversity](#) on board in 2021
- Expanded racial diversity on board in 2020 and again in 2021

# New Revenue Disaggregation

In 2023, we changed the way we disaggregate revenue to better represent Chegg's current business. We believe this new revenue breakout allows our investors to better monitor and evaluate our business trends.

## Subscription Services

**Chegg Study & Study Pack**



**Math**



**Writing**



**Busuu**



## Skills & Other

**Skills**



**Advertising**

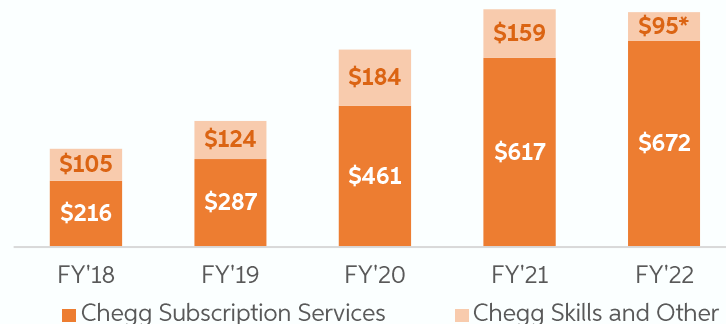


**Required Materials**



## Chegg Revenue

**Chegg Subscription Services & Skills and Other\***  
(\$ in millions)



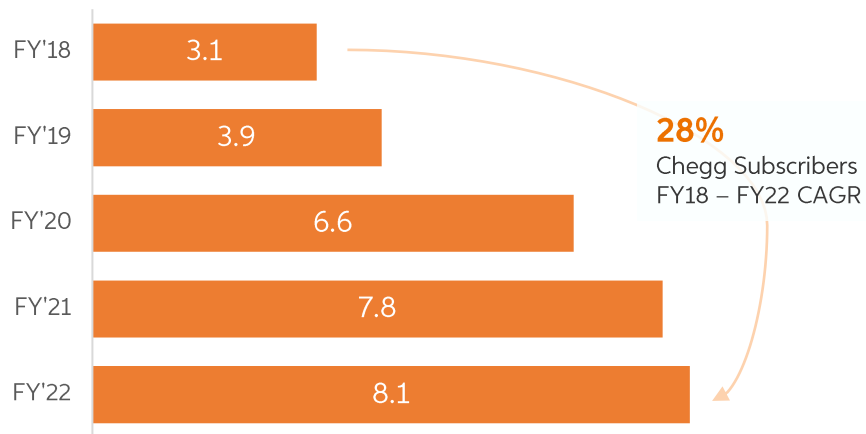
*\*In 2022, we transitioned our Required Materials ownership model to a partnership revenue-share model. Under the ownership model, we recognized print and eTextbook revenue equal to the total transaction amount, and under the partnership model, we recognize revenue as a percentage of the total.*

Historical revenue breakouts are available in the IR Data Sheet found on our [Investor Relations site](#)

# Growth of Chegg Subscription Services

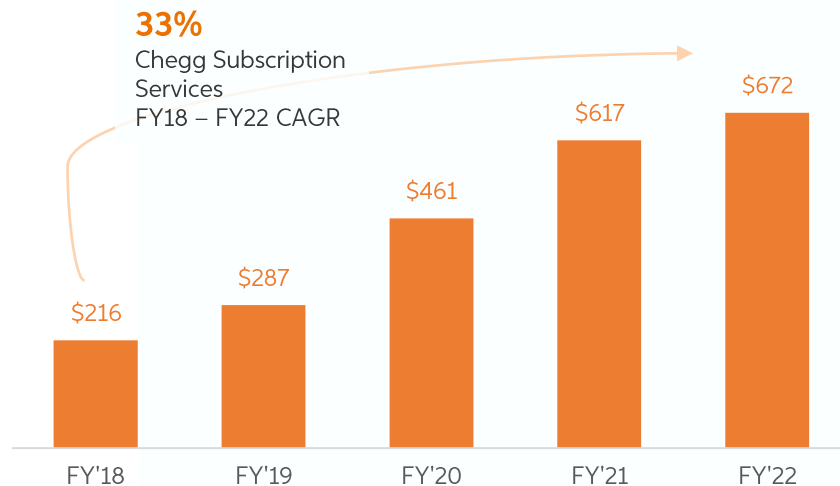
## Chegg Subscription Services Subscribers

Annual Subscription Services Subscribers (in millions)



## Chegg Subscription Services Revenue

(\$ in millions)



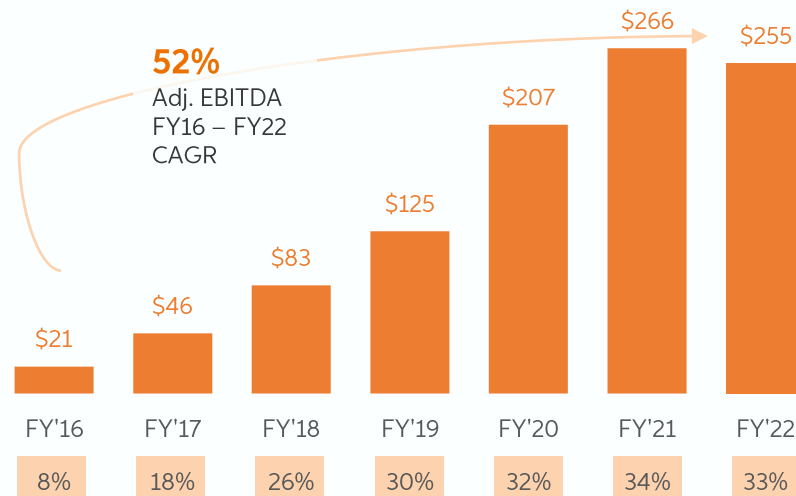
# Industry-leading Margin and Profit

## Chegg's business model supports operating leverage

- History of expanding adjusted EBITDA margin while investing in profitable future growth
- Majority of subscribers are acquired through unpaid channels
- Create content once, used by learners many times
- Most content is relevant globally

## Adjusted EBITDA

Chegg Adj. EBITDA (\$million) and Margin (%)



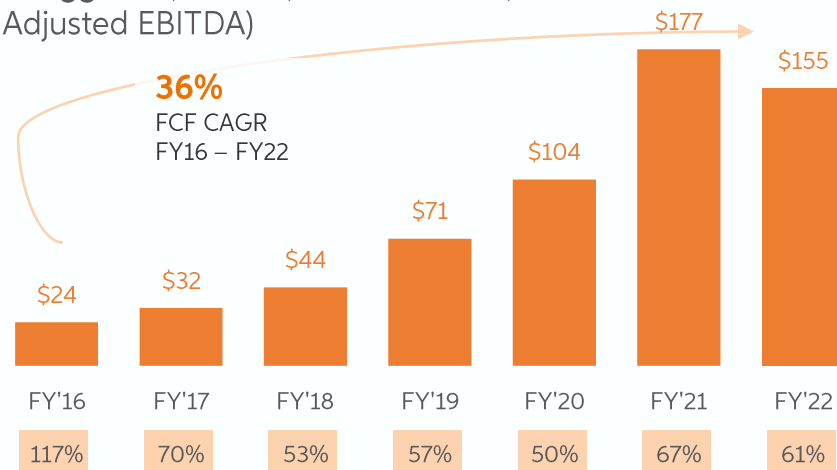
# Strong FCF Generation

## Chegg continues to deliver strong free cash flow and margins

- Strong free cash flow conversion from adjusted EBITDA (has been ~50%-70%)
- Free cash flow CAGR strong, >30%<sup>(1)</sup>
- Content remains the largest driver of CapEx and we are driving significant leverage on that investment

## Free Cash Flow

Chegg FCF (\$million) & Conversion (from Adjusted EBITDA)





## Business Outlook

While we continue to have confidence in our ability to forecast the current quarter, given the impact to our new subscriber growth from ChatGPT, our visibility beyond that is less certain for now. As such, we will be guiding to the current quarter only.

	Q1 2023 Results	Q2 2023 Guidance
<b>Total Net Revenue</b>	\$188m	\$175m - \$178m
<b>Subscription Services Revenue</b>	\$168m	\$159m - \$162m
<b>Gross Margin %</b>	74%	72%-73%
<b>Adjusted EBTIDA<sup>1</sup></b>	\$58m	\$53m - \$55m
<b>CapEx</b>	\$17m	
<b>Free Cash Flow<sup>1</sup></b>	\$56m	

## Required Materials Transition

In April 2022, we entered into a partnership with an independent book reseller. This partnership allowed us to transition out of our textbook library and fulfillment logistics responsibilities while still offering print and eTextbooks to students.

- GT<sup>1</sup> purchased our print textbook library in April 2022 for ~\$14M, assuming responsibility for print textbook library investments and fulfillment logistics, and by the end of 2022, we completed the transition for eTextbooks.<sup>2</sup>
- As a result of the partnership, we no longer incur significant textbook-related costs.<sup>3</sup>
- We now expect to recognize less than \$5 million in annual print and eTextbook revenue, driven by a single-digit percentage revenue share.

# Appendix



# Reconciliation of Net Income to EBITDA and Adjusted EBITDA

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

	Three Months Ended March 31,	
	2023	2022
Net income .....	\$ 2,186	\$ 5,742
Interest expense, net .....	1,268	1,597
Provision for income taxes .....	4,176	4,217
Print textbook depreciation expense .....	—	1,521
Other depreciation and amortization expense .....	25,543	20,285
EBITDA .....	33,173	33,362
Print textbook depreciation expense .....	—	(1,521)
Share-based compensation expense .....	33,746	33,084
Other income, net .....	(12,076)	(6,180)
Acquisition-related compensation costs .....	2,460	3,079
Transitional logistics charges .....	253	348
Adjusted EBITDA .....	<u>\$ 57,556</u>	<u>\$ 62,172</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,						
	2022	2021	2020	2019	2018	2017	2016
Net income (loss)	\$ 266,638	\$ (1,458)	\$ (6,221)	\$ (9,605)	\$ (14,888)	\$ (20,283)	\$ (42,245)
Interest expense, net	6,040	6,896	66,297	44,851	11,225	74	171
(Benefit from) provision for income taxes	(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	89,997	63,274	47,018	30,247	22,805	19,337	14,520
EBITDA	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	133,456	108,846	84,055	64,909	52,030	38,359	41,785
Other (income) expense, net	(101,029)	65,472	(8,683)	(20,063)	(3,987)	(560)	297
Acquisition-related compensation costs	14,427	6,378	9,232	10,466	14,096	6,623	4,988
Transitional logistics charges	2,463	7,332	—	—	—	—	—
Impairment of lease related assets	5,225	—	—	—	—	—	—
Restructuring charges	—	1,922	—	97	589	1,047	(423)
Loss from impairment of strategic equity investment	—	—	10,000	—	—	—	—
Donation from Chegg Foundation	—	—	—	1,478	—	—	—
Adjusted EBITDA	<u>\$ 254,525</u>	<u>\$ 265,859</u>	<u>\$ 207,058</u>	<u>\$ 125,014</u>	<u>\$ 83,300</u>	<u>\$ 46,399</u>	<u>\$ 20,800</u>



# 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)**

	<b>Three Months Ending June 30, 2023</b>
Net loss .....	\$ (3,900)
Interest expense, net .....	1,100
Provision for income taxes .....	2,600
Depreciation and amortization expense .....	26,400
EBITDA .....	26,200
Share-based compensation expense .....	37,000
Other income, net .....	(12,600)
Acquisition-related compensation costs .....	3,400
Adjusted EBITDA* .....	<u>\$ 54,000</u>

\* Adjusted EBITDA guidance for the three months ending June 30, 2023 represent the midpoint of the range of \$53 million to \$55 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 March 31,	
	2023	2022
Net cash provided by operating activities .....	\$ 73,160	\$ 80,035
Purchases of property and equipment .....	(17,166)	(29,533)
Purchases of textbooks .....	—	(3,692)
Proceeds from disposition of textbooks .....	—	2,499
Free cash flow .....	<u>\$ 55,994</u>	<u>\$ 49,309</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,						
	2022	2021	2020	2019	2018	2017	2016
Net cash provided by operating activities . . . . .	\$ 255,736	\$ 273,224	\$ 236,442	\$ 113,403	\$ 75,113	\$ 51,550	\$ 24,262
Purchases of property and equipment . . . . .	(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 . . . . .	6,003	8,714	7,569	—	—	6,943	25,646
Free cash flow . . . . .	<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>