



# Chegg

## Q1-25 Investor Presentation

May 12, 2025

# Safe Harbor Statement

## Forward-Looking Statements

This press release contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, which include, without limitation, statements regarding our ongoing process to explore strategic alternatives and the outcome of such process; our newly announced restructuring plan, including the number of employees impacted by the reduction in force, the amount and timing of the charges we will incur in connection with these actions, the impact of the actions on our non-GAAP financial measures, including the amount of cost savings and the timing of those savings; our ability to increase efficiency across the business and to manage our expenses prudently as the competitive landscape evolves; our strategy to diversify our revenue streams with question-and-answer pair licensing, business-to-institution programs and other enterprise offerings; our ability to weather current and future business challenges and to stabilize the business; 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 ongoing litigation against Google and its outcome; student adoption of generative AI products; and all statements about our outlook under "Business Outlook," including our Q2 2025 guidance, including total revenue, Subscription Services revenue, gross margin, and adjusted EBITDA, as well as those included in the investor presentation referenced above and 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 our business and the economy generally; our 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; the impact and effectiveness of our internal restructuring activities; our ability to effectively control operating costs; our ability to innovate and offer new products and services in response to competitive technology and market developments, including generative AI; the outcome and effects of our exploration of strategic alternatives, which may not be successful and may disrupt our ongoing business, result in increased expenses and present other risks; competition in all aspects of our business, including with respect to AI and

our expectation that such competition will increase; the outcome of our litigation against Google; our ability to maintain our services and systems without interruption, including as a result of technical issues, cybersecurity threats, or cyber-attacks; third-party payment processing risks; the outcome of any current litigation and investigations; the possibility that the NYSE may delist our common stock; and general economic, political and industry conditions, including escalating international trade tensions, including tariffs and trade restrictions, fluctuating 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 our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission (the "Commission") on February 24, 2025, as supplemented by the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2025 to be filed with the Securities and Exchange Commission, 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.


# 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.

A young man with dark hair, wearing a light-colored shirt and a backpack, is shown in profile from the chest up. He is looking towards the right and holding a tablet computer. The background is a blurred outdoor setting with warm lighting. The text is overlaid on the left side of the image.

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

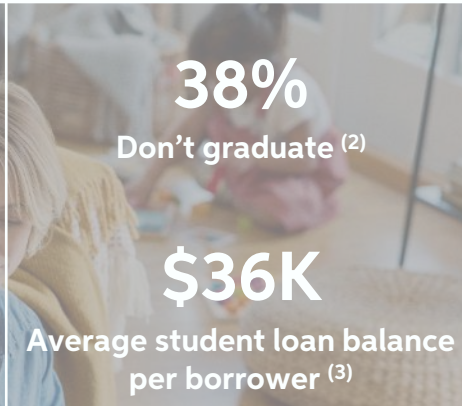
Real-time  
Individualized  
Conversational  
Affordable  
Backed by Expert Human  
Help  
Satisfaction Guarantee

# Today's Learners Face More Pressure Than Ever

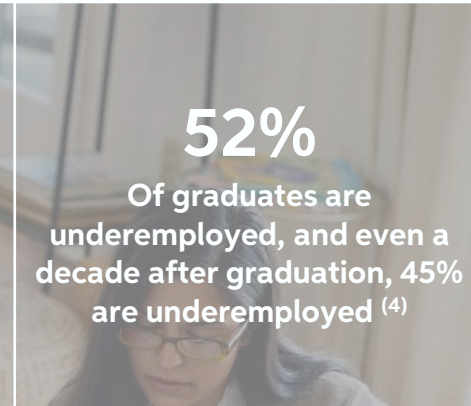
**It's Harder to Be a Student**



**They're Faced with Mounting Costs**



**They Aren't Prepared for the Workplace**



## Learners need a Platform to Support Them

## Q1-25 Highlights

We delivered a good first quarter, **surpassing our revenue and adjusted EBITDA guidance**, generating approximately **\$16 million in free cash flow**, and **diversifying our revenue** through:

- Our business to institution effort, which has expanded from 5 pilots to 15.
- Licensing our Question-and-Answer pairs. We have executed two content licensing deals with two of the top ten technology companies in the world, generating \$4 million of revenue in Q1 and we expect an additional \$7 million in Q2. These deals represent less than 5 percent of our content library and are non-exclusive, allowing us the opportunity to license the content to other companies.

We've made **significant progress on our strategic alternatives process** and have had dozens of conversations with interested parties ranging from strategic technology and education companies to private equity. Four key areas are capturing their attention: 1. our core product Chegg Study, 2. Busuu our language learning service which we expect to generate \$48 million in revenue this year and to be adjusted EBITDA positive in '26, 3. Skills which is set up for a breakout year in '26 with positive revenue and to be adjusted EBITDA positive in '26, and 4. our library of proprietary and high-quality question and answer pairs.

We believe the macroeconomic trends will continue to put pressure on our company and business trends will worsen before they get better. As a result, we are once again **taking proactive measures to align costs with our business outlook**. These actions will drive \$45-\$55 million of savings in 2025 with full year savings of \$100-\$110 million in 2026. This is on top of the \$120 million of savings in 2025 that we are on track to fully realize from our two 2024 restructuring initiatives.

## Q1-25 Highlights – Metrics\*

	Q2'24	Q3'24	Q4'24	Q1'25
<b>Chegg Study/Pack Subscribers</b>				
<i>Global</i>	3,419	2,913	2,718	2,295
YoY	-9%	-13%	-23%	-37%
<i>US</i>	2,858	2,498	2,326	1,999
YoY	-9%	-13%	-21%	-34%
<i>INTL</i>	561	416	393	297
YoY	-6%	-16%	-33%	-50%
<b>Subscription Services Subscribers</b>				
<i>Global</i>	4,369	3,830	3,637	3,192
YoY	-9%	-13%	-21%	-31%
<i>US</i>	3,290	2,908	2,726	2,371
YoY	-10%	-13%	-21%	-33%
<i>INTL</i>	1,079	923	911	821
YoY	-7%	-12%	-21%	-28%
<b>Chegg Study/Pack Monthly Retention Rate</b>				
<i>Global</i>	78.5%	81.8%	82.3%	81.2%
YoY	23bps	30bps	(84bps)	(99bps)
<i>US</i>	80.6%	83.6%	84.0%	82.6%
YoY	33bps	7bps	(126bps)	(155bps)
<i>INTL</i>	66.5%	70.0%	71.0%	70.1%
YoY	15bps	206bps	48bps	47bps
<b>Total Questions Asked</b>				
<i>Global</i>	7,307	4,497	5,521	2,384
YoY	74%	79%	2%	-73%
<b>Total Revenue</b>				
<i>Global</i>	163,147	136,593	143,484	121,387
YoY	-11%	-13%	-24%	-30%
<i>US</i>	141,654	119,069	124,782	105,497
YoY	-9%	-13%	-24%	-31%
<i>INTL</i>	21,494	17,524	18,702	15,890
YoY	-20%	-18%	-24%	-28%

	Q2'24	Q3'24	Q4'24	Q1'25
<b>Subscription Services Revenue</b>				
<i>Global</i>	146,813	119,804	128,543	107,566
YoY	-11%	-14%	-23%	-30%
<i>US</i>	126,104	102,696	110,604	92,060
YoY	-10%	-14%	-23%	-31%
<i>INTL</i>	20,709	17,108	17,939	15,506
YoY	-20%	-17%	-23%	-27%
<b>Chegg Study/Pack Revenue</b>				
<i>Global</i>	123,295	97,517	106,312	86,439
YoY	-13%	-16%	-25%	-33%
<i>US</i>	111,069	89,267	97,076	79,782
YoY	-10%	-14%	-23%	-32%
<i>INTL</i>	12,226	8,250	9,237	6,657
YoY	-31%	-34%	-39%	-47%
<b>Chegg Study/Pack ARPU</b>				
<i>Global</i>	\$36.1	\$33.5	\$39.1	\$37.7
YoY	-4%	-3%	-2%	6%
<i>US</i>	\$38.9	\$35.7	\$41.7	\$39.9
YoY	-1%	-1%	-3%	4%
<i>INTL</i>	\$21.8	\$19.8	\$23.5	\$22.4
YoY	-27%	-22%	-9%	7%
<b>Subscription Services ARPU</b>				
<i>Global</i>	\$33.6	\$31.3	\$35.3	\$33.7
YoY	-3%	-2%	-3%	2%
<i>US</i>	\$38.3	\$35.3	\$40.6	\$38.8
YoY	0%	-1%	-3%	3%
<i>INTL</i>	\$19.2	\$18.5	\$19.7	\$18.9
YoY	-14%	-5%	-3%	1%

## 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.

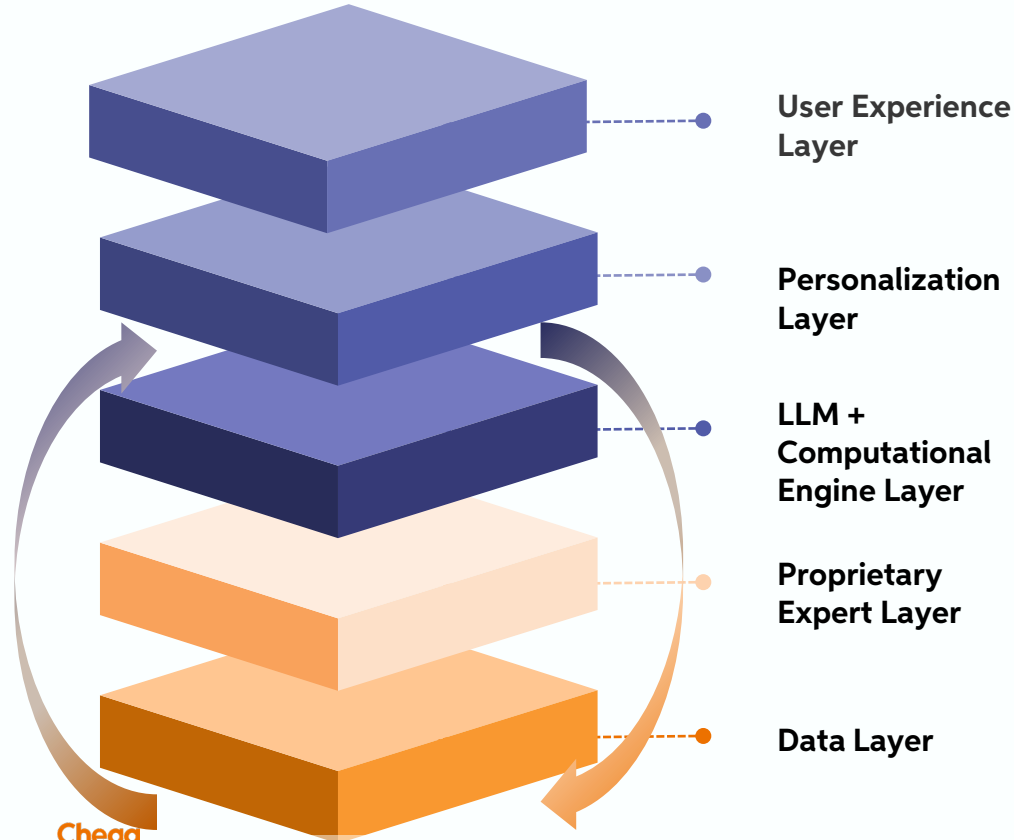
#### Multi-source Approach

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



**Content** designed for learning

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



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



**Guidance** on what do next

*Helping students move forward with suggested prompts for asking follow ups, deeper learning, self-assessment.*



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



**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 and subject-matter experts. Our database includes more than 120 million solutions<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



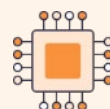
### Busuu

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

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.



### Content Licensing

Licensing our Question and Answer pairs to language model companies.



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

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!

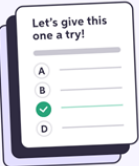
Solution Scout allows students to see side-by-side answers from multiple LLMs alongside Chegg's solution, but what's really important is that Chegg compares and contrasts the solutions, providing students a massive time save and value

# 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!



Let's give this one a try!

- A
- B
- 
- D

Practice Set

### Understanding the Impact of Inventory Turnover on Company Liquidity

10 Questions | Multiple choice

**Key topics**

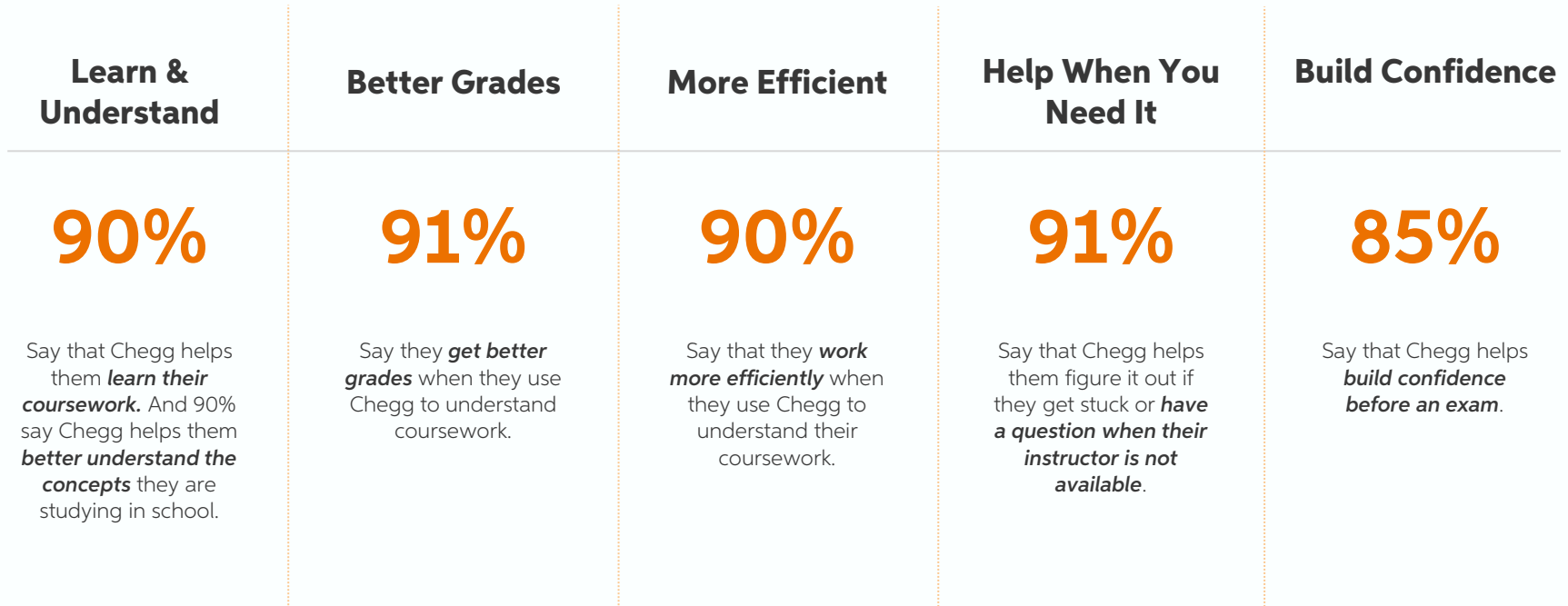
- Inventory Management
- Liquidity Ratios
- Financial Analysis
- Short-term Solvency
- Working Capital M...
- Operational Effic...

[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



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 Q2 2024 and Q3 2024. Respondent base (n=712) among approximately 1,039,954 invites where each respondent will be entered into a drawing to win 1 of 10 \$300 e-gift cards. Data shows top 2 box (Agree/strongly agree). Sample size represents this population of customers within a margin of error of 3.67% at 95% confidence. Survey responses are not a guarantee of any particular results as individual experiences may vary. Survey fielded between Sep 09,24 – Oct 03,24

# 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.



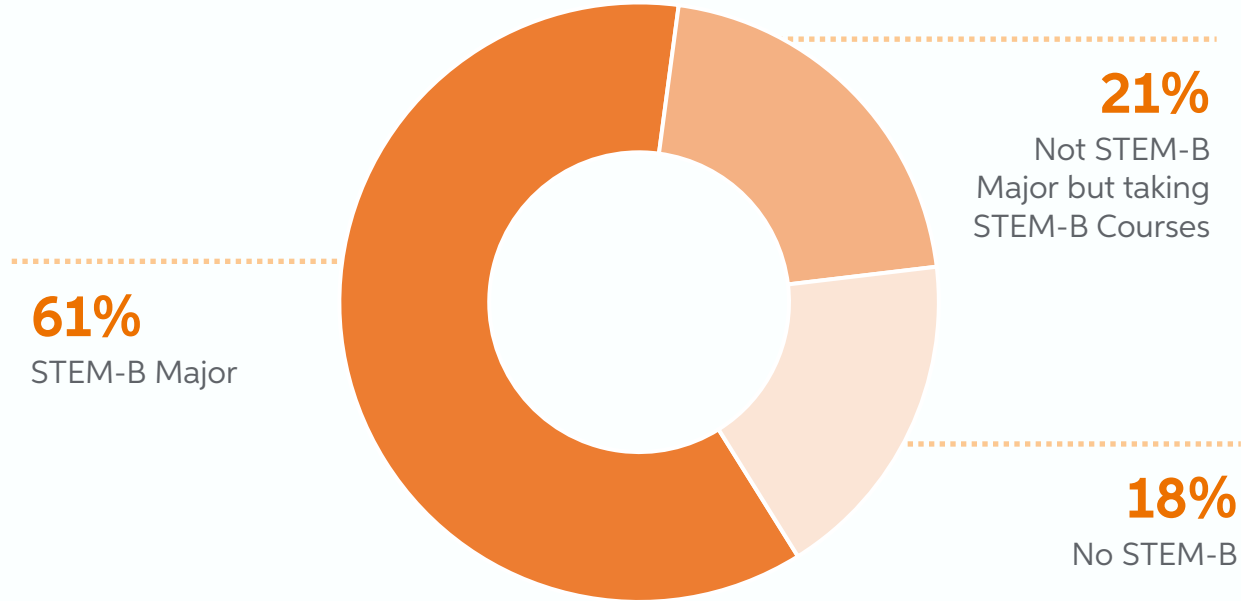
## Knowledge Seekers

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



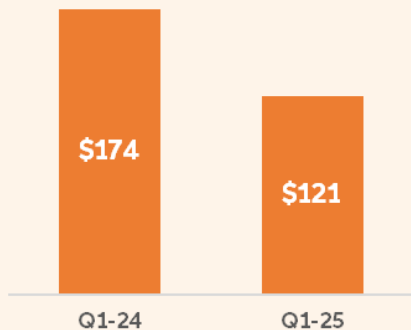
# Chegg Serves Students of Diverse Backgrounds



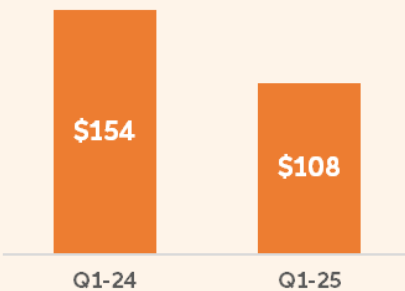
- 28% First generation
- 23% Family income <\$20k
- 53% Minorities
- 61% Female
- 26% Over 25 years old
- 5% work Full-Time / 33% Part-Time

## Financial Highlights: Q1 2025 Revenue and Subscribers

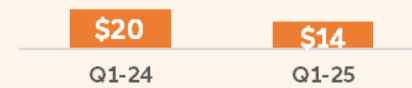
Total Revenue (\$millions)



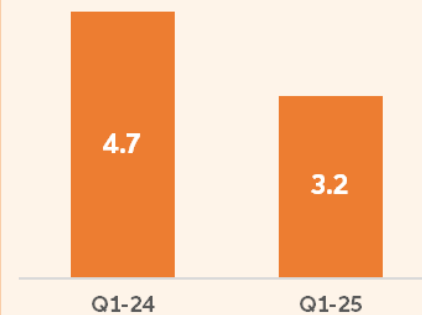
Subscription Services Revenue (\$millions)



Skills & Other Revenue (\$millions)

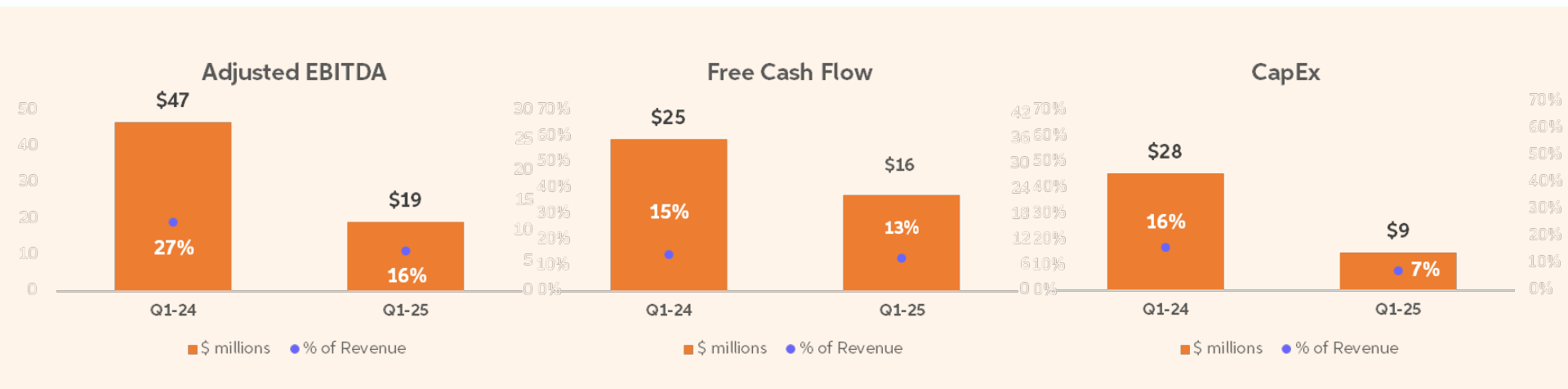


Subscription Services Subscribers (millions)



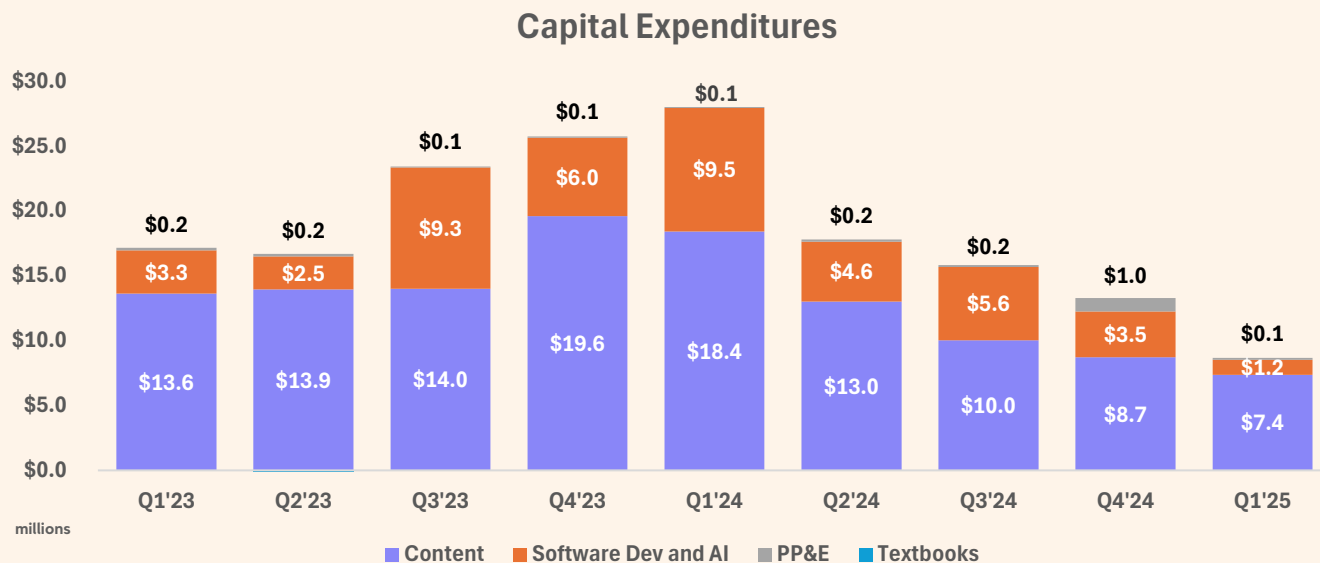
- Total revenue was \$121 million, a decrease of 30% year-over-year. We had 3.2 million subscribers during the quarter, representing a year-over-year decline of 31%.
- Skills and Other revenue was \$14 million in the quarter, which now includes our new revenue stream from content licensing. To-date, we have executed two content licensing deals with two of the top ten technology companies in the world, generating \$4 million of revenue in Q1 and we expect an additional \$7 million in Q2. These deals represent less than 5 percent of our content library and are non-exclusive, allowing us the opportunity to license the content to other companies.

## Financial Highlights: Q1 2025 Adj. EBITDA Margin, Free Cash Flow, and CapEx



- Free cash flow for the first quarter was \$15.8 million, despite incurring approximately \$8 million in cash outlays related to employee severance from our restructurings.

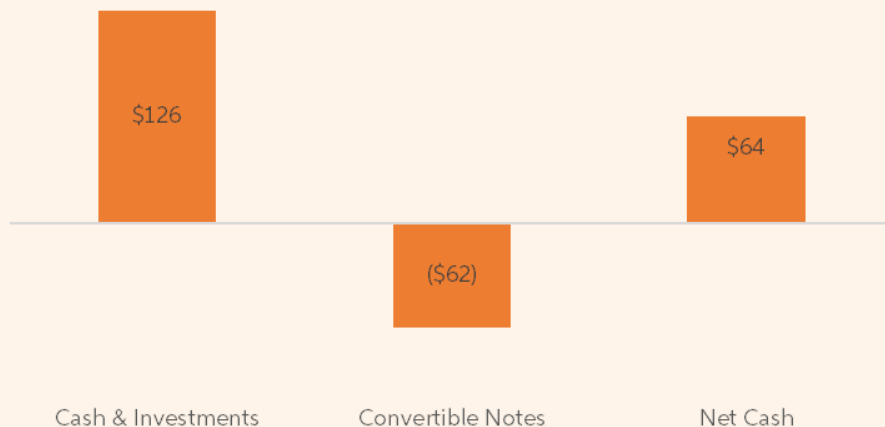
# Capital Expenditures



- Capital expenditures for the quarter were \$9 million, down 69% year-over-year, as we are now fully realizing the benefits of our investments in AI.

# Balance Sheet

## Cash and Debt (3/31/25)



- In Q1, we opportunistically repurchased \$65.2 million in aggregate principal amount of our 2026 convertible notes at a \$7.8 million discount to par. Our 2025 convertible notes matured in March, and we repaid the full principal amount of \$358.9 million.

We ended the quarter with cash and investments of \$126 million and a net cash balance of \$64 million.

## Business Outlook

	Q1 2025 Results	Q2 2025 Guidance
<b>Total Net Revenue</b>	\$121m	\$100m - \$102m
<b>Subscription Services Revenue</b>	\$108m	\$85m - \$87m
<b>Gross Margin %</b>	56%	64%-65%
<b>Adjusted EBTIDA<sup>1</sup></b>	\$19m	\$16m - \$17m
<b>CapEx</b>	\$9m	
<b>Free Cash Flow<sup>1</sup></b>	\$16m	



(1) Non-GAAP financial measure.

See appendix for reconciliation of a) Net Income to EBITDA and Adjusted EBITDA, b) Forward-Looking Net Loss to EBITDA and Adjusted EBITDA, and c) Net Cash Provided by Operating Activities to Free Cash Flow. CapEx includes purchases of property and equipment.

# 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 to EBITDA and Adjusted EBITDA

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

	Three Months Ended March 31,	
	2025	2024
Net loss	\$ (17,484)	\$ (1,420)
Interest expense	467	650
Provision for income taxes	1,012	9,059
Depreciation and amortization expense	32,094	19,687
EBITDA	16,089	27,976
Share-based compensation expense	11,257	29,289
Other income, net	(12,997)	(10,780)
Restructuring charges	2,920	—
Impairment expense	2,000	—
Acquisition-related compensation costs	—	255
Adjusted EBITDA	\$ 19,269	\$ 46,740

# 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, 2025</b>
Net loss .....	\$ (31,700)
Interest expense, net .....	100
Provision for income taxes .....	600
Depreciation and amortization expense .....	<u>15,900</u>
EBITDA .....	(15,100)
Share-based compensation expense .....	6,700
Other income, net .....	(1,100)
Restructuring charges .....	23,000
Impairment of lease related assets .....	<u>3,000</u>
Adjusted EBITDA .....	<u><u>\$ 16,500</u></u>

\* Adjusted EBITDA guidance for the three months ending June 30, 2025 represent the midpoint of the range of \$16 million to \$17 million, respectively.

# 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)**

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Net cash provided by operating activities .....	\$ 24,526	\$ 53,318
Purchases of property and equipment .....	(8,665)	(28,017)
Free cash flow .....	<u>\$ 15,861</u>	<u>\$ 25,301</u>