

# Chegg

## Q2-25 Investor Presentation

August 5, 2025



# Safe Harbor Statement

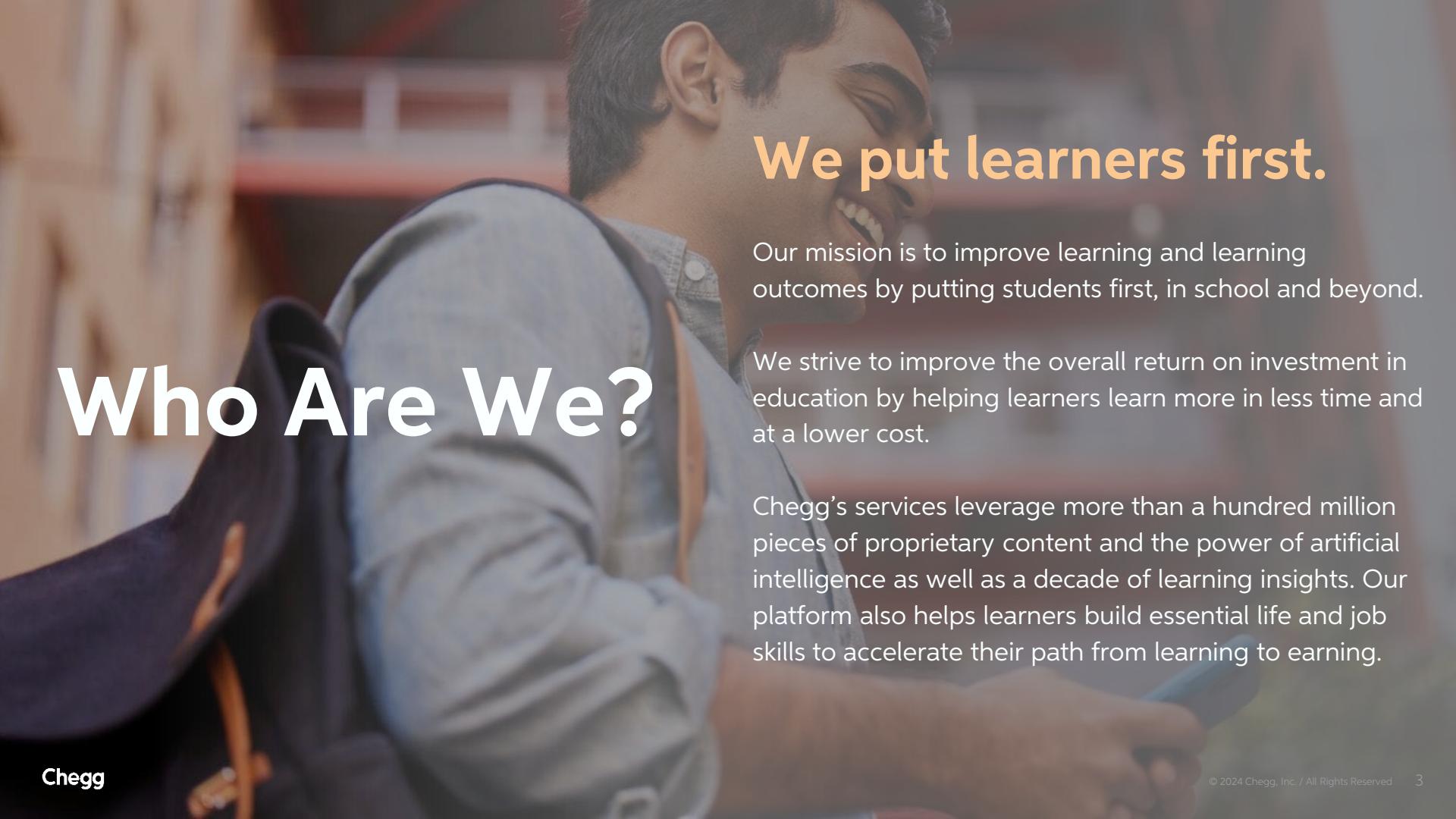
## Forward-Looking Statements

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 ongoing restructuring plan, including the amount and timing of the charges we will incur in connection with the restructuring and the impact of the restructuring 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; 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 (the "SEC"), including our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on February 24, 2025, as supplemented by the Company's subsequent Quarterly Reports on Form 10-Q and other SEC filings, 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.



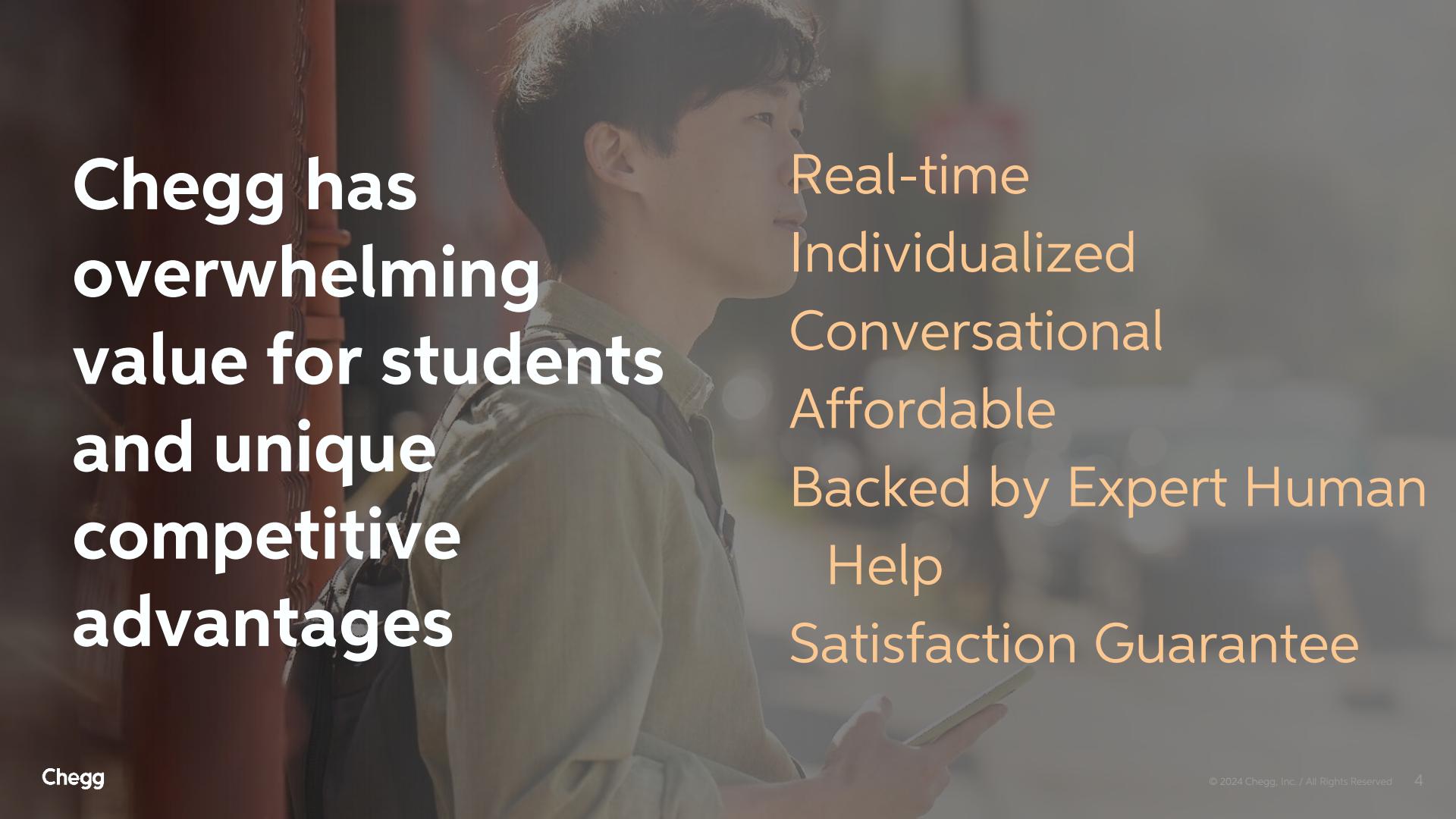
# Who Are We?

**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.



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

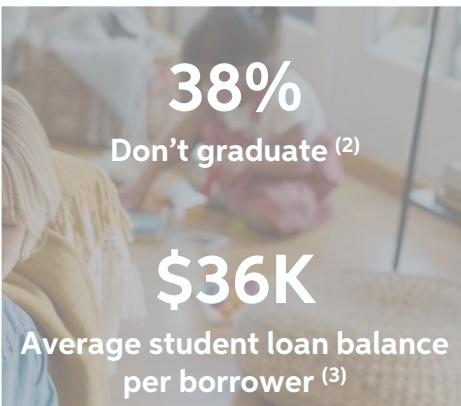
Real-time  
Individualized  
Conversational  
Affordable  
Backed by Expert Human  
Help  
Satisfaction Guarantee

# 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

## Q2-25 Highlights

We delivered a good second quarter, **surpassing our revenue and adjusted EBITDA guidance.**

We're continuing our focus on **disciplined expense management**, having identified an additional \$17 million in cost savings that we will realize in 2026. We remain firmly on track to achieve the targets outlined in our previously announced restructuring efforts and reduce non-GAAP expenses by \$165 -175 million in 2025 and now expect the total non-GAAP expense savings in 2026 to be \$110-120 million.

We've **made progress on our strategic alternatives process**. As part of the process, in conjunction with our advisors, we have undertaken a comprehensive evaluation of both our internal operations and the broader market landscape to drive the best possible outcome for our stockholders and maximize long-term shareholder value. As a reminder, we are exploring a range of outcomes including being acquired, undertaking a go-private transaction, or remaining as a public standalone company. We continue to engage with a select group of parties.

As we look towards 2026, **Chegg is evolving into a skills focused organization**, investing in two large growth areas: language learning, and workplace readiness and upskilling. These businesses, Busuu and Skills respectively, represent the future of our company and will serve as our primary growth engines, while our core academic product, Chegg Study, will remain a valuable service for millions of students and generate meaningful cash that will support our investments in Busuu and Skills.

## Q2-25 Highlights – Metrics\*

	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25
<b>Chegg Study/Pack Subscribers</b>					
Global	3,419	2,913	2,718	2,295	1,783
YoY	-9%	-13%	-23%	-37%	-48%
US	2,858	2,498	2,326	2,001	1,567
YoY	-9%	-13%	-21%	-34%	-45%
INTL	561	416	393	297	216
YoY	-6%	-16%	-33%	-50%	-62%
<b>Subscription Services Subscribers</b>					
Global	4,369	3,830	3,637	3,192	2,624
YoY	-9%	-13%	-21%	-31%	-40%
US	3,290	2,908	2,726	2,372	1,917
YoY	-10%	-13%	-21%	-33%	-42%
INTL	1,079	923	911	821	727
YoY	-7%	-12%	-21%	-28%	-33%
<b>Chegg Study/Pack Monthly Retention Rate</b>					
Global	78.5%	81.8%	82.3%	81.2%	79.7%
YoY	23bps	30bps	(84bps)	(99bps)	117bps
US	80.6%	83.6%	84.0%	82.6%	80.8%
YoY	33bps	7bps	(126bps)	(155bps)	23bps
INTL	66.5%	70.0%	71.0%	70.1%	70.8%
YoY	15bps	206bps	48bps	47bps	427bps
<b>Total Questions Asked</b>					
Global	7,307	4,497	5,521	2,384	2,256
YoY	74%	79%	2%	-73%	-69%
<b>Total Revenue</b>					
Global	163,147	136,593	143,484	121,387	105,120
YoY	-11%	-13%	-24%	-30%	-36%
US	141,654	119,069	124,782	105,497	90,145
YoY	-9%	-13%	-24%	-31%	-36%
INTL	21,494	17,524	18,702	15,890	14,975
YoY	-20%	-18%	-24%	-28%	-30%

	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25
<b>Subscription Services Revenue</b>					
Global	146,813	119,804	128,543	107,566	89,727
YoY	-11%	-14%	-23%	-30%	-39%
US	126,104	102,696	110,604	92,060	75,212
YoY	-10%	-14%	-23%	-31%	-40%
INTL	20,709	17,108	17,939	15,506	14,516
YoY	-20%	-17%	-23%	-27%	-30%
<b>Chegg Study/Pack Revenue</b>					
Global	123,295	97,517	106,312	86,439	69,362
YoY	-13%	-16%	-25%	-33%	-44%
US	111,069	89,267	97,076	79,782	64,227
YoY	-10%	-14%	-23%	-32%	-42%
INTL	12,226	8,250	9,237	6,657	5,135
YoY	-31%	-34%	-39%	-47%	-58%
<b>Chegg Study/Pack ARPU</b>					
Global	\$36.1	\$33.5	\$39.1	\$37.7	\$38.9
YoY	-4%	-3%	-2%	6%	8%
US	\$38.9	\$35.7	\$41.7	\$39.9	\$41.0
YoY	-1%	-1%	-3%	4%	5%
INTL	\$21.8	\$19.8	\$23.5	\$22.4	\$23.8
YoY	-27%	-22%	-9%	7%	9%
<b>Subscription Services ARPU</b>					
Global	\$33.6	\$31.3	\$35.3	\$33.7	\$34.2
YoY	-3%	-2%	-3%	2%	2%
US	\$38.3	\$35.3	\$40.6	\$38.8	\$39.2
YoY	0%	-1%	-3%	3%	2%
INTL	\$19.2	\$18.5	\$19.7	\$18.9	\$20.0
YoY	-14%	-5%	-3%	1%	4%

- \*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

# 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



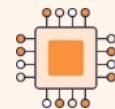
### Busuu

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

# Chegg Skills : ~\$40B market serving workplace readiness and upskilling

We deliver a technology-driven and human-supported learning experience that enhances professional growth. Our programs combine industry-aligned curriculum, personalized coaching, and AI-enabled tools to help learners stay competitive in an evolving job market.

## FOUNDATIONS OF MOBILITY

Certificate programs that open opportunity

- Technology Fundamentals
- AI Fundamentals
- Using Data in Business
- Communication Skills for Professional Growth
- Business Operations Essentials

Coming this fall ...

**From Classroom to Career:  
Landing a job in a GenAI world**

- STEM track
- Business track

Programs designed expressly for college students.

## SHORT-FORM UPSKILLING

Certificate programs to add or level up skills

### AI Upskilling

- AI Fundamentals
- AI Prompt Engineering
- Practical AI for Clinicians
- Practical AI for Healthcare Administration
- Applying AI in Cybersecurity
- Applying AI in Data Analytics
- Applying AI in Web Development
- Applying AI in Web Design
- Applying AI in Customer Service

### Tech Upskilling

- Introduction to Cybersecurity
- Introduction to Data Analytics
- Technology Fundamentals

## RESKILLING BOOTCAMPS

Long-form programs to change a career path

### Data Programs

- Data Analytics
- Data Engineering
- Data Science
- Financial Analysis

### Tech Programs

- Cybersecurity
- Software Engineering (full-stack)
- Web Development
- Frontend Web Development
- Backend Web Development
- IT Professional
- UX/UI Design

### Business Programs

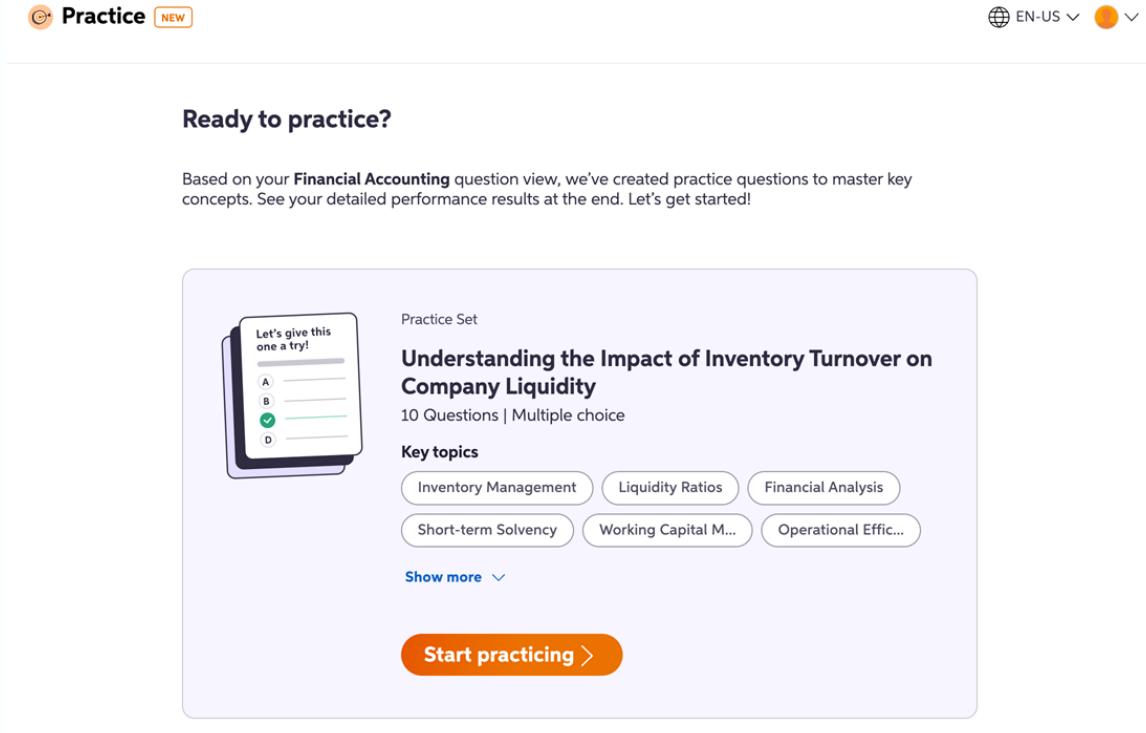
- Frontline Leadership
- Sales Professional
- Digital Marketing
- Technical Project Management

## New Chegg Study Products – Solution Scout

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 Chegg Study Products – Practice and Exam Prep, Personalized for Each Student



The screenshot shows the Chegg Study Practice interface. At the top, there's a navigation bar with a globe icon, 'EN-US', a user profile icon, and a dropdown arrow. On the left, a 'Practice' button with a 'NEW' badge is visible. The main content area is titled 'Ready to practice?' and includes a message: '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!' Below this, a 'Practice Set' card is displayed for 'Understanding the Impact of Inventory Turnover on Company Liquidity'. The card includes a smartphone icon with a sample question, the title, '10 Questions | Multiple choice', 'Key topics' (Inventory Management, Liquidity Ratios, Financial Analysis, Short-term Solvency, Working Capital M..., Operational Effic...), a 'Show more' link, and a large orange 'Start practicing >' button.

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

**90%**

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

## Better Grades

**91%**

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

## More Efficient

**90%**

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

## Help When You Need It

**91%**

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

## Build Confidence

**85%**

Say that Chegg helps *build confidence before an exam*.

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 13 fielded between Sep 09,24 – Oct 03,24

# Chegg's Student 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 STEMB.



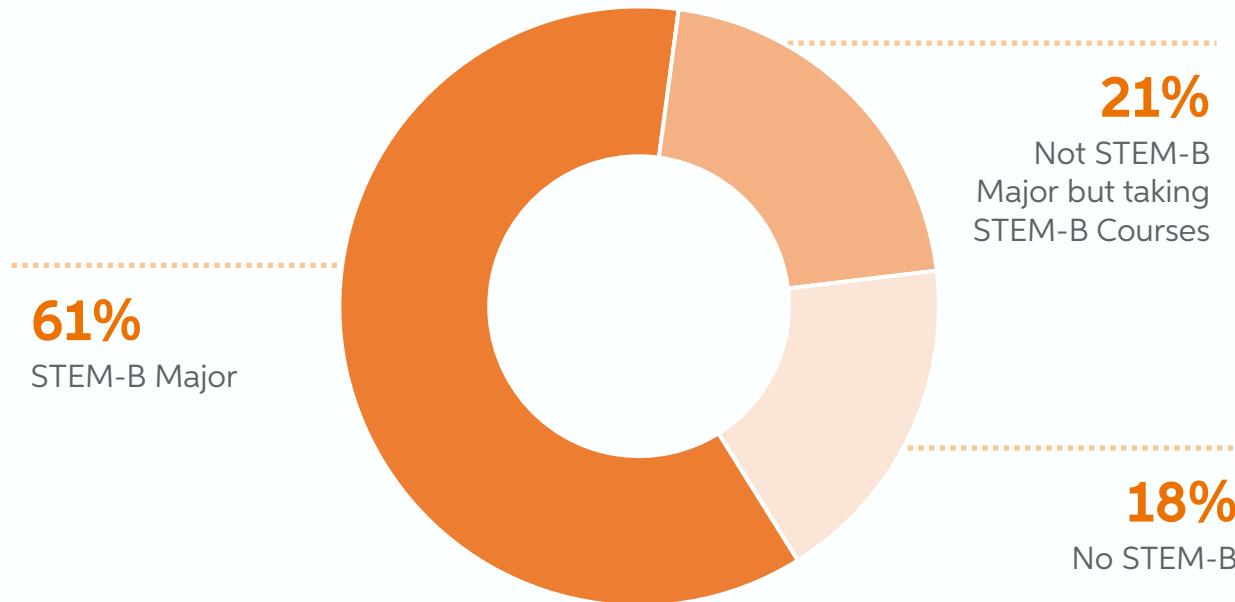
## Knowledge Seekers

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\***

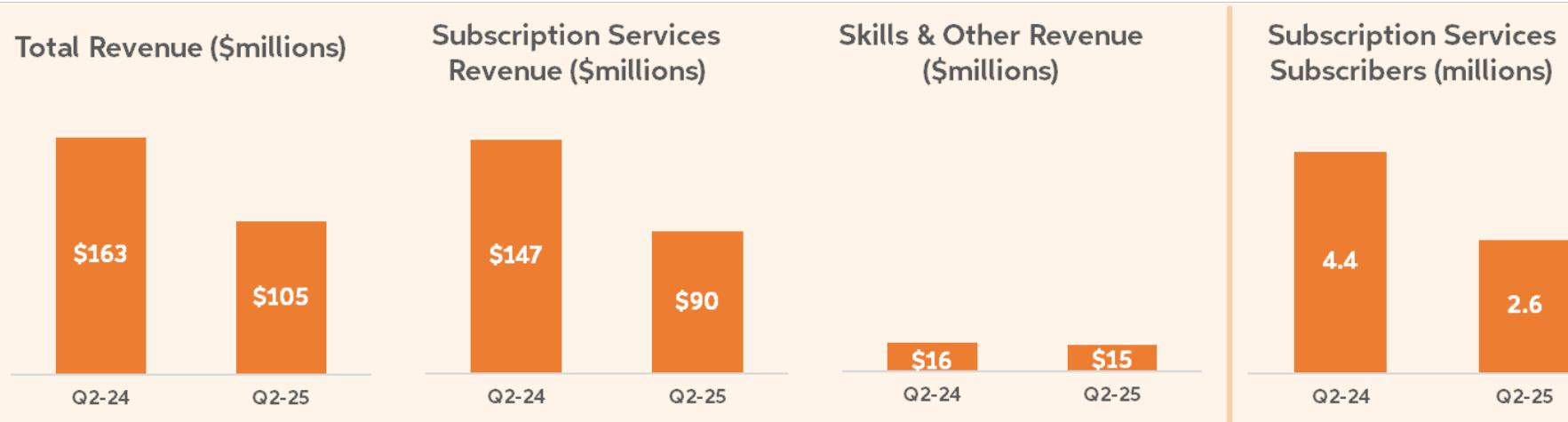
## Majority of U.S. College Students are taking STEM-B Courses



# Chegg Serves Students of Diverse Backgrounds

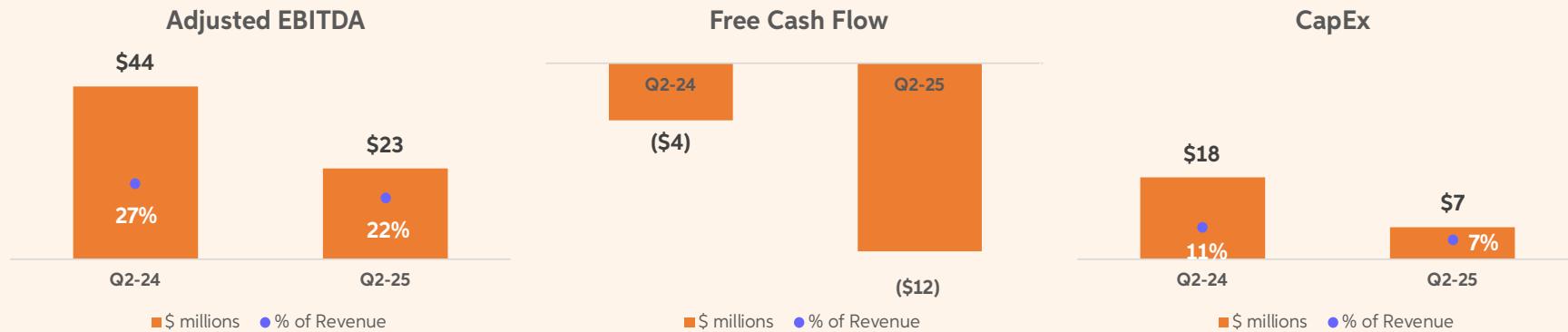
- 28% First generation
- 23% Family income <\$20k
- 53% Minorities
- 61% Female
- 26% Over 25 years old
- 5% work Full-Time / 33% Part-Time

## Financial Highlights: Q2 2025 Revenue and Subscribers



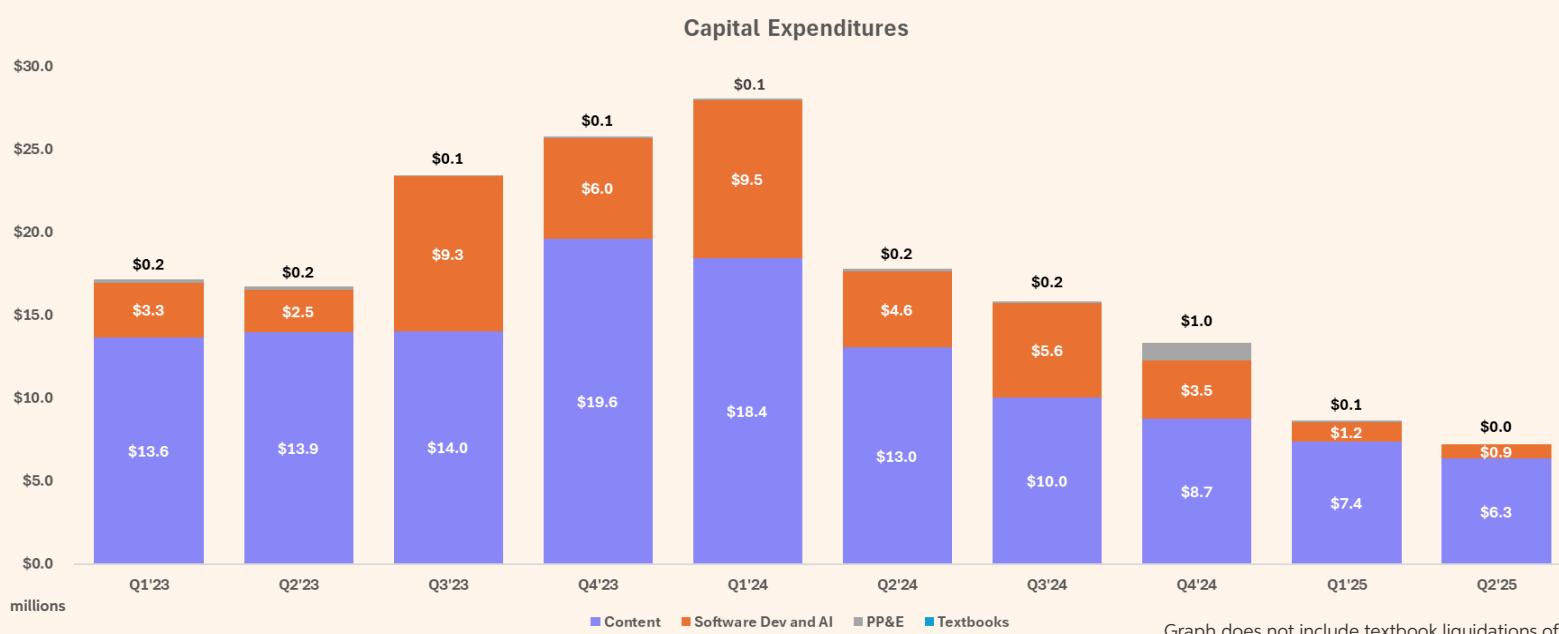
- Total revenue was \$105 million, a decrease of 36% year-over-year. We had 2.6 million subscribers during the quarter, representing a year-over-year decline of 40%. Chegg Study monthly retention rate and ARPU increased year-over-year.
- Skills and Other revenue was \$16 million in the quarter. This line now includes our new revenue stream from content licensing, which was \$7 million in Q2.

# Financial Highlights: Q2 2025 Adj. EBITDA Margin, Free Cash Flow, and CapEx



- Free cash flow for the second quarter was (\$12) million, which was impacted by severance payments of \$12.5M related to our restructuring, as well as our annual pre-payment for hosting expenses.

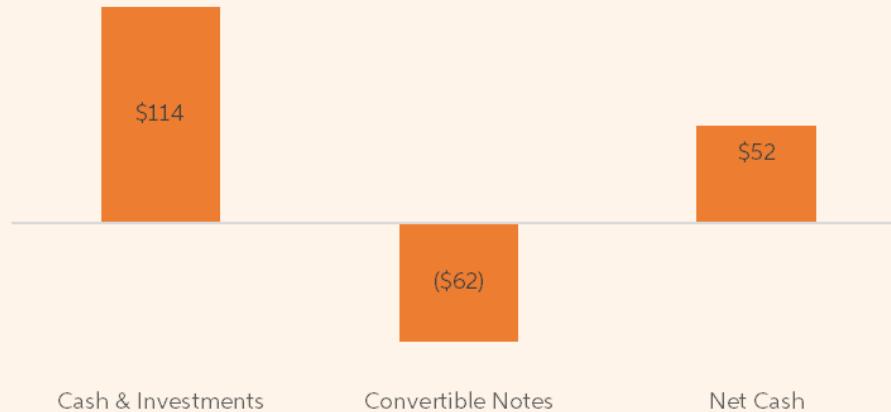
# Capital Expenditures



- Capital expenditures for the quarter were \$7 million, down 60% year-over-year, as we are now fully realizing the benefits of our investments in AI.
- We anticipate full-year 2025 CapEx of approximately \$30 million, with a targeted further reduction of approximately 50% in 2026. Through innovative use of AI, we are on track to reduce content and software development CapEx by over \$50 Million in 2026 versus **Chegg** 2024, while still delivering a high-quality experience that our students expect from us.

## Balance Sheet

### Cash and Debt (6/30/25)



- 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 \$114 million and a net cash balance of \$52 million.

## Business Outlook

	<b>Q2 2025 Results</b>	<b>Q3 2025 Guidance</b>
<b>Total Net Revenue</b>	\$105m	\$75m - \$77m
<b>Subscription Services Revenue</b>	\$90m	\$67m - \$69m
<b>Gross Margin %</b>	66%	56%-57%
<b>Adjusted EBTIDA<sup>1</sup></b>	\$23m	\$7m - \$8m
<b>CapEx</b>	\$7m	
<b>Free Cash Flow<sup>1</sup></b>	(\$12m)	

# 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss	\$ (35,663)	\$ (616,884)	\$ (53,147)	\$ (618,304)
Interest expense, net	41	651	508	1,301
Provision for income taxes	1,223	138,345	2,235	147,404
Depreciation and amortization expense	16,226	19,706	48,320	39,393
EBITDA	(18,173)	(458,182)	(2,084)	(430,206)
Share-based compensation expense	7,912	18,047	19,169	47,336
Other income, net	(2,059)	(7,119)	(15,056)	(17,899)
Restructuring charges	18,922	6,728	21,842	6,728
Loss contingency	7,500	—	7,500	—
Impairment of strategic equity investment	6,000	—	6,000	—
Impairment of lease related assets	3,004	2,189	3,004	2,189
Impairment expense	—	481,531	2,000	481,531
Content and related assets charge	—	729	—	729
Acquisition-related compensation costs	—	173	—	428
Adjusted EBITDA	<u>\$ 23,106</u>	<u>\$ 44,096</u>	<u>\$ 42,375</u>	<u>\$ 90,836</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)

	Three Months Ending September 30, 2025
Net loss	\$ (24,200)
Interest expense, net	100
Provision for income taxes	700
Depreciation and amortization expense	<u>15,200</u>
EBITDA	(8,200)
Share-based compensation expense	7,900
Other income, net	(1,200)
Restructuring charges	<u>9,000</u>
Adjusted EBITDA	<u><u>\$ 7,500</u></u>

\* Adjusted EBITDA guidance for the three months ending September 30, 2025 represent the midpoint of the range of \$7 million to \$8 million, respectively.

# Reconciliation of Net Cash (Used In) Provided by Operating Activities to Free Cash Flow

**CHEGG, INC.**

## **RECONCILIATION OF NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW** (in thousands) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net cash (used in) provided by operating activities .....	\$ (4,840)	\$ 14,227	\$ 19,686	\$ 67,545
Purchases of property and equipment .....	(7,230)	(17,810)	(15,895)	(45,817)
Free cash flow .....	<u><u>\$ (12,070)</u></u>	<u><u>\$ (3,583)</u></u>	<u><u>\$ 3,791</u></u>	<u><u>\$ 21,728</u></u>