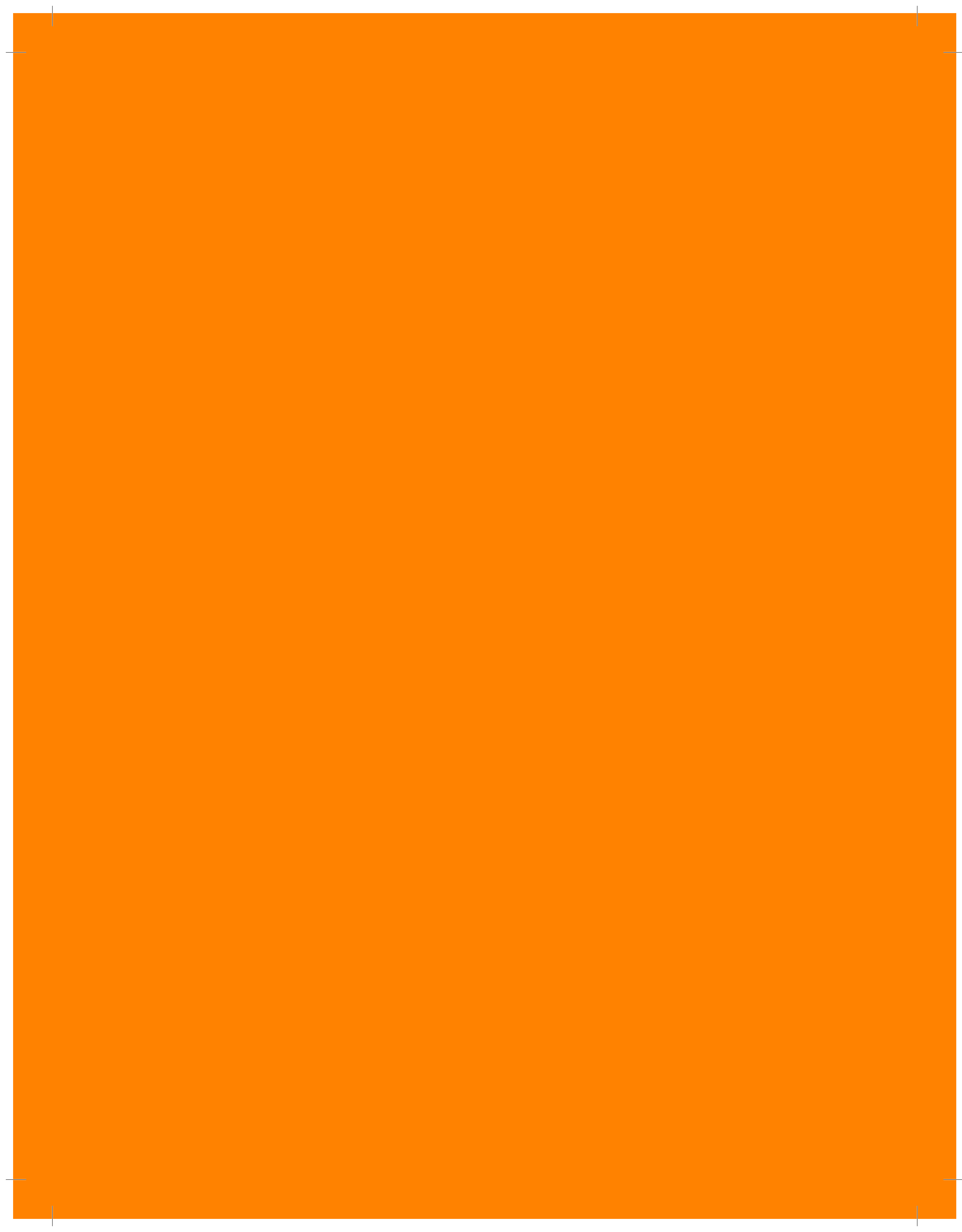
Learn with

# Chegg

2021 ANNUAL REPORT



Dear Chegg Stockholder,

As 2021 comes to an end, Chegg retains a prime position for growth and to deliver on our mission of helping students everywhere. Despite the complexity of the COVID-19 pandemic and the industry-wide slowdown at the end of the year, our business performed well during a difficult time and 2021 was another good year for our company. Total revenue grew more than 20% year-over-year, our adjusted EBITDA margin expanded more than 200 basis points year-over-year, and we were proud to end the year with record subscriber retention rates. As we survey the broader landscape, it's clear we have best-in-class margins. Our free cash flow margin of 23% for the year ended December 31, 2021 is an outlier among education peers, and even among the broader software and tech sectors, which gives us the opportunity to invest in future growth initiatives while continuing to deliver superior results.

As we take stock of how far Chegg has come and the opportunity ahead of us, the past two years have been truly remarkable. Since 2019, Chegg Services revenue, adjusted EBITDA, and free cash flow have more than doubled. We invested in personalization technology, global content expansion, and prepared our platform for international localization efforts. These investments allowed us to reach more students across the globe, with international representing 11% of total revenue in 2021.

Chegg will continue to leverage all of this to invest further in future growth by significantly growing the breadth, depth, and range of our offerings, including in the technology that delivers them; our international reach; and our non-academic services such as professional skills and holistic support for students through Chegg Life. We believe we can better serve students around the world if we are focused on championing their needs and the issues they care about, which includes being a corporate leader in Environmental, Social, and Corporate Governance (ESG) issues and being a best-in-class employer while continuing to support students through our philanthropy and impact work.

To continue enhancing our platform in 2021, we invested in new subjects, higher-quality content, and enhanced personalization through the successful launches of Uversity and "Learn with Chegg". Since Uversity launched, faculty from over 1,300 schools have uploaded almost 80,000 pieces of learning material. The response to Uversity has been so positive that we expect to double the amount of learning material created by professors on our platform by the time we roll it out to students in the fall. Additionally, we are very pleased with the early response to "Learn with Chegg," which is increasing student engagement. By combining our proprietary student data and A.I. technology, we are better able to predict students' needs and automatically push relevant content to give them an individualized learning experience. Now, our own enormous library of content exceeds over 100 million pieces of learning material between all of Chegg Services. We believe that we have a unique ability to know more about students' needs to learn, what they need to learn it, and how to deliver it the way they learn it best.

In 2021 Chegg broadened its reach to more students, especially internationally, and we took another step when we closed our acquisition of Busuu in early 2022. The fast-growing, $17 billion, digital language learning category is especially important to learners, with 55% of U.S. college students reporting needing help learning a foreign language. By offering more content to more students, we are continuing to position ourselves as forward-thinking and student-focused as we support their academic success in more ways.

In addition to language learning, Chegg is expanding its Total Addressable Market by serving people across a multitude of industries who are looking to change their job trajectory and better their

livelihoods by learning in-demand skills. We are excited that Chegg Skills has partnered with Guild, a partnership which gives us access to some of the largest corporations in the world who are seeking skills-based learning content for their employees, and these companies are asking Chegg to create content uniquely for them. As more and more companies understand the value of reskilling and upskilling their own employees to create stronger teams, more skill-based educational resources will be needed.

We know that the pandemic has been hard on everyone and what became increasingly evident to us was that students have needs well beyond academic and skills support. Students trust Chegg, which is why we launched Chegg Life to support more of their needs. Our initial areas of focus will be personal finance, soft-skills, mental health, and wellness, which are universal issues for students. We believe offering this support will help us serve them even better.

As we remain committed to making a difference on the issues that matter to learners, we are similarly committed to our employees and other key stakeholders. In doing so, we've redoubled efforts to engage with these communities to help prioritize our ESG roadmap, building out programs to support key issues such as measuring and reporting our greenhouse gas emissions and disclosing diversity data. To further prioritize these efforts, our ESG work is now directly overseen by our Governance and Sustainability committee of our Board of Directors. I am so pleased to share that we've been recognized as a company that is committed to sustainability in our industry, and we are honored to be included in this year's S&P Global Sustainable Yearbook.

The Governance and Sustainability Committee is just one part of our continued focus on excellence at the Board and Executive level. In September, we appointed Marcela Martin, Chief Financial Officer of Squarespace, to our Board of Directors, resulting in women comprising half of our Board membership. At Squarespace, Marcela led the company through its direct listing on the New York Stock Exchange in May 2021 after previously serving as the Chief Financial Officer of Booking.com. Additionally, we hired Lauren Glotzer, former Executive Vice President at Sony Pictures Entertainment, as our Chief Strategy Officer. At Sony Pictures Entertainment, Lauren oversaw growth strategies spanning television production and media networks, bringing nearly twenty years of tenured experience in corporate strategy and development to Chegg.

Finally, Chegg.org continued its efforts to highlight the work of amazing students around the world. Last year was the very first Chegg.org Global Student Prize of $100,000 and, in 2021 at the UNESCO Headquarters, we named an incredible student, Jeremiah Thorunka of Sierra Leone, our inaugural winner, for his work in sustainability.

The challenges of the last couple years have had a dramatic impact on all of us, particularly students. There is an increasing need for students to learn on their own, so it is no wonder they are seeking academic and professional support, but it is clear they need even more help as they take on the rest of life's challenges. Chegg is investing to be there with them on their entire journey and we are very excited about the next chapter of our growth.

On behalf of the management team, and everyone at Chegg, I would like to thank you for your continued support, and for putting students first.

Sincerely,

Dan Rosensweig, President, Chief Executive Officer and Co-Chairperson of the Board of Directors
Chegg, Inc.

**Forward-Looking Statements**

This letter 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 Chegg's belief that it is generating significant value to students and shareholders; Chegg's belief that its financial and operating results reflect the power of its model; Chegg's belief that its services assist students and drive results; Chegg's belief that it is well-positioned to help learners get the educations and skills needed to compete in the global economy over the length of their careers; Chegg's belief that it serves students by striving to offer education and other services in a personalized, adaptive and affordable way; and Chegg's ability to be a major part of the change in the education industry. The words "anticipate," "believe," "expect," "will," 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 letter 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 in general; Chegg's ability to attract new, and retain existing, students, to increase student engagement, and to increase monetization; the uncertainty surrounding the evolving educational landscape and enrollment; 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, 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 student and to grow Chegg's user base and increase their engagement; Chegg's ability to expand internationally; college 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 fulfillment processes; ability to effectively control operating costs; change in Chegg's addressable market; regulatory changes, in particular concerning privacy and marketing; changes in the education market, including as a result of COVID-19; and general economic, political and industry conditions. All information provided in this letter 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, 2021 filed with the Securities and Exchange Commission on February 22, 2022.

# Chegg, Inc.

# 2022 Proxy Statement

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April 14, 2022

## To Our Stockholders,

You are cordially invited to attend the 2022 Annual Meeting of Stockholders (the “Annual Meeting”) of Chegg, Inc. Due to the public health impact of the COVID-19 pandemic and to support the health and well-being of our employees, stockholders and our community, the Annual Meeting will be held on Wednesday, June 1, 2022 at 9:00 a.m. Pacific Time in a virtual-only format and not in person. You may attend the Annual Meeting by visiting ***https://web.lumiagm.com/299143484. The passcode is: CHGG2022.*** To attend and participate in the Annual Meeting, you will need the control number included in your Notice of Internet Availability of Proxy Materials, voting instruction form or proxy card. As always, we encourage you to vote your shares prior to the Annual Meeting.

We have elected to deliver our proxy materials to our stockholders over the Internet in accordance with SEC rules. We believe that this delivery process reduces our environmental impact and lowers the costs of printing and distributing our proxy materials without impacting our stockholders’ timely access to this important information. On April 14, 2022, we sent a Notice of Internet Availability of Proxy Materials (the “Notice”) to our stockholders, which contains instructions on how to access our proxy materials for our Annual Meeting, including our proxy statement and annual report to stockholders. The Notice also provides instructions on how to vote by telephone or via the Internet and includes instructions on how to receive a paper copy of the proxy materials by mail.

The matters to be acted upon are described in the accompanying notice of Annual Meeting and proxy statement.

We hope that you will be able to join us at our virtual Annual Meeting. Whether or not you plan to attend the meeting, it is important that you cast your vote either by voting at the virtual Annual Meeting or by proxy before the Annual Meeting. Your vote is important.

Sincerely,

**Dan Rosensweig**
President, Chief Executive Officer and Co-Chairperson

Chegg

# Notice of Annual Meeting

## To Our Stockholders:

**NOTICE IS HEREBY GIVEN** that due to the public health impact of the COVID-19 pandemic and to support the health and well-being of our employees, stockholders, and our community, the 2022 Annual Meeting of Stockholders ("Annual Meeting") of Chegg, Inc. ("Chegg," "Company," "we," "us" or "our") will be held on Wednesday, June 1, 2022, at 9:00 a.m. Pacific Time in a virtual-only format and not in person. You may attend the Annual Meeting by visiting ***https://web.lumiagm.com/299143484.*** **The passcode is: CHGG2022.** To attend and participate in the Annual Meeting, you will need the control number included in your Notice of Internet Availability of Proxy Materials, voting instruction form or proxy card.

We are holding the meeting for the following purposes, which are more fully described in the accompanying proxy statement:

1. To elect the Class III directors to serve until the third Annual Meeting of Stockholders following this meeting and until their successors are elected and qualified or until their resignation or removal.
2. To vote, on a non-binding advisory basis, on the compensation paid by us to our Named Executive Officers for the year ended December 31, 2021.
3. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022.

In addition, stockholders may be asked to consider and vote upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice. Only stockholders of record at the close of business on April 4, 2022 are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof. For 10 days prior to the meeting, a complete list of the stockholders entitled to vote at the Annual Meeting will be available during ordinary business hours at our headquarters for examination by any stockholder for any purpose relating to the meeting. If our headquarters are closed for health and safety reasons related to the COVID-19 pandemic during such period, the list of stockholders will be made available for inspection upon request via email to ir@chegg.com subject to our satisfactory verification of stockholder status.

### Meeting Details

**DATE**

Wednesday, June 1, 2022

**TIME**

9:00 a.m. Pacific Time

**LOCATION**

***web.lumiagm.com/299143484***

**YOUR VOTE IS VERY IMPORTANT**

Each share of our common stock that you own represents one vote. For questions regarding your stock ownership, if you are a registered holder, you can contact our transfer agent, American Stock Transfer & Trust Company, through their website at ***www.astfinancial.com*** or by phone at (800) 937-5449.

## Participation in the Virtual Annual Meeting

As described in our proxy materials for the Annual Meeting, you are entitled to participate in our Annual Meeting if you were a stockholder of record of our common stock at the close of business of April 4, 2022. To attend and participate in the Annual Meeting, you must enter the control number included in your Notice of Internet Availability of Proxy Materials, voting instruction form or proxy card.

Online access to the Annual Meeting website will open 15 minutes prior to the start of the Annual Meeting to allow time for you to log in and test your device. We encourage you to access the Annual Meeting website in advance of the designated start time.

You may vote during the Annual Meeting by following the instructions available on the Annual Meeting website. If you are the beneficial owner of shares held in street name and you want to vote your shares during the Annual Meeting, you must obtain a valid proxy from your broker or nominee. You should contact your broker or nominee or refer to the instructions provided by your broker or nominee for further information.

It is important that you read the Proxy Materials previously made available to you, including the Notice of 2022 Annual Meeting of Stockholders, Proxy Statement, Proxy Card and Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (collectively, the “Proxy Materials”), and we encourage you to vote your shares of common stock in advance of the Annual Meeting by one of the methods described in the Proxy Materials.

Whether or not you plan to virtually attend the Annual Meeting, we strongly urge you to vote and submit your proxy in advance of the Annual Meeting by one of the methods described in the Proxy Materials.

Your vote is very important. Each share of our common stock that you own represents one vote. For questions regarding your stock ownership, if you are a registered holder, you can contact our transfer agent, American Stock Transfer & Trust Company, through their website at ***www.astfinancial.com*** or by phone at (800) 937-5449.

By Order of the Board of Directors,

**Woodie Dixon, Jr.**
*General Counsel and Corporate Secretary*

Santa Clara, California
April 14, 2022

**Whether or not you expect to attend the meeting, we encourage you to read the proxy statement and vote by telephone or via the Internet or request, sign and return your proxy card as soon as possible, so that your shares may be represented at the meeting. For specific instructions on how to vote your shares, please refer to the section entitled “General Information About the Meeting” beginning on page 5 of the proxy statement and the instructions on the Notice of Internet Availability of Proxy Materials that was mailed to you.**

Chegg

# Table of Contents


**PROXY SUMMARY** 1
**GENERAL PROXY INFORMATION** 4
**ESG, CORPORATE GOVERNANCE, AND BOARD COMPOSITION** 8
- Corporate Governance Guidelines 11
- Board Leadership 12
- Board's Role in Risk Oversight 12
- Director Independence 12
- Board Committees 14
- Compensation Committee Interlocks and Insider Participation 15
- Board and Committee Meetings and Attendance 16
- Code of Business Conduct and Ethics 16

**NOMINATION PROCESS AND DIRECTOR QUALIFICATIONS** 17
**PROPOSAL NO. 1 ELECTION OF DIRECTORS** 19
- Nominees to the Board of Directors 20
- Continuing Directors 23
- Director Compensation 27

**PROPOSAL NO. 2 NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION** 30
- Compensation Program and Philosophy 30

**PROPOSAL NO. 3 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM** 31
- Independent Registered Public Accounting Firm's Fees Report 31

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT** 33
**OUR MANAGEMENT** 36
**EXECUTIVE COMPENSATION** 38
- Compensation Discussion and Analysis 38
- Executive Compensation Tables 52
- Termination and Change of Control Arrangements 57
- Chief Executive Officer Pay Ratio Disclosure 61

**EQUITY COMPENSATION PLAN INFORMATION** 62
**TRANSACTIONS WITH RELATED PARTIES** 63
**REPORT OF THE AUDIT COMMITTEE** 64
**ADDITIONAL INFORMATION** 65
**OTHER MATTERS** 67
**APPENDIX A: RECONCILIATION OF NET LOSS TO EBITDA AND ADJUSTED EBITDA** A-1

# Proxy Summary

## Meeting Details

**DATE**
Wednesday, June 1, 2022

**TIME**
9:00 a.m. Pacific Time

**LOCATION**
***web.lumiagm.com/299143484***

## Ways to Vote

You may vote during the Annual Meeting by following the instructions on the Annual Meeting website.

**VOTE VIA INTERNET**
In order to do so, please follow the instructions shown on your Notice or Proxy Card.

**VOTE VIA PHONE**
In order to do so, please follow the instructions shown on your Notice or Proxy Card.

**VOTE VIA MAIL**
Sign, date and return proxy card in the envelope provided.

## Voting Recommendations

| | Proposal | Recommendation | Page |
|---|---|---|---|
| 1 | Election of four Class III directors.<br>• Sarah Bond<br>• Marcela Martin<br>• Melanie Whelan<br>• John (Jed) York | FOR | 19 |
| 2 | To approve, on a non-binding advisory basis, the compensation of our named executive officers. | FOR | 30 |
| 3 | To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2022. | FOR | 31 |

### 2021 Business Highlights

**7.8M**
**Chegg Services Subscribers**
*Includes International

**29%**
**Chegg Services Revenue Y/Y Growth**

**34%**
**Adjusted EBITDA Margin**

**1.5M**
**International Chegg Services Subscribers**

## 2022 Director Nominees

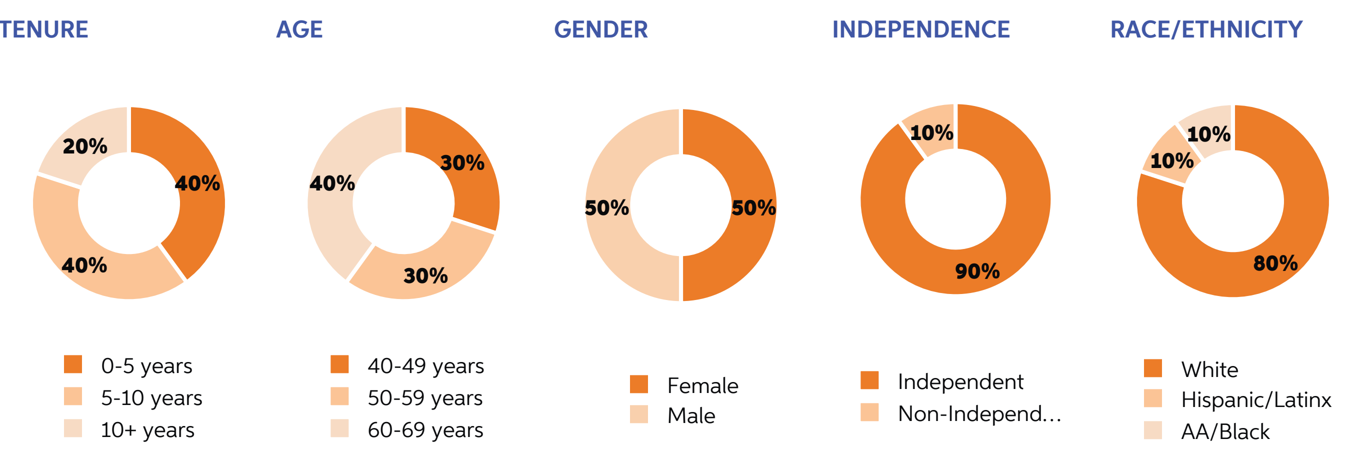
We introduce our 2022 director nominees below. All the nominees are independent.

| Name | Age | Director Since | Independence | Committee Memberships | | |
|---|---|---|---|---|---|---|
| | | | | Audit Committee | Compensation Committee | Governance and Sustainability Committee |
| **Sarah Bond** | 43 | 2020 | YES | | ■ | |
| **Marcela Martin** | 50 | 2021 | YES | ■ | | |
| **Melanie Whelan** | 44 | 2019 | YES | | ■ | |
| **John (Jed) York** | 41 | 2013 | YES | | ★ | ■ |

■ - Member

★ - Chair

## Diversity of the Board




# Help students achieve better outcomes

The guiding principle behind every decision that we make. Period.

## Board Director Experience

The matrix below highlights several of the experiences, qualifications, attributes, and skills of our directors. While these characteristics are considered by the Board and the Governance and Sustainability Committee in connection with the director nomination process, the following matrix does not encompass all experience, qualifications, attributes, or skills of our directors.

| Name | Digital | International | Senior Executive | High-Growth at Scale | Public BoD | Risk Management | Finance & Accounting | Subscription or D2C | Cybersecurity | M&A | Education or Non-Profit | ESG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sarah Bond | ■ | ■ | ■ | ■ | ■ | ■ | | ■ | ■ | ■ | | ■ |
| Renee Budig | ■ | ■ | ■ | ■ | ■ | | ■ | ■ | | ■ | | |
| Paul LeBlanc | ■ | ■ | ■ | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Marne Levine | ■ | ■ | ■ | ■ | | ■ | | ■ | | ■ | ■ | ■ |
| Marcela Martin | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | | ■ | | ■ |
| Dan Rosensweig | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Richard Sarnoff | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | | ■ | ■ | |
| Ted Schlein | ■ | ■ | ■ | | ■ | | ■ | ■ | ■ | ■ | ■ | ■ |
| Melanie Whelan | ■ | ■ | ■ | | | | | ■ | | ■ | ■ | ■ |
| John (Jed) York | ■ | ■ | ■ | | | ■ | ■ | | | ■ | | ■ |

**Digital** - Experience with technology, digital and social media, or partnerships.

**International** - Experience with international operations.

**Senior Executive** - Experience as a CEO or senior executive at a public company or other large organization.

**High-Growth at Scale** - Experience with high-growth organization with $5+ billion annual revenue.

**Public BoD** - Experience as a director of another public company.

**Risk Management** - Experience in risk management.

**Finance & Accounting** - Expertise in financial statements and accounting.

**Subscription or D2C** - Experience with direct to consumer or subscription services.

**Cybersecurity** - Expertise in technology and cybersecurity.

**M&A** - Expertise in M&A, debt and equity financings and other strategic transactions.

**Education or Non-Profit** - Expertise in education or non-corporate (non-profits).

**ESG** - Leadership experience with ESG, sustainability, or diversity and inclusion.

Chegg

# General Proxy Information

## Information About Solicitation and Voting

The accompanying proxy is solicited on behalf of the Board of Directors ("Board of Directors") of Chegg, Inc. ("Chegg," "Company," "we," "us" or "our"), for use at the Company's 2022 Annual Meeting of Stockholders (the "Annual Meeting") to be held on June 1, 2022, at 9:00 a.m. Pacific Time, and any adjournment or postponement thereof.

The Annual Meeting will be held in a virtual-only format due to the public health impact of the COVID-19 pandemic and to support the health and well-being of our employees, stockholders, and our community. Because the Annual Meeting is virtual and being conducted electronically, stockholders may not attend the Annual Meeting in person, and should plan to participate via live webcast, which will be available at the following address: ***https://web.lumiagm.com/299143484. The passcode is: CHGG2022***. To attend and participate in the virtual Annual Meeting, you will need the control number included in your Notice of Internet Availability of Proxy Materials, voting instruction form or proxy card. Online access to the Annual Meeting website will open 15 minutes prior to the start of the Annual Meeting to allow time for you to log in and test your device. We encourage you to access the Annual Meeting website in advance of the designated start time.

## Internet Availability of Proxy Materials

Under rules adopted by the SEC, we are furnishing proxy materials to our stockholders primarily via the Internet instead of mailing printed copies of those materials to each stockholder. As a result, on or about April 14, 2022, we sent our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our proxy materials, including our proxy statement and our Annual Report. The Notice also provides instructions on how to access your proxy card to vote by telephone or via the Internet.

This process is designed to reduce our environmental impact and lowers the costs of printing and distributing our proxy materials without impacting our stockholders' timely access to this important information. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice.

## General Information About the Meeting

### Purpose of the Meeting

At the meeting, stockholders will act upon the proposals described in this proxy statement. In addition, we will consider any other matters that are properly presented for a vote at the meeting. As of April 14, 2022, we are not aware of any other matters to be submitted for consideration at the meeting. If any other matters are properly presented for a vote at the meeting, the persons named in the proxy, who are our officers, have the authority in their discretion to vote the shares of our common stock represented by the proxy. Following the meeting, management will respond to questions from any stockholders who have joined the Annual Meeting with their control numbers, which is included in their Notice of Internet Availability of Proxy Materials, voting instruction form or proxy card.

**Record Date and Shares Outstanding**

Stockholders of record at the close of business on April 4, 2022 (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting. At the close of business on April 4, 2022, the Company had 126,681,792 shares of common stock issued and outstanding.

**Quorum**

The holders of a majority of the voting power of the shares of our common stock entitled to vote at the meeting as of the record date must be present at the meeting in order to hold the meeting and conduct business. This presence is called a quorum. Your shares are counted as present at the meeting if you are present and vote at the virtual meeting or if you have properly submitted a proxy.

**Voting Rights**

Each holder of shares of our common stock is entitled to one vote for each share of our common stock held as of the close of business on April 4, 2022, the Record Date. You may vote all shares owned by you as of April 4, 2022, including (1) shares held directly in your name as the stockholder of record, and (2) shares held for you as the beneficial owner in street name through a broker, bank, trustee, or other nominee (collectively referred to in this proxy statement as your "Broker").

**Stockholder of Record: Shares Registered in Your Name.** If, on April 4, 2022, your shares of our common stock were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, then you are considered the stockholder of record with respect to those shares. As a stockholder of record, you may vote at the meeting or vote by telephone, via the Internet, or if you request or receive paper proxy materials by mail, by filling out and returning the proxy card.

**Beneficial Owner: Shares Registered in the Name of a Broker.** If, on April 4, 2022, your shares of our common stock were held in an account with a Broker, then you are the beneficial owner of the shares held in street name. As a beneficial owner, you have the right to direct your Broker on how to vote the shares of our common stock held in your account. However, the Broker that holds your shares of our common stock is considered the stockholder of record for purposes of voting at the meeting. Because you are not the stockholder of record, you may not vote your shares at the meeting unless you request and obtain a valid proxy from the Broker that holds your shares giving you the right to vote the shares at the meeting.

**Required Vote**

**Proposal No. 1.** Each director nominated in Proposal No. 1 will be elected by a plurality of the votes cast, which means that the four individuals nominated for election to the Board of Directors at the meeting receiving the highest number of "FOR" votes will be elected. Stockholders may either vote "FOR" the nominee or "WITHHOLD" the vote with respect to the nominee.

**Proposal No. 2.** The affirmative "FOR" vote of a majority of the shares present, represented and entitled to vote on the proposal is required to approve, on an advisory and non-binding basis, the compensation awarded to our named executive officers for the year ended December 31, 2021. You may vote "FOR," "AGAINST," or "ABSTAIN" on this proposal. Abstentions are deemed to be votes cast and have the same effect as a vote against the proposal. Although this say-on-pay vote is advisory and, therefore, will not be binding on us, our Compensation Committee and our Board of Directors value the opinions of our stockholders. Accordingly, to the extent there is a significant vote against the compensation of our named executive officers, we will consider our stockholders' concerns and the Compensation Committee will evaluate what actions may be necessary or appropriate to address those concerns.

**Proposal No. 3.** Approval of Proposal No. 3 will be obtained if the number of votes cast "FOR" the proposal at the Annual Meeting exceeds the number of votes cast "AGAINST" the proposal. Abstentions (shares of the Company's common stock present at the Annual Meeting and voted "ABSTAIN") are counted for purposes of determining whether a quorum is present, and have no effect on the outcome of the matters voted upon.

"Broker non-votes" occur when shares of our common stock held by a Broker for a beneficial owner are not voted either because (i) the Broker did not receive voting instructions from the beneficial owner or (ii) the Broker lacked discretionary authority to vote the shares. Broker non-votes are counted for purposes of determining whether a quorum is present, and have no effect on the outcome of the matters voted upon. Note that if you are a beneficial holder and do not provide specific voting instructions to your Broker, the Broker that holds your shares of our common stock will not be authorized to vote on the election of the directors. A

Broker is entitled to vote shares held for a beneficial owner on “routine” matters without instructions from the beneficial owner of those shares. Absent instructions from the beneficial owner of such shares, a Broker is not entitled to vote shares held for a beneficial owner on “non-routine” matters. At our Annual Meeting, only the ratification of Deloitte & Touch LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022 *(Proposal No. 3)* is considered a routine matter. The other proposals presented at the Annual Meeting are non-routine matters. Accordingly, we encourage you to provide voting instructions to your Broker, whether or not you plan to attend the Annual Meeting.

**Recommendations of the Board of Directors on Each of the Proposals Scheduled to be Voted on at the Meeting**
The Board of Directors recommends that you vote:

- **Proposal No. 1** - FOR each of the Class III directors named in this proxy statement.
- **Proposal No. 2** - FOR the approval of the compensation of our Named Executive Officers.
- **Proposal No. 3** - FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022.

**Voting Instructions; Voting of Proxies**
Stockholders as of the Record Date may:

- **Vote at the Annual Meeting** – you may vote during the Annual Meeting by following the instructions on the Annual Meeting website;
- **Vote via telephone or via the Internet** – in order to do so, please follow the instructions shown on your Notice or proxy card; or
- **Vote by mail** – if any individual stockholders request and receive a paper proxy card and voting instructions by mail, simply complete, sign and date the enclosed proxy card and return it before the Annual Meeting in the envelope provided.

Votes submitted by telephone or via the Internet must be received by 11:59 p.m., Eastern Time, on May 31, 2022. Submitting your proxy (whether by telephone, via the Internet or by mail if you request or received a paper proxy card) will not affect your right to vote in person should you decide to attend the meeting. If you are not the stockholder of record, please refer to the voting instructions provided by your Broker to direct it how to vote your shares. For Proposal No. 1, you may either vote “FOR” all the nominees to the Board of Directors, or you may “WITHHOLD” your vote from any nominee you specify. For Proposal No. 2, you may vote “FOR” or “AGAINST” or “ABSTAIN” from voting. For Proposal No. 3, you may vote “FOR” or “AGAINST” or “ABSTAIN” from voting. Your vote is important. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure that your vote is counted.

All proxies will be voted in accordance with the instructions specified on the proxy card. If you sign a physical proxy card and return it without instructions as to how your shares of our common stock should be voted on a particular proposal at the meeting, your shares will be voted in accordance with the recommendations of our Board of Directors stated above.

If you received the Notice, please follow the instructions included on the Notice on how to access your proxy card and vote by telephone or via the Internet. If you do not vote and you hold your shares of our common stock in street name, and your Broker does not have discretionary power to vote your shares, your shares may constitute “broker non-votes” (as described above) and will not be counted in determining the number of shares necessary for approval of the proposals. However, shares of our common stock that constitute broker non-votes will be counted for the purpose of establishing a quorum for the meeting.

If you receive more than one proxy card or more than one Notice, your shares of our common stock are registered in more than one name or are registered in different accounts. To make certain all of your shares of our common stock are voted, please follow the instructions included on the Notice regarding how to access each proxy card and vote each proxy card by telephone or via the Internet. If you requested or received paper proxy materials by mail, please complete, sign and return each proxy card to ensure that all of your shares are voted.

**Even if you plan on attending the Annual Meeting virtually, we strongly recommend that you vote your shares in advance of the Annual Meeting as instructed above.**

### Expenses of Soliciting Proxies

The expenses of soliciting proxies will be paid by the Company. Following the original mailing of the soliciting materials, Chegg and its agents may solicit proxies by mail, email, telephone, facsimile or by other similar means. Our directors, officers, and other employees, without additional compensation, may solicit proxies personally or in writing, by telephone, email, or otherwise. Following the original mailing of the soliciting materials, Chegg will request Brokers to forward copies of the soliciting materials to persons for whom they hold shares of our common stock and to request authority for the exercise of proxies. In such cases, Chegg, upon the request of the record holders, will reimburse such holders for their reasonable expenses. If you choose to access the proxy materials and/or vote via the Internet, you are responsible for any Internet access charges you may incur.

### Revocability of Proxies

A stockholder of record who has given a proxy may revoke it at any time before it is exercised at the meeting by:

- delivering to the Corporate Secretary of the Company (by any means, including facsimile) a written notice stating that the proxy is revoked;
- signing and delivering a proxy bearing a later date;
- voting again by telephone or via the Internet; or
- attending and voting at the meeting (although attendance at the meeting will not, by itself, revoke a proxy).

Please note, however, that if your shares are held of record by a Broker and you wish to revoke a proxy, you must contact that firm to revoke any prior voting instructions. In the event of multiple online or telephone votes by a stockholder, each vote will supersede the previous vote and the last vote cast will be deemed to be the final vote of the stockholder unless revoked during the virtual meeting.

### Electronic Access to the Proxy Materials

The Notice will provide you with instructions regarding how to:

- view our proxy materials for the meeting via the Internet; and
- instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will reduce the impact of our Annual Meetings of Stockholders on the environment and lower the costs of printing and distributing our proxy materials. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

### Voting Results

Voting results will be tabulated and certified by the inspector of elections appointed for the meeting. The preliminary voting results will be announced at the meeting and posted on our website at ***https://investor.chegg.com.*** The final results will be tallied by the inspector of elections and filed with the SEC in a Current Report on Form 8-K within four business days of the meeting.

Chegg

# ESG, Corporate Governance, and Board Composition

## Environmental, Social and Governance Matters

Chegg is a mission-driven company. We put learners first and seek to improve their outcomes in school and beyond. We strive to improve the overall return on investment in education by helping students learn more in less time and at a lower cost.

We aim to support and accelerate the path students take from learning to earning. This includes online tools for academia in a digital world and extends beyond the classroom into their professional careers. We help students each step of the way to improve the outcome of their education. To do this, we focus on listening to their needs, elevating and amplifying their voice, and taking action to provide real life solutions.

This sentiment is weaved into everything we do and supports our commitment to Environmental, Social and Governance (ESG) and Sustainability matters. We are committed to making a difference on the issues that matter to learners, our employees, stockholders, and other key stakeholders.

## ESG Management and Oversight

Formal responsibilities for the implementation and management of programs that involve ESG issues are held by functional team leaders throughout the organization. At the most senior levels, including our Chief People Officer and Chief Information Security Officer, these leaders regularly report to Chegg's Board of Directors on issues related to ESG.

Chegg's Governance and Sustainability Committee maintains oversight over the majority of Chegg's material ESG topics, while some topics, such as Pay Equity, are overseen by our Compensation Committee, and others, such as Data Security and Privacy, are overseen by our Audit Committee.

## ESG Materiality

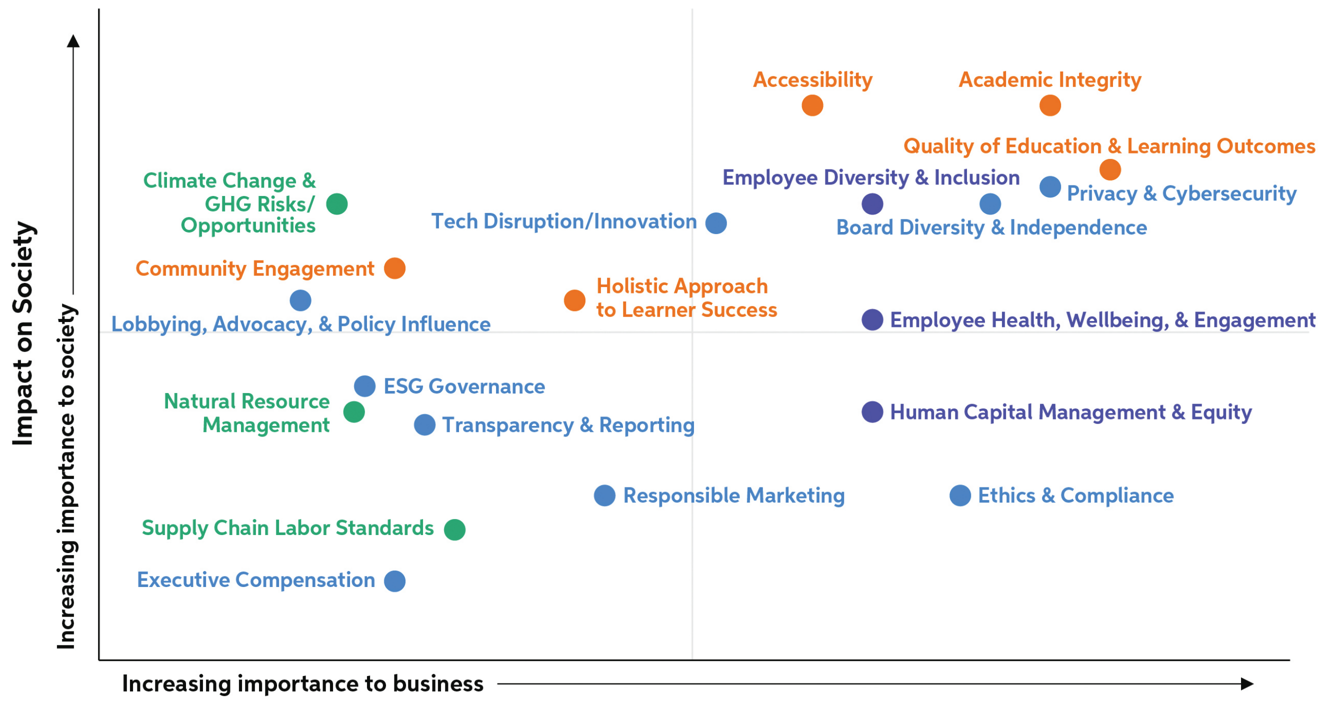
In 2021, we completed our first formal materiality assessment to help prioritize our ESG roadmap and better understand which ESG topics are most material to Chegg and our key stakeholders.

We engaged over 300 students, professors, employees, executives, employee resource group leaders, investors, and board members as a part of this process to help us evaluate key ESG issues. We value the opinions of our stakeholders, both internal and external, and will continue to engage on ESG and other topics.

The feedback from this materiality assessment reinforced our longstanding belief that Chegg's mission and values are critical to our business success and are deeply integrated into our culture and processes.

We are excited to incorporate the conclusions from the materiality assessment. Going forward, our ESG strategy will put an increased emphasis on the topics in the upper right-hand quadrant, which have been identified by our stakeholders as important to both business and society.

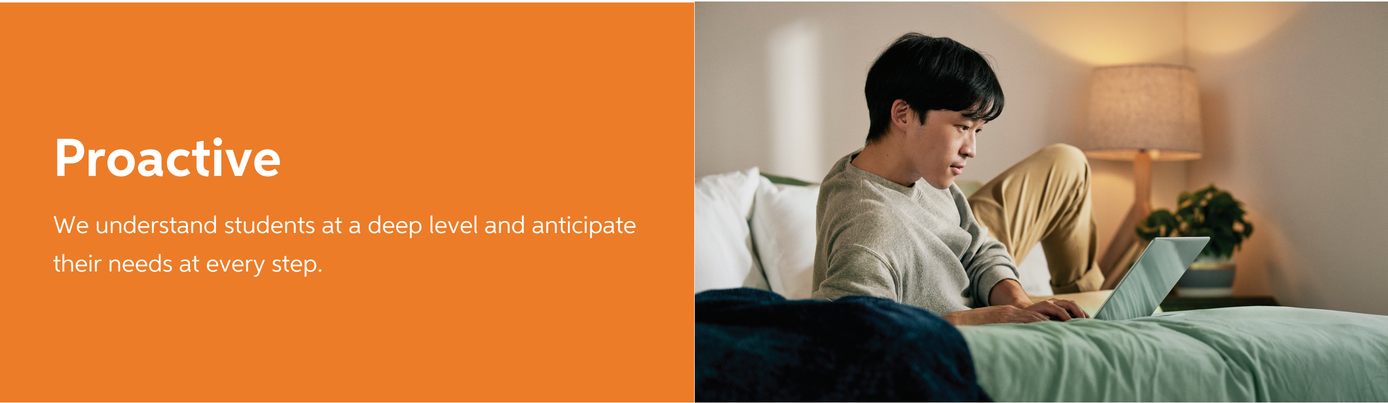
The matrix below is a visual representation of the conclusions and feedback we gathered from the stakeholder groups.




Impact on Chegg's Business

CATEGORIES

| Environment | Learners | Employees | Governance & Responsible Business Practices |
|---|---|---|---|



## ESG Framework

We categorize our efforts to support key ESG issues into six pillars.

| | | | | | |
|---|---|---|---|---|---|
| FOCUS ON PEOPLE | ACT RESPONSIBLY | HELP LEARNERS | OPERATE SUSTAINABLY | GIVE BACK | GOVERN EFFECTIVELY |
| • Culture, Belonging and Diversity<br>• Human Capital Management<br>• Employee Engagement<br>• Employee Health, Safety, and Wellbeing | • Privacy and Cybersecurity<br>• Ethics/ Compliance<br>• Academic Integrity<br>• Responsible Marketing<br>• Technology Innovation and Performance | • Product Impacts and Learning Outcomes<br>• Access to Education<br>• Holistic Approach to Learner Success | • Climate Change Risks and Opportunities<br>• Natural Resource Management<br>• Environmental Impact | • Community Engagement<br>• Philanthropy<br>• Research and Advocacy | • Corporate Governance |

**Focus on People.** We focus on people by making Chegg a great place to work. We foster an environment centered on respect for all people, where diversity and inclusion are celebrated, and people have the opportunity to develop and advance their careers. Our employees are one of our biggest competitive advantages, and it is our responsibility to take care of them. We do this by offering an array of wellness and personal development programs, including health benefits, tuition reimbursement, mental health support, childcare credit and tools, paid parental leave, flexible PTO, professional leadership coaching, student debt repayment and ergonomic workplace design, to name a few.

**Act Responsibly.** We understand that to be a true customer champion and to gain and preserve our customers' trust, we must operate all facets of our business with integrity. We hold ourselves to the highest ethical standards and strive for full compliance with applicable laws and regulations. Our mission-driven nature is what attracts many of us to the Company and keeps us here year after year. We believe this contributes to our strong values-driven culture and our shared respect for both legal and ethical business practices.

**Help Learners.** Learners are evolving and so is Chegg. The modern learner looks very different than they once did. They are older, many have families, and they are juggling work and school at the same time, so it comes as no surprise that they need more flexibility when it comes to education. Learners tell us that they need affordable, on-demand help and unfortunately, they are often unable to get that help from the institutions they pay to teach them. By combining our proprietary student data and A.I. technology, we are better able to predict students' needs without them having to ask. Learners are automatically pushed relevant content to give them an individualized learning experience. We are extremely proud to offer an integrated platform for learning that has helped so many learners 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.

**Operate Sustainably.** We are focused on sustainable operations and are committed to minimizing the environmental impact of our business. We know that we owe it to our customers, employees, and society to use environmentally sound practices. This commitment impacts our operations, energy usage, and office buildings. Further, we strive to work with vendors that support our employee services and partners that have similar values around operating sustainably. As part of our commitment to operate sustainably, Chegg has begun to measure its greenhouse gas emissions, with the goal of minimizing these emissions over time. In 2021, we completed our first greenhouse gas emissions analysis using the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

**Give Back.** Chegg and Chegg.org address issues facing the modern learner. We support organizations whose initiatives benefit learners globally and our communities. We focus on supporting: nonprofits who are tackling food insecurity, communities in areas where our offices are located, communities our Employee Resource Groups work to support, learner mental health by building tools and content, the fight against systemic racism, nonprofits who support underrepresented youth, and refugees, particularly women and children. Chegg's business activities and major themes of our philanthropic and community efforts align with many of the U.N.'s Sustainable Development Goals, and we have identified three goals (#4 – Quality Education, #3 – Good Health and Well-Being, and #2 – Zero Hunger) for which Chegg's influence is greatest.

**Govern Effectively.** Chegg has a commitment to strong corporate governance practices. 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.

## Awards and Recognition

- Chegg has been certified as a Great Place to Work since 2018.
- Chegg has been voted one of Fortune's Best Small and Medium Workplaces for Millennials, Technology, and in the Bay Areas for 2021.
- Chegg has won seventeen best workplace awards from Comparably's 2021 lists: Best Company to Work for in the Bay Area, Best Global Culture, Best Company Outlook, Best Work-Life Balance, Best CEO for Diversity, Best CEO for Women, Best Leadership Team, Best Product & Design Team, Best Operations Team, Best Marketing Team, Best HR Team, and Best Engineering Team.
- 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.

Additional information on our ESG efforts is available on the Investor Relations section of our website, which is located at https://investor.chegg.com, under "ESG." Our website addresses in this proxy statement are included as inactive textual references only. The information contained on or accessible through these websites is not incorporated by reference into this proxy statement.

## Corporate Governance Guidelines

Chegg is strongly committed to good corporate governance practices. These practices provide an important framework within which our Board of Directors and management can pursue our strategic objectives for the benefit of our stockholders.

Our Board of Directors has adopted Corporate Governance Guidelines that set forth our expectations for directors, director independence standards, board committee structure and functions, and other policies regarding our corporate governance. Our Corporate Governance Guidelines are available without charge on the Investor Relations section of our website, which is located

at ***https://investor.chegg.com,*** under "Corporate Governance." The Corporate Governance Guidelines are reviewed at least annually by our Governance and Sustainability Committee, and any warranted changes are recommended to our Board of Directors.

## Board Leadership Structure

Our Corporate Governance Guidelines provide that our Board of Directors shall be free to choose its Chairperson, or Co-Chairperson, in any way that it considers in the best interests of our Company, and that the Governance and Sustainability Committee shall periodically consider the leadership structure of our Board of Directors and make such recommendations related thereto to our Board of Directors as the Governance and Sustainability Committee deems appropriate. Our Board of Directors does not have a policy on whether the role of the Chairperson, or of the Co-Chairperson, and Chief Executive Officer should be separate and believes that it should maintain flexibility in determining a board leadership structure appropriate for us from time to time.

Our Board of Directors believes that we and our stockholders currently are best served by having Dan Rosensweig, our President and Chief Executive Officer, serve as a Co-Chairperson of our Board of Directors, considering his experience, expertise, knowledge of our business and operations and strategic vision. As Co-Chairperson of our Board of Directors, Mr. Rosensweig presides over meetings of the Board of Directors along with the other Co-Chairperson, and holds such other powers and carries out such other duties as are customarily carried out by the Co-Chairpersons of the Board of Directors. Our Board of Directors believes that its independence and oversight of management is maintained effectively through this leadership structure, the composition of our Board of Directors and sound corporate governance policies and practices.

## Our Board of Directors' Role in Risk Oversight

Our Board of Directors, as a whole, has responsibility for risk oversight, although the committees of our Board of Directors oversee and review risk areas which are particularly relevant to them. The risk oversight responsibility of our Board of Directors and its committees is supported by our management reporting processes, which are designed to provide visibility to the Board of Directors and to our personnel that are responsible for risk assessment and information management about the identification, assessment and management of critical risks and management's risk mitigation strategies. These areas of focus include, but are not limited to, competitive, economic, operational, financial (accounting, credit, liquidity and tax), legal, regulatory, cybersecurity, compliance and reputational risks.

Each committee of the Board of Directors meets in executive session with key management personnel and representatives of outside advisers to oversee risks associated with their respective principal areas of focus. The Audit Committee reviews our major financial and cybersecurity risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies and guidelines. The Governance and Sustainability Committee provides oversight with respect to director selection, Board effectiveness and independence, committee functions and charters, adherence to our environmental, social and corporate governance framework, and other corporate governance matters. The Compensation Committee reviews our major compensation-related risk exposures, human capital management, diversity and inclusion, senior management succession planning, including consideration of whether compensation rewards and incentives encourage undue or inappropriate risk taking by our personnel, and the steps management has taken to monitor or mitigate such exposures.

## Independence of Directors

The rules, regulations and listing standards of the New York Stock Exchange (the "NYSE") generally require that a majority of the members of our Board of Directors be independent. In addition, the NYSE rules, regulations and listing standards generally require that, subject to specified exceptions, each member of a listed company's Audit, Compensation, and Governance and Sustainability Committees be independent.

Our Board of Directors determines the independence of our directors by applying the independence principles and standards established by the NYSE. These provide that a director is independent only if the Board of Directors affirmatively determines that the director has no direct or indirect material relationship with the Company. They also specify various relationships that preclude

a determination of director independence. Material relationships may include commercial, industrial, consulting, legal, accounting, charitable, family and other business, professional and personal relationships.

Applying these standards, our Board of Directors annually reviews the independence of our directors, taking into account all relevant facts and circumstances. In its most recent review, the Board of Directors considered, among other things, the relationships that each non-employee director has with our Company and all other facts and circumstances our Board of Directors deemed relevant in determining their independence, including the beneficial ownership of our common stock by each non-employee director.

Based upon this review, our Board of Directors has determined that none of the members of our Board of Directors, other than Mr. Rosensweig, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of the members of our Board of Directors, other than Mr. Rosensweig, is “independent” as that term is defined under the rules, regulations and listing standards of the NYSE.

All members of our Audit Committee, Compensation Committee, and Governance and Sustainability Committee must be independent directors as defined by our Corporate Governance Guidelines. Members of the Audit Committee must also satisfy a separate SEC independence requirement, which provides that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from Chegg or any of its subsidiaries other than their directors’ compensation (including in connection with such member’s service as a partner, member or principal of a law firm, accounting firm or investment banking firm that accepts consulting or advisory fees from Chegg or any of its subsidiaries). Our Board of Directors has determined that all members of our Audit Committee, Compensation Committee and Governance and Sustainability Committee are independent and all members of our Audit Committee satisfy the relevant SEC additional independence requirements for the members of such committee.

## Committees of Our Board of Directors

Our Board of Directors has established an Audit Committee, a Compensation Committee and a Governance and Sustainability Committee. The composition and responsibilities of each committee are described below. Each committee is governed by a charter. The charters for each committee can be obtained, without charge, on the Investor Relations section of our website, https://investor.chegg.com, under "Corporate Governance." Members serve on these committees until their resignations or until otherwise determined by our Board of Directors.

### AUDIT COMMITTEE

Our Audit Committee is comprised of **Renee Budig**, who is the Chair of the Audit Committee, **Richard Sarnoff**, **Ted Schlein** and **Marcela Martin**. Ms. Martin joined our Board of Directors and Compensation Committee in September 2021. The composition of our Audit Committee meets the requirements for independence under the rules, regulations and listing standards of the NYSE and the rules and regulations of the SEC. Each member of our Audit Committee is financially literate as required by the rules, regulations and listing standards of the NYSE. In addition, our Board of Directors has determined that each of Ms. Budig and Ms. Martin is an Audit Committee financial expert within the meaning of Item 407(d) of Regulation S-K of the Securities Act of 1933, as amended (Regulation S-K of the Securities Act of 1933, as amended, shall be referred to herein as "Regulation S-K").

**Our Audit Committee, among other things:**

- selects a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- reviews the continuing independence and performance of and oversees the Company's relationship with the independent registered public accounting firm;
- discusses the scope, audit planning, and staffing of the independent registered public accounting firm;
- discusses the results of the audit with the independent registered public accounting firm, and reviews, with management and the independent registered public accounting firm, our interim and year-end operating results;
- develops procedures for employees to submit concerns anonymously about questionable accounting or auditing matters;
- considers and reviews the adequacy of our internal accounting controls and audit procedures;
- oversees the activities of the internal audit function within the Company; and
- approves or, as required, pre-approves all audit and non-audit services not prohibited by law to be performed by the independent registered public accounting firm.

### COMPENSATION COMMITTEE

Our Compensation Committee is comprised of **John (Jed) York**, who is the Chair of the Compensation Committee, **Marne Levine**, **Melanie Whelan** and **Sarah Bond**. The composition of our Compensation Committee meets the requirements for independence under the rules, regulations and listing standards of the NYSE and the rules and regulations of the SEC. Each member of our Compensation Committee is a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Securities Act of 1934, as amended, and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended. The purpose of our Compensation Committee is to discharge the responsibilities of our Board of Directors relating to the compensation of our executive officers and directors.

**Our Compensation Committee, among other things:**

- reviews and determines the compensation of our executive officers and recommends to our Board of Directors the compensation for our directors;
- administers our stock and equity incentive plans;
- reviews and approves and makes recommendations to our Board of Directors regarding incentive compensation equity-based grants and equity plans; and
- establishes and reviews our Company's overall compensation strategy.

At least annually, our Compensation Committee reviews and approves our executive compensation strategy and principles to assure that they promote stockholder interests and support our strategic and tactical objectives, and that they provide for appropriate rewards and incentives for our executives. Our Compensation Committee also reviews and makes recommendations to our Board of Directors regarding the compensation of our non-employee directors and executive officers. The Compensation Committee retains and does not delegate any of its exclusive power to determine all matters of executive compensation and benefits. In determining the compensation of each of our executive officers, other than our Chief Executive Officer, our Compensation Committee considers the recommendations of our Chief Executive Officer and our human resources department. In the case of the Chief Executive Officer, our Compensation Committee evaluates his performance and independently determines whether to make any adjustments to his compensation.

Our Compensation Committee retained an independent compensation consultant, Frederic W. Cook & Co., Inc. ("FW Cook"), to assist in structuring our executive officer compensation and non-employee director compensation for 2021. FW Cook provided our Compensation Committee with market data and analyses from a peer group of similarly-sized technology companies with similar business and financial characteristics. Other than the services described above, FW Cook has not provided our Company or our Compensation Committee with any other services. No work performed by FW Cook during 2021 raised a conflict of interest.

The Compensation Committee has delegated in accordance with applicable law, rules and regulations, and our Certificate of Incorporation and Bylaws, authority to an equity awards committee comprised of certain of our executive officers, including our Chief Executive Officer, who is also a member of the Board of Directors, the authority to make certain types of equity award grants under the Company's 2013 Equity Incentive Plan to any employee who is not an executive officer or director subject to the terms of such plan and equity award guidelines approved by our Compensation Committee. The Compensation Committee has also delegated to our Chief Executive Officer the authority to make certain types of equity award grants under the Company's 2013 Equity Incentive Plan to members of our Advisory Board.

### GOVERNANCE AND SUSTAINABILITY COMMITTEE

Our Governance and Sustainability Committee is comprised of **Marne Levine**, who is the Chair of the Governance and Sustainability Committee, **Ted Schlein**, **John (Jed) York** and **Paul LeBlanc**. The composition of our Governance and Sustainability Committee meets the requirements for independence under the rules, regulations and listing standards of the NYSE.

**Our Governance and Sustainability Committee, among other things:**

- identifies, recruits, evaluates and recommends nominees to our Board of Directors and committees of our Board of Directors;
- conducts searches for qualified directors;
- annually evaluates the performance of our Board of Directors and its committee;
- considers and makes recommendations to the Board of Directors regarding the composition and leadership structure of the Board of Directors and its committees;
- reviews developments in corporate governance practices;
- oversees and periodically reviews the Company's policies, initiatives, strategy, disclosures and engagement with investors and other key stakeholders related to environmental, social and governance matters;
- evaluates the adequacy of our corporate governance practices and reporting; and
- makes recommendations to our Board of Directors concerning corporate governance matters.

## Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during 2021 were Mses. Levine, Whelan, Bond and Mr. York. None of the members of our Compensation Committee in 2021 were at any time during 2021, or at any other time, an officer or employee of Chegg or any of its subsidiaries, and none had or has any relationships with Chegg that are required to be disclosed under Item 404 of Regulation S-K. None of our executive officers has served as a member of the Board of Directors, or as a member of

the compensation or similar committee, of any entity that has one or more executive officers who served on our Board of Directors or Compensation Committee during 2021.

## Board and Committee Meetings and Attendance

Our Board of Directors is responsible for advising management and monitoring management's performance. The Board of Directors meets periodically during our fiscal year to review significant developments affecting us and to act on matters requiring the Board of Directors approval. The Board of Directors held five meetings during 2021 and acted four times by unanimous written consent; the Audit Committee held five meetings and acted two times by unanimous written consent; the Compensation Committee held two meetings and acted five times by unanimous written consent; and the Governance and Sustainability Committee held three meetings. During 2021, each member of the Board of Directors participated in at least 75% of the aggregate of all meetings of the Board of Directors and of all meetings of committees on which such member served that were held during the period in which such director served.

## Board Attendance at Annual Meeting of Stockholders

Our policy is to invite and encourage each member of our Board of Directors to be present at our Annual Meeting. All of our then-serving directors attended our last Annual Meeting of Stockholders held on June 2, 2021.

## Presiding Director of Non-Employee Director Meetings

The non-employee directors meet in regularly scheduled executive sessions without management to promote open and honest discussion. Mr. Sarnoff, Co-Chairperson of the Board of Directors, is the presiding director at these meetings.

## Communication with Directors

Stockholders and interested parties who wish to communicate with our Board of Directors, non-management members of our Board of Directors as a group, a committee of the Board of Directors or a specific member of our Board of Directors (including our Co-Chairpersons or lead independent director, if any) may do so by letters addressed to the attention of our Corporate Secretary.

All communications are reviewed by the Corporate Secretary and provided to the members of the Board of Directors consistent with a screening policy providing that unsolicited items, sales materials, and other routine items and items unrelated to the duties and responsibilities of the Board of Directors not be relayed on to directors.

The address for these communications is:

Corporate Secretary
Chegg, Inc
3990 Freedom Circle
Santa Clara, CA 95054

## Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees. Our Code of Business Conduct and Ethics is posted on the Investor Relations section of our website located at https://investor.chegg.com, under “Corporate Governance.” To satisfy the disclosure requirement under Item 5.05 of Form 8-K, any amendments or waivers of our Code of Business Conduct and Ethics pertaining to a member of our Board of Directors or one of our executive officers will be disclosed on our website at the above-referenced address.

Chegg

# Nomination Process and Director Qualification

## Nomination to the Board of Directors

Candidates for nomination to our Board of Directors are selected by our Board of Directors based on the recommendation of our Governance and Sustainability Committee in accordance with such committee's charter, our Certificate of Incorporation and Bylaws, our Corporate Governance Guidelines and any criteria adopted by our Board of Directors regarding director candidate qualifications. In recommending candidates for nomination, the Governance and Sustainability Committee considers candidates recommended by directors, officers, employees, stockholders and others, using the same criteria to evaluate all candidates. Evaluations of candidates generally involve a review of background materials, internal discussions and interviews with selected candidates as appropriate and, in addition, the committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees.

Additional information regarding the process for properly submitting stockholder nominations for candidates for membership on our Board of Directors is set forth below under "Stockholder Proposals to Be Presented at the Next Annual Meeting."

## Director Qualifications

With the goal of developing a diverse, experienced and highly-qualified Board of Directors, the Governance and Sustainability Committee is responsible for developing and recommending to our Board of Directors the desired qualifications, expertise and characteristics of members of our Board of Directors that the committee believes must be met by a committee-recommended nominee for membership to our Board of Directors and any specific qualities or skills that the committee believes are necessary for one or more of the members of our Board of Directors to possess.

Since the identification, evaluation and selection of qualified directors is a complex and subjective process that requires consideration of many intangible factors, and will be significantly influenced by the particular needs of the Board of Directors from time to time, our Board of Directors has not adopted a specific set of minimum qualifications, qualities or skills that are necessary for a nominee to possess, other than those that are necessary to meet U.S. legal and regulatory requirements, the listing rules of the NYSE, and the provisions of our Certificate of Incorporation, Bylaws, Corporate Governance Guidelines, and charters of the board committees. In addition, neither our Board of Directors nor our Governance and Sustainability Committee has a formal policy with regard to the consideration of diversity in identifying nominees. When considering candidates for nomination, the Governance and Sustainability Committee may take into consideration many factors, including, among other things, a candidate's independence, integrity, skills, financial and other expertise, breadth of experience, knowledge about our business or industry and ability to devote adequate time and effort to responsibilities of the Board of Directors, in the context of its existing composition. Through the nomination process, the Governance and Sustainability Committee seeks to promote board membership that reflects a diversity of business experience, expertise, viewpoints, personal backgrounds and other characteristics that are expected to

contribute to the Board of Directors overall effectiveness. The brief biographical description of the nominees set forth in Proposal No. 1 below includes the primary individual experience, qualifications, attributes and skills of each director nominee that led to the conclusion that such director nominee should serve as a member of our Board of Directors at this time.

## Director Orientation and Continuing Education

Our director orientation program familiarizes new directors with the Company's businesses, strategies and policies, and assists them in developing the skills and knowledge required for their service on the Board of Directors and assigned committees. All directors are invited to attend the orientation program. From time to time, management provides, or invites outside experts to provide, educational briefings to the Board of Directors on business, corporate governance, regulatory and compliance matters and other topics to help enhance skills and knowledge relevant to their service as a Chegg director.

## Board Evaluations

Each year, our directors complete an assessment of Board of Directors and committee performance through evaluations facilitated by our Governance and Sustainability Committee and our outside counsel. The assessment includes a written evaluation, as well as director interviews conducted by our outside counsel and the Chair of our Governance and Sustainability Committee and one-on-one interview sessions with only our outside counsel. The evaluation and interview process is designed to assess board and committee meeting content, structure, processes, practices, and performance, an individual director’s own performance as well as the performance of such director’s fellow board members, and the leadership structure of the Board of Directors and its committees. To protect the anonymity and the integrity of the Board of Directors and committee evaluation process, our outside counsel compiles the information obtained in the evaluations and interviews into a report for review by our Governance and Sustainability Committee. The Governance and Sustainability Committee and the full Board of Directors then discusses the results of the evaluations and determines if any follow-up actions are appropriate. If follow-up action is needed, the Board of Directors and any applicable committee develops a plan to address matters raised in the report, as appropriate.

Chegg

# Proposal One

## Election of Directors

Our Board of Directors currently consists of ten directors and is divided into three classes, with each class serving for three years and with the terms of office of the respective classes expiring in successive years. Directors in Class III will stand for election at this meeting. The terms of office of directors in Class I and Class II do not expire until the Annual Meetings of Stockholders to be held in 2023 and 2024, respectively. At the recommendation of our Governance and Sustainability Committee, our Board of Directors proposes that each of the four Class III nominees named below be elected as a Class III director for a three-year term expiring at the Annual Meeting of Stockholders to be held in 2025 and until such director's successor is duly elected and qualified, or until such director's earlier resignation or removal.

Shares of our common stock represented by proxies will be voted **"FOR"** the election of each of the four nominees named below, unless the proxy is marked to withhold authority to so vote. If any of the nominees for any reason are unable to serve or for good cause will not serve, the proxies may be voted for such substitute nominee as the proxy holder may determine. Each nominee has consented to being named in this proxy statement and to serve if elected. Proxies may not be voted for more than four directors. Stockholders may not cumulate votes in the election of directors.

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## Nominees to the Board of Directors

The nominees, and their ages, occupations, and length of service on our Board of Directors are provided in the table below. Additional biographical descriptions of each nominee are set forth in the text below the table. This description includes the primary individual experience, qualifications, qualities and skills of the nominees that led to the conclusion that the nominees should serve as members of our Board of Directors at this time.

| Name of Director/Nominee | Age | Principal Occupation | Director Since |
|---|---|---|---|
| **Sarah Bond**(1) | 43 | Corporate Vice President, Gaming Ecosystem of Microsoft | December 2020 |
| **Marcela Martin**(2)(4) | 50 | Chief Financial Officer of Squarespace Corporation | September 2021 |
| **Melanie Whelan**(1) | 44 | Managing Director of Summit Partners | June 2019 |
| **John (Jed) York**(1)(3) | 41 | Chief Executive Officer of the San Francisco 49ers | June 2013 |

(1) Member of the Compensation Committee

(2) Member of the Audit Committee

(3) Member of the Governance and Sustainability Committee.

(4) Ms. Martin was appointed to the Board of Directors and to the Audit Committee on September 15, 2021.

Member of Compensation Committee

**DIRECTOR SINCE:**

2020

# Sarah Bond

Sarah Bond has served on our Board of Directors since December 2020. Since June 2020, Ms. Bond has served as the Corporate Vice President, Gaming Ecosystem at Microsoft Corporation, a technology company, and from April 2017 to June 2020 Ms. Bond served as the Corporate Vice President of Gaming Partnerships and Business Development. Previously, Ms. Bond served in several senior roles at T-Mobile USA Inc., a telecommunications company, including as Senior Vice President of Emerging Businesses from August 2013 to September 2015, and Chief of Staff to the CEO from March 2011 to July 2013. Ms. Bond started her career as an Associate Partner at McKinsey & Company, a consulting firm. Ms. Bond currently serves on the Board of Directors of the Entertainment Software Association (ESA) and at Zuora Inc. Ms. Bond holds a B.A. in economics from Yale University and an M.B.A. from Harvard Business School.

***We believe that Ms. Bond should continue to serve on our Board of Directors due to her extensive experience in leadership positions at technology companies.***

Member of Audit Committee

**DIRECTOR SINCE:**

2021

## Marcela Martin

Marcela Martin brings extensive experience in the finance, tech and media industries and has served on our board of directors since September 2021. Ms. Martin has served as Chief Financial Officer at Squarespace Corporation since November 2020 and was previously the Senior Vice President and Chief Financial Officer from January 2019 to November 2020 at Booking.com. Previously, Ms. Martin served as the Executive Vice President and Chief Financial Officer of National Geographic Partners from January 2016 to December 2018. From 2003 to 2007, Ms. Martin was Vice President and Deputy Chief Financial Officer for Fox International Channels and Executive Vice President and Chief Financial Officer from 2007 to 2016. Ms. Martin currently serves on the boards of directors of Avalara, Inc. and Cvent, Inc. Ms. Martin holds a B.S. in Business Administration from the University of Moron, Argentina and an M.B.A. from the University of Liverpool, United Kingdom.

***We believe that Ms. Martin should continue to serve on our Board of Directors due to her extensive financial experience through her service as a Chief Financial Officer of public and private entities.***

Member of Compensation Committee

**DIRECTOR SINCE:**

2019

## Melanie Whelan

Melanie Whelan has served on our Board of Directors since June 2019. Ms. Whelan has served as a Managing Director at Summit Partners, a growth equity investment firm, since June 2020 and served as an Executive in Residence from January 2020 to June 2020. Previously, Ms. Whelan served as Chief Executive Officer of SoulCycle Inc., an indoor cycling fitness company, from June 2015 to November 2019 and as Chief Operating Officer from April 2012 until May 2015. Prior to joining SoulCycle, Ms. Whelan was Vice President of Business Development at Equinox Holdings, Inc., a luxury fitness company, from January 2007 to April 2012. Prior to Equinox, she also held leadership positions with Virgin Management, where she was on the founding team of Virgin America, and with Starwood Hotels & Resorts, a hospitality company. Ms. Whelan currently serves on the Board of Trustees of Southern New Hampshire University. Ms. Whelan holds a B.A. in Engineering and Economics from Brown University.

***We believe that Ms. Whelan should continue to serve on our Board of Directors due to her extensive experience in business operations, international growth, and consumer marketing.***

Member of Compensation Committee (Chair) and Governance and Sustainability Committee

**DIRECTOR SINCE:**
2013

## John (Jed) York

John York has served on our Board of Directors since June 2013. Since February 2012, Mr. York has served as the Chief Executive Officer of the San Francisco 49ers, a professional football team in the National Football League, where he previously served as Team President from 2008 to February 2012 and as Vice President of Strategic Planning from 2005 to 2008. Prior to those roles, Mr. York served as a financial analyst at Guggenheim Partners. Mr. York holds a B.A. in Finance from the University of Notre Dame.

***We believe that Mr. York should continue to serve on our Board of Directors due to his extensive leadership experience and strong corporate development background.***

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## Continuing Directors

The directors who are serving for terms that end in 2023 and 2024, and their ages, principal occupations and length of service on our Board of Directors are provided in the table below. Additional biographical descriptions of each continuing director are set forth in the text below the table. These descriptions include the primary individual experience, qualifications, qualities and skills of each continuing director that led to the conclusion that each director should continue to serve as a member of our Board of Directors at this time.

| Name of Director | Age | Principal Occupation | Director Since |
|---|---|---|---|
| **CLASS I DIRECTORS - TERMS EXPIRING 2023:** | | | |
| **Renee Budig**[1] | 61 | Officer of Paramount Streaming (a division of Paramount Global Inc. (formerly CBS Interactive, a division of CBS | November 2015 |
| **Dan Rosensweig**[2] | 60 | President, Chief Executive Officer and Co-Chairperson | March 2010 |
| **Ted Schlein**[1][4] | 58 | General Partner of Kleiner Perkins | December 2008 |
| **CLASS II DIRECTORS - TERMS EXPIRING 2024:** | | | |
| **Paul LeBlanc**[4] | 64 | President of Southern New Hampshire University | July 2019 |
| **Marne Levine**[3][4] | 51 | Chief Business Officer of Meta Platforms, Inc. | May 2013 |
| **Richard Sarnoff**[1][2] | 60 | Partner and Chairman of Media, Entertainment and Education, Americas of Kohlberg, Kravis, Roberts & Co. L.P. and Co-Chairperson of Chegg, Inc. | August 2012 |

(1) Member of the Audit Committee.

(2) Co-Chairperson of the our Board of Directors.

(3) Member of the Compensation Committee.

(4) Member of the Governance and Sustainability Committee.

Member of Audit Committee (Chair)

**DIRECTOR SINCE:**
2015

## Renee Budig

Renee Budig has served on our Board of Directors since November 2015. From September 2012 to January 2021, Ms. Budig served as the Executive Vice President and Chief Financial Officer of Paramount Streaming, a division of Paramount Global Inc. (formerly CBS Interactive, a division of CBS Inc.), an online content network for information and entertainment, and from 2010 to September 2012, Ms. Budig served as Chief Financial Officer of Hightail, Inc. (formerly branded YouSendIt and acquired by OpenText), a cloud service that allowed users to send, receive, digitally sign and synchronize files. From 2006 to 2010, Ms. Budig was the Vice President of Finance at Netflix, Inc., a multinational provider of on-demand Internet streaming media. Ms. Budig currently serves on the board of directors of iRhythm Technologies. Ms. Budig holds a B.S. in Business Administration from the University of California, Berkeley.

***We believe that Ms. Budig should continue to serve on our Board of Directors due to her extensive background in consumer technology companies and her financial expertise through her service as a Chief Financial Officer.***

**DIRECTOR SINCE:**
2010

## Dan Rosensweig

Dan Rosensweig has served as our President and Chief Executive Officer since February 2010, as Co-Chairperson of our Board of Directors since July 2018, and served as the Chairperson of our Board of Directors from March 2010 to July 2018. From 2009 to 2010, Mr. Rosensweig served as President and Chief Executive Officer of RedOctane, a business unit of Activision Publishing, Inc. and developer, publisher, and distributor of Guitar Hero. From 2007 to 2009, Mr. Rosensweig was an Operating Principal at the Quadrangle Group, a private investment firm. From 2002 to 2009, Mr. Rosensweig served as Chief Operating Officer of Yahoo! Inc., an internet content and service provider. Prior to serving at Yahoo!, Mr. Rosensweig served as the President of CNET Networks and prior to that as Chief Executive Officer and President of ZDNet, until it was acquired by CNET Networks. Mr. Rosensweig currently serves on the boards of directors of Adobe Systems Inc., Rent-the-Runway, Inc. and FabFitFun, Inc. Mr. Rosensweig holds a B.A. in Political Science from Hobart and William Smith Colleges.

***We believe that Mr. Rosensweig should continue to serve on our Board of Directors due to the perspective and experience he brings as our Chief Executive Officer and his extensive experience with high-growth consumer internet and media companies.***

Member of Audit Committee and Governance and Sustainability Committee

**DIRECTOR SINCE:**
2008

## Ted Schlein

Ted Schlein has served on our Board of Directors since December 2008. Mr. Schlein has served as a General Partner of Kleiner Perkins, a venture capital firm, since November 1996. Mr. Schlein is also Chairman and a General Partner of Ballistic Ventures. From 1986 to 1996, Mr. Schlein served in various executive positions at Symantec Corporation, a provider of internet security technology and business management technology solutions, including as Vice President of Enterprise Products. Mr. Schlein currently serves on the boards of directors of a number of privately held companies. Mr. Schlein holds a B.A. in Economics from the University of Pennsylvania.

***We believe that Mr. Schlein should continue to serve on our Board of Directors due to his extensive experience working with technology companies.***

Member of Governance and Sustainability Committee

**DIRECTOR SINCE:**

2019

## Paul LeBlanc

Paul LeBlanc has served on our Board of Directors since July 2019. Since 2003, Mr. LeBlanc has served as the President of Southern New Hampshire University, a private non-profit university. From 1996 to 2003, Mr. LeBlanc served as the President of Marlboro College, a private liberal arts college. Prior to Marlboro College, Mr. LeBlanc served as Director of Sixth Floor Media, a division of Houghton Mifflin Harcourt, Publishing Company. Mr. LeBlanc holds a B.A. in English from Framingham State University, a M.A. in English Language, Literature and Letters from Boston College, and a Ph.D. in Rhetoric, Composition and Technology from the University of Massachusetts, Amherst.

***We believe that Mr. LeBlanc should continue to serve on our Board of Directors due to his extensive experience in the education sector and with technological innovation in higher***

Member of Compensation Committee and Governance and Sustainability Committee (Chair)

**DIRECTOR SINCE:**

2013

## Marne Levine

Marne Levine brings extensive experience in the policy, communication, and technology fields, and has served on our board of directors since May 2013. Since June 2021, Ms. Levine has served as the Chief Business Officer at Meta Platforms, Inc. (doing business as Meta and formerly known as Facebook, Inc.), a social media company, and served as the Vice President of Global Partnerships, Business and Corporate Development from February 2019 to June 2021. Previously, Ms. Levine served as Chief Operating Officer of Instagram from December 2015 to February 2019 where she was responsible for helping to scale the company's business and operations globally and turn Instagram from a beloved app into a thriving business. She joined Meta in 2010 as Meta's first Vice President of Global Policy, a position she held for four years. Prior to Meta, Ms. Levine served in the Obama Administration as Chief of Staff of the National Economic Council (NEC) at the White House and Special Assistant to the President for Economic Policy. From 2006-2008, Ms. Levine was Head of Product Management for Revolution Money, an early-stage start-up working on person-to-person online money transfers, which was ultimately sold to American Express. Prior to this, she served as Chief of Staff to Larry Summers, then President of Harvard University. Ms. Levine began her career in 1993 at the United States Department of Treasury under President Bill Clinton where she held several leadership positions. She holds a B.A. in political science and communications from Miami University and an M.B.A. from Harvard Business School.

***We believe that Ms. Levine should continue to serve on our Board of Directors due to her extensive experience in the policy, communications and technology fields.***

Member of Audit Committee

**DIRECTOR SINCE:**

2012

## Richard Sarnoff

Richard Sarnoff has served on our Board of Directors since August 2012 and as a Co-Chairperson of our Board of Directors since July 2018. He was named Chairman of Media, Entertainment and Education for KKR's Private Equity platform in the Americas in 2022. From 2014 through 2021, he served first as Managing Director and then as Partner and Head of the Media and Communications industry group, leading investments in the Media, Telecom, Information Services, Digital Media and Education sectors in the US. From 2011 to 2014, Mr. Sarnoff was a Senior Adviser to KKR. Until 2011, Mr. Sarnoff was a longstanding senior executive at Bertelsmann AG, Europe's largest media company, where he served in the early 2000s as EVP and Chief Financial Officer of Bertelsmann's book publishing division, Random House, during which time he also Chaired the Association of American Publishers (AAP). In 2006, Mr. Sarnoff established Bertelsmann's digital media arm, BDMI, and as President oversaw the corporation's global investment activities in digital media. In 2008, Mr. Sarnoff was named Co-Chairman of Bertelsmann's US holding company, Bertelsmann Inc., and served on the Supervisory Board of Bertelsmann AG for six years. Mr. Sarnoff currently serves on the boards of directors of Internet Brands/WebMD, Inkling Holdings, AST SpaceMobile and EMSI Burning Glass, as well as numerous not-for-profit organizations. Mr. Sarnoff holds a BA from Princeton University in Art History and an MBA from Harvard University.

***We believe that Mr. Sarnoff should continue to serve on our Board of Directors due to his extensive experience serving in senior leadership roles in media and digital technology companies.***

**There are no familial relationships among our directors and officers.**

## Director Compensation

We compensate our non-employee directors with a combination of cash and equity. The form and amount of compensation paid to our non-employee directors for serving on our Board of Directors and its committees is designed to be competitive in light of industry practices and the obligations imposed by such service. In order to align the long-term interests of our directors with those of our stockholders, a portion of director compensation is provided in equity-based compensation. The value of the annualized compensation of our non-employee directors is targeted to be approximately at 50% and 75% of a peer group of similarly-sized technology companies with similar business and financial characteristics for cash and equity, respectively. The director compensation practices of this peer group of companies was the benchmark used when considering the competitiveness of our non-employee director compensation in 2021. Our Compensation Committee's independent compensation consultant, FW Cook, collected and developed the competitive data and analyses for benchmarking independent director compensation.

### Annual Fees

Our non-employee directors were compensated in 2021 as follows:

- an annual cash retainer for serving on our Board of Directors of $40,000;
- an annual cash retainer for serving in a non-chair position on the Audit Committee of $10,000, on the Compensation Committee of $10,000 and on the Governance and Sustainability Committee of $10,000; and
- an annual cash retainer for serving as the Chair of the Audit Committee of $20,000, for serving as the Chair of the Compensation Committee of $20,000 and for serving as the Chair of Governance and Sustainability Committee of $20,000.

We pay the annual retainer fee and any additional fees to each director in arrears in equal quarterly installments.

### Equity Awards

Our non-employee director equity compensation policy provides that annually each non-employee director will be granted, immediately following our Annual Meeting of Stockholders, a Restricted Stock Unit Award ("RSU") having a fair market value on the date of grant equal to $200,000 that vests in full on the one-year anniversary of the date of grant. Upon Ms. Martin's initial appointment to the Board of Directors, she, as a non-employee director, was granted RSUs having a fair market value on the grant date equal to $200,000 that vests in equal quarterly installments for 36 months after completion of each full quarter of continuous service after the grant date.

In connection with the adoption of the Co-Chairperson of the Board structure we adopted a compensation program to provide for an initial RSU grant for a non-employee Co-Chairperson of the Board, having a fair market value on the grant date equal to $150,000 that vests in full on the one-year anniversary of the date of grant. This grant is in addition to any other annual board service compensation. Upon completion of each full year of service, each non-employee Co-Chairperson of the Board of Directors will be granted, immediately following our Annual Meeting of Stockholders, additional RSUs having a fair market value on the date of grant equal to $150,000 that vests in full on the one-year anniversary of the date of grant. Awards granted to non-employee directors under the policies described above will accelerate and vest in full in the event of a change of control. In addition to the awards provided for above, non-employee directors are eligible to receive discretionary equity awards.

Non-employee directors receive no other form of remuneration, perquisites or benefits, but are reimbursed for their expenses in attending meetings, including travel, meals and other expenses incurred to attend meetings solely among the non-employee directors.

### Stock Ownership Guidelines for Directors

In 2019, our Board of Directors established minimum Stock Ownership Guidelines for non-employee directors (the "Director Stock Ownership Guidelines") that require each director to own Chegg equity having a value of at least three times his or her base annual cash retainer of $40,000. Each non-employee director who was a director at the time the Director Stock Ownership Guidelines were adopted has until May 2023 to reach this ownership level. Each director elected after the establishment of the Director Stock Ownership Guidelines has five years from the year elected to reach the ownership level.

The following table provides information for the year ended December 31, 2021 regarding all compensation awarded to, earned by or paid to each person who served as a non-employee director for some portion or all of 2021. Mr. Rosensweig, our current President, Chief Executive Officer and Co-Chairperson of the Board of Directors, did not receive any compensation for his service as a director during the fiscal year ended December 31, 2021.

## 2021 Director Compensation Table

| Name | Fees Earned or Paid in Cash ($) | All Other Compensation ($) | RSU Awards ($)(1) | Option Awards ($)(1) | Total ($) |
|---|---|---|---|---|---|
| **Sarah Bond** | 50,000 | — | 199,934 | — | 249,934 |
| **Renee Budig** | 60,000 | — | 199,934 | — | 259,934 |
| **Paul LeBlanc** | 50,000 | — | 199,934 | — | 249,934 |
| **Marne Levine** | 70,000 | — | 199,934 | — | 269,934 |
| **Marcela Martin**(2) | 14,583 | — | 199,944 | — | 214,527 |
| **Richard Sarnoff** | 50,000 | — | 349,866 | — | 399,866 |
| **Ted Schlein** | 60,000 | — | 199,934 | — | 259,934 |
| **Melanie Whelan** | 50,000 | — | 199,934 | — | 249,934 |
| **John (Jed) York** | 70,000 | — | 199,934 | — | 269,934 |

(1) Amounts shown in this column do not reflect dollar amounts actually received by non-employee directors. Instead these amounts reflect the aggregate grant date fair value calculated in accordance with Financial Accounting Standards Board, Accounting Standards Codification Topic 718, Compensation-Stock Compensation, (formerly SFAS 123R) ("ASC 718"), for awards granted during 2021. During 2021, each non-employee member of the Board of Directors, who were directors as of the close of our 2021 Annual Meeting of Stockholders on June 2, 2021, were granted an RSU award covering 2,619 shares of our common stock with an aggregate grant date fair value of $199,934. Due to Richard Sarnoff's appointment as non-executive Co-Chairperson of the Board, Mr. Sarnoff received an additional RSU award covering 1,964 shares of our common stock with an aggregate grant date fair value of $149,932. Concurrent with Marcela Martin's election as a member of our Board of Directors on September 15, 2021, she was granted an RSU award covering 3,194 shares of our common stock with an aggregate grant date fair value of $199,944. The grant date fair value for RSUs was determined using the closing share price of our common stock on the date of grant. For information on other valuation assumptions with respect to stock awards, refer to notes 2 and 15 of the notes to consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. There can be no assurance that this grant date fair value will ever be realized by the non-employee director.

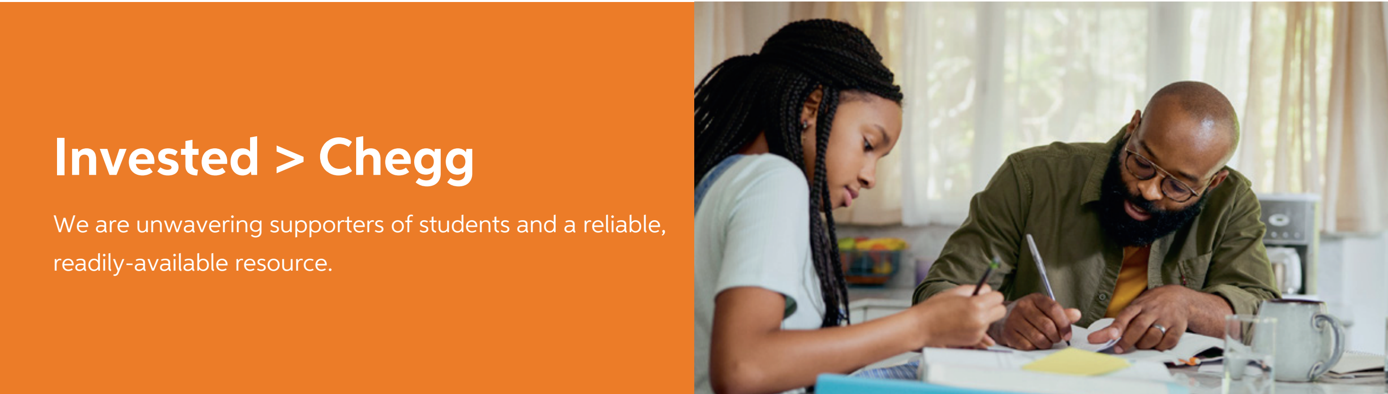
(2) Ms. Martin was appointed to the Board of Directors effective September 15, 2021. Her cash fees were pro-rated for her service during 2021.

Our non-employee directors held the following number of stock options and unvested RSU awards as of December 31, 2021.

| Name | Option Awards | RSU Awards |
|---|---|---|
| **Sarah Bond** | — | 4,246 |
| **Renee Budig** | 43,445 | 2,619 |
| **Paul LeBlanc** | — | 4,373 |
| **Marne Levine** | 144,467 | 2,619 |
| **Marcela Martin**(1) | — | 3,194 |
| **Richard Sarnoff** | — | 4,583 |
| **Ted Schlein** | — | 2,619 |
| **Melanie Whelan** | — | 3,950 |
| **John (Jed) York** | 80,456 | 2,619 |

(1) Ms. Martin was appointed to the Board of Directors effective September 15, 2021.

**Our Board of Directors recommends a vote "FOR" the election of each of the four director nominees.**



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# Proposal Two

## Non-Binding Advisory Vote on Executive Compensation

In accordance with Section 14A of the Securities Exchange Act of 1934 and the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), enacted on July 21, 2010, we are required to seek, on a non-binding advisory basis, stockholder approval of the compensation of our named executive officers as described in this proxy statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on the compensation of our named executive officers.

### Compensation Program and Philosophy

Our executive compensation program is designed to:

- Attract, motivate and retain highly-qualified executive officers in a competitive market;
- Provide compensation to our executives that are competitive and reward the achievement of challenging business objectives; and
- Align our executive officers' interests with those of our stockholders by providing a significant portion of total compensation in the form of equity awards.

Our Board of Directors believes that our current executive compensation program has been effective at aligning our executive officers' interests with those of our stockholders. Stockholders are urged to read the "Executive Compensation" section of this proxy statement, which further discusses how our executive compensation policies and procedures implement our compensation philosophy and contains tabular information and narrative discussion about the compensation of our named executive officers.

The Compensation Committee and the Board of Directors believe that these policies and procedures are effective in implementing our compensation philosophy and in achieving our goals. Accordingly, we are asking our stockholders to indicate their support for the compensation of our named executive officers as described in this proxy statement by voting in favor of the following resolution:

"RESOLVED, that the stockholders approve, on a non-binding advisory basis, the compensation of Chegg, Inc.'s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables, and the accompanying narrative disclosures set forth in the proxy statement relating to Chegg, Inc.'s 2022 Annual Meeting of Stockholders."

**Our Board of Directors recommends a vote "FOR" the approval of the compensation of our named executive officers as disclosed in this proxy statement.**

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# Proposal Three

## Ratification of Independent Registered Public Accounting Firm

Our Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. Our Audit Committee has selected Deloitte & Touche LLP ("Deloitte") as our principal independent registered public accounting firm to perform the audit of our consolidated financial statements for fiscal year ending December 31, 2022. As a matter of good corporate governance, our Audit Committee has decided to submit its selection of its principal independent registered public accounting firm to stockholders for ratification. In the event that the appointment of Deloitte is not ratified by our stockholders, the Audit Committee will review its future selection of Deloitte as our principal independent registered public accounting firm.

Deloitte audited our financial statements for the fiscal year ended December 31, 2021. Representatives of Deloitte are expected to be present at the Annual Meeting, and they will be given an opportunity to make a statement at the meeting if they desire to do so, and will be available to respond to appropriate questions.

### Independent Registered Public Accounting Firm's Fees Report

We regularly review the services and fees of our independent registered public accounting firm. These services and fees are also reviewed with our Audit Committee annually.

In addition to performing the audit of our consolidated financial statements, Deloitte, the member firm of Deloitte Touche Tohmatsu Limited and their respective affiliates (the "Deloitte Group"), provided various other services during 2021 and 2020. Our Audit Committee has determined that the Deloitte Group's provisioning of these services, which are described below, does not impair Deloitte's, or the Deloitte Group's, independence from Chegg.

**Fees Paid to Independent Registered Public Accounting Firm**

Fees billed to us by the Deloitte Group for services rendered in 2021 and 2020 totaled $5,591,237 and $2,884,211, respectively, and consisted of the following:

| Fees Billed to Chegg | Fiscal Year 2021 | Fiscal Year 2020 |
|---|---|---|
| Audit fees | $ 3,312,309 | $ 2,709,400 |
| Audit related fees | 2,116,848 | — |
| Tax fees | 162,080 | 174,811 |
| All other fees | — | — |
| Total fees | $ 5,591,237 | $ 2,884,211 |

### Audit Fees

Audit Fees include the aggregate fees incurred for the audits of the annual consolidated financial statements and the effectiveness of our internal control over financial reporting, including accounting consultations, comfort procedures related to our equity and convertible senior notes offerings, and the reviews of our quarterly financial statements. In addition, this category also includes fees for services that were incurred in connection with statutory and regulatory filings or engagements.

### Audit-Related Fees

Audit-related fees include the aggregate fees incurred for acquisition related financial due diligence services.

### Tax Fees

Tax fees primarily included tax compliance, tax advisory and consulting services.

## All Other Fees

The Company paid no other fees to the Deloitte Group during the fiscal years ended December 31, 2021 and 2020.

**Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

Our Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. Our Audit Committee may also pre-approve particular services on a case-by-case basis. All of the services relating to the fees described in the table above were approved by our Audit Committee.

**Our Board of Directors recommends a vote "FOR" approval of Proposal No. 3.**

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# Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of April 4, 2022 by:

- each stockholder known by us to be the beneficial owner of more than 5% of our common stock;
- each of our directors or director nominees;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

Percentage ownership of our common stock is based on 126,681,792 shares of our common stock outstanding on April 4, 2022. We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. We have deemed shares of our common stock subject to equity awards that are currently vested or will become vested within 60 days of April 4, 2022 to be outstanding and to be beneficially owned by the person holding the award for the purpose of computing the percentage ownership of that person but have not treated them as outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each of the individuals and entities named below is c/o Chegg, Inc., 3990 Freedom Circle, Santa Clara, California 95054.

| Name of Beneficial Owner | Number of Shares Beneficially Owned | Percentage Owned |
|---|---|---|
| **NAMED EXECUTIVE OFFICERS AND DIRECTORS:** | | |
| Dan Rosensweig[1] | 1,590,792 | 1.3% |
| Andrew Brown[2] | 114,753 | * |
| Nathan Schultz[3] | 140,211 | * |
| Esther Lem[4] | 98,339 | * |
| John Fillmore[5] | 64,691 | * |
| Renee Budig[6] | 72,836 | * |
| Paul LeBlanc[7] | 15,528 | * |
| Marcela Martin[8] | 532 | * |
| Marne Levine[9] | 155,664 | * |
| Richard Sarnoff[10] | 207,283 | * |
| Ted Schlein[11] | 270,207 | * |
| Melanie Whelan[12] | 12,526 | * |
| John (Jed) York[13] | 108,367 | * |
| Sarah Bond[14] | 3,635 | * |
| **5% STOCKHOLDERS:** | | |
| Baillie Gifford & Co[16] | 19,009,007 | 15.0% |
| The Vanguard Group, Inc.[17] | 12,163,467 | 9.6% |
| BlackRock, Inc.[18] | 6,673,444 | 5.3% |

* Represents beneficial ownership of less than 1% of our outstanding shares of common stock.

(1) Consists of (a) 1,504,774 shares held by Mr. Rosensweig, (b) 25,000 shares held by The Rosensweig Family Revocable Trust U/A/D 03-12-07 where Mr. Rosensweig is a Co-Trustee, (c) 48,842 shares held by The Rosensweig 2012 Irrevocable Children's Trust U/A/D 11-06-12 where Mr. Rosensweig is a Co-Trustee, and (d) 12,176 restricted stock units held by Mr. Rosensweig that will vest within 60 days of April 4, 2022.

(2) Consists of (a) 88 shares held by Mr. Brown, (b) 108,843 shares held by The Andy and Pam Brown Family Trust where Mr. Brown is a Co-Trustee, and (c) 5,822 restricted stock units held by Mr. Brown that will vest within 60 days of April 4, 2022.

(3) Consists of (a) 133,945 shares held by Mr. Schultz and (b) 5,822 restricted stock units held by Mr. Schultz that will vest within 60 days of April 4, 2022.

(4) Consists of (a) 94,443 shares held by Ms. Lem and (b) 3,896 restricted stock units held by Ms. Lem that will vest within 60 days of April 4, 2022.

(5) Consists of (a) 60,459 shares held by Mr. Fillmore, and (b) 4,232 restricted stock units held by Mr. Fillmore that will vest within 60 days of April 4, 2022.

(6) Consists of (a) 26,772 shares held by Ms. Budig, (b) 43,445 shares subject to stock options held by Ms. Budig that are exercisable within 60 days of April 4, 2022, and (c) 2,619 restricted stock units held by Ms. Budig that will vest within 60 days of April 4, 2022.

(7) Consists of (a) 12,325 shares held by Mr. LeBlanc and (b) 3,203 restricted stock units that will vest within 60 days of April 4, 2022.

(8) Consists of (a) 226 shares held by Ms. Martin and (b) 266 restricted stock units that will vest within 60 days of April 4, 2022. Ms. Martin was appointed to our Board of Directors on 9/15/2021.

(9) Consists of (a) 8,578 shares held by Ms. Levine, (b) 144,467 shares subject to stock options held by Ms. Levine that are exercisable within 60 days of April 4, 2022, and (c) 2,619 restricted stock units that will vest within 60 days of April 5, 2021.

(10) Consists of (a) 202,700 shares held by Mr. Sarnoff, and (b) 4,583 restricted stock units that will vest within 60 days of April 4, 2022.

(11) Consists of (a) 187,118 shares held by Mr. Schlein, (b) 80,470 shares held by the Schlein Family Trust dated April 20, 1999, and (c) 2,619 restricted stock units that will vest within 60 days of April 4, 2022.

(12) Consists of (a) 9,907 shares held by Ms. Whelan and (b) 2,619 restricted stock units that will vest within 60 days of April 4, 2022.

(13) Consists of (a) 25,292 shares held by Mr. York, (b) 80,456 shares subject to stock options held by Mr. York that are exercisable within 60 days of April 4, 2022, and (c) 2,619 restricted stock units that will vest within 60 days of April 4, 2022.

(14) Consists of (a) 1,016, shares held by Ms. Bond, and (b) 2,619 restricted stock units held by Ms. Bond that will vest within 60 days of April 4, 2022.

(15) Consists of (a) 2,531,292 shares, (b) 268,368 shares subject to stock options that are exercisable within 60 days of April 4, 2022, and (c) 55,714 restricted stock units which are subject to vesting conditions expected to occur within 60 days of April 4, 2022, each of which are held by our directors and officers as a group.

(16) Consists of 19,009,007 shares of Chegg's common stock beneficially owned as of December 31, 2021, based on a Schedule 13G/A filed with the SEC on January 11, 2022, by Baillie Gifford & Co. In such filing, Baillie Gifford & Co. lists its address as Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, UK, and indicates that it has solve voting power with respect to 17,178,825 shares of Chegg's common stock, shared voting power with respect to 0 shares of Chegg's common stock, sole dispositive power with respect to 19,009,007 shares of Chegg's common stock, and shared dispositive power with respect to 0 shares of Chegg's common stock. Securities reported on the Schedule 13G/A as being beneficially owned by Baillie Gifford & Co. are held by Baillie Gifford & Co. and/or one or more of its investment adviser subsidiaries, which may include Baillie Gifford Overseas Limited, on behalf of investment advisory clients, which may include investment companies registered under the Investment Company Act, employee benefit plans, pension funds or other institutional clients.

(17) Consists of 12,163,467 shares of Chegg's common stock beneficially owned as of December 31, 2021, based on a Schedule 13G/A filed with the SEC on February 9, 2022, by The Vanguard Group. In such filing, The Vanguard Group lists its address as 100 Vanguard Blvd., Malvern, PA 19355, and indicates that it has sole voting power with respect to 0 shares of Chegg's common stock, shared voting power with respect to 83,143 shares of Chegg's common stock, sole dispositive power with respect to 12,163,467 shares of Chegg's common stock, and shared dispositive power with respect to 206,724 shares of Chegg's common stock.

(18) Consists of 6,673,444 shares of Chegg's common stock beneficially owned as of November 20, 2021, based on a Schedule 13G/A filed with the SEC on December 10, 2021, by Blackrock, Inc. In such filing, Blackrock, Inc. lists its address as 55 East 52nd Street, New York, NY 10055, and indicates that it has sole voting power with respect to 6,206,496 shares of Chegg's common stock, shared voting power with respect to 0 shares of Chegg's common stock, sole dispositive power with respect to 6,673,444 shares of Chegg's common stock, and shared dispositive power with respect to 0 shares of Chegg's common stock.

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# Our Management

The names of our executive officers, their ages as of April 4, 2022, and their positions are shown below.

| Name | Age | Position(s) |
|---|---|---|
| **Dan Rosensweig** | 59 | President, Chief Executive Officer and Co-Chairperson |
| **Andrew Brown** | 61 | Chief Financial Officer |
| **Nathan Schultz** | 43 | President of Learning Services |
| **John Fillmore** | 41 | President of Chegg Skills |
| **Esther Lem** | 65 | Chief Marketing Officer |

The Board of Directors chooses executive officers, who then serve at the discretion of the Board of Directors. There are no familial relationships between any of our executive officers and directors.

For information regarding Mr. Rosensweig, please refer to "Proposal No. 1 –Election of Directors" above.

***Andrew Brown*** has served as our Chief Financial Officer since October 2011. From 2004 to 2009, Mr. Brown served as the Chief Financial Officer of Palm, Inc., a smartphone provider. Mr. Brown was semi-retired following his departure from Palm before he joined us. Prior to serving at Palm, Mr. Brown served as the Chief Financial Officer of Pillar Data Systems, Inc., a computer data storage company, Legato Systems, Inc., a storage management company subsequently acquired by Dell EMC (formerly EMC Corporation), and ADPT Corporation (formerly Adaptec, Inc.). Mr. Brown also serves on the business school advisory board at Eastern Illinois University. Mr. Brown holds a B.S. in accounting from Eastern Illinois University.

***Nathan Schultz*** has served as our President of Learning Services since December 2018 and previously served as our Chief Learning Officer from June 2014 until December 2018, our Chief Content Officer from May 2012 until June 2014, our Vice President of Content Management from 2010 to May 2012 and our Director of Textbook Strategy from 2008 to 2010. Prior to joining us, Mr. Schultz served in various management positions at R.R. Bowker LLC, a provider of bibliographic information and management solutions; Monument Information Resource, a marketing intelligence resource acquired by R.R. Bowker; Pearson Education, an education publishing and assessment service; and Jones & Bartlett Learning LLC, a division of Ascend Learning Company and provider of education solutions. Mr. Schultz holds a B.A. in History from Elon University.

***John Fillmore*** has served as our President of Chegg Skills since September 2020 and previously served as our Chief Business Officer from December 2018 until September 2020, our Chief of Business Operations from October 2015 to December 2018 and our Business Leader for Required Materials from June 2013 to October 2015. Prior to Chegg, Mr. Fillmore's experience included service at Bain & Company, a management consulting firm, and as Chief Deputy Director for the Office of Planning and Research

under then-California Governor Arnold Schwarzenegger, where he focused on education and economic development. Mr. Fillmore holds a B.S. from the University of Oregon Robert D. Clark Honors College and an M.B.A. from Harvard Business School.

***Esther Lem*** has served as our Chief Marketing Officer since December 2010. In 2009, Ms. Lem served as the Vice President, Hair Projects, Global Hair Category at Unilever N.V., a global supplier of food, home and personal care products. From 2000 to 2009, Ms. Lem served as the Vice President of Brand Development for Unilever North America on the deodorants and hair categories, a division of Unilever. Prior to 2000, Ms. Lem served as the Vice President of Marketing for Unilever Canada. Ms. Lem also currently serves on the Board of Directors of Aceable, Inc., an online provider of licensing courses. Ms. Lem holds an Honors Business Administration degree (H.B.A.) in business from the University of Western Ontario.

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# Executive Compensation

## Compensation Discussion and Analysis

### EXECUTIVE SUMMARY

In this Compensation Discussion and Analysis, we address our compensation program for our executive officers and specifically the compensation paid or awarded to the following executive officers of our Company for the year ended December 31, 2021 who are listed in the Summary Compensation Table that follows this discussion and who we refer to as our "named executive officers" or "NEOs":

| Name | Title |
|---|---|
| **Dan Rosensweig** | President, Chief Executive Officer and Co-Chairperson |
| **Andrew Brown** | Chief Financial Officer |
| **Nathan Schultz** | President of Learning Services |
| **John Fillmore** | President of Chegg Skills |
| **Esther Lem** | Chief Marketing Officer |

References in this section to "fiscal year 2021," "fiscal year 2020" and "fiscal year 2019" refer to our fiscal years ended December 31, 2021, December 31, 2020, and December 31, 2019 respectively.

**Business Overview**

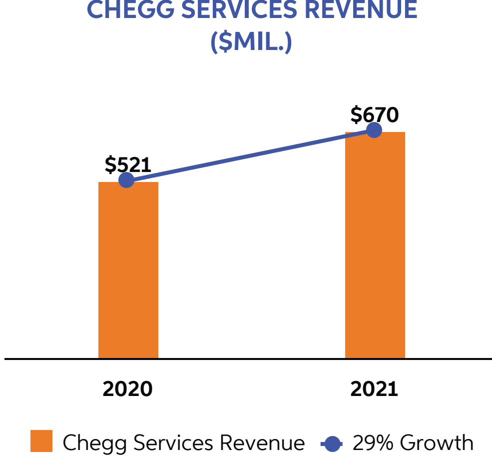
Chegg's mission is to improve learning and learning outcomes by putting students first. We strive to improve the overall return on investment in education by helping learners learn more in less time and at lower cost. We support life-long learners starting with their academic journey and extending into their careers. The Chegg platform provides products and services to support learners to help them better understand their academic course materials, and also provides personal and professional development skills training, to help them achieve their learning goals.

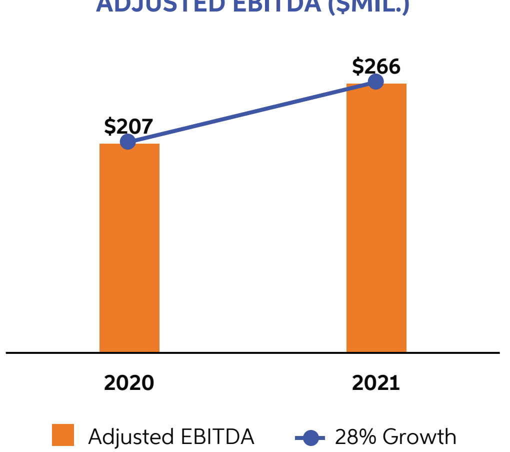
**Performance Highlights**

During 2021, Chegg performed well in a difficult operating environment. As students returned to in-person school in the fall of 2021, we started to see a slowdown in the education industry as a result of the COVID-19 pandemic, which resulted in a decline in traffic to education technology services, such as the ones we provide. A combination of COVID-19 variants, increased employment opportunities and compensation, along with remote learning fatigue, all led to significantly fewer enrollments than expected, and those students who enrolled were taking fewer and less rigorous classes. These industry-wide headwinds resulted in a deceleration in the growth rates of our services and revenue on an annual basis, and decline in our stock price during the year. However, we exited the year with a reacceleration of growth in Chegg Services subscribers and our retention rates were at an all-

time high providing momentum for future value creation. We also continue to invest in international expansion, content quality, subject matter expansion, personalization, and discovery to keep adding more value for students and create bigger opportunities for Chegg.

Total revenue grew more than 20% to $776 million, Services revenue increased 29% to $670 million, Adjusted EBITDA margin expanded by over 200 basis point to 34%, and resulting Adjusted EBITDA to $266 million was up 28% year-over-year; all records for Chegg.



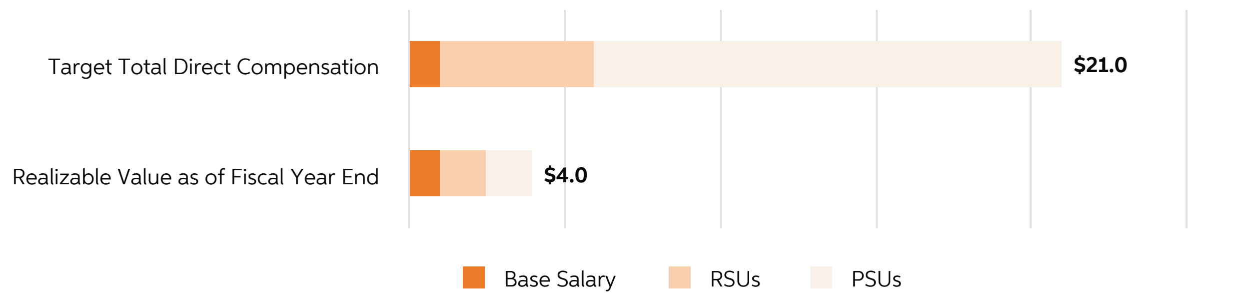




**Compensation Highlights**

The Compensation Committee maintained the same annual cycle equity grant mix in 2021 as in 2020: 50% restricted stock units ("RSUs") and 50% performance-based restricted stock units ("PSUs"). In addition, during 2021, the Compensation Committee approved the grant of special total shareholder return PSUs (the "TSR PSUs") that were designed to incentivize our executives' long-term engagement driving the next phase of our growth and support retention. The TSR PSUs are eligible to be earned based on share price growth over a three-year performance period (subject to a four-year time-vesting period from the grant date). None of the performance goals for the TSR PSUs had been achieved as of December 31, 2021.

Chegg achieved records for Chegg Services Revenue and Adjusted EBITDA during 2021, performing at targets set in our annual PSUs ("2021 PSUs"), and our NEOs performance-based compensation was paid accordingly. Based on achievement of 99.8% and 96.7% of our targets for 2021 Services Revenue and Adjusted EBITDA, respectively, our 2021 PSUs were earned at 98.3% of target.

In addition, by delivering the vast majority of our CEO's and NEOs compensation in the form equity, the value ultimately realized by our executives continues to be closely linked to our stock price performance. As of December 31, 2021, the CEO's "realizable value" of compensation is only 19% of target, demonstrating this alignment between pay and performance.



Target total direct compensation reflects salary and grant date fair value of 2021 equity awards, including RSUs, 2021 PSUs and TSR PSUs. Realizable value reflects salary and value of equity awards of Chegg's closing stock price of $30.70 on December 31 2021, with the 2021 PSUs earned at 98.3% of target and TSR PSUs earned at 0% of target.

Adjusted EBITDA is a non-GAAP financial measure. We define "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, net, acquisition-related compensation costs, transitional logistics charges, and restructuring charges. For a reconciliation of net loss to EBITDA or Adjusted EBITDA prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), please refer to Appendix A to this proxy statement.

**Stockholder Engagement and Results of 2021 Stockholder Advisory Vote on Executive Compensation**

We value the input of our stockholders on our compensation program, and we critically assess our compensation program taking into account such input. We regularly engage with our stockholders on a variety of issues, including their views on our executive compensation practices. We hold an advisory vote on executive compensation, or a say-on-pay vote, on an annual basis. At the Annual Meeting of Stockholders on June 2, 2021, 95% of the votes cast were in favor of our advisory vote to approve our executive compensation program. The Compensation Committee reviewed the advisory vote result as part of its 2021 executive compensation decisions and considered the vote to be supportive of our compensation practices.

We expect to continue our dialogue with stockholders and take their feedback into account when evaluating our executive compensation program going forward.

**Compensation Practices**

We designed our executive compensation program with the intention of aligning pay with performance while balancing risk and reward. To help us accomplish these key objectives, we have adopted the following policies and practices:

- Pay-for-Performance
- Prioritize stockholder alignment with a high percent of pay mix allocated to equity compensation, half of which is performance-conditioned for our executive officers
- Use a representative and relevant peer group for assessing compensation
- Consider stockholder dilution and burn rate in our equity compensation decisions
- Include caps on individual payouts in incentive plans
- Maintain a recoupment policy on cash or equity incentive awards in the event of a financial restatement
- Maintain stock ownership guidelines for our executive officers and non-employee directors
- Maintain a Compensation Committee comprised solely of independent directors
- Retain an independent compensation consultant
- Conduct ongoing stockholder outreach
- Conduct an annual Say-On-Pay Vote

**What We Don't Do**

- Provide guaranteed annual salary increases or bonuses
- Provide excise tax gross-ups
- Provide defined benefit or contribution retirement plans or arrangements, other than our Section 401(k) plan which is generally available to all employees
- Provide excessive benefits and/or perquisites to our executive officers, including retiree post-termination benefits
- Include "single-trigger" vesting change of control provisions in equity awards
- Allow hedging or monetization transactions, such as zero cost collars and forward sale transactions

## PROCESS FOR SETTING EXECUTIVE COMPENSATION

**Compensation Philosophy and Objectives**

Our executive compensation program is designed to:

- Attract, motivate and retain highly-qualified executive officers in a competitive market;
- Reward the achievement of challenging business objectives; and
- Align our executive officers' interests with those of our stockholders by providing a significant portion of total compensation in the form of equity awards.

We operate in a fast-paced, innovative education software and services industry, which is an emerging category with very few public company peers in the United States. We are the largest direct-to-student education learning platform. Our executive team possesses a unique mix of education software industry experience and the ability to scale for high growth and profitability. Our leaders are difficult to replace, and we compete for talent in the highly competitive San Francisco Bay Area market. To retain key talent and remain competitive in our labor market, we provide compensation to our employees that recognizes and incentivizes high performance.

Our total direct compensation to our executive officers consists of two components: base salary and equity incentive compensation. Our base salaries provide a stable source of income and keep our compensation competitive. Our time and performance-based equity compensation provides an incentive for our executive officers to achieve both short-term and long-term corporate goals. We generally do not grant cash bonuses to our executives. We believe that allocating a meaningful percentage of compensation to equity-based opportunities motivates our executive officers to create long-term stockholder value. Our total direct compensation is generally targeted at market competitive ranges, and while competitive market data informs the pay decisions of the Compensation Committee, it is not the determinative factor in setting our executives' compensation. In setting compensation levels, the Compensation Committee further takes into account our financial and market performance on an absolute basis and relative to our peer group, as well as individual factors, including but not limited to job responsibilities and complexity of the role, contributions to Chegg, market competition for talent, experience and tenure.

**Role of Our Compensation Committee, Management and Independent Compensation Consultant**

***Role of Our Compensation Committee***

The Compensation Committee is responsible for developing, implementing, and overseeing our compensation and benefit programs and policies, including administering our equity incentive plans. On an annual basis, the Compensation Committee reviews and approves compensation decisions relating to our executive officers, including our CEO; taking into consideration compensation on a role-specific basis as well as relative to positions at a similar level and for the executive team overall; and our corporate financial performance and overall financial condition.

The Compensation Committee also evaluates risk as it relates to our compensation programs, including our executive compensation program. As discussed under "Risk Considerations" below, the Compensation Committee does not believe that our compensation and benefits programs and policies encourage excessive or inappropriate risk taking.

***Role of Our Management***

Our CEO reviews the annual performance of each executive (except his own performance) and makes recommendations to the Compensation Committee regarding each executive's base salary and equity compensation (other than for himself). The Compensation Committee may modify individual compensation levels and components for executive officers and is not bound to accept our CEO's recommendations.

***Role of Our Independent Compensation Consultant***

For fiscal year 2021, the Compensation Committee retained Frederic W. Cook & Co., Inc. ("FW Cook") as its independent compensation consultant. The Compensation Committee determined that FW Cook is an independent compensation advisor including for purposes of the Dodd-Frank Act and other applicable SEC and NYSE regulations. During fiscal year 2021, FW Cook was retained to review our compensation philosophy and objectives, to develop a compensation peer group, to gather and

analyze compensation data for our compensation peer group, to evaluate compensation practices and pay levels for our executives and non-employee directors, to review certain compensation arrangements with our executives, and to assist with our disclosure in this Compensation Discussion and Analysis. In the course of fulfilling these responsibilities, representatives of FW Cook attended Compensation Committee meetings and met with management from time to time to gather relevant information. FW Cook performs no other services for us, other than its work for the Compensation Committee and only reports to the Compensation Committee and does not provide services to our management.

***2021 Compensation Peer Group***

Our Compensation Committee generally considers market data compiled by FW Cook to better inform its determination of the key components of our executive compensation program and to develop a program that it believes will enable us to compete effectively for new executives and retain existing executives. In general, this market data consists of compensation information from both broad-based third-party compensation surveys and a compensation “peer group.” Our peer group for purposes of making determinations with respect to 2021 compensation consists of software companies that are similar to us in revenue, market capitalization, market capitalization to revenue ratio, growth, and relevant geographic locations where we compete for executive talent (generally San Francisco Bay Area, Los Angeles, and New York).

### PEER GROUP CRITERIA

| GICS Industries | Financial Profile |
|---|---|
| Application Software | 1/3x to 3x Chegg Total Revenues |
| Internet & Direct Marketing Retail | 1/4x to 4x Chegg Market Capitalization |
| Interactive Media & Services | >3.0 Market Cap to Revenue Ratio |
| Internet Services & Infrastructure | >10% Revenue Growth |
| Interactive Home Entertainment | |
| Systems Software | |

Each year, the Compensation Committee, with the assistance of FW Cook, conducts an annual review of the compensation levels and practices of our peer companies. As part of the review, the Compensation Committee assesses our compensation peer group to ensure the constituents continue to generally meet the selection criteria listed above. For the 2021 compensation peer group, Forescout Technologies and Instructure were removed due to being taken private; 8x8, Stamps.com, and Yelp were removed due to lagging financial size and/or growth expectations; and Dropbox was added.

For our 2021 compensation decisions, our compensation peer group consisted of the 20 companies set forth below:

| | | |
|---|---|---|
| 2U, Inc. | Guidewire Software, Inc. | Qualys, Inc. |
| Alteryx, Inc. | LivePerson, Inc. | Ring Central, Inc. |
| Box, Inc. | MongoDB, Inc. | The Trade Desk Inc. |
| Cornerstone OnDemand, Inc. | New Relic, Inc. | Twilio, Inc. |
| Coupa Software Inc. | Nutanix, Inc. | Zendesk, Inc. |
| Dropbox | Okta, Inc. | Zillow Group, Inc. |
| Etsy, Inc. | Paylocity Holding Corporation | |

The Compensation Committee also references surveys from a third-party compensation consultancy survey covering general technology companies with annual revenues between $500 million and $1 billion. These surveys, as well as the peer group information, serve as data points in determining the appropriate pay mix and overall compensation, but the Compensation Committee does not benchmark its compensation to any particular level or against any specific member of our compensation peer group or such surveys.

## ELEMENTS OF FISCAL YEAR 2021 COMPENSATION

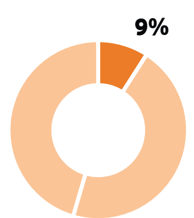
**Fiscal Year 2021 Pay Mix**

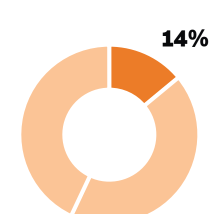
Consistent with our compensation philosophy and objectives, we provide compensation to our CEO and our executive officers in the form of base salaries, RSUs and PSUs. We generally do not provide annual cash incentive opportunities to our executive officers, which are typically provided by our peer companies, as our equity incentive compensation is intended to tie the majority of our executive officer's pay to the delivery of long-term stockholder value. In fiscal year 2021, we also granted special TSR PSUs in addition to the 2021 PSUs. Our 2021 PSUs include a one-year performance period to incentivize the achievement of critical short-term goals and we include a multi-year time-based vesting component to these awards to keep the focus on the creation of long-term stockholder value. As discussed in further detail below, the TSR PSUs include a three-year performance period coupled with a four-year time-vesting period. Excluding the TSR PSUs, equity compensation in fiscal year 2021 constitutes 91% of the total pay mix for our CEO and 86% on average for our other NEOs. Our CEO has a higher proportion of his total direct compensation compensation in the form of equity awards since he has greater authority and responsibility to take actions that will impact our share price.

We are experts and you can trust us.

### 2021 Total Direct Compensation and Target Pay Mix[1]

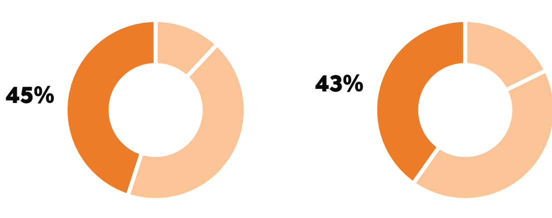
**Base Salary**




Fixed cash compensation component based on the market-competitive value of the executive's responsibilities and individual performance.

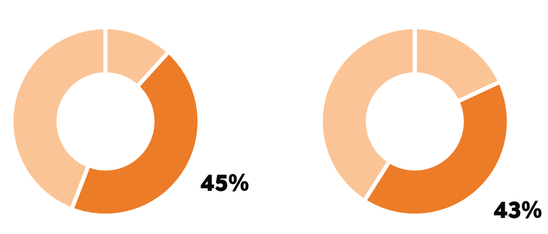
**Time-Based RSUs**




Represents 50% of the target long-term incentive value of our annual equity awards (excluding the TSR PSUs).

Intended to provide retention value and align the interests of executives and stockholders. Awards vest one-third on the first anniversary of grant date and the balance in equal quarterly installments over the next 24 months.

**Performance-Based RSUs**




Represents 50% of the target long-term incentive value of our annual equity awards (excluding the TSR PSUs).

Designed to motivate and reward executives to drive critical annual performance goals with a multi-year service vesting requirement that aligns long-term interests of executives and stockholders. Performance is measured based on two equally weighted financial metrics in 2021, (1) Chegg Services Revenue and (2) Adjusted EBITDA. To the extent performance is achieved, vests one-third upon the certification of performance results or one-year anniversary of grant date, whichever is later, and in equal quarterly installments over the next 24 months.

(1) Target pay mix represents annual base salary rates as of the fiscal year end, RSUs at grant date fair value, and PSUs at grant date fair value, assuming the target performance level is achieved. The graphics above do not include the TSR PSUs, which, if included, would result in a greater overall weighting of PSUs within the pay mix.

### Base Salaries

We pay an annual base salary to each of our executive officers in order to attract and retain executive talent and provide them with a fixed and stable rate of cash compensation during the year. Base salaries for our executive officers are reviewed by the Compensation Committee (annually, or, on occasion, semi-annually) during the first or last quarter of the calendar year. The Compensation Committee takes into consideration a variety of factors when determining base salary adjustments, including our compensation objectives, each executive's responsibilities and individual performance, and the compensation peer group and third-party survey market analysis provided by FW Cook.

During the first quarter of 2021, the Compensation Committee determined to make no changes to the salaries of the NEOs for 2021.

| Named Executive Officer | 2021 Salary |
|---|---|
| **Dan Rosensweig** | $1,000,000.00 |
| **Andrew Brown** | $750,000.00 |
| **Nathan Schultz** | $750,000.00 |
| **John Fillmore** | $650,000.00 |
| **Esther Lem** | $550,000.00 |

### Equity Incentive Compensation

The Compensation Committee believes that equity compensation should represent a significant amount of our executive officers' total compensation so that the interests of our executive officers are aligned with those of our stockholders. The Compensation Committee determines the amount of equity compensation appropriate for each NEO based on a variety of factors, including our compensation objectives; corporate operational and financial performance and relative stockholder return; each executive's responsibilities; the compensation peer group and third-party survey market analysis provided by FW Cook; historical equity grants and equity holdings; and internal parity and, for executive officers other than the CEO, recommendations from the CEO.

Executive officers are initially granted an equity award, generally in the form of RSUs, when they join us, based on their position and their relevant prior experience. These initial RSUs vest over four years and no shares vest before the one-year anniversary of the date of grant. We spread the vesting of new hire equity grants over four years to compensate our executives for their contributions over time and to encourage retention and focus on long-term value creation. Thereafter, equity awards are generally granted annually to eligible executive officers around March of each year. The Compensation Committee has the discretion to grant equity awards in addition to these annual grants based on, among other factors, changes in job responsibilities, performance and experience, or material changes in market compensation. No new hires were made to our NEOs in 2021.

In March 2021, the Compensation Committee granted annual cycle long-term equity compensation to our NEOs with a target mix of 50% RSUs and 50% PSUs. The Compensation Committee believes that a 50/50 mix of time-based and performance-based equity awards for 2021 continues to be the most effective incentive for driving and rewarding achievement of short-term company objectives while also creating long-term incentives to sustain that performance and supporting the retention of our executive officers. The Compensation Committee routinely evaluates and considers the type of awards granted under our equity incentive program and may, in the future, decide that other types of awards or a different mix of awards are appropriate to provide incentives to our executive officers. As discussed further below, the Committee also granted a one-time award of TSR PSUs during 2021.

#### *Restricted Stock Units*

We grant RSUs because they provide retentive value for our executive officers and are linked to creating stockholder value as the award value increases with our stock price appreciation. On March 1, 2021, we granted RSUs to each of our NEOs vesting one-third on the first anniversary of the grant date and the remaining amount vesting in equal quarterly installments over the next 24 months, conditioned on the executive officer's service up to and through the applicable vesting dates.

#### *Performance-Based Restricted Stock Units*

We grant PSUs because they are linked to stockholder value creation, like RSUs, but are also leveraged to our financial performance and allow us to set appropriate annual goals that we believe are critical to drive long-term success. On March 1, 2021, the Compensation Committee granted PSUs to our NEOs subject to the achievement of certain financial performance goals and conditioned on the executive officer's service up to and through the applicable multi-year, time-based vesting dates.

These PSUs will be earned and eligible to vest contingent on the achievement of two equally weighted performance metrics: (1) fiscal year 2021 Chegg Services Revenue and (2) fiscal year 2021 Adjusted EBITDA (both as defined below). These two metrics

were selected because the Compensation Committee believes that Chegg Services Revenue growth and Adjusted EBITDA, a non-GAAP measure of profitability, are the most important drivers of stockholder value for Chegg in 2021 as they are primary components of our overall revenue growth and profitability. The selection of these two measures as PSU metrics ensures our executive officers are incentivized in accordance with the long-term interests of our stockholders. The performance metrics and their timing are synchronized with the board-approved corporate strategic plan and associated metrics and targets.

We currently use a one-year performance period (with a multi-year time-based vesting schedule) for our annual cycle PSUs to allow us the flexibility to set appropriate annual goals to drive stockholder value given our high growth expectations and the rapidly changing nature of the industry in which we operate. As discussed below, the TSR PSUs are subject to a three-year performance period and a four-year time-vesting period.

Upon the determination of the level of attainment of the performance metrics, a percentage of PSUs will be earned based on actual achievement and will be eligible to vest over a three-year time-based vesting schedule. Any PSUs that are not earned will be forfeited at the end of the performance period and will not be eligible to vest. One-third of the earned PSUs vest on the later of the one-year anniversary of the grant date or the date our Compensation Committee determines the performance metrics have been met, the “Initial Vesting Date.” The remaining earned PSUs vest in quarterly installments over the 24 months following the Initial Vesting Date. Vesting is subject to the executive officer’s continued service up to and through the applicable vesting dates. The time-based vesting element of the achieved 2021 PSUs provides additional retention of our executive officers and alignment with stockholders on creating long-term value.

The number of PSUs that may be earned range from 0% to 150% of the total number of shares subject to the PSU award depending on the level of performance achieved for each goal. No payout will be made for performance below the threshold level. The metrics are equally weighted (each representing 50% of the target number of shares) and measured separately, and the resulting number of earned PSUs with respect to each metric are added together for the total number of earned PSUs that are eligible to vest over time. If actual performance falls between the threshold, target, or maximum levels, linear interpolation will be used to determine the number of PSUs earned, as set forth in the table below:

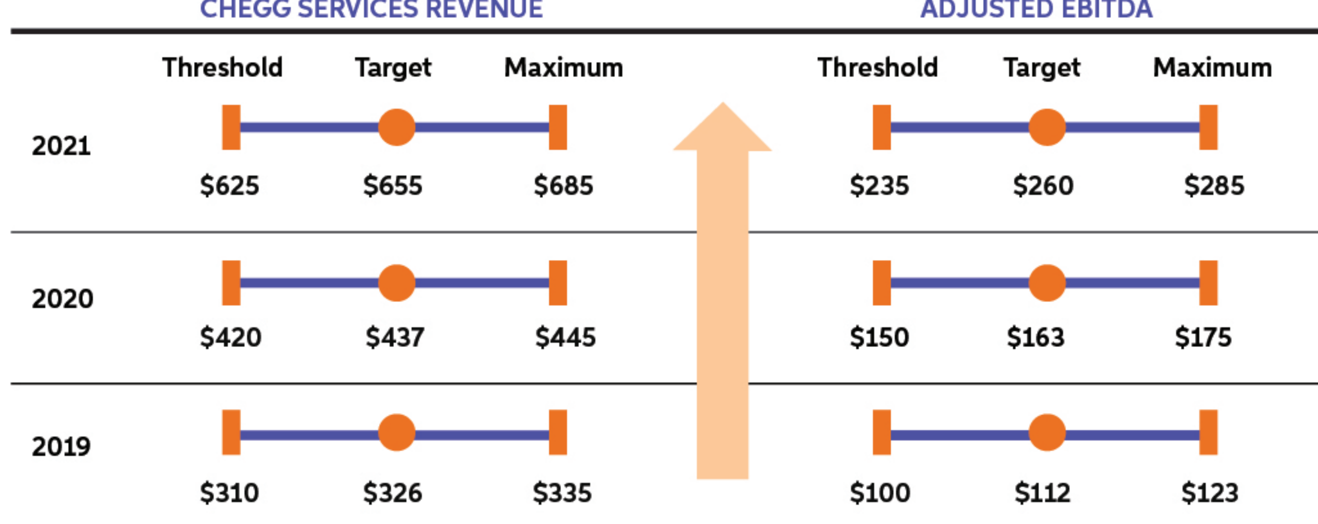
| Performance Level | Threshold | Target | Maximum |
|---|---|---|---|
| Payout % of Award | 50% | 100% | 150% |
| Chegg Services Revenue | $ 625,000,000 | $ 655,000,000 | $ 685,000,000 |
| Adjusted EBITDA* | $ 235,000,000 | $ 260,000,000 | $ 285,000,000 |

*Adjusted EBITDA is a financial measure not prepared in accordance with GAAP.

“Chegg Services Revenue” encompasses all revenue other than revenue derived from our Required Materials products and consists primarily of Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, Thinkful, and Mathway.

“Adjusted EBITDA” means earnings before interest, taxes, depreciation and amortization, or EBITDA, adjusted for print textbook depreciation expense and to exclude share-based compensation expense, other income, net, acquisition-related compensation costs, transitional logistics charges, and restructuring charges. For a reconciliation of net loss to EBITDA or Adjusted EBITDA prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), please refer to **Appendix A** to this proxy statement.

The Compensation Committee recognizes the importance of establishing rigorous but realistic performance targets with respect to our annual cycle PSUs in order to motivate executives to drive strong performance that translates to long-term value creation for stockholders. Chegg has continued its high growth and the Compensation Committee has established increasing targets for Chegg Services Revenue and Adjusted EBITDA for each of the last three annual PSU cycles consistent with our high growth trajectory.




***Total Shareholder Return PSU Awards***

On March 1, 2021, the Compensation Committee approved the grant of the TSR PSUs. In determining to grant the TSR PSUs, the Compensation Committee considered the importance of retaining the executive team to lead an extended period of strong performance, increasing the retention value of the team's equity, and continuing to drive performance through our executive compensation program. Each of our NEOs was granted TSR PSUs. The value of the TSR PSUs at "target" was the same as the combined value of the 2021 RSUs and 2021 PSUs at "target". The Compensation Committee balanced the aggregate target value of the TSR PSUs with their longer-term performance period and considered that the TSR PSUs will deliver no value to our executives unless our stockholders recognize meaningful value.

The TSR PSUs are 100% performance-based such that no portion of the TSR PSUs will vest unless we achieve the TSR goals discussed below. By linking the executives' compensation to the performance of the Company's stock price so that the executives do not realize value with respect to the TSR PSUs unless all the Company's stockholders benefit from substantial value creation, the TSR PSUs are designed to ensure that the executives are aligned with stockholder interests going forward.

The performance goals can be achieved at any point during the three year performance period of March 1, 2021 through February 29, 2024. The performance goal is measured by calculating the percentage of growth of our share price from $99.05, or the Beginning Stock Price, which was the closing trading price of our common stock on the March 1, 2021 date of grant. For this growth calculation, we calculate the percentage growth from our Beginning Stock Price to any consecutive 60-trading day average during the performance period. The TSR PSUs are eligible to vest based on the Company's absolute TSR during the three-year performance period, as follows:

| | TSR PSUs | |
|---|---|---|
| | **TSR %** | **PSUs Earned %*** |
| **Maximum** | +75% | 150% |
| **Target** | +50% | 100% |
| **Threshold** | +25% | 50% |

* Linear interpolation applies between threshold and target and target and maximum.

Any earned TSR PSUs will vest 50% on March 8, 2024 (shortly following the end of the performance period), and 50% on March 8, 2005. None of the TSR PSUs had been earned as of December 31, 2021.

***2021 Long-Term Incentive Awards***

The grant date fair value calculated in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 718 ("ASC 718") of the annual cycle RSUs and PSUs plus TSR PSUs is set forth in the table below, denominated at target payout levels.

| | Number of Shares Granted | | | Grant Date Fair Value of Awards | | |
|---|---|---|---|---|---|---|
| Named Executive Officer | Time-Vesting RSUs | PSUs (Target) | TSR PSUs (Target) | Time-Vesting RSUs | PSUs (Target) | TSR PSUs (Target) |
| **Dan Rosensweig** | 50,480 | 50,480 | 97,248 | $5,000,044 | $4,999,978 | $9,999,457 |
| **Andrew Brown** | 25,240 | 25,240 | 48,624 | $2,500,022 | $2,499,956 | $4,999,694 |
| **Nathan Schultz** | 25,240 | 25,240 | 48,624 | $2,500,022 | $2,499,956 | $4,999,694 |
| **John Fillmore** | 20,192 | 20,192 | 38,899 | $2,000,018 | $1,999,952 | $3,999,755 |
| **Esther Lem** | 16,153 | 16,153 | 31,119 | $1,599,955 | $1,599,988 | $3,199,777 |

***Fiscal Year 2021 Performance-Based Restricted Stock Units Payout***

In February 2022, the Compensation Committee certified our financial performance in 2021 with respect to the 2021 PSU metrics. We achieved $669.9 million in Chegg Services Revenue, resulting in a payout percentage of 99.8% of Target of the 2021 Chegg Services Revenues performance goal and we achieved $265.9 million in Adjusted EBITDA, resulting in an attainment of 96.7% of Target of the 2021 Adjusted EBITDA performance goal. The weighted average of the percentage achieved for the two annual cycle 2021 PSU metrics was 98.3% of Target.

The 2021 PSUs that were earned vest over a three-year, time-based vesting schedule as follows: one-third vested on March 1, 2022 and the remaining earned 2021 PSUs vest in quarterly installments over the 24-month period following March 1, 2022. Vesting is subject to the executive officer's continued service up to and through the applicable vesting dates.

| | Number of Fiscal Year 2022 PSUs Earned | | |
|---|---|---|---|
| Named Executive Officer | Chegg Services Revenue (99.8% of Target) | Adjusted EBITDA (96.7% of Target) | Total Number of PSUs Earned (98.3% of Target) |
| **Dan Rosensweig** | 24,214 | 24,419 | 49,633 |
| **Andrew Brown** | 12,607 | 12,209 | 24,816 |
| **Nathan Schultz** | 12,607 | 12,209 | 24,816 |
| **John Fillmore** | 10,085 | 9,767 | 19,853 |
| **Esther Lem** | 8,068 | 7,814 | 15,882 |

## Other Programs and Policies

***Benefits and Perquisites***

Our NEOs participate in the same employee benefit and retirement programs that are generally provided to all other employees, including our 401(k) plan, employee stock purchase plan, health care plans, life insurance plan and other welfare benefit programs. We do not provide additional benefits or perquisites to our NEOs that are not made available to other employees.

***Severance and Change-of-Control Arrangements***

To enable us to attract talented executives, as well as ensure ongoing retention when considering potential corporate transactions that may create uncertainty as to future employment, we offer certain post-employment and change-of-control payments and benefits to certain NEOs. Given the nature and competitiveness of our industry, the Compensation Committee believes these severance and change-of-control protections are essential elements of our NEOs compensation program and assist us in recruiting, retaining and developing key management talent. Our change-of-control benefits are intended to allow key employees, including our NEOs, to focus their attention on the business operations of our Company in the face of the potentially disruptive impact of a rumored, or actual change-of-control transaction, to assess takeover bids objectively without regard to the potential impact on their own job security and to allow for a smooth transition in the event of a change-of-control.

We have entered into an offer letter agreement with Mr. Rosensweig and adopted a Change-of-Control Severance Plan in which each of the NEOs, other than Mr. Rosensweig, participates. These arrangements provide, as applicable, cash severance benefits and equity award vesting acceleration in the event of certain terminations of employment both outside a change-of-control and in connection with a change-of-control (i.e., double-trigger severance protections). We do not provide "single trigger" protections or tax gross-ups if an executive is subject to excise taxes as a result of severance or change-of-control benefits. A detailed description of the terms of Mr. Rosensweig's offer letter and the Change-of-Control Severance Plan can be found under the section titled "Termination and Change-of-Control Arrangements."

***Insider Trading and Hedging Policies***

We have adopted a policy whereby our employees, officers and directors, members of their immediate families and others living in their households and associated entities (e.g. venture capital funds, partnerships, trusts, corporations), and consultants are prohibited from insider trading and hedging our securities. Under this policy, we prohibit any of the individuals from hedging or monetization transactions, such as zero cost collars and forward sale transactions, and transactions relating to the future price of our common stock, such as put or call options and short sales. Additionally, no individual may use Chegg securities as collateral in a margin account or pledge Chegg securities as collateral for a loan or modify an existing pledge unless the individual wishing to pledge securities submits a request for preclearance to the Insider Trading Compliance Officer in advance.

***Rule 10b5-1 Plans***

Certain of our directors and executive officers have adopted written plans, known as Rule 10b5-1 plans, in which they have contracted with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from the director or executive officer. The director or executive officer may amend or terminate the plan in some circumstances. The adoption, amendment, termination and certain other actions with respect to Rule 10b5-1 plans must comply with the terms of our insider trading policy.

***Compensation Recoupment ("Clawback") Policy***

In February 2019, we adopted a compensation recoupment and forfeiture, or "clawback," policy that applies to our executive officers. Under this policy, in the event of a material restatement of financial results, the Board of Directors or Compensation Committee will, in such circumstances as it deems appropriate, recoup or require forfeiture of cash or equity award incentive payments in excess of any compensation that would have been earned by the executive officer based upon the restated financial results.

***Executive Stock Ownership Guidelines***

We maintain stock ownership guidelines for our executive officers. These guidelines are intended to align the economic interests of our executive officers with our stockholders by requiring them to acquire and maintain a meaningful ownership interest in our common stock. Executive officers are required to acquire and hold an amount of our common stock equal to a multiple of base salary within five years of the later of (i) the establishment of our guidelines in 2019 or (ii) the commencement of employment service or promotion into an executive position:

| Position | Stock Ownership Requirement |
| --- | --- |
| CEO | 3x annual cash salary |
| Other Executive Officers | 1x annual cash salary |

As of December 31, 2021, all of our executive officers met such thresholds.

**Accounting and Tax Considerations**

While our Compensation Committee considers the deductibility of awards as one factor in determining executive compensation, the Compensation Committee also looks at other factors in making its decisions, as noted above, and retains the flexibility to award compensation that it determines to be consistent with the goals of our executive compensation program even if the awards are not deductible by us for tax purposes. We account for equity compensation paid to our employees under FASB ASC 718, which requires us to estimate and record an expense over the service period of the award. FASB ASC Topic 710 also requires us to record cash compensation as an expense at the time the obligation is accrued.

**Risk Considerations**

The Compensation Committee has discussed the concept of risk as it relates to our compensation programs, including our executive compensation program, and the Compensation Committee does not believe that our compensation programs encourage excessive or inappropriate risk taking. As described in further detail in this "Compensation Discussion and Analysis," we structure our pay to consist of both fixed and variable compensation. In fiscal year 2021, the Compensation Committee and management considered whether our compensation programs for employees created incentives for employees to take excessive or unreasonable risks that could materially harm our Company. The Compensation Committee believes that our compensation programs are typical for companies in our industry and that the risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

- We structure our compensation programs to consist of both fixed and variable components. The fixed (or base salary) component of our compensation programs is designed to provide income independent of our stock price performance so that employees will not focus exclusively on stock price performance to the detriment of other important business metrics. The variable (time and performance-based equity) components of our compensation programs are designed to reward both short term and long term Company performance, which we believe discourages employees from taking actions that focus only on our short-term success and helps align our employees with our stockholders and our longer-term success. Our restricted stock units have time-based vesting and our performance-based restricted stock units have both a performance and time-based vesting component.
- We maintain internal controls over the measurement and calculation of financial information, which are designed to prevent information from being manipulated by any employee, including our executive officers.
- Our employees are required to comply with our Code of Business Conduct and Ethics, which covers, among other things, accuracy in keeping financing and business records.
- The Compensation Committee approves employee equity award guidelines as well as the overall annual equity pool. Any recommended equity award outside these guidelines requires approval by the CEO, per delegated authority from the Compensation Committee, on a limited basis. We believe that this helps ensure we grant equity compensation appropriately and in a sustainable manner.
- A significant portion of the compensation paid to our executive officers and the members of our Board is in the form of equity awards to align their interests with the interests of stockholders.
- We maintain stock ownership guidelines for our executive officers and the members of our Board to ensure that they retain specified levels of equity in Chegg.

- As part of our Insider Trading Policy, we prohibit the trading of derivatives or hedging transactions involving our securities so that our Board of Directors, executive officers and all other employees cannot insulate themselves from the effects of poor stock price performance or engage in trading that is not aligned with value creation for our stockholders.

## REPORT OF THE COMPENSATION COMMITTEE

*The information contained in the following report of our Compensation Committee is not considered to be "soliciting material," "filed" or incorporated by reference in any past or future filing by us under the Securities Exchange Act of 1934 or the Securities Act of 1933, as amended, unless and only to the extent that we specifically incorporate it by reference.*

The Compensation Committee oversees our compensation policies, plans and benefit programs. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on such review and discussions, the Compensation Committee has recommended to the Board of Directors that the "Compensation Discussion and Analysis" be included in this proxy statement.

**Submitted by the Compensation Committee**

John (Jed) York, Chair
Sarah Bond
Marne Levine
Melanie Whelan

## SUMMARY COMPENSATION

The following table provides information regarding all compensation awarded to, earned by or paid to our NEOs for all services rendered in all capacities to us during fiscal years 2021, 2020 and 2019.

| Name and Principal Position[(1)] | Year | Salary ($) | Stock Awards ($)[(1)] | All Other Compensation ($)[(2)] | Total ($) |
|---|---|---|---|---|---|
| **Dan Rosensweig** | 2021 | 1,000,000 | 19,999,479 | 6,126 | 21,005,605 |
| President and Chief Executive Officer | 2020 | 1,000,000 | 9,374,954 | 6,126 | 10,381,080 |
| | 2019 | 1,000,000 | 8,124,945 | 6,126 | 9,131,071 |
| **Andrew Brown** | 2021 | 750,000 | 9,999,672 | 6,500 | 10,756,172 |
| Chief Financial Officer | 2020 | 652,083 | 4,374,973 | 6,500 | 5,033,556 |
| | 2019 | 600,000 | 3,749,966 | 6,250 | 4,356,216 |
| **Nathan Schultz** | 2021 | 750,000 | 9,999,672 | 4,875 | 10,754,547 |
| President of Learning Services | 2020 | 652,083 | 4,374,973 | 4,875 | 5,031,931 |
| | 2019 | 583,333 | 3,749,966 | 4,750 | 4,338,049 |
| **John Fillmore** | 2021 | 650,000 | 7,999,725 | 4,875 | 8,654,600 |
| President of Chegg Skills | 2020 | 552,083 | 2,999,957 | 4,875 | 3,556,915 |
| | 2019 | 478,333 | 2,624,956 | 4,750 | 3,108,039 |
| **Esther Lem** | 2021 | 550,000 | 6,399,720 | 6,500 | 6,956,220 |
| Chief Marketing Officer | 2020 | 514,583 | 2,999,957 | 6,500 | 3,521,040 |
| | 2019 | 420,833 | 2,249,979 | 6,250 | 2,677,062 |

(1) The amounts reported in this column represent the aggregate grant date fair value of RSU and PSU awards granted under our 2013 Equity Incentive Plan, as computed in accordance with ASC 718. The grant date fair value for market-based conditions was estimated using a Monte Carlo simulation model. For fiscal year 2021, the amounts include PSUs valued at the grant date based upon the target achievement of the performance conditions. The grant date fair values of the annual PSUs for fiscal year 2021 in the table above reflect the target potential value of the PSUs (assuming the target level of performance achievement) and were $4,999,978 for Mr. Rosensweig, $2,499,956 for Mr. Brown, $2,499,956 for Mr. Schultz, $1,999,952 for Mr. Fillmore and $1,599,988 for Ms. Lem. The grant date fair values of the PSU related to TSR performance reflect the target potential value of the PSUs (assuming the target level of performance achievement) and were $9,999,457 for Mr. Rosensweig, $4,999,694 for Mr. Brown, $4,999,694 for Mr. Schultz, $3,999,755 for Mr. Fillmore and $3,199,777 for Ms. Lem.

(2) Represents our contributions to the account under our 401(k) plan for each NEO.

## GRANTS OF PLAN-BASED AWARDS

The following table sets forth certain information regarding grants of plan-based awards to each of our NEOs during fiscal year 2021.

| Name | Grant Date | Board Approval Date | Award Type | Estimated Possible Payout Under Equity Incentive Plan Awards[(1)(2)] | | | All Other Stock Awards: Number of Shares of Stock or Units (#)[(3)] | Market Value of Shares that Have Not Vested ($)[(4)] |
|---|---|---|---|---|---|---|---|---|
| | | | | Threshold (#) | Target (#) | Maximum (#) | | |
| **Dan Rosensweig** | 3/01/2021 | 2/11/2021 | PSU | 25,240 | 50,480 | 75,719 | — | 4,999,978 |
| | 3/01/2021 | 2/11/2021 | PSU - TSR | 48,624 | 97,248 | 145,871 | — | 9,999,457 |
| | 3/01/2021 | 2/11/2021 | RSU | — | — | — | 50,480 | 5,000,044 |
| **Andrew Brown** | 3/01/2021 | 2/11/2021 | PSU | 12,620 | 25,240 | 37,859 | — | 2,499,956 |
| | 3/01/2021 | 2/11/2021 | PSU - TSR | 24,312 | 48,624 | 72,935 | — | 4,999,694 |
| | 3/01/2021 | 2/11/2021 | RSU | — | — | — | 25,240 | 2,500,022 |
| **Nathan Schultz** | 3/01/2021 | 2/11/2021 | PSU | 12,620 | 25,240 | 37,859 | — | 2,499,956 |
| | 3/01/2021 | 2/11/2021 | PSU - TSR | 24,312 | 48,624 | 72,935 | — | 4,999,694 |
| | 3/01/2021 | 2/11/2021 | RSU | — | — | — | 25,240 | 2,500,022 |
| **John Fillmore** | 3/01/2021 | 2/11/2021 | PSU | 10,096 | 20,192 | 30,287 | — | 1,999,952 |
| | 3/01/2021 | 2/11/2021 | PSU - TSR | 19,450 | 38,899 | 58,348 | — | 3,999,755 |
| | 3/01/2021 | 2/11/2021 | RSU | — | — | — | 20,192 | 2,000,018 |
| **Esther Lem** | 3/01/2021 | 2/11/2021 | PSU | 8,077 | 16,153 | 24,230 | — | 1,599,988 |
| | 3/01/2021 | 2/11/2021 | PSU - TSR | 15,560 | 31,119 | 46,679 | — | 3,199,777 |
| | 3/01/2021 | 2/11/2021 | RSU | — | — | — | 16,153 | 1,599,955 |

(1) Upon the achievement by December 31, 2021 of certain Company performance metric measurements approved by the Compensation Committee as described under the heading "Elements of Fiscal Year Compensation-Equity Incentive Compensation-Performance-Based Restricted Stock Units," the PSUs earned with respect to each performance metric vested as to one-third on March 1, 2022 and 8.33% shall vest on each quarterly anniversary thereafter such that the PSUs shall be fully vested on March 1, 2024, subject in each case to the applicable NEO's continued service up to and through the applicable vesting dates.

(2) The shares subject to the PSU-TSR award will be earned only upon achievement by December 31, 2023 of Company performance metrics consisting of Total Shareholder Return as approved by the Compensation Committee. One-half of the achieved shares will vest on March 1, 2024 and the remaining unvested portion of this PSU is scheduled to vest 50% on March 1, 2025, subject to the officer's continued service up to and through the vesting date and the acceleration as described in "Termination and Change-of-Control Arrangements" below.

(3) One-third of the shares vested on March 1, 2022 and 8.33% shall vest on each quarterly anniversary thereafter such that the RSUs shall be fully vested on March 1, 2024. The vesting is subject to continued service through each vesting date.

(4) Reflects the grant date fair value of each equity award at the target performance level computed in accordance with ASC Topic 718 and described in footnote 2 to the Summary Compensation Table. The assumptions used in the valuation of these awards are set forth in the notes to our consolidated financial statements included in our Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2021. These amounts may not correspond to the actual value that may be realized by the NEOs.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

The following table provides information with respect to outstanding equity awards as of December 31, 2021 with respect to our NEOs.

| | | Option Awards | | | | Stock Awards | |
|---|---|---|---|---|---|---|---|
| | | Number of Securities Underlying Unexercised Options | | | | | |
| Name | Grant Date | Exercisable (#) | Unexercisable (#) | Exercise Price ($) | Expiration Date | Number of Shares that Have Not Vested (#) | Value of Shares that Have Not Vested ($)[1] |
| **Dan Rosensweig** | 3/1/2019(2) | — | — | — | — | 6,701 | 205,721 |
| | 3/1/2019(3) | — | — | — | — | 10,052 | 308,596 |
| | 3/1/2020(4) | — | — | — | — | 39,850 | 1,223,395 |
| | 3/1/2020(5) | — | — | — | — | 59,776 | 1,835,123 |
| | 3/1/2021(6) | — | — | — | — | 50,480 | 1,549,736 |
| | 3/1/2021(7) | — | — | — | — | 75,719 | 2,324,573 |
| | 3/1/2021(8) | — | — | — | — | 97,248 | 2,985,514 |
| **Andrew Brown** | 3/1/2019(2) | — | — | — | — | 3,093 | 94,955 |
| | 3/1/2019(3) | — | — | — | — | 4,640 | 142,448 |
| | 3/1/2020(4) | — | — | — | — | 18,597 | 570,927 |
| | 3/1/2020(5) | — | — | — | — | 27,895 | 856,377 |
| | 3/1/2021(6) | — | — | — | — | 25,240 | 774,868 |
| | 3/1/2021(7) | — | — | — | — | 37,859 | 1,162,271 |
| | 3/1/2021(8) | — | — | — | — | 48,624 | 1,492,757 |
| **Nathan Schultz** | 3/1/2019(2) | — | — | — | — | 3,093 | 94,955 |
| | 3/1/2019(3) | — | — | — | — | 4,640 | 142,448 |
| | 3/1/2020(4) | — | — | — | — | 18,597 | 570,927 |
| | 3/1/2020(5) | — | — | — | — | 27,895 | 856,377 |
| | 3/1/2021(6) | — | — | — | — | 25,240 | 774,868 |
| | 3/1/2021(7) | — | — | — | — | 37,859 | 1,162,271 |
| | 3/1/2021(8) | — | — | — | — | 48,624 | 1,492,757 |
| **John Fillmore** | 3/1/2019(2) | — | — | — | — | 2,165 | 66,466 |
| | 3/1/2019(3) | — | — | — | — | 3,248 | 99,714 |
| | 3/1/2020(4) | — | — | — | — | 12,752 | 391,486 |
| | 3/1/2020(5) | — | — | — | — | 19,130 | 587,291 |
| | 3/1/2021(6) | — | — | — | — | 20,192 | 619,894 |

| Name | Grant Date | Option Awards | | | | Stock Awards | |
|---|---|---|---|---|---|---|---|
| | | Number of Securities Underlying Unexercised Options | | | | | |
| | | Exercisable (#) | Unexercisable (#) | Exercise Price ($) | Expiration Date | Number of Shares that Have Not Vested (#) | Value of Shares that Have Not Vested ($)[1] |
| | 3/1/2021(7) | — | — | — | — | 30,287 | 929,811 |
| | 3/1/2021(8) | — | — | — | — | 38,899 | 1,194,199 |
| **Esther Lem** | 3/1/2019(2) | — | — | — | — | 1,856 | 56,979 |
| | 3/1/2019(3) | — | — | — | — | 2,784 | 85,469 |
| | 3/1/2020(4) | — | — | — | — | 12,752 | 391,486 |
| | 3/1/2020(5) | — | — | — | — | 19,130 | 587,291 |
| | 3/1/2021(6) | — | — | — | — | 16,153 | 495,897 |
| | 3/1/2021(7) | — | — | — | — | 24,230 | 743,861 |
| | 3/1/2021(8) | — | — | — | — | 31,119 | 955,353 |

(1) The market price for our common stock is based on the closing price per share of our common stock as listed on the New York Stock Exchange on December 31, 2021 of $30.70.

(2) The remaining unvested portion of this RSU vested on March 1, 2022. The vesting was subject to continued service through the vesting date and acceleration as described in "Termination and Change-of-Control Arrangements" below.

(3) The shares subject to the PSU award were earned only upon achievement by December 31, 2019 of Company performance metrics consisting of Chegg Services Revenue and Adjusted EBITDA as approved by the Compensation Committee. The Compensation Committee determined that the weighted average percentage of 94.75% (i.e., 142.1% of Target) of the measurements had been achieved, therefore a weighted average of 94.75% (i.e., 142.1% of Target) of the shares subject to the PSU award were earned. The remaining unvested portion of this PSU award vested on March 1, 2022, subject to the officer's continued service up to and through the applicable vesting date and the acceleration as described in "Termination and Change-of-Control Arrangements" below.

(4) One-third of the shares vested on March 1, 2021 and 8.33% shall vest on each quarterly anniversary thereafter such that the RSUs shall be fully vested on March 1, 2023. The vesting is subject to continued service through each vesting date and acceleration as described in "Termination and Change-of-Control Arrangements" below.

(5) The shares subject to the PSU award were earned only upon achievement by December 31, 2020 of Company performance metrics consisting of Chegg Services Revenue and Adjusted EBITDA as approved by the Compensation Committee. The Compensation Committee determined that the weighted average percentage of 100% (i.e., 150% of Target) of the measurements had been achieved; therefore a weighted average of 100% (i.e., 150% of Target) of the shares subject to the PSU award were earned. One-third of the achieved shares vested on March 1, 2021 and the remaining unvested portion of this PSU is scheduled to vest as to 8.33% on each quarterly anniversary thereafter such that the PSUs shall be fully vested on March 1, 2023, subject to the officer's continued service up to and through the vesting date and the acceleration as described in "Termination and Change-of-Control Arrangements" below.

(6) One-third of the shares vested on March 1, 2022 and 8.33% shall vest on each quarterly anniversary thereafter such that the RSUs shall be fully vested on March 1, 2024. The vesting is subject to continued service through each vesting date and acceleration as described in "Termination and Change-of-Control Arrangements" below.

(7) The shares subject to the PSU award were earned only upon achievement by December 31, 2021 of Company performance metrics consisting of Chegg Services Revenue and Adjusted EBITDA as approved by the Compensation Committee. The Compensation Committee determined that the weighted average percentage of 98.3% of the measurements had been achieved; therefore a weighted average of 98.3% of the shares subject to the PSU award were earned. One-third of the achieved shares vested on March 1, 2022 and the remaining unvested portion of this PSU is scheduled to vest as to 8.33% on each quarterly anniversary thereafter such that the PSUs shall be fully vested on March 1, 2024, subject to the officer's continued service up to and through the vesting date and the acceleration as described in "Termination and Change-of-Control Arrangements" below.

(8) The shares subject to the PSU-TSR award will be earned only upon achievement by December 31, 2023 of Company performance metrics consisting of Total Shareholder Return as approved by the Compensation Committee. One-half of the achieved shares will vest on March 1, 2024 and the remaining unvested portion of this PSU-TSR is scheduled to vest on March 1, 2025, subject to the officer's continued service up to and through the vesting date and the acceleration as described in "Termination and Change-of-Control Arrangements" below.

## OPTION EXERCISES AND STOCK VESTED TABLE

The following table presents information concerning the aggregate number of shares of our common stock for which options were exercised during fiscal year 2021 for each of the NEOs. In addition, the table presents information on shares of our common stock that were acquired upon the vesting of stock awards during 2021 for each of the NEOs on an aggregated basis.

| | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| Name | Number of Shares Acquired on Exercise | Value Realized on Exercise ($)(1) | Number of Shares Acquired on Vesting(2) | Value Realized on Vesting ($)(3) |
| **Dan Rosensweig** | — | — | 339,677 | 29,666,610 |
| **Andrew Brown** | — | — | 149,163 | 12,927,095 |
| **Nathan Schultz** | — | — | 138,755 | 11,896,182 |
| **John Fillmore** | 19,714 | 1,610,240 | 94,323 | 8,064,021 |
| **Esther Lem** | — | — | 97,898 | 8,509,589 |

(1) The value realized on the shares acquired is the fair market value of the shares upon exercise, as traded on the New York Stock Exchange ("NYSE"), less the exercise price for the stock option award.

(2) Amounts reflect the vesting of RSUs and PSUs.

(3) The value realized on the shares acquired is the fair market value of the shares on the date of vesting, which was the closing price of our common stock on such date as traded on the NYSE.

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## TERMINATION AND CHANGE-OF-CONTROL ARRANGEMENTS

The attraction and retention of executive talent continues to be a focus for us. To ensure alignment with peer practices and offer competitive compensation programs, the Compensation Committee periodically reviews our executive compensation and employee benefits, including with respect to ongoing retention in connection with the consideration of potential corporate transactions. After considering data and advice provided by FW Cook, the Compensation Committee approved a Change-of-Control Severance Plan on July 23, 2019 (the "CIC Plan"). The CIC Plan provides ongoing retention when we consider potential corporate transactions that may create uncertainty as to future employment and will also allow us to attract talented executives going forward.

Each of our NEOs, other than our CEO, is eligible to participate in the CIC Plan pursuant to an executed participation agreement, which agreement superseded and replaced any then- existing severance protections to which the applicable executives was entitled under their arrangements with us prior to the execution of the participation agreements.

Pursuant to the offer letter we entered into with Mr. Rosensweig and pursuant to the CIC Plan in which each of our other NEOs participate, we have agreed to provide certain cash severance benefits and equity award vesting acceleration in the event of certain terminations of employment both outside a change-of-control and in connection with a change-of-control (i.e., double-trigger severance protections). We do not provide tax gross-ups if an executive is subject to excise taxes as a result of severance or change-of-control benefits and we do not provide any single-trigger change of control benefit.

These arrangements are intended to attract and retain qualified executives that have alternatives that may appear to them to be less risky absent these severance arrangements, and to mitigate a potential disincentive to consideration and execution of an acquisition, particularly where the services of these executive officers may not be required by the acquirer. We also believe that entering into these arrangements will help our executive officers maintain continued focus and dedication to their responsibilities to help maximize stockholder value if there is a potential transaction that could involve a change-of- control of the Company.

**Dan Rosensweig**

We entered into an offer letter agreement with Mr. Rosensweig, our President, Chief Executive Officer and Co-Chairperson, on December 3, 2009, as amended on November 29, 2012. The offer letter provides for at-will employment and has no specific term. Pursuant to Mr. Rosensweig's offer letter, in the event we terminate Mr. Rosensweig's employment without "cause" or he resigns from his employment with us for "good reason" (each as defined in the offer letter and described below) outside of the 12-month period following a "change of control" (as defined in the offer letter), then we will pay Mr. Rosensweig (i) a lump sum payment equal to 12 months of his then-current annual salary and (ii) his monthly insurance premiums, until the earlier of 12 months following his termination or resignation or the date upon which he commences full-time employment or consulting services with another company and is eligible for participation in any health insurance program provided by such company. Additionally, pursuant to his offer letter agreement and his RSU and PSU agreements with us, Mr. Rosensweig will be entitled to immediate vesting of 25% of his then-unvested stock options and 25% of his then-unvested time-based RSUs (including any earned but unvested PSUs for which the performance conditions were or, as of the date of such qualifying termination of employment, will be satisfied, and which remain subject to time-based vesting conditions). As noted below, the performance of any unearned TSR PSUs will be determined in connection with such a qualifying termination of employment. Mr. Rosensweig will also have a period of up to 24 months from the effective date of his termination or resignation to exercise all options that were vested as of his termination date. These benefits are subject to Mr. Rosensweig releasing us from all claims, resigning from our Board and returning all of our property to us.

If Mr. Rosensweig is terminated without "cause" or he resigns from his employment with us for "good reason" (each as defined in the offer letter and described below) within 12 months following a "change-of-control" of our Company, we will pay Mr. Rosensweig (i) a lump sum payment equal to 12 months of his then-current annual salary and (ii) his monthly insurance premiums, until the earlier of 12 months following his termination or resignation or the date upon which he commences full time employment or consulting services with another company and is eligible for participation in any health insurance program provided by such company. Plus, pursuant to his offer letter and his RSU and PSU agreements with us, Mr. Rosensweig will be entitled to immediate vesting of 100% of his then-unvested stock options, 100% of his then-unvested RSUs, and 100% of his then-unvested earned PSUs (with the performance of any unearned TSR PSUs to be determined in connection with the change-in-control as described

below). Mr. Rosensweig will have a period of up to 24 months from the effective date of his termination or resignation to exercise all options that were vested as of the date of his termination.

If a change-of-control occurs prior to the end of a performance period, Mr. Rosensweig's PSUs will be deemed earned immediately prior to the change-of-control in an amount equal to the number of PSUs that would be earned based on our actual performance as of the change-of-control or, if such performance is not determinable, the target level of performance. Any annual cycle PSUs so earned will be converted into time-based RSUs vesting over a 3-year period and will be subject to 100% acceleration, as noted above.

Pursuant to his TRS PSU agreement with us, if a change-of-control occurs prior to the end of a performance period, Mr. Rosensweig's TSR PSUs be deemed earned immediately prior to the change-of-control in an amount equal to the greater of (i) the TSR growth percentage based on the price per share paid in the change-of-control (in lieu of the 60-day average price) and (ii) the number of TSR PSUs achieved (whether prior to or as of the change-in-control), based on the 60 day average. Any TSR PSUs so earned will be converted into time-based RSUs vesting 50% on March 1, 2024 and 50% on March 1, 2025 and will be subject to 100% acceleration upon a qualifying termination within 12 months following a change of control, as noted above. If a qualifying termination occurs prior to a change of control, the performance of the TSR PSUs will be measured for the period ending on such termination of employment and any PSUs so earned will be subject to 25% acceleration of vesting, as described above.

These benefits are subject to Mr. Rosensweig releasing us from all claims.

**Change-of-Control Severance Plan**

As noted above, each of our NEOs other than Mr. Rosensweig participates in our CIC Plan. The CIC Plan and the participation agreement thereunder provide that upon a termination of the executive's employment by us without "cause" (excluding death or disability and as defined in the CIC Plan and described below) or upon a resignation by the executive for "good reason" (as defined in the CIC Plan and described below), in each case during the period commencing three months prior to a "change-of-control" (as defined in the CIC Plan) and ending 12 months following a change-of-control, subject to the executive's execution and non-revocation of a release of claims in favor of us, the executive will be entitled to the following benefits:

- a lump sum payment equal to the sum of (i) 12 months of the executive's base salary at the rate in effect immediately prior to the date of such termination of employment or the change-of-control, whichever base salary is greater plus (ii) a pro-rata target cash bonus, if applicable, for the fiscal year in which the termination of employment occurs, prorated for the number of days the executive is employed in such fiscal year prior to the executive's termination of employment;
- if the executive timely elects Consolidated Omnibus Budget Reconciliation Act ("COBRA") continuation coverage for him or herself and his or her eligible dependents, then we will reimburse the executive for COBRA premiums until the earlier of (i) a period of 12 months from the date of termination or (ii) the date upon which executive and/or executive's eligible dependents become covered under similar plans;
- full acceleration of each of the executive's then-outstanding unvested equity awards other than any equity awards subject to performance-based vesting conditions for which the performance period has not yet been completed ("performance awards"); and
- vesting of performance awards, if at all, as set forth in the terms of the applicable award agreement or, if the treatment upon a change-of-control is not provided for in the applicable award agreement, based on the actual performance determined as of immediately prior to the change-of-control or, if such performance is not determinable, based on performance at target. The terms of the award agreements for outstanding performance awards are described below.

The CIC Plan also provides that if the successor or acquiring company refuses to assume, convert, replace or substitute the executive's unvested equity awards, then each of the executive's then-outstanding and unvested equity awards, other than performance awards, will fully accelerate immediately prior to the change-of-control and the performance awards will be treated as described below.

The award agreements for outstanding annual cycle PSUs provide that, if a change-of-control occurs prior to the end of a performance period, the PSUs will be deemed earned immediately prior to the change-of-control in an amount equal to the

number of performance awards that would be earned based on our actual performance as of the change-of- control or, if such performance is not determinable, the target level of performance. Any annual cycle PSUs so earned will be converted into time-based RSUs that are eligible for the 100% acceleration, as noted above.

Pursuant to the TSR PSU agreement, if a change-of-control occurs prior to the end of a performance period, the executive's TSR PSUs will be deemed earned immediately prior to the change-of-control in an amount equal to the greater of (i) the number of TSR PSUs achieved by calculating the TSR growth percentage using the price per share paid in the change-of-control (in lieu of the 60-day average price) and (ii) the number of TSR PSUs achieved (whether prior to or as of the change-in-control) by calculating the TSR growth percentage using based on the 60-day average stock price. Any TSR PSUs so earned will be converted into time-based RSUs vesting 50% on March 1, 2024 and 50% on March 1, 2025 and will be eligible for 100% acceleration, as noted above.

**Cause and Good Reason Definitions**

For purposes of this section, “cause” means a determination by our Board of Directors that employment is terminated because of (i) a failure or refusal to comply in any material respect with lawful policies, standards or regulations of our Company within 30 days after written notice of such violations and/or failure to comply; (ii) a material violation of a federal or state law or regulation applicable to our business; (iii) a conviction or plea of no contest to a felony or other crime of moral turpitude under the laws of the United States or any state; (iv) fraud or material misappropriation of property belonging to us or our affiliates; (v) a material breach of the terms of any confidentiality, invention assignment or proprietary information agreement with us or with a former employer and failure to correct or cure such material breach within 30 days after written notice of such breach; or (vi) material misconduct or gross negligence in connection with the performance of duties and, for executives other than Mr. Rosensweig, the failure to correct of cure such action or conduct, if curable, within 30 days after written notice.

For purposes of this section, “good reason” for Mr. Rosensweig occurs upon (i) removal from the executive’s current position as Chief Executive Officer or no longer reporting directly to our Board of Directors; (ii) any material change or reduction in duties in the executive’s current position or assignment to duties inconsistent with such position, responsibilities, authority or status; (iii) reduction of then-current annual base compensation (other than a similar reduction that applies to our other senior executives); or (iv) relocation to a primary work location more than 50 miles from our principal office in Santa Clara, California.

For purposes of this section “good reason” for CIC Plan participants (all NEOs other than Mr. Rosensweig) means (i) a material reduction in the executive’s annual base salary, other than a reduction generally applicable to all our executive officers and in generally the same proportion as affects the executive; (ii) a material diminution in the executive’s authority, duties or responsibilities; (iii) a change in the geographic location in which the executive must perform services, resulting in an increase in the one-way commute by the executive of more than 50 miles; or (iv) our breach of the CIC Plan or the executive’s participation agreement thereunder, including but not limited to, our failure to ensure the CIC Plan’s assumption by our successor in interest.

**Estimated Payments and Benefits as of December 31, 2021**

The following table sets forth the estimated payments and benefits that would be received by each of the NEOs upon (i) a termination of employment without cause or following a resignation for good reason other than in connection with a change-of-control of Chegg and (ii) a termination of employment without cause or following a resignation for good reason during the period commencing three months before a change-of-control and ending 12 months after a change-of-control of Chegg. This table reflects amounts payable to each NEO assuming that his or her employment was terminated on December 31, 2021, and the change-of-control of Chegg also occurred on that date. The closing market price per share of our common stock on the NYSE on December 31, 2021, was $30.70.

| Named Executive Officer | Termination of Employment No Change-of-Control | | | | Termination of Employment Change-of-Control | | | |
|---|---|---|---|---|---|---|---|---|
| | Severance Payment ($)[1] | Medical Benefits Continuation ($)[2] | Accelerated Vesting of Equity Awards ($)[3] | Total ($) | Severance Payment ($)[1] | Medical Benefits Continuation ($)[2] | Accelerated Vesting of Equity Awards ($)[3] | Total ($) |
| **Dan Rosensweig** | 1,000,000 | 32,545 | 744,713 | 1,777,258 | 1,000,000 | 32,545 | 7,447,145 | 8,479,690 |
| **Andrew Brown** | — | — | — | — | 750,000 | 28,177 | 3,601,847 | 4,380,024 |
| **Nathan Schultz** | — | — | — | — | 750,000 | 40,657 | 3,601,847 | 4,392,504 |
| **John Fillmore** | — | — | — | — | 650,000 | 22,670 | 2,008,302 | 2,680,972 |
| **Esther Lem** | — | — | — | — | 550,000 | 40,067 | 1,808,107 | 2,398,174 |

(1) The amounts reported reflect cash severance that is calculated based on each NEO's 2021 base salary as of December 31, 2021. As noted above, the Company does not provide annual cash-based bonuses and therefore cash severance does not include any pro-rata target bonuses.

(2) The amounts reported represent costs for COBRA.

(3) The value of the accelerated vesting of unvested equity awards has been calculated based on the closing market price of our common stock on the NYSE on December 31, 2021, which was $30.70 per share. All outstanding stock options were fully vested on December 31, 2021, and as such are not included in the total. The number of earned and unvested PSUs relating to the performance periods ending December 31, 2019, 2020, and 2021 were calculated as set forth above in footnotes 4, 6, and 8 to the Outstanding Equity Awards at Fiscal Year End Table.

Based on the closing market price of our common stock on the NYSE on December 31, 2021, no portion of the TSR PSU would be achieved or eligible for acceleration.

## Chief Executive Officer Pay Ratio

Pursuant to Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K ("Item 402(u)"), we are required to disclose the ratio of our principal executive officer's annual total compensation to the annual total compensation of our median employee. As disclosed in the Summary Compensation Table, the 2021 annual total compensation for our Chief Executive Officer was $21,005,605. The 2021 annual total compensation of our median employee was $62,035. Accordingly, the ratio of the 2021 annual total compensation of our Chief Executive Officer to the 2021 annual total compensation of our median employee is 339 to 1. We believe this ratio, which was calculated in a manner consistent with Item 402(u), to be a reasonable estimate, based upon the assumptions and adjustments described below.

**Identifying the Median Employee**

We identified our median employee, taking into account all individuals, excluding our Chief Executive Officer, who were employed by us on a worldwide basis as of December 31, 2020 (the "employee population determination date"), whether employed on a full-time, part-time, seasonal or temporary basis, and including employees on a partial year leave of absence. We did not include any contractors or other non-employee workers in our employee population. For the period December 31, 2020 to December 31, 2021, there has been no significant change in employee population or in our employee compensation arrangements such that we believe identification of a new median employee would not result in a significant change in the pay ratio disclosure. Therefore, as permitted by Item 402(u), we are continuing to use this median employee for calculation of the CEO pay ratio with respect to the year ending December 31, 2021.

**Compensation Measures and Calculation Methodology**

To identify our median employee in 2020, we chose to use a consistently applied compensation measure, which we selected as base salary or wages paid to each of our employees for the 12-month period from January 1, 2020 and December 31, 2020. For employees paid other than in U.S. dollars, we converted their compensation to U.S. dollars using foreign exchange rates in effect on December 31, 2020. For permanent employees hired during 2020, we annualized their base salary or wages as if they had been employed for the entire measurement period. We did not make any cost-of-living adjustments for employees outside of the United States.

The median employee identified in 2020 was an employee based in India, and who continued to be employed on December 31, 2021. We calculated the annual total compensation for this individual using the same methodology we use to calculate the amount reported for our CEO in the "Total" column of the Summary Compensation Table as set forth in this proxy statement.

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# Equity Compensation Plan Information

The following table presents information as of December 31, 2021 with respect to compensation plans under which shares of our common stock may be issued. The category "Equity compensation plans approved by security holders" in the table below consists of the 2005 Stock Incentive Plan (the "2005 Plan"), the 2013 Equity Incentive Plan (the "2013 Plan") and the 2013 Employee Stock Purchase Plan (the "2013 ESPP"). The table does not include information with respect to shares of our common stock subject to outstanding options or other equity awards granted under equity compensation plans or arrangements assumed by us in connection with our acquisition of the companies that originally granted those awards.

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| Equity compensation plans approved by security holders | 8,553,218[(1)] | $7.28[(2)] | 40,443,240[(3)] |
| Equity compensation plans not approved by security holders(4) | — | — | — |

(1) Excludes purchase rights accruing under the 2013 ESPP and includes 8,171,462 shares subject to outstanding RSUs and PSUs.

(2) The weighted average exercise price relates solely to outstanding stock option shares since shares subject to RSUs and PSUs have no exercise price.

(3) Consists of 30,629,068 shares available for issuance under the 2013 Plan and 9,814,172 shares available for issuance under the 2013 ESPP.

The number of shares reserved for issuance under the 2013 Plan will increase automatically on the first day of January of each of the first ten calendar years during the term of the plan by a number of shares of common stock equal to the lesser of (i) 5% of the total outstanding shares of our common stock as of the immediately preceding December 31st (rounded to the nearest whole share) or (ii) a number of shares determined by our Board of Directors.

The number of shares reserved for issuance under the 2013 ESPP will increase automatically on January 1st of each of the first ten calendar years following the first offering date by the number of shares equal to the lesser of (i) 1% of the total outstanding shares of our common stock as of the immediately preceding December 31st (rounded to the nearest whole share) or (ii) a number of shares determined by our Board of Directors.

Pursuant to the terms of the 2013 Plan and 2013 ESPP, an additional 6,847,597 shares and 1,369,519 shares were added to the number of shares reserved for issuance under each plan, respectively, effective January 1, 2022.

(4) Excludes information for options and other equity awards assumed by us in connection with mergers and acquisitions. As of December 31, 2021, there were no shares of our common stock that were issuable upon exercise of outstanding options assumed. No additional equity awards may be granted under any equity compensation plans or arrangements assumed by us in connection with mergers and acquisitions.

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# Transactions with Related Parties

Other than the compensation arrangements, including employment, termination of employment and change-of-control arrangements and indemnification arrangements, discussed, when required, above in the section entitled "Executive Compensation," since January 1, 2021, we have not been a party to any transaction or series of similar transactions in which:

- we have been or are to be a participant;
- the amount involved exceeded or exceeds $120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals, had or will have a direct or indirect material interest.

## Review, Approval or Ratification of Transactions with Related Parties

Our related-party transactions policy requires approval of transactions to which we are a party and in which an officer, director, nominee for director, stockholder beneficially owning more than five percent of our outstanding capital stock or an immediate family member of a person sharing a household with such person has a material interest. Any transaction that we intend to undertake with such persons, irrespective of the amounts involved (unless such transaction is subject to standing pre-approval as provided under the policy or pursuant to a resolution adopted by our Compensation Committee), will be submitted to our Ethics Counselor for his or her determination of what approvals are required under the related-party transactions policy. The Ethics Counselor will refer to the Chair of our Audit Committee (or another member of our Audit Committee if the Chair is a party to the transaction) any such transaction for review. In the event our Ethics Counselor becomes aware of a transaction with a related person that has not been previously approved or previously ratified under the related-party transactions policy that required such approval, it will be submitted promptly to the Chair or other member of our Audit Committee for review. Based on the conclusions reached, the Chair or other member of our Audit Committee will evaluate all options, including but not limited to ratification, amendment or termination of the transaction with the related person.

In approving or rejecting the proposed transaction, the Chair or other member of our Audit Committee will consider the relevant and available facts and circumstances, including such facts as (i) the impact on a director's independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated; (ii) the terms of the transaction; and (iii) any other relevant information and considerations with respect to the proposed transaction. The Chair or other member of our Audit Committee will approve only those transactions with related persons that, in light of known circumstances, are in or are not inconsistent with, the best interests of our Company and our stockholders, as such Chair or other member of our Audit Committee determines in the good faith exercise of his or her discretion.

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# Report of the Audit Committee

*The information contained in the following report of Chegg's Audit Committee is not considered to be "soliciting material," "filed" or incorporated by reference in any past or future filing by Chegg under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, unless and only to the extent that Chegg specifically incorporates it by reference.*

The Audit Committee has reviewed and discussed with Chegg's management and Deloitte & Touche LLP the audited consolidated financial statements of Chegg as of and for the year ended December 31, 2021, and the effectiveness of internal control over financial reporting as of December 31, 2021. The Audit Committee has also discussed with Deloitte & Touche LLP the matters required to be discussed by Auditing Standard 1301, "Communications with Audit Committees" issued by the Public Company Accounting Oversight Board.

The Audit Committee has received and reviewed the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with Deloitte & Touche LLP its independence from Chegg.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in Chegg's annual report on Form 10-K for the year ended December 31, 2021 for filing with the Securities and Exchange Commission.

**Submitted by the Audit Committee**

Renee Budig, Chair
Marcela Martin
Richard Sarnoff
Ted Schlein

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# Additional Information

## Stockholder Proposals to be Presented at the Next Annual Meeting

Chegg's Bylaws provide that, for stockholder nominations to the Board of Directors or other proposals to be considered at an Annual Meeting of Stockholders, the stockholder must give timely notice thereof in writing to the Corporate Secretary at Chegg, Inc., 3990 Freedom Circle, Santa Clara, California 95054, Attn: Corporate Secretary.

To be timely for the 2023 Annual Meeting of Stockholders, a stockholder's notice must be delivered to or mailed and received by our Corporate Secretary at the principal executive offices of Chegg not earlier than 5:00 p.m. Pacific Time on February 16, 2023 and not later than 5:00 p.m. Pacific Time on March 20, 2023. A stockholder's notice to the Corporate Secretary must set forth as to each matter the stockholder proposes to bring before the 2021 Annual Meeting of Stockholders the information required by Chegg's Bylaws.

Stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act and intended to be presented at Chegg's 2023 Annual Meeting of Stockholders must be received by us no later than December 15, 2023 in order to be considered for inclusion in Chegg's proxy materials for that meeting. A stockholder's notice to the Corporate Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting the information required by applicable law and our Bylaws.

## Delinquent Section 16(a) Report

Section 16 of the Exchange Act requires Chegg's directors, executive officers and any persons who own more than 10% of Chegg's common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulation to furnish Chegg with copies of all Section 16(a) forms that they file. Based solely on its review of the copies of such forms furnished to Chegg and written representations from the directors and executive officers, Chegg believes that all Section 16(a) filing requirements were timely met in 2021 with the exception of the following:

- A late Form 4 report was filed for John Fillmore on April 16, 2021 to report a 10b5-1 transaction covering 19,714 shares of common stock on April 13, 2021.
- Late Form 4 reports were filed for each of Sarah Bond, Renee Budig, Paul LeBlanc, Marne Levine, Richard Sarnoff, Ted Schlein, and John (Jed) York on September 9, 2021 to report the grant of an RSU award covering 2,619 shares of common stock on June 2, 2021.

## Available Information

Chegg will mail without charge, upon written request, a copy of Chegg's annual report on Form 10-K for the year ended December 31, 2021, including the financial statements and list of exhibits, and any exhibit specifically requested. Requests should be sent to:

**Investor Relations**

Chegg, Inc.
3990 Freedom Circle
Santa Clara, CA 95054

The Annual Report is also available at ***https://investor.chegg.com.***

## "Householding" - Stockholders Sharing the Same Last Name and Address

The SEC has adopted rules that permit companies and intermediaries (such as Brokers) to implement a delivery procedure called "householding." Under this procedure, multiple stockholders who reside at the same address may receive a single copy of our Annual Report and proxy materials, including the Notice, unless the affected stockholder has provided contrary instructions. This procedure reduces printing costs and postage fees, and helps protect the environment as well.

We expect that a number of Brokers with account holders who are our stockholders will be "householding" our Annual Report and proxy materials, including the Notice. A single Notice and, if applicable, a single set of Annual Report and other proxy materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your Broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. Stockholders may revoke their consent at any time by contacting Broadridge, either by calling toll-free (800) 542-1061, or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York, 11717.

Upon written or oral request, Chegg will promptly deliver a separate copy of the Notice and, if applicable, Annual Report and other proxy materials to any stockholder at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of the Notice and, if applicable, annual report and other proxy materials, you may write to Chegg's Investor Relations department at 3990 Freedom Circle, Santa Clara, California 95054, Attn: Investor Relations, or via email to ***ir@chegg.com.***

Any stockholders who share the same address and currently receive multiple copies of Chegg's Notice or Annual Report and other proxy materials who wish to receive only one copy in the future can contact their Broker to request information about householding or Chegg's Investor Relations department at the address listed above.

Chegg

# Other Matters

Our Board of Directors does not presently intend to bring any other business before the meeting and, so far as is known to our Board of Directors, no matters are to be brought before the meeting except as specified in the Notice of the meeting. As to any business that may arise and properly come before the meeting, however, it is intended that proxies, in the form enclosed, will be voted in respect thereof in accordance with the judgment of the persons voting such proxies.

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# Appendix A

## RECONCILIATION OF NET LOSS TO EBITDA AND ADJUSTED EBITDA

We believe that certain non-GAAP financial measures, including Adjusted EBITDA, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding items that may not be indicative of our core business, operating results or future outlook. Our management uses these non-GAAP financial measures in assessing our 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 our performance to prior periods. The presentation of additional information is not meant to be considered in isolation or as a substitute for or superior to net loss determined in accordance with GAAP. Management strongly encourages stockholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

The following is a reconciliation of net loss to EBITDA and Adjusted EBITDA for the year ended December 31, 2021 (in thousands, unaudited):

| | | Year Ended December 31, 2021 |
|---|---|---|
| **Net loss** | **$** | **(1,458)** |
| Interest expense, net | | 6,896 |
| Provision for income taxes | | 7,197 |
| Print textbook depreciation expense | | 10,859 |
| Other depreciation and amortization expense | | 63,274 |
| **EBITDA** | | **86,768** |
| Print textbook depreciation expense | | (10,859) |
| Share-based compensation expense | | 108,846 |
| Other income (expense), net | | 65,472 |
| Acquisition-related compensation costs | | 6,378 |
| Transitional logistics charges | | 7,332 |
| Restructuring charges | | 1,922 |
| **Adjusted EBITDA** | **$** | **265,859** |

# Chegg, Inc.

# 2021 Form 10-K

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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
## Washington, D.C. 20549

## FORM 10-K

**(Mark One)**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2021**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _______ to _______**

**Commission file number 001-36180**

Chegg

**CHEGG, INC.**

**(Exact name of registrant as specified in its charter)**

| **Delaware** | **20-3237489** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |

**3990 Freedom Circle**
**Santa Clara, CA, 95054**
**(Address of principal executive offices)**
**(408) 855-5700**
**(Registrant's telephone number, including area code)**
**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $0.001 par value per share | CHGG | The New York Stock Exchange |

**Securities registered pursuant to Section 12(g) of the Act:**
**None**
**(Title of class)**

- Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒
- Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒
- Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (Exchange Act) during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐
- Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐
- Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large Accelerated Filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

- If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
- Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report ☒
- Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
- The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing price of such stock on such date as reported by the New York Stock Exchange on such date, was $11,839,510,015. Shares of Common Stock held by each executive officer and director have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.
- As of January 31, 2022, the Registrant had 134,848,498 outstanding shares of Common Stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's definitive proxy statement for the Registrant's 2022 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. The Proxy Statement will be filed within 120 days of the Registrant's fiscal year ended December 31, 2021.

## TABLE OF CONTENTS


| | | Page |
|---|---|---|
| | **PART I** | |
| Item 1. | Business | 4 |
| Item 1A. | Risk Factors | 11 |
| Item 1B. | Unresolved Staff Comments | 32 |
| Item 2. | Properties | 32 |
| Item 3. | Legal Proceedings | 32 |
| Item 4. | Mine Safety Disclosures | 33 |
| | **PART II** | |
| Item 5. | Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchase of Equity Securities | 34 |
| Item 6. | [Reserved] | 35 |
| Item 7. | Management's Discussion and Analysis of Financial Condition and Result of Operations | 36 |
| Item 7A. | Quantitative and Qualitative Disclosures About Market Risk | 47 |
| Item 8. | Consolidated Financial Statements and Supplementary Data | 48 |
| Item 9. | Changes in and Disagreements with Accountants On Accounting and Financial Disclosure | 90 |
| Item 9A. | Controls and Procedures | 90 |
| Item 9B. | Other Information | 90 |
| Item 9C. | Disclosure Regarding Foreign Jurisdictions that Prevent Inspections | 90 |
| | **PART III** | |
| Item 10. | Directors, Executive Officers and Corporate Governance | 91 |
| Item 11. | Executive Compensation | 91 |
| Item 12. | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters | 91 |
| Item 13. | Certain Relationships and Related Transactions, and Director Independence | 91 |
| Item 14. | Principal Accountant Fees and Services | 91 |
| | **PART IV** | |
| Item 15. | Exhibits and Financial Statement Schedules | 92 |
| Item 16. | Form 10-K Summary | 92 |
| Signatures | | 95 |


Unless the context requires otherwise, the words “we,” “us,” “our,” “Company” and “Chegg” refer to Chegg, Inc. and its subsidiaries taken as a whole.

Chegg, Chegg.com, Chegg Study, internships.com, Research Ready, EasyBib, the Chegg “C” logo, Busuu and Thinkful, are some of our trademarks used in this Annual Report on Form 10-K. Solely for convenience, our trademarks, trade names and service marks referred to in this Annual Report on Form 10-K appear without the ®, ™ and SM symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names. Other trademarks appearing in this Annual Report on Form 10-K are the property of their respective holders.

## NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report on Form 10-K other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, our objectives for future operations, and the impact of the ongoing coronavirus (COVID-19) pandemic on our financial condition and results of operations are forward-looking statements. The words "believe," "may," "will," "would," "could," "estimate," "continue," "anticipate," "intend," "project," "endeavor," "expect," "plans to," "if," "future," "likely," "potentially," and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time, such as the COVID-19 global pandemic. Many of the risks and uncertainties are currently elevated by, and may or will continue to be elevated by, the current COVID-19 pandemic. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should read this Annual Report on Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect.

We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

## PART I

## ITEM 1. BUSINESS

### Overview

Millions of people all around the world Learn with Chegg. Our mission is to improve learning and learning outcomes by putting students first. We support life-long learners starting with their academic journey and extending into their careers. The Chegg platform provides products and services to support learners to help them better understand their academic course materials, and also provides personal and professional development skills training, to help them achieve their learning goals.

Our product and service offerings fall into two categories: Chegg Services, which encompasses our subscription services and which can be accessed internationally through our websites and on mobile devices, and Required Materials, which includes print textbooks and eTextbooks. In 2021, approximately 7.8 million students subscribed to our Chegg Services, an increase of 18% year over year from 6.6 million in 2020. Chegg Services subscribers include Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, Mathway, and Thinkful customers who have paid to access the service during the time period. In 2021, we had 30 million monthly average visitors, an increase of 58% year over year from 19 million monthly average visitors in 2020. Monthly average visitors represent the average of unique visitors for all Chegg properties.

#### *Chegg Services*

*Chegg Study Pack.* Our Chegg Study Pack is a premium subscription bundle including our Chegg Study, Chegg Writing, and Chegg Math Solver services, which are described further below. Chegg Study Pack creates an integrated platform of connected academic support services which have millions of pieces of educational learning content and enhanced features, such as concept video walkthroughs, flashcards and practice tests, that are ever-changing and evolving to increase our value proposition to students. We plan to launch instructor-created materials from educators within our Uversity platform as part of the Chegg Study Pack in 2022. Our Uversity platform was created to improve the quality and accessibility of learning materials provided to students around the world. The platform allows educators and faculty to share their educational content, such as study notes, videos, and practice tests, to further support students' learning and enhance their outcomes.

*Chegg Study.* Our Chegg Study subscription service helps students master challenging concepts on their own through the use of "Expert Questions and Answers" and "Textbook Solutions." Our Expert Questions and Answers service allows students to ask questions on our website and receive detailed explanations from subject matter experts. For high demand print textbooks and eTextbooks, we offer Textbook Solutions, which are step-by-step explanations to help students learn how to solve the questions at the end of each chapter in their textbooks.

*Chegg Writing.* Our Chegg Writing service consists of a free, ad-supported service and a premium paid subscription service providing students with a suite of tools, including plagiarism detection scans, grammar and writing fluency checking, expert personalized writing feedback, and premium citation generation. Students can create citations from over 7,000 citation styles including MLA, APA, and The Chicago Manual of Style. Students can also upload papers to have them scanned for plagiarism by checking against billions of sources and to have them checked for over 200 types of writing and grammar errors. Students can also have a writing professional proofread their papers and receive personalized feedback. Chegg Writing also includes the popular website properties EasyBib, Citation Machine, BibMe, and CiteThisForMe.

*Chegg Math.* Our Chegg Math subscription services, including Mathway, help students understand math by providing a step-by-step math problem solver and calculator that help students instantly receive guided instructional explanations to better understand the why and how for each step within a range of math topics.

*Busuu*. In January 2022, we completed our acquisition of Busuu Online S.L. (Busuu), an online language learning company that offers a comprehensive solution through a combination of self-paced lessons, live classes with expert tutors and the ability to learn and practice with members of the Busuu language learning community. The Busuu methodology has been developed by leading experts in online language learning pedagogy and can bring students from novice to advanced speakers of a language rapidly and enjoyably. When students want to learn a new language for work, study or personal interest, they can use our service to access comprehensive courses in 13 languages, connect with Busuu's community of native speakers to practice their conversation and receive expert instruction from our highly qualified teachers. Busuu will expand our existing offerings and global reach through language learning, allowing us to drive further into international markets.

*Thinkful.* Thinkful is our skills-based learning service that offers professional courses along with networking, interviewing, and career services. Thinkful is offered directly through our website and through partners that connect employers with top learning providers to provide employees with upskilling opportunities.

*Other Services.* We also provide students with other services, such as Chegg Life, Chegg Prep and Chegg Internships.

***Required Materials***

*Print Textbooks and eTextbooks.* For students looking to save on the cost of required materials, we rent and sell both print textbooks and eTextbooks. Most of the print textbook transactions are rentals, although we also offer both new and used textbooks for sale at a slight markup to our acquisition cost. We work with a third party logistic provider to provide warehousing and logistic services for our print textbooks. We have also entered into agreements with other partners to provide their textbooks for rental or sale. In participation with certain publishers, we also offer "Instant Access" to eTextbooks as a one-week free trial of our eTextbook service, and allow students access while the print copy is in transit. eTextbooks obtained from Chegg can be accessed anytime and anywhere and are viewed through our eTextbook reader that enables fast and easy navigation, keyword search, text highlighting, note taking and further preserves those notes in an online notepad with the ability to view highlighting and notes across platforms.

**Technology and Platform Integration**

Our technology is designed to create a direct-to-student learning platform that will continue to enable our growth at scale. We employ technological innovations whenever possible to increase efficiency and scale in our business. Our products rely upon and leverage the information underlying our "Student Graph" and "Content Graph Technology" discussed in more detail below. We will continue to invest in building technologies around our data, search and solutions. The key elements of our technology platform are:

***Personalization and Merchandising Technology***

We create a personalized experience for each student throughout our learning platform, building awareness of our multiple services and connecting them with opportunities through third-party partners and brands. This personalization and customization results from our Student Graph and our search technology.

*Student Graph*. Our Student Graph is the accumulation of the collective activity of students in our learning platform. Students generate valuable information each time they engage with our learning platform. Our Student Graph also includes information we access from public and private sources such as textbook information, information about colleges and scholarship data. We can collect, organize and process this information to algorithmically create a personalized experience for each student on our network.

*Search*. Search is an easy on-ramp for students to discover all of our services. Students can search by book, ISBN, author's name or course. Many students come to us for textbook rentals, and in our search results we not only provide the relevant textbook, but also begin to build awareness of our other services. For instance, when a student searches for a textbook, we can show relevant Chegg Study solutions or Flashcard decks.

***Data Sourcing and Content Graph Technology***

Not all information relevant to students on our platform is made available by service, product, list or user-input. Therefore, we have developed proprietary technologies to collect disparate, distributed sets of data. For example, we access data from public and private sources to integrate into our platform to inform our decisions about our textbook catalog and pricing.

***Mobile Solutions***

We have mobile applications on Apple iOS and Google Android. Our mobile apps are built as hybrid applications leveraging the Chegg application programming interface (API). Taking advantage of capabilities unique to the mobile platform, we offer some functionality on mobile that is not available on our website, such as textbook barcode scanning for price comparisons and Chegg Prep.

### *Real-time Sourcing and Pricing Technologies*

We have internally developed proprietary pricing and sourcing systems that consider market price, content selection and availability, and other factors, in determining price and origin of content and services we offer to students.

### *Programmatic Advertising*

Our programmatic advertising technology includes a combination of a deep understanding of programmatic technology trends with data science, engineering and machine learning. The result is an online advertising platform that maximizes the value of the digital impressions we serve.

### *Infrastructure and Applications*

Our technology resides at major cloud-hosting providers globally. Our architecture consists primarily of front end applications, backend services, operational databases, and reporting subsystems. We use industry standard logging and monitoring tools to ensure uptime. The architecture is also designed to allow for expansion into new international markets.

*Information Security*. Our platform includes encryption, antivirus, firewall, intrusion prevention, and patch-management technologies to help protect our systems distributed across cloud-hosting providers and our business offices. Our existing products and services undergo periodic security assessment. New features are developed according to our secure software development lifecycle process. We also monitor for anomalies relating to authentication, data transfers, system, and user behavior as well as cloud configuration changes.

*Internal Management Systems*. We rely on third-party technology solutions and products as well as internally developed and proprietary systems, in which we have made substantial investment, to provide rapid, high-quality customer service, internal communication, software development, deployment, and maintenance.

## Customers

In 2021, 8.9 million customers paid for our products and services, up from 8.2 million and 5.8 million in 2020 and 2019, respectively.

## Sales and Marketing

### *Students*

We use several major direct marketing channels to reach students. We deploy search engine optimization (SEO) techniques designed to increase the visibility of Chegg.com content in organic, unpaid search engine result listings. We supplement our SEO efforts through search engine marketing using keyword simulation and bid management tools to analyze and categorize search keywords, optimize bidding, increase impressions and drive conversion. We also drive brand awareness with streaming radio and display advertising on major online and mobile advertising networks, such as Spotify and Google Display Network. We integrate our textbook services on affiliates' websites and work with a large advertising network that recruits individual online affiliates in exchange for predetermined revenue share or commissions. We utilize three types of email marketing campaigns: onboarding programs to drive activation and retention, personalized cross-sell campaigns to deepen engagement, and promotional campaigns to drive sales and interests. We use social media to manage organic and paid programs across top websites, including Facebook, Instagram, TikTok, and YouTube. We also acquire and engage students through content generated by student bloggers, syndicated through partners, around key student concerns and interests such as admissions, transition to college, picking a major, and resume preparation. Through our campus activation programs, we partner with brands and influencers to bring entertainment events, such as concerts, trial promotions, and product giveaways to students.

### *Brands*

We secure contracts with brands through direct sales by our field sales organization, which sells brand advertising services to large brand advertisers seeking to reach and engage college and high school students. This team has field sales people and marketing support.

### *Student Advocacy*

We are committed to providing a high level of customer service to our students and to our brand promise of putting students first. We trust our students, understand the critical role our products and services have in their learning journey, and strive to resolve all problems quickly and thoroughly. Our student advocacy team can be reached directly through phone, email, and online chat during business hours. We also proactively monitor social media to identify and solve problems before we are otherwise informed of their existence. We endeavor to respond to students' concerns within five minutes.

## Competition

While we do not have any competitors that compete with us across our business in its entirety, we face significant global competition in each of our product and service offerings. Our Chegg Services face competition from different businesses depending on the offering. For Chegg Study, our competitors primarily include platforms that provide study materials and online instructional systems, such as Course Hero, Quizlet, Khan Academy, Bartleby, and Brainly. For Chegg Writing, we primarily face competition from other citation generating and grammar and plagiarism services, such as Grammarly. For Chegg Math Solver and Mathway, we face competition from other equation solver services, such as Photomath and Symbolab. For Busuu, our competitors primarily include language learning platforms, such as Duolingo and Babbel. For Thinkful, we face competition from other online learning platforms and online "skills accelerator" courses both in the direct-to-consumer category, including General Assembly, Galvanize, Inc., Flatiron School, Codecademy, DataCamp, and Lambda, Inc., as well as white-label and co-branded providers who compete for adult learners through third party institutions, including 2U, Inc., Simplilearn, and Kenzie Academy. Additionally, the market for textbooks is intensely competitive and subject to rapid change. We face competition from college bookstores, some of which are operated by Follett and Barnes & Noble Education, online marketplaces such as Amazon.com, providers of eTextbooks, as well as various private textbook rental websites.

We believe that we have competitive strengths that position us favorably in each aspect of our business. However, the education industry is evolving rapidly and is increasingly competitive. A variety of business models are being pursued or may be considered for the provision of digital learning tools, print textbooks and eTextbooks, some of which may be more profitable or successful than our business model.

## Intellectual Property

We use proprietary technology to operate our business and our success depends, in part, on our ability to protect our technology and intellectual property. We rely on a combination of patent, copyright, trademark and trade secret laws, as well as contractual restrictions, to establish and protect our intellectual property. We maintain a policy requiring our employees, contractors, consultants and other third parties to enter into confidentiality and proprietary rights agreements to control access to our proprietary information. These laws, procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology.

As of December 31, 2021, we had 40 issued patents that will expire between 2031 and 2039 and 15 patent applications pending in the United States. As of December 31, 2021, we also owned four U.S. copyrights registrations and had unregistered copyrights in our software documentation, marketing materials, and website content that we develop, owned over 700 registered domain names, and owned 25 U.S. trademark registrations and 42 foreign registrations.

We own the registered U.S. trademarks Chegg, Chegg.com, Chegg Study, internships.com, Research Ready, EasyBib, the Chegg "C" logo, Busuu and Thinkful, among others, as well as a variety of service marks. We also have a number of pending trademark applications in the United States and unregistered marks that we use to promote our brand. From time to time we expect to file additional patent, copyright, and trademark applications in the United States and abroad.

## Government Regulation

We are subject to a number of laws and regulations in the United States and abroad that affect companies conducting business on the Internet and in the education industry, many of which are still evolving and could be interpreted in ways that could harm our business. The manner in which existing laws and regulations will be applied to the Internet and students in general and how they will relate to our business in particular, are often unclear. For example, we often cannot be certain how existing laws will apply in the e-commerce and online context, including with respect to such topics as privacy, cybersecurity, defamation, pricing, credit card fraud, advertising, taxation, sweepstakes, promotions, content regulation, financial aid, scholarships, student matriculation and recruitment, quality of products and services, and intellectual property ownership and

infringement. In addition, we may be subject to state oversight for Thinkful's skills-based learning programs, including regulatory approvals and licensure for the course content, the faculty members teaching the content, and the recruiting, admissions, and marketing activities associated with the business.

Numerous laws and regulatory schemes have been adopted at the national and state level in the United States, and internationally, that have a direct impact on our business and operations. For example:

The CAN-SPAM Act of 2003 (CAN-SPAM) establishes requirements for sending commercial email and requires commercial email senders to honor consumers' requests to not receive email. Violators of CAN-SPAM are subject to both civil and potentially criminal penalties. The U.S. Federal Trade Commission (FTC) has guidelines that impose responsibilities on us with respect to communications with consumers and impose fines and liability for failure to comply with rules with respect to advertising or marketing practices it may deem misleading or deceptive. Similarly, several states have enacted laws that prohibit "falsity or deception" in commercial emails and that give recipients of such emails a right of action and ability to seek damages.

The Telephone Consumer Protection Act of 1991 (TCPA) restricts telemarketing and the use of automated telephone dialing systems. The TCPA regulates the use of artificial or prerecorded voice messages, fax messages, and the use of automatic dialing systems for both voice calls and sending text messages. Additionally, a number of states have enacted statutes that address telemarketing. For example, some states, such as Colorado, Florida, Indiana, Louisiana, Massachusetts, Mississippi, Missouri, Oklahoma, Pennsylvania, Tennessee, Texas and Wyoming, still have do-not-call lists. Other states, such as Oregon and Washington, have enacted "no rebuttal statutes" that require the telemarketer to end the call when the consumer indicates that he or she is not interested in the product being sold. Restrictions on telephone marketing, including calls and text messages, are enforced by the FTC, the Federal Communications Commission, states, and through the availability of statutory damages and class action lawsuits for violations of the TCPA.

The Credit Card Accountability Responsibility and Disclosure Act of 2009, or CARD Act, and similar laws and regulations adopted by a number of states regulate credit card and gift certificate use fairness, including expiration dates and fees. Our business also requires that we comply with payment card industry data security and other standards. In particular, we are subject to payment card association operating rules, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, or if our data security systems are breached or compromised, we may be liable for card issuing banks' costs, subject to fines and higher transaction fees, reputational damage, and lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments, and our business and results of operations could be adversely affected.

Regulations related to the Program Participation Agreement of the U.S. Department of Education and other similar laws that regulate the recruitment of students to colleges and other institutions of higher learning.

The Family Educational Rights and Privacy Act (FERPA) protects the privacy of student records and gives students (and their parents in the case of minors), certain rights (such as data correction and data production), with respect to their student records. FERPA restricts the circumstances in which we can disclose student records. In addition, many states have passed student privacy laws, some of which are more restrictive than FERPA, and therefore do not pre-empt FERPA.

The Children's Online Privacy Protection Act imposes additional restrictions on the ability of online services to collect, use, and disclose personal information from minors. In addition, certain states, including Utah and Massachusetts, have laws that impose criminal penalties on the production and distribution of content that is "harmful to a minor." Delaware Code 1204C prohibits websites and applications directed at children from marketing or advertising products or services that are inappropriate for children.

California's Privacy Rights for California Minors in the Digital World Act (Eraser Bill) permits minors to remove or request and obtain removal of content or information posted on our services. The Eraser Bill also has special requirements for marketing and advertising certain products based on personal information specific to a minor or knowingly using, disclosing or compiling or allowing a third party to do so.

California has several laws protecting the literary works read by California residents. The California Reader Privacy Act protects information about the books California residents read from electronic services. Such information cannot be disclosed except pursuant to an individual's affirmative consent, a warrant or court order with limited exceptions, such as imminent danger of serious injury. California Education Code Section 99122 requires for-profit postsecondary educational institutions to post a social media privacy policy on their website.

The Digital Millennium Copyright Act (DMCA) provides relief for claims of circumvention of copyright protected technologies and includes a safe harbor intended to reduce the liability of online service providers for hosting, listing, or linking to third-party content that infringes copyrights of others.

The Communications Decency Act provides that online service providers will not be considered the publisher or speaker of content provided by others, such as individuals who post content on an online service provider's website.

The California Consumer Privacy Act (CCPA), which went into effect on January 1, 2020, provides consumers the right to know what personal data companies collect, how it is used, and the right to access, delete, and opt out of the sale of their personal information to third parties. It also expands the definition of personal information and gives consumers increased privacy rights and protections for that information. The CCPA also includes special requirements for California consumers under the age of 16.

The Nevada Online Privacy Law, which went into effect October 1, 2021 provides Nevada residents with the right to know our data practices and the right to opt-out of the sale of certain "covered information."

The California Privacy Rights Act (CPRA), Virginia Consumer Data Protection Act (CDPA) and Colorado Privacy Act (CPA) all come into effect on January 1, 2023. These laws provide consumers with the right to know what personal data companies collect, how it is used, and the right to access, delete, and opt out of the sale of their personal information to third parties. The CPRA also includes special requirements for California consumers under the age of 16.

The General Data Protection Regulation (GDPR) which went into effect in May 2018 gives European Union (EU) residents, among other things, rights to right to know what personal data we collect from them, how it is used, and the right to access, correct, delete, and opt out of the sale of their personal information to third parties. We are also required to obtain consent from consumers in certain circumstances and adhere to certain data transfer mechanisms to transfer EU personal data to certain other jurisdictions. The Safe Harbor framework that many companies relied on to transfer data was recently found to be invalid. We rely on standard contracts for data transfers from the EU, and the standard contractual clauses were recently substantially revised, and we do not yet fully comply with implementing the new standard contractual clauses. As regulatory authorities continue to issue further guidance on personal data, we could suffer additional costs, complaints or regulatory investigations or fines. The GDPR sets a maximum fine of €20 million or 4% of annual global turnover for infringements – whichever is greater. If we are unable to transfer data between and among countries in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our systems and operations, and could adversely affect our financial results.

The United Kingdom's Data Protection Act 2018 (Data Protection Act) and UK General Data Protection Regulation ("UK GDPR") apply to our activities in the United Kingdom. They have similar requirements to those noted above relating to GDPR. The Data Protection Act and UK GDPR set a maximum fine of £17.5 million or 4% of annual global turnover for infringements – whichever is greater – for infringements.

Israel's Basic Law: Human Dignity and Liberty, 5752 1992 (IBL HDL), the Protection of Privacy Law, 5741-1981 and the regulations promulgated thereunder (collectively, the PPL), and the guidelines of the Israel Privacy Authority (IPA Guidelines) apply to our activities in Israel. PPL gives Israeli residents, among other things, the right to know what personal data we collect from them, how it is used, and the right to access, correct, and erase their personal information to third parties. Under the PPL, we are required to, among other things, register our databases in Israel, take steps to secure personal data and sensitive data such as creating a database settings document, developing an information security policy and training employees. PPL also has strict regulations regarding transferring data outside of Israel. PPL provides for both civil and criminal penalties with a maximum financial penalty of ILS 25,000 and additional fines if the violation is on-going, and a maximum criminal penalty of imprisonment for up to five years.

**Human Capital**

As of December 31, 2021, we had 1,736 employees, of which 1,613 were full-time and 123 were part-time. Additionally, 851 were located outside the United States. None of our workforce is covered under a collective bargaining agreement. We appreciate that our employees are our greatest asset and place a premium on the importance of their retention, growth, and development. We offer competitive compensation, including salary and equity, and benefits packages tailored to each of our locations around the world. All employees are offered training and development opportunities, from leadership training and coaching to career development programs for all levels of employees. We believe that a diverse workforce makes us a stronger company and helps us better serve the needs of our customers. We are focused on understanding our culture, belonging and diversity strengths and opportunities and defining and executing on a strategy to support further progress. We have employee-driven resource groups that are aligned around creating a culture of belonging and awareness for our diverse workforce. These groups are centered around gender, ethnicity, sexual orientation or other shared attributes, which we believe help build

community and enable opportunities for both personal and professional development. We continue to focus on building a strong talent pipeline to create more opportunities for workplace diversity, support greater representation within the organization, and build a company that is truly reflective of the diverse audience we serve. Please see the Environmental, Social, and Corporate Governance (ESG) section of our investor relations website (www.investor.chegg.com/esg) for relevant metrics and to learn more about Chegg's efforts around culture, belonging, diversity, and inclusion.

As a result of the COVID-19 pandemic, the majority of our global employee population continues to work remotely. This comes with many challenges for our employees which provided us with the opportunity to increase our support programs. To support our employees, we decided to continue our childcare reimbursement program into 2022, provide benefits related to substance abuse issues for employees, and continue to provide flexible time off for employees to deal with the difficulties of an extended remote work environment. We also increased our all employee communications as well as updated our onboarding programs to help employees feel connected in a new virtual world.

**Environmental, Social, and Corporate Governance (ESG)**

At Chegg, our approach to ESG is tied to our mission to help every learner achieve their best, in school and beyond. We believe our greatest impact is enabling students to succeed and improving the outcome of their education so that they can quickly move from learning to earning. To do this, we focus on listening to their needs, elevating and amplifying their voices, and taking action to provide real life solutions.

Just like our approach with students, we take the same level of care to engage with our stakeholders to help prioritize our ESG efforts, which we categorize into six pillars, as outlined below. This approach is informed by the materiality assessment we conducted in 2021, in which we engaged both internal and external stakeholders to identify the ESG topics that are most relevant to our business and to society.

***Focus on People***

We focus on people by making Chegg a great place to work. We foster an environment centered on respect for all people, where diversity and inclusion are celebrated, and people have the opportunity to develop and advance their careers. Our employees are one of our biggest competitive advantages, and it's our responsibility to take care of them.

***Help Learners***

Learners are evolving and so is Chegg. Learners need more flexibility when it comes to education, including affordable, on-demand help that delivers positive learning outcomes. We are extremely proud to have helped so many learners succeed on their learning-to-earning journey.

***Give Back***

Chegg's business activities as well as our philanthropic, research and community efforts align with many of the United Nations' Sustainable Development Goals. We have identified three of these goals where we believe Chegg's influence is the greatest: #4 – Quality Education, #3 – Good Health and Well-Being, and #2 – Zero Hunger.

***Act Responsibly***

We understand that to be a true customer champion and to gain and preserve our customers' trust, we must operate all facets of our business with integrity, including a focus on protecting learners' data. We hold ourselves to the highest ethical standards and strive for full compliance with applicable laws and regulations.

***Govern Effectively***

Chegg has a commitment to strong corporate governance practices. 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 stockholders.

***Operate Sustainably***

Chegg strives to make the planet a better place. To do our part, we are focused on sustainable operations and we are committed to finding ways to help reduce our environmental impact. We know that we owe it to our customers, employees, and society to use environmentally sound practices and to find ways to limit our contribution to global climate change.

To learn more about our ESG efforts, please visit the ESG section of our investor relations site: www.investor.chegg.com/esg.

**Seasonality**

Information about seasonality is set forth in the section "Seasonality of Our Business" in Part II, Item 7 of this Annual Report on Form 10-K.

**Corporate History**

We were incorporated in Delaware in July 2005 and launched our online print textbook rental business in 2007. We hired our current Chief Executive Officer in 2010, who implemented our current business strategy to create the leading direct-to-student learning platform for students to help them improve their outcomes. Beginning in 2010, we made a series of strategic acquisitions to expand our Chegg Services, including Cramster in 2010 to add Chegg Study, internships.com in 2014 to add to Chegg Internships, Imagine Easy Solutions in 2016 to add Chegg Writing and programmatic advertising, Cogeon GmbH in 2017 to add Chegg Math Solver, WriteLab in 2018 to add enhanced features to Chegg Writing, StudyBlue in 2018 to add Chegg Prep, Thinkful in 2019 to add our skills-based learning platform, Mathway in 2020 to strengthen our Chegg Math Solver, and Busuu in 2022 to add a language learning service. We completed our initial public offering (IPO) in November 2013, a follow-on offering in August 2017, issued convertible senior notes in April 2018, March/April 2019, and August 2020, and completed an equity offering in February 2021. Our common stock is listed on the New York Stock Exchange under the symbol "CHGG." Our principal executive offices are located at 3990 Freedom Circle, Santa Clara, California 95054 and our telephone number is (408) 855-5700.

**Available Information**

Our website address is www.chegg.com and our Investor Relations website address is www.investor.chegg.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), are filed with the U.S. Securities and Exchange Commission (SEC), which maintains an Internet site at www.sec.gov to access such reports. We are subject to the informational requirements of the Exchange Act and file or furnish reports, proxy statements, and other information with the SEC. Such reports and other information filed by the Company with the SEC are available free of charge on our website at www.investor.chegg.com when such reports are available on the SEC's website. We use our www.chegg.com/press website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor www.chegg.com/press, in addition to following our press releases, SEC filings, and public conference calls and webcasts.

The contents of the websites referred to above and throughout this Annual Report on Form 10-K are not incorporated into this filing. Further, our references to the URLs for these websites are intended to be inactive textual references only.

## ITEM 1A. RISK FACTORS

*The risks and uncertainties set forth below, as well as other risks and uncertainties described elsewhere in this Annual Report on Form 10-K including on our consolidated financial statements and related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" or in other filings by Chegg with the SEC, could adversely affect our business, financial condition, results of operations, and the trading price of our common stock. Additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material may also harm our business operations and financial results. Because of the following risks and uncertainties, as well as other factors affecting our financial condition and results of operations, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.*

**Summary of Risk Factors**

Below is a summary of the principal factors that make an investment in our common stock speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the heading "Risk Factors" and should be carefully considered, together with other information in this Form 10-K and our other filings with the SEC, before making an investment decision regarding our common stock.

- The uncertainty surrounding the evolving educational landscape, the COVID-19 pandemic, the state of the student, and the demand for our evolving offerings make it difficult to predict our operational trends and results of operations.
- Our future revenue and growth depend on our ability to continue to attract new students to, and retain existing students on, our learning platform.
- If our efforts to build and maintain strong brands are not successful, we may not be able to grow our student user base, which could adversely affect our results of operations.
- The COVID-19 pandemic has impacted, and may continue to impact, our business, key metrics, and results of operations in volatile and unpredictable ways.
- We intend to offer new products and services to students to grow our business. If our efforts are not successful, our business, results of operations, and financial condition could be adversely affected.
- Our current operations are international in scope and we plan to expand our international operations, which exposes us to risks inherent in international operations.
- We face competition in all aspects of our business, and we expect such competition to increase.
- We have a history of losses and we may not achieve or sustain profitability in the future.
- We rely on AWS and other third-party software and service providers to provide systems, storage, and services for our website and any disruption of such services or a material change to our arrangements could adversely affect our business.
- If we fail to convince brands of the benefits of advertising on our learning platform, or if platforms such as Google Chrome, Safari, or Firefox limit our access to advertising and marketing audiences, or the data required to effectively reach those audiences, our business could be harmed.
- Government regulation of education and student information is evolving, and unfavorable developments could have an adverse effect on our business, results of operations, and financial condition.
- Colleges and certain governments may restrict online access or access to our website, which could lead to the loss of or slowing of growth in our student user base and their level of engagement with our platform.
- If we become subject to liability for the Internet content that we publish or that is uploaded to our websites by students, our results of operations could be adversely affected.
- Computer malware, viruses, hacking, phishing attacks, and spamming could harm our business and results of operations.
- Our stock price has been and will likely continue to be volatile.
- We may be subject to short selling strategies that may drive down the market price of our common stock.

**Risks Related to Our Business and Growth**

***The uncertainty surrounding the evolving educational landscape, the COVID-19 pandemic, the state of the student, and the demand for our evolving offerings make it difficult to predict our operational trends and results of operations.***

The uncertainty surrounding the evolving educational landscape, the COVID-19 pandemic, employment opportunities for students, the number of classes and the difficulty of the classes that the students take, and the demand and market for our products and services make it difficult to predict our operational trends and results of operations, particularly with respect to our newer offerings, and the ultimate market size for our products and services. If the market and demand for a comprehensive learning platform does not develop as we expect, or if we fail to address the needs of this market, our business and prospects would be harmed. We face risks, expenses, and difficulties related to our specific business model, including the risks more fully described throughout this "Risk Factors" section, which impede our ability to successfully accomplish the following, among other items:

- enhance and expand our Chegg Services offerings including developing new products and services;
- develop and pursue a profitable business model and pricing strategy;
- acquire complementary products and services to expand and enhance our offerings;
- attract and retain students and increase their engagement with both Chegg Services and Required Materials;
- expand our offerings internationally;
- prevent students from sharing accounts with other students;

- prevent students from misusing our products and services in ways that violate our terms of services, applicable laws, or the code of conduct at their educational institutions; and
- develop and scale a high-performance technology infrastructure to efficiently handle increased usage by students, especially during peak periods prior to each academic term.

We anticipate that our ability to accurately forecast financial results for future periods will be most limited at the time we present our second quarter financial results, which will generally occur midsummer and precede the "fall rush." Additionally, we expect our results of operations to fluctuate in the future based on a variety of factors, many of which are outside our control and difficult to predict. As a result, period-to-period comparisons of our results of operations may not be a good indicator of our future or long-term performance. The following factors may affect us from period-to-period and may affect our long-term performance:

- our ability to attract, retain and engage students with our offerings;
- changes to search engines and application marketplaces that drive traffic to our platform;
- the rate of adoption of our offerings;
- price competition and our ability to react appropriately to such competition;
- the strength of the economy and the availability of attractive employment opportunities for our students;
- the trend of declining college enrollment;
- the types of classes our students are taking and whether they choose to take those classes pass/fail;
- the number and difficulty of assignments that professors are assigning and the number of assessments that professors are administering;
- changes by our competitors to their product and service offerings, including price and materials;
- our ability to integrate acquired businesses, including personnel;
- our ability to identify and target sales of complementary products and services to our students;
- changes in demand and pricing for print textbooks and eTextbooks;
- the ability of our logistics partner to efficiently manage and operate fulfillment;
- disruptions to our and our fulfillment partner's informational technology systems, particularly during peak periods;
- government regulations, in particular regarding privacy, academic integrity, advertising and taxation policies;
- operating costs and capital expenditures relating to expansion of our business; and
- general macroeconomic conditions, including as a result of COVID-19.

We have focused in the past, and expect to continue to focus in the future, on expanding our offerings, in many instances through the acquisition of other companies, such as Busuu, Mathway and Thinkful. Our newer products and services, such as skills-based learning and language learning, may not be integrated effectively into our business, achieve or sustain profitability, or achieve market acceptance at levels sufficient to justify our investment. We have encountered and will continue to encounter these risks and if we do not manage them successfully, our business, financial condition, results of operations, and prospects may be materially and adversely affected.

***Our future revenue and growth depend on our ability to continue to attract new students to, and retain existing students on, our learning platform.***

The growth of our business depends on our ability to attract new students to use our products and services and to increase the level of engagement by existing students with our learning platform. The substantial majority of our revenues depends on small transactions made by a widely dispersed student population with an inherently high rate of turnover primarily as a result of graduation. The rate at which we expand our student user base and increase student engagement with our learning platform may decline or fluctuate because of several factors, including, among others:

- our ability to engage students with our suite of Chegg Services and to introduce new products and services that are favorably received by students;
- our ability to produce compelling and engaging services, mobile applications and websites for students;
- the efficacy of our "Learn with Chegg" initiative and the ability of the enhanced personalization of our content to further retain and engage students on our learning platform;
- our ability and our fulfillment partner's ability to consistently provide students with a convenient, high- quality experience for selecting, receiving, and returning print textbooks;
- our ability to grow our skills partnerships with providers who link us to employers and their learners;
- our ability to accurately forecast and respond to student demand for print textbooks;
- the pricing of our physical textbooks and eTextbooks for rental or sale in relation to other alternatives;
- the rate of adoption of eTextbooks and our ability to capture a significant share of that market;
- changes in student spending levels or the number of students attending college; and

- the effectiveness of our sales and marketing efforts, including generating word-of-mouth referrals.

If we do not attract more students or if students do not increase their level of engagement with our platform, our revenues may grow more slowly than expected or decline. The student demographic is characterized by rapidly changing tastes, preferences, behavior, brand loyalty, and price sensitivity. Developing an enduring business model to serve this population is particularly challenging. Attracting new students depends not only on investment in our brand and our marketing efforts, but also on the perceived value of our products and services versus alternatives. If our efforts to satisfy our existing student user base are not successful or become less effective, or if the cost of such efforts were to significantly increase, we may not be able to attract new students as successfully or efficiently and we may not be able to retain existing students on our platform. As a result, our business, growth, results of operations, and financial condition could be adversely affected.

Additionally, even if we succeed in establishing brand awareness and loyalty, we may be unable to maintain and grow our student user base if we cannot offer competitive prices for our products and services or adequately prevent unauthorized account sharing of our subscription program services. If we fail to maintain and expand our user base, our business, results of operations, and financial condition could be adversely affected.

***If our efforts to build and maintain strong brands are not successful, we may not be able to grow our student user base, which could adversely affect our results of operations.***

We believe our brands are a key asset of our business. Developing, protecting, and enhancing our “Chegg” brands are critical to expanding our student user base and increasing student engagement. Strong brands also help to counteract the significant student turnover we experience from year to year as students graduate, and differentiate us from our competitors.

To succeed in our efforts to strengthen our brands’ identities, we must, among other activities:

- maintain our reputation as a trusted technology platform and source of content, services, and textbooks for students;
- maintain and improve the quality of our existing products, services, and technologies;
- introduce compelling products and services;
- adapt to changing technologies and changes in the learning environment;
- protect user data, such as passwords and personally identifiable information;
- adapt to students’ rapidly changing tastes, preferences, behavior, and brand loyalties;
- continue to expand our reach to students in high school, graduate school, and internationally;
- ensure that the student-posted content to our website is reliable and does not infringe on third-party copyrights or violate other applicable laws, our terms of use, or the ethical codes of those students’ colleges;
- protect our trademarks and other intellectual property rights;
- convert and integrate the brands and students that we acquire into the Chegg brand and Chegg.com; and
- maintain and control the quality of our brand.

Our ability to successfully achieve these goals is not entirely within our control and we may not be able to maintain the strength of our brands or do so cost-effectively. Factors that could negatively affect our brands include, among others:

- changes in student sentiment about the quality or usefulness of our products and services;
- technical or other problems that prevent us from providing our products and services reliably or otherwise negatively affect the student experience with our products and services;
- concern from colleges about how students use our content offerings, such as our Expert Questions and Answers service;
- brand conflict between acquired brands and the Chegg brand;
- student concerns related to privacy and use of data in our products and services;
- the reputation or products and services of competitive companies; and
- students’ misuse of our products and services in ways that violate our terms of services, applicable laws, or the code of conduct at their colleges.

***The COVID-19 pandemic has impacted, and may continue to impact, our business, key metrics, and results of operations in volatile and unpredictable ways.***

The full effects of the COVID-19 pandemic cannot be predicted because of many uncertainties, including the deployment and long-term efficacy of vaccines and ongoing infection rate surges. Governments and businesses have taken mitigation actions, including school and business closures, travel restrictions, and quarantines. These actions could continue to cause a general slowdown in the U.S. and global economy, adversely impact our customers and partners, disrupt our operations, and cause significant volatility in financial markets.

While our overall business was not materially and adversely affected by the COVID-19 pandemic during the year ended December 31, 2021, the COVID-19 pandemic may still have a material adverse impact on our business and result of operations in the near-term. We are continuously monitoring our business and operations to take appropriate actions to mitigate risks arising from the COVID-19 pandemic, but there can be no guarantee that the actions we take will be successful. Should the situation worsen or not improve, or our steps or risk mitigation fail, our business, liquidity, financial condition, results of operations, stock price and prospects may be materially and adversely affected.

Most employees are currently working remotely because of the COVID-19 pandemic. The health of our employees is of primary concern and at this time and we cannot reasonably predict when our employees can return to our offices. We may need to take further precautionary measures to protect the health of our employees. Additionally, our management team is focused on ongoing planning for and mitigating the risks of COVID-19, which may reduce their time for other initiatives. The COVID-19 pandemic may lead to employee inefficiencies, operational and cybersecurity risks, logistics disruptions, and other circumstances which could have an adverse impact on our business and results of operations.

A significant number of U.S. and international colleges ceased in-person classes during 2021 in an attempt to ensure the safety of their students. Additionally, according to The New York Times, total undergraduate college enrollment decreased 3.1% from the fall of 2020 to the fall of 2021, bringing the total decline since the fall of 2019 to 6.6% or approximately 1.2 million fewer students. Should the COVID-19 pandemic continue, college enrollment may continue to decline. Our business, growth, results of operations, and financial condition could be adversely affected as a result of a continued decrease in college enrollment.

As students returned to school in the fall of 2021, we started to see a slowdown in the education industry as a result of the COVID-19 pandemic, which resulted in a decline in traffic to education technology services, such as the ones we provide. A combination of variants, increased employment opportunities and compensation, along with fatigue, all led to significantly fewer enrollments than expected. Moreover, those students who have enrolled are taking fewer and less rigorous classes and are receiving less graded assignments. As a result, we experienced a deceleration in the growth rates of our services and revenues that may continue. Any reduction in the number of students accessing our learning platform could harm our business and results of operations.

Additionally, uncertainties surrounding the COVID-19 pandemic have forced colleges to pay heightened attention to alternative methods of instruction, including online learning and related concerns, such as proctoring exams. This increase in attention and demand may lead to additional scrutiny from the faculty of more traditional institutions, such as colleges or universities.

***We intend to offer new products and services to students to grow our business. If our efforts are not successful, our business, results of operations, and financial condition could be adversely affected.***

Our ability to attract and retain students and increase their engagement with our learning platform depends on our ability to connect them with appropriate products, people, or services. Part of our strategy is to offer students new products and services in an increasingly relevant and personalized way. We may develop such products and services independently, by acquisition, or in conjunction with third parties. In the future, we may invest in new products and services and other initiatives, but there is no guarantee these approaches will be successful. The markets for new products and services may be unproven, and these products may include technologies and business models with which we have little or no prior experience or may significantly change our existing products and services. In addition, we may be unable to obtain long-term licenses from third-party content providers and/or government regulatory approvals and licenses necessary to allow a new or existing product or service to function. If our new or enhanced products and services do not engage our students or attract new students, or if we cannot obtain desirable third party content, we may not grow our student base or generate sufficient revenues, operating margin, or other value to justify our investments, and our business could be adversely affected.

***If search engines' methodologies are modified or our search result page rankings decline for other reasons, student engagement with our website could decline, which may harm our business and results of operations.***

We depend in part on various search engines to direct a significant amount of traffic to our website. Similarly, we depend on mobile app stores such as Google Play Store and the Apple App Store to allow students to locate and download Chegg mobile applications that enable our services. Our ability to maintain the number of students directed to our website is not entirely within our control. Our competitors' SEO efforts may result in their websites receiving a higher search result page ranking than ours, or search engines could revise their methodologies to improve their search results, which could adversely affect the placement of our search result page ranking. If search engine companies modify their search algorithms in ways that are detrimental to our search result page ranking or in ways that make it harder for students to find our website, or if our competitors' SEO efforts are more successful than ours, overall growth could slow, including the number of subscribers to Chegg Services, student engagement could decrease, and fewer students may use our platform. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of students directed to our website could harm our business and results of operations.

***Our current operations are international in scope and we plan to expand our international operations, which exposes us to risks inherent in international operations.***

Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic, and political risks that are different from those in the United States. In addition to our employee base in the United States, we have employees in Germany, Israel, India, the United Kingdom and Spain, and we have retained professional employer organizations and staffing agencies to engage personnel in certain additional international locations. Our international operations subject us to the compensation and benefits regulations of those jurisdictions, as well as other employer duties and obligations, that differ from the compensation and benefits regulations and duties and obligations in the United States. Further, enrollments of learners from other countries requires us to comply with international data privacy and education regulations of those countries. Failure to comply with international regulations or to adequately adapt to international markets could harm our ability to successfully operate our business and pursue our business goals.

We intend to expand our international operations and presence, and to make our products and services available in more international markets. However, we have a limited operating history in international jurisdictions and expanding our international operations will require considerable management attention and resources to attract talented employees and students. Our expansion efforts into international markets may not be successful. In addition, we face risks in doing business internationally that could constrain our operations, increase our cost structure, and compromise our growth prospects, including:

- the need to localize and adapt content for specific countries, including translation into foreign languages;
- local laws restricting students from accessing online education platforms such as ours;
- data privacy laws that may require data to be handled in a specific manner, including storing, processing, and encrypting data solely on local servers;
- varying levels of internet technology adoption and infrastructure, and increased or varying network and hosting service provider costs;
- difficulties in staffing and managing foreign operations, including in countries in which foreign employees may become part of labor unions, employee representative bodies, workers' councils or collective bargaining agreements, and challenges relating to work stoppages or slowdowns;
- different pricing environments, longer sales cycles, longer accounts receivable payment cycles, difficulties in adopting and supporting new and different payment preferences, and collections issues;
- new and different sources of competition and practices which may favor local competitors;
- the ability to protect and enforce intellectual property rights abroad;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, legal systems, alternative dispute systems, including, but not limited to, employment, tax, privacy and data protection, economic sanctions and export controls, U.S. and other anti-boycott authorities, anti-money laundering laws, and anti-bribery laws and regulations such as the U.S. Foreign Corrupt Practices Act, the Office of Foreign Assets Controls, and the U.K. Bribery Act;
- increased financial accounting and reporting burdens, complexities, and commercial infrastructures;
- risks associated with foreign tax regimes, trade tariffs, or similar issues, which could negatively impact international adoption of our offerings;
- fluctuations in currency exchange rates and the requirements of currency control regulations, which might restrict or prohibit conversion of other currencies into U.S. dollars;
- adverse tax consequences, including the potential for required withholding taxes for our overseas employees; and
- regional and economic political conditions.

If we cannot address these challenges, it could have an adverse effect on our business, results of operations, and financial conditions. Our ability to gain market acceptance in any particular market is uncertain and the distraction of our senior management team could have an adverse effect on our business, results of operations, and financial condition.

***Our business is seasonal, and increased risk from disruption during peak periods makes our operating results difficult to predict.***

We derive a portion of our net revenues from print textbook rentals and, to a lesser extent, sale transactions, which occur in large part during short periods of time around the commencement of the fall, winter, and spring academic terms. In particular, we and our partners experience the largest increase in rental and sales volumes during the last two weeks of August and first two weeks of September and to a lesser degree in December and January. The increased volume of orders that we process during these limited periods of time means that any shortfalls or disruptions in our operations during these peak periods will have a disproportionately large impact on our Required Materials revenues. If our distribution partners limited their service or otherwise suffer from business disruptions during these peak periods, we may be required to find alternatives for delivery, which may be more expensive, or we may be unable to deliver textbooks timely. If there are delays in the delivery of our textbooks to students, we recognize less revenue from such transactions. Additionally, our students could become dissatisfied with such delays and discontinue their use of our service, which could adversely affect our results of operations.

Revenues from Chegg Services, print textbooks that we own, and eTextbooks are primarily recognized ratably over the term a student subscribes to our Chegg Services, rents a print textbook or has access to an eTextbook. This has generally resulted in our highest revenues and profitability in the fourth quarter as it reflects more days of the academic year. As a result of this seasonality, which corresponds to the academic calendar, our revenues may fluctuate significantly quarter to quarter depending upon the timing of where we are in our "rush" cycle and sequential quarter-over-quarter comparisons of our net revenues and operating results are not likely to be meaningful. In addition, should the current COVID-19 pandemic continue to worsen and colleges cannot withstand a prolonged shutdown, we may experience a shift or reduction in enrollments that could impact the seasonality of our business and further make our results of operations difficult to predict.

***We face competition in all aspects of our business, and we expect such competition to increase.***

Our products and services compete for students and we expect such competition to increase. Chegg Services faces competition based on the particular offering. For Chegg Study, our competitors primarily include platforms that provide study materials and online instructional systems, such as Course Hero, Quizlet, Khan Academy, Bartleby, and Brainly. For Chegg Writing, we primarily face competition from other citation generating and grammar and plagiarism services, such as Grammarly. For Chegg Math Solver and Mathway, we face competition from other equation solver services, such as Photomath and Symbolab. For Busuu, our competitors primarily include language learning platforms, such as Duolingo and Babbel. For Thinkful, we face competition from other online learning platforms and online "skills accelerator" courses both in the direct-to-consumer category, including General Assembly, Galvanize, Inc., Flatiron School, Codecademy, DataCamp, and Lambda, Inc., as well as white-label and co-branded providers who compete for adult learners through third party institutions, including 2U, Inc., Simplilearn, and Kenzie Academy. Additionally, the market for textbooks is intensely competitive and subject to rapid change. We face competition from college bookstores, some of which are operated by Follett and Barnes & Noble Education, online marketplaces such as Amazon.com, providers of eTextbooks, as well as various private textbook rental websites.

Our industry is evolving rapidly and some of our competitors have adopted, and may continue to adopt, aggressive pricing policies, less stringent standards for user-uploaded content, and devote substantially more resources to marketing, website, and systems development than we do. In addition, a variety of business models are being pursued for the provision of print textbooks, some of which may be more profitable or successful than ours. We also face risks from strategic alliances by other education ecosystem participants. New competition may come from companies with greater brand recognition, and have significantly greater financial, marketing, and other resources than we do. We may, in the future, establish alliances or relationships with other competitors or potential competitors. To the extent such alliances are terminated or new alliances and relationships are established, our business could be harmed.

***Our growth strategy includes acquisitions, and we may not be able to execute on our acquisition strategy or integrate acquisitions successfully.***

As part of our business strategy, we have made and intend to continue to make acquisitions to add specialized employees, complementary businesses, products, services, operations, or technologies. To be successful, we must timely and efficiently integrate acquired companies, including their technologies, products, services, operations, and personnel. Acquired companies can be complex and time consuming to integrate and we may incur significant integration costs and we may not be able to offset our acquisition costs. Acquisitions involve many risks that may negatively impact our financial condition and results of operations, including the risks that the acquisitions may:

- require us to incur charges and substantial debt or liabilities;
- cause adverse tax consequences, substantial depreciation, or deferred compensation charges;
- result in acquired in-process research and development expenses or in the future may require the amortization, write-down, or impairment of amounts related to deferred compensation, goodwill, and other intangible assets; and
- give rise to various litigation and regulatory risks.

In addition:

- we may encounter difficulties or unforeseen expenditures to integrate an acquired company;
- an acquisition may disrupt our business, divert resources, increase expenses, and distract our management;
- an acquisition may reduce or delay adoption and engagement rates for our acquired products and services because of student uncertainty about continuity and effectiveness;
- an acquisition may subject us to laws and operational challenges in new jurisdictions with which we are unfamiliar;
- we may not successfully transition acquired users to the Chegg platform and therefore may not realize the potential benefits of these acquisitions;
- we may incur unforeseen costs as a result of the pre-acquisition activities of businesses and technologies we acquire;
- we may be required to honor the pre-existing contractual relationships of businesses we acquire, which contracts may be on terms that we would not have otherwise accepted;
- it may be difficult to monetize any acquired products and services;
- an acquisition may not ultimately be complementary to our offerings; and
- an acquisition may involve the entry into markets where we have little or no prior experience.

Our ability to acquire and integrate larger or more complex businesses, products, services, operations, or technologies in a successful manner is unproven. We may not be able to find suitable acquisition candidates, and we may not be able to complete acquisitions on favorable terms, if at all. To finance any future acquisitions, we may issue equity or equity-linked securities, which could be dilutive, or debt, which could be costly, potentially dilutive, and impose substantial restrictions on the conduct of our business. If we fail to successfully complete any acquisitions or integrate them into our company, or identify and address liabilities associated with the acquisition, our business, results of operations, and financial condition could be adversely affected.

***If we do not retain our senior management team and key employees, we may not be able to sustain our growth or achieve our business objectives.***

We depend on the continued contributions of our senior management and other key personnel. In particular, we rely on the contributions of our President, Chief Executive Officer, and Co-Chairperson, Dan Rosensweig. All of our executive officers and key employees are at-will employees, meaning they may terminate their employment relationship at any time. If we lose the services of one or more members of our senior management team or other key personnel, or if one or more of them decides to join a competitor or otherwise compete directly or indirectly with us, we may not be able to successfully manage our business or achieve our business objectives. Our future success also depends on our ability to identify, attract, and retain highly skilled personnel. Competition for these employees is intense. Qualified individuals are in high demand, particularly in the San Francisco Bay Area where our executive offices are located, and if we cannot attract or retain the personnel we need to succeed, our business may suffer.

***We have a history of losses and we may not achieve or sustain profitability in the future.***

We have experienced significant net losses since our incorporation in July 2005, and we may continue to experience net losses in the future. Our net losses for the years ended December 31, 2021, 2020, and 2019 were $1.5 million, $6.2 million, and $9.6 million, respectively. As of December 31, 2021, we had an accumulated deficit of $337.2 million. We expect to make significant investments in the development and expansion of our business and, as a result, our cost of revenues and operating

expenses may increase. We may not succeed in increasing our revenues sufficiently to offset these higher expenses, and our efforts to grow the business may be more expensive than we anticipate. We may incur significant losses in the future for a number of reasons, including slowing or lower demand for our products and services, increasing competition, decreased spending on education, and other risks described in this Annual Report on Form 10-K. We may encounter unforeseen expenses, challenges, complications, delays, and other unknown factors, many of which are exacerbated by the effects of the COVID-19 pandemic, as we pursue our business plan. While Chegg Services revenues have grown in recent periods, this growth may not be sustainable and we may not be able to achieve profitability. To achieve profitability, we may need to change our operating infrastructure, scale our operations more efficiently, reduce our costs, or implement changes in our product and services offerings. If we fail to timely implement these changes or we cannot implement them for any reason, including due to factors beyond our control, our business may suffer. If we do achieve profitability, we may not be able to sustain or increase such profitability.

***We rely on AWS and other third-party software and service providers to provide systems, storage, and services for our website and any disruption of such services or a material change to our arrangements could adversely affect our business.***

We rely on AWS and other third-party software and service providers to provide systems, storage, and services, including user login authentication, for our website. Our reliance makes us vulnerable to any errors, interruptions, or delays in their operations. Any disruption in the services provided by third-party providers, including AWS, could harm our reputation or brand, cause us to lose subscribers or revenues or incur substantial recovery costs and distract management from operating our business. Further, these third-party software and service providers may experience operational difficulties due to the current COVID-19 pandemic, including increased usage of their software and services. If they cannot adapt to the increase in demand or fail to ensure availability of their software and services, our ability to service users' requests may be impacted, which could have an adverse impact on our result of operations.

AWS may terminate its agreement with us upon 30 days' notice. Upon expiration or termination of our agreement with AWS, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us, and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

***Our wide variety of accepted payment methods subjects us to third-party payment processing-related risks, including risks associated with credit card fraud.***

We accept payments from students using a variety of methods, including credit cards, debit cards, and PayPal. As we offer new payment options to students, we may be subject to additional regulations, compliance requirements and incidents of fraud. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins. For example, we have in the past experienced higher transaction fees from our third-party processors as a result of chargebacks on credit card transactions.

We rely on third parties to provide payment processing services, including the processing and information storage of credit cards and debit cards. If these companies become unwilling or unable to provide these services to us, our business could be disrupted. We are also subject to payment card association operating rules, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to additional fines and higher transaction fees; lose our ability to accept credit and debit card payments from our students or process electronic funds transfers; or facilitate other types of online payments, and our business and results of operations could be adversely affected.

We may experience some loss from fraudulent credit card transactions, including potential liability for not obtaining signatures from students in connection with the use of credit cards or fraudulent payments to educators as part of Uversity. While we do have safeguards in place, we cannot be certain that other fraudulent schemes will not be successful. A failure to adequately control fraudulent transactions could harm our business and results of operations.

***We depend on mobile app stores and operating systems to grow our student user base and their engagement with our learning platform.***

There is no guarantee that students will use our mobile apps, such as the mobile version of our website, m.chegg.com, Chegg Prep, and Chegg Study, rather than competing products. We are dependent on the interoperability of our mobile apps with popular third-party mobile operating systems such as Google's Android and Apple's iOS, and their placement in popular app stores like the Google Play Store and the Apple App Store, and any changes in such systems that degrade our products' functionality or give preferential treatment or app store placement to competitive products could adversely affect the access and

usage of our applications on mobile devices. If it is more difficult for students to access and use our apps on their mobile devices, our student growth and engagement levels could be harmed.

***If we fail to convince brands of the benefits of advertising on our learning platform, or if platforms such as Google Chrome, Safari, or Firefox limit our access to advertising and marketing audiences, or the data required to effectively reach those audiences, our business could be harmed.***

Our business strategy includes increasing our revenues from brand advertising. Brands may not do business with us, or may reduce their advertising spend with us, if we do not deliver ads, sponsorships, and other commercial content and marketing programs effectively, or if they do not believe that their investment will generate a competitive return relative to other alternatives. Additionally, if platforms such as Google Chrome, Safari, or Firefox, limit our access to or understanding of advertising and marketing audiences, they could reduce our advertising rates and ultimately reduce our revenues from brand advertising. For example, the release of iOS 14 on Apple devices brought with it a number of new changes, including the need for app users to opt in before their identifier for advertisers (IDFA) can be accessed by an app. Apple's IDFA is a string of numbers and letters assigned to Apple devices which advertisers use to identify app users to deliver personalized and targeted advertising. As more users opt out of granting IDFA access, the ability of advertisers to accurately target and measure their advertising campaigns at the user level may become significantly limited and we may experience increased cost per registration. Our ability to grow the number of brands that use our brand advertising, and ultimately to generate advertising revenues, depends on a number of factors, some of which are outside of our control, such as the impact of macroeconomic conditions and legal developments relating to data privacy, advertising, legislation and regulation and litigation.

***Our core value of putting students first may conflict with the short-term interests of our business.***

We believe that adhering to our core value of putting students first is essential to our success and in the best interests of our company and the long-term interests of our stockholders. In the past, we have forgone, and in the future we may forgo, short-term revenue opportunities that we do not believe are in the best interests of students, even if our decision negatively impacts our results of operations in the short term. For example, we offer free services to students that require investment by us, such as our Chegg Internships service, to promote a more comprehensive solution. Our philosophy of putting students first may cause us to make decisions that could negatively impact our relationships with publishers, colleges, and brands, whose interests may not always be aligned with ours or those of our students. Our decisions may not result in the long-term benefits that we expect, in which case our level of student satisfaction and engagement, business, and results of operations could be harmed.

***We may need additional capital, and we cannot be sure that additional financing will be available on favorable terms, if at all.***

Historically, investments in our business have substantially exceeded the cash we have generated from our operations. We have funded our operating losses and capital expenditures through proceeds from equity and debt financings, and cash flow from operations. Although we currently anticipate that our available funds and cash flow from operations will be sufficient to meet our cash needs for the foreseeable future, we may require additional financing. Additional financing may not be available to us on favorable terms when required or at all. If we raise additional funds through the issuance of equity, equity-linked, or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, and our stockholders may experience substantial dilution.

***Our business depends on general economic conditions and their effect on spending behavior by students and advertising budgets.***

Our business is dependent on, among other factors, general economic conditions, which affect student spending and brand advertising. Prior to the COVID-19 pandemic, state and federal funding levels at colleges across the United States remained below historic levels, which led to increased tuition and decreased amounts of financial aid offered to students. The COVID-19 pandemic has adversely affected federal and state budgets for education and caused significant economic volatility. To the extent that these trends continue, students may elect to not attend colleges and universities and reduce the amount they spend on educational content and textbooks. In addition to decreased spending by students, colleges and brands may reduce their spend on our advertising services. Any of the foregoing may have an adverse effect on our business.

***If we are not able to manage the growth of our business both in terms of scale and complexity, our business could be adversely affected.***

As we grow, the operations and technology infrastructure we use to manage and account for our operations will become more complex, and managing these aspects of our business will become more challenging. Acquisitions of new companies,

products, and services create integration risk, while developing and enhancing products and services involves significant time, labor, and expense as well as other challenges, including managing the length of the development cycle, entering new markets, regulatory compliance, evolution of sales and marketing, and protecting proprietary rights. Any future expansion will likely place significant demand on our resources, capabilities and systems, and we may need to develop new processes and procedures and expand our infrastructure to respond to these demands. If we are not able to manage the growth of our business, we may not be able to maintain or increase our revenues as anticipated or recover any associated acquisition or development costs, and our business could be adversely affected.

**Risks Related to Our Industry**

***Government regulation of education and student information is evolving, and unfavorable developments could have an adverse effect on our business, results of operations, and financial condition.***

Our ability to deliver course content to students enrolled in Thinkful skills-based learning programs may be subject to state oversight including regulatory approvals and licensure for the course content, the faculty members teaching the content, and the recruiting, admissions, and marketing activities associated with the business. Thinkful's efforts to obtain necessary approvals and licenses began prior to our acquisition of the business and continues following the acquisition. We monitor changes to the state regulatory requirements applicable to our business activities, including Thinkful; however, if we do not obtain the appropriate licenses or address evolving state requirements, it may result in governmental or regulatory proceedings or actions by private litigants, which could potentially harm our business, results of operations, and financial condition.

Our business may also be subject to laws specific to students, such as the Family Educational Rights and Privacy Act, the Delaware Higher Education Privacy Act, and a California statute which restricts the access by postsecondary educational institutions of prospective students' social media account information. Compliance requires, without limitation, making disclosures, obtaining consents, and restrictions on transferring data for which we may in the future need to build further infrastructure to support. We cannot guarantee that we or our acquired companies have been or will be fully compliant in every jurisdiction, due to lack of clarity concerning how existing laws and regulations governing educational institutions affect our business and lengthy governmental compliance process timelines.

Moreover, as the education industry continues to evolve, increasing regulation by federal, state, and foreign agencies becomes more likely. For example, California adopted the Student Online Personal Information Protection Act which prohibits operators of online services used for K-12 school purposes from using or sharing student personal information, Illinois adopted the Student Online Personal Protection Act which went into effect on July 1, 2021 and regulates how we collect and process data, and Colorado adopted House Bill 16-1423 designed to protect the use of student personal data in elementary and secondary school. These acts do not apply to general audience Internet websites but it is unclear how these acts will be interpreted and the breadth of services that will be restricted by them. Other states may adopt similar statutes. Additionally, for-profit postsecondary institutions, many of which provide course offerings predominantly online, remain under intense regulatory and other scrutiny. Allegations of abuse of federal financial aid funds and other statutory violations against for-profit higher education companies, even if unfounded, could negatively impact our opportunity to succeed due to increased regulation or decreased demand for our offerings.

Certain jurisdictions have also adopted statutes, such as California Education Code § 66400, which prohibit the preparation or sale of material that should reasonably be known will be submitted for academic credit. These laws and regulations are directed at enterprises selling term papers, theses, dissertations, and the like, which we do not offer, and were not designed for services like ours which are designed to help students understand the relevant subject matter. Although we will continue to work with academic institutions to enforce our honor code and otherwise discourage students from misusing our services, other jurisdictions (including international jurisdictions) may adopt similar or broader versions of these types of laws and regulations, or the interpretation of the existing or future laws and regulations may impact whether they are cited against us or where we can offer our services.

The adoption of any laws or regulations that adversely affect the popularity or growth in the use of the Internet particularly for educational services, including laws limiting the content and learning programs that we can offer, and the audiences that we can offer that content to, may decrease demand for our service offerings and increase our cost of doing business. Future regulations, or changes in laws and regulations or their existing interpretations or applications, could also hinder our operational flexibility, raise compliance costs, and result in additional historical or future liabilities for us, resulting in adverse impacts on our business and our results of operations.

While we expect and plan for new laws, regulations, and standards to be adopted over time that will be directly applicable to the Internet and to our student-focused activities, any existing or new legislation applicable to our business could

expose us to substantial liability, including significant expenses necessary to comply with such laws and regulations and potential penalties or fees for non-compliance, and could negatively impact the growth in the use of the Internet for educational purposes and for our services in particular. We may also run the risk of retroactive application of new laws to our business practices that could result in liability or losses. Due to the global nature of the Internet, it is possible that the governments of other states and foreign countries might attempt to change previous regulatory schemes or choose to regulate transmissions or prosecute us for violations of their laws. We might unintentionally violate such laws, such laws may be modified, and new laws may be enacted in the future. Any such developments could harm our business, results of operations, and financial condition.

***Colleges and certain governments may restrict online access or access to our website, which could lead to the loss of or slowing of growth in our student user base and their level of engagement with our platform.***

The growth of our business and our brand depends on the ability of students to access the Internet and the products and services available on our website, in particular in non-U.S. countries. Colleges that provide students with access to the Internet either through on-campus computer terminals or Internet access points on campus could block or restrict access to our website, content, or services or the Internet generally for a number of reasons, including security, confidentiality, regulatory concerns, or if they believe our products or services contradict or violate their policies. If colleges modify their policies in ways that are detrimental to the growth of our student user base or in ways that make it harder for students to use our website, the overall growth in our student user base would slow, student engagement would decrease and we would lose revenues. Any reduction in the number of students directed to our website would harm our business and results of operations.

***If we are required to discontinue certain of our current marketing activities, our ability to attract new students may be adversely affected.***

Laws or regulations may be enacted which restrict or prohibit use of emails or similar marketing activities that we currently rely on. For example: CAN-SPAM regulates unsolicited commercial emails and imposes civil and criminal penalties for abusive practices; the FTC imposes penalties on companies for misleading and deceptive marketing practices; TCPA restricts telemarketing and the use of automated telephone equipment; and CCPA requires us to make certain disclosures regarding our marketing practices, allows consumers to opt-out of certain data sharing practices. Newly enacted laws such CDPA and CPA will place additional restrictions on our marketing practices.

Notwithstanding existing laws, we may discontinue use or support of these activities if we become concerned that students or potential students deem them intrusive or they otherwise adversely affect our reputation, goodwill and brand. If our marketing activities are curtailed, our ability to attract new students may be adversely affected.

***We are subject to U.S. trade control laws that may impose restrict growth prospects and impose liability if we are non-compliant.***

As a U.S. company with U.S. origin software applications, we are required to comply with U.S. trade controls. Our activities are subject to U.S. economic sanctions laws and regulations administered by the Department of the Treasury, Office of Foreign Assets Control (OFAC), which prohibit most transactions with embargoed jurisdictions or prohibited parties without a specific or general license from OFAC. Additionally, the U.S. Department of Commerce, Bureau of Industry and Security (BIS) administers the Export Administration Regulations (EAR), which restrict exports of software subject to the EAR to embargoed countries and prohibited parties. Although we have taken precautions to prevent our platform, services and software applications from being provided in embargoed jurisdictions and to prohibited parties, and we continue to enhance our policies and procedures relating to sanctions and export compliance, we may not be able to prevent all transactions that are noncompliant with U.S. trade controls. Sanctions and export violations can result in significant fines or penalties, as well as reputational harm and loss of business.

Our customers outside of the United States generated approximately 11.1% of our net revenues during the year ended December 31, 2021, and our growth strategy includes further expanding our operations and customer base across all major global markets. An escalation in sanctions or export controls against regions where we operate, or the issuance of new sanctions designations or export restrictions against individuals and entities located in various regions, could result in decreased ability to provide our platform, services and software applications to existing or potential customers. Any limitation on our ability to operate in various global markets could adversely affect our business performance and growth prospects.

## Risks Related to Taxes and Accounting Matters

***We may be subject to greater than anticipated liabilities for income, property, sales, and other taxes, and any successful action by federal, state, foreign, or other authorities to collect additional taxes could adversely harm our business.***

We are subject to regular review and audit by both U.S. federal and state and foreign tax authorities and such jurisdictions may assess additional taxes against us. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical tax provisions and accruals and could have a negative effect on our financial position and results of operations. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing and allocating income from our intercompany transactions, which could increase our worldwide effective income tax rate. We collect sales taxes in all U.S. states with a sales tax and most local jurisdictions on our sales, rentals, and digital services sold through our commerce system including sales and rentals on behalf of our third-party publishers. In June 2018, the U.S. Supreme Court in South Dakota v. Wayfair, Inc. et al ruled that a state can require an online retailer with no in-state property or personnel to collect and remit sales and use tax on sales made to the state's residents. It is possible that such taxes could be assessed by certain states retroactively for periods before the Wayfair decision on acquired products that are not sold through our commerce system. Any successful action by federal, state, foreign or other authorities to impose or collect additional income tax or compel us to collect and remit additional sales, use, value-added or similar taxes, either retroactively, prospectively or both, could harm our business, financial condition, and results of operations.

***We may not be able to utilize a significant portion of our net operating loss or tax credit carryforwards, which could adversely affect our profitability.***

At December 31, 2021, we had federal and state net operating loss carryforwards due to prior period losses of approximately $660 million and $485 million, respectively, which if not utilized will begin to expire in 2028 and 2022 for federal and state purposes, respectively. An immaterial portion of the state net operating loss carryforwards expired in 2021. At December 31, 2021, we also had federal tax credit carryforwards of approximately $21.4 million, which if not utilized will begin to expire in 2030, and state tax credit carryforwards of approximately $15.7 million, which do not expire. These net operating loss and tax credit carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our profitability. For example, we have net operating loss carryforwards of $25.4 million related to our previous operations in Kentucky that will expire unused unless we have similar operations in Kentucky. Additionally, in response to the COVID-19 pandemic, California's Legislature passed Assembly Bill 85 (A.B. 85), which suspends the use of net operating losses for tax years beginning in 2020, 2021, and 2022 for taxpayers with taxable income of $1.0 million or more before an application of net operating loss. A.B. 85 includes an extended carryover period for the suspended net operating losses with an additional year carryforward for each year of suspension. A.B. 85 also limits the utilization of business incentive tax credits for taxable years 2020, 2021, and 2022, requiring that taxpayers can only claim a maximum of $5.0 million in tax credit on an aggregate basis.

The 2017 Tax Act changed both the federal deferred tax value of the net operating loss carryforwards and the rules of utilization of federal net operating loss carryforwards. The 2017 Tax Act lowered the corporate tax rate from 35% to 21% effective for our 2018 financial year. For net operating loss carryforwards generated in years prior to 2018, there is no annual limitation on the utilization and the carryforward period remains at 20 years; net operating loss carryforwards generated in years after 2017 will only be available to offset 80% of future taxable income in any single year but will not expire. However, the Coronavirus Aid, Relief, and Economic Security (CARES) Act temporarily repealed the 80% taxable income limitation for tax years beginning before January 1, 2021; net operating loss carried forward from 2018 or later to taxable years beginning after December 31, 2020 will be subject to the 80% limitation. Also, under the CARES Act, net operating loss arising in 2018, 2019 and 2020 can be carried back five years.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended (the Code), our ability to utilize net operating loss carryforwards or other tax attributes, such as tax credits, in any taxable year may be limited if we experience an "ownership change." A Section 382 "ownership change" generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. As a result of prior equity issuances and other transactions in our stock and the stock of acquired companies, we have previously experienced "ownership changes" under Section 382 and comparable state tax laws. We may experience ownership changes in the future as a result of future issuances and other transactions of our stock. It is possible that any future ownership change could have a material effect on the use of our net operating loss carryforwards or other tax attributes, which could adversely affect our profitability.

***Our effective tax rate may fluctuate as a result of new U.S. and worldwide tax laws and our interpretations of those new tax laws, which are subject to significant judgments and estimates. The ongoing effects of the new tax laws and the refinement of provisional estimates could make our results difficult to predict.***

Our effective tax rate may fluctuate in the future as a result of new tax laws. The new tax laws could have a meaningful impact on our provision for income taxes once we release our valuation allowance. Due to the complexities involved in applying the provisions of new tax legislation, we may make reasonable estimates of the effects in our financial statements. As we collect and prepare necessary data and interpret the new tax legislation, we may make adjustments that could affect our financial position and results of operations as well as our effective tax rate in the period in which the adjustments are made.

***Our earnings are affected by the application of accounting standards and our critical accounting policies, which involve subjective judgments and estimates by our management. Our actual results could differ from the estimates and assumptions used to prepare our consolidated financial statements.***

The accounting standards that we use in preparing our financial statements are often complex and require us to make significant estimates and assumptions in interpreting and applying those standards. These estimates and assumptions affect the reported values of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. We make critical estimates and assumptions involving accounting matters including textbook library, revenue recognition, valuation of long-lived assets and goodwill, and share-based compensation expense. These estimates and assumptions involve matters that are inherently uncertain and require us to make subjective and complex judgments. Although we believe we have the experience and processes to enable us to formulate appropriate assumptions and produce reasonably dependable estimates, these assumptions and estimates may change significantly in the future and could result in the reversal of previously recognized revenues and profit. If we used different estimates and assumptions or used different methods to determine these estimates, our financial results could differ, which could have a material negative impact on our financial condition and reported results of operations. For more information about our critical accounting policies and use of estimates, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies, Significant Judgments and Estimates."

**Risks Related to Intellectual Property**

***If we become subject to liability for the Internet content that we publish or that is uploaded to our websites by students, our results of operations could be adversely affected.***

As a publisher and distributor of online content, we face potential liability for negligence, copyright, or trademark infringement, or other claims based on the nature and content of materials that we publish or distribute. We also may face liability for content uploaded by students in connection with our community-related content. If we become liable, third parties may initiate litigation against us and our business may suffer. For example, on September 13, 2021, Pearson Education, Inc. (Pearson) filed a complaint captioned Pearson Education, Inc. v. Chegg, Inc. (Pearson Complaint) in the United States District Court for the District of New Jersey against the Company (Case 2:21-cv-16866), alleging infringement of Pearson's registered copyrights and exclusive rights under copyright in violation of the United States Copyright Act. Others may send us communications that make allegations without initiating litigation. We have in the past and may in the future receive such communications, which we assess on a case-by-case basis. We may elect not to respond to the communication if we believe it is without merit or we may try to resolve disputes out-of-court by removing content or services we offer or paying licensing or other fees. If we cannot resolve such disputes, litigation may result. Litigation to defend these claims could be costly, divert our technical and management personnel, render us unable to use our current website or to market our service or sell our products and therefore harm our results of operations. We may not be adequately insured to cover claims of these types or indemnified for all liability that may be imposed on us. Any adverse publicity resulting from actual or potential litigation may also materially and adversely affect our reputation, which in turn could adversely affect our results of operations.

We maintain content usage review systems that, through a combination of manual and automated blocks, monitor for and make us aware of potentially infringing content on our platform. Nevertheless, claims may continue to be brought and threatened against us for negligence, intellectual property infringement, or other theories and there is no guarantee that we will be able to resolve any such claims quickly and without damage to our business, our reputation or our operations. From time to time, we have been subject to copyright infringement claims, some of which we have settled. While these settlements have not had a material impact on our financial condition, we may be subject to similar lawsuits in the future and the outcome of any such lawsuits may not be favorable to us and could have a material adverse effect on our financial condition.

***Changes in or our failure to comply with the Digital Millennium Copyright Act (DMCA) could harm our business.***

The DMCA has provisions that limit, but do not necessarily eliminate, our liability for caching or hosting or for listing or linking to, content or third-party websites that include materials or other content that infringe copyrights or other intellectual property or proprietary rights, provided we comply with the strict statutory requirements of the DMCA. The interpretations of the statutory requirements of the DMCA are constantly being modified by court rulings and industry practice. Accordingly, if we fail to comply with such statutory requirements or if the interpretations of the DMCA change, we may be subject to potential liability for caching or hosting, or for listing or linking to, content or third-party websites that include materials or other content that infringe copyrights or other intellectual property or proprietary rights.

***Failure to protect or enforce our intellectual property and other proprietary rights could adversely affect our business, financial condition, and results of operations.***

Our success and ability to compete depends in part on our intellectual property and our other proprietary business information. We rely and expect to continue to rely on a combination of trademark, copyright, patent, and trade secret protection laws, as well as confidentiality and license agreements with our employees, consultants, and third parties with whom we have relationships to protect our intellectual property and proprietary rights. However, we may be unable to secure intellectual property protection for all of our technology and methodologies or the steps we take to enforce our intellectual property rights may be inadequate. If the protection of our intellectual property and proprietary rights is inadequate to prevent use or misappropriation by third parties, the value of our brand and other intangible assets may be diminished, competitors may be able to more effectively mimic our service and methods of operations, the perception of our business and service to customers and potential customers may become confused in the marketplace, and our ability to attract customers may be adversely affected.

Third parties may challenge any patents, copyrights, trademarks, and other intellectual property and proprietary rights owned or held by us. Third parties may knowingly or unknowingly infringe, misappropriate, or otherwise violate our patents, copyrights, trademarks, and other proprietary rights and we may not be able to prevent infringement, misappropriation, or other violation without substantial expense to us. Additionally, if we fail to protect our domain names, it could adversely affect our reputation and brand and make it more difficult for students to find our website, our content, and our services. If we pursue litigation to assert our intellectual property or proprietary rights, an adverse decision could limit our ability to assert our intellectual property or proprietary rights, limit the value of our intellectual property or proprietary rights, or otherwise negatively impact our business, financial condition, and results of operations.

We are a party to a number of third-party intellectual property license agreements. For example, we have entered into agreements with textbook publishers that provide access to textbook questions and other content for our Chegg Study subscription service. We cannot guarantee that the third-party intellectual property we license will not be licensed to our competitors or others in our industry. In the future, we may need to obtain additional licenses or renew existing license agreements. We cannot predict whether these license agreements can be obtained or renewed on acceptable terms, or at all. Any failure to obtain or renew such third-party intellectual property license agreements on commercially competitive terms could adversely affect our business and results of operations.

***We are, and may in the future be, subject to intellectual property claims, which are costly to defend and could harm our business, financial condition, and results of operations.***

From time to time, third parties have alleged and are likely to allege in the future that we or our business infringes, misappropriates, or otherwise violates their intellectual property or proprietary rights. Many companies, including various “non-practicing entities” or “patent trolls,” devote significant resources to developing or acquiring patents that could affect aspects of our business. For instance, on November 5, 2018, a non-practicing entity (NPE) filed an action against us in the U.S. District Court for the Southern District of New York captioned *NetSoc, LLC v. Chegg, Inc.*, Civil Action No. 1:18-CV-10262-RAC (the NetSoc Action). For further information on this action, see Note 12, “Commitments and Contingencies,” of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8, “Consolidated Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

In addition, the publishing industry has been and will continue to be the target of counterfeiting and piracy. We have in the past received and expect to continue to receive, communications alleging that physical textbooks sold or rented by us are counterfeit. While our fulfillment partner has systems for inspecting the physical textbooks in our catalog of textbooks, many of the textbooks sold or rented to students are shipped directly from our suppliers, and, despite inspection, unauthorized or counterfeit textbooks may inadvertently be included in the catalog of textbooks we offer and may be, without our knowledge that they are unauthorized or counterfeit, subsequently sold or rented by us to students, and we may be subject to allegations of

civil or criminal liability. We may implement additional measures in an effort to protect against these potential liabilities that could require us to spend substantial resources. Any costs incurred as a result of liability or asserted liability relating to sales of unauthorized or counterfeit textbooks could harm our business, reputation, and financial condition.

***Some aspects of our technology include open source software, and any failure to comply with the terms of one or more of these open source licenses could harm our business.***

We use open source software in connection with certain of our products and services. Companies that incorporate open source software into their products have, from time to time, faced claims challenging the ownership of open source software and/or compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or noncompliance with open source licensing terms. Some open source software licenses require users who distribute or use open source software as part of their software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose our proprietary source code or pay damages for breach of contract could have a material adverse effect on our business, financial condition and results of operations.

**Risks Related to Data Privacy**

***Computer malware, viruses, hacking, phishing attacks, and spamming could harm our business and results of operations.***

If our security measures or those of our service providers or companies we may acquire are breached or are perceived to have been breached, including cyberattacks or other intentional misconduct by computer hackers, employee error, malfeasance, or otherwise, or if third parties obtain unauthorized access to our data, including sensitive customer data, personal information, intellectual property and other confidential business information, we could be required to expend significant capital and other resources to address the problem. Any such events could harm our business, increase our costs, including due to litigation and enforcement actions, indemnity obligations, damages, penalties and costs for remediation, and damage our reputation or brand. Cyberattacks and security threats are constantly evolving, making it increasingly difficult to successfully defend against them or implement adequate preventative measures.

For instance, in April 2018, an unauthorized party gained access to user data for chegg.com and certain of our family of brands such as EasyBib (the 2018 Data Incident). The information that may have been obtained could include a Chegg user's name, email address, shipping address, Chegg username, and hashed Chegg password. To date, no social security numbers or financial information such as users' credit card numbers or bank account information were obtained. Additionally, Thinkful, prior to our acquisition of it, discovered an unauthorized party may have gained access to certain Thinkful company credentials (the Thinkful Data Incident). If we, or companies that we acquire, experience security compromises that result in website performance or availability problems, the complete shutdown of our websites, or the actual or perceived loss or unauthorized disclosure or use of confidential information, such as credit card information, users may be harmed or lose trust and confidence in us, and decrease the use of our services or stop using our services in their entirety, and we would suffer reputational and financial harm, in addition to increased regulatory scrutiny, litigation, fines, and governmental enforcement actions.

As part of our regular cybersecurity efforts, including enhancements to our cybersecurity controls made following our discovery of these prior events, we have implemented physical, technical, and administrative safeguards designed to protect our systems. However, efforts to prevent hackers from entering our computer systems are expensive to implement, may limit the functionality of our services, and we may need to expend significant additional resources to further enhance our safeguards and protection against security breaches or to redress problems caused by security breaches and such efforts may not be fully effective. Additionally, our network security business disruption insurance may not be sufficient to cover significant expenses and losses related to direct attacks on our website or systems we use. Any failure to maintain performance, reliability, security, and availability of our products and services and technical infrastructure, or the actual or perceived loss or unauthorized disclosure or use of the data we collect and develop may lead our users to lose trust and confidence in us or otherwise harm our reputation, brand, and our ability to attract students to our website or may lead them to decrease the use of our services or applications or stop using our services in their entirety. Any significant disruption to our website or computer systems we use could result in a loss of students or advertisers and, particularly if disruptions occur during the peak periods at the beginning of each academic term, could adversely affect our business and results of operations.

Additionally, depending on the nature of the information compromised, in the event of a security breach or other privacy or security related incident, we may also have obligations to notify affected individuals and regulators about the incident, and we may need to provide some form of remedy, such as a subscription to credit monitoring services, payment of significant fines, or payment of compensation in connection with a class-action settlement (including under the new private right of action under the CCPA). Such breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another.

Complying with these obligations could cause us to incur substantial costs and could increase negative publicity surrounding any incident that compromises our, our users', our employees', or other confidential or personal information.

***Any significant disruption, including those related to cybersecurity or arising from cyberattacks, to our computer systems, especially during peak periods, could result in a loss of students and/or brands which could harm our business, results of operations, and financial condition.***

We rely on computer systems housed in six facilities, three located on the East Coast and three located on the West Coast, to manage our operations. We have experienced and expect to continue to experience periodic service interruptions and delays involving our systems. While we maintain a fail-over capability to switch our operations from one facility to another in the event of a service outage, that process would still result in service interruptions that could be significant in duration. Such interruptions could have a disproportionate effect on our operations if they were to occur during one of our peak periods or if multiple of our service facilities experiences outages at the same time. Our facilities are also vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events.

Our facilities and information systems, as well as those of our third-party service providers, are also subject to break-ins, sabotage, intentional acts of vandalism, cybersecurity risks including cyberattacks such as computer viruses and denial of service attacks, the failure of physical, administrative, and technical security measures, terrorist acts, natural disasters, human error, the financial insolvency of our third-party vendors, and other unanticipated problems or events. These information systems have periodically experienced and will continue to experience both directed attacks and loss of, misuse of, or theft of data. For example, on or about April 9, 2020, we had a breach in which an outside hacker may have illegally obtained personal information, including name and social security number, from approximately 700 current and former employees. We notified impacted employees and regulatory officials, and made a credit-monitoring service available, at no charge, to impacted current and former employees. Moreover, due to the current COVID-19 pandemic, there is an increased risk that we may experience cybersecurity related incidents as a result of our employees, service providers, and third parties working remotely on less secure systems. While we have implemented physical, technical, and administrative safeguards designed to help protect our systems, in the event of a system interruption or a security exposure or breach, they may not be as effective as intended and we may not have adequate insurance coverage to compensate for related losses. To date, unauthorized users have not had a material effect on our company; however, there can be no assurance that attacks will not be successful in the future or that any loss will not be material. In addition, our information systems must be constantly updated, patched, and upgraded to optimize performance and protect against known vulnerabilities, material disruptions, or slowdown. The access by unauthorized persons to, or the improper disclosure by us of, confidential information regarding our customers or our own proprietary information, software, methodologies, and business secrets could result in significant legal and financial exposure, damage to our reputation, or a loss of confidence in the security of our systems, products, and services, which could have a material adverse effect on our business, financial condition, or results of operations.

We also rely on Internet systems and infrastructure to operate our business. The information systems used by our third-party service providers and the Internet generally are vulnerable to these risks as well. In particular, we rely heavily on SaaS enterprise resource planning systems to conduct our e-commerce and financial transactions and reporting. In addition, we utilize third-party cloud computing services in connection with our business operations. Problems faced by us or our third-party hosting and cloud-computing providers, or interruptions in our own systems or in the infrastructure of the Internet, including technological or business-related disruptions, as well as cybersecurity threats, could hinder our ability to operate our business, damage our reputation or brand and result in a loss of students or brands which could harm our business, results of operations, and financial condition.

***We collect, process, store and use personal information and data, which subjects us to governmental regulation and other legal obligations related to privacy and our actual or perceived failure to comply with such obligations could harm our business.***

In the ordinary course of business, we collect, process, store, and use personal information and data supplied by students and tutors. We may enable students to share their personal information with each other and with third parties and to communicate and share information into and across our platform. If we were to disclose data about our student users in a manner that was objectionable to them, our business reputation and brand could be adversely affected, and we could face legal claims that could impact our results of operations. In addition, there are numerous federal, state, and local laws regarding privacy and the collection, storing, sharing, using, processing, disclosing and protecting of personal information and other user data, including from minors under the age of 18, the scope of which are changing, subject to differing interpretations, and which may be costly to comply with and may be inconsistent between countries and jurisdictions or conflict with other rules.

We strive to comply with all applicable laws, policies, legal obligations, and industry codes of conduct relating to privacy and data protection. However, U.S. federal, U.S. state, and international laws and regulations regarding privacy and data protection, including the CCPA and CPRA, are rapidly evolving and may be inconsistent and we could be deemed out of compliance as such laws and their interpretation change. In addition, foreign privacy, data protection, and other laws and regulations, particularly in Europe and including the General Data Protection Regulation (the GDPR), which became effective in May 2018, are often at least as restrictive as those in the United States. The costs of compliance with, and other burdens imposed by, such laws and regulations that are applicable to our business operations may limit the use and adoption of our services and reduce overall demand for them.

Furthermore, foreign court judgments or regulatory actions could impact our ability to transfer, process, and/or receive transnational data, including data relating to students or partners outside the United States, or alter our ability to use cookies to deliver advertising and other products to users. Such judgments or actions could affect the manner in which we provide our services or adversely affect our financial results if foreign students and partners are not able to lawfully transfer data to us. In addition, some countries and states are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services. Any changes in such laws and regulations or a change or differing interpretation or application to our business of the existing laws and regulations, including the GDPR, could also hinder our operational flexibility, raise compliance costs and, particularly if our compliance efforts are deemed to be insufficient, result in additional historical or future liabilities and regulatory scrutiny for us, resulting in adverse impacts on our business and our results of operations.

In addition, we may be subject to regulatory investigations or litigation in connection with a security breach or related issue, and we could also be liable to third parties for these types of breaches. For instance, following the 2018 Data Incident, a purported securities class action captioned *Shah v. Chegg, Inc. et. al.* (Case No. 3:18-cv-05956-CRB) was filed in the U.S. District Court for the Northern District of California against us and our CEO. The complaint was filed by a purported Chegg stockholder and alleges claims under Sections 10(b) and 20(a) of the Exchange Act, as amended, based on allegedly misleading statements regarding our security measures to protect users' data and related internal controls and procedures, as well as our second quarter 2018 financial results. Such litigation, regulatory investigations, and our technical activities intended to prevent future security breaches are likely to require additional management resources and expenditures.

Additionally, the CCPA provides for a private right of action for security breaches that is expected to increase security breach litigation that could lead to some form of remedy including regulatory scrutiny, fines, private right of action settlements, and other consequences. If our security measures fail to protect personal information and data supplied by students and tutors adequately, we could be liable to our students and tutors for their losses, we could face regulatory action, and our students and tutors could end their relationships with us, any of which could harm our business and financial results. Further, on June 18, 2020, we received a CID from the FTC to determine whether we may have violated Section 5 of the FTC Act or the COPPA, as they relate to deceptive or unfair acts or practices related to consumer privacy and/or data security. Also, as of October 2020, we have received notices that an aggregate of 16,691 arbitration demands were filed against us by individuals alleging to have suffered damages in connection with the 2018 Data Incident. For further information on such actions, see Note 12, "Commitments and Contingencies," of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Any failure or perceived failure by us to comply with our privacy policies, our privacy or data-protection obligations to students or other third parties, our privacy or data-protection legal obligations, or any compromise of security that results in the unauthorized release or transfer of sensitive information, which may include personal information or other data, may result in governmental enforcement actions, litigation, or public statements against us by consumer advocacy groups or others and could cause students to lose trust in us, which could have an adverse effect on our business. Additionally, if third parties we work with, such as colleges and brands, violate applicable laws or our policies, such violations may also put our student users' information at risk and could in turn have an adverse effect on our business.

***We are subject to privacy and cybersecurity laws across multiple jurisdictions which are highly complex, overlapping, and which create compliance challenges that may expose us to substantial costs, liabilities, or loss of customer trust. Our actual or perceived failure to comply with these laws could harm our business.***

We have internal and publicly posted policies regarding our collection, processing, use, disclosure, deletion and security of information. Although we endeavor to comply with our policies and documentation, we may at times fail to do so or be accused of having failed to do so. The publication of our privacy policies and other documentation that provide commitments about data privacy and security can subject us to potential actions if they are found to be deceptive, unfair, or otherwise misrepresent our actual practices, which could materially and adversely affect our business, financial condition and results of operations. In addition, compliance with inconsistent or new privacy and cybersecurity laws could impact our business

strategies and the availability of previously useful data, increase our potential liability, increase our compliance costs, require changes in business practices and policies and adversely impact our business.

***Public scrutiny of Internet privacy issues may result in increased regulation and different industry standards, which could deter or prevent us from providing our current products and services to students, thereby harming our business.***

The regulatory framework for privacy issues worldwide is currently in flux and is likely to remain so for the foreseeable future. Practices regarding the collection, use, storage, display, processing, transmission and security of personal information by companies offering online services have recently come under increased public scrutiny. The U.S. government, including the White House, the FTC and the U.S. Department of Commerce, have reviewed the need for greater regulation of the collection and use of information concerning consumer behavior with respect to online services, including regulation aimed at restricting certain targeted advertising practices. The FTC in particular has approved consent decrees resolving complaints and their resulting investigations into the privacy and security practices of a number of online, and social media companies. On June 18, 2020, we received a CID from the FTC to determine whether we may have violated Section 5 of the FTC Act or the COPPA, as they relate to deceptive or unfair acts or practices related to consumer privacy and/or data security, as further described in Note 12, "Commitments and Contingencies," of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. Similar actions may also impact us directly, particularly because of the current subject of the CID and because high school students who use our Chegg Writing and Chegg Prep services, may be under the age of 18, which subjects our business to laws covering the protection of minors. For example, various U.S. and international laws restrict the distribution of materials considered harmful to children and impose additional restrictions on the ability of online services to collect information from minors. Although our services are not primarily directed to children under 13, our Chegg Writing service or our Chegg Prep service, in particular, could be used by students as early as in middle school, and the FTC could decide that our site now or in the future has taken inadequate precautions to prevent children under 13 from accessing our site and providing us information.

Our business, including our ability to operate internationally, could be adversely affected if legislation or regulations are adopted, interpreted or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices, the design of our websites, mobile applications, products, features or our privacy policy. Any significant change to applicable laws, regulations or industry standards or practices regarding the use or disclosure of data that students choose to share with us or regarding the manner in which the express or implied consent of consumers for such use and disclosure is obtained may require us to modify our products and services, possibly in a material manner, and may limit our ability to develop new products and services that make use of the data that we collect about our student users.

***Our reputation and relationships with students, tutors, and educators would be harmed if our users' data, particularly billing data, were to be accessed by unauthorized persons.***

We maintain personal data regarding students, tutors, and educators, including names and, in many cases, mailing addresses, and, in the case of tutors and educators, information necessary for payment and tax filings. We take measures to protect against unauthorized intrusion into our users' data. However, despite these measures, if we or our payment processing services experience any unauthorized intrusion into our users' data, current and potential users may become unwilling to provide the information to us necessary for them to engage with our platform, we could face legal claims and our business and reputation could be adversely affected.

**Risks Related to Ownership of Our Common Stock**

***Our stock price has been and will likely continue to be volatile.***

The trading price of our common stock has been, and is likely to continue to be, volatile. In addition to the factors discussed in this Annual Report on Form 10-K, the trading price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including, among others:

- our announcement of actual results for a fiscal period that are higher or lower than projected results or our announcement of revenues or earnings guidance that is higher or lower than expected;
- issuance of new or updated research or reports by securities analysts, including unfavorable reports or change in recommendation or downgrading of our common stock;
- announcements by us or our competitors of significant products or features, technologies, acquisitions, strategic relationships and partnerships, joint ventures, or capital commitments;
- actual or anticipated changes in our growth rate relative to our competitors;
- changes in the economic performance or market valuations of actual or perceived comparable companies;

- future sales of our common stock by our officers, directors, and existing stockholders or the anticipation of such sales;
- issuances of additional shares of our common stock or convertible instruments in connection with acquisitions and capital raising transactions;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares, including any common stock issued upon conversion of the notes;
- lawsuits threatened or filed against us;
- regulatory developments in our target markets affecting us, students, colleges, brands, publishers, or our competitors;
- the U.S. political climate, with a focus on cutting budgets, higher education, and taxation;
- terrorist attacks or natural disasters or similar events impacting countries where we operate; and
- general economic and market conditions.

Furthermore, both domestic and international stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of companies in general and technology companies in particular. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. Technology companies have been particularly susceptible to stock price volatility. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We have been and may continue to be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business and results of operations.

***We may be subject to short selling strategies that may drive down the market price of our common stock.***

Short selling occurs when an investor borrows a security and sells it on the open market, with the intention of buying identical securities at a later date to return to the lender. A short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares. Because it is in the short seller's best interests for the price of the stock to decline, some short sellers publish, or arrange for the publication of, opinions or characterizations regarding the relevant issuer, its business prospects, and similar matters calculated to or which may create negative market momentum. Short sellers can publicly attack a company's reputation and business on a broader scale via online postings. In the past, the publication of such commentary about us by a disclosed short seller has precipitated a decline in the market price of our common stock, and future similar efforts by other short sellers may have similar effects.

In addition, if we are subject to unfavorable allegations promoted by short sellers, even if untrue, we may have to expend a significant amount of resources to investigate such allegations and defend ourselves from possible shareholder suits prompted by such allegations, which could adversely impact our business, results of operations, and financial condition.

***Delaware law and provisions in our restated certificate of incorporation and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our common stock.***

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our restated certificate of incorporation and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- our board of directors is classified into three classes of directors with staggered three-year terms and directors can only be removed from office for cause and by the approval of the holders of at least two-thirds of our outstanding common stock;
- subject to certain limitations, our board of directors has the sole right to set the number of directors and to fill a vacancy resulting from any cause or created by the expansion of our board of directors, which prevents stockholders from being able to fill vacancies on our board of directors;
- only our board of directors is authorized to call a special meeting of stockholders;
- our restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued, without the approval of the holders of common stock;
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders;
- our stockholders cannot act by written consent;
- our restated bylaws can only be amended by our board of directors or by the approval of the holders of at least two-thirds of our outstanding common stock; and

- certain provisions of our restated certificate of incorporation can only be amended by the approval of the holders of at least two-thirds of our outstanding common stock.

In addition, our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our restated certificate of incorporation, or our bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. This exclusive forum provision will not apply to claims that are vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery of the State of Delaware, or for which the Court of Chancery of the State of Delaware does not have subject matter jurisdiction. For instance, the provision would not preclude the filing of claims brought to enforce any liability or duty created by the Exchange Act or Securities Act of 1933, as amended (Securities Act) or the rules and regulations thereunder in federal court.

***Our securities repurchase program could affect the price of our common stock and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.***

In November 2021, our board of directors approved a $500.0 million increase to our existing securities repurchase program authorizing the repurchase of up to $1.0 billion of our common stock and/or convertible notes, through open market purchases, block trades, and/or privately negotiated transactions or pursuant to Rule 10b5-1 plans, in compliance with applicable securities laws and other legal requirements. The timing, volume, and nature of the repurchases will be determined by management based on the capital needs of the business, market conditions, applicable legal requirements, and other factors. During the year ended December 31, 2021, we entered into an accelerated share repurchase (ASR) agreement for $300.0 million and repurchased $100.0 million of aggregate principal amount of the 2025 notes in privately-negotiated transactions for an aggregate consideration of $184.9 million. During the year ended December 31, 2020, we repurchased $57.4 million of aggregate principal amount of the 2023 notes in privately-negotiated transactions for an aggregate consideration of $149.6 million. As of December 31, 2021 $365.5 million remains under the repurchase program, which has no expiration date and will continue until otherwise suspended, terminated or modified at any time for any reason by our board of directors.

Repurchases pursuant to our securities repurchase program could affect the price of our common stock and increase its volatility. The existence of our securities repurchase program could also cause the price of our common stock to be higher than it would be in the absence of such a program and could reduce the market liquidity for our common stock. Additionally, repurchases under our securities repurchase program will diminish our cash reserves, which could impact our ability to further develop our business and service our indebtedness. There can be no assurance that any repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased such shares. Any failure to repurchase securities after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price. Although our securities repurchase program is intended to enhance long-term stockholder value, short-term price fluctuations could reduce the program's effectiveness.

**Risks Related to Our Convertible Senior Notes**

***Servicing our convertible senior notes requires a significant amount of cash, and we may not have sufficient cash flow or cash on hand to repay them, settle conversions in cash or to repurchase them upon a fundamental change, and any future debt may contain limitations on our ability to pay cash upon conversion or repurchase.***

In August 2020, we issued $1.0 billion in aggregate principal amount of 0% convertible senior notes due in 2026 (2026 notes). The aggregate principal amount of the 2026 notes includes $100 million from the initial purchasers fully exercising their option to purchase additional notes. In March 2019, we issued $700 million in aggregate principal amount of 0.125% convertible senior notes due in 2025 (2025 notes) and in April 2019, the initial purchasers fully exercised their option to purchase $100 million of additional 2025 notes for aggregate total principal amount of $800 million. The 2025 notes and 2026 notes are collectively referred to as the "notes." The notes were issued in private placements to qualified institutional buyers pursuant to Rule 144A of the Securities Act . Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness, including the notes, depends on our future performance, which is subject to many factors, including, economic, financial, competitive and other, beyond our control. We may not be able to generate cash flow from operations, in the foreseeable future, sufficient to service our debt and make necessary capital expenditures and may therefore be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance the notes, which may not be redeemed prior to September

2023 for the 2026 notes, March 2022 for the 2025 notes subject to certain conditions related to the price of our common stock, will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations, and limit our flexibility in planning for and reacting to changes in our business.

Holders of the notes will have the right to require us to repurchase all or a portion of their notes upon the occurrence of a fundamental change before the maturity date at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefor or pay cash with respect to notes being converted. If we elect to deliver shares of our common stock to settle such conversion, the issuance of our common stock may cause immediate and significant dilution.

In addition, our ability to repurchase the notes or to pay cash upon conversions of notes may be limited by law, regulatory authority or agreements governing any future indebtedness. Our failure to repurchase the notes at a time when the repurchase is required by the indenture or to pay cash upon conversions of notes as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing any future indebtedness. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes or to pay cash upon conversions of notes.

**General Risk Factor**

***Our operations are susceptible to earthquakes, floods, rolling blackouts and other types of power loss, and public health crises, including the current COVID-19 pandemic. If these or other natural or man-made disasters were to occur, our business and results of operations would be adversely affected.***

Our business and operations could be materially adversely affected in the event of earthquakes, blackouts, or other power losses, floods, fires, telecommunications failures, break-ins, acts of terrorism, public health crises, including the current COVID-19 pandemic, inclement weather, shelving accidents, or similar events. Our executive offices are located in the San Francisco Bay Area, an earthquake-sensitive area and susceptible to wildfires. If floods, fire, inclement weather including extreme rain, wind, heat, or cold, or accidents due to human error were to occur and cause damage to our properties or textbook library, or our distribution partners' ability to fulfill orders for print textbook rentals and sales, our results of operations would suffer, especially if such events were to occur during peak periods. We may not be able to effectively shift our operations due to disruptions arising from the occurrence of such events, and our business and results of operations could be affected adversely as a result. Moreover, damage to or total destruction of our executive offices resulting from earthquakes may not be covered in whole or in part by any insurance we may have.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

Our corporate headquarters are located in Santa Clara, California and consist of approximately 67,500 square feet of space under a lease that expires in November 2023. We have additional offices in California, Oregon, and New York in the United States and internationally in the United Kingdom, India and Israel, under leases that expire at varying times between 2022 and 2027. We believe our facilities are adequate for our current needs and for the foreseeable future; however, we will continue to seek additional space as needed to accommodate our growth.

## ITEM 3. LEGAL PROCEEDINGS

We may from time to time be subject to certain legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of trademarks, patents, copyrights, and other intellectual property rights; employment claims; and general contract or other claims. We may also, from time to time, be subject to various legal or government claims, demands, disputes, investigations, or requests for information. Such matters may include, but not be limited to, claims, disputes, or investigations related to warranty, refund, breach of contract, employment, intellectual property, government regulation, or

compliance or other matters. For further information on our legal proceedings, see Note 12, “Commitments and Contingencies,” of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8, “Consolidated Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

## ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

### Market Information

Our common stock is listed on the New York Stock Exchange under the symbol "CHGG."

### Stockholders of Record

As of January 31, 2022, there were 27 stockholders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

### Dividends

We do not intend to declare or pay any cash dividends in the foreseeable future.

### Securities Authorized for Issuance under Equity Compensation Plans

See Part III, Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Annual Report on Form 10-K for more information regarding securities authorized for issuance.

### Unregistered Sales of Securities

We had no unregistered sales of our securities during the three months ended December 31, 2021.

### Securities Repurchase Program

In November 2021, our board of directors approved a $500.0 million increase to our existing securities repurchase program authorizing the repurchase of up to $1.0 billion of our common stock and/or convertible notes, through open market purchases, block trades, and/or privately negotiated transactions or pursuant to Rule 10b5-1 plans, in compliance with applicable securities laws and other legal requirements. The timing, volume, and nature of the repurchases will be determined by management based on the capital needs of the business, market conditions, applicable legal requirements, and other factors. As of December 31, 2021, $365.5 million remains under the repurchase program, which has no expiration date and will continue until otherwise suspended, terminated or modified at any time for any reason by our board of directors.

### Purchases of Securities by the Registrant and Affiliated Purchasers

The following table summarizes the securities repurchase activity for the three months ended December 31, 2021 (in thousands, except total number of securities repurchased):

| Period | Total Number of Securities Repurchased | Average Price Paid Per Security[1] | Total Number of Securities Purchased Pursuant to Publicly-Announced Plan | Total Dollar Amount Purchased Pursuant to Publicly-Announced Plan | Maximum Dollar Amount Remaining Available for Repurchase Pursuant to Publicly-Announced Plan |
|---|---|---|---|---|---|
| As of September 30, 2021 | — | $ — | — | $ — | $ 665,491 |
| October 1 - October 31 | — | — | — | — | 665,491 |
| November 1 - November 30 | — | — | — | — | 665,491 |
| December 1 - December 31 | 8,403,361 | $ — | 8,403,361 | $ 300,000 | $ 365,491 |

[1] On December 3, 2021, we entered into an accelerated share repurchase (ASR) agreement with a financial institution (2021 ASR) to repurchase $300.0 million of our outstanding common stock. In exchange for an upfront payment of $300.0 million, we received an initial

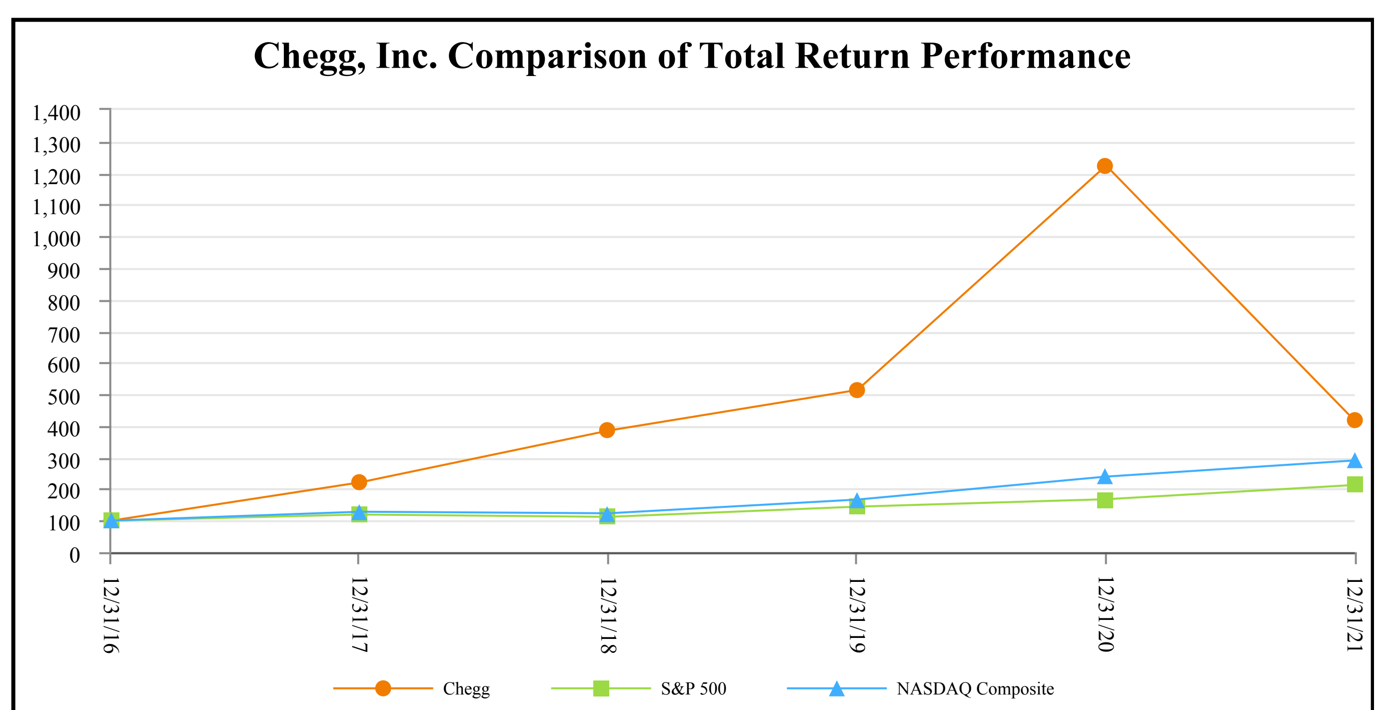
delivery of 8,403,361 shares of our common stock. The average price paid per security is not applicable as settlement did not occur during the three months ended December 31, 2021. The 2021 ASR settled during the first quarter of 2022 and we received an additional delivery of 2,163,219 shares of our common stock at a volume-weighted-average price, less an agreed upon discount, of $28.3914 per share. See Note 15, “Stockholders' Equity,” of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8, “Consolidated Financial Statements and Supplementary Data” of this Annual Report on Form 10-K for additional information on the 2021 ASR.

Aside from the 2021 ASR, we did not repurchase any of our securities during the three months ended December 31, 2021, other than in connection with the forfeiture of common stock by holders of restricted stock units in exchange for payments of statutory tax withholding amounts on behalf of the holders arising as a result of the vesting of restricted stock units.

**Stock Performance Graph**

*This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Chegg under the Securities Act or the Exchange Act.*

The following graph shows a comparison from December 31, 2016 through December 31, 2021 of the cumulative total return for our common stock, the Standard & Poor’s 500 Stock Index (S&P 500) and the NASDAQ Composite Index (NASDAQ Composite). The graph assumes that $100 was invested at the market close on December 31, 2016 in the common stock of Chegg, Inc., the S&P 500 and the NASDAQ Composite and data for the S&P 500 and the NASDAQ Composite assumes reinvestment of dividends. The stock price performance of the following graph is not necessarily indicative of future stock price performance.




**ITEM 6. [RESERVED]**

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations in conjunction with our audited consolidated financial statements and the related notes included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. We have omitted discussion of the earliest of the three years of financial condition and results of operations and this information can be found in Part I, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on February 22, 2021, which is available free of charge on the SEC's website at sec.gov and on our website at investor.chegg.com. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. See the section titled "Note about Forward-Looking Statements" for additional information. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in Part I, Item 1A, "Risk Factors."*

### Overview

Millions of people all around the world Learn with Chegg. Our mission is to improve learning and learning outcomes by putting students first. We support life-long learners starting with their academic journey and extending into their careers. The Chegg platform provides products and services to support learners to help them better understand their academic course materials, and also provides personal and professional development skills training, to help them achieve their learning goals.

Students subscribe to our subscription services, collectively referred to as our Chegg Services, which can be accessed internationally through our websites and on mobile devices. Our primary Chegg Services include Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, Busuu, Mathway and Thinkful. Our Chegg Study subscription service provides "Expert Questions and Answers" and step-by-step "Textbook Solutions," helping students with their course work. When students need writing help, including plagiarism detection scans and creating citations for their papers, they can use our Chegg Writing subscription service. Our Chegg Math Solver and Mathway subscription services help students understand math by providing a step-by-step math solver and calculator. We also offer our Chegg Study Pack as a premium subscription bundle of our Chegg Study, Chegg Writing, and Chegg Math Solver services, which also includes additional features such as flashcards, concept videos, and practice questions and quizzes. Our Thinkful skills-based learning platform offers professional courses focused on the most in-demand technology skills.

Required Materials includes our print textbook and eTextbook offerings, which help students save money compared to the cost of buying new. We offer an extensive print textbook library primarily for rent and also for sale both on our own and through our print textbook partners. We partner with a variety of third parties to source print textbooks and eTextbooks directly or indirectly from publishers.

In January 2022, we completed our acquisition of Busuu Online S.L. (Busuu), an online language learning company that offers a comprehensive solution through a combination of self-paced lessons, live classes with expert tutors and the ability to learn and practice with members of the Busuu language learning community.

During the years ended December 31, 2021, and 2020, we generated net revenues of $776.3 million and $644.3 million, respectively, and in the same periods had net losses of $1.5 million and $6.2 million, respectively.

As students returned to school in the fall of 2021, we started to see a slowdown in the education industry as a result of the COVID-19 pandemic, which resulted in a decline in traffic to education technology services, such as the ones we provide. A combination of variants, increased employment opportunities and compensation, along with fatigue, all led to significantly fewer enrollments than expected. Those students who have enrolled are taking fewer and less rigorous classes and are receiving less graded assignments. As a result, we are experiencing a deceleration in the growth rates of our services and revenues that may continue.

Our long-term strategy is centered upon our ability to utilize Chegg Services to increase student engagement with our learning platform. We plan to continue to invest in the expansion of our Chegg Services to provide a more compelling and personalized solution and deepen engagement with students. In addition, we believe that the investments we have made to achieve our current scale will allow us to drive increased operating margins over time that, together with increased contributions of Chegg Services, will enable us to sustain profitability and remain cash-flow positive in the long-term. Our ability to achieve these long-term objectives is subject to numerous risks and uncertainties, including our ability to attract, retain, and increasingly engage the student population, reduced traffic to our services, intense competition in our markets, the

ability to achieve sufficient contributions to revenue from Chegg Services, and other factors, such as the COVID-19 pandemic, which continues to evolve and affect our business and results of operations. The COVID-19 pandemic subjects our business to numerous risks and uncertainties, most of which are beyond our control and cannot be predicted, including when colleges will resume in-person classes or how well they will overcome the impacts of the COVID-19 pandemic on enrollment and other factors. These risks and uncertainties are described in greater detail in Part I, Item 1A, "Risk Factors."

We have presented revenues for our two product lines, Chegg Services and Required Materials, based on how students view us and the utilization of our products by them. More detail on our two product lines is discussed in the next two sections titled "Chegg Services" and "Required Materials."

***Chegg Services***

Our Chegg Services product line for students primarily includes Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, Busuu, Mathway and Thinkful. Students typically pay to access Chegg Services on a monthly basis. We also work with leading brands to provide students with discounts, promotions, and other products that, based on student feedback, delight them.

In the aggregate, Chegg Services revenues were 86% and 81% of net revenues during the years ended December 31, 2021 and 2020, respectively.

***Required Materials***

Our Required Materials product line includes revenues from print textbooks and eTextbooks. Revenues from print textbooks that we own are primarily recognized as the total transaction amount ratably over the rental term, generally a two- to five-month period. Revenues from print textbooks owned by a partner are recognized as a revenue share on the total transactional amount immediately when a print textbook ships to a student. Additionally, Required Materials includes revenues from eTextbooks, which are primarily recognized ratably over the contractual period, generally a two-to five-month period.

In the aggregate, Required Materials revenues were 14% and 19% of net revenues during the years ended December 31, 2021 and 2020, respectively.

***Seasonality of Our Business***

Revenues from Chegg Services, print textbooks that we own, and eTextbooks are primarily recognized ratably over the term a student subscribes to our Chegg Services, rents a print textbook or has access to an eTextbook. This has generally resulted in our highest revenues and profitability in the fourth quarter as it reflects more days of the academic year. Our variable expenses related to cost of revenues and marketing activities remain highest in the first and third quarters such that our profitability may not provide meaningful insight on a sequential basis.

As a result of these factors, the most concentrated periods for our revenues and expenses do not necessarily coincide, and comparisons of our historical quarterly results of operations on a sequential basis may not provide meaningful insight into our overall financial performance.

**Components of Results of Operations**

***Net Revenues***

We recognize revenues from our Chegg Services and Required Materials product lines, net of allowances for refunds or charge backs from our payment processors who process payments from credit cards, debit cards, and PayPal.

Revenues from our Chegg Services product line primarily includes Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, Mathway and Thinkful. Revenues from Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, and Mathway are primarily recognized ratably over the monthly subscription period. Revenues from Thinkful are recognized either ratably over the term of the course, generally six months, or upon completion of the lessons, depending on the instruction type of the course. Revenues from our Required Materials product line includes revenues from print textbooks that we own or that are owned by a partner as well as revenues from eTextbooks. Beginning in 2020, our Required Materials product line includes operating leases with students for the rental of print textbooks that we own. Operating lease income is recognized as the total transaction amount, paid upon commencement of the lease, ratably over the lease term or rental term, generally a two- to five-month period. Additionally, we provide students the ability to purchase print textbooks and recognize

revenues immediately upon shipment. Revenues from print textbooks owned by a partner are recognized as a revenue share on the total transaction amount of a rental or sale transaction immediately when a print textbook ships to a student. Shipping and handling activities are expensed as incurred. Revenues from eTextbooks are recognized ratably over the contractual period, generally a two- to five-month period. We have concluded that we control our Chegg Services, print textbooks that we own for rental, purchase at the end of the rental term, or sale on a just-in-time basis, and eTextbook service and therefore we recognize revenues and cost of revenues on a gross basis. In relation to print textbook rental and sale agreements with our partners, we recognize revenues on a net basis based on our role in the transaction as an agent.

***Cost of Revenues***

Our cost of revenues consists primarily of expenses associated with the delivery and distribution of our products and services. Cost of revenues primarily consists of content amortization expense related to content that we develop, license from publishers for which we pay one-time license fees, or acquire through acquisitions, web hosting fees, customer support fees, payment processing costs, amortization of acquired intangible assets, order fulfillment fees primarily related to outbound shipping and fulfillment as well as publisher content fees for eTextbooks, write-downs for print textbooks, the gain or loss on print textbooks liquidated, the net book value of print textbooks purchased by students at the end of the term or on a just-in-time basis, print textbook depreciation expense, personnel costs and other direct costs related to providing content or services. In addition, cost of revenues includes allocated information technology and facilities costs.

***Operating Expenses***

We classify our operating expenses into three categories: research and development, sales and marketing, and general and administrative. One of the most significant components of our operating expenses is employee-related costs, which include salaries, benefits, and share-based compensation expenses. We expect to continue to hire new employees in order to support our current and anticipated growth. In any particular period, the timing of additional hires could materially affect our operating expenses, both in absolute dollars and as a percentage of revenues. Our operating expenses also contain information technology expenses such as technology costs to support our research and development, sales and marketing expenses, depreciation expenses, amortization of acquired intangible assets, and outside services. We allocate certain costs to each expense category, primarily based on the headcount in each group at the end of a period. As our business grows, our operating expenses may increase over time to expand capacity and sustain our workforce.

*Research and Development*

Our research and development expenses consist of salaries, benefits, and share-based compensation expense for employees on our product, engineering, and technical teams who are responsible for maintaining our website, developing new products, and improving existing products. Research and development costs also include technology costs to support our research and development, and outside services. We expense substantially all of our research and development expenses as they are incurred. In the past three years, our research and development expenses have increased to support new products and services as well as to expand our infrastructure capabilities to support back-end processes associated with our revenue transactions and internal systems. We intend to continue making significant investments in developing new products and services and enhancing the functionality of existing products and services.

*Sales and Marketing*

Our sales and marketing expenses consist of user and advertiser-facing marketing and promotional expenditures through a number of targeted online marketing channels, sponsored search, display advertising, email marketing campaigns, and other initiatives. We incur salaries, benefits and share-based compensation expenses for our employees engaged in marketing, business development and sales and sales support functions, and amortization of acquired intangible assets. Our marketing expenses are largely variable and to the extent there is increased or decreased competition for these traffic sources, or to the extent our mix of these channels shifts, we could see a corresponding change in our sales and marketing expenses.

*General and Administrative*

Our general and administrative expenses consist of salaries, benefits and share-based compensation expense for certain executives as well as our finance, legal, human resources and other administrative employees. In addition, general and administrative expenses include outside services, legal and accounting services, and depreciation expense.

### *Interest Expense, Net and Other Income, Net*

Interest expense, net consists primarily of interest expense on the amortization of debt issuance costs related to the convertible senior notes. Other income, net consists primarily of interest income, losses on early extinguishment of the convertible senior notes, loss on the change in fair value of derivative instruments and gains on the sale of our strategic equity investments.

### *Provision for Income Taxes*

Provision for income taxes consists primarily of state income taxes in the United States, the withholding taxes related to the sale of our strategic equity investment, and income taxes in foreign jurisdictions in which we conduct business. Due to the uncertainty as to the realization of the benefits of our domestic deferred tax assets, we have recorded a full valuation allowance against such assets. We intend to continue to maintain a full valuation allowance on our domestic deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances.

## Results of Operations

The following table summarizes our historical consolidated statements of operations (in thousands, except percentage of total net revenues):

| | Years Ended December 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| Net revenues | $ 776,265 | 100 % | $ 644,338 | 100 % |
| Cost of revenues[1] | 254,904 | 33 | 205,417 | 32 |
| Gross profit | 521,361 | 67 | 438,921 | 68 |
| Operating expenses: | | | | |
| Research and development[1] | 178,821 | 23 | 170,905 | 26 |
| Sales and marketing[1] | 105,414 | 14 | 81,914 | 13 |
| General and administrative[1] | 159,019 | 20 | 129,349 | 20 |
| Total operating expenses | 443,254 | 57 | 382,168 | 59 |
| Income from operations | 78,107 | 10 | 56,753 | 9 |
| Total interest expense, net and other (expense) income, net | (72,368) | (9) | (57,614) | (9) |
| Income (loss) before provision for income taxes | 5,739 | 1 | (861) | — |
| Provision for income taxes | 7,197 | (1) | 5,360 | (1) |
| Net loss | $ (1,458) | — % | $ (6,221) | (1)% |

[1] Includes share-based compensation expense as follows:

| | 2021 | 2020 |
|---|---|---|
| Cost of revenues | $ 1,621 | $ 950 |
| Research and development | 37,131 | 31,588 |
| Sales and marketing | 13,887 | 9,606 |
| General and administrative | 56,207 | 41,911 |
| Total share-based compensation expense | $ 108,846 | $ 84,055 |

***Years Ended December 31, 2021 and 2020***

*Net Revenues*

Net revenues during the year ended December 31, 2021 increased $131.9 million, or 20%, compared to the same period in 2020.

The following table sets forth our total net revenues for the periods shown for our Chegg Services and Required Materials product lines (in thousands, except percentages):

| | Years Ended December 31, | | Change in 2021 | |
|---|---|---|---|---|
| | 2021 | 2020 | $ | % |
| Chegg Services | $ 669,894 | $ 521,228 | $ 148,666 | 29 % |
| Required Materials | 106,371 | 123,110 | (16,739) | (14) |
| Total net revenues | $ 776,265 | $ 644,338 | $ 131,927 | 20 |

Chegg Services revenues increased by $148.7 million, or 29%, during the year ended December 31, 2021, compared to the same period in 2020. The increase was primarily due to our efforts to reduce account sharing, increased global awareness and penetration and the introduction of enhanced offerings, including our acquisition of Mathway, which closed in June 2020. Chegg Services revenues represented 86% and 81% of net revenues during the years ended December 31, 2021 and 2020, respectively. Required Materials revenues decreased by $16.7 million, or 14%, during the year ended December 31, 2021 compared to the same period in 2020. The decrease was primarily due to lower unit volumes driven by decreased college enrollments and various print textbook logistics challenges. Required Materials revenues represented 14% and 19% of net revenues during the years ended December 31, 2021 and 2020, respectively.

*Cost of Revenues*

The following table sets forth our cost of revenues for the periods shown (in thousands, except percentages):

| | Years Ended December 31, | | Change in 2021 | |
|---|---|---|---|---|
| | 2021 | 2020 | $ | % |
| Cost of revenues[1] | $ 254,904 | $ 205,417 | $ 49,487 | 24 % |
| [1] Includes share-based compensation expense of: | $ 1,621 | $ 950 | $ 671 | 71 % |

Cost of revenues during the year ended December 31, 2021 increased by $49.5 million, or 24%, compared to the same period in 2020. The increase was primarily attributable to higher other depreciation and amortization expense of $21.5 million, higher net loss on textbook library of $12.4 million primarily due to increased write-downs, higher web hosting fees of $7.5 million, transitional logistics charges of $7.3 million incurred in conjunction with the transition of our print textbooks to a new third party logistics provider, higher payment processing fees of $4.3 million, higher cost of textbooks purchased by students of $3.5 million, higher employee-related expenses, including share-based compensation expense, of $2.0 million, and higher customer support fees of $1.7 million, partially offset by lower order fulfillment fees of $5.4 million and lower print textbook depreciation of $4.5 million. Gross margins decreased to 67% in the year ended December 31, 2021, from 68% during the same period in 2020.

*Operating Expenses*

The following table sets forth our total operating expenses for the periods shown (in thousands, except percentages):

| | Years Ended December 31, | | Change in 2021 | |
|---|---|---|---|---|
| | 2021 | 2020 | $ | % |
| Research and development[1] | $ 178,821 | $ 170,905 | $ 7,916 | 5 % |
| Sales and marketing[1] | 105,414 | 81,914 | 23,500 | 29 |
| General and administrative[1] | 159,019 | 129,349 | 29,670 | 23 |
| Total operating expenses | $ 443,254 | $ 382,168 | $ 61,086 | 16 |

(1) Includes share-based compensation expense of:

| | | | | |
|---|---|---|---|---|
| Research and development | $ 37,131 | $ 31,588 | $ 5,543 | 18 % |
| Sales and marketing | 13,887 | 9,606 | 4,281 | 45 |
| General and administrative | 56,207 | 41,911 | 14,296 | 34 |
| Share-based compensation expense | $ 107,225 | $ 83,105 | $ 24,120 | 29 |

*Research and Development*

Research and development expenses during the year ended December 31, 2021 increased by $7.9 million, or 5%, compared to the same period in 2020. The increase was primarily attributable to higher employee-related expenses, including share-based compensation expense, of $9.0 million. Research and development expenses as a percentage of net revenues were 23% during the year ended December 31, 2021 compared to 26% of net revenues during the same period in 2020.

*Sales and Marketing*

Sales and marketing expenses during the year ended December 31, 2021 increased by $23.5 million, or 29%, compared to the same period in 2020. The increase was primarily attributable to increased marketing spend, including expansion in international markets, of $15.1 million and higher employee-related expenses, including share-based compensation expense, of $6.2 million. Sales and marketing expenses as a percentage of net revenues were 14% during the year ended December 31, 2021 compared to 13% of net revenues during the same period in 2020.

*General and Administrative*

General and administrative expenses in the year ended December 31, 2021 increased by $29.7 million, or 23%, compared to the same period in 2020. The increase was primarily due to higher employee-related expenses, including share-based compensation expense, of $23.9 million and increased professional fees of $11.9 million, partially offset by a one-time 2020 impairment charge on our investment in WayUp of $10.0 million. General and administrative expenses as a percentage of net revenues were flat at 20% during the years ended December 31, 2021 and 2020.

*Interest Expense, Net and Other Income, Net*

The following table sets forth our interest expense, net, and other income, net, for the periods shown (in thousands, except percentages):

| | Years Ended December 31, | | Change in 2021 | |
|---|---|---|---|---|
| | 2021 | 2020 | $ | % |
| Interest expense, net | $ (6,896) | $ (66,297) | $ 59,401 | (90)% |
| Other (expense) income, net | (65,472) | 8,683 | (74,155) | n/m |
| Total interest expense, net and other (expense) income, net | $ (72,368) | $ (57,614) | $ (14,754) | 26 |

*n/m - not meaningful

Interest expense, net decreased by $59.4 million, or 90%, during the year ended December 31, 2021, compared to the same period in 2020. The decrease was primarily due to the reduction in non-cash interest expense related to the debt discount as a result of the adoption of ASU 2020-06 on January 1, 2021.

Other income, net, decreased by $74.2 million during the year ended December 31, 2021, compared to the same period in 2020. The decrease was primarily due to the $78.2 million loss on early extinguishment of debt related to the 2025 notes, $7.1 million net loss on the change in fair value of derivative instruments, and $6.1 million of lower interest income earned on our investments partially offset by the $12.5 million gain on the sale of our strategic equity investments and absence of the $4.3 million loss on early extinguishment of debt related to the partial exchange of the 2023 notes.

See Note 10, "Convertible Senior Notes," of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for additional information on changes to interest expense, net related to the adoption of ASU 2020-06 and other (expense) income, net related to the losses on early extinguishment of debt and the change in fair value of derivative instruments.

*Provision for Income Taxes*

The following table sets forth our provision for income taxes for the periods shown (in thousands, except percentages):

| | Years Ended December 31, | | Change in 2021 | |
|---|---|---|---|---|
| | 2021 | 2020 | $ | % |
| Provision for income taxes | $ 7,197 | $ 5,360 | $ 1,837 | 34 % |

The provision for income taxes increased during the year ended December 31, 2021, compared to the same period in 2020. The increase was primarily due to an increase in foreign profits and the withholding taxes related to the March 2021 sale of our strategic equity investment, partially offset by foreign deferred tax benefit.

**Liquidity and Capital Resources**

As of December 31, 2021, our principal sources of liquidity were cash, cash equivalents, and investments totaling $2.3 billion, which were held for working capital purposes. The substantial majority of our net revenues are from e-commerce transactions with students, which are settled immediately through payment processors, as opposed to our accounts payable, which are settled based on contractual payment terms with our suppliers.

In January 2022, we completed our acquisition of Busuu Online S.L. (Busuu), an online language learning company that offers a comprehensive solution through a combination of self-paced lessons, live classes with expert tutors and the ability to learn and practice with members of the Busuu language learning community, for approximately $417.0 million in an all-cash transaction.

In November 2021, our board of directors approved a $500.0 million increase to our existing securities repurchase program authorizing the repurchase of up to $1.0 billion of our common stock and/or convertible notes, through open market purchases, block trades, and/or privately negotiated transactions or pursuant to Rule 10b5-1 plans, in compliance with applicable securities laws and other legal requirements. The timing, volume, and nature of the repurchases will be determined by management based on the capital needs of the business, market conditions, applicable legal requirements, and other factors. During the year ended December 31, 2021, we entered into an accelerated share repurchase program for $300.0 million and repurchased $100.0 million of aggregate principal amount of the 2025 notes in privately-negotiated transactions for an aggregate consideration of $184.9 million. During the year ended December 31, 2020, we repurchased $57.4 million of aggregate principal amount of the 2023 notes in privately-negotiated transactions for an aggregate consideration of $149.6 million. As of December 31, 2021, $365.5 million remains under the repurchase program, which has no expiration date and will continue until otherwise suspended, terminated or modified at any time for any reason by our board of directors.

In February 2021, we completed an equity offering in which we raised net proceeds of $1,091.5 million, after deducting underwriting discounts, commissions and offering expenses (2021 equity offering). In August 2020 and March/April 2019, we closed offerings of our 2026 notes and 2025 notes, generating net proceeds of approximately $984.1 million and $780.2 million, respectively, in each case after deducting the initial purchasers' discount and estimated offering expenses payable by us. The 2026 notes and 2025 notes mature on September 1, 2026 and March 15, 2025, respectively, unless converted, redeemed, or repurchased in accordance with their terms prior to such dates.

As of December 31, 2021, we have incurred cumulative losses of $337.2 million from our operations and we expect to incur additional losses in the future. Our operations have been financed primarily by our initial public offering of our common stock (IPO), our 2017 follow-on public offering, our convertible senior notes offerings, our 2021 equity offering, and cash generated from operations.

The following table is a summary of our contractual obligations and other commitments as of December 31, 2021 (in thousands):

| | Total | Less than 1 Year | 1-3 Years | 3-5 Years | More than 5 Years |
|---|---|---|---|---|---|
| Convertible senior notes [1] | $ 1,703,044 | $ 875 | $ 1,750 | $ 1,700,419 | $ — |
| Purchase obligations [2] | 79,624 | 41,326 | 35,638 | 2,660 | — |
| Operating lease obligations [3] | 21,035 | 7,435 | 8,158 | 3,692 | 1,750 |
| Total contractual obligations | $ 1,803,703 | $ 49,636 | $ 45,546 | $ 1,706,771 | $ 1,750 |

(1) Includes semi-annual cash interest payments of $0.4 million. Our convertible senior notes are recorded on our consolidated balance sheets at the carrying amount of $1,678.2 million as of December 31, 2021.
(2) Represents contractual obligations primarily related to information technology services.
(3) Our offices are leased under operating leases, which expire at various dates through 2027.

In addition, our other long-term liabilities include $4.9 million related to uncertain tax positions as of December 31, 2021. The timing of the resolution of these positions is uncertain and we are unable to make a reasonably reliable estimate of the timing of payments in individual years beyond one year. As a result, this amount is not included in the above table.

We believe that our existing sources of liquidity will be sufficient to fund our operations and debt service obligations for at least the next 12 months. Our future capital requirements will depend on many factors, including our rate of revenue growth, our investments in research and development activities, our acquisition of new products and services and our sales and marketing activities. To the extent that existing cash and cash from operations are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing. Additional funds may not be available on terms favorable to us or at all. If adequate funds are not available on acceptable terms, or at all, we may be unable to adequately fund our business plans and it could have a negative effect on our business, operating cash flows and financial condition.

Most of our cash, cash equivalents, and investments are held in the United States. As of December 31, 2021, our foreign subsidiaries held an insignificant amount of cash in foreign jurisdictions. We currently do not intend or foresee a need to repatriate some of these foreign funds; however, as a result of the Tax Cuts and Jobs Act, we anticipate the U.S. federal impact to be minimal if these foreign funds are repatriated. In addition, based on our current and future needs, we believe our current funding and capital resources for our international operations are adequate.

The following table sets forth our cash flows (in thousands):

| | Years Ended December 31, 2021 | Years Ended December 31, 2020 |
|---|---|---|
| **Consolidated Statements of Cash Flows Data:** | | |
| Net cash provided by operating activities | $ 273,224 | $ 236,442 |
| Net cash used in investing activities | (365,768) | (732,786) |
| Net cash provided by financing activities | 466,722 | 588,627 |

***Cash Flows from Operating Activities***

Although we incurred net losses during the years ended December 31, 2021 and 2020, our net losses were fully offset by non-cash expenditures, such as depreciation and amortization expense, share-based compensation expense, loss on extinguishments of debt, and amortization of debt discount and issuance costs.

Net cash provided by operating activities during the year ended December 31, 2021 was $273.2 million. Our net loss of $1.5 million was offset by significant non-cash operating expenses including share-based compensation expense of $108.8 million, the loss on early extinguishment of debt of $78.2 million, other depreciation and amortization expense of $63.3 million, the net loss on textbook library of $11.0 million, which was primarily due to increased write-downs, print textbook depreciation expense of $10.9 million, the net loss on the change in fair value of derivative instruments of $7.1 million, operating lease expense, net of accretion, of $6.0 million, and amortization of debt issuance costs of $5.9 million, partially offset by the gain on sale of our strategic equity investments of $12.5 million.

Net cash provided by operating activities during the year ended December 31, 2020 was $236.4 million. Our net loss of $6.2 million was increased by the change in deferred revenue of $12.9 million and accrued liabilities of $22.4 million. Additionally, we had significant non-cash operating expenses including print textbook depreciation expense of $15.4 million, other depreciation and amortization expense of $47.0 million, share-based compensation expense of $84.1 million, the amortization of debt discount and issuance costs of $64.6 million, the loss from impairment of strategic equity investment of $10.0 million, and the loss on early extinguishments of debt of $4.3 million, partially offset by repayment of convertible senior notes attributable to debt discount of $20.4 million.

***Cash Flows from Investing Activities***

Cash flows from investing activities have been primarily related to the purchases of investments, purchases of property and equipment, purchases of textbooks, and acquisition of businesses, offset by proceeds from the sale and maturity of investments and proceeds from the disposition of textbooks.

Net cash used in investing activities during the year ended December 31, 2021 was $365.8 million and was related to the purchases of investments of $1.7 billion, purchases of property and equipment of $94.2 million, purchases of textbooks of $10.9 million, and the acquisition of business of $7.9 million, offset by the maturity of investments of $1.2 billion, proceeds from sale of investments of $206.0 million, proceeds from the sale of our equity investments of $16.1 million and proceeds from disposition of textbooks of $8.7 million.

Net cash used in investing activities during the year ended December 31, 2020 was $732.8 million and was related to the purchases of investments of $1.0 billion, the acquisition of business of $92.8 million, purchases of property and equipment of $81.3 million, purchases of textbooks of $58.6 million, and the purchase of strategic equity investment of $2.0 million, offset by the maturity of investments of $539.9 million and proceeds from disposition of textbooks of $7.6 million.

***Cash Flows from Financing Activities***

Cash flows from financing activities have been primarily related to the issuance of convertible senior notes, net of issuance costs, issuance of common stock under stock plans, proceeds from convertible senior notes capped call instruments, offset by the purchases of convertible senior notes capped call instruments, payment of taxes related to the net share settlement of equity awards, repayment of a portion of our convertible senior notes, and repurchases of common stock.

Net cash provided by financing activities during the year ended December 31, 2021 was $466.7 million and was related to the net proceeds from our equity offering of $1,091.5 million, proceeds from 2023 notes and 2025 notes capped call instruments of $69.0 million, and the proceeds from the issuance of common stock under stock plans of $8.9 million, offset by the repayment of a portion of our convertible senior notes of $300.8 million, repurchase of common stock of $300.0 million, payment of $94.4 million in taxes related to the net share settlement of equity awards, and payment of escrow related to an acquisition of $7.5 million.

Net cash provided by financing activities during the year ended December 31, 2020 was $588.6 million and was related to the proceeds from the issuance of the 2026 notes, net of issuance costs, of $984.1 million, proceeds from 2023 notes capped call instruments of $77.1 million, and the proceeds from the issuance of common stock under stock plans of $15.5 million, offset by the payment of $80.7 million in taxes related to the net share settlement of equity awards, the purchase of capped call instruments related to our 2026 notes of $103.4 million, and the repayment of a portion of our convertible senior notes of $304.0 million.

**Critical Accounting Policies, Significant Judgments and Estimates**

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. These estimates form the basis for judgments we make about the carrying values of our assets and liabilities, which are not readily apparent from other sources. We base our estimates and judgments on historical experience and on various other assumptions that we believe are reasonable under the circumstances. On an ongoing basis, we evaluate our estimates and assumptions. The current COVID-19 pandemic has caused uncertainty and disruption in the global economy and financial markets. We are not aware of any specific event or circumstance that would require updates to our estimates or judgments or require us to revise the carrying value of our assets or liabilities. These estimates may change as new events occur and additional information is obtained. Our actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. We believe that assumptions and estimates of the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of operations. For further information on all of our significant accounting policies, see Note 2, "Significant Accounting Policies", of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

***Textbook Library***

We write down textbooks on a book-by-book basis for lost, damaged, or excess print textbooks. Factors considered in the determination of write-downs for print textbooks include historical experience, management's knowledge of current business conditions, and expectations of future demand. The consideration of these factors requires management to make significant judgments in the determination of our write-down for print textbooks in any given period which could have a material impact on our results of operations.

We depreciate our print textbooks, less an estimated salvage value, over an estimated useful life of four years using an accelerated method of depreciation, as we estimate this method most accurately reflects the actual pattern of decline in their economic value. The salvage value considers the historical trend and projected proceeds for print textbooks. The useful life is determined based on the estimated time period in which the print textbooks are held and rented. We review the estimated salvage value and useful life of our print textbook library on an ongoing basis.

We review the accelerated method of depreciation to ensure consistency with the value of the print textbooks to our customers during their useful life. Based on historical experience, we believe that a print textbook has more value to our customers and us early in its life and therefore an accelerated depreciation method best reflects the actual pattern of decline in economic value and aligns with the print textbooks' deteriorating condition over time. In addition, we consider the utilization of the print textbooks and the revenues we can earn, recognizing that a used print textbook rents for a lower amount than a new print textbook. Should the actual rental activity or deterioration of print textbooks differ from our estimates, the gain or loss on print textbooks liquidated or the net book value of print textbooks purchased by students at the end of the term could differ in any given period, which could have a material impact to our results of operations.

In addition, we evaluate the appropriateness of the estimated salvage value and useful life estimates based on historical transactions with both vendors and customers and by reviewing a blend of actuals and estimates of the lifecycle of each print textbook. Our estimates utilize data from historical experience, including actual proceeds from print textbooks as a percentage of original sourcing costs, channel mix and the projected value of a print textbook in relation to the original source cost over time. As we continue to accumulate additional data related to our print textbook library, we may make refinements in the estimated salvage value, method of depreciation, or useful life. Any potential refinements could impact our print textbook depreciation expense, the gain or loss on print textbooks liquidated, or the net book value of print textbooks purchased by students at the end of the term and could have a material impact to our results of operations.

***Revenue Recognition and Deferred Revenue***

For sales of third-party products, we evaluate whether we are acting as a principal or an agent. Where our role in a transaction is that of principal, revenues are recognized on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as a cost of revenues. Where our role in a transaction is that of an agent, revenues are recognized on a net basis with revenues representing the margin earned. Our determination is based on our evaluation of whether we control the specified goods or services prior to transferring them to the customer. There are significant judgments involved in determining whether we control the specified goods or services prior to transferring them to the customer including whether we have the ability to direct the use of the good or service and obtain substantially all of the remaining benefits from the good or service. In relation to print textbooks owned by a partner, we recognize revenues on a net basis based on our role in the transaction as an agent as we have concluded that we do not control the use of the print textbooks, and therefore record only the net revenue share we earn. We have concluded that we control our Chegg Services, print textbooks that we own for rental, purchase at the end of the rental term, or sale on a just-in-time basis, and eTextbook service and therefore we recognize revenues and cost of revenues on a gross basis.

Some of our customer arrangements include multiple performance obligations. We have determined these performance obligations qualify as distinct performance obligations, as the customer can benefit from the service on its own or together with other resources that are readily available to the customer, and our promise to transfer the service is separately identifiable from

other promises in the contract. For these arrangements that contain multiple performance obligations, we allocate the transaction price based on the relative standalone selling price (SSP) method by comparing the SSP of each distinct performance obligation to the total value of the contract. We determine the SSP based on our historical pricing and discounting practices for the distinct performance obligation when sold separately. If the SSP is not directly observable, we estimate the SSP by considering information such as market conditions, and information about the customer.

Some of our customer arrangements may include an amount of variable consideration in addition to a fixed revenue share that we earn. This variable consideration can either increase or decrease the total transaction price depending on the nature of the variable consideration. We estimate the amount of variable consideration that we will earn at the inception of the contract, adjusted during each period, and include an estimated amount each period. In determining this estimate, we consider the single most likely amount in a range of possible amounts. This estimated amount of variable consideration requires management to make a judgment based on the forecasted amount of consideration that we expect we will earn as well as the time period in which we can reasonably rely on the accuracy of the forecast. Our estimate of variable consideration is constrained to only include the amount of variable consideration for which it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur, as the amounts that we could potentially earn in outer years can change significantly based on factors that are out of our control. If our forecasts are inaccurate, the estimated amount of variable consideration could be inaccurate which could impact our revenue recognition in a given period.

***Impairment of Acquired Intangible Assets and Other Long-Lived Assets***

We assess the impairment of acquired intangible assets and other long-lived assets at least annually and whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Factors that we consider in determining when to perform an impairment review include significant negative industry or economic trends or significant changes or planned changes in the use of the assets. When measuring the recoverability of these assets, we will make assumptions regarding our estimated future cash flows expected to be generated by the assets. If our estimates or related assumptions change in the future, we may be required to impair these assets. We did not record any impairment charges related to acquired intangible assets or other long-lived assets during the years ended December 31, 2021 and 2020.

***Goodwill and Indefinite Lived Intangible Asset***

Goodwill and our indefinite lived intangible asset are tested for impairment at least annually or whenever events or changes in circumstances indicate that their carrying values may not be recoverable. We first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. In our qualitative assessment, we consider factors including economic conditions, industry and market conditions and developments, overall financial performance and other relevant entity-specific events in determining whether it is more likely than not that the fair value of our reporting unit is less than the carrying amount. Our qualitative assessment requires management to make judgments based on the factors listed above in our determination of whether events or changes in circumstances indicate that the carrying values may not be recoverable. Should we conclude that it is more likely than not that our carrying values have been impaired, we would recognize an impairment charge for the amount by which the carrying amount of goodwill and our indefinite lived intangible asset exceed our fair value. We have not recognized any goodwill or our indefinite lived intangible asset impairment charges since our inception.

***Share-based Compensation Expense***

We measure and recognize share-based compensation expense for all awards made to employees, directors and consultants, including restricted stock units (RSUs), performance-based RSUs (PSUs) with either a market-based condition or financial and strategic performance target and our employee stock purchase plan (ESPP) based on estimated fair values.

We estimate a forfeiture rate to calculate the share-based compensation expense related to our awards. Estimated forfeitures are determined based on historical data and management's expectation of exercise behaviors. We continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors. Quarterly changes in the estimated forfeiture rate can have a significant impact on our share-based compensation expense as the cumulative effect of adjusting the rate is recognized in the period the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the share-based compensation expense recognized in the financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, an adjustment is made that will result in an increase to the share-based compensation expense recognized in the financial statements.

Share-based compensation expense for PSUs with a market-based condition is recognized regardless of whether the market condition is satisfied subject to continuing service over the requisite service period. Share-based compensation expense recognized related to PSUs with a financial and strategic performance target is subject to the achievement of performance objectives and requires significant judgment by management in determining the current level of attainment of such performance objectives. Management may consider factors such as the latest revenue forecasts and general business trends in the assessment of whether or not a PSU award will be obtained. Subsequent changes to these considerations may have a material impact on the amount of share-based compensation expense recognized in the period related to PSU awards, which may lead to volatility of share-based compensation expense period-to-period. If the performance objectives are not met or service is no longer provided, no share-based compensation expense will be recognized, and any previously recognized share-based compensation expense will be reversed.

We will continue to use judgment in evaluating the assumptions related to our share-based compensation expense on a prospective basis. As we continue to accumulate additional data related to our common stock, we may refine our estimates, which could materially impact our future share-based compensation expense.

**Recent Accounting Pronouncements**

For relevant recent accounting pronouncements, see Note 2, “Significant Accounting Policies”, of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8, “Consolidated Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, including changes to foreign currency exchange rates and interest rates.

***Foreign Currency Exchange Risk***

International revenues have grown during the year ended December 31, 2021, as we have begun accepting additional foreign currencies from our international customers. This may have an adverse impact on our total net revenues if there are unfavorable fluctuations in the exchange rate between the U.S. Dollar and foreign currencies in which we conduct sales. International revenues were not significant during the years ended December 31, 2020 and 2019. A portion of our operating expenses are incurred outside of the United States and are denominated in foreign currencies, which are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Indian Rupee. To date, we have not entered into derivatives or hedging strategies as our exposure to foreign currency exchange rates has not been material to our historical results of operations. There were no significant foreign exchange gains or losses in the years ended December 31, 2021, 2020 and 2019.

***Interest Rate Sensitivity***

We had cash and cash equivalents totaling $854.1 million and $479.9 million as of December 31, 2021 and 2020, respectively, and held investments of $1.4 billion and $1.2 billion as of December 31, 2021 and 2020, respectively. Our cash and cash equivalents consist of cash and money market accounts and investments consist of commercial paper, corporate debt securities, U.S. treasury securities and agency bonds. Our investment policy and strategy are focused on preservation of capital, supporting our liquidity requirements, and delivering competitive returns subject to prevailing market conditions. Changes in U.S. interest rates affect the interest earned on our cash and cash equivalents and investments and the market value of those securities. A hypothetical 100 basis point increase or decrease in interest rates would result in a $14.2 million and $11.7 million increase or decline in the fair value of our investments as of December 31, 2021 and 2020, respectively. Any realized gains or losses resulting from such hypothetical interest rate changes would only occur if we sold the investments prior to maturity. We were not exposed to material risks due to changes in market interest rates given the liquidity of the cash, cash equivalents, and investments in which we invested our cash.

We carry our notes at face value less unamortized debt issuance costs on our consolidated balance sheets. Because the 2026 notes and 2025 notes have a fixed annual interest rate of 0.0% and 0.125%, respectively, we do not have any economic interest rate exposure or financial statement risk associated with changes in interest rates. The fair value of the notes, however, may fluctuate when interest rates and the market price of our stock changes. See Note 10, “Convertible Senior Notes,” of the Notes to Consolidated Financial Statements of Part II, Item 8 of this Annual Report on Form 10-K for additional information.

## ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### Index to Consolidated Financial Statements


| | Page |
|---|---|
| Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34) | 49 |
| Consolidated Balance Sheets | 52 |
| Consolidated Statements of Operations | 53 |
| Consolidated Statements of Comprehensive Loss | 54 |
| Consolidated Statements of Stockholders' Equity | 55 |
| Consolidated Statements of Cash Flows | 56 |
| Notes to Consolidated Financial Statements | 58 |

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Chegg, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Chegg, Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and the schedule listed in the Index at Item 15.2 (collectively, referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Change in Accounting Principle

As discussed in Notes 1 and 2 to the financial statements, the Company has changed its method of accounting for its convertible senior notes in the year ended December 31, 2021 due to the adoption of Accounting Standards Update No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, on a modified retrospective method of transition.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### Convertible Senior Notes — Refer to Notes 2 and 10 to the financial statements

*Critical Audit Matter Description*

As discussed in Notes 2 and 10 to the consolidated financial statements, the Company adopted Accounting Standards Update 2020-06, Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (“ASU 2020-06”), on January 1, 2021, under the modified retrospective method applied to convertible senior notes outstanding as of January 1, 2021. Under ASU 2020-06, the Company’s convertible senior notes with certain embedded conversion features are no longer required to be

separated from the host contract thereby eliminating the cash conversion feature model. Instead, these convertible debt instruments will be accounted for as a single liability measured at amortized cost under the traditional convertible debt accounting model.

In addition, after the Company's adoption of ASU 2020-06 and during the fiscal year ended December 31, 2021, the Company extinguished $100.0 million aggregate principal amount of the 2025 convertible senior notes ("2025 notes") for aggregate consideration of $184.9 million. Upon execution, the Company concluded that the 2025 notes embedded conversion features no longer met the derivative scope exception and, as a result, initially recorded a derivative liability of $176.5 million, related to the fair value of extinguished 2025 notes. The Company settled the derivative liability for aggregate consideration of $184.9 million resulting in an $8.4 million loss on change in fair value. The carrying amount of the 2025 notes subject to the extinguishment was $98.3 million resulting in a $78.2 million loss on early extinguishment of debt.

Auditing the following elements involved a higher degree of auditor judgment and an increased extent of effort due to the nature and extent of specialized skill and knowledge required of: (i) the Company's accounting assessment of the adoption of ASU 2020-06, (ii) the Company's accounting assessment of the extinguishment including the conclusion that a derivative liability existed, (iii) the calculation of the related loss on extinguishment of the 2025 Notes including the derivative liability.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to convertible senior notes included the following, among others:

a. We tested the operating effectiveness of the controls over the Company's accounting for the adoption of ASU 2020-06 and the extinguishment of the 2025 convertible senior notes.
b. Our testing included reading the underlying agreements and evaluating the Company's accounting analysis related to the adoption of ASU 2020-06.
c. Our testing included reading the underlying agreements and evaluating the Company's accounting analysis underlying the accounting of the convertible senior notes, including the determination of the balance sheet classification of each transaction, identification of any derivatives included in the arrangements, and determination that the 2025 convertible senior notes was a debt extinguishment.
d. In addition, we involved a valuation specialist to assist in our evaluation of the significant assumptions and valuation used by the Company specifically for the valuation of the derivative liability.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
February 22, 2022

We have served as the Company's auditor since 2018.

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Chegg, Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Chegg, Inc. and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated February 22, 2022, expressed an unqualified opinion on those financial statements and included an explanatory paragraph relating to the Company's adoption of Accounting Standards Update No. 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
February 22, 2022

## CHEGG, INC.
## CONSOLIDATED BALANCE SHEETS
## (in thousands, except for number of shares and par value)

| | December 31, | |
|---|---|---|
| | 2021 | 2020 |
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 854,078 | $ 479,853 |
| Short-term investments | 691,781 | 665,567 |
| Accounts receivable, net of allowance of $153 at December 31, 2021 and December 31, 2020. | 17,850 | 12,913 |
| Prepaid expenses | 35,093 | 12,776 |
| Other current assets | 23,846 | 11,846 |
| Total current assets | 1,622,648 | 1,182,955 |
| Long-term investments | 745,993 | 523,628 |
| Textbook library, net | 11,241 | 34,149 |
| Property and equipment, net | 169,938 | 125,807 |
| Goodwill | 289,763 | 285,214 |
| Intangible assets, net | 40,566 | 51,249 |
| Right of use assets | 18,062 | 24,226 |
| Other assets | 21,035 | 24,030 |
| Total assets | $ 2,919,246 | $ 2,251,258 |
| **Liabilities and stockholders' equity** | | |
| Current liabilities | | |
| Accounts payable | $ 11,992 | $ 8,547 |
| Deferred revenue | 35,143 | 32,620 |
| Accrued liabilities | 67,209 | 68,565 |
| Total current liabilities | 114,344 | 109,732 |
| Long-term liabilities | | |
| Convertible senior notes, net | 1,678,155 | 1,506,922 |
| Long-term operating lease liabilities | 12,447 | 19,264 |
| Other long-term liabilities | 7,383 | 5,705 |
| Total long-term liabilities | 1,697,985 | 1,531,891 |
| Total liabilities | 1,812,329 | 1,641,623 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, $0.001 par value – 10,000,000 shares authorized, no shares issued and outstanding at December 31, 2021 and December 31, 2020 | — | — |
| Common stock, $0.001 par value – 400,000,000 shares authorized; 136,951,956 and 129,343,524 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively | 137 | 129 |
| Additional paid-in capital | 1,449,305 | 1,030,577 |
| Accumulated other comprehensive (loss) income | (5,334) | 1,530 |
| Accumulated deficit | (337,191) | (422,601) |
| Total stockholders' equity | 1,106,917 | 609,635 |
| Total liabilities and stockholders' equity | $ 2,919,246 | $ 2,251,258 |

See Notes to Consolidated Financial Statements.

**CHEGG, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(in thousands, except per share amounts)**

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Net revenues | $ 776,265 | $ 644,338 | $ 410,926 |
| Cost of revenues | 254,904 | 205,417 | 92,182 |
| Gross profit | 521,361 | 438,921 | 318,744 |
| Operating expenses: | | | |
| Research and development | 178,821 | 170,905 | 139,772 |
| Sales and marketing | 105,414 | 81,914 | 63,569 |
| General and administrative | 159,019 | 129,349 | 97,586 |
| Total operating expenses | 443,254 | 382,168 | 300,927 |
| Income from operations | 78,107 | 56,753 | 17,817 |
| Interest expense, net and other income, net: | | | |
| Interest expense, net | (6,896) | (66,297) | (44,851) |
| Other (expense) income, net | (65,472) | 8,683 | 20,063 |
| Total interest expense, net and other (expense) income, net | (72,368) | (57,614) | (24,788) |
| Income (loss) before provision for income taxes | 5,739 | (861) | (6,971) |
| Provision for income taxes | 7,197 | 5,360 | 2,634 |
| Net loss | $ (1,458) | $ (6,221) | $ (9,605) |
| Net loss per share, basic and diluted | $ (0.01) | $ (0.05) | $ (0.08) |
| Weighted average shares used to compute net loss per share, basic and diluted | 141,262 | 125,367 | 119,204 |

See Notes to Consolidated Financial Statements.

**CHEGG, INC.**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
**(in thousands)**

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Net loss | $ (1,458) | $ (6,221) | $ (9,605) |
| Other comprehensive (loss) income | | | |
| Change in net unrealized (loss) gain on investments, net of tax | (5,729) | 1,037 | 668 |
| Change in foreign currency translation adjustments, net of tax | (1,135) | 1,589 | (745) |
| Other comprehensive (loss) income | (6,864) | 2,626 | (77) |
| Total comprehensive loss | $ (8,322) | $ (3,595) | $ (9,682) |

See Notes to Consolidated Financial Statements.

**CHEGG, INC.**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(in thousands)**

| | Common Stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares | Par Value | Additional Paid-In Capital | Accumulated Other Comprehensive (Loss) Income | Accumulated Deficit | Total Stockholders' Equity |
| **Balances at December 31, 2018** | 115,500 | $ 116 | $ 818,113 | $ (1,019) | $ (406,576) | $ 410,634 |
| Cumulative-effect adjustment to accumulated deficit related to adoption of ASU 2016-02 | — | — | — | — | (111) | (111) |
| Equity component of 2025 convertible senior notes, net of issuance costs | — | — | 206,747 | — | — | 206,747 |
| Purchase of 2025 convertible senior notes capped call | — | — | (97,200) | — | — | (97,200) |
| Repurchase of common stock | (504) | (1) | (19,999) | — | — | (20,000) |
| Issuance of common stock upon exercise of stock options and ESPP | 3,276 | 4 | 35,093 | — | — | 35,097 |
| Net share settlement of equity awards | 3,248 | 3 | (94,571) | — | — | (94,568) |
| Issuance of common stock in connection with prior acquisition | 64 | — | 3,003 | — | — | 3,003 |
| Share-based compensation expense | — | — | 64,909 | — | — | 64,909 |
| Other comprehensive loss | — | — | — | (77) | — | (77) |
| Net loss | — | — | — | — | (9,605) | (9,605) |
| **Balances at December 31, 2019** | 121,584 | 122 | 916,095 | (1,096) | (416,292) | 498,829 |
| Cumulative-effect adjustment to accumulated deficit related to adoption of ASU 2016-13 | — | — | — | — | (88) | (88) |
| Equity component of 2026 convertible senior notes, net of issuance costs | — | — | 237,462 | — | — | 237,462 |
| Purchase of 2026 convertible senior notes capped call | — | — | (103,400) | — | — | (103,400) |
| Equity component related to conversions of 2023 convertible senior notes | — | — | (442,667) | — | — | (442,667) |
| Issuance of common stock upon conversion of 2023 convertible senior notes | 4,182 | 4 | 327,137 | — | — | 327,141 |
| Proceeds from capped call related to conversions of 2023 convertible senior notes | — | — | 77,095 | — | — | 77,095 |
| Issuance of common stock upon exercise of stock options and ESPP | 1,154 | 1 | 15,480 | — | — | 15,481 |
| Net share settlement of equity awards | 2,424 | 2 | (80,680) | — | — | (80,678) |
| Share-based compensation expense | — | — | 84,055 | — | — | 84,055 |
| Other comprehensive income | — | — | — | 2,626 | — | 2,626 |
| Net loss | — | — | — | — | (6,221) | (6,221) |
| **Balances at December 31, 2020** | 129,344 | 129 | 1,030,577 | 1,530 | (422,601) | 609,635 |
| Cumulative-effect adjustment related to adoption of ASU 2020-06 | — | — | (465,006) | — | 86,868 | (378,138) |
| Issuance of common stock in connection with equity offering, net of offering costs | 10,975 | 11 | 1,091,455 | — | — | 1,091,466 |
| Equity component on conversions of 2023 notes and 2025 notes | — | — | (236,921) | — | — | (236,921) |
| Issuance of common stock upon conversion of 2023 notes | 2,983 | 3 | 235,518 | — | — | 235,521 |
| Net proceeds from capped call related to conversions and extinguishments of 2023 notes and 2025 notes | — | — | 67,770 | — | — | 67,770 |
| Issuance of common stock upon exercise of stock options and ESPP | 413 | — | 8,885 | — | — | 8,885 |
| Net share settlement of equity awards | 1,640 | 2 | (94,423) | — | — | (94,421) |
| Repurchase of common stock | (8,403) | (8) | (299,992) | — | — | (300,000) |
| Share-based compensation expense | — | — | 111,442 | — | — | 111,442 |
| Other comprehensive loss | — | — | — | (6,864) | — | (6,864) |
| Net loss | — | — | — | — | (1,458) | (1,458) |
| **Balances at December 31, 2021** | 136,952 | $ 137 | $ 1,449,305 | $ (5,334) | $ (337,191) | $ 1,106,917 |

See Notes to Consolidated Financial Statements.

**CHEGG, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(in thousands)**

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2021** | **2020** | **2019** |
| Cash flows from operating activities | | | |
| Net loss | $ (1,458) | $ (6,221) | $ (9,605) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Print textbook depreciation expense | 10,859 | 15,397 | — |
| Other depreciation and amortization expense | 63,274 | 47,018 | 30,247 |
| Share-based compensation expense | 108,846 | 84,055 | 64,909 |
| Amortization of debt discount and issuance costs | 5,922 | 64,573 | 43,202 |
| Repayment of convertible senior notes attributable to debt discount | — | (20,433) | — |
| Loss on early extinguishments of debt | 78,152 | 4,286 | — |
| Loss on change in fair value of derivative instruments, net | 7,148 | — | — |
| Loss from write-offs of property and equipment | 2,115 | 1,211 | 1,009 |
| Loss from impairment of strategic equity investment | — | 10,000 | — |
| Gain on sale of strategic equity investments | (12,496) | — | — |
| Loss (gain) on textbook library, net | 10,956 | (1,453) | — |
| Operating lease expense, net of accretion | 5,994 | 4,901 | 4,385 |
| Other non-cash items | (973) | (227) | (455) |
| Change in assets and liabilities, net of effect of acquisition of businesses: | | | |
| Accounts receivable | (5,004) | (400) | 1,829 |
| Prepaid expenses and other current assets | (21,854) | 5,419 | (12,930) |
| Other assets | 16,387 | (4,214) | (1,494) |
| Accounts payable | 3,241 | 1,119 | (2,395) |
| Deferred revenue | 2,523 | 12,918 | (1,682) |
| Accrued liabilities | 5,199 | 22,444 | (206) |
| Other liabilities | (5,607) | (3,951) | (3,411) |
| Net cash provided by operating activities | 273,224 | 236,442 | 113,403 |
| Cash flows from investing activities | | | |
| Purchases of property and equipment | (94,180) | (81,317) | (42,326) |
| Purchases of textbooks | (10,931) | (58,567) | — |
| Proceeds from disposition of textbooks | 8,714 | 7,569 | — |
| Purchases of investments | (1,688,384) | (1,045,564) | (959,911) |
| Proceeds from sale of investments | 206,041 | — | 53,261 |
| Maturities of investments | 1,204,787 | 539,889 | 324,700 |
| Proceeds from sale of strategic equity investments | 16,076 | — | — |
| Acquisition of businesses, net of cash acquired | (7,891) | (92,796) | (79,149) |
| Purchase of strategic equity investment | — | (2,000) | — |
| Net cash used in investing activities | (365,768) | (732,786) | (703,425) |
| Cash flows from financing activities | | | |
| Proceeds from common stock issued under stock plans, net | 8,887 | 15,483 | 35,100 |
| Payment of taxes related to the net share settlement of equity awards | (94,423) | (80,680) | (94,571) |
| Proceeds from equity offering, net of offering costs | 1,091,466 | — | — |
| Repayment of convertible senior notes | (300,762) | (303,967) | — |
| Proceeds from exercise of convertible senior notes capped call | 69,005 | 77,095 | — |
| Payment of escrow related to acquisition | (7,451) | — | — |
| Repurchase of common stock | (300,000) | — | (20,000) |
| Proceeds from issuance of convertible senior notes, net of issuance costs | — | 984,096 | 780,180 |
| Purchase of convertible senior notes capped call | — | (103,400) | (97,200) |
| Net cash provided by financing activities | 466,722 | 588,627 | 603,509 |
| Net increase in cash, cash equivalents and restricted cash | 374,178 | 92,283 | 13,487 |
| Cash, cash equivalents and restricted cash, beginning of period | 481,715 | 389,432 | 375,945 |
| Cash, cash equivalents and restricted cash, end of period | $ 855,893 | $ 481,715 | $ 389,432 |

See Notes to Consolidated Financial Statements.

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Supplemental cash flow data: | | | |
| Cash paid during the period for: | | | |
| Interest | $ 1,053 | $ 1,766 | $ 1,332 |
| Income taxes, net of refunds | $ 7,388 | $ 3,436 | $ 2,070 |
| Cash paid for amounts included in the measurement of lease liabilities: | | | |
| Operating cash flows from operating leases | $ 7,772 | $ 6,790 | $ 5,297 |
| Right of use assets obtained in exchange for lease obligations: | | | |
| Operating leases | $ — | $ 13,688 | $ 3,364 |
| Non-cash investing and financing activities: | | | |
| Accrued purchases of long-lived assets | $ 2,982 | $ 1,588 | $ 10,036 |
| Accrued escrow related to acquisition | $ — | $ 7,451 | $ — |
| Issuance of common stock related to repayment of convertible senior notes | $ 235,521 | $ 327,141 | $ — |
| Issuance of common stock related to prior acquisition | $ — | $ — | $ 3,003 |

| | December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Reconciliation of cash, cash equivalents and restricted cash: | | | |
| Cash and cash equivalents | $ 854,078 | $ 479,853 | $ 387,520 |
| Restricted cash included in other current assets | — | 122 | 149 |
| Restricted cash included in other assets | 1,815 | 1,740 | 1,763 |
| Total cash, cash equivalents and restricted cash | $ 855,893 | $ 481,715 | $ 389,432 |

See Notes to Consolidated Financial Statements.

CHEGG, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Note 1. Background and Basis of Presentation

***Company and Background***

Chegg, Inc. (“we,” “us,” “our,” “Company” or “Chegg”), headquartered in Santa Clara, California, was incorporated as a Delaware corporation in July 2005. Millions of people all around the world Learn with Chegg. Our mission is to improve learning and learning outcomes by putting students first. We support life-long learners starting with their academic journey and extending into their careers. The Chegg platform provides products and services to support learners to help them better understand their academic course materials, and also provides personal and professional development skills training, to help them achieve their learning goals.

***Basis of Presentation***

Our fiscal year ends on December 31 and in this report we refer to the year ended December 31, 2021, December 31, 2020, and December 31, 2019 as 2021, 2020, and 2019, respectively.

***Reclassification of Prior Period Presentation***

In order to conform with current period presentation, $6.6 million of current operating lease liabilities have been reclassified to accrued liabilities on our consolidated balance sheet as of December 31, 2020. This change in presentation does not affect previously reported results.

## Note 2. Significant Accounting Policies

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting periods. Significant estimates, assumptions, and judgments are used for, but not limited to: revenue recognition, share-based compensation expense including grant-date fair value of PSUs with a market-based condition and estimated forfeitures, accounting for income taxes, useful lives and salvage value assigned to our textbook library, useful lives assigned to long-lived assets for depreciation and amortization, impairment of goodwill and long-lived assets, the valuation of acquired intangible assets, and internal-use software and website development costs. We base our estimates on historical experience, knowledge of current business conditions, and various other factors we believe to be reasonable under the circumstances. These estimates are based on management’s knowledge about current events and expectations about actions we may undertake in the future. Actual results could differ from these estimates, and such differences could be material to our financial position and results of operations.

***Principles of Consolidation***

The consolidated financial statements include the accounts of Chegg and our wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared in accordance with U.S. GAAP.

***Cash and Cash Equivalents and Restricted Cash***

We consider all highly liquid investments with an original maturity date of three months or less from the date of purchase to be cash equivalents. Our cash and cash equivalents consist of cash and money market accounts at financial institutions, and are stated at cost, which approximates fair value. We classify certain restricted cash balances within other current assets and other assets on the accompanying consolidated balance sheets based upon the term of the remaining restrictions.

### *Fair Value Measurements*

We account for certain assets and liabilities at fair value. We have established a fair value hierarchy used to determine the fair value of our financial instruments as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the assets or liabilities, either directly or indirectly through market corroboration, for substantially the full term of the financial instruments.

Level 3—Inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value; the inputs require significant management judgment or estimation.

A financial instrument's classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### *Investments*

We hold investments in commercial paper, corporate debt securities, U.S. treasury securities and agency bonds. We classify our investments as available-for-sale that are either short or long-term based on the remaining contractual maturity of the investment. Our investments are carried at estimated fair value with any unrealized gains and losses, unrelated to credit loss factors, net of taxes, included in other comprehensive (loss) income on our consolidated statements of stockholders' equity. Unrealized losses related to credit loss factors are recorded through an allowance for credit losses in other (expense) income, net on our consolidated statements of operations, rather than as a reduction to other comprehensive (loss) income, when a decline in fair value has resulted from a credit loss. When evaluating whether an investment's unrealized losses are related to credit factors, we review factors such as the extent to which fair value is below its cost basis, any changes to the credit rating of the security, adverse conditions specifically related to the security, changes in market interest rates and our intent to sell, or whether it is more likely than not we will be required to sell, before recovery of cost basis. We invest in highly rated securities with a weighted average maturity of twelve months or less. In addition, our investment policy limits the amount of our credit exposure to any one issuer or industry sector and requires investments to be investment grade, with the primary objective of preserving capital and maintaining liquidity. Fair values were determined for each individual security in the investment portfolio. We determine realized gains or losses on the sale of investments on a specific identification method, and record such gains or losses as other (expense) income, net.

The estimated fair value of our investments are based on quoted prices in active markets for identical assets (Level 1 inputs) or inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) in determining fair value. Other than our money market funds and U.S. treasury securities, we classify our fixed income available-for-sale investments as having Level 2 inputs. The valuation techniques used to measure the fair value of our investments having Level 2 inputs were derived from non-binding market consensus prices that are corroborated by observable market data, quoted market prices for similar instruments, or pricing models such as discounted cash flow techniques. We do not hold any investments valued with a Level 3 input.

### *Accounts Receivable, Net of Allowance*

Accounts receivable are recorded at the invoiced amount and are non-interest bearing. We generally grant uncollateralized credit terms to our customers, which include textbook wholesalers and advertising customers.

We maintain an allowance to account for potentially uncollectible receivables. We assess the creditworthiness of our customers based on multiple sources of information, and analyze such factors as our historical bad debt experience, industry and geographic concentrations of credit risk, economic trends, and customer payment history. This assessment requires significant judgment. Because of this assessment, we maintain an allowance for estimated losses resulting from the inability of certain customers to make all of their required payments. In making this estimate, we analyze historical payment performance and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. Accounts receivable are written off as a decrease to the allowance when all collection efforts have been exhausted and an account is deemed uncollectible.

***Concentration of Credit Risk***

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, and investments in highly liquid instruments in accordance with our investment policy. We place the majority of our cash and cash equivalents and restricted cash with financial institutions in the United States that we believe to be of high credit quality, and accordingly minimal credit risk exists with respect to these instruments. Certain of our cash balances held with a financial institution are in excess of Federal Deposit Insurance Corporation limits. Our investment portfolio consists of investments diversified among security types, industries and issuers. Our investments were held and managed by recognized financial institutions that followed our investment policy with the main objective of preserving capital and maintaining liquidity.

Concentrations of credit risk with respect to accounts receivables exist to the full extent of amounts presented in the financial statements. We had no customers that represented over 10% of our net accounts receivable balance as of December 31, 2021 and we had one customer that represented 10% of our net accounts receivable balance as of December 31, 2020. No customers represented over 10% of net revenues during the years ended December 31, 2021, 2020 or 2019.

***Property and Equipment***

Property and equipment are recorded at cost less accumulated depreciation and content amortization. Depreciation and content amortization are computed using the straight-line method over the following estimated useful lives of the assets:

| Classification | Useful Life |
|---|---|
| Content | Shorter of the licensed content term or the estimated useful life of 5 years |
| Leasehold improvements | Shorter of the remaining lease term or the estimated useful life of 5 years |
| Internal-use software and website development | 3 years |
| Furniture and fixtures | 5 years |
| Computers and equipment | 3 years |

Depreciation and content amortization expense are generally classified within the corresponding cost of revenues and operating expenses categories on our consolidated statements of operations. The cost of maintenance and repairs is expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from their respective accounts, and any gain or loss on such sale or disposal is reflected in income from operations.

***Internal-Use Software and Website Development Costs***

We capitalize certain costs associated with software developed or obtained for internal use and website and application development. We capitalize costs when preliminary development efforts are successfully completed, management has authorized and committed project funding and it is probable that the project will be completed and the software will be used as intended. Such costs are amortized on a straight-line basis over a three year estimated useful life of the related asset. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred. Costs incurred for enhancements that are expected to result in additional material functionality are capitalized and amortized over the estimated useful life of the upgrades.

***Business Combinations***

We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired through a business combination based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets acquired and liabilities assumed is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired users, acquired technology, and trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is not to exceed one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the

corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

***Goodwill and Indefinite-Lived Intangible Asset***

Goodwill represents the excess of the fair value of purchase consideration paid over the estimated fair value of assets acquired and liabilities assumed in a business combination. Our indefinite-lived intangible asset represents the internships.com trade name. Goodwill and our indefinite-lived intangible asset are not amortized but rather tested for impairment at least annually on October 1, or more frequently if certain events or indicators of impairment occur between annual impairment tests. We first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. In our qualitative assessment, we consider factors including economic conditions, industry and market conditions and developments, overall financial performance and other relevant entity-specific events in determining whether it is more likely than not that the fair value of our reporting unit is less than the carrying amount. We completed our annual impairment test on October 1st of 2021 and 2020, each of which did not result in any impairment as our qualitative assessment did not indicate that it is more likely than not that the fair value of our reporting unit is less than the carrying amount.

***Acquired Intangible Assets and Other Long-Lived Assets***

Acquired intangible assets with finite useful lives, which include developed technology, content library, customer lists, trade names, domain names, and non-compete agreements, are amortized over their estimated useful lives. We assess the impairment of acquired intangible assets and other long-lived assets when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

***Leases***

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities within current liabilities and long-term liabilities on our consolidated balance sheets. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Our leases do not provide an implicit rate and therefore we use our incremental borrowing rate based on the information available at commencement date in determining the present value of future minimum lease payments. Our incremental borrowing rate is estimated based on the estimated rate incurred to borrow, on a collateralized basis over a similar term as our leases, an amount equal to the lease payments in a similar economic environment. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise such options. We do not record leases on our consolidated balance sheet with a term of one year or less. We do not separate lease and non-lease components but rather account for each separate component as a single lease component for all underlying classes of assets. Some of our leases include payments that are dependent on an index, such as the Consumer Price Index (CPI), and our minimum lease payments include payments based on the index at inception with any future changes in such indices recognized as an expense in the period of change. Where leases contain escalation clauses, rent abatement, or concessions, such as rent holidays and landlord or tenant incentives or allowances, we apply them in the determination of straight-line operating lease cost over the lease term.

***Strategic Investments***

We have entered into strategic investments that do not have readily determinable fair values and have elected to account for these investments at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer, if any. Strategic investments are included in other assets on our consolidated balance sheets. We assess our strategic investments for impairment whenever events or changes in circumstances indicate that they may be impaired. The factors we consider in our evaluation include, but are not limited to, a significant deterioration in the earnings performance or business prospects of the investee or factors that raise significant concerns about the investee’s ability to continue as a going concern, such as negative cash flows from operations or working capital deficiencies.

***Convertible Senior Notes, net***

In August 2020, we issued $1.0 billion in aggregate principal amount of 0% convertible senior notes due in 2026 (2026 notes). In March 2019, we issued $700 million in aggregate principal amount of 0.125% convertible senior notes due in 2025 (2025 notes) and in April 2019, the initial purchasers fully exercised their option to purchase $100 million of additional 2025 notes for aggregate total gross proceeds of $800 million. In April 2018, we issued $345 million in aggregate principal amount of 0.25% convertible senior notes due in 2023 (2023 notes). Collectively, the 2026 notes, 2025 notes, and the 2023 notes are

referred to as the "notes." The notes, including the embedded conversion features, are accounted for under the traditional convertible debt accounting model entirely as a liability net of unamortized issuance costs. The carrying amount of the liability is classified as a current liability if we have committed to settle with current assets; otherwise, we classify it as a long-term liability as we retain the election to settle conversion requests in shares of our common stock. The embedded conversion features are not remeasured as long as they do not meet the separation requirement of a derivative; otherwise, they are classified as derivative instruments and recorded at fair value with changes in fair value recorded in other (expense) income, net on our consolidated statements of operations. The fair value of any derivative instruments related to the notes are determined utilizing Level 2 inputs. Issuance costs are amortized on a straight-line basis, which approximates the effective interest rate method, to interest expense over the term of the notes. In accounting for conversions of the notes, the carrying amount of the converted notes is reduced by the total consideration paid or issued for the respective converted notes and the difference is recorded to additional paid-in capital on our consolidated balance sheets. In accounting for extinguishments of the notes, the reacquisition price of the extinguished notes is compared to the carrying amount of the respective extinguished notes and a gain or loss is recorded in other (expense) income, net on our consolidated statements of operations.

***Textbook Library***

Beginning in January 2020, we began our transition back to print textbook ownership by purchasing print textbooks to establish our textbook library. We consider our print textbook library to be a long-term productive asset and, as such, classify it as a non-current asset on our consolidated balance sheets. All print textbooks in our textbook library are stated at cost, which includes the purchase price less accumulated depreciation. We write down textbooks on a book-by-book basis for lost, damaged, or excess print textbooks.

We depreciate our print textbooks, less an estimated salvage value, over an estimated useful life of four years using an accelerated method of depreciation, as we estimate this method most accurately reflects the actual pattern of decline in their economic value. The salvage value considers the historical trend and projected proceeds for print textbooks. The useful life is determined based on the estimated time period in which the print textbooks are held and rented. We review the estimated salvage value and useful life of our print textbook library on an ongoing basis.

Write-downs for print textbooks, print textbook depreciation expense, the gain or loss on print textbooks liquidated, and the net book value of print textbooks purchased by students at the end of the term or on a just-in-time basis are recorded in cost of revenues on our consolidated statements of operations and classified as adjustments to cash flows from operating activities. Cash outflows for the acquisition of print textbooks net of changes in related accounts payable and accrued liabilities, and cash inflows received from the proceeds from the disposition of print textbooks net of changes in related accounts receivable, are classified as cash flows from investing activities on our consolidated statements of cash flows.

***Revenue Recognition and Deferred Revenue***

We recognize revenues when the control of goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Revenues are presented net of sales tax collected from customers to be remitted to governmental authorities and net of allowances for estimated cancellations and customer returns, which are based on historical data. Customer refunds from cancellations and returns are recorded as a reduction to revenues.

We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

We generate revenues from our Chegg Services product line which primarily includes Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, Mathway and Thinkful. Revenues from Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, and Mathway are primarily recognized ratably over the monthly subscription period. Revenues from Thinkful are recognized either ratably over the term of the course, generally six months, or upon completion of the lessons, depending on the instruction type of the course.

Revenues from our Required Materials product line includes revenues from print textbooks that we own or that are owned by a partner as well as revenues from eTextbooks. Beginning in 2020, our Required Materials product line includes

operating leases with students for the rental of print textbooks that we own. Operating lease income is recognized as the total transaction amount, paid upon commencement of the lease, ratably over the lease term or rental term, generally a two- to five-month period. Students generally have the option to extend the term of their rental or purchase the print textbook at the end of the term otherwise the print textbook is returned to our print textbook library for future rental. If a student chooses to purchase or not return the print textbook at the end of their rental term, we charge the student for the book and recognize the revenues immediately. Additionally, we provide students the ability to purchase print textbooks on a just-in-time basis and recognize revenues immediately upon shipment. Revenues from print textbooks owned by a partner are recognized as a revenue share on the total transaction amount of a rental or sale transaction immediately when a print textbook ships to a student. Shipping and handling activities are expensed as incurred. Revenues from eTextbooks are recognized ratably over the contractual period, generally a two- to five-month period.

Some of our customer arrangements include multiple performance obligations. We have determined these performance obligations qualify as distinct performance obligations, as the customer can benefit from the service on its own or together with other resources that are readily available to the customer, and our promise to transfer the service is separately identifiable from other promises in the contract. For these arrangements that contain multiple performance obligations, we allocate the transaction price based on the relative standalone selling price (SSP) method by comparing the SSP of each distinct performance obligation to the total value of the contract. We determine the SSP based on our historical pricing and discounting practices for the distinct performance obligation when sold separately. If the SSP is not directly observable, we estimate the SSP by considering information such as market conditions, and information about the customer. Additionally, we limit the amount of revenues recognized for delivered promises to the amount that is not contingent on future delivery of services or other future performance obligations.

Some of our customer arrangements may include an amount of variable consideration in addition to a fixed revenue share that we earn. This variable consideration can either increase or decrease the total transaction price depending on the nature of the variable consideration. We estimate the amount of variable consideration that we will earn at the inception of the contract, adjusted during each period, and include an estimated amount each period.

For sales of third-party products, we evaluate whether we are acting as a principal or an agent. Where our role in a transaction is that of principal, revenues are recognized on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as a cost of revenues. Where our role in a transaction is that of an agent, revenues are recognized on a net basis with revenues representing the margin earned. Our determination is based on our evaluation of whether we control the specified goods or services prior to transferring them to the customer. When deciding the most appropriate basis for presenting revenues or costs of revenues, both the legal form and substance of the agreement between us and our business partners are reviewed to determine each party's respective role in the transaction. In relation to print textbooks owned by a partner, we recognize revenues on a net basis based on our role in the transaction as an agent as we have concluded that we do not control the use of the print textbooks, and therefore record only the net revenue share we earn. We have concluded that we control our Chegg Services, print textbooks that we own for rental, purchase at the end of the rental term, or sale on a just-in-time basis, and eTextbook service and therefore we recognize revenues and cost of revenues on a gross basis.

Contract assets are contained within other current assets and other assets on our consolidated balance sheets. Contract assets represent the goods or services that we have transferred to a customer before invoicing the customer and primarily consist of the income sharing payment arrangements we offer to students for our Thinkful service. Contract receivables are contained within accounts receivable, net on our consolidated balance sheets and represent unconditional consideration that will be received solely due to the passage of time. Contract liabilities are contained within deferred revenue on our consolidated balance sheets. Deferred revenue primarily consists of advanced payments from students related to rental and subscription performance obligations that have not been satisfied and estimated variable consideration. Deferred revenue related to rental and subscription performance obligations is recognized as revenues ratably over the term for subscriptions or when the services are provided and all other revenue recognition criteria have been met. Deferred revenue related to variable consideration is recognized as revenues during each reporting period based on the estimated amount we believe we will earn over the life of the contract.

We have elected a practical expedient to record incremental costs to obtain or fulfill a contract when the amortization period would have been one year or less as incurred. These incremental costs primarily relate to sales commissions costs and are recorded in sales and marketing expense on our consolidated statements of operations.

### *Cost of Revenues*

Our cost of revenues consists primarily of expenses associated with the delivery and distribution of our products and services. Cost of revenues primarily consists of content amortization expense related to content that we develop, license from publishers for which we pay one-time license fees, or acquire through acquisitions, web hosting fees, customer support fees, payment processing costs, amortization of acquired intangible assets, order fulfillment fees primarily related to outbound shipping and fulfillment as well as publisher content fees for eTextbooks, write-downs for print textbooks, the gain or loss on print textbooks liquidated, the net book value of print textbooks purchased by students at the end of the term or on a just-in-time basis, print textbook depreciation expense, personnel costs and other direct costs related to providing content or services. In addition, cost of revenues includes allocated information technology and facilities costs.

### *Research and Development Costs*

Our research and development expenses consist of salaries, benefits, and share-based compensation expense for employees on our product, engineering, and technical teams who are responsible for maintaining our website, developing new products, and improving existing products. Research and development costs also include technology costs to support our research and development, and outside services. We expense substantially all of our research and development expenses as they are incurred.

### *Advertising Costs*

Advertising costs are expensed as incurred and consist primarily of online advertising and marketing promotional expenditures. During the years ended December 31, 2021, 2020, and 2019, advertising costs were approximately $45.1 million, $35.3 million and $24.4 million, respectively.

### *Share-based Compensation Expense*

Share-based compensation expense for restricted stock units (RSUs), performance-based restricted stock units (PSUs) with either a market-based condition or financial and strategic performance targets, and the employee stock purchase plan (ESPP) is accounted for under the fair value method based on the grant-date fair value of the award. Share-based compensation expense for RSUs and PSUs with financial and strategic performance targets is measured based on the closing fair market value of our common stock, PSUs with a market-based condition are estimated using a Monte Carlo simulation model, and ESPP is estimated using the Black-Scholes-Merton option pricing model. We recognize share-based compensation expense on a straight-line basis for RSUs and ESPP and on a graded basis for PSUs. Vesting for all awards is subject to continued service over the requisite service period, which is generally the vesting period. Vesting of PSUs with a market-based condition is also subject to the achievement of certain per share price of our common stock targets and vesting of PSUs with financial and strategic performance targets is also subject to our achievement of specified financial and strategic performance targets. RSUs and PSUs are converted into shares of our common stock upon vesting on a one-for-one basis. RSUs typically vest over three or four years, while PSUs with a market-based condition typically vest over a four-year period and PSUs with financial and strategic performance targets typically vest over a three-year period. Share-based compensation expense for PSUs with a market-based condition is recognized regardless of whether the market condition is satisfied whereas share-based compensation expense for PSUs with financial performance targets is recognized upon estimated or actual achievement of such targets. We assess the achievement of financial and strategic performance targets on a quarterly basis and adjust our share-based compensation expense as appropriate. These amounts are reduced by estimated forfeitures, which are estimated at the time of the grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

### *Income Taxes*

We account for income taxes under an asset and liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and the tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to an amount that is more likely than not to be realized. We record uncertain tax positions on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of technical merits of the position and (2) for those tax positions that meet the more likely than not recognition threshold, we recognize the tax benefit as the largest amount that is cumulative more than 50% likely to be realized upon ultimate settlement with the related tax authority. Our policy is to include interest and penalties related to unrecognized tax benefits as a component of income tax expense.

***Net Loss Per Share***

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by adjusting net loss for all related interest expense and gains and losses recognized during the period, net of tax, and giving effect to all potential shares of common stock, including stock options, PSUs, RSUs, and shares related to convertible senior notes, to the extent dilutive. This assumes that all stock options and dilutive convertible shares were exercised or converted and is computed by applying the treasury stock method for outstanding stock options, PSUs, and RSUs, and the if-converted method for outstanding convertible senior notes. Under the treasury stock method, options, PSUs, and RSUs are assumed to be exercised or vested at the beginning of the period (or at the time of issuance, if later) and as if funds obtained thereby were used to purchase common stock at the average market price during the period. Under the if-converted method, outstanding convertible senior notes are assumed to be converted into common stock at the beginning of the period (or at the time of issuance, if later).

***Foreign Currency Translation***

The functional currency of our foreign subsidiaries is the local currency. Adjustments resulting from the translation of foreign currencies into U.S. dollars for balance sheet amounts are based on the exchange rates as of the consolidated balance sheet date. Revenues and expenses are translated at average exchange rates during the period. Foreign currency translation gains or losses are included in accumulated other comprehensive (loss) income as a component of stockholders' equity on the consolidated balance sheets. Gains or losses resulting from the remeasurement of foreign currency transactions, which are denominated in currencies other than the functional currency, are included in general and administrative expense on the consolidated statements of operations and were not material during the years ended December 31, 2021, 2020 or 2019.

***Recent Accounting Pronouncements***

*Recently Issued Accounting Pronouncements Not Yet Adopted*

In October 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-08, *Business Combinations-Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* (Topic 805). The new guidance requires contract assets and contract liabilities acquired in a business combination to be recognized in accordance with Accounting Standards Codification (ASC) Topic 606 as if the acquirer had originated the contracts. The standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. We will early adopt ASU 2021-08 on January 1, 2022 and will apply it prospectively to all business combinations for which the acquisition date occurs on or after such date, such as our acquisition of Busuu. The impact on our financial statements will depend on the contract assets and contract liabilities acquired in business combinations after January 1, 2022. We believe the most significant impacts will be an increase in contract liabilities and goodwill on our consolidated balance sheets.

In May 2021, the FASB issued ASU 2021-04, *Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options*. ASU 2021-04 aims to clarify and reduce diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after modification or exchange based on the economic substance of the modification or exchange. Early adoption is permitted and the guidance must be applied prospectively to all modifications or exchanges that occur on or after the date of adoption. The guidance is effective for annual periods beginning after December 15, 2021. We will adopt ASU 2021-04 on January 1, 2022 and do not expect a material impact on our financial statements as a result of the adoption.

*Recently Adopted Accounting Pronouncements*

In August 2020, the FASB issued ASU 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. ASU 2020-06 simplifies the guidance in ASC 470-20, Debt - Debt with Conversion and Other Options. Under ASU 2020-06, convertible instruments with embedded conversion features, that are not required to be accounted for as a derivative or that do not result in a substantial premium, are no longer required to be separated from the host contract thereby eliminating the cash conversion feature model. Instead, these convertible debt instruments will be accounted for as a single liability measured at amortized cost under the traditional convertible debt accounting model. ASU 2020-06 also requires the if-converted method to be applied for all convertible instruments when calculating diluted earnings per share. We adopted ASU 2020-06 on January 1, 2021 under the modified retrospective method applied to convertible senior notes outstanding as of January 1, 2021 and have not changed previously disclosed amounts or provided additional disclosures for comparative periods. Adoption of ASU 2020-06 resulted in an increase to convertible senior notes of $378.1 million and a decrease to additional paid-in capital of $465.0 million due to the application of the traditional convertible debt model and no longer separating the

embedded conversion feature. Accumulated deficit also decreased by $86.9 million due to the reduction in non-cash interest expense related to the debt discount and we expect interest expense to decrease in future periods. Refer to Note 10, "Convertible Senior Notes" for more information.

In March 2020, the FASB issued ASU 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides temporary optional expedients and exceptions for applying reference rate reform to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The guidance is required to be applied immediately and only applies to contract modifications made or hedging relationships entered into or evaluated before December 31, 2022. We do not have any hedging relationships and currently do not have material contracts impacted by reference rate reform, however, we will continue to assess contracts through December 31, 2022.

**Note 3. Revenues**

***Revenue Recognition***

Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The majority of our revenues are recognized over time as services are performed, with certain revenues being recognized at a point in time.

The following table sets forth our total net revenues for the periods shown disaggregated for our Chegg Services and Required Materials product lines (in thousands, except percentages):

| | Years Ended December 31, | | | Change in 2021 | | Change in 2020 | |
|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | $ | % | $ | % |
| Chegg Services | $ 669,894 | $ 521,228 | $ 332,221 | $ 148,666 | 29 % | $ 189,007 | 57 % |
| Required Materials | 106,371 | 123,110 | 78,705 | (16,739) | (14) | 44,405 | 56 |
| Total net revenues | $ 776,265 | $ 644,338 | $ 410,926 | $ 131,927 | 20 | $ 233,412 | 57 |

During the years ended December 31, 2021, 2020, and 2019, we recognized $32.6 million, $18.3 million and $17.0 million, respectively, of revenues that were included in our deferred revenue balance at the beginning of each respective fiscal year. During the year ended December 31, 2021, we recognized a reduction of revenues of $4.9 million from performance obligations satisfied in previous periods primarily due to a change in the estimated variable consideration ascribed to Thinkful. During the year ended December 31, 2020, we recognized an immaterial amount from performance obligations satisfied in previous periods. During the year ended December 31, 2019, we recognized $3.4 million of previously deferred revenues recognized from performance obligations satisfied in previous periods related to variable consideration recognized from our agreement with our Required Materials print textbook partner. During the years ended December 31, 2021 and 2020, we recognized $34.6 million and $50.8 million, respectively, of operating lease income from print textbook rentals that we own.

***Contract Balances***

The following table presents our accounts receivable, net, contract assets, and deferred revenue balances (in thousands, except percentages):

| | December 31, | | Change | |
|---|---|---|---|---|
| | 2021 | 2020 | $ | % |
| Accounts receivable, net | $ 17,850 | $ 12,913 | $ 4,937 | 38 % |
| Contract assets | 14,231 | 13,243 | 988 | 7 |
| Deferred revenue | 35,143 | 32,620 | 2,523 | 8 |

During the year ended December 31, 2021, our accounts receivable, net balance increased by $4.9 million, or 38%, primarily due to timing of billings and seasonality of our business. During the year ended December 31, 2021, our contract assets balance increased by $1.0 million or 7%, primarily due to our Thinkful service. During the year ended December 31, 2021, our deferred revenue balance increased by $2.5 million, or 8%, primarily due to increased bookings and seasonality of our business.

## Note 4. Net Loss Per Share

***Adoption of ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity***

We adopted ASU 2020-06 on January 1, 2021 under the modified retrospective method applied to convertible senior notes outstanding as of January 1, 2021 and have not changed previously disclosed amounts or provided additional disclosures for comparative periods. ASU 2020-06 requires the if-converted method to be applied for all convertible instruments when calculating diluted earnings per share. Under the if-converted method, outstanding convertible senior notes are assumed to be converted into common stock at the beginning of the period (or at the time of issuance, if later).

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except per share amounts):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020[(1)] | 2019[(1)] |
| *Numerator:* | | | |
| Net loss | $ (1,458) | $ (6,221) | $ (9,605) |
| *Denominator:* | | | |
| Weighted average shares used to compute net loss per share, basic and diluted | 141,262 | 125,367 | 119,204 |
| Net loss per share, basic and diluted | $ (0.01) | $ (0.05) | $ (0.08) |

(1) As noted above, prior period amounts have not been adjusted due to the adoption of ASU 2020-06 under the modified retrospective method.

The following potential weighted-average shares of common stock outstanding were excluded from the computation of diluted net loss per share because including them would have been anti-dilutive (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Shares related to stock plan activity | 2,545 | 4,470 | 7,094 |
| Shares related to convertible senior notes | 23,300 | 4,942 | 3,526 |
| Total common stock equivalents | 25,845 | 9,412 | 10,620 |

### Note 5. Cash and Cash Equivalents, and Investments and Fair Value Measurements

The following tables show our cash and cash equivalents, and investments' fair value level classification, adjusted cost, unrealized gain, unrealized loss and fair value as of December 31, 2021 and 2020 (in thousands, except for fair value level):

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Fair Value Level | Adjusted Cost | Unrealized Gain | Unrealized Loss | Fair Value |
| Cash and cash equivalents: | | | | | |
| Cash | | $ 30,324 | $ — | $ — | $ 30,324 |
| Money market funds | Level 1 | 823,754 | — | — | 823,754 |
| Total cash and cash equivalents | | $ 854,078 | $ — | $ — | $ 854,078 |
| Short-term investments: | | | | | |
| Commercial paper | Level 2 | $ 124,211 | $ 2 | $ (33) | $ 124,180 |
| Corporate debt securities | Level 2 | 552,609 | 36 | (546) | 552,099 |
| Agency bonds | Level 2 | 15,500 | 2 | — | 15,502 |
| Total short-term investments | | $ 692,320 | $ 40 | $ (579) | $ 691,781 |
| Long-term investments: | | | | | |
| Corporate debt securities | Level 2 | $ 724,517 | $ — | $ (3,277) | $ 721,240 |
| U.S. treasury securities | Level 1 | 24,860 | — | (107) | 24,753 |
| Total long-term investments | | $ 749,377 | $ — | $ (3,384) | $ 745,993 |

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Fair Value Level | Adjusted Cost | Unrealized Gain | Unrealized Loss | Fair Value |
| Cash and cash equivalents: | | | | | |
| Cash | | $ 15,054 | $ — | $ — | $ 15,054 |
| Money market funds | Level 1 | 464,799 | — | — | 464,799 |
| Total cash and cash equivalents | | $ 479,853 | $ — | $ — | $ 479,853 |
| Short-term investments: | | | | | |
| Commercial paper | Level 2 | $ 204,152 | $ 24 | $ (6) | $ 204,170 |
| Corporate debt securities | Level 2 | 459,967 | 1,478 | (48) | 461,397 |
| Total short-term investments | | $ 664,119 | $ 1,502 | $ (54) | $ 665,567 |
| Long-term investments: | | | | | |
| Corporate debt securities | Level 2 | $ 484,275 | $ 605 | $ (283) | $ 484,597 |
| Agency bonds | Level 2 | 38,995 | 36 | — | 39,031 |
| Total long-term investments | | $ 523,270 | $ 641 | $ (283) | $ 523,628 |

As of December 31, 2021, we determined that the declines in the market value of our investment portfolio were not driven by credit related factors. During the years ended December 31, 2021 and 2020 we did not recognize any losses on our investments due to credit related factors. During the years ended December 31, 2021, 2020 and 2019, our gross realized gains and losses on investments were not significant.

The following table shows our cash equivalents and investments' adjusted cost and fair value by contractual maturity as of December 31, 2021 (in thousands):

| | December 31, 2021 | |
|---|---|---|
| | Cost | Fair Value |
| Due in 1 year or less | $ 692,320 | $ 691,781 |
| Due in 1-2 years | 749,377 | 745,993 |
| Investments not due at a single maturity date | 823,754 | 823,754 |
| Total | $ 2,265,451 | $ 2,261,528 |

Investments not due at a single maturity date in the preceding table consisted of money market funds.

***Strategic Investments***

We previously invested $2.0 million in TAPD, Inc., also known as Frank; a U.S.-based service that helps students access financial aid. In September 2021, we sold our investment in Frank for total consideration of $9.2 million, resulting in a $7.2 million gain included within other (expense) income, net on our consolidated statements of operations. We received a cash payment of $9.0 million included within cash flows from investing activities on our consolidated statements of cash flows.

We also previously invested $3.0 million in a foreign entity to explore expanding our reach internationally. In March 2021, we sold our investment in that foreign entity for total consideration of $8.3 million, resulting in a $5.3 million gain included within other (expense) income, net on our consolidated statements of operations. We received a cash payment, net of taxes withheld, of $7.1 million included within cash flows from investing activities on our consolidated statements of cash flows.

We did not record any impairment charges on our strategic investments, other than a $10.0 million impairment charge previously recorded in 2020 on our strategic investment in WayUp, Inc., during the years ended December 31, 2021, 2020 and 2019, as there were no significant identified events or changes in circumstances that would be considered an indicator for impairment. We considered general market conditions as a result of the COVID-19 pandemic in our impairment analysis. There were no observable price changes in orderly transactions for the identical or similar investments of the same issuers during the years ended December 31, 2021, 2020 and 2019. As of December 31, 2021, we had no amounts related to strategic investments recorded on our consolidated balance sheet.

***Financial Instruments Not Recorded at Fair Value on a Recurring Basis***

We report our financial instruments at fair value with the exception of the notes. The estimated fair value of the notes was determined based on the trading price of the notes as of the last day of trading for the period. We consider the fair value of the notes to be a Level 2 measurement due to the limited trading activity. For further information on the notes refer to Note 10, “Convertible Senior Notes.”

The carrying amounts and estimated fair values of the notes as of December 31, 2021 and 2020 are as follows (in thousands):

| | December 31, 2021 | | December 31, 2020 [1] | |
|---|---|---|---|---|
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| 2026 notes | $ 987,691 | $ 840,000 | $ 761,930 | $ 1,129,370 |
| 2025 notes | 690,464 | 682,202 | 640,614 | 1,456,800 |
| 2023 notes | — | — | 104,378 | 376,949 |
| Convertible senior notes, net | $ 1,678,155 | $ 1,522,202 | $ 1,506,922 | $ 2,963,119 |

[1] Prior period amounts have not been adjusted due to the adoption of ASU 2020-06 under the modified retrospective method. Refer to Note 10, “Convertible Senior Notes” for more information.

The carrying amount of the 2026 notes and 2025 notes as of December 31, 2021 was net of unamortized issuance costs of $12.3 million and $9.5 million, respectively, and there is no carrying amount of the 2023 notes as we settled the principal amount of the 2023 notes during the year ended December 31, 2021. The carrying amount of the 2026 notes, 2025 notes and

2023 notes as of December 31, 2020 was net of unamortized debt discount of $226.7 million, $149.1 million and $10.0 million, respectively, and unamortized issuance costs of $11.3 million, $10.2 million and $1.2 million, respectively.

**Note 6. Long-Lived Assets**

***Textbook Library, Net***

Textbook library, net consisted of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Textbook library | $ 27,569 | $ 47,293 |
| Less accumulated depreciation | (16,328) | (13,144) |
| Textbook library, net | $ 11,241 | $ 34,149 |

During the years ended December 31, 2021 and December 31, 2020, print textbook depreciation expense was approximately $10.9 million and $15.4 million, respectively. During the year ended December 31, 2021, net loss on textbook library was approximately $11.0 million, primarily due to increased write-downs, and during the year ended December 31, 2020, net gain on textbook library was approximately $1.5 million.

***Property and Equipment, Net***

Property and equipment, net consisted of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Content | $ 258,005 | $ 181,938 |
| Internal-use software and website development | 29,711 | 15,646 |
| Leasehold improvements | 19,913 | 19,574 |
| Furniture and fixtures | 4,352 | 3,891 |
| Computer and equipment | 3,370 | 3,368 |
| Property and equipment | 315,351 | 224,417 |
| Less accumulated depreciation and amortization | (145,413) | (98,610) |
| Property and equipment, net | $ 169,938 | $ 125,807 |

Depreciation and content amortization expense during the years ended December 31, 2021, 2020, and 2019 were approximately $49.6 million, $32.6 million, and $24.2 million, respectively.

**Note 7. Acquisitions**

***2022 Acquisition***

On January 13, 2022, we completed our acquisition of 100% of the outstanding shares of Busuu Online S.L. (Busuu), an online language learning company that offers a comprehensive solution through a combination of self-paced lessons, live classes with expert tutors and the ability to learn and practice with members of the Busuu language learning community, for approximately $417 million in an all-cash transaction. The acquisition helps to expand our existing offerings and global reach through language learning, allowing us to drive further into international markets. There are additional payments of up to $25 million, subject to continued service of certain key employees of Busuu, that are not included in the fair value of the purchase consideration. During the year ended December 31, 2021, we incurred $5.3 million of acquisition-related expenses associated with our acquisition of Busuu, which have been included in general and administrative expense on our consolidated statements of operations. We plan to account for the acquisition as a business combination and the initial accounting for this acquisition, including the valuation of acquired tangible and intangibles assets and liabilities assumed, is in process as of the issuance date for our financial statements, therefore, we are unable to make any additional disclosures.

### *2021 Acquisition*

On February 22, 2021, we completed an acquisition, accounted for as a business combination, of 100% of the outstanding shares of a company for a technology that will strengthen our content creation abilities for a purchase consideration of $8.0 million in cash. Our total allocation of purchase consideration included acquired assets of $0.4 million, acquired developed technology intangible asset of $3.3 million and goodwill of $5.3 million less assumed liabilities of $1.0 million. This acquisition did not have a material impact on our consolidated financial statements and is not expected to have a material impact in future periods.

### *2020 Acquisition*

On June 4, 2020, we completed our acquisition of 100% of the outstanding shares of Mathway, LLC (Mathway), an online, on-demand math problem solving company that provides a vast range of subject areas in mathematics, including pre-algebra, algebra, trigonometry, pre-calculus, calculus, and linear algebra, and related disciplines. This acquisition helps to strengthen our Chegg Math service with the addition of new subjects, languages, and international reach. The total fair value of the purchase consideration was $101.0 million, of which $93.5 million was paid in cash on the acquisition date and $7.5 million was held in escrow as security for general representations and warranties and potential post-closing adjustments. The escrow amount was released in September 2021.

The Mathway purchase agreement provides for additional payments of up to $15.0 million, subject to the achievement of specified milestones and continued employment of the sellers. These payments are not included in the fair value of the purchase consideration but rather are expensed ratably as acquisition-related compensation costs classified as research and development and general and administrative expenses, based on the seller's job function, on our consolidated statement of operations. During the year ended December 31, 2021, the milestones were met. As of December 31, 2021 and 2020, we have recorded approximately $0.4 million and $2.9 million, respectively, within accrued liabilities on our consolidated balance sheets for these payments.

The following table presents the total allocation of purchase consideration recorded on our consolidated balance sheet as of the acquisition date (in thousands):

| | Mathway |
|---|---|
| Cash | $ 712 |
| Accounts receivable | 1,132 |
| Other acquired assets | 779 |
| Acquired intangible assets | 30,320 |
| Total identifiable assets acquired | 32,943 |
| Deferred revenue | (1,423) |
| Liabilities assumed | (727) |
| Net identifiable assets acquired | 30,793 |
| Goodwill | 70,167 |
| Total fair value of purchase consideration | $ 100,960 |

Goodwill is primarily attributable to the potential for enhancing our existing offerings and expanding our reach by providing additional mathematics support for students and helping them through their academic journey. The amounts recorded for intangible assets and goodwill are deductible for tax purposes.

The following table presents the details of the allocation of purchase consideration to the acquired intangible assets (in thousands, except weighted-average amortization period):

| | Mathway | |
|---|---|---|
| | Amount | Weighted-Average Amortization Period (in months) |
| Trade name | $ 520 | 18 |
| Domain names | 220 | 18 |
| Customer lists | 6,220 | 48 |
| Developed technology | 23,360 | 84 |
| Total acquired intangible assets | $ 30,320 | 75 |

During the year ended December 31, 2020, we incurred $3.1 million of acquisition-related expenses associated with our acquisition of Mathway, which have been included in general and administrative expense on our consolidated statement of operations. We have recorded immaterial amounts of revenue and earnings from Mathway during the period since the acquisition date through December 31, 2020.

The following unaudited supplemental pro forma net loss is for informational purposes only and presents our combined results as if the acquisition of Mathway had occurred on January 1, 2019. The unaudited supplemental pro forma information includes the historical combined operating results adjusted for acquisition-related compensation costs, amortization of intangible assets, share-based compensation expense and acquisition-related expenses and does not necessarily reflect the actual results that would have been achieved, nor is it necessarily indicative of our future consolidated results. During the years ended December 31, 2020 and 2019, our supplemental pro forma net loss would have been $6.1 million and $27.3 million, respectively. Revenues from Mathway were immaterial during the years ended December 31, 2020 and 2019.

***2019 Acquisition***

On October 1, 2019, we completed our acquisition of 100% of the outstanding shares of Thinkful, Inc. (Thinkful), our skills-based learning platform to expand our existing offerings by adding affordable and high-quality courses focused on the most in-demand technology skills. The total fair value of the purchase consideration was $79.2 million, which was paid in cash and included an escrow amount of $9.0 million for general representations and warranties and potential post-closing adjustments. The escrow amount was released in April 2021.

Included in the purchase agreement for the acquisition of Thinkful are additional payments of up to $20.0 million subject to the achievement of specified milestones and continued employment of key employees. These payments are not included in the fair value of the purchase consideration and are expensed ratably as acquisition related compensation costs classified as research and development, general and administrative, and sales and marketing expenses, based on the key employee's job function, on our consolidated statement of operations. These payments may be settled by us, at our sole discretion, either in cash or shares of our common stock. During the year ended December 31, 2020, the terms of the purchase agreement were amended such that the retention incentive was reduced to $12.8 million, half of which is subject to the achievement of specified milestones and payable in cash and half of which will be settled in equity grants, to adjust for employee departures. During the year ended December 31, 2021, the milestones were met and all cash payments were made therefore we have no amounts recorded as of December 31, 2021. As of December 31, 2020 and 2019 we have recorded approximately $5.7 million and $3.0 million, respectively, included within accrued liabilities on our consolidated balance sheet for the cash payments.

Goodwill is primarily attributable to the potential for expanding our existing offerings and reach by providing educational services for students and helping them through their professional journey. The amounts recorded for intangible assets and goodwill are not deductible for tax purposes.

The following table presents the total allocation of purchase consideration recorded on our consolidated balance sheet as of the acquisition date (in thousands):

| | Thinkful |
|---|---|
| Cash | $ 51 |
| Accounts receivable | 547 |
| Other acquired assets | 1,710 |
| Acquired intangible assets | 16,360 |
| Total identifiable assets acquired | 18,668 |
| Deferred revenue | (2,455) |
| Liabilities assumed | (1,906) |
| Net identifiable assets acquired | 14,307 |
| Goodwill | 64,893 |
| Total fair value of purchase consideration | $ 79,200 |

The following table presents the details of the allocation of purchase consideration to the acquired intangible assets (in thousands, except weighted-average amortization period):

| | Thinkful | |
|---|---|---|
| | Amount | Weighted-Average Amortization Period (in months) |
| Trade name | $ 4,430 | 48 |
| Domain names | 330 | 48 |
| Content library | 6,940 | 60 |
| Developed technology | 4,660 | 36 |
| Acquired intangible assets | $ 16,360 | 50 |

During the year ended December 31, 2019, we incurred $1.0 million of acquisition-related expenses associated with our acquisition of Thinkful, which have been included in general and administrative expenses on our consolidated statement of operations. During the year ended December 31, 2019, $8.6 million of our consolidated net loss was attributed to Thinkful and we have recorded an immaterial amount of revenues during the period since the acquisition date through December 31, 2019.

The following unaudited supplemental pro forma net loss is for informational purposes only and presents our combined results as if the acquisition of Thinkful had occurred on January 1, 2018. The unaudited supplemental pro forma information includes the historical combined operating results adjusted for acquisition related compensation costs, amortization of intangible assets, share-based compensation expense and transaction expenses and does not necessarily reflect the actual results that would have been achieved, nor is it necessarily indicative of our future consolidated results. During the year ended December 31, 2019, our supplemental pro forma net loss would have been $25.0 million. Revenues from Thinkful were immaterial during the year ended December 31, 2019.

**Note 8. Goodwill and Intangible Assets**

Goodwill consists of the following (in thousands):

| | Years Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Beginning balance | $ 285,214 | $ 214,513 |
| Additions due to acquisitions | 5,782 | 70,167 |
| Foreign currency translation adjustment | (707) | 822 |
| Measurement period adjustments related to prior acquisitions | (526) | (288) |
| Ending balance | $ 289,763 | $ 285,214 |

Intangible assets as of December 31, 2021 and December 31, 2020 consist of the following (in thousands, except weighted-average amortization period):

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Weighted-Average Amortization Period (in months) | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Developed technologies | 76 | $ 57,521 | $ (31,790) | $ 25,731 |
| Content library | 60 | 12,230 | (6,836) | 5,394 |
| Customer lists | 47 | 16,190 | (12,432) | 3,758 |
| Trade and domain names | 44 | 11,613 | (9,530) | 2,083 |
| Indefinite-lived trade name | — | 3,600 | — | 3,600 |
| Total intangible assets | 65 | $ 101,154 | $ (60,588) | $ 40,566 |

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Weighted-Average Amortization Period (in months) | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Developed technologies | 75 | $ 54,540 | $ (24,246) | $ 30,294 |
| Content library | 60 | 12,230 | (4,390) | 7,840 |
| Customer lists | 47 | 16,190 | (10,437) | 5,753 |
| Trade and domain names | 44 | 11,613 | (7,888) | 3,725 |
| Non-compete agreements | 31 | 2,018 | (1,981) | 37 |
| Indefinite-lived trade name | — | 3,600 | — | 3,600 |
| Total intangible assets | 64 | $ 100,191 | $ (48,942) | $ 51,249 |

During the years ended December 31, 2021, 2020 and 2019, amortization expense related to our intangible assets totaled approximately $13.7 million, $14.3 million and $7.5 million, respectively.

As of December 31, 2021, the estimated future amortization expense related to our intangible assets is as follows (in thousands):

| | |
|---|---|
| 2022 | $ 11,303 |
| 2023 | 9,173 |
| 2024 | 6,121 |
| 2025 | 4,307 |
| 2026 | 3,959 |
| Thereafter | 2,103 |
| Total | $ 36,966 |

## Note 9. Balance Sheet Details

### *Other Current Assets*

Other current assets consist of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Insurance recovery related to loss contingency | $ 7,800 | $ — |
| Other | 16,046 | 11,846 |
| Other current assets | $ 23,846 | $ 11,846 |

### *Accrued Liabilities*

Accrued liabilities consist of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Taxes payable | $ 11,127 | $ 6,166 |
| Loss contingency | 8,000 | — |
| Current operating lease liabilities | 6,663 | 6,603 |
| Accrued content related costs | 6,448 | 6,273 |
| Order fulfillment fees | 6,254 | 11,430 |
| Payment processing fees | 3,419 | 2,130 |
| Accrued purchases of long-lived assets | 2,982 | 1,588 |
| Refund reserve | 1,392 | 1,515 |
| Restructuring liability | 785 | — |
| Acquisition-related compensation | 417 | 9,611 |
| Accrued escrow related to acquisition | — | 7,451 |
| Other | 19,722 | 15,798 |
| Accrued liabilities | $ 67,209 | $ 68,565 |

## Note 10. Convertible Senior Notes

### *Adoption of ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*

We adopted ASU 2020-06 on January 1, 2021 under the modified retrospective method applied to convertible senior notes outstanding as of January 1, 2021 and have not changed previously disclosed amounts or provided additional disclosures for comparative periods. Under ASU 2020-06, convertible instruments with embedded conversion features, that are not required to be accounted for as a derivative or that do not result in a substantial premium, are no longer required to be separated from the host contract thereby eliminating the cash conversion feature model. Instead, these convertible debt instruments will be accounted for as a single liability measured at amortized cost under the traditional convertible debt accounting model.

In August 2020, we issued $1.0 billion in aggregate principal amount of 0% convertible senior notes due in 2026 (2026 notes). The aggregate principal amount of the 2026 notes includes $100 million from the initial purchasers fully exercising their option to purchase additional notes. In March 2019, we issued $700 million in aggregate principal amount of 0.125% convertible senior notes due in 2025 (2025 notes) and in April 2019, the initial purchasers fully exercised their option to purchase $100 million of additional 2025 notes for aggregate total principal amount of $800 million. In April 2018, we issued $345 million in aggregate principal amount of 0.25% convertible senior notes due in 2023 (2023 notes and together with the 2026 notes and the 2025 notes, the notes). The aggregate principal amount of the 2023 notes included $45 million from the initial purchasers fully exercising their option to purchase additional notes. The notes were issued in private placements to qualified institutional buyers pursuant to Rule 144A of the Securities Act of 1933.

The total net proceeds from the notes are as follows (in thousands):

| | 2026 Notes | 2025 Notes | 2023 Notes |
|---|---|---|---|
| Principal amount | $ 1,000,000 | $ 800,000 | $ 345,000 |
| Less initial purchasers' discount | (15,000) | (18,998) | (8,625) |
| Less other issuance costs | (904) | (822) | (757) |
| Net proceeds | $ 984,096 | $ 780,180 | $ 335,618 |

During the year ended December 31, 2021, we settled $115.6 million of aggregate principal amount of the 2023 notes, consisting of $24.7 million related to requests for conversions and $90.9 million pursuant to our election of our option to redeem the remaining outstanding 2023 notes, for a total aggregate consideration of $351.1 million, consisting of $115.6 million in cash and 2,983,011 shares of our common stock with an aggregate value of $235.5 million. The carrying amount of the 2023 notes was $114.2 million, resulting in a $236.9 million difference that was recorded in additional paid-in capital on our consolidated balance sheet. Additionally, we entered into 2023 notes capped call privately-negotiated transactions which terminated capped call transactions underlying 4,288,459 shares of our common stock and received aggregate cash proceeds of $45.2 million. As of December 31, 2021, no amounts of our 2023 notes remain outstanding and no shares remain underlying the 2023 notes capped call transactions.

In March 2021, in connection with our securities repurchase program, we extinguished $100.0 million aggregate principal amount of the 2025 notes in privately-negotiated transactions for aggregate consideration of $184.9 million, which was paid in cash. Upon execution, we concluded that the 2025 notes embedded conversion features no longer met the derivative scope exception and, as a result, initially recorded a derivative liability of $176.5 million, related to the fair value of extinguished 2025 notes. We settled the derivative liability for aggregate consideration of $184.9 million resulting in a $8.4 million loss on change in fair value. The carrying amount of the 2025 notes subject to the extinguishment was $98.3 million resulting in a $78.2 million loss on early extinguishment of debt. Additionally, we entered into 2025 notes capped call privately-negotiated transactions which terminated capped call transactions underlying 1,939,560 shares of our common stock and received aggregate cash proceeds of $23.9 million. Upon execution, we concluded that the capped call transactions no longer met the derivative scope exception and, as a result recorded a derivative liability of $22.6 million related to the fair value of terminated 2025 notes capped call transactions. We settled the capped call transactions for aggregate consideration of $23.9 million resulting in a $1.3 million gain on change in fair value.

During the year ended December 31, 2020, in connection with our securities repurchase program, we extinguished $57.4 million aggregate principal amount of the 2023 notes in privately-negotiated transactions for an aggregate consideration of $149.6 million, which was paid in cash. Of the $149.6 million consideration, we allocated $52.6 million and $97.0 million to the liability and equity components of the extinguished 2023 notes, respectively. The fair value of the liability component was calculated by measuring the fair value of similar debt instruments that do not have an associated convertible feature. The carrying amount of the liability component of the 2023 notes subject to the extinguishment was $51.6 million resulting in a $1.0 million loss on early extinguishment which was recorded in other (expense) income, net on our consolidated statements of operations. Additionally, we terminated 2023 notes capped call transactions underlying 2,131,354 shares of our common stock and received cash proceeds of $19.7 million.

During the year ended December 31, 2020, in connection with our issuance of the 2026 notes, we exchanged $172.0 million aggregate principal amount of the 2023 notes in privately-negotiated transactions for an aggregate consideration of $501.7 million, consisting of $174.6 million in cash and 4,182,320 shares of our common stock with a value of $327.1 million. Of the $501.7 million consideration, we allocated $156.1 million and $345.6 million to the liability and equity components of the exchanged 2023 notes, respectively. The fair value of the liability component was calculated by measuring the fair value of similar debt instruments that do not have an associated convertible feature. The carrying amount of the liability component of the 2023 notes subject to the exchange was $152.8 million resulting in a $3.3 million loss on early extinguishment of debt which was recorded in other (expense) income, net on our consolidated statements of operations. Additionally, we terminated 2023 notes capped call transactions underlying 6,380,815 shares of our common stock and received cash proceeds of $57.4 million.

The notes are our senior, unsecured obligations and are governed by indenture agreements by and between us and Wells Fargo Bank, National Association, as Trustee (the indentures). The 2026 notes bear no interest and will mature on September 1, 2026, unless repurchased, redeemed or converted in accordance with their terms prior to such date. The 2025 notes bear interest of 0.125% per year which is payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2019. The 2025 notes will mature on March 15, 2025, unless repurchased, redeemed or converted in accordance

with their terms prior to such date. The 2023 notes bore interest of 0.25% per year which was payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2018.

Each $1,000 principal amount of the 2026 notes will initially be convertible into 9.2978 shares of our common stock. This is equivalent to an initial conversion price of approximately $107.55 per share, which is subject to adjustment in certain circumstances. Each $1,000 principal amount of the 2025 notes will initially be convertible into 19.3956 shares of our common stock. This is equivalent to an initial conversion price of approximately $51.56 per share, which is subject to adjustment in certain circumstances. Each $1,000 principal amount of the 2023 notes was initially convertible into 37.1051 shares of our common stock. This was equivalent to an initial conversion price of approximately $26.95 per share, which was subject to adjustment in certain circumstances.

Prior to the close of business on the business day immediately preceding June 1, 2026 for the 2026 notes and December 15, 2024 for the 2025 notes, the notes are convertible at the option of holders only upon satisfaction of the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on December 31, 2020 for the 2026 notes and June 30, 2019 for the 2025 notes, if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the respective conversion price for the notes on each applicable trading day;
- during the five-business day period after any 10 consecutive trading day period (the measurement period) in which the trading price per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day;
- if we call any or all of the notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- upon the occurrence of certain specified corporate events described in the indentures.

On or after June 1, 2026 for the 2026 notes and December 15, 2024 for the 2025 notes until the close of business on the second scheduled trading day immediately preceding the respective maturity dates, holders may convert their notes at any time, regardless of the foregoing circumstances. Upon conversion, the notes may be settled in shares of our common stock, cash or a combination of cash and shares of our common stock, at our election. If we undergo a fundamental change, as defined in the indentures, prior to the respective maturity dates, subject to certain conditions, holders of the notes may require us to repurchase for cash all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, if specific corporate events, described in the indentures, occur prior to the respective maturity dates, we will also increase the conversion rate for a holder who elects to convert their notes in connection with such specified corporate events.

The conditions allowing holders of the 2026 notes to convert were not met and therefore the 2026 notes are not convertible. The conditions allowing holders of the 2025 notes to convert were not met during the three months ended December 31, 2021, therefore the 2025 notes are no longer convertible. The first circumstance noted above allowing holders of the 2025 notes to convert was met during the three months ended September 30, 2021, June 30, 2021, March 31, 2021, December 31, 2020 and September 30, 2020 and therefore, the 2025 notes were convertible starting October 1, 2020 through December 31, 2021. Aside from the extinguishment of $100.0 million aggregate principal amount of the 2025 notes discussed above, during the year ended December 31, 2021, we received immaterial requests for conversion of the 2025 notes which we settled or intend to settle in cash.

The net carrying amount of the notes is as follows (in thousands):

| | December 31, 2021 | | December 31, 2020[1] | | |
|---|---|---|---|---|---|
| | 2026 Notes | 2025 Notes | 2026 Notes | 2025 Notes | 2023 Notes |
| Principal amount | $1,000,000 | $ 699,982 | $1,000,000 | $ 800,000 | $ 115,576 |
| Unamortized debt discount | — | — | (226,732) | (149,138) | (9,953) |
| Unamortized issuance costs | (12,309) | (9,518) | (11,338) | (10,248) | (1,245) |
| Net carrying amount (liability) | $ 987,691 | $ 690,464 | $ 761,930 | $ 640,614 | $ 104,378 |

[1] As noted above, prior period amounts have not been adjusted due to the adoption of ASU 2020-06 under the modified retrospective method.

The following table sets forth the total interest expense recognized related to the notes (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020[1] | 2019[1] |
| 2026 notes: | | | |
| Amortization of debt discount | $ — | $ 14,568 | $ — |
| Amortization of issuance costs | 2,635 | 728 | — |
| Total 2026 notes interest expense | $ 2,635 | $ 15,296 | $ — |
| 2025 notes: | | | |
| Contractual interest expense | $ 896 | $ 1,001 | $ 769 |
| Amortization of debt discount | — | 35,561 | 27,302 |
| Amortization of issuance costs | 3,045 | 2,443 | 1,876 |
| Total 2025 notes interest expense | $ 3,941 | $ 39,005 | $ 29,947 |
| 2023 notes: | | | |
| Contractual interest expense | $ 78 | $ 691 | $ 862 |
| Amortization of debt discount | — | 10,073 | 12,536 |
| Amortization of issuance costs | 242 | 1,200 | 1,488 |
| Total 2023 notes interest expense | $ 320 | $ 11,964 | $ 14,886 |

[1] As noted above, prior period amounts have not been adjusted due to the adoption of ASU 2020-06 under the modified retrospective method.

***Capped Call Transactions***

Concurrently with the offering of the 2026 notes and 2025 notes, we used $103.4 million and $97.2 million, respectively, of the net proceeds to enter into privately negotiated capped call transactions which are expected to reduce or offset potential dilution to holders of our common stock upon conversion of the notes or offset the potential cash payments we would be required to make in excess of the principal amount of any converted notes. The capped call transactions automatically exercise upon conversion of the notes and as of December 31, 2021, cover 9,297,800 and 13,576,571 shares of our common stock for the 2026 notes and 2025 notes, respectively. These are intended to effectively increase the overall conversion price from $107.55 to $156.44 per share for the 2026 notes and $51.56 to $79.32 per share for the 2025 notes. The effective increase in conversion price as a result of the capped call transactions serves to reduce potential dilution to holders of our common stock and/or offset the cash payments we are required to make in excess of the principal amount of any converted notes. As these transactions meet certain accounting criteria, they are recorded in stockholders' equity as a reduction of additional paid-in capital on our consolidated balance sheets and are not accounted for as derivatives. The fair value of the capped call instrument is not remeasured each reporting period. The cost of the capped call is not expected to be deductible for tax purposes.

**Note 11. Leases**

We have operating leases for our corporate offices worldwide, which expire at various dates through 2027. Our primary operating lease commitments at December 31, 2021 are related to our corporate headquarters in Santa Clara, California and offices in San Francisco, California and New York City, New York. As of December 31, 2021 and 2020, we had operating lease ROU assets of $18.1 million and $24.2 million, respectively, and operating lease liabilities of $19.1 million and $25.9 million, respectively.

As of December 31, 2021 and 2020, we did not have finance leases recorded on our consolidated balance sheet, our weighted average remaining lease term was 4.0 years and 4.6 years, respectively, and our weighted average discount rate was 4.8%. Operating lease expense, net of immaterial sublease income, was approximately $7.1 million, $5.6 million and $5.0 million, respectively, during the years ended December 31, 2021, 2020 and 2019. Variable lease cost and short term lease cost were immaterial during the years ended December 31, 2021, 2020 and 2019.

The aggregate future minimum lease payments and reconciliation to operating lease liabilities as of December 31, 2021, are as follows (in thousands):

| | December 31, 2021 |
|---|---|
| 2022 | $ 7,435 |
| 2023 | 5,599 |
| 2024 | 2,559 |
| 2025 | 1,823 |
| 2026 | 1,869 |
| Thereafter | 1,750 |
| Total future minimum lease payments | 21,035 |
| Less imputed interest | (1,925) |
| Total operating lease liabilities | $ 19,110 |

During the year ended December 31, 2021, we entered into a 5.5 year amendment to expand our office space in Portland, Oregon with future minimum lease payments of approximately $3.7 million. As of December 31, 2021, this lease has not yet commenced and therefore these future minimum lease payments are not included in table above.

**Note 12. Commitments and Contingencies**

We may from time to time be subject to certain legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of trademarks, patents, copyrights, and other intellectual property rights; employment claims; and general contract or other claims. We may also, from time to time, be subject to various legal or government claims, demands, disputes, investigations, or requests for information. Such matters may include, but not be limited to, claims, disputes, or investigations related to warranty, refund, breach of contract, employment, intellectual property, government regulation, or compliance or other matters.

On January 12, 2022, Rak Joon Choi, derivatively on behalf of Chegg, filed a shareholder derivative complaint against Chegg and certain of its current and former directors and officers in the United States District Court for the Northern District of California, alleging breaches of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets, among others. The Company disputes these claims and intends to vigorously defend itself in this matter.

On December 22, 2021, Steven Leventhal, individually and on behalf of all others similarly situated, filed a purported securities fraud class action on behalf of all purchasers of Chegg common stock between May 5, 2020 and November 1, 2021, inclusive, against Chegg and certain of its current and former officers in the United States District Court for the Northern District of California (Case No. 5:21-cv-09953), alleging that Chegg and several of its officers made materially false and misleading statements in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The plaintiff in this matter seeks unspecified compensatory damages, costs, and expenses, including counsel and expert fees. The Company disputes these claims and intends to vigorously defend itself in this matter.

On September 13, 2021, Pearson Education, Inc. (Pearson) filed a complaint captioned Pearson Education, Inc. v. Chegg, Inc. (Pearson Complaint) in the United States District Court for the District of New Jersey against the Company (Case 2:21-cv-16866), alleging infringement of Pearson's registered copyrights and exclusive rights under copyright in violation of the United States Copyright Act. Pearson is seeking injunctive relief, monetary damages, costs, and attorneys' fees. The Company filed its answer to the Pearson Complaint on November 19, 2021. The Company disputes these claims and intends to vigorously defend itself in this matter.

On December 1, 2020, we received notice that a class action lawsuit was filed against Chegg in New York alleging violations of the American with Disabilities Act. The claim asserted that one of Chegg's websites is not compatible with software used by vision-impaired individuals. During the year ended December 31, 2021, we settled this matter for an immaterial amount, and it is now concluded.

On August 18, 2020, we received notice that a class action lawsuit was filed against Chegg in California alleging violations of the Unruh Civil Rights Act. The claim asserted that one of Chegg's websites is not compatible with software used by vision-impaired individuals. During the year ended December 31, 2021, we settled this matter for an immaterial amount, and it is now concluded.

On July 21, 2020, VitalSource Technologies LLC (VST), which is wholly owned by Ingram Industries Inc., filed a complaint against Chegg alleging that Chegg breached its contract with VST involving the development of an eTextbook reader and eTextbook reader platform. The suit sought uncertain damages, but the complaint alleged that they exceeded $75 thousand. During the year ended December 31, 2021, we settled this matter for an immaterial amount, and it is now concluded.

On June 18, 2020, we received a Civil Investigative Demand (CID) from the Federal Trade Commission (FTC) to determine whether we may have violated Section 5 of the FTC Act or the Children's Online Privacy Protection Act (COPPA), as they relate to deceptive or unfair acts or practices related to consumer privacy and/or data security. We have provided the FTC with the requested responses to interrogatories and follow-up questions and have produced documents pertaining to data breach incidents and our data security and privacy practices generally.

On May 12, 2020, we received notice that 15,107 arbitration demands were filed against us on April 30, 2020 by individuals all represented by the same legal counsel. Each individual claimant claimed to have suffered more than $25 thousand in damages as a result of the unauthorized access of certain items of their user data in April 2018 (the 2018 Data Incident). On July 1, 2020, an additional 1,007 arbitration demands were filed by the same counsel, making identical allegations. On August 12, 2020, an additional 577 arbitration demands were filed by the same counsel, making identical allegations. Related cases have been filed by the same counsel in Maryland and California. We dispute that these claimants have a valid basis for seeking arbitration, assert that they have acted in bad faith and are working with the Maryland and California courts and plaintiffs' counsel on resolution of these claims. On August 22, 2021, Chegg and the claimants' legal counsel, on behalf of its clients, entered into a settlement agreement, pursuant to which each eligible claimant that signs a release agreement agrees, among other things, to dismiss with prejudice all claims against Chegg that such claimant currently maintains in exchange for such claimant's pro rata portion of the settlement amount. Claimants had until January 26, 2022 to sign their release agreements. In March 2021, we recorded a loss contingency accrual and a corresponding insurance loss recovery, the net impact of which did not materially impact our consolidated statements of operations.

On November 5, 2018, NetSoc, LLC (NetSoc) filed a complaint against us captioned NetSoc, LLC v. Chegg, Inc., (Civil Action No. 1:18-CV-10262-RAC) in the U.S. District Court for the Southern District of New York (SDNY) for patent infringement alleging that the Chegg Tutors service infringes U.S. Patent No. 9,978,107 (the NetSoc Patent) and seeking unspecified compensatory damages. A responsive pleading was filed on February 19, 2019. On January 13, 2020, the SDNY issued an order dismissing the case as to Chegg. On January 30, 2020, NetSoc appealed the dismissal to the United States Court of Appeals for the Federal Circuit (the Federal Circuit). On September 24, 2021, the Federal Circuit dismissed NetSoc's appeal of the SDNY dismissal. On December 2, 2020, the U.S. Patent and Trademark Office determined that the NetSoc Patent is invalid based on two Inter Partes Review (IPR) proceedings instituted in part by Chegg, and on January 4, 2021, NetSoc filed a Notice of Appeals at the Federal Circuit appealing the IPR decisions. On October 18, 2021, Chegg filed a motion to dismiss NetSoc's appeal of the IPR decisions. On December 7, 2021, the Federal Circuit granted Chegg's motion to terminate the IPR appeal. This matter is now concluded.

Aside from the loss contingency accrual for the 2018 Data Incident matter, we have not recorded any additional amounts related to the above matters as we do not believe that a loss is probable in these remaining matters. We are not aware of any other pending legal matters or claims, individually or in the aggregate, that are expected to have a material adverse impact on our consolidated financial position, results of operations, or cash flows. However, our analysis of whether a claim will proceed to litigation cannot be predicted with certainty, nor can the results of litigation be predicted with certainty. Nevertheless, defending any of these actions, regardless of the outcome, may be costly, time consuming, distract management personnel and have a negative effect on our business. An adverse outcome in any of these actions, including a judgment or settlement, may cause a material adverse effect on our future business, operating results and/or financial condition.

**Note 13. Guarantees and Indemnifications**

We have agreed to indemnify our directors and officers for certain events or occurrences, subject to certain limits, while such persons are or were serving at our request in such capacity. We may terminate the indemnification agreements with these persons upon termination of employment, but termination will not affect claims for indemnification related to events occurring prior to the effective date of termination. We have a directors' and officers' insurance policy that limits our potential exposure up to the limits of our insurance coverage. In addition, we also have other indemnification agreements with various vendors against certain claims, liabilities, losses, and damages. The maximum amount of potential future indemnification is unlimited.

We believe the fair value of these indemnification agreements is immaterial. We have not recorded any liabilities for these agreements as of December 31, 2021.

## Note 14. Common Stock

We are authorized to issue 400 million shares of our common stock, with a par value per share of $0.001. As of December 31, 2021, we have reserved the following shares of our common stock for future issuance:

| | December 31, 2021 |
|---|---|
| Outstanding stock options | 381,756 |
| Outstanding RSUs and PSUs | 8,171,462 |
| Shares available for grant under the 2013 Plan | 30,629,068 |
| Shares available for issuance under the 2013 ESPP | 9,814,172 |
| Total common shares reserved for future issuance | 48,996,458 |

### *Stock Plans*

*2013 Equity Incentive Plan*

On June 6, 2013, the Board of Directors adopted our 2013 Equity Incentive Plan (the 2013 Plan), which was subsequently approved by our stockholders on August 29, 2013. The 2013 Plan became effective on November 11, 2013 and replaced the 2005 Plan. On the effective date of the 2013 Plan, 12,000,000 shares of our common stock were reserved for issuance, plus an additional 3,838,985 shares reserved but not issued or subject to outstanding awards under our 2005 Plan on the effective date of the 2013 Plan, plus, on and after the effective date of the 2013 Plan, (i) shares that are subject to outstanding awards under the 2005 Plan which cease to be subject to such awards, (ii) shares issued under the 2005 Plan that are forfeited or repurchased at their original issue price and (iii) shares subject to awards under the 2005 Plan that are used to pay the exercise price of an option or withheld to satisfy the tax withholding obligations related to any award. As of December 31, 2021, there were 30,629,068 shares available for grant under the 2013 Plan. The 2013 Plan permits the granting of incentive stock options, non-qualified stock options, RSUs, stock appreciation rights, restricted shares of common stock and performance share awards. The exercise price of stock options may not be less than the 100% of the fair market value of the common stock on the date of grant. Options granted pursuant to the 2013 Plan generally expire no later than 10 years.

*2013 Employee Stock Purchase Plan*

On June 6, 2013, our Board of Directors adopted our 2013 Employee Stock Purchase Plan (the 2013 ESPP) and our stockholders subsequently approved the 2013 ESPP Plan on August 29, 2013. The 2013 ESPP permits eligible employees to acquire shares of our common stock by accumulating funds through periodic payroll deductions of up to 15% of base salary. Our 2013 ESPP is intended to qualify as an ESPP under Section 423 of the Code and employees will receive a 15% discount to the lesser of the fair market value of our common stock on (i) the first trading day of the applicable offering period or (ii) the last day of each purchase period in the applicable offering period. Each offering period may run for no more than six months. We have reserved 4,000,000 shares of our common stock under our 2013 ESPP. The aggregate number of shares issued over the term of our 2013 ESPP will not exceed 20,000,000 shares of our common stock. As of December 31, 2021, there were 9,814,172 shares of common stock available for future issuance under the 2013 ESPP.

## Note 15. Stockholders' Equity

### *Accelerated Share Repurchase*

On December 3, 2021, we entered into an accelerated share repurchase (ASR) agreement with a financial institution (2021 ASR). We accounted for the 2021 ASR as two separate transactions, a repurchase of our common stock and an equity-linked contract indexed to our common stock that met certain accounting criteria for classification in stockholders' equity. Upon execution, we paid a fixed amount of $300.0 million and received an initial delivery of 8,403,361 shares of our common stock, which were retired immediately. The initial delivery of shares of our common stock represented approximately 80 percent of the fixed amount paid of $300.0 million, which was based on the share price of our common stock on the date of execution. The 2021 ASR was recorded as a reduction to additional paid in capital on our consolidated statements of stockholders' equity. The 2021 ASR settled during the first quarter of 2022 and we received an additional delivery of 2,163,219 shares of our common stock, which were retired immediately. The 2021 ASR resulted in a total repurchase of 10,566,580 shares of our common stock at a volume-weighted-average price, less an agreed upon discount, of $28.3914 per share. We were not required to make any additional cash payments or delivery of common stock to the financial institutions upon settlement.

***Securities Repurchase Program***

In November 2021, our board of directors approved a $500.0 million increase to our existing securities repurchase program authorizing the repurchase of up to $1.0 billion of our common stock and/or convertible notes, through open market purchases, block trades, and/or privately negotiated transactions or pursuant to Rule 10b5-1 plans, in compliance with applicable securities laws and other legal requirements. The timing, volume, and nature of the repurchases will be determined by management based on the capital needs of the business, market conditions, applicable legal requirements, and other factors. During the year ended December 31, 2021, we entered into the 2021 ASR for $300.0 million and repurchased $100.0 million of aggregate principal amount of the 2025 notes in privately-negotiated transaction for an aggregate consideration of $184.9 million. During the year ended December 31, 2020, we repurchased $57.4 million of aggregate principal amount of the 2023 notes in privately-negotiated transactions for an aggregate consideration of $149.6 million. As of December 31, 2021 $365.5 million remains under the repurchase program, which has no expiration date and will continue until otherwise suspended, terminated or modified at any time for any reason by our board of directors.

***Equity Offering***

In February 2021, we entered into an underwriting agreement pursuant to which we agreed to issue and sell 10,974,600 shares of our common stock at a public offering price of $102.00 per share generating aggregate net proceeds of $1,091.5 million, after deducting underwriting discounts and commissions of $26.9 million and offering expenses of $1.1 million.

***Share-based Compensation Expense***

Total share-based compensation expense recorded for employees and non-employees, is as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2021** | **2020** | **2019** |
| Cost of revenues | $ 1,621 | $ 950 | $ 426 |
| Research and development | 37,131 | 31,588 | 22,229 |
| Sales and marketing | 13,887 | 9,606 | 7,380 |
| General and administrative | 56,207 | 41,911 | 34,874 |
| Total share-based compensation expense | $ 108,846 | $ 84,055 | $ 64,909 |

During the year ended December 31, 2021 we capitalized share-based compensation expense of $2.6 million. As of December 31, 2021, we had a total of approximately $273.0 million of unrecognized share-based compensation expense that is expected to be recognized over the remaining weighted average period of 2.6 years.

*2021 PSU Grants with Market-Based Conditions*

In March 2021, we granted PSUs under the 2013 Equity Incentive Plan (the 2013 Plan) with market-based conditions to certain of our key employees. The number of shares of our common stock that may be issued to settle these PSUs range from 50% at the threshold level to 150% at the maximum level of the 100% target level of the award depending on achieving a maximum average market value of the per share price of our common stock, for a period of 60 consecutive trading days, over a three-year performance period ending on the third anniversary of the date of grant. No payout will be made for performance below the 50% threshold level. The market value of the per share price of our common stock must reach $123.81, $148.58, or $173.34 at the threshold, target, or maximum levels, respectively, for achievement of the award, which could result in issuance of 244,086, 488,173, or 732,260 shares of our common stock at each respective payout level. These PSUs will vest over a four-year period, with the initial vesting of 50% of the award occurring in March 2024. The number of PSUs granted totaled 732,260 shares, which represents the maximum number of shares, and had a grant date fair value of $68.55 per share, determined under the Monte Carlo simulation approach described further below. As of December 31, 2021, the market-based conditions have not been met.

*Fair Value of PSUs with Market-Based Conditions*

We estimate the fair value of the PSUs using a Monte Carlo simulation approach, which utilizes the fair value of our common stock based on an active market and requires input on the following subjective assumptions:

Expected Term. The expected term for the awards is the performance period of three years.

Expected Volatility. The expected volatility is based on the historical average volatility of our stock price over the expected term.

Expected Dividends. The dividend assumption is based on our historical experience. To date we have not paid any dividends on our common stock.

Risk-Free Interest Rate. The risk-free interest rate used in the valuation method is the implied yield currently available on the U.S. treasury zero-coupon issues, with a remaining term equal to the expected term.

The following table summarizes the key assumptions used to determine the fair value of the awards:

| | |
|---|---|
| Expected term (years) | 3.00 |
| Expected volatility | 49.04 % |
| Expected dividends | — % |
| Risk-free interest rate | 0.27 % |

*2021 PSU Grants with Financial and Strategic Performance Targets*

In March 2021, we granted PSUs under the 2013 Plan to certain of our key executives. The PSUs entitle the executives to receive a certain number of shares of our common stock based on our satisfaction of certain financial and strategic performance targets during 2021. Based on the achievement of the performance conditions for the March 2021 grants, the final settlement partially met the target threshold based on a specified objective formula approved by the Compensation Committee. These PSUs will vest over a three-year period, with the initial vesting occurring in March 2022. The number of shares underlying these March 2021 PSUs granted during the year ended December 31, 2021 totaled 278,644 shares and had a grant date fair value of $99.05 per share.

*2020 PSU Grants with Financial and Strategic Performance Targets*

In March 2020, we granted PSUs under the 2013 Plan to certain of our key executives. The PSUs entitle the executives to receive a certain number of shares of our common stock based on our satisfaction of certain financial and strategic performance targets during 2020. Based on the achievement of the performance conditions for the March 2020 grants, the final settlement met the target threshold based on a specified objective formula approved by the Compensation Committee. These PSUs will vest over a three-year period, with the initial vesting occurring in March 2021. The number of shares underlying the March 2020 PSUs granted during the year ended December 31, 2020 totaled 460,976 shares and had a grant date fair value of $39.21 per share.

*2019 PSU Grants with Financial and Strategic Performance Targets*

In March 2019, we granted PSUs under the 2013 Plan to certain of our key executives. The PSUs entitle the executives to receive a certain number of shares of our common stock based on our satisfaction of certain financial and strategic performance targets during 2019. Based on the achievement of the performance conditions for the March 2019 grants, the final settlement met the target threshold based on a specified objective formula approved by the Compensation Committee. These PSUs will vest over a three-year period, with the initial vesting occurring in March 2020. The number of shares underlying the March 2019 PSUs granted during the year ended December 31, 2019 totaled 436,042 shares and had a grant date fair value of $40.42 per share.

*RSUs and PSUs Activity*

| | RSUs and PSUs Outstanding | |
|---|---|---|
| | Number of RSUs and PSUs Outstanding | Weighted Average Grant Date Fair Value |
| Balance at December 31, 2020 | 4,816,000 | $ 37.82 |
| Granted | 6,758,593 | 47.95 |
| Released | (2,762,251) | 34.77 |
| Forfeited | (640,880) | 48.97 |
| Balance at December 31, 2021 | 8,171,462 | $ 46.36 |

The weighted-average grant-date fair value of RSUs and PSUs granted during the years ended December 31, 2021, 2020, and 2019 was $47.95, $45.37, and $37.56, respectively. The total fair value of RSUs and PSUs vested as of the vesting dates during the years ended December 31, 2021, 2020, and 2019 was $232.0 million, $200.1 million, and $222.3 million, respectively.

*Fair Value of 2013 ESPP*

Under the 2013 ESPP, rights to purchase shares are generally granted during the second and fourth quarter of each year. We estimate the fair value of each right to purchase shares under our 2013 ESPP using the Black-Scholes-Merton option-pricing model, which utilizes the fair value of our common stock based on active market and requires input on the following subjective assumptions:

*Expected Term.* The expected term for rights to purchase shares under the 2013 ESPP is six months.

*Expected Volatility.* The expected volatility is based on the average volatility of our stock price over the expected term.

*Expected Dividends.* The dividend assumption is based on our historical experience. To date we have not paid any dividends on our common stock.

*Risk-Free Interest Rate.* The risk-free interest rate used in the valuation method is the implied yield currently available on the United States treasury zero-coupon issues, with a remaining term equal to the expected term.

The following table summarizes the key assumptions used to determine the fair value of rights granted under the 2013 ESPP:

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Expected term (years) | 0.50 | 0.50 | 0.50 |
| Expected volatility | 47.02%-99.96% | 52.06%-68.09% | 40.51%-41.81% |
| Dividend yield | — % | — % | — % |
| Risk-free interest rate | 0.04%-0.07% | 0.12%-0.15% | 1.59%-2.43% |
| Weighted-average grant-date fair value per share | $ 14.70 | $ 20.52 | $ 9.88 |

*2013 ESPP Activity*

There were 167,890, 173,992 and 201,581 shares purchased under the 2013 ESPP during the years ended December 31, 2021, 2020 and 2019, respectively, at an average price per share of $40.35, $38.85 and $25.55, respectively, with cash proceeds from the issuance of shares of $6.8 million, $6.8 million and $5.1 million, respectively.

*Stock Option Activity*

| | Options Outstanding | | | |
|---|---|---|---|---|
| | Number of Options Outstanding | Weighted-Average Exercise Price per Share | Weighted-Average Remaining Contractual Term in Years | Aggregate Intrinsic Value |
| Balance at December 31, 2020 | 627,317 | $ 7.86 | 3.48 | $ 51,733,285 |
| Released | (245,561) | 8.78 | | |
| Balance at December 31, 2021 | 381,756 | $ 7.28 | 2.80 | $ 8,942,541 |

We did not grant any stock option awards during the years ended December 31, 2021, 2020, and 2019. The total intrinsic value of options exercised during the years ended December 31, 2021, 2020 and 2019, was approximately $10.7 million, $53.5 million and $90.8 million, respectively.

**Note 16. Income Taxes**

We recorded an income tax provision of approximately $7.2 million, $5.4 million and $2.6 million for the years ended December 31, 2021, 2020 and 2019, respectively. The income tax provision for the year ended December 31, 2021 was primarily due to state and foreign income tax expenses and the withholding taxes related to the sale of our strategic equity investment. The income tax provision for the years ended December 31, 2020 and 2019 was primarily due to state and foreign income tax expense.

Our income tax provision consisted of the following (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Current income taxes: | | | |
| Federal | $ — | $ — | $ (185) |
| State | 852 | 459 | 264 |
| Foreign | 7,449 | 5,010 | 2,594 |
| Total current income taxes | 8,301 | 5,469 | 2,673 |
| Deferred income taxes: | | | |
| Federal | 250 | 187 | (17) |
| State | 218 | 255 | 42 |
| Foreign | (1,572) | (551) | (64) |
| Total deferred income taxes | (1,104) | (109) | (39) |
| Total income tax provision | $ 7,197 | $ 5,360 | $ 2,634 |

Loss before provision for income taxes consisted of the following (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| United States | $ (6,256) | $ (10,369) | $ (12,497) |
| Foreign | 11,995 | 9,508 | 5,526 |
| Total | $ 5,739 | $ (861) | $ (6,971) |

The differences between our income tax provision as presented in the accompanying consolidated statements of operations and the income tax expense computed at the federal statutory rate consists of the items shown in the following table as a percentage of pretax loss (in percentages):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Income tax at U.S. statutory rate | 21.0 % | 21.0 % | 21.0 % |
| State, net of federal benefit | (232.0) | (169.5) | (76.3) |
| Foreign rate differential | 35.5 | (285.9) | (19.4) |
| Share-based compensation | (209.0) | 2,901.5 | 695.4 |
| Non-deductible expenses | 1.5 | (50.3) | 0.4 |
| Tax credits | (28.3) | 351.6 | 19.3 |
| Acquisition related | 17.2 | — | 31.8 |
| Convertible senior notes | (2,435.3) | (5,854.8) | (412.6) |
| Other | 0.5 | 1.2 | 27.9 |
| Change in valuation allowance | 2,954.3 | 2,462.7 | (325.3) |
| Total | 125.4 % | (622.5)% | (37.8)% |

A summary of our deferred tax assets is as follows (in thousands):

| | As of December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Deferred tax assets: | | |
| Accrued expenses and reserves | $ 6,402 | $ 6,365 |
| Share-based compensation | 8,979 | 6,473 |
| Accrued compensation | — | 2,402 |
| Net operating loss carryforwards | 188,329 | 190,904 |
| Property and equipment, textbooks and intangibles assets | 1,849 | — |
| Convertible senior notes | 32,254 | — |
| Other items | 7,221 | 5,734 |
| Gross deferred tax assets | 245,034 | 211,878 |
| Valuation allowance | (238,317) | (151,825) |
| Total deferred tax assets | 6,717 | 60,053 |
| Deferred tax liabilities: | | |
| Property and equipment, textbooks and intangibles assets | — | (4,066) |
| Convertible senior notes | — | (51,607) |
| Other | (7,878) | (5,890) |
| Total deferred tax liabilities | (7,878) | (61,563) |
| Net deferred tax liability | $ (1,161) | $ (1,510) |

At December 31, 2021 and 2020, the deferred tax liability is primarily created by the tax amortization of acquired indefinite lived intangible assets. Under the accounting guidance this deferred tax liability can be used as a source of income for recognition of deferred tax assets when determining the amount of valuation allowance to be recorded.

As of December 31, 2021, we intend to permanently reinvest all 2018 and later earnings from our foreign subsidiaries. As such, we have not provided for any remaining tax effect, if any, of the outside basis difference of our foreign subsidiaries based upon plans of future reinvestment. The determination of the future tax consequences of the remittance of these earnings is not practicable.

Realization of the deferred tax assets is dependent upon future taxable income, the amount and timing of which are uncertain. Accordingly, the federal and state gross deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by approximately $86.5 million during the year ended December 31, 2021 and increased by approximately $3.3 million during the year ended December 31, 2020.

As of December 31, 2021, we had net operating loss carryforwards for federal and state income tax purposes of approximately $660 million and $485 million, respectively, which will begin to expire in years beginning 2028 and 2022, respectively.

As of December 31, 2021, we had tax credit carryforwards for federal and state income tax purposes of approximately $21.4 million and $15.7 million, respectively. The federal credits expire in various years beginning in 2030. The state credits do not expire.

Utilization of our net operating losses and tax credit carryforwards may be subject to substantial annual limitations due to ownership change limitations provided by the Internal Revenue Code of 1986, as amended (IRC), and similar state provisions. Such annual limitations could result in the expiration of the net operating losses and tax credit carryforwards before utilization.

We recognize interest and penalties related to uncertain tax positions as a component of income tax expense. During the years ended December 31, 2021, 2020 and 2019, we recognized an increase of $0.1 million, $0.1 million and $45 thousand of interest and penalties, respectively. Accrued interest and penalties as of December 31, 2021 and 2020 were approximately $0.3 million and $0.2 million, respectively.

We file tax returns in U.S. federal, state, and certain foreign jurisdictions with varying statutes of limitations. Due to net operating loss and credit carryforwards, all of the tax years since inception through the 2021 tax year remain subject to examination by the U.S. federal and some state authorities. Foreign jurisdictions remain subject to examination up to approximately seven years from the filing date, depending on the jurisdiction.

A reconciliation of the beginning and ending balances of the total amount of unrecognized tax benefits, excluding accrued interest and penalties, is as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Beginning balance | $ 14,654 | $ 10,993 | $ 8,771 |
| Increase in tax positions for prior years | 305 | 479 | 221 |
| Decrease in tax positions for prior years | (952) | (535) | (1,550) |
| Decrease in tax positions for prior year settlement | (22) | (208) | — |
| Decrease in tax positions for prior years due to statutes lapsing | (426) | (26) | (164) |
| Increase in tax positions for current year | 3,309 | 3,999 | 3,722 |
| Change due to translation of foreign currencies | (63) | (48) | (7) |
| Ending balance | $ 16,805 | $ 14,654 | $ 10,993 |

The amount of unrecognized tax benefits, if recognized, that would affect the effective tax rate is $4.5 million for the year ended December 31, 2021. One or more of these unrecognized tax benefits could be subject to a valuation allowance if, and when recognized in a future period, which could impact the timing of any related effective tax rate benefit.

The actual amount of any taxes due could vary significantly depending on the ultimate timing and nature of any settlement. We believe that the amount by which the unrecognized tax benefits may increase or decrease within the next 12 months is not estimable.

**Note 17. Related-Party Transactions**

Our Chief Executive Officer is a member of the Board of Directors of Adobe Systems Incorporated (Adobe). During the years ended December 31, 2021, 2020, and 2019, we purchased services of $2.4 million, $1.7 million and $2.1 million, respectively, from Adobe. We had no revenues from Adobe during the year ended December 31, 2021 and $0.1 million and $0.2 million, in revenues during the years ended December 31, 2020 and 2019, respectively. We had no payables as of

December 31, 2021 and $0.1 million of payables as of December 31, 2020 to Adobe. We had no outstanding receivables as of December 31, 2021 and 2020 from Adobe.

The immediate family of one of our board members is a member of the Board of Directors of PayPal Holdings, Inc. (PayPal). During the years ended December 31, 2021, 2020, and 2019, we incurred payment processing fees of $2.8 million, $2.1 million and $1.6 million, respectively, to PayPal.

One of our board members is a member of the Board of Directors of Zuora, Inc. (Zuora). During the years ended December 31, 2021 and 2020 we purchased services of $1.9 million and $1.3 million, respectively, from Zuora. We had no payables as December 31, 2021 and 2020 to Zuora.

One of our board members is also the Chief Executive Officer of the San Francisco 49ers (49ers). During the years ended December 31, 2021, 2020 and 2019, we purchased advertisements of $0.2 million, $0.1 million, and $0.2 million, respectively, from the 49ers.

**Note 18. Restructuring Charges**

In September 2021, we changed our go-to-market strategy for our Thinkful product offering which we believe will have the most growth potential to serve learners. This resulted in a management approved restructuring plan that impacted approximately 60 full-time employees and 100 part-time employees in the United States. During the year ended December 31, 2021, we recorded restructuring charges of $1.9 million related to one-time employee termination benefits classified on our consolidated statements of operations based on the employees' job function and made cash payments of $1.1 million. As of December 31, 2021, we have $0.8 million remaining liability which is included within accrued liabilities on our consolidated balance sheets. The total cost of the restructuring plan has been recorded and we expect it to be completed by the end of the second quarter of fiscal year 2022. We expect cost savings from the restructuring plan to be reinvested in future growth opportunities.

The following table summarizes the activity related to the restructuring liability (in thousands):

| | Year Ended December 31, 2021 |
|---|---|
| Beginning balance | $ — |
| Restructuring charges | 1,922 |
| Cash payments | (1,137) |
| Ending balance | $ 785 |

**Note 19. Consolidated Statements of Operations Details**

Other (expense) income, net, net consists of the following (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Loss on early extinguishment of debt[1] | $ (78,152) | $ (4,286) | $ — |
| Loss on change in fair value of derivative instruments, net[1] | (7,148) | — | — |
| Gain on sale of strategic equity investments[2] | 12,496 | — | — |
| Interest income | 6,700 | 12,783 | 19,586 |
| Other | 632 | 186 | 477 |
| Total other (expense) income, net | $ (65,472) | $ 8,683 | $ 20,063 |

[1] For further information, see Note 10, "Convertible Senior Notes."
[2] For further information, see Note 5, "Cash and Cash Equivalents, and Investments and Fair Value Measurements."

**Note 20. Employee Benefit Plan**

We sponsor a 401(k) savings plan for eligible employees and their beneficiaries. Contributions by us are discretionary and participants may contribute, on a pretax basis, a percentage of their annual compensation, not to exceed a maximum contribution amount pursuant to Section 401(k) of the IRC. During the years ended December 31, 2021, 2020, and 2019,

matching contributions totaled approximately $2.6 million, $2.2 million and $1.7 million, respectively.

**Note 21. Segment Information**

Our chief operating decision-maker is our Chief Executive Officer who makes resource allocation decisions and reviews financial information presented on a consolidated basis. Accordingly, we have determined that we have a single operating and reportable segment and operating unit structure.

*Product Information*

We derive our revenues from our Chegg Services and Required Materials product lines. Our Chegg Services primarily include Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, Mathway and Thinkful. Our Required Materials product line includes revenues from print textbooks and eTextbooks.

The following table sets forth our total net revenues for the periods shown for our Chegg Services and Required Materials product lines (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Chegg Services | $ 669,894 | $ 521,228 | $ 332,221 |
| Required Materials | 106,371 | 123,110 | 78,705 |
| Total net revenues | $ 776,265 | $ 644,338 | $ 410,926 |

Our headquarters are located in the United States where we primarily conduct our sales, marketing and customer service activities. During the year ended December 31, 2021, we had revenues of $690.0 million from the United States and $86.3 million internationally. During the years ended December 31, 2020 and 2019, substantially all of our revenue was from the United States. As of December 31, 2021 and 2020, substantially all of our long-lived assets are located in the United States.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### (a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this report.

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management’s evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are designed to, and are effective to, provide assurance at a reasonable level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

### (b) Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended). Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013 framework). All control systems are subject to inherent limitations. Our management has concluded that, as of December 31, 2021, our internal control over financial reporting is effective based on these criteria. Additionally, our independent registered public accounting firm, Deloitte & Touche LLP, has issued an audit report on the Company's internal control over financial reporting, which appears in Part II, Item 8 of this Annual Report on Form 10-K.

### (c) Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2021, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during our most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We continue to monitor the impact of the COVID-19 pandemic and, despite many of our employees working remotely, have not experienced any changes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## ITEM 9B. OTHER INFORMATION

None.

## ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning our directors, compliance with Section 16(a) of the Exchange Act, our Audit Committee and any changes to the process by which stockholders may recommend nominees to the Board required by this Item are incorporated herein by reference to information contained in the Proxy Statement, including "Proposal No. 1 Election of Directors," "Committees of our Board of Directors," "Delinquent Section 16(a) Reports" and "Stockholder Proposals to Be Presented at Next Annual Meeting." The Proxy Statement will be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

The information concerning our executive officers required by this Item is incorporated herein by reference to information contained in the Proxy Statement, including "Our Management."

We have adopted a code of ethics, our Code of Business Conduct and Ethics, which applies to all employees, including our principal executive officer, our principal financial officer, and all other executive officers, and our board of directors. The Code of Business Conduct and Ethics is available on our website at investor.chegg.com under "Corporate Governance." We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on our website at the address and location specified above.

### ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement, including "Compensation Committee Interlocks and Insider Participation" and "Executive Compensation."

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement, including "Equity Compensation Plan Information," "Transactions with Related Parties, Founders and Control Persons," and "Independence of Directors."

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement, including "Corporate Governance Standards and Director Independence" "Transactions with Related Parties, Founders and Control Persons" and "Termination and Change of Control Arrangements."

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement, including "Proposal No. 3 Ratification of Independent Registered Public Accounting Firm."

## PART IV

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

We have filed the following documents as part of this Annual Report on Form 10-K:

### *1. Consolidated Financial Statements*


| | Page |
|---|---|
| Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34) | 49 |
| Consolidated Balance Sheets | 52 |
| Consolidated Statements of Operations | 53 |
| Consolidated Statements of Comprehensive Loss | 54 |
| Consolidated Statements of Stockholders' Equity | 55 |
| Consolidated Statements of Cash Flows | 56 |
| Notes to Consolidated Financial Statements | 58 |


### *2. Financial Statement Schedules*

Schedule II-Valuation and Qualifying Accounts (in thousands):

| | Years Ended December 31, 2021, 2020 and 2019 | | | |
|---|---|---|---|---|
| | Balance at Beginning of Year | Provision (Release) for Bad Debts | Net Write-offs | Balance at End of Year |
| Accounts receivable allowance | | | | |
| 2021 | $ 153 | $ 57 | $ (57) | $ 153 |
| 2020 | 56 | 191 | (94) | 153 |
| 2019 | 229 | (79) | (94) | 56 |

| | Years Ended December 31, 2021, 2020 and 2019 | | | |
|---|---|---|---|---|
| | Balance at Beginning of Year | Provision for Refunds | Refunds Issued | Balance at End of Year |
| Refund reserve | | | | |
| 2021 | $ 1,515 | $ 58,553 | $ (58,676) | $ 1,392 |
| 2020 | 554 | 44,171 | (43,210) | 1,515 |
| 2019 | 396 | 24,987 | (24,829) | 554 |

All other financial statement schedules are omitted because they are not applicable or the information is included in the Registrant's consolidated financial statements or related notes.

### *3. Exhibits*

| | | Incorporated by Reference | | | | |
|---|---|---|---|---|---|---|
| Exhibit No. | Exhibit | Form | File No. | Filing Date | Exhibit No. | Filed Herewith |
| 3.01 | Restated Certificate of Incorporation of Chegg, Inc. effective November 18, 2013 | 10-K | 001-36180 | 3/4/16 | 3.01 | |
| 3.02 | Amended and Restated Bylaws of Chegg, Inc., as amended on September 19, 2018. | 8-K | 001-36180 | 9/20/18 | 3.1 | |
| 4.01 | Form of Chegg, Inc.'s Common Stock Certificate | S-1/A | 333-190616 | 10/01/13 | 4.01 | |
| 4.02 | Description of Securities Registered Under Section 12 of the Securities Exchange Act of 1934 | 10-K | 001-36180 | 2/20/20 | 4.04 | |
| 4.03 | Indenture dated April 3, 2018 between Chegg, Inc. and Wells Fargo Bank, National Association. | 8-K | 001-36180 | 4/3/18 | 4.1 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 4.04 | Indenture dated March 26, 2019 between Chegg, Inc. and Wells Fargo Bank, National Association. | 8-K | 001-36180 | 3/26/19 | 4.1 | |
| 4.05 | Indenture dated August 21, 2020 between Chegg, Inc. and Wells Fargo Bank, National Association | 8-K | 001-36180 | 08/24/20 | 4.1 | |
| 10.01* | Form of Indemnification Agreement entered into between Chegg, Inc. and each of its directors and executive officers | S-1/A | 333-190616 | 10/01/13 | 10.01 | |
| 10.02* | 2013 Equity Incentive Plan, and forms of agreement thereunder | S-1/A | 333-190616 | 10/25/13 | 10.04 | |
| 10.03* | 2013 Employee Stock Purchase Plan | S-1 | 333-190616 | 08/14/13 | 10.05 | |
| 10.04* | Offer Letter between Dan Rosensweig and Chegg, Inc., dated December 3, 2009 | S-1 | 333-190616 | 08/14/13 | 10.06 | |
| 10.05* | Amendment to Offer Letter between Dan Rosensweig and Chegg, Inc., dated November 29, 2012 | S-1 | 333-190616 | 08/14/13 | 10.07 | |
| 10.06* | Offer Letter between Andy Brown and Chegg, Inc., dated September 2, 2011 | 10-K | 001-36180 | 3/6/14 | 10.07 | |
| 10.07* | Amendment to Offer Letter between Andy Brown and Chegg, Inc., dated November 29, 2012 | 10-K | 001-36180 | 3/6/14 | 10.08 | |
| 10.08* | Offer Letter between Nathan Schultz and Chegg, Inc., dated February 19, 2008 | S-1 | 333-190616 | 8/14/13 | 10.09 | |
| 10.09* | Offer Letter between John Fillmore and Chegg, Inc., dated May 10, 2013 | 10-K | 001-36180 | 2/20/20 | 10.14 | |
| 10.10* | Offer Letter between Esther Lem and Chegg, Inc. dated December 9, 2010 | | | | | X |
| 10.11 | Lease between Silicon Valley CA-I, LLC and Chegg, Inc., dated as of May 14, 2012 | S-1 | 333-190616 | 08/14/13 | 10.14 | |
| 10.12 | Commencement Date Memorandum between Silicon Valley CA-I, LLC and Chegg, Inc., dated as of October 12, 2012 | S-1 | 333-190616 | 08/14/13 | 10.15 | |
| 10.13 | First Amendment dated as of June 4, 2018 by and between Chegg, Inc. and Freedom Circle LLC. | 8-K | 001-36180 | 6/5/18 | 99.1 | |
| 10.14 | Forms of Agreement for 2013 Equity Plan Agreement | 10-Q | 001-3618 | 7/29/19 | 10.02 | |
| 10.15 | Form of Agreement for Change-in-Control Severance Plan | 10-Q | 001-36180 | 7/29/19 | 10.03 | |
| 10.16 | Form of Base Capped Call Transaction Confirmation (2025 notes) | 8-K | 001-36180 | 3/26/19 | 99.1 | |
| 10.17 | Form of Additional Capped Call Transaction Confirmation (2025 notes) | 8-K | 001-36180 | 4/5/19 | 99.1 | |
| 10.18 | Form of Base Capped Call Transaction Confirmation (2026 notes) | 8-K | 001-36180 | 8/24/20 | 99.1 | |
| 10.19 | Form of Additional Capped Call Transaction Confirmation (2026 notes) | 8-K | 001-36180 | 8/24/20 | 99.2 | |
| 21.01 | List of Subsidiaries | | | | | X |
| 23.01 | Consent of Independent Registered Public Accounting Firm | | | | | X |
| 24.01 | Power of Attorney (included on signature page hereto) | | | | | X |
| 31.01 | Certification of Dan Rosensweig, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 31.02 | Certification of Andrew Brown, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | | X |

| | | |
|---|---|---|
| 32.01** | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | X |
| 101.INS | XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document | X |
| 101.SCH | XBRL Taxonomy Extension Schema | X |
| 101.CAL | XBRL Taxonomy Extension Calculation | X |
| 101.LAB | XBRL Taxonomy Extension Labels | X |
| 101.PRE | XBRL Taxonomy Extension Presentation | X |
| 101.DEF | XBRL Taxonomy Extension Definition | X |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit) | X |

* Indicates a management contract or compensatory plan.

** This certification is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act.

**ITEM 16. FORM 10-K SUMMARY**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

| | CHEGG, INC. |
|---|---|
| February 22, 2022 | By: /S/ DAN ROSENSWEIG |
| | Dan Rosensweig |
| | President, Chief Executive Officer and Co-Chairperson |

## POWER OF ATTORNEY

**KNOW ALL PERSONS BY THESE PRESENTS** that each individual whose signature appears below constitutes and appoints Dan Rosensweig, Andrew Brown and Woodie Dixon Jr., and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his, her or their substitute or substitutes, may lawfully do or cause to be done or by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

| Name | Title | Date |
|---|---|---|
| /S/ DAN ROSENSWEIG<br>Dan Rosensweig | President, Chief Executive Officer and Co-Chairperson<br>*(Principal Executive Officer)* | February 22, 2022 |
| /S/ ANDREW BROWN<br>Andrew Brown | Chief Financial Officer<br>*(Principal Financial Officer)* | February 22, 2022 |
| /S/ DAVID LONGO<br>David Longo | Vice President, Chief Accounting Officer, Corporate Controller, and Assistant Treasurer<br>*(Principal Accounting Officer)* | February 22, 2022 |
| /S/ SARAH BOND<br>Sarah Bond | Director | February 22, 2022 |
| /S/ RENEE BUDIG<br>Renee Budig | Director | February 22, 2022 |
| /S/ PAUL LEBLANC<br>Paul LeBlanc | Director | February 22, 2022 |
| /S/ MARNE LEVINE<br>Marne Levine | Director | February 22, 2022 |
| /S/ MARCELA MARTIN<br>Marcela Martin | Director | February 22, 2022 |
| /S/ RICHARD SARNOFF<br>Richard Sarnoff | Director and Co-Chairperson | February 22, 2022 |
| /S/ TED SCHLEIN<br>Ted Schlein | Director | February 22, 2022 |
| /S/ MELANIE WHELAN<br>Melanie Whelan | Director | February 22, 2022 |
| /S/ JOHN YORK<br>John York | Director | February 22, 2022 |

## BOARD OF DIRECTORS

**Sarah Bond**
Corporate Vice President,
Gaming Ecosystem,
Microsoft

**Renee Budig**
Former Executive
Vice President and
Chief Financial Officer,
Paramount Global

**Paul LeBlanc**
President, Southern New
Hampshire University

**Marne Levine**
Chief Business Officer,
Meta

**Marcela Martin**
Chief Financial Officer,
Squarespace

**Dan Rosensweig**
President, Chief
Executive Officer,
and Co-Chairperson

**Richard Sarnoff**
Partner & Chairman of
Media, Entertainment and
Education, Americas,
Kohlberg Kravis Roberts &
Co. L.P. and
Co-Chairperson,
Chegg, Inc.

**Ted Schlein**
General Partner,
Kleiner Perkins

**Melanie Whelan**
Managing Director,
Summit Partners

**John (Jed) York**
Chief Executive Officer,
San Francisco 49ers

## LEADERSHIP

**Dan Rosensweig**
President, Chief
Executive Officer,
and Co-Chairperson

**Andrew Brown**
Chief Financial Officer

**Woodie Dixon, Jr.**
General Counsel and
Corporate Secretary

**John Fillmore**
President of
Chegg Skills

**Lauren Glotzer**
Chief Strategy Officer

**Esther Lem**
Chief Marketing Officer

**Heather Hatlo Porter**
Chief Communications
Officer

**Nathan Schultz**
President of Learning
Services

**Debra Thompson**
Chief People Officer

## HEADQUARTERS

Chegg, Inc.
3990 Freedom Circle
Santa Clara, CA 95054

**STOCK LISTING**
Chegg, Inc. common
stock is traded on
the New York Stock
Exchange under
the symbol "CHGG."

**TRANSFER AGENT**
American Stock
Transfer & Trust
Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
www.astfinancial.com
800-937-5449
info@astfinancial.com

**INDEPENDENT AUDITORS**
Deloitte & Touche LLP

**LEGAL COUNSEL**
Fenwick & West LLP

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