Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

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. Risks Related to Our Business and Growth • Our future revenue and growth depend on our ability to continue to attract new ~~students~~ **learners** to, and retain existing ~~students~~ **learners** on, our learning platform **. • If we fail to innovate and offer new products and services in response to rapidly evolving technological and market developments, including AI, our competitive position and business prospects may be harmed. • We face competition in all aspects of our business, including with respect to AI, and we expect such competition to increase. • U. S. colleges have faced, and may continue to face, reduced enrollment, which could negatively impact our business and results of operations. • Our international operations, and the expansion thereof, subject us to increased challenges, risks, and costs, which could adversely affect our business, financial condition, and results of operations. • We have a limited operating history in international jurisdictions and our expansion efforts into international markets may not be successful. • The uncertainty surrounding the evolving educational landscape, including the impact of AI on learning and education, the state of the student including the amount and the extent to which AI will impact study habits and how students learn and / or complete their assignments, and the demand for our evolving offerings make it difficult to predict our operational trends and results of operations. • If our efforts to drive user traffic, including search engine optimization, social media campaigns, and other marketing, are not successful, student discovery of, and engagement with, our learning platform could decline, which may harm our business and results of operations** . • 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 uncertainty surrounding the evolving educational landscape, the state of the student, the demand for our evolving offerings, and the lingering impact of the COVID- 19 pandemic make it difficult to predict our operational trends and results of operations. • U. S. colleges may continue to face reduced enrollment and students may continue to take fewer and less rigorous classes, which could negatively impact our business and results of operations. • Our international operations, and the expansion thereof, subject us to increased challenges, risks, and costs, which could adversely affect our business, financial condition, and results of operations. • If search engines' methodologies are modified or our search result page rankings decline for other reasons, student discovery of, and engagement with, our website could decline, which may harm our business and results of operations. • 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 historical growth may not be indicative of our future growth, and we expect our revenue growth rate to decline compared to prior years. • We face competition in all aspects of our business, and we expect such competition to increase. • If we fail to innovate in response to rapidly evolving technological and market developments, including artificial intelligence, our competitive position and business prospects may be harmed. • We have a history of losses and we may not achieve or sustain profitability in the future~~ . • Our business depends on general economic conditions and their effect on spending behavior by students and advertising budgets **. • We have a history of losses, and we may not achieve or sustain profitability in the future** . • 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 mobile app stores and operating systems to grow our student user base and their engagement with our learning platform. • Our wide variety of accepted payment methods subjects us to third- party payment processing- related risks, including risks associated with credit card fraud. • 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. • Our growth strategy includes acquisitions, and we may not be able to execute on our acquisition strategy or integrate acquisitions successfully. • 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. • We may need additional capital, and we cannot be sure that additional financing will be available on favorable terms, if at all. • Our core value of putting students first may conflict with the short- term interests of our business. • Adverse litigation judgments or settlements resulting from legal proceedings in which we are or may be involved could expose us to monetary damages or limit our ability to operate 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. • Our business is seasonal, and disruptions during peak periods can make, and have made, our operating results difficult to predict.

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. • 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 are required to discontinue certain of our current marketing activities, our ability to attract new students may be adversely affected. • We are subject to U. S. trade control laws that may restrict growth prospects and impose liability if we are non- compliant. 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. • 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 earnings are affected by the application of accounting standards and our critical accounting policies, which involve subjective judgments and estimates **formulated** by our management. Our actual results could differ from the estimates and assumptions used to prepare our consolidated financial statements. Risks Related to Intellectual Property **• Failure to protect or enforce our intellectual property and other proprietary rights could adversely affect our business, financial condition, and results of operations. • Misuse of our platform and content, including digital piracy and improper sharing and misappropriation of user credentials, may continue to adversely affect our business, financial condition, and results of operation.** • If we become subject to liability for the Internet content that we publish or that is uploaded to our websites by students or other users, our results of operations could be adversely affected. • Changes in or our failure to comply with the requirements for eligibility for the Digital Millennium Copyright Act (DMCA) safe harbors could harm our business. • ~~Failure to protect or enforce our intellectual property and other proprietary rights could adversely affect our business, financial condition, 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. • 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. Risks Related to Data Privacy • The compromise of our information technology systems or data, including through computer malware, viruses, hacking, phishing attacks, spamming and other security incidents, could harm our business and results of operations. • We collect, process, store and use personal information and other sensitive data, which subjects us to stringent and evolving U. S. and foreign laws, governmental regulation, contractual obligations, policies and other legal obligations. • Public scrutiny of Internet privacy issues and actual or perceived failure to comply with our obligations with respect to privacy and data security could harm our business, including by damaging our reputation and relationships with students and educators. • 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. • Our business, including our ability to operate internationally, could be adversely affected if new legislation or regulations are adopted or due to changes in interpretations or implementations of current legislation and regulations. Risks Related to Ownership of Our Common Stock • 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. The growth of our business depends on our ability to attract new students to use our products and services and to increase retention and 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 **expands or declines** , ~~including~~ **the rate at which we** ~~retaining~~ --- **retain** existing students, and **the** ~~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~~ **Subscription** Services and **the content contained therein; • our ability** to introduce new products and services that are favorably received by students **, including a new AI- enabled interactive and personalized user experience** ; • our ability to ~~produce compelling~~ **convert visitors to paying subscribers given the availability of free competitors** and **content** ~~engaging services, mobile applications and websites for students~~ ; • **piracy** ~~the efficacy of our “ Learn with Chegg ” initiative~~ and **unauthorized use** ~~the ability of the enhanced personalization~~ of our content ~~to further retain and engage~~ **; • the decreasing number of** students ~~on our learning platform~~ **attending U. S. colleges** ; • our ability to localize our content, localize our pricing, localize our payment and commerce tools, and create new apps in different languages and for different geographies to further our international expansion through increased conversion and retention; • our ability to **increase our total addressable market beyond STEM- B (science, technology, engineering, mathematics and business); • our ability to** grow our skills **business- to- business partnerships and** partnerships with providers who link us to employers and their learners; • changes in student spending levels and habits ~~; • the decreasing number of students attending U. S. colleges~~ ; and • the effectiveness of our sales and marketing efforts, including generating word- of- mouth referrals. If we do not attract more students, retain our existing students, or if students do not increase their level of engagement with our platform, our revenues **will continue to** ~~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 **our** investment in our brand **and content** and our marketing efforts, but also on the perceived value of our products and services versus alternatives **, some of which are free** . 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 **, or prevent the piracy and illegal reproduction of our content** . If we fail to maintain and expand our user base, our business, results of operations, and financial condition could be adversely affected. ~~We believe~~ **Our future success depends, in part, on our ability to anticipate and respond effectively to the threat and opportunity presented by new technology disruption and developments. These include new software applications** ~~our~~ - **or related services** ~~brands are a key asset of our business. Developing, protecting, and enhancing our " Chegg " brands are critical to expanding our student user base~~ **based on AI** ~~and increasing student engagement. Having a strong brand~~ -- **and machine learning** ~~can 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~~ **developments. New technologies, including those based on AI, can provide students with more immediate responses than traditional tools. Over time, the accuracy of these tools and their ability to handle complex questions may improve, which may be disruptive to education** technology **businesses** ~~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, including artificial intelligence and machine learning, 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~~ **ours . Our success also depends** ~~reach to students in high school~~ , ~~college~~ **in part** , ~~graduate school, lifelong learners throughout their careers, and internationally; • ensure that the student- posted content to our website is reliable and does not infringe~~ on ~~third- party copyrights or~~ **our** ~~violate other applicable laws, our terms of use, or the ethical codes of those students' colleges; • ensure that our experts' content is reliable and helpful; • 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...... at their educational institutions; and • develop and scale a high- performance technology infrastructure to efficiently handle increased usage by students, especially during peak periods each academic term. We ~~anticipate~~ **may develop new products, services, and technologies independently, by acquisition, or in conjunction with third parties. In April 2023, we announced our pivot to AI with a partnership with OpenAI to utilize GPT- 4 in our offerings; and in August 2023, we announced a partnership with Scale AI to develop proprietary LLMs to provide a generative experience through Chegg as a personalized learning assistant. Beginning in September 2023, we started to roll out the first phase of our new AI-powered user experience, and we are continuing to make significant investments in AI initiatives. If our new offerings or changes to existing offerings fail to engage students, or if our business plans are unsuccessful, we may fail to attract or retain students or to generate sufficient revenue, operating margin, or other value to justify our investments, and our business may be materially adversely affected. We cannot predict the effect of technological changes on our business. Failure to keep pace with these technological developments or otherwise bring to market products** that **reflect these technologies could have a material adverse impact on** our **overall business and** ~~ability to accurately forecast financial~~ results **of operations. We may not be successful in anticipating** ~~for~~ - **or** ~~future periods~~ **responding to these developments on a timely and cost- effective basis. We may invest in new products, services, and other initiatives, but there is no guarantee these approaches** will be ~~most limited at~~ **successful. The markets for new products and services may be unproven, and** ~~the~~ **these products may include technologies and business models with** ~~time we present our second quarter financial results,~~ which ~~will generally occur midsummer and precede the " fall rush. " Additionally,~~ we ~~expect~~ **have little** ~~our~~ - **or no prior experience or** ~~results of operations to fluctuate in the future based on a variety of factors, many~~ - **may significantly change** ~~of which are outside~~ our ~~control~~ **existing products** and **services** ~~difficult to predict~~ . **The effort** ~~As a result, period-~~ to ~~- period comparisons of~~ **gain technological expertise and develop new technologies in** our ~~results of operations~~ **business requires us to incur significant expenses. In addition, we** may ~~not~~ be **unable to obtain** ~~a good indicator of our future or~~ long- term **licenses** ~~performance. The following factors may affect us~~ from ~~period~~ **third** - **party providers and / or government regulatory approvals and licenses necessary** to **allow a new or existing product or service to function. If we cannot offer new technologies as quickly as our competitors, or if our competitors develop more cost** - ~~period and may~~ **effective technologies or product offerings, we could experience a material adverse** ~~affect~~ **effect on** our **operating results** ~~long- term performance: • our ability to attract~~ , ~~retain~~ **growth** and ~~engage~~ **financial condition. Our products and services compete for** students ~~with~~ **, and we expect such competition to increase as** our **industry evolves rapidly. We face significant competition from education and learning companies, many of which are developing their own AI products and technologies, as well as other companies that are not specifically focused on education and learning services but whose broad AI** offerings **may nonetheless significantly impact education** ~~; • changes to search engines~~ and ~~application marketplaces~~ **learning. Our services face competition from other education and learning companies based on the particular offering. These competitors are using AI technology to build on their historical offerings. For Chegg Study, our competitors primarily include platforms** that **provide study materials** ~~drive traffic to our platform; • the rate of adoption of our offerings; • the strength of the economy~~ and **online instructional systems** ~~the availability of attractive employment opportunities for our students; • the trend of declining college enrollment; • rapidly changing technological developments~~ , such as **Course Hero** ~~artificial intelligence and machine learning~~ , **Quizlet, Khan Academy,** ~~that may disrupt the education landscape; • the number~~ and **Brainly. For Chegg Writing, we primarily face** ~~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~~ **competition** ~~to~~ **from** ~~their~~ - **other** ~~product~~ **citation generating** and **grammar** ~~service offerings, including price~~ and **plagiarism** ~~materials; • our ability to integrate acquired businesses, including personnel; • our ability to identify and target sales of complementary products and~~ services ~~to our students; • government regulations, in particular regarding privacy, academic integrity, advertising and taxation~~

~~policies; • operating costs and capital expenditures relating to content and the expansion of our business; and • general macroeconomic conditions, including inflation, recession, and the war in Ukraine. 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 **Grammarly** ~~Busuu, Mathway and Thinkful~~ . ~~Our newer products and~~ **For Chegg Math, we face competition from other equation solver** services, such as ~~skills- based learning~~ **Photomath, Gauthmath,** and **Symbolab. For Busuu, our competitors primarily include** language learning **platforms** , ~~may~~ **such as Duolingo and Babbel. For Skills, 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. Our competitors that are** not **specifically focused on education and learning services but whose AI offerings may impact education and learning include companies such as Google, OpenAI, Microsoft, Meta, and Anthropic. Certain educational institutions, such as the University of Michigan, are also developing AI tools which may compete with our offerings. AI technologies may also significantly facilitate the entry of new competitors into our industry. Our competition may develop products and technologies that are similar or superior to our technologies or are more cost- effective to develop and deploy. Given the long history of development in the AI sector, other parties may have (or in the future may obtain) patents or other proprietary rights that would prevent, limit, or interfere with our ability to make, use, or sell our own AI products. Further, our ability to continue to develop and effectively deploy AI technologies is dependent on access to specific third- party large language models, equipment and other physical infrastructure, such as processing hardware and network capacity, as to which we cannot control the availability or pricing, especially in a highly competitive environment. Some of our competitors have adopted, and may continue to adopt, aggressive pricing policies (including free offerings), less stringent standards for user- uploaded content, and devote substantially more resources to marketing, website, and systems development than we do. 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** ~~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~~ . According to the National Student Clearinghouse **, since 2010** , total undergraduate college enrollment in the United States has decreased by **approximately 2. 8** ~~over 7 %, or a loss of over 1~~ million ~~students, since the beginning of the COVID- 19 pandemic~~ . Chegg derives a significant portion of its revenue from students attending U. S. colleges; and as such, a continued decrease in the number of students enrolled in U. S. colleges could materially negatively impact our business, growth, results of operations, and financial condition. 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,~~ Canada, 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, 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; • the educational regulatory regime in certain countries and their ability to levy civil and criminal penalties on, or completely block students from accessing, services like Chegg; • compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, legal systems, and 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 international payment methods, including risks associated with fraudulent payments; • 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 condition. 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. **The uncertainty surrounding the evolving educational landscape, the state of the student, 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. Given the current environment of uncertainty, we may not be able to provide annual financial guidance. 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, including the risks more fully described throughout this" Risk Factors" section, 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; • rapidly changing technological developments, such as AI and machine learning, that may disrupt the education landscape and our response to those developments, including our ability to successfully integrate AI technology into our offerings; • increased competition as a result of advances in AI technology from companies that have not historically competed with us in education services, such as Alphabet, OpenAI, Microsoft, Meta, and Anthropic; • changes to the way students discover our content or a decline in our search engine result page rankings; • the rate of adoption of our offerings; • the trend of declining college enrollment; • changes by our competitors to their product and service offerings, including price and content; • our ability to accurately forecast financial results for future periods, especially at the time we present our second quarter financial results, which will generally occur midsummer and precede our " fall rush "; • our ability to integrate acquired businesses, including personnel; • government regulations, in particular regarding privacy, academic integrity, advertising and taxation policies; • operating costs and capital expenditures relating to content and the expansion of our business; and • general macroeconomic conditions, including inflation, recession, and global conflicts.** We **have** ~~depend~~ **depended** in **the** ~~part~~ **past** on various search engines **and free marketing tools** to direct a significant amount of traffic to our website **, but we are increasingly investing in other channels, including social media campaigns, to drive traffic and make us more discoverable to students** . Similarly, we depend on mobile app stores such as **the** 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~~ **learning platform** is not entirely within our control. Our competitors' ~~SEO~~ efforts ~~may result in~~ **to drive student discovery of, and engagement with,** their **offerings may be more successful than ours. Their** websites **may** ~~receiving~~ **receive** a higher search result page ranking than ours, or search engines could revise their methodologies **or algorithms in ways that** ~~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~~ - **or otherwise** ~~search result page ranking or in ways that~~ make it harder for students to find our **learning platform. Our** website **has experienced fluctuations in search result rankings in the past** , **and we anticipate similar fluctuations in the future. Similarly,** ~~or~~ **our** ~~if~~ **competitors may achieve higher social media engagement than ours, social media companies may alter their algorithms in ways that disadvantage our content, or the social media platforms we use may become less popular with students, each of which may adversely impact the effectiveness of our campaigns. If** our competitors' ~~SEO~~ efforts **to increase user traffic** are more successful than ours, overall growth could slow, including the number of **Subscription Services** 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~~ **learning platform** could harm our business and results of operations. ~~Our ability~~ **We believe our brands are a key asset of our business. Developing, protecting, and enhancing our " Chegg " brands are critical** to ~~attract~~ **expanding our student user base and increasing student engagement. Having a strong** ~~and~~ **brand** ~~retain~~ **can counteract the significant student turnover we experience from year to year as** students **graduate** and ~~increase~~ **differentiate us from our competitors. To succeed in our efforts to strengthen our brands' identities, we must, among** ~~their~~ - **other** ~~engagement with~~ **activities: • maintain** our ~~learning~~ **reputation as a trusted technology** platform **and source of** ~~depends on our ability to connect them with appropriate products,~~ content, ~~people, or~~ services **, and textbooks for** ~~. Part of our strategy is to offer~~ students **; • maintain** ~~new products and services in an~~ **and improve** ~~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~~ -- **the quality of** ~~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~~ **and technologies; • introduce compelling products and services; • adapt** to ~~obtain long~~ **changing technologies, including AI and machine learning, 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, college, graduate school, lifelong learners throughout their careers, and internationally; • ensure that the student** - ~~term licenses from~~ **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; • ensure that our experts' content ~~providers~~ **is reliable** and ~~/~~ **helpful; • protect** ~~or~~ **our** ~~government~~ **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 **,especially as we introduce our new AI- enabled interactive and personalized user experience;• the quality and accuracy of our content** ;• 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 and ~~regulatory agencies regarding how students use our content offerings,such as our Expert Questions and Answers service;• student concerns related to privacy and use of data in our products and services;• the reputation of the products and services of competitive companies;and • students' misuse of our products and services in ways that violate our terms of services~~ regulatory **agencies regarding how students use** ~~approvals and licenses necessary to allow a new or~~ **our** ~~existing product~~ **content offerings, such as** ~~or~~ **our Expert Questions and Answers** service **; • student concerns related** to ~~function. If our new~~ **privacy and use of data in** ~~or~~ **our** ~~enhanced~~ products and services ~~do not engage our~~ **; • the reputation of the products and services of competitive companies; and •** students **' misuse of** ~~or~~ **our products and services in ways that violate our Terms of Use, our Honor Code, other company policies, applicable laws, or the code of conduct at their educational institutions. Our business is dependent on, among other factors, general economic conditions, which affect student spending, and brand advertising. Adverse economic conditions, including inflation, rising interest rates, market uncertainty, and war (including the war in Ukraine and the Israel- Hamas war), may adversely impact our ability to** attract new students **to** , **and retain existing students on,** ~~or~~ **our** ~~if we cannot obtain desirable third party~~ **platform. To the extent that these conditions continue, students may elect to not attend colleges and universities and may reduce the amount they spend on educational** content ~~, we may not grow our~~ **. In addition to decreased spending by** ~~student~~ **students** ~~base or generate sufficient revenues, operating margin, or other value to justify our investments, and our business could be adversely affected. We experienced volatile revenue growth in recent periods with revenues of $ 766. 9 million and $ 776. 3 million during the years ended December 31, 2022 and 2021, respectively. You should not rely on our revenue for any previous quarterly or annual period as any indication of our revenue or revenue growth in future periods. As we grow our business, we expect our revenue growth rates to decline compared to prior years or turn negative for a number of reasons, which may include more challenging comparisons to prior periods as our revenue grows, lower revenues from print textbooks~~ as a result of ~~our~~ **these economic conditions, business** ~~partnership~~ --- **partners may reduce their spend on** ~~with GT Marketplace, LLC (GT) beginning in April 2022, slowing demand for our platform or~~ **our** offerings **and brands may reduce** ~~, increasing competition, increasing regulation, lower enrollment in higher education, a decrease in the~~ **their spend** ~~growth of our overall market or market saturation, and our failure to capitalize~~ on ~~growth opportunities. In addition, our growth rates are likely to experience increased volatility, and may decline or~~ **our advertising** ~~turn negative, as the world recovers from the COVID- 19 pandemic and societal and economic circumstances shift. Our products and~~ services ~~compete for students and we expect such competition to increase~~ . **Any of** ~~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~~ -- **the foregoing may** ~~citation generating and grammar and plagiarism services, such as Grammarly. For Chegg Math, we face competition from other equation solver services, such as Photomath, Gauthmath, and Symbolab. For Busuu, our competitors primarily include language learning platforms, such as Duolingo and Babbel. For Skills, 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. Our industry is evolving rapidly and some of our competitors~~ have ~~adopted, and~~ - **an** ~~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. 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 future success depends, in part, on our ability to anticipate and respond effectively to the threat and opportunity presented by new technology disruption and developments. These may include new software applications or related services based on artificial intelligence, machine learning, or robotics. We may be exposed to competitive risks related to the adoption and application of new technologies by established market participants or new entrants, start- up companies and others. New technologies, including those based on artificial intelligence, can provide students with more immediate responses than traditional tools. Over time, the accuracy of these tools and their ability to handle complex questions may improve, which may be disruptive to education technology businesses, such as ours. We cannot predict the effect of technological changes on our business. Failure to keep pace with these technological developments or otherwise bring to market products that reflect these technologies could have a material adverse impact on our overall business and results of operations. We may not be successful in anticipating or responding to these developments on a timely and cost- effective basis. Additionally, the effort to gain technological expertise and develop new technologies in our business requires us to incur significant expenses. If we cannot offer new technologies as quickly as our competitors, or if our competitors develop more cost- effective technologies or product offerings, we could experience a material~~ adverse effect on our **business** ~~operating results, growth and financial condition~~ . We have experienced ~~significant~~ **cumulative** net losses since our incorporation in July 2005, and we may continue to experience net losses in the future. As of December 31, ~~2022~~ **2023**, we had an accumulated deficit of $ ~~70~~ **52**. ~~6~~ **4** 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, as we pursue our business plan. ~~While our~~ **During the year ended December 31, 2023, we have experienced a 6 % decrease in** Subscription Services **subscribers and a 5 % decrease in Subscription Services** ~~revenues~~ **revenue** ~~have grown~~ **year- over- year. Although we expect to continue to make significant investments** in ~~recent periods~~ **efforts to attract new**, ~~this growth~~ **and retain existing, subscribers and increase Subscription Services revenue, we** may not **succeed in doing so** ~~be sustainable and we may not be able to achieve or maintain profitability~~. To sustain 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, which may hinder our ability to sustain or increase such profitability ~~. 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 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, brands may reduce their spend on our advertising services. Any of the foregoing may have an adverse effect on our business~~. 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. ~~Our~~ **As of December 31,** ~~2013~~ **2023, there were 11, 877, 920 shares available for grant under the 2023** Equity Incentive Plan ~~terminates on June 6, 2023~~. ~~We expect~~ **Given the number of shares available for grant and given the decrease in our stock price, we may need to request** that our shareholders ~~will~~ vote on a new equity incentive plan **sooner than previously anticipated** ~~at our upcoming annual shareholders meeting for 2023~~. If our shareholders do not approve ~~our~~ **a** new equity incentive plan **or if we are not able to grant employees the appropriate number of shares**, we may not be ~~able to~~ **successful in** ~~compensate~~ **compensating** our key employees commensurate with other **technology** companies ~~in the San Francisco Bay Area~~ with whom we compete for talent, and we may lose their services. In addition, we may not be able to attract their replacements. If we cannot retain our key employees **or attract adequate replacements**, we may not be able to achieve our business objectives and our financial condition could be materially negatively impacted. There is no guarantee that students will use our mobile apps, such as the mobile version of our website, m. chegg. com, 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. **Each operating system provider has broad discretion to make changes to its operating systems or payment services or change the manner in which their mobile operating systems function and to change and interpret its terms of service and other policies with respect to us and other developers, and those changes may be unfavorable to us. For example, such changes could limit, eliminate or otherwise interfere with our products, our ability to distribute our applications through their stores, our ability to update our applications, including to make bug fixes or other feature updates or upgrades, the features we provide, the manner in which we market our products, our ability to access native functionality, or other aspects of mobile devices, and our ability to access information about our users that they collect.** 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. 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 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, including increased usage of their software and services from time to time. 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~~ **results** 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. 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. **Our recent prior acquisitions include Busuu, Mathway, and Thinkful.** 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. **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 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. 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 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. 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. 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. Currently, we are involved in various legal proceedings, including securities litigation, derivative suits, putative class actions, and other matters described elsewhere herein. We have in the past and may in the future become involved in other private actions, collective actions, investigations, and various other legal proceedings by subscribers, employees, suppliers, competitors, government agencies, stockholders, or others. The results of any such litigation, investigations, and other legal proceedings are inherently unpredictable and expensive. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, damage our reputation, require significant amounts of management time, and divert significant resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or limits on our ability to operate our business in the way that it is currently operated, which could have an adverse effect on our business, financial condition, and operating results. 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. Revenues from Subscription Services are primarily recognized ratably over the subscription term **,** which has generally resulted in our highest revenues and profitability in the fourth quarter as it reflects more days of the academic year. We typically experience our greatest number of subscriber acquisitions during the last two weeks of August and first two weeks of September and to a lesser degree in January and February. The increased volume of subscribers 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 revenues. Additionally, our students could become dissatisfied with such delays and discontinue their use of our service, which could adversely affect our results of operations. 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, shifting enrollments could impact the seasonality of our business and further make our results of operations difficult to predict. Our ability to deliver course content to students enrolled in **Chegg Skills (formerly** 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~~ **Chegg Skills** ' ~~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~~ **Chegg Skills** ; 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. **Similarly, the adoption of any laws or regulations affecting the ability of service providers to periodically charge consumers for, among other things, recurring subscription payments may materially adversely affect our business, financial condition and results of operations. Legislation or regulation regarding the foregoing, or changes to existing legislation or regulation governing subscription payments, are being considered in many U. S. States. We have been in the past, and may be in the future, subject to claims under such laws or regulations. As the regulatory framework for machine learning, artificial intelligence, and automated decision making evolves, our business, financial condition, and results of operations may be adversely affected by related laws or regulations. It is possible that new laws and regulations will be adopted in the U. S. (at the federal or state level) or in non- U. S. jurisdictions, or that existing laws and regulations may be interpreted in ways that would affect the operation of our business, including our learning platform and the ways in which we use artificial intelligence and machine learning technology. We may not always be able to anticipate how regulators will apply existing laws to AI, predict how new legal frameworks will develop to address AI, or otherwise respond to these frameworks as they are still rapidly evolving.** 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. 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 governments or colleges modify their laws or policies, or choose to apply laws or 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. 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. 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 ~~15~~ **14** % of our net revenues during the year ended December 31, ~~2022~~ **2023** , 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. 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. Our effective tax rate may fluctuate in the future as a result of new tax laws. 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. 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 revenue recognition and deferred revenue, impairment of acquired intangible assets and other long- lived assets, goodwill and indefinite lived intangible assets, share- based compensation expense, and ~~benefit from~~ (provision for) **benefit from** income taxes. 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 **amounts** ~~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. " As a publisher and distributor of online...... 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 violations. Any attempt by us to prevent or address such violations may involve 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 want or need to obtain additional licenses or renew existing license agreements. We cannot predict whether other license agreements can be obtained or renewed on acceptable terms, or at all. For example, our license agreements with multiple textbook publishers, including Pearson Education, Inc. expired or terminated without renewal. 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. ~~through the unauthorized reproduction of copyrighted content to " train " AI applications and to create unauthorized derivative works.If we fail to obtain appropriate relief through the judicial process or the complete enforcement of judicial decisions issued in our favor (or if judicial decisions are not in our favor) or fail to develop effective means of protecting our content and enforcing our intellectual property rights,our business,financial condition,and results of operations may be negatively impacted.~~ As a publisher and distributor of online content,including content uploaded by both by Chegg itself and by our users,we face potential liability for claims related to intellectual property rights including copyright and trademark infringement,rights of publicity or privacy,defamation,personal injury torts,laws regulating hate speech or other types of content,online safety,consumer protection,or other claims based on the nature and content of materials that we publish or distribute.In addition,the applicability and scope of these and other laws and regulations,as interpreted by the courts,remain uncertain and could be interpreted in ways that harm our business.For example,we rely on statutory safe harbors,like those set forth in the Digital Millennium Copyright Act and Section 230 of the Communications Decency Act in the U.S.and the E- Commerce Directive in Europe,to protect against liability.Legislation or court rulings affecting these safe harbors may adversely affect us and may impose significant operational challenges.There are legislative proposals and pending litigation in the U.S.(such as Gonzalez v.Google),EU,and around the world that could diminish or eliminate safe harbor protection for websites and online platforms.We have in the past and may in the future receive communications containing allegations of infringement,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 fail to resolve such disputes,litigation may result.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.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.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,provided we comply with the strict statutory requirements of the DMCA.The applications and interpretations of the statutory requirements of the DMCA are evolving and may be 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.The safe harbors available **under the DMCA can limit liability for copyright infringement in the U.S.,but they do not limit our liability for infringement of other intellectual property or proprietary rights,they do not apply outside the U.S.,and they do not prevent or address requests for injunctive relief.Any determination in litigation that a DMCA safe harbor does not shield us from liability could negatively impact 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 beyond those circumstances discussed in other risk factors contained in this Section, " Risks Relating to Our Intellectual Property. " 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. Our patent portfolio may provide little or no deterrence in any litigation involving non- practicing entities or other adverse patent owners that have no relevant solution revenue, as we would not be able to assert our patents against such entities or individuals. 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). While we intend to vigorously defend any intellectual property claims, our technologies may not be able to withstand all third- party claims or rights against their use. The costs of supporting such litigation and disputes are considerable, and there can be no assurances that a favorable outcome will be obtained. We also may be required to settle such litigation and disputes on terms that are unfavorable to us. The terms of any settlement or judgment may require us to cease some or all of our operations and / or pay substantial amounts to the other party. Additionally, because patent applications can take years to issue and are often afforded confidentiality for some period of time, there may currently be pending applications, unknown to us, that later result in issued patents that could cover our technology and there is also a risk that we could adopt a technology without knowledge of a pending patent application, which technology would infringe a third- party patent once that patent is issued. Moreover, in a patent infringement claim against us, we may assert, as a defense, that we do not infringe the relevant patent claims, that the patent is invalid or both. The strength of our defenses will depend on the patents asserted, the interpretation of these patents, and our ability to invalidate the asserted patents. However, we could be unsuccessful in advancing non- infringement and / or invalidity arguments in our defense. In the United States, issued patents enjoy a presumption of validity, and the party challenging the validity of a patent claim must present clear and convincing evidence of invalidity, which is a high burden of proof. Conversely, the patent owner need only prove infringement by a preponderance of the evidence, which is a lower burden of proof. 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. We process personal data regarding various individuals, including students, tutors, educators, and our employees, as well as other sensitive data, including intellectual property and confidential and proprietary business information. We, and our service providers and other third parties upon which we rely, are subject to a variety of evolving security threats. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer " hackers, " threat actors, " hacktivists, " organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation- state- supported actors. For example, severe ransomware attacks are becoming increasingly prevalent. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Additionally, nation- state actors are expected to continue to engage in cyber- attacks for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, ~~and~~ our service providers and other third parties upon which we rely, may be vulnerable to a heightened risk of these attacks. Furthermore, remote work has become more common and has increased risks to our information technology systems and data, as more of our employees, as well as employees of our service providers and other third parties on which we rely, utilize network connections, computers and devices outside our premises or network, including while working at home, while in transit and in public locations. Future or past business transactions (such as acquisitions or integrations) could also expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Moreover, 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. Our reliance on these and other third- party service providers and technologies to operate critical business systems to process sensitive information in a variety of contexts and to otherwise assist in the operation of our business increases our risk exposure as our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. In addition, supply- chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third- party partners' supply chains have not been compromised. If our data or security measures, or the security measures of our service providers, other third parties upon which we may rely or companies we may acquire, are compromised, disrupted or breached or are perceived to have been compromised, disrupted or breached, including as a result of any of the aforementioned threats or other cyberattacks, online or offline fraud, other intentional misconduct by computer hackers, employee error or malfeasance, social- engineering attacks, credential harvesting, ransomware attacks, supply- chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods or other similar threats or activities (including those Chegg has experienced in the past, as discussed below), we could face a variety of adverse consequences. For example, we could be required to expend significant capital and other resources to address the problem and could face or be subject to litigation (including class action litigation such as those matters identified below) and enforcement actions, investigations, audits, additional reporting requirements and / or oversight, data processing restrictions, indemnity obligations, damages, penalties and costs for remediation, damage our reputation or brand, interruptions in our operations (including availability of data), and similar harms. Security incidents, including those Chegg has experienced in the past, as identified below, and attendant consequences may cause customers to stop using our services, deter new customers from using our services, and negatively impact our ability to grow and operate our business. Additionally, applicable data privacy and security obligations may require us to notify relevant stakeholders, including regulators and impacted individuals, of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to additional adverse consequences. Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims. We may expend significant resources or modify our business activities to try to protect against threats to our security or systems. However, while we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We have not always been able in the past and may be unable in the future to detect vulnerabilities in our information technology systems because such threats and techniques change frequently, are often sophisticated in nature, and may not be detected until after a security incident has occurred. We have experienced security incidents in the past. For example, in April 2018, an unauthorized individual gained access to and exfiltrated user data for approximately 40 million users of chegg. com and certain other services in our family of brands, including EasyBib, (the " 2018 Data Incident "). The types of information that may have been obtained by the threat actor included a Chegg user' s name, email address, shipping address, Chegg username, and Chegg password. For a small percentage of the impacted users who had entered details into our scholarship search service, the incident also exposed information about additional personal characteristics, including dates of birth, parents' income range, sexual orientation, religious denomination, heritage and information concerning disabilities. 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 alleged 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. This case was voluntarily dismissed without prejudice in March 2019. Moreover, following the 2018 Data Incident, we received notices that an aggregate of 16, 691 arbitration demands were filed against us by individuals alleging that they had suffered damages in connection with the 2018 Data Incident. All such arbitral demands have been resolved. ~~For further information on these actions, see Note 13, " 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. Furthermore, in June 2020, we received a civil investigative demand (" CID ") from the United States Federal~~

~~Trade Commission (" FTC ") related to our privacy and data security practices. In October 2022, the FTC issued a proposed complaint against us alleging that we violated the Federal Trade Commission Act by failing to provide reasonable security for consumers' personal information and that our alleged security shortcomings contributed to the 2018 Data Incident and several other security incidents in 2017, 2019, and 2020 that exposed sensitive personal information of users and employees.~~ In October 2022, without any admission of liability, we entered into an agreement with the FTC containing a proposed consent order that will significantly impact our data security and privacy practices. The FTC consent order was finalized in January 2023. The FTC consent order requires us to establish, implement and maintain a comprehensive information security program, provide multi- factor authentication methods as an option or requirement for consumers, document and adhere to a detailed information retention schedule and provide consumers with online tools they can use to request access to or the deletion of their personal information. The consent order also requires us to obtain initial and biennial assessments of our ~~information~~ **Information** ~~security~~ **Security and Governance** ~~program~~ **Program (" ISP")** from an independent third- party assessor and comply with detailed reporting requirements for the 20 year- duration of the order. **We have completed our first such independent assessment of our ISP with no material findings.** Any violations of the proposed order ~~after it becomes effective~~ could expose us to significant civil penalties, further injunctions and other adverse consequences. Additionally, after the FTC' s preliminary approval of the consent order was publicly announced, a putative class action captioned Keller v. Chegg, Inc. (Case No. 22- cv- 6986- JD) was filed in November 2022 in the U. S. District Court for the Northern District of California. The complaint was filed by a purported Chegg user and alleges various claims based on Chegg' s failure to take reasonable security measures. The plaintiff asserts claims under negligence; negligence per se; the California Consumer Legal Remedies Act, Cal. Civ. Code § § 1750, et seq.; the California Consumer Privacy Act, Cal. Civ. Code § 1798. 150; and the Declaratory Judgment Act, 28 U. S. C. § § 2201, et seq. The Plaintiff seeks relief that certifies a class, damages, a declaratory judgment, injunctive relief, and attorneys' fees and costs. **On August 15, 2023, the Company received an order granting its motion to compel arbitration, and the case will be stayed and administratively closed pending the conclusion of arbitration.** Actions and investigations such as the foregoing, and any similar or other actions, claims, litigation, investigations or events, whether arising from prior or future incidents, may harm our business and cause us to suffer adverse consequences. Furthermore, prior to our acquisition of Thinkful and Mathway, each discovered that an unauthorized party may have gained access to certain confidential information or personal information of users. While we have made enhancements to our cybersecurity controls ~~following our discovery of these prior events~~ , ~~including implementing physical~~ **as discussed in detail in Part I** , ~~technical~~ **Item 1C** , **" Cybersecurity " of this Annual Report on Form 10- K** and **considered in** ~~administrative safeguards designed to further protect~~ our ~~systems,~~ **independent assessment.** our efforts to prevent hackers and others from entering our computer systems or accessing our data may not be fully effective and we cannot guarantee that future events will not occur that have a material impact on our business. Additionally, we rely on computer systems globally 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 as well as the cyber- attacks and security risks and threats discussed above. In the ordinary course of business, we collect, receive, process, store, disclose, make accessible and otherwise use personal information and other sensitive data, including proprietary and confidential business data and intellectual property, from various parties, including students, tutors, educators and employees. We may enable students and others to share their personal information with each other and with third parties and to communicate and share information into and across our platform. Our data processing activities may subject us to numerous data privacy and security obligations, including foreign, federal, state, and local laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations 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. In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e. g., Section 5 of the Federal Trade Commission Act), and other similar laws (e. g., wiretapping laws). For example, the California Consumer Privacy Act of 2018 (" CCPA ") requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights. The California Privacy Rights Act of 2020 (" CPRA "), which became operative January 1, 2023, expands the CCPA' s requirements, including applying to personal information of business representatives and employees. **Thirteen** ~~Other~~ **other** states ~~, such as Virginia and Colorado,~~ have ~~also~~ **now** passed comprehensive privacy laws, and similar **state** laws are being considered ~~in several other states~~ , as well as **laws** at the federal and local levels. These developments ~~may~~ further complicate compliance efforts ~~,~~ and may increase legal risk and compliance costs for us and the third parties upon whom we rely. Students who use some of our services, including high school students who use our Chegg Writing and Chegg Prep services, may be under the age of 18. Accordingly, our business is subject to certain laws covering the protection of minors. For example, various U. S. and international laws restrict the distribution of materials considered harmful to minors and impose additional restrictions on the ability of online services to collect information from minors. Although our policy is to avoid knowingly collecting personal information from children under the age of 13 and we do not believe that our websites or online services are directed to children under the age of 13, regulators or private plaintiffs could disagree with this assessment and challenge our compliance with the federal Children' s Online Privacy Protection Act and its implementing rules (" COPPA ") which impose enhanced notice, verifiable parental consent, data minimization, security and other data privacy requirements on child- directed sites and online services that our services are not designed to support. Additionally, we may be subject to certain marketing laws that govern our use of personal information. For example, the Controlling the Assault of Non- Solicited Pornography and Marketing Act of 2003 (" CAN- SPAM ") and the Telephone Consumer Protection Act of 1991 (" TCPA ") impose specific requirements on communications with customers. For example, the TCPA imposes various consumer consent requirements and other restrictions on certain telemarketing activity and other communications with consumers by phone, fax or text message. Furthermore, under various other privacy laws and other obligations, we may be required to obtain certain consents to process personal data. Foreign privacy, data protection, and other laws and regulations, particularly in Europe, are often at least as restrictive as, if not more restrictive than, those in the United States. For example, the European Union' s General Data Protection Regulation (" EU GDPR "), the United Kingdom' s GDPR (" UK GDPR "), Brazil' s General Data Protection Law (Lei Geral de Proteção de Dados Pessoais, or " LGPD ") (Law No. 13, 709 / 2018), and China' s Personal Information Protection Law (" PIPL ") impose strict requirements for processing personal data. In addition, some countries (including Europe) and states are considering or have passed legislation implementing requirements with respect to cross-border transfers of data or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services. For example, in the ordinary course of business, we may transfer personal data from Europe and other jurisdictions to the United States or other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area (EEA) and the United Kingdom (UK) have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross- border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA and UK' s standard contractual clauses (" SCCs "), these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. Additionally, the SCCs impose additional compliance burdens, such as conducting transfer impact assessments to determine whether additional security measures are necessary to protect the at- issue personal data. In addition, Switzerland similarly restricts personal data transfers outside of those jurisdictions to countries that do not provide an adequate level of personal data protection. Furthermore, European legislative proposals and present laws and regulations – other than the EU and UK GDPR – apply to cookies and similar tracking technologies, electronic communications, and marketing and regulators are increasingly focusing on compliance with requirements related to the behavioral, interest- based, or tailored advertising ecosystem. It is anticipated that the ePrivacy Regulation and national implementing laws will replace the current national laws implementing the ePrivacy Directive. Compliance with these laws may require us to make significant operational changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, and subject us to liabilities. Outside of Europe, other laws further regulate behavioral, interest- based, or tailored advertising, making certain online advertising activities more difficult and subject to additional scrutiny. For example, the CCPA grants California residents the right to opt-out of a company' s sharing of personal data for advertising purposes in exchange for money or other valuable consideration. As individuals become increasingly aware of and resistant to the collection, use, and sharing of personal information in connection with advertising, some users have opted out of our processing of personal data for advertising purposes, which has negatively impacted our ability to collect certain user data and our advertising partners' ability to deliver relevant content, and more may do so in the future. In addition to data privacy and security laws, we may be or may become subject to industry standards adopted by industry groups. For example, we may rely on vendors to process payment card data, and we, or those vendors, may be subject to the Payment Card Industry Data Security Standard (" PCI DSS "), which requires companies to adopt certain measures to ensure the security of cardholder information, including using and maintaining firewalls, adopting proper password protections for certain devices and software, and restricting data access. We also have internal and publicly posted policies regarding, and are bound by contractual commitments with respect to, our collection, processing, use, disclosure, deletion and security of information. The publication of our privacy policies, our contracts and other documentation that provide commitments about data privacy and security can subject us to potential actions and other adverse consequences. We strive to comply with all applicable laws, policies, contractual obligations, and industry codes of conduct relating to privacy and data protection. However, U. S. federal, state and local, and international laws and regulations regarding privacy and data protection are rapidly evolving and may be inconsistent and we could be deemed out of compliance as such laws and their interpretations change. Our business model materially depends on our ability to process personal data, so we are particularly exposed to the risks associated with the rapidly changing legal landscape. Practices regarding the collection, use, storage, display, processing, transmission and security of personal information by companies, particularly those offering online services, have recently come under increased public scrutiny. Any failure or perceived failure by us, our personnel, or third parties on which we rely or with which we work to comply with the aforementioned privacy 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 significant consequences, including governmental enforcement actions, litigation, additional reporting requirements and / or oversight, bans on processing personal information, orders to destroy or not to use personal information, or public statements against us by consumer advocacy groups or others and could cause students, tutors, educators, partners and others to lose trust in us, which could have an adverse effect on our business. Additionally, such events could lead to loss of customers; interruptions or stoppages in our business operations; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations. Noncompliance with certain privacy and data security laws we may be subject to could subject us to particularly significant penalties. For example, TCPA violations can result in penalties or criminal fines imposed by the Federal Communications Commission or statutory damages awards of up to $ 1, 500 per violation imposed through private litigation or fines by state authorities. Additionally, the CCPA provides for civil penalties of up to $ 7, 500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Furthermore, under the EU GDPR, companies may face temporary or definitive bans on data processing, fines of up to 20 million Euros or 4 % of annual global revenue (whichever is greater), audits and inspections, private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests, among other penalties. Inability to comply with applicable data transfer restrictions may also present unique risks. If there is no lawful manner for us to transfer personal data from the EEA, the UK or other jurisdictions to the United States, or if the requirements for a legally- compliant transfer are too onerous, we could face the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data (including data regarding foreign students) and work with partners, vendors and other third parties, injunctions against our processing or transferring of personal data necessary to operate our business, among other consequences. We have in the past and may in the future be subject to regulatory investigations and actions or litigation in connection with any noncompliance with our privacy obligations or a security breach or related issue, and we could also be liable to third parties for these types of incidents. For instance, we have been subject to litigation and investigations as a result of past security incidents, as further described in the risk factor titled " The compromise of our information technology systems or data, including through computer malware, viruses, hacking, phishing attacks, spamming and other security incidents, could harm our business and results of operations, " and a consent order has been finally approved and entered by the FTC related to the same, as further described in Note ~~13~~ **10** , " 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. We could face similar actions, or other actions related to our privacy and data security practices, in the future. 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. Any new or significant change to applicable laws, regulations or industry standards or practices regarding the use, disclosure or other processing of personal data could adversely affect our business, including insofar as it may require us to modify our products and services and limit our ability to develop new products and services. For example, proposed or recently adopted EU laws could significantly affect our business in the future. For example, the Digital Services Act or " DSA " ~~which entered into force on November 16~~ , ~~2022 and will go into effect~~ **effective** in **February of** ~~late 2023 or early~~ 2024, imposes new restrictions and requirements for our products and services, such as a prohibition on targeted advertising to minors in the EEA, and may significantly increase our compliance costs. The European Commission' s proposed Artificial Intelligence (AI) Act could also impose new obligations or limitations affecting our business, if and when it enters into force. The legal landscape with respect to privacy and data security in the U. S. and elsewhere is similarly in flux with a number of pending legislative and regulatory proposals that could have significant impacts on our business, if effected. 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 **, or other parties** of significant products or features, technologies **(including AI- related developments)** , 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. 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 ~~June~~ **August** ~~2022~~ **2023** , our ~~board~~ **Board** of ~~directors~~ **Directors** approved a $ ~~1~~ **200** . 0 ~~billion~~ **million** increase to our existing securities repurchase program authorizing the repurchase of up to $ 2. ~~0~~ **2** 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, ~~2022~~ **2023** , we had $ ~~642~~ **3** . ~~6~~ **7** million remaining under the **securities** 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). **In March / April 2019, we issued $ 800 million in aggregate principal amount of 0. 125 % convertible senior notes due in 2025 (2025 notes, together with the 2026 notes, the notes).** The aggregate principal ~~amount~~ **amounts** of **both** the 2026 notes **and 2025 notes** ~~includes~~ - **include** $ 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, together with the 2026 notes, the 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.~~ As of December 31, ~~2022~~ **2023** , the outstanding principal amount of our 2026 notes and 2025 notes was $ ~~500~~ **244** million and $ ~~700~~ **359** million, respectively. 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 **, as of** ~~may not be redeemed prior to~~ September 2023 for the 2026 notes and ~~previously before~~ March 2022 for the 2025 notes **, may be redeemable** 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 **. Given the volume of our repurchases of the notes to date, our future repurchases may be restrained by the quantity available for sale on the capital markets** . 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~~ **therefore** 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, **wars, including the war in Ukraine and the Israel-Hamas war,** 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 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.