

Udemy Investor Presentation

Q1 2022



Improving lives through learning

Our mission is to provide **flexible, effective skill development** to empower organizations and individuals.

Udemy at a glance

Reach

52M

learners globally

Scale

\$152M

Q1 2022 revenue —
22% Y/Y

Content

196K

courses from
68K instructors

Usage

170M

Last 12 months of
enrollments

11.6K+

Q1 2022 Udemy
Business customers —
49% Y/Y

\$280M

Q1 2022 UB ARR —
80% Y/Y

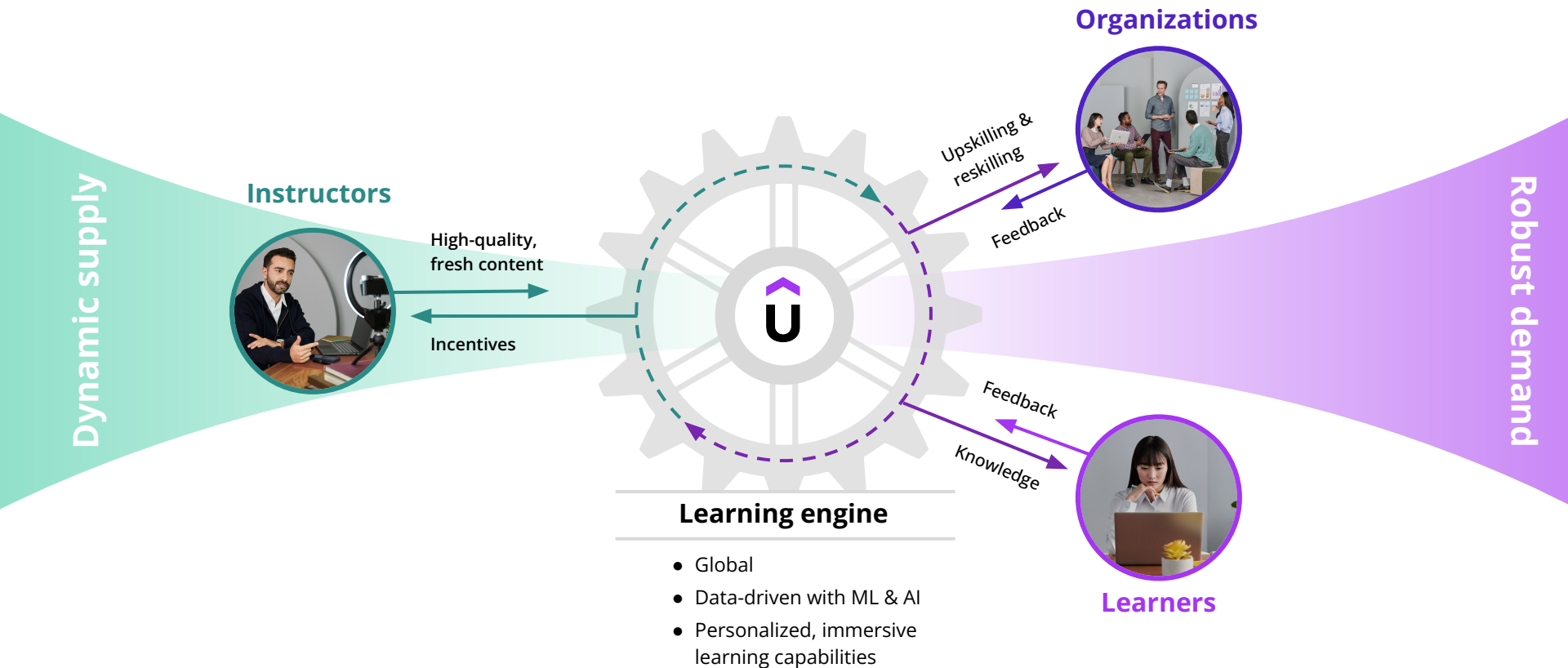
\$180M

Last 12 months of
instructor payments


3.1B

Q1 2022 minutes
watched


Our robust content-generation engine




Udemy Business: a unique growth opportunity



Organizations are prioritizing skills-based learning to support digital transformation, drive business outcomes, and increase employee retention



The Udemy marketplace offers the range of fresh, relevant, local content necessary to satisfy this demand



New features like hands-on immersive learning, cohort-based learning, and enterprise-grade tools and analytics increase our momentum

80% growth

in Udemy Business ARR in Q122 (Y/Y)

120%

Q122 net dollar retention rate for
Udemy Business



Synergy at scale

Udemy sits at the intersection of the creator economy and the skills economy. We've built a world-class SaaS company on top of a consumer marketplace — a powerful combination that enables us to offer fresh, high-quality, affordable learning to organizations and individuals around the world and help them reach personal and professional goals and achieve critical business outcomes.

Three pillars power the business

Organizations

Companies looking to upskill and reskill their teams, keep up with new technologies, and develop and retain talent

Learners

Individuals looking to advance their careers and pursue personal passions

Instructors

Real-world experts looking to share and monetize their knowledge

The future of work & learning

Accelerating change in the workplace

A changing world requires a global workforce that can continually upskill and reskill

\$200B

estimated total addressable online
learning market opportunity

97M

new roles may
emerge by 2025

94%

of business leaders
surveyed expect
employees to pick up
new skills on the job

84%

of employers surveyed
report COVID has
increased the need
to digitize



What today's learners and organizations want



Quality

Ease discovering
high-quality
content



Freshness

Course content
that adapts to
swift market
changes



Relevance & Breadth

Broad and diverse
content for
multifaceted,
modern learners



Access & Reach

Affordability to facilitate
skills advancement

Pricing adjusted to local
markets

Training that can scale
across large
organizations

Why most learning models fail to deliver

Modern learning needs

Quality

Freshness

Relevance & Breadth

Access & Reach

Publisher model challenges

- ✗ **Inflexible:** One-size-fits-all teaching approach; limited use of ratings, reviews, and enrollments for quality signals and improvement
- ✗ **Slow:** Lengthy production timeline; delayed response to trends
- ✗ **Theoretical and limited:** Academic approach to subject matter; narrow range of topics and teaching styles
- ✗ **Not scalable:** Challenging to localize content effectively and authentically for different markets

The solution: Udemy's differentiated marketplace

Modern learning needs

Quality

Freshness

Relevance & Breadth

Access & Reach

Marketplace model

- ✓ **Quality-driven:** Real-time ratings and reviews; data and insights help instructors improve quality and increase engagement
- ✓ **Fast and agile:** Production as fast as market changes
- ✓ **Relevant and expansive:** Taught by industry experts for real-world applications; thousands of courses on a range of topics; multiple teaching styles
- ✓ **Global and affordable:** Thousands of international instructors teaching in native languages; market-adaptive pricing engine

For organizations

A flexible solution that works for companies of any size anywhere to drive business outcomes

Leaders and admins

- **Insights:** Comprehensive analytics dashboard
- **Empowerment:** Admin tools for learner engagement
- **Support:** Customer success services and playbooks
- **Integration:** Fits seamlessly in the flow of work

Employees

- **Engaging:** Quality content focused on relevant skills and taught by real-world experts
- **Inclusion:** Extensive international content collection
- **Guidance:** Personalization (Learning Paths)



For learners

A broad selection of fresh, high-quality content from real-world experts to achieve professional and personal goals

- **Quality:** Relevant, expert instruction
- **Freshness:** Up-to-date content
- **Support:** Direct instructor interaction (Q&A)
- **Practice:** Hands-on exercises
- **Guidance:** Personalized course recommendations based on goals and interests



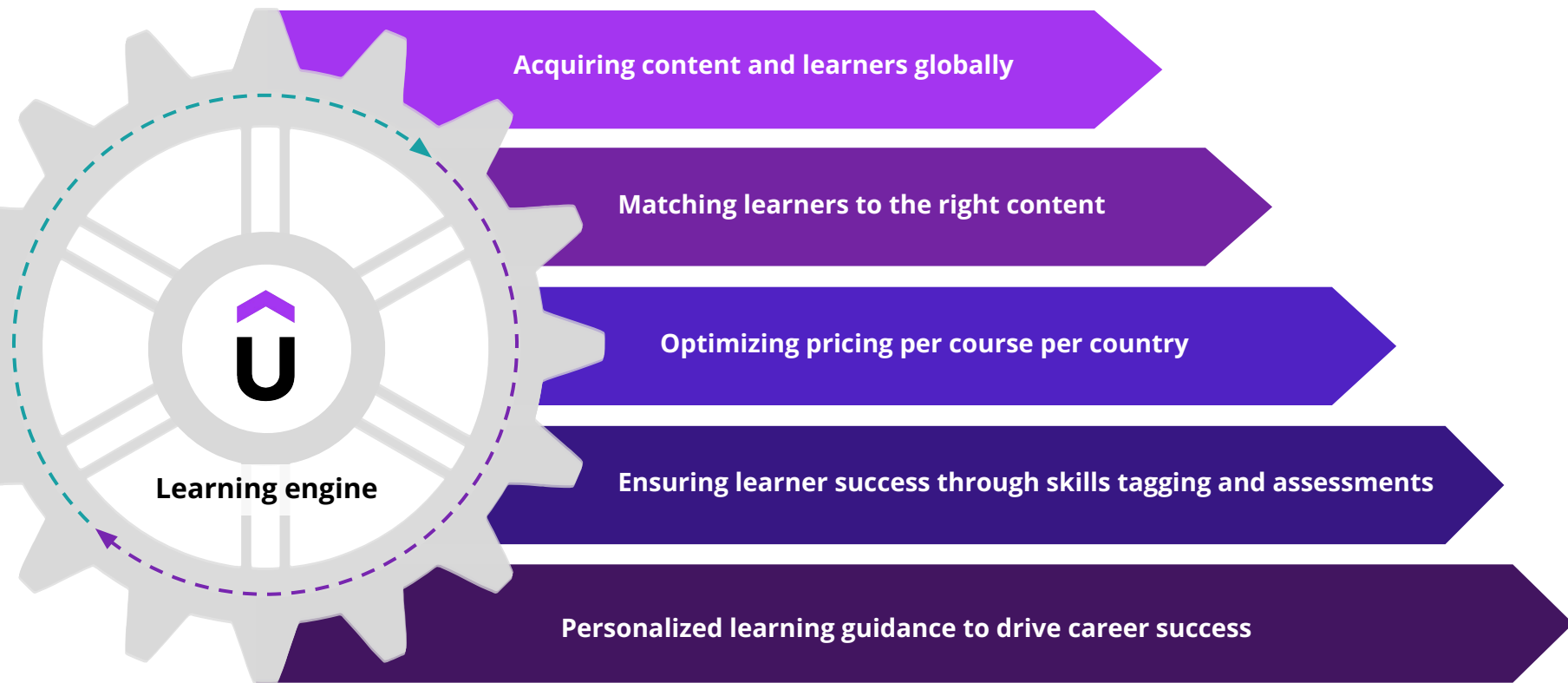
For instructors

A wealth of data and insights difficult to replicate elsewhere

- **Growth:** Large global audience
- **Guidance:** Marketplace data and insights
- **Improvement:** Ratings, reviews, and learner Q&A provide valuable feedback for improving quality
- **Clarity:** Advanced learner engagement analytics
- **Enablement:** Dashboards to manage business



Advanced technology infrastructure



Instructor partnership drives engaged innovation

Udemy invests heavily in instructors by offering compelling incentives and powerful tools that deliver insights.

This fuels a steady supply of quality content that evolves with the market.



What's in it for instructors?

\$180M

instructor payments
In the last 12 months

\$1M+

annual
earnings for
top instructors

**5,000
Courses**
added per month

A quality-first approach to online learning

Udemy attracts world-class experts to our platform

Rahul G Iyer

Founder, CEO, and Lead Trainer at Advanced Innovation Group Pro Excellence (AIGPE)

AIGPE has over 44 courses on the Udemy platform and trains and certifies professionals in 175+ countries.



Total revenue
\$310K+

Average rating
4.5

Steve Ballinger

Personal finance expert with over 25 years of leadership and management experience.

Steve teaches over 30 courses on the Udemy platform on topics including personal finance, investment banking, and cryptocurrency.



Total revenue
\$1M+

Average rating
4.6

Our instructors update courses at the speed of change

59%

of top 2,000 Udemy courses were updated in the last 90 days

Global reach propels Udemy forward

Each language acts as a mini marketplace, allowing Udemy to easily grow and expand into new markets.

The learner side of the marketplace surfaces the best courses through reviews and ratings and creates an environment for Udemy Business to build upon.

196K

courses in over
75 different
languages

32M+

unique global
visitors per month

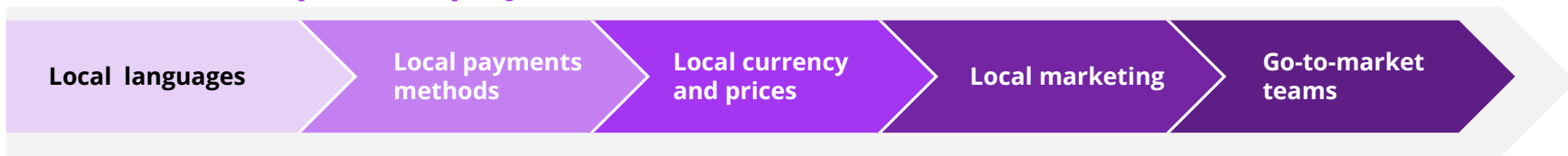
>60%

of revenue outside
North America

28

currencies
supported

International expansion playbook



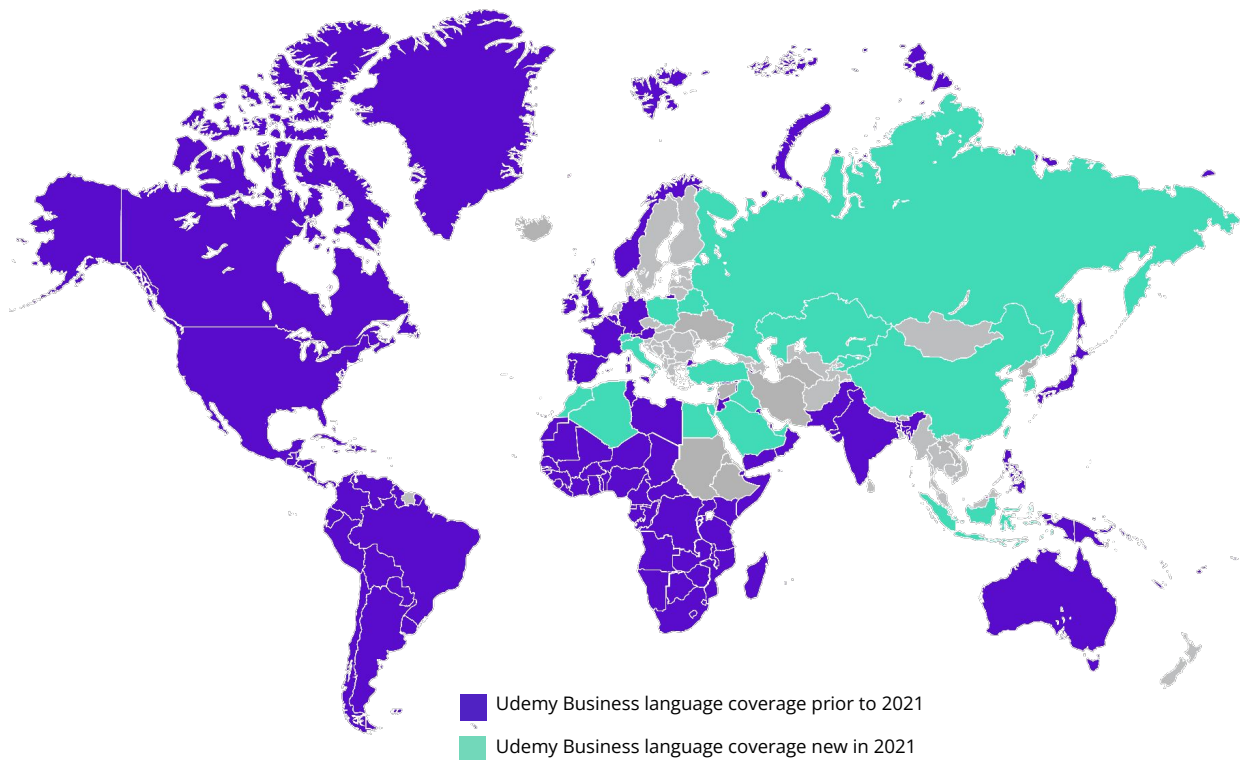
Competitive advantage with local language coverage

Udemy offers a broad collection of courses in over **75** different languages.

The Udemy Business collection includes courses in Spanish, German, French, Portuguese, and Japanese.

In 2021 alone, we added Mandarin, Turkish, Arabic, Italian, Indonesian, Korean, Polish, and Russian to Udemy Business.

During the first quarter of 2022, we added more than 850 courses in local languages to the Udemy Business collection.



Strong customer benefits

Udemy Business enables companies to keep pace with the need to continuously upskill and reskill employees in a changing workplace.

869%

three-year ROI

29%

less productive time lost
during employee onboarding

2

months to payback

6%

higher developer and designer
team productivity

>3x

more employees on
learning platform

5%

higher IT team
productivity



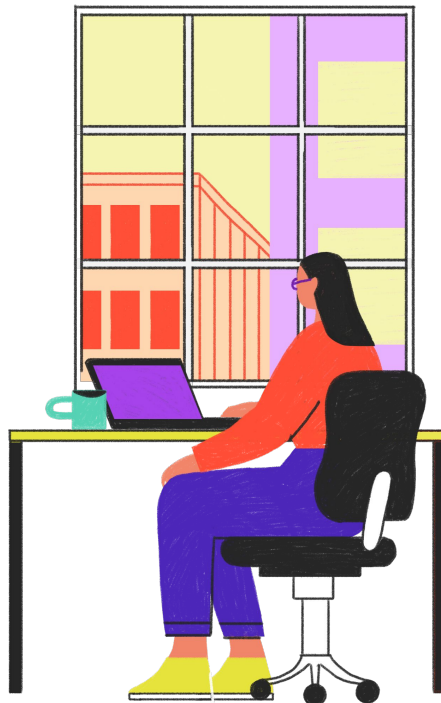
10% higher employee satisfaction

Source: IDC interviewed eight organizations about their experiences with the Udemy Business corporate learning platform. These organizations varied in size, ranging from large multinational enterprises to service providers. Average employee size was almost 12,000 (median of 6,425) and annual revenue of \$11.26 billion (median of \$1.4 billion). Organizations were located in North America and EMEA and from a number of industries.

Udemy Business and Randstad

Randstad, the world's largest provider of flexible work and human resources services, places over 100,000 people weekly in the United States and Canada, with the goal of impacting the working lives of 500 million people by 2030 through career training and development opportunities.

Since 2019, Randstad has used Udemy Business to increase talent mobility across their client base, and has since doubled the number of licenses they use to support their efforts.



61%

of workers placed through Randstad's Technology organization were active Udemy Business learners or course completers

96%

of employees said Udemy helped them learn a new skill, gain a promotion, and/or become more effective at work

Innovating for learner success at scale

Enhanced Learning



Personalized guidance

- Career-based learning guides
- Career-specific skills recommendations
- AI/ML-based personalized learning



Cohort-based learning

- Online, cohort-based programs for collaborative learning
- Partner with top universities



Immersive learning

- Empower adaptation to rapidly evolving technical roles
- Learning paths combine Udemy's best courses with assessments and labs

Data-Driven Platform

Personalization

Recommendations

Pricing

Retention

Content Expansion

Breadth

Depth

Languages

Geographic Expansion

Learners

Instructors

Enterprises

Committed to ESG

1st percentile in the
Internet Software
and Services
assessed by
Sustainalytics

ESG Risk Rating¹



In January, Udemy was
recognized by Sustainalytics
as an ESG Industry Top
Rated Company.

Environmental

100%

targeted renewable-
energy-powered
cloud resources
by 2025

Governance

**Data
Privacy**

is a priority in our
governance programs

Social

20K+

free courses
currently offered

Note: Data as of March 31, 2022, unless otherwise noted

1. ESG risk rating as of July 2021.

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Our Social Impact Partners



The Last Mile (TLM) provides Udemy courses to incarcerated and formerly incarcerated people to help them thrive in a rapidly evolving job market.



Udemy and The Sentinels of Freedom partner to help severely wounded post-9/11 veterans identify and achieve the skills they need to build long-lasting and successful careers in their chosen disciplines.



AnnieCannons partners with Udemy to help survivors of human trafficking and gender-based violence learn skills to become software engineers and entrepreneurs.



Udemy supports Upwardly Global, a nonprofit that aims to eliminate the employment barriers that skilled immigrants and refugees encounter when entering the U.S. workforce.



Udemy and SV Academy with Gainsight support over one million underrepresented job-seekers with access to the skills and resources necessary to begin careers in the tech industry.

Financial Highlights

Revenue and Gross Margin

Q1'22 Revenue

\$152.2M

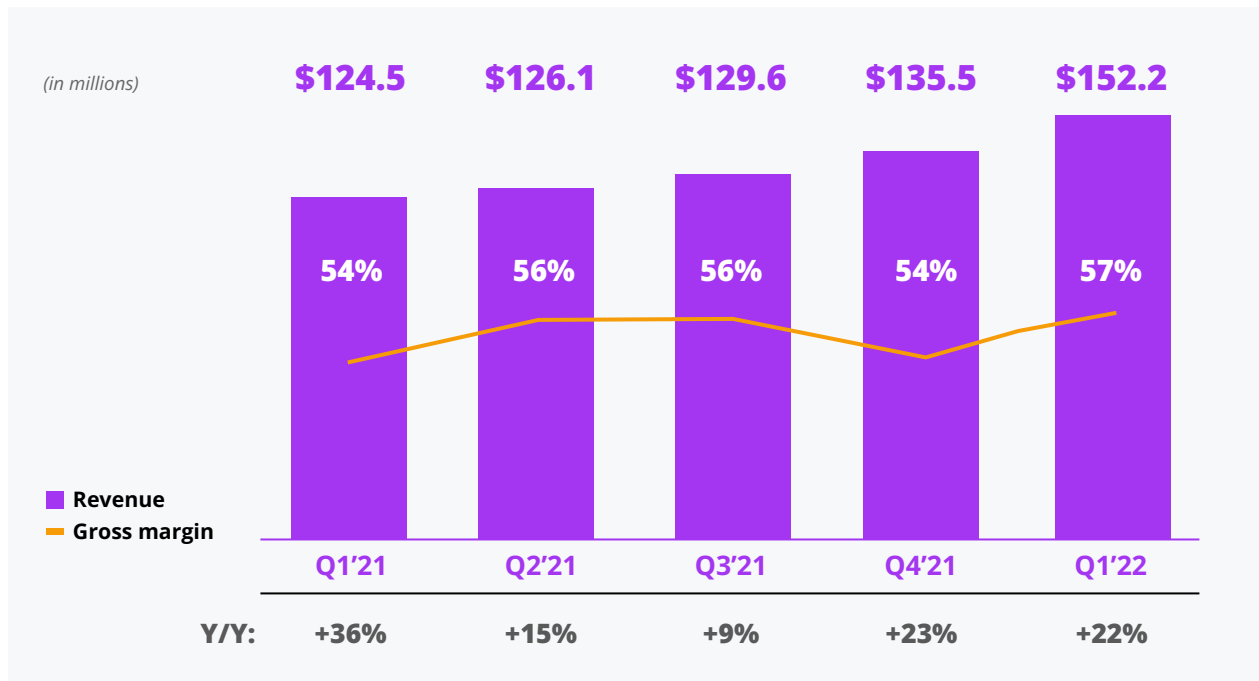
+22% y/y

Driven by strong Udemy Business growth

Q1'22 Gross Margin

57%

Gross margin expected to increase over time based on anticipated growth of Udemy Business as a portion of our overall revenue



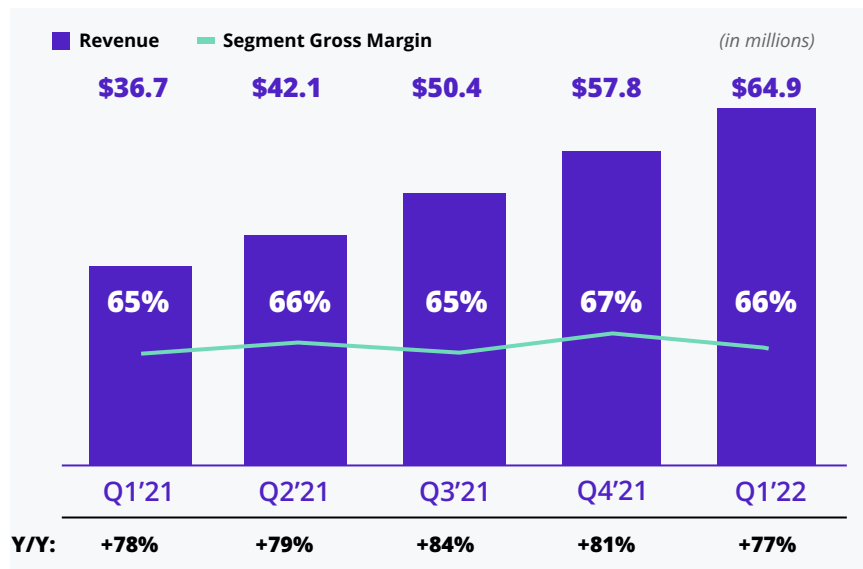
Udemy Business

Q1'22 Revenue

\$64.9M

+77% y/y

Strong revenue growth driven by both new logo acquisition and expansion within existing customers

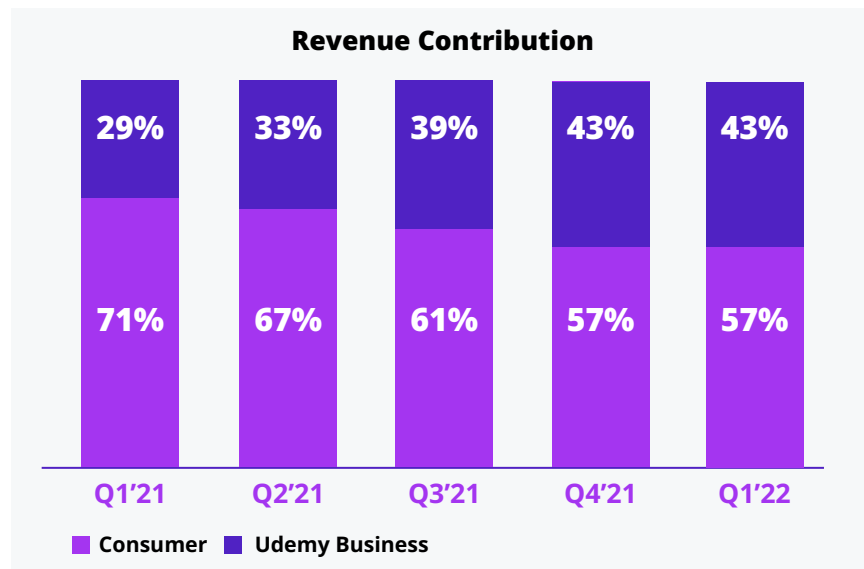


Q1'22 Revenue Contribution

43%

+13pp y/y

Continued revenue mix shift to Udemy Business



Udemy Business

Q1'22 ARR¹

\$279.6M

+80% y/y

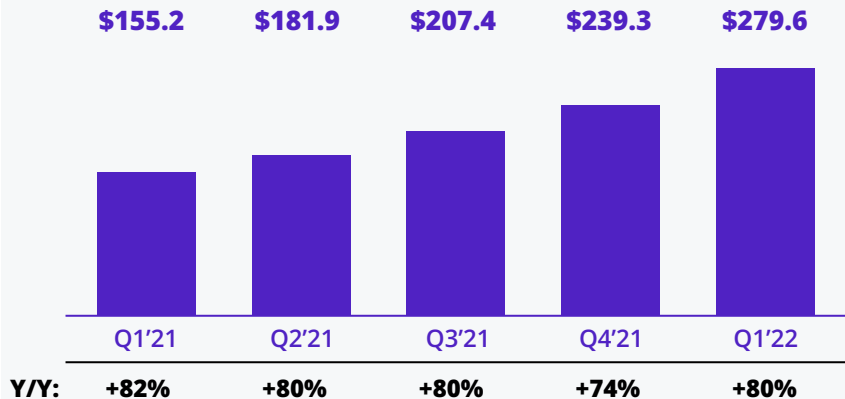
Customers

11.6K

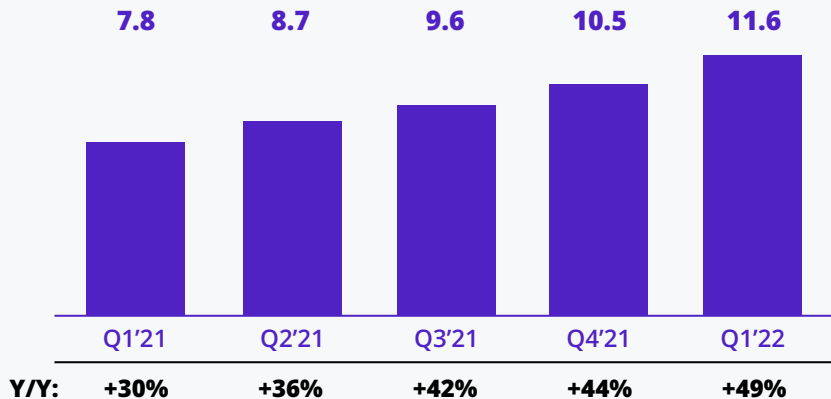
+49% y/y

- Accelerating growth in customers for the 4th straight quarter
- 120% Net Dollar Retention Rate

Annual Recurring Revenue (in millions)



Customers (in thousands)



Consumer

Q1'22 Revenue

\$87.3M

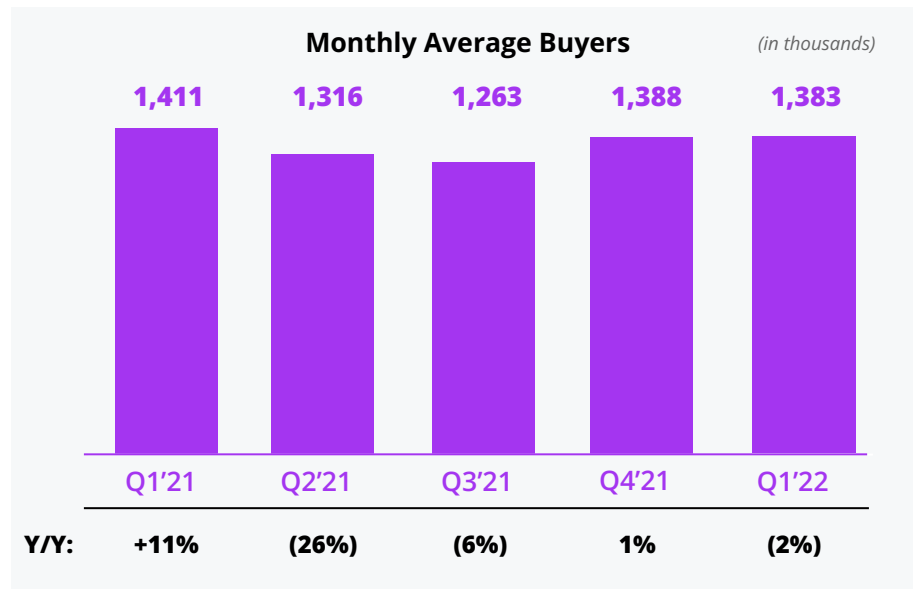
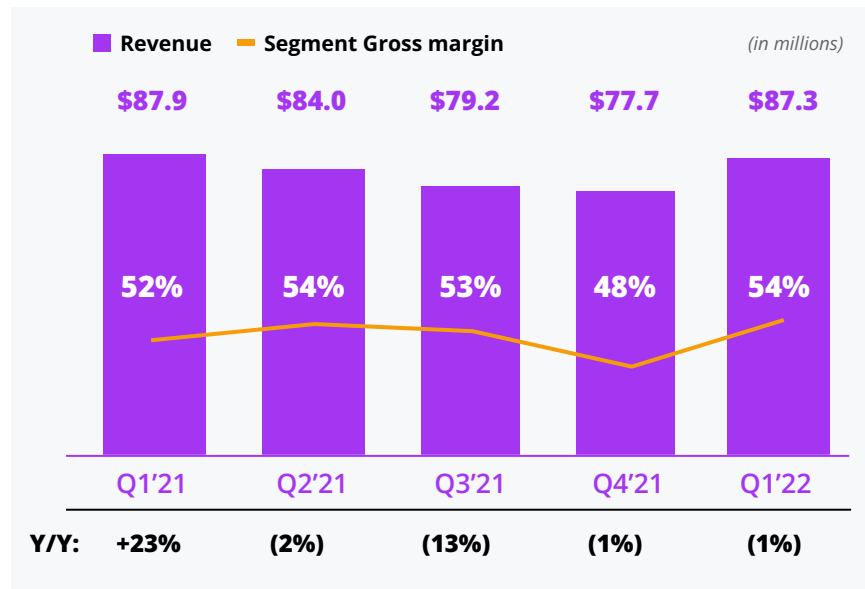
-1% y/y

Monthly Average Buyers

1.4M

-2% y/y

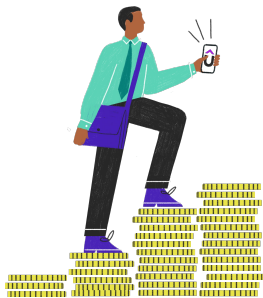
- Monthly Average Buyers stable in Q1'22
- Robust traffic with >32M unique visitors per month, above pre-pandemic levels¹



Guidance

	Q2'22	FY22
Revenue	\$147.0 - 151.0 million	\$610.0 - 640.0 million
Adjusted EBITDA Margin	(15%) - (12%)	(12%) - (10%)
Weighted Average Share Count	140 million	142 million

Positioned for enduring growth



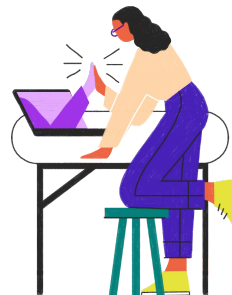
Rapid Enterprise Growth

Consumer business adds tailwinds to Udemy Business, achieving **\$280M in ARR¹** at **80% y/y growth** and **120% NDRR²**, driving increased visibility, growth, and margins



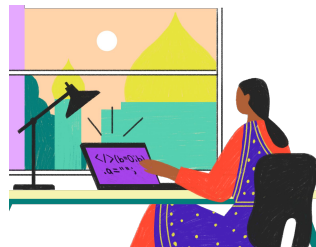
Strong Learner Demand & Engagement

High-quality content attracts **52M learners** to our platform for a virtuous cycle of monetization, engagement, and feedback



Compelling Two-Sided Marketplace

Revenue incentives attract and motivate **68K instructors** to create and regularly refresh platform content, now totalling **196K courses**



Global Reach, Local Content

Integrated international reach coupled with local approach key to successful global flywheel: **>60%+ of revenue generated outside North America**; content in over **75 languages**

Key Business Metrics Definitions

Monthly Average Buyers	A buyer is a consumer who purchases a course or subscription through our direct-to-consumer offering. Monthly average buyers is calculated as the average of monthly buyers during a particular period, such as a fiscal year.
Udemy Business Customers	We count the total number of UB customers at the end of each period. To do so, we generally count unique customers using the concept of a domestic ultimate parent, defined as the highest business in the family tree that is in the same country as the contracted entity. In some cases, we deviate from this methodology, defining the contracted entity as a unique customer despite existence of a domestic ultimate parent. This often occurs where the domestic ultimate parent is a financial owner, government entity, or acquisition target where we have contracted directly with the subsidiary. We define a UB customer as a customer who purchases Udemy via our direct sales force, reseller partnerships, or through our self-service platform.
Udemy Business Annual Recurring Revenue	We disclose our UB Annual Recurring Revenue, or ARR, as a measure of our enterprise revenue growth. ARR represents the annualized value of our UB customer contracts on the last day of a given period. Only revenue from closed UB contracts with active seats as of the last day of the period are included.
Udemy Business Net Dollar Retention Rate	We disclose our UB Net Dollar Retention Rate, or NDRR, as a measure of our enterprise revenue growth. We believe NDRR is an important metric that provides insight into the long-term value of our subscription agreements and our ability to retain, and grow revenue from, our UB customers. To calculate NDRR, we begin with UB customers who are active at the beginning of a twelve-month period. Then, we divide the ending annualized recurring revenue, or ARR, for those same UB customers at the end of the twelve-month period by the total ARR for those UB customers at the beginning of that twelve-month period. We calculate ARR as the total annualized run-rate revenue of all UB customers with active licenses on the last day of a given period.

Appendix

GAAP to Non-GAAP Reconciliation

	Three Months Ended March 31, 2022			
	GAAP	Stock-based Compensation	Amortization of Intangible Assets	Non-GAAP
(in thousands, except share and per share amounts)				
Revenue	\$ 152,223	-	-	\$ 152,223
Cost of revenue	66,438	(840)	(724)	64,874
Gross profit	85,785	840	724	87,349
Operating expenses				
Sales and marketing	66,878	(4,137)	(342)	62,399
Research and development	22,570	(3,334)	-	19,236
General and administrative	21,653	(5,031)	-	16,622
Total operating expenses	111,101	(12,502)	(342)	98,257
Loss from operations	(25,316)	13,342	1,066	(10,908)
Other income (expense)				
Interest income, net	243	-	-	243
Other expense, net	(244)	-	-	(244)
Total other expense, net	(1)	-	-	(1)
Net loss before taxes	(25,317)	13,342	1,066	(10,909)
Income tax provision	(332)	-	-	(332)
Net loss attributable to common stockholders	(25,649)	13,342	1,066	(11,241)
Net loss per share attributable to common stockholders				
Basic and diluted	\$ (0.18)			\$ (0.08)
Weighted-average shares used in computing net loss per share attributable to common stockholders	139,405,294			139,405,294

GAAP to Non-GAAP Reconciliation

	Three Months Ended March 31, 2021		
	GAAP	Stock-based Compensation	Non-GAAP
	(in thousands, except share and per share amounts)		
Revenue	\$ 124,550	-	\$ 124,550
Cost of revenue	57,923	(300)	57,623
Gross profit	66,627	300	66,927
Operating expenses			
Sales and marketing	53,239	(1,924)	51,315
Research and development	15,413	(2,090)	13,323
General and administrative	14,413	(6,198)	8,215
Total operating expenses	83,065	(10,212)	72,853
Loss from operations	(16,438)	10,512	(5,926)
Other income (expense)			
Interest expense, net	(218)	-	(218)
Other expense, net	(428)	-	(428)
Total other expense, net	(646)	-	(646)
Net loss before taxes	(17,084)	10,512	(6,572)
Income tax provision	(905)	-	(905)
Net loss attributable to common stockholders	(17,989)	10,512	(7,477)
Net loss per share attributable to common stockholders			
Basic and diluted	\$ (0.50)		\$ (0.21)
Weighted-average shares used in computing net loss per share attributable to common stockholders	36,178,304		36,178,304

GAAP to Non-GAAP Reconciliation

Adjusted EBITDA

(\$ in thousands)

	Three Months Ended March 31,	
	2022	2021
Net loss	\$ (25,649)	\$ (17,989)
Adjusted to exclude the following:		
Interest (income) expense, net	(243)	218
Provision for income taxes	332	905
Depreciation and amortization	4,967	3,069
Stock-based compensation expense	13,342	10,512
Other expense, net	244	428
Adjusted EBITDA	\$ (7,007)	\$ (2,857)

GAAP to Non-GAAP Reconciliation

Gross Profit

(\$ in thousands)	Three Months Ended March 31,	
	2022	2021
Revenue:		
Consumer	\$ 87,312	\$ 87,873
Enterprise	64,911	36,677
Total Revenue	152,223	124,550
Gross Profit		
Consumer	47,515	45,423
Enterprise	42,748	23,719
Total Segment Gross Profit	90,263	69,142
Less: Amortization of Capitalized Software	(2,724)	(2,012)
Less: Depreciation	(189)	(203)
Non-GAAP Total Gross Profit	87,350	66,927
Less: Stock-Based Compensation	(840)	(300)
Less: Amortization of Intangible Assets	(725)	-
GAAP Total Gross Profit	85,785	66,627
Gross Margin:		
Consumer	54.4%	51.7%
Enterprise	65.9%	64.7%
Total Segment	59.3%	55.5%
Non-GAAP	57.4%	53.7%
GAAP	56.4%	53.5%