



Earnings Presentation

Q2 2024

Safe Harbor Notice

This presentation and any accompanying oral commentary include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements other than those of historical fact, including information concerning our future operating results and financial position, anticipated future expenses and investments, business strategies and plans, market growth, market position and potential market opportunities, and the impact of acquisitions and business alliances. These forward-looking statements are based on our current expectations, plans, and assumptions, which we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments, and other factors we believe are appropriate under the circumstances, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. Various factors, including those identified in the "Risk Factors" section of our filings with the Securities and Exchange Commission ("SEC"), could cause our actual results, level of activity, performance, or achievements to differ materially from those expressed or implied by these forward-looking statements. Additional factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements can be found in our other filings with the SEC which are available, free of charge, on the SEC's website at www.sec.gov. Any forward-looking statement made by us in this presentation speaks only as of the date of this presentation and is expressly qualified in its entirety by the cautionary statements included in this presentation. These statements are made as of July 31, 2024. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by any applicable laws. You should not place undue reliance on our forward-looking statements.

This presentation contains "non-GAAP measures" that are financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with U.S. generally accepted accounting principles ("GAAP"). These measures have limitations as an analytical tool and should not be considered in isolation, or as a substitute for our results as reported under GAAP. These non-GAAP measures may also differ from non-GAAP measures used by other companies. See the appendix for a reconciliation of the non-GAAP measures used in this presentation to the most directly comparable GAAP financial measure.

Unless otherwise noted, historical numerical figures and related graphics used in this presentation are accurate as of June 30, 2024. Numerical figures in this presentation have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

The UdeMy design logo, "UdeMy," and our other registered or common law trademarks, service marks or trade names appearing in this presentation are our property. This presentation contains additional trademarks, trade names, and service marks of other companies that are the property of their respective owners. We do not intend our use or display of other companies' trademarks, trade names, or service marks to imply relationships with, or endorsement or sponsorship of us by, these other companies.



**Transforming lives
through learning**



Key takeaways

- ✓ Solid Q2 2024 results that met or exceeded expectations

- ✓ Strategic shift to focus on faster growth and highest margin opportunities

- ✓ Focus on Large Customer cohort accelerates operational efficiencies, enabling Udemy to achieve \$130M to \$150M of Adjusted EBITDA in 2026

- ✓ Uniquely positioned to address the skills gap challenge for organizations and help individuals advance their careers

- ✓ Repurchased \$35M of Udemy stock in Q2, with \$60M remaining on current authorization of \$150M program

Q2 2024 financial results and highlights

| | Q2 2024 | % Change YoY | FX Impact | Q2 2024 Guidance |
|---|-----------|--------------|-----------|------------------|
| Revenue | \$194.4M | 9% | (2) pts | \$192M to \$195M |
| Gross Margin | 62% | 500 bps | | |
| Non-GAAP Gross Margin | 64% | 500 bps | | |
| Net Loss | \$(31.8)M | 24% | | |
| Non-GAAP Net Loss¹ | \$(6.5)M | NM | | |
| Adjusted EBITDA¹ | \$5.5M | NM | | |
| Adjusted EBITDA Margin¹ | 3% | 200 bps | | (0.5)% to 0.5% |

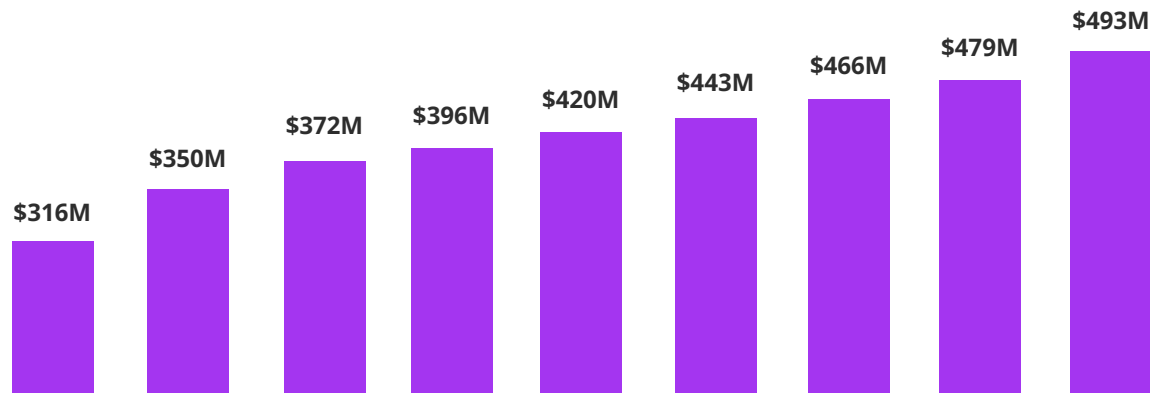
- Absent the higher-than-anticipated FX headwind, Udemy would have exceeded the high end of its revenue guidance range for Q2.
- Udemy Business (UB) revenue increased 19% year-over-year (-2 pts from FX) to \$120.6M
 - Annual Recurring Revenue (ARR) increased 17% year-over-year to \$492.6M
 - Consolidated Net Dollar Retention Rate (NDRR) was 101%
 - Large Customer NDRR was 108%
- Consumer segment revenue decreased 4% year-over-year (-3 pts from FX) to \$73.8M
- Exceeded Adjusted EBITDA expectations due to cost-efficiency initiatives, despite macro headwinds
- Announced plan to accelerate operational efficiencies to drive margin expansion while focusing on the highest growth opportunities

NM = Not Meaningful

Best-in-class enterprise software performance

Annual Recurring Revenue (\$M)

**Udemy Business
Q2 2024 ARR
Increased
17% YoY**



| | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Net Dollar Retention Rate (NDRR)¹ | 118% | 117% | 115% | 112% | 108% | 106% | 106% | 104% | 101% |
| Large Customer NDRR² | 124% | 123% | 123% | 120% | 115% | 114% | 113% | 111% | 108% |
| Quarterly Revenue | \$75M | \$84M | \$91M | \$95M | \$102M | \$109M | \$115M | \$118M | \$121M |
| % YoY Growth | 77% | 67% | 57% | 47% | 36% | 30% | 27% | 24% | 19% |
| FX Impact on % YoY Growth | -3 pts | -4 pts | -4 pts | -3 pts | -3 pts | -2 pts | -3 pts | -2 pts | -2 pts |
| Enterprise Customers | 12,514 | 13,437 | 13,920 | 14,359 | 14,946 | 15,378 | 15,726 | 16,070 | 16,595 |
| Enterprise Segment Gross Margin | 67% | 67% | 67% | 65% | 67% | 68% | 69% | 72% | 72% |

1. NDRR is calculated as the total ARR at the end of a trailing twelve-month period divided by the total ARR at the beginning of a trailing twelve-month period for the cohort of all UB customers active at the beginning of the trailing twelve-month period.

2. Large Customer NDRR is calculated as the total UB Large Customer ARR at the end of a trailing twelve-month period divided by the total Large Customer ARR at the beginning of a trailing twelve-month period for the cohort of UB customers with at least 1,000 employees active at the beginning of the trailing twelve-month period

Large and growing enterprise global customer base

16,595

Enterprise customers

50%

Fortune 500

72%

Nikkei 225

Note: Data as of June 30, 2024

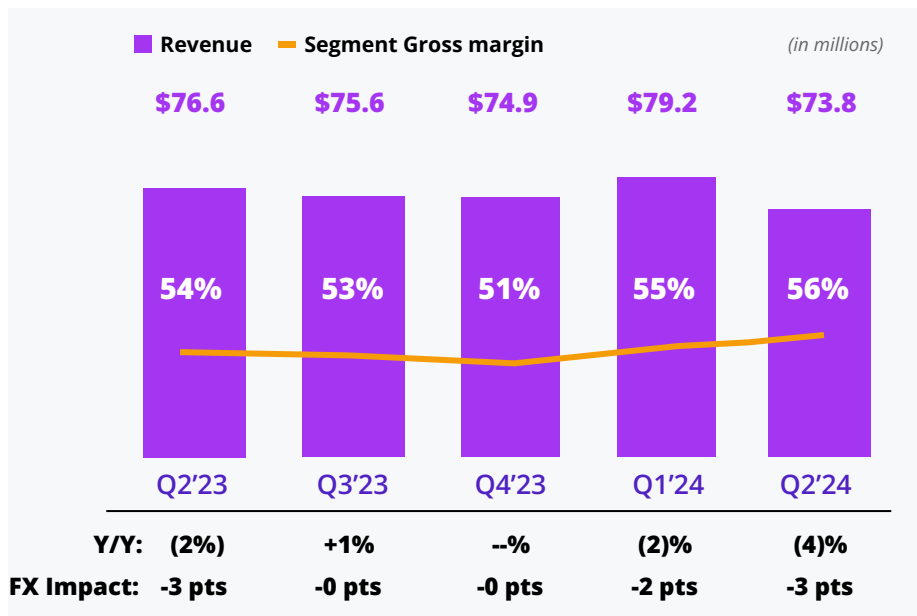
Key Q2 2024 Wins and Expansions



Vibrant consumer marketplace supports enterprise growth

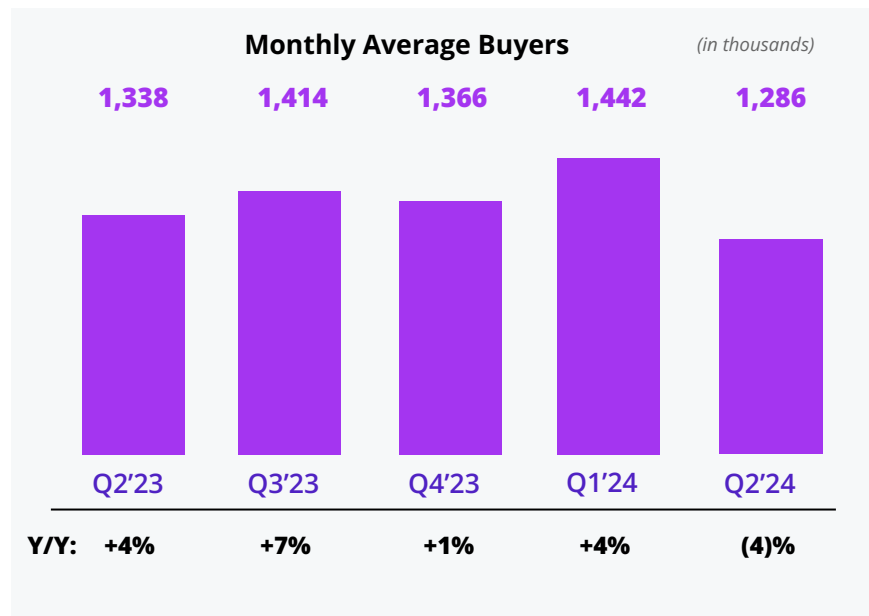
Q2'24 revenue

\$73.8M (4)% Y/Y



Monthly average buyers

1.29M (4)% Y/Y



Action plan to accelerate operational efficiency

Udemy is accelerating its operational efficiency initiatives to achieve \$130 to \$150M of Adjusted EBITDA by 2026, and expect to deliver 20% Adjusted EBITDA margin in 2027. Collectively, efficiency actions announced today will generate \$25 million in annualized structural cost savings.



Target:
\$130M to \$150M
Adjusted EBITDA
in FY 2026

Accelerating the reallocation of resources into lower-cost geographies

Reducing organizational layers

Optimizing the GTM organization consistent with segments and regions where we see the most opportunity

Key initiatives to drive revenue growth



Reallocating resources upmarket toward large enterprise companies

- ~5k Udemy Business Large Enterprise Customers
- 130k total large enterprise companies worldwide¹



Expanding penetration within existing customer base of large enterprise customers

- <10% penetration of existing Udemy Business Large Customer base
- \$1.5B revenue opportunity at 50% penetration of installed Large Customer base



Supporting growth through strategic partnerships

- Strengthens global distribution capabilities
- Opens up new routes to market
- Provides additional ways to access the Udemy platform

Strategic focus shift to faster growth large enterprises

\$779M

| | Revenue Model | Customers* | 2Q24 Net Dollar Retention | 2024 Revenue Growth Estimate | Unit Economics |
|--|---|--|---------------------------|-------------------------------|--|
| Udemy Business >60% of total | ~90% transactional ~10% subscription | 1.3M Monthly Average Buyers >140K subscribers | N/A | (7)% midpoint of guidance | Subscription LTV >5x transactional LTV |
| | ~100% subscription | ~12,000 | 84% | Below segment midpoint of 17% | |
| | ~100% subscription ~55% multi-year contracts | ~5k (1k+ employees) | 108% | Above segment midpoint of 17% | LTV >3x SMB |

FY24 Revenue Guidance Midpoint

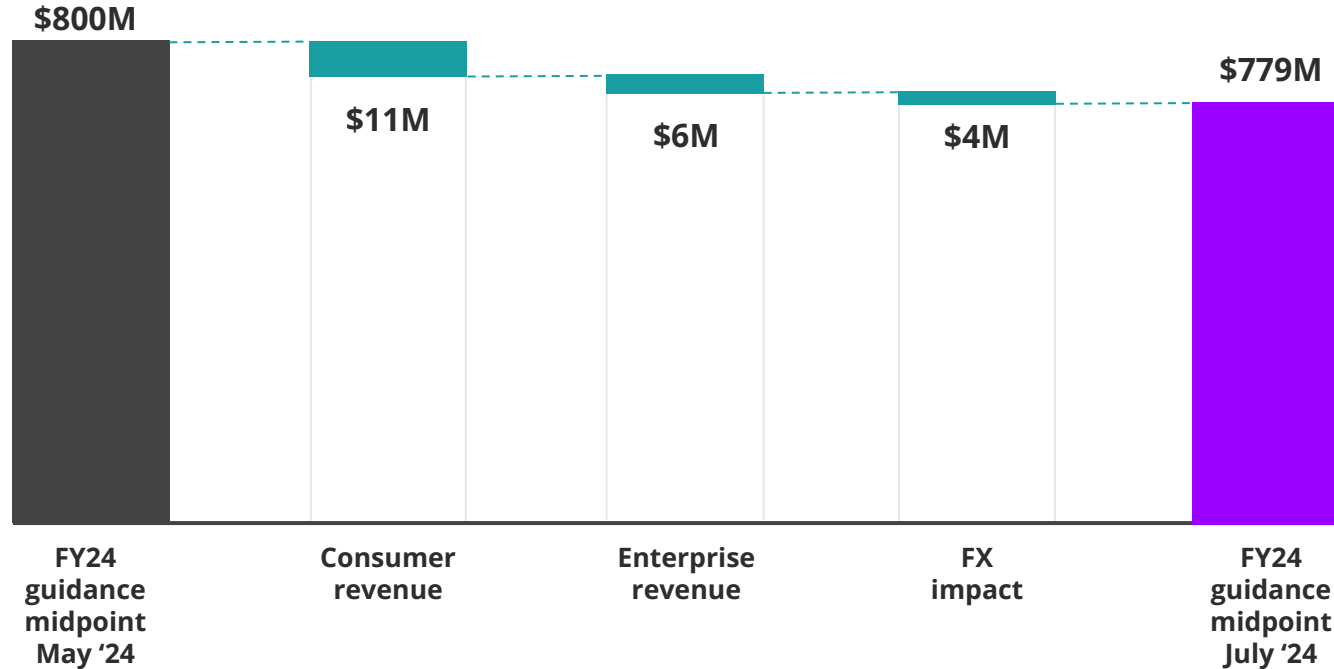


Q3 and full year 2024 outlook

| | Q3 2024 | Full Year 2024 |
|--|------------------------|------------------------|
| Revenue | \$191 to \$194 million | \$776 to \$782 million |
| Udemy Business Revenue YoY Growth | N/A | 16% to 18% |
| Consumer Revenue YoY Growth | N/A | (8)% to (6)% |
| Adj. EBITDA Margin* | 200 to 300 bps | 250 to 350 bps |

The revenue guidance range above assumes historical changes in FX rates will have a negative 2 percentage point impact on third quarter year-over-year revenue growth and a negative 2 point impact on full year 2024 revenue growth. Udemy's revenue guidance assumes FX rates will remain unchanged from the end of the second quarter of 2024.

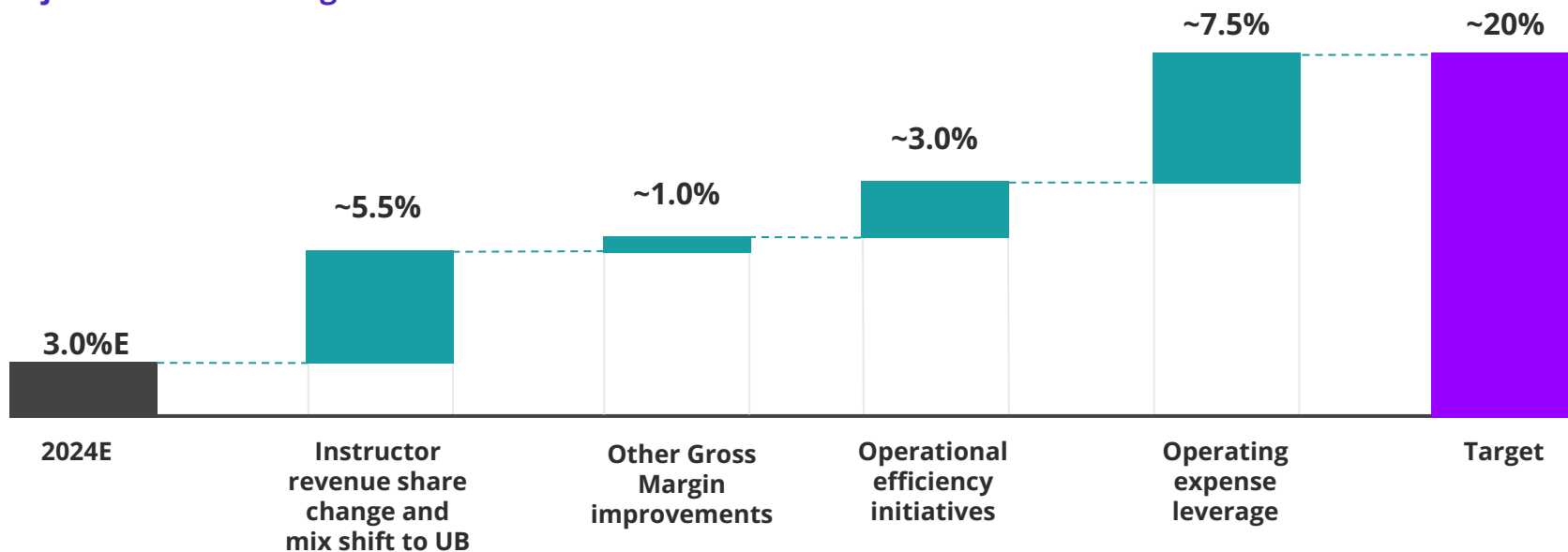
Bridge: 2024 revenue guidance (Q1 to Q2 Update)



Accelerating path toward high end of Adjusted EBITDA target

Udemy expects to achieve the high end of its long-term Adjusted EBITDA margin target of 15% to 20% ahead of plan through a combination of Gross Margin improvements, primarily from the instructor revenue share change and revenue mix shift to UB, operational efficiency initiatives, and operating expense leverage.

Adjusted EBITDA margin



Key takeaways

- ✓ Solid Q2 2024 results that met or exceeded expectations

- ✓ Strategic shift to focus on faster growth and highest margin opportunities

- ✓ Focus on Large Customer cohort accelerates operational efficiencies, enabling Udemy to achieve \$130M to \$150M of Adjusted EBITDA in 2026

- ✓ Uniquely positioned to address the skills gap challenge for organizations and help individuals advance their careers

- ✓ Repurchased \$35M of Udemy stock in Q2, with \$60M remaining on current authorization of \$150M program

Appendix

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. |
| Udemy Business Large Customer Net Dollar Retention Rate | We calculate UB Large Customer NDRR as the total UB Large Customer ARR at the end of a trailing twelve-month period divided by the total Large Customer ARR at the beginning of a trailing twelve-month period for the cohort of UB customers with at least 1,000 employees active at the beginning of the trailing twelve-month period. We believe UB Large Customer NDRR reflects our ability to retain and expand our footprint with larger organizations, who present greater opportunities for us to retain and grow revenue given the wider range of potential use cases and land-and-expand opportunities. |
| Segment revenue and segment gross profit | Segment revenue represents the revenue recognized from our two segments, Enterprise (or Udemy Business), and Consumer. Segment gross profit is defined as segment revenue less segment cost of revenue, which include content costs, hosting and platform costs, customer support services, and payment processing fees that are allocable to each segment. Segment gross profit excludes amortization of capitalized software, amortization of intangible assets, depreciation, and stock-based compensation allocated to cost of revenue as our chief operating decision maker does not include the information in his measurement of the performance of the operating segments. |

GAAP to Non-GAAP Gross Margin

(\$ in thousands)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|------------------------------------|-----------------------------|------------|---------------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Gross profit | \$ 121,116 | 102,302 | \$ 241,680 | 202,031 |
| Stock-based compensation expense | 1,813 | 1,749 | 3,470 | 3,342 |
| Intangible asset amortization | 725 | 725 | 1,450 | 1,450 |
| Non-GAAP gross profit | \$ 123,654 | \$ 104,776 | \$ 246,600 | \$ 206,823 |
| Gross margin ¹ | 62% | 57% | 62% | 57% |
| Non-GAAP gross margin ² | 64% | 59% | 63% | 58% |

¹ We calculate gross margin as gross profit divided by revenue for the same period

² We calculate non-GAAP gross margin as non-GAAP gross profit divided by revenue for the same period

GAAP to Non-GAAP Net Loss

| (\$ in thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|-------------------|---------------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net loss | \$ (31,814) | \$ (25,735) | \$ (50,153) | \$ (70,279) |
| Stock-based compensation expense | 24,317 | 23,161 | 47,022 | 48,236 |
| Intangible asset amortization | 954 | 1,066 | 1,908 | 2,133 |
| Restructuring charges | - | 135 | - | 10,263 |
| Non-GAAP net loss | \$ (6,543) | \$ (1,373) | \$ (1,223) | \$ (9,647) |
| Weighted-average shares used in computing net loss per share, basic and diluted | 152,987,927 | 148,071,315 | 154,779,176 | 146,910,959 |
| Net loss per share, basic and diluted | \$ (0.21) | \$ (0.17) | \$ (0.32) | \$ (0.48) |
| Non-GAAP net loss per share, basic and diluted | \$ (0.04) | \$ (0.01) | \$ (0.01) | \$ (0.07) |

Adjusted EBITDA Reconciliation

| (\$ in thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-------------------------------------|-----------------------------|-------------|---------------------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net loss | \$ (31,814) | \$ (25,735) | \$ (50,153) | \$ (70,279) |
| Adjusted to exclude the following: | | | | |
| Interest income | (5,195) | (4,894) | (10,923) | (9,216) |
| Interest expense | 77 | (50) | 80 | 340 |
| Income tax provision | 802 | 1,056 | 1,829 | 2,113 |
| Depreciation and amortization | 6,692 | 6,100 | 13,175 | 11,886 |
| Stock-based compensation expense | 24,317 | 23,161 | 47,022 | 48,236 |
| Other expense, net | 10,584 | 2,161 | 10,892 | 2,303 |
| Restructuring charges | - | 135 | - | 10,263 |
| Adjusted EBITDA | \$ 5,463 | \$ 1,934 | \$ 11,922 | \$ (4,354) |
| Net loss margin ¹ | (16%) | (14%) | (13%) | (20%) |
| Adjusted EBITDA margin ² | 3% | 1% | 3% | (1%) |