

The Udemy logo, featuring a stylized 'u' with a graduation cap on top, followed by the word 'demy' in a sans-serif font.

Udemy

Investor Presentation

Q4 2023

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Transforming lives
through learning



Udemy investment highlights

Scale and Growth

\$729M FY23 Revenue

~27% 5-year revenue CAGR

\$421M FY23 Enterprise Revenue

\$308M FY23 Consumer Revenue

Large and Growing TAM

Low penetration of **\$380B TAM**¹

Long growth runway with transformation to skills-based economy and technology advancements, e.g. gen AI

Predictability

UB **>60%** of revenue exiting 2023, expected to be **75%+** long-term

\$466M UB ARR (+25% YoY)

113% UB large customer NDRR²

Profitability and Stability

1st positive year AEBITDA FY23

Forecasting **AEBITDA positive FY24**

67% Enterprise segment FY23 GM

\$481M in cash³ / no debt

Vibrant Marketplace

75k instructors

220k+ courses

5k+ new courses / month

75 local languages

34M monthly visitors

Engaged Global Audience

69M learners

13B FY23 learning minutes

>60% of revenue ex-N. America

>80% of traffic ex-US

Note: Data as of December 31, 2023, unless otherwise noted

¹ Arizton E-Learnings Global Forecast & Outlook 2023 - 2028; includes corporate, government, vocational, and higher education

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

³ Includes cash, cash equivalents, restricted cash and marketable securities

Massive global demand for professional skills development



85M

Person talent gap shortage
expected by 2030

Source:
[World Economic Forum 2023](#)



97M

Roles to be created by
advancements in technology,
i.e. generative AI, by 2030

Source:
[World Economic Forum 2023](#)



\$4T

Estimated economic impact of
AI technology on global labor
force

Source:
[Morgan Stanley 2024](#)



The pace of change for skills continues to accelerate

5
years

**Half-life of
business skills**

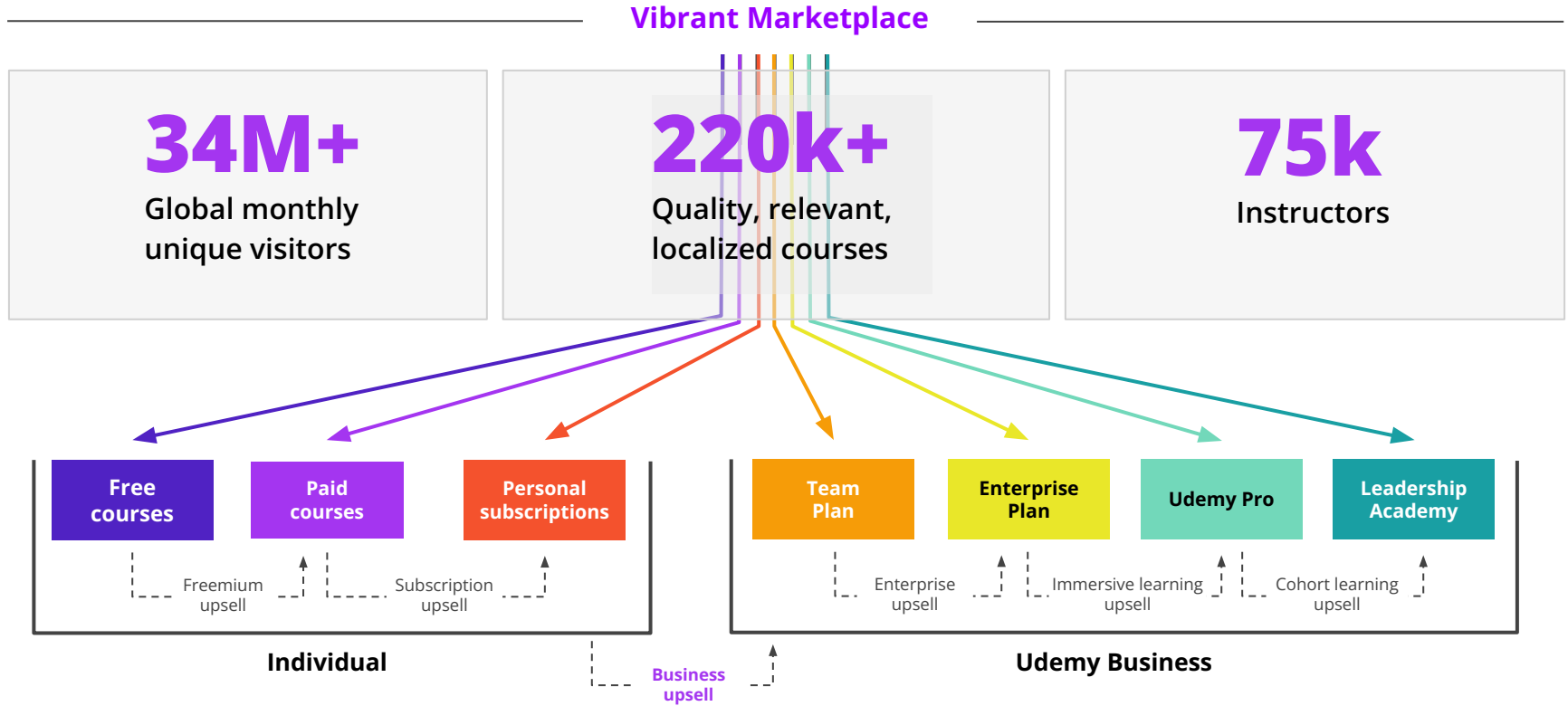
2.5
years

**Half-life of
technology skills**

The rise of generative AI is expected to increase the pace of change, with up to 300 million global jobs fundamentally changing and roughly 2/3 of U.S. occupations at least somewhat affected.

Deloitte, "The skills-based organization: A new operating model for work and the workforce," 2022.
Goldman Sachs, March 2023

Udemy's unique revenue-generating organic content creation engine



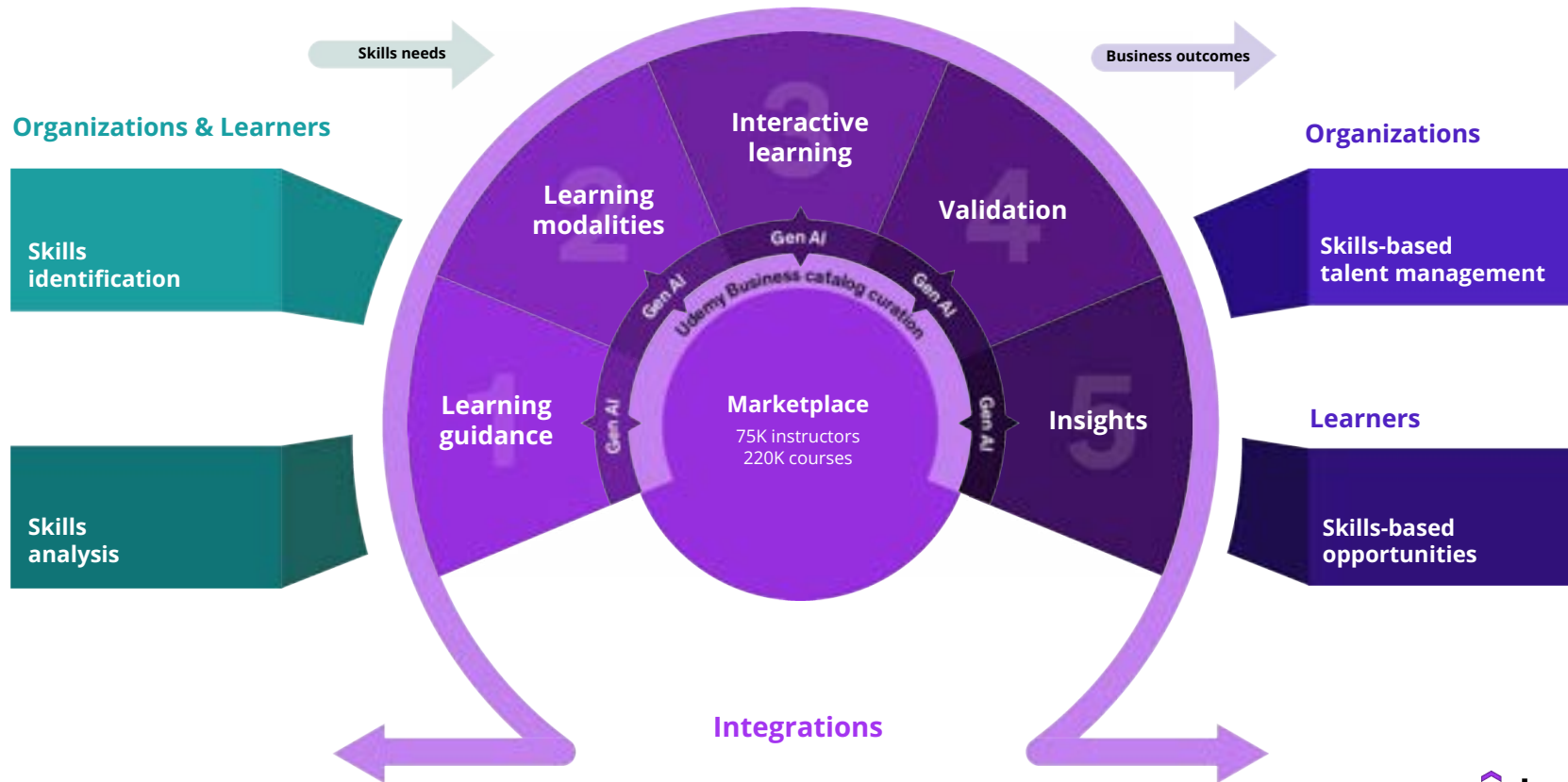
Vibrant marketplace fuels Udemy Business platform

Udemy Business leverages the highest-quality and most in-demand content from the marketplace

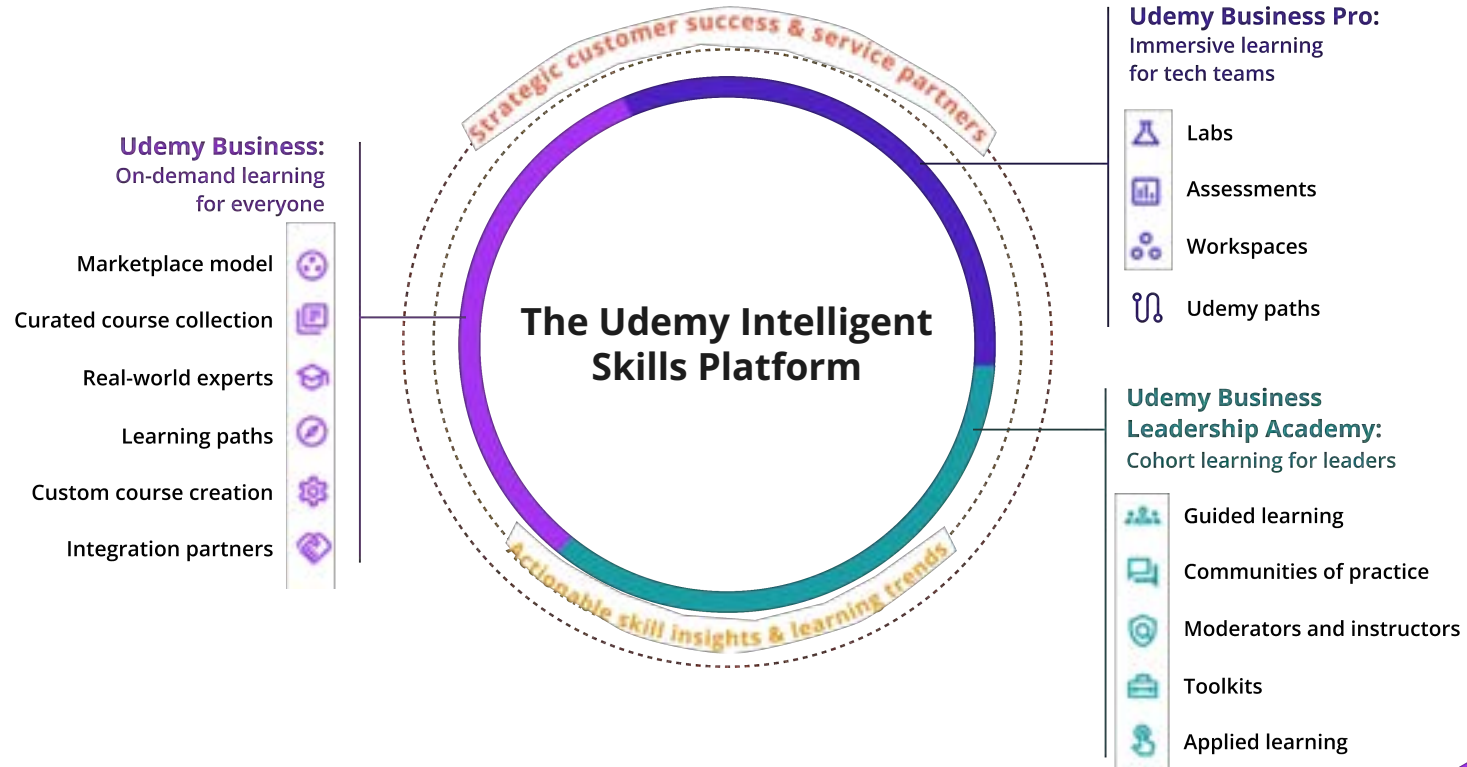


Data as of December 31, 2023

Udemy's Intelligent Skills Platform



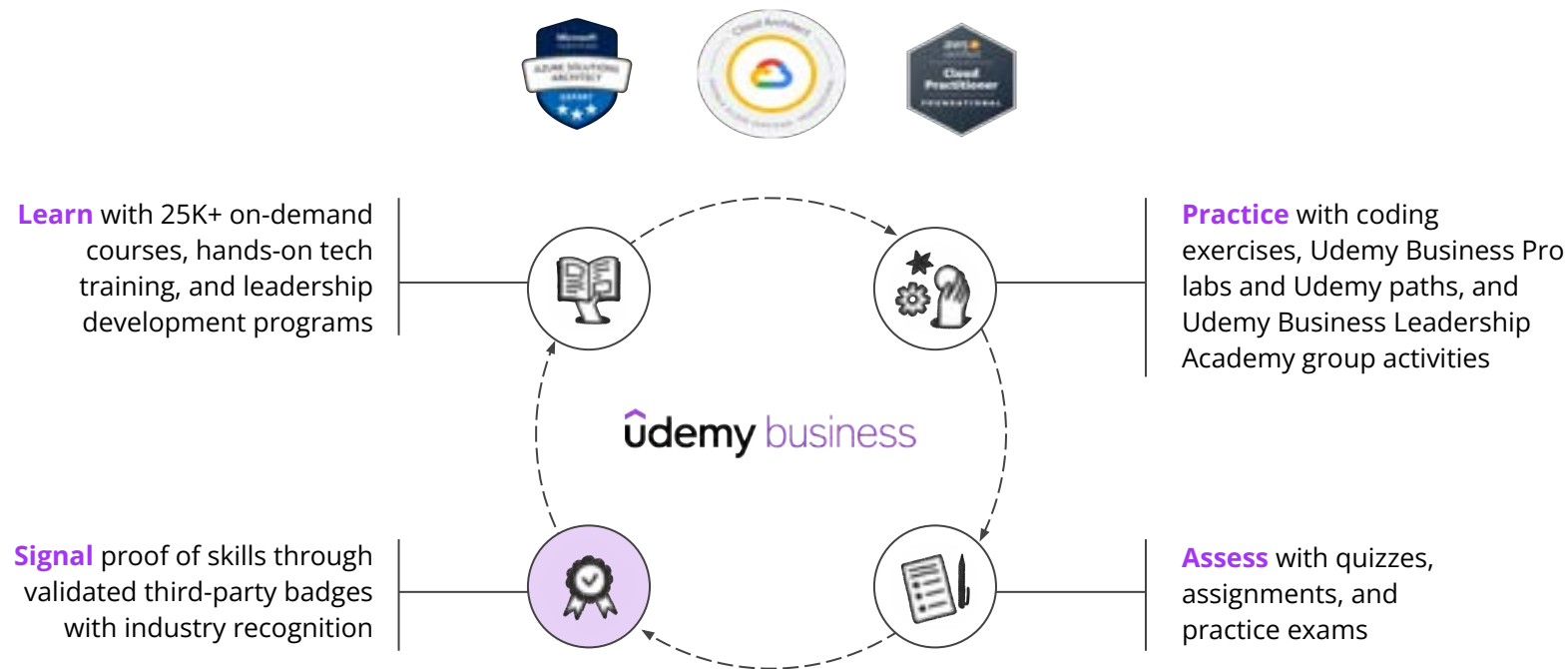
Learning experiences through multiple modalities



Suite of online skills development product offerings

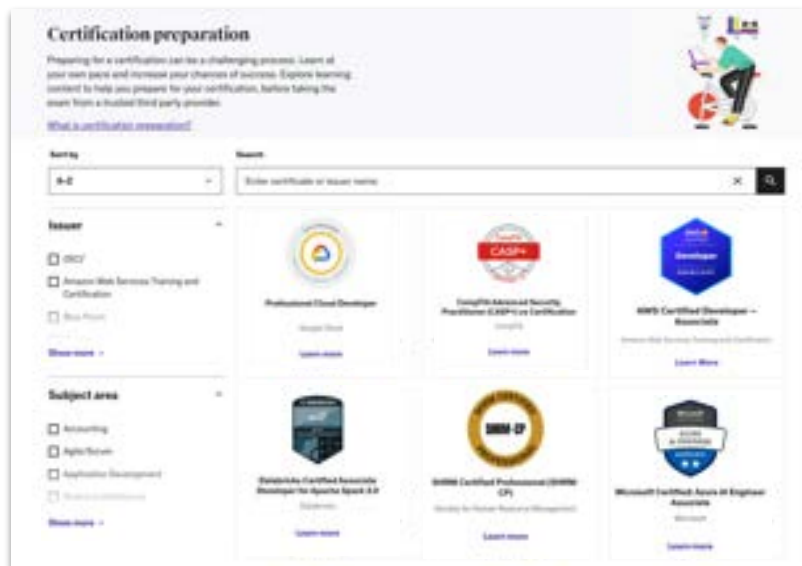
	Content offered	Term	Pricing	On-demand learning	Guided learning	Immersive learning	Cohort learning
Udemy Individual Courses (à la carte/bundled)	<ul style="list-style-type: none"> 220k+ courses from 75k instructors Interactive learning tools (quizzes, exercises, and instructor Q&A) 	Lifetime access for each course purchased	Optimized for each individual course	✓			
Udemy Personal Plan (consumer subscription)	<ul style="list-style-type: none"> Thousands of Udemy's top-rated courses Practice tests and labs 	Monthly & Annual subscription	Monthly and Annual options adjusted for local currency & PPP	✓	✓	✓	
Udemy business™ Team Plan	<ul style="list-style-type: none"> 10k+ top-rated courses Customized learning paths 	Annual subscription	Annual subscription pricing adjusted for local currency	✓	✓		
Udemy business™ Enterprise Plan	<ul style="list-style-type: none"> 25k+ top-rated courses Administrative tools & reports, skill insights dashboard, learning trends, and language packages 	Annual or multi-year subscription	Depends on volume, contract length, and other factors	✓	✓		
Udemy business™ Pro Add-On	<ul style="list-style-type: none"> Workspaces, labs, and assessments Areas covered include cloud computing, software dev, data science, and dev ops 	Annual or multi-year subscription	Depends on volume, contract length, and other factors		✓	✓	
Udemy business™ Leadership Academy	<ul style="list-style-type: none"> Cohort-based leadership development authored by experts for all levels of leadership experience 	Annual or multi-year subscription	Depends on volume, contract length, and other factors				✓

Validating skills acquisition via badging and certifications



Comprehensive certification preparation for individuals

~200 certifications from industry-leading providers



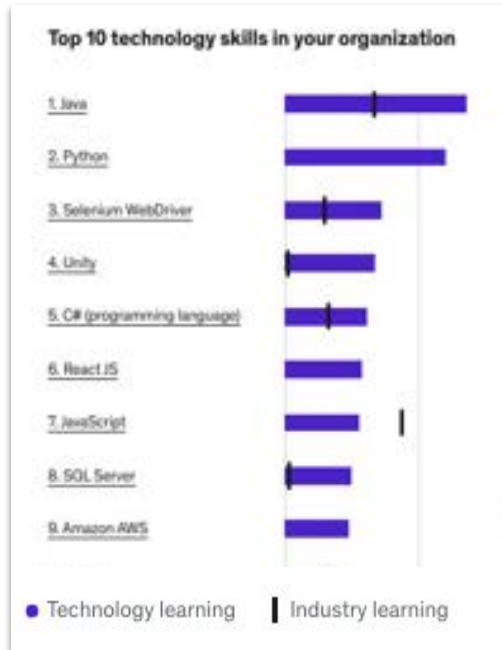
35+ trusted issuers

Amazon Web Services, Brightest, Checkpoint, Cisco, Cloud Security Alliance, CompTIA, Databricks, F5, Google, Hashicorp, Hewlett Packard Enterprise, ISACA, ISC2, Juniper Networks, Microsoft, Oracle, Palo Alto Networks, Project Management Institute (PMI), PTCB, Python Institute, Red Hat inc, SAP, SAS, Snowflake, Splunk, Tableau, The Linux Foundation, The Open Group (TOGAF), VMware

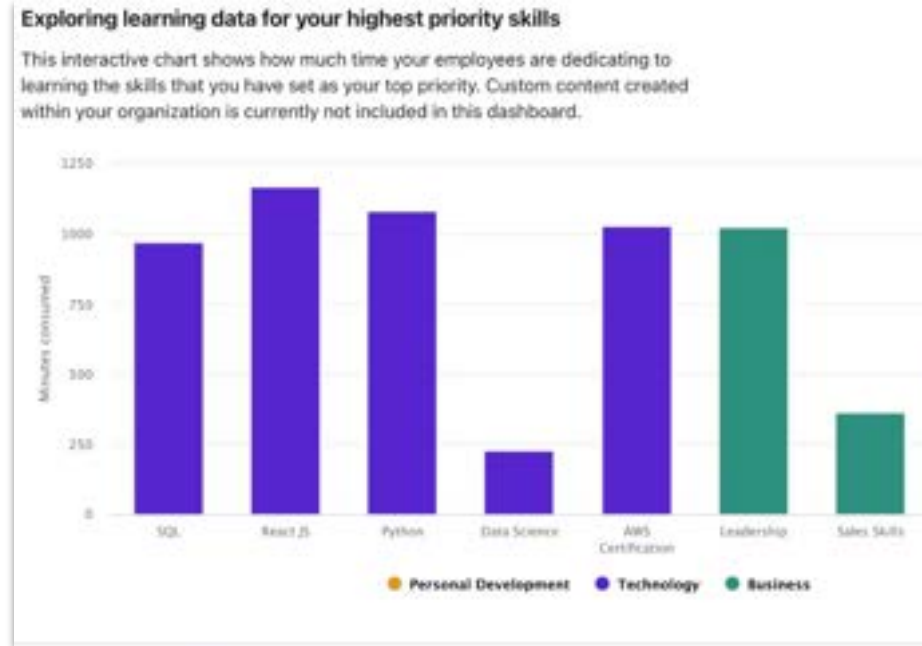
25+ subject areas

Accounting, Agile/Scrum, Application Development, Business Intelligence, Cloud, Computer Programming & Development, Customer Relationship Management, Data Analysis, Data Centers, Data Science, Databases, Enterprise Architecture, Enterprise Resource Planning, Finance, Healthcare, Human Resources, Information Privacy & Security, Information Technology, Networking, Office Productivity, Operating Systems, Platform Development, Project Management, Security, Servers, Software Testing, Supply Chain Management, System Administration, Technical Training

Insights to analyze and bridge skill gaps for corporations




Benchmarking: See what skills are popular in your industry and how you compare




Priority Skills: Set your top priority skills and measure how your employees are tracking in each area



Robust GenAI roadmap servicing needs of 3 distinct personas



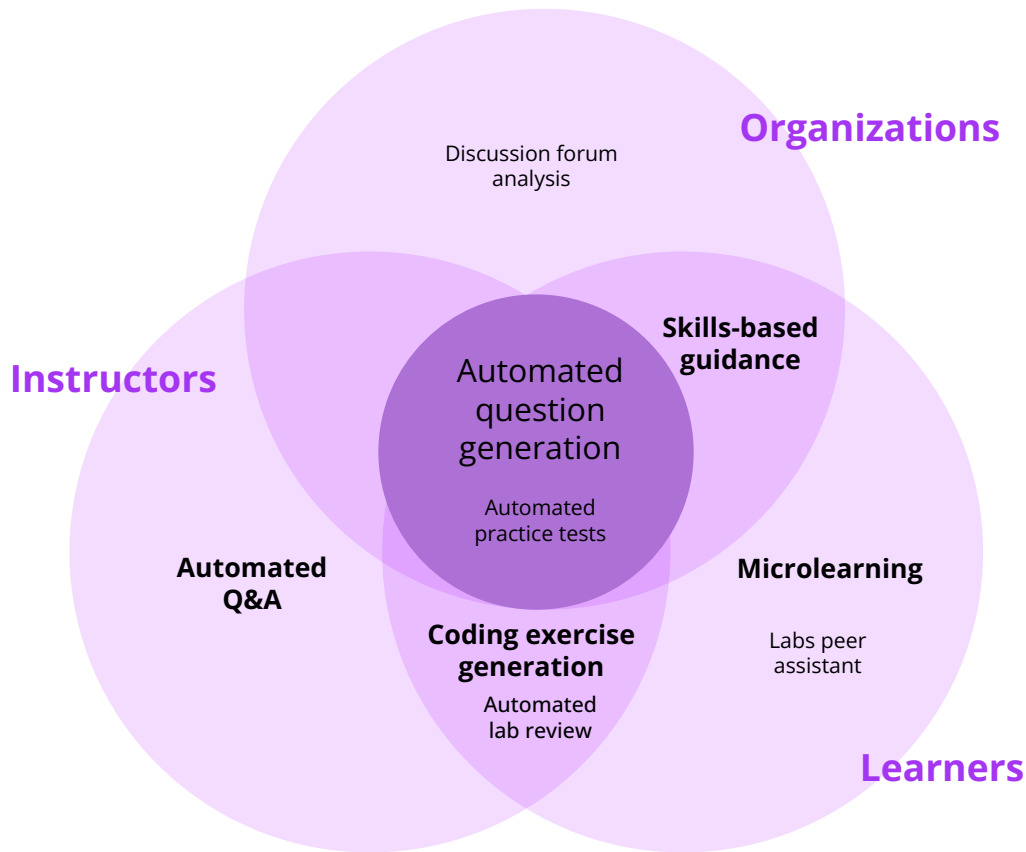
Organizations
Need to transition to a skills based org



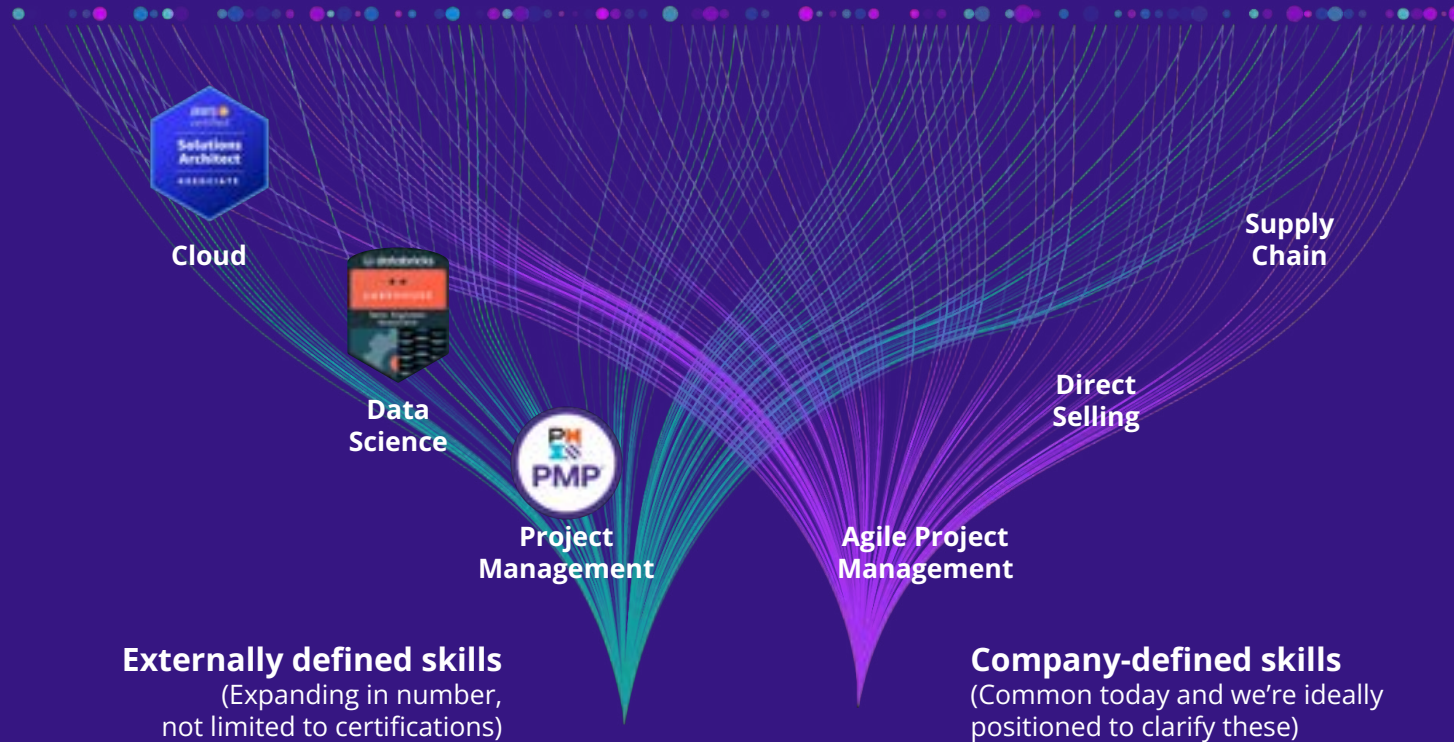
Instructors
Need to deliver better quality instruction more efficiently



Learners
Need to upskill more effectively and efficiently



GenAI enables automated skills mapping to courses



Global reach propels Udemy forward

Language collections support expansion into new markets

80%+

Udemy.com traffic
from outside of U.S.

~75

different languages
for marketplace
courses

14

Udemy Business
international
language collections

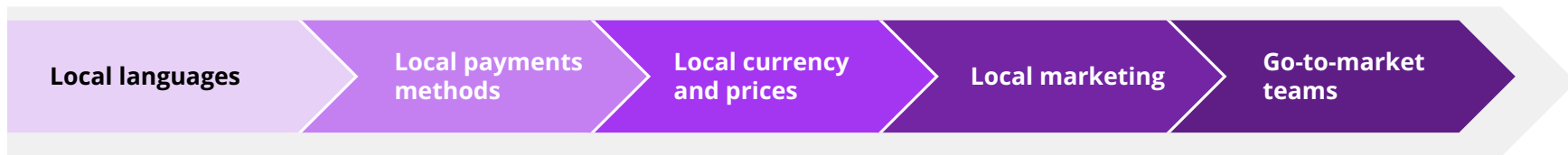
~60%

of revenue outside
North America

28




currencies
supported

International expansion playbook



Note: Data as of December 31 2023, unless otherwise noted

Scaling global partnerships extends reach and awareness

	New Ventures	Regional resellers	Tech resellers	Brand	Super-scalers
Geography	Country specific / mutually exclusive	Regional	Regional/global	Regional/global	Global
Selected partners	 Benesse  3节课  woongjin think big  FUNX Learn with Mentors	 hsm  ASK NET  gentres talent activation  eclass	 EY  sumtotal  VALAMIS  Griky	 Unilever  FNB First National Bank  servicenow  docker  Santander	 aws  Azure  Google Cloud Platform

Providing access to the skills needed to transform organizations

~16K

customers worldwide
and across all industries

>50%

Fortune 500

>65%

Nikkei 225



CASE STUDY



Eventbrite navigates change through skill-building and leadership development

4.8K+

enrollments for upskilling

187%

revenue growth supported by business model

30-40%

growth in learning since pre-pandemic

“

People want to learn new skills now more than ever before.”

John Adcock
Chief People Officer
Eventbrite

CASE STUDY



Capital One accelerated transformational learning through Udemy Business

92.5%

of learners rate Udemy Business content as "very helpful to success in their roles"

12%

retention increase of in-demand tech roles

13 days

faster to passed exams, expediting team productivity

“

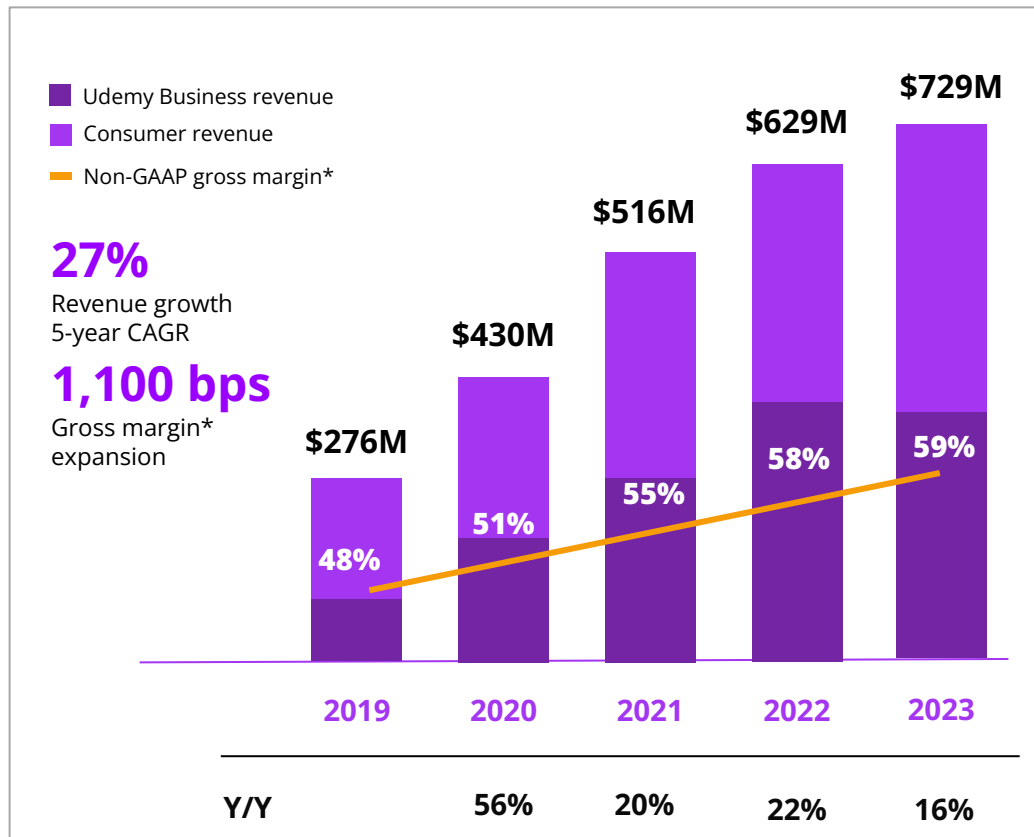
A tremendous resource for our associates targeting learning opportunities to assist in their career development.”

Eric Lawson
Senior Director of Technology Learning
Capital One

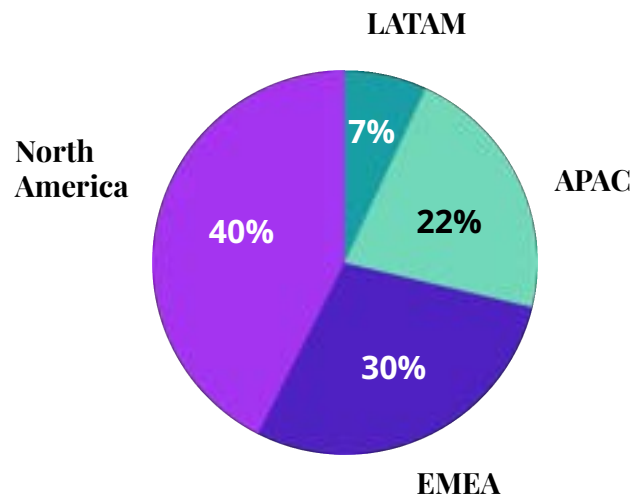


Financial Highlights

Diverse business model with track record of strong performance



Geographic diversification



Data for year ended December 31, 2023

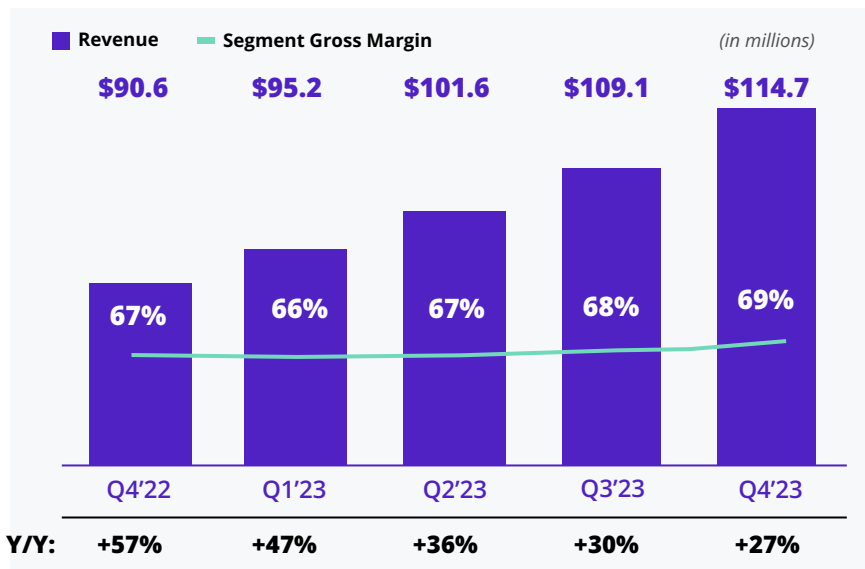
*Non-GAAP metric. Please see Appendix for reconciliation.

Best-in-class software company performance

Q4'23 Udemy Business revenue

\$115M

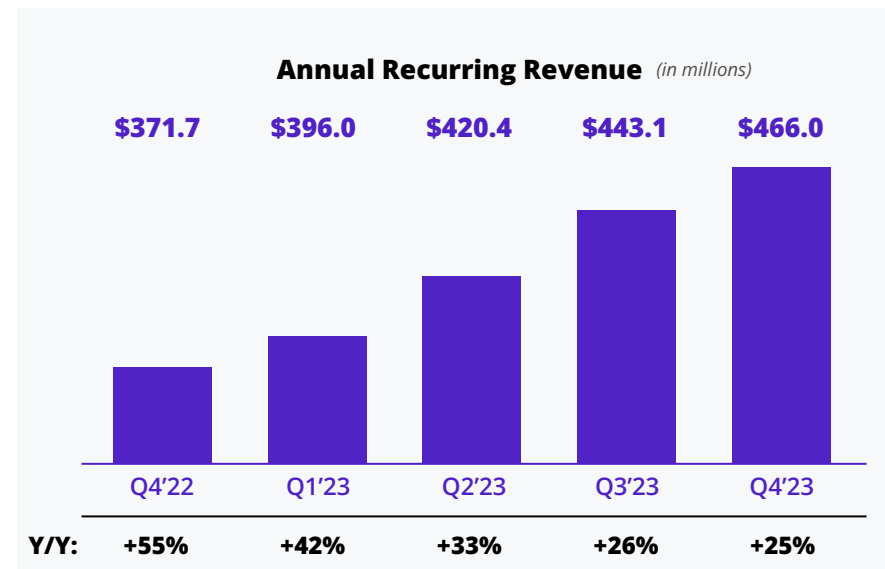
+27% Y/Y



Q4'23 Annual Recurring Revenue (ARR)

\$466M

+25% Y/Y



Strong customer and ACV growth

~16K

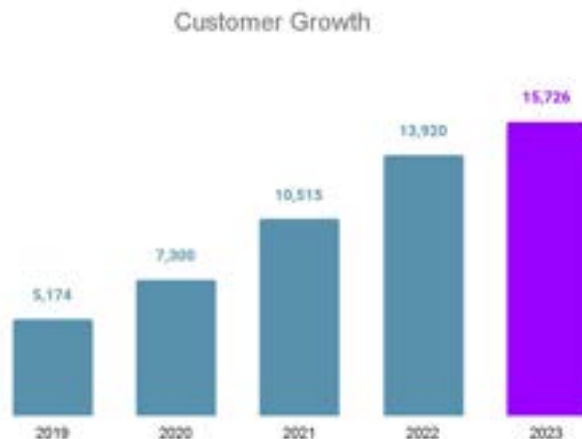
**Udemy Business
Customers**

>2x

**Growth in average
contract value
since 2019**

113%

**Large customer Net
Dollar Retention Rate
(NDRR)**



Udemy Business Net Dollar Retention Rate (NDRR) represents ARR for Udemy Business customers at the end of the 12-month period divided by the total ARR for those Udemy Business customers at the beginning of that 12-month period. 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. Data as of December 31, 2023

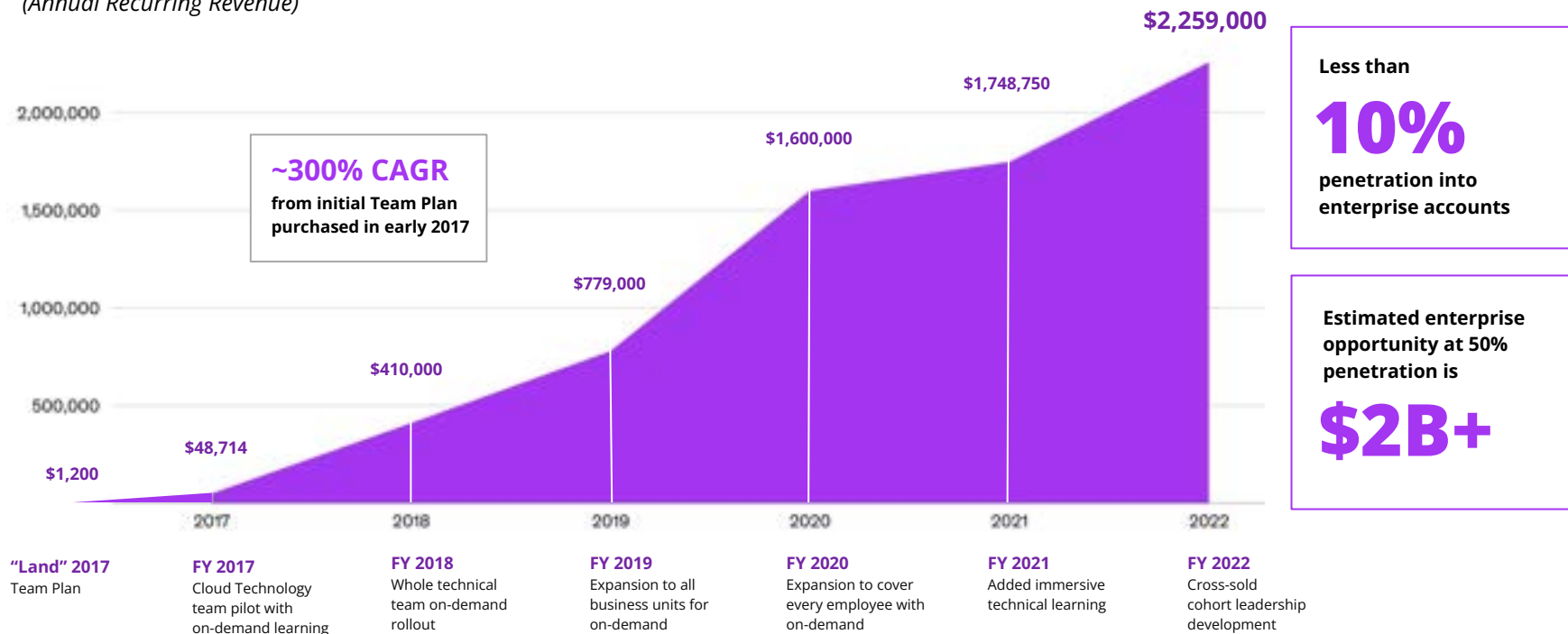
Significant customer commitments



47%
ARR represented
by multi-year
contracts

Proven land-and-expand strategy

Global professional services firm
(Annual Recurring Revenue)

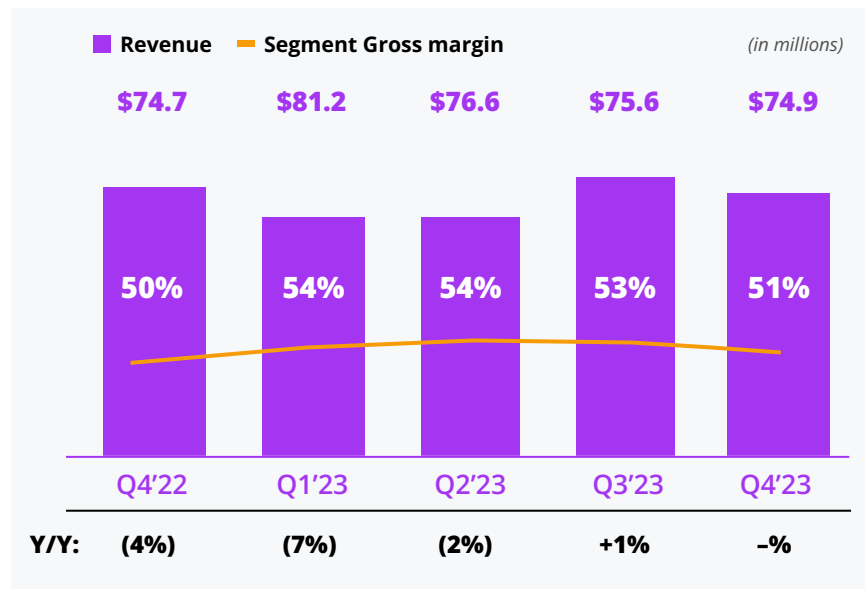


Vibrant consumer marketplace supports enterprise growth

Q4'23 revenue

\$75M

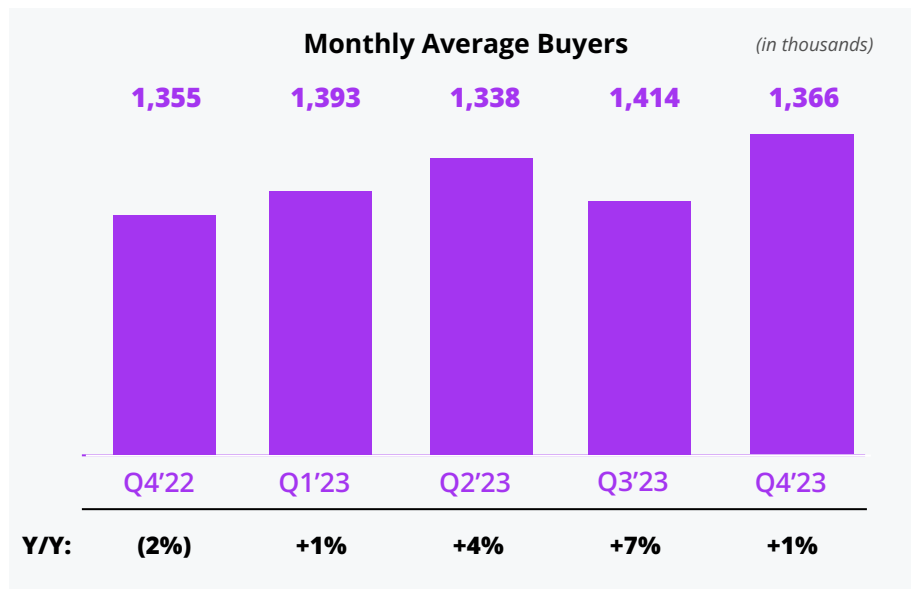
—% Y/Y



Monthly average buyers

1.37M

+1% Y/Y

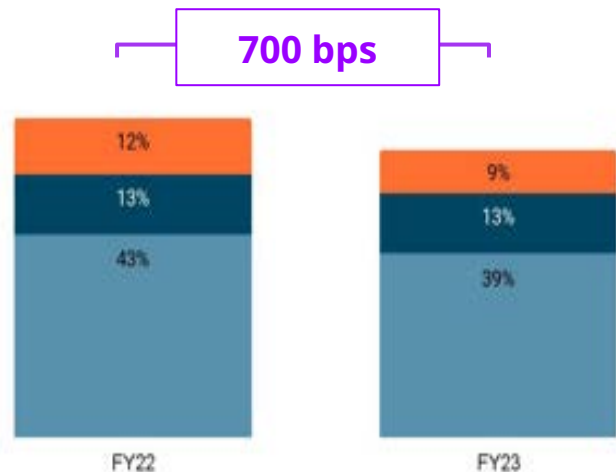


Driving operating leverage while investing in growth and innovation

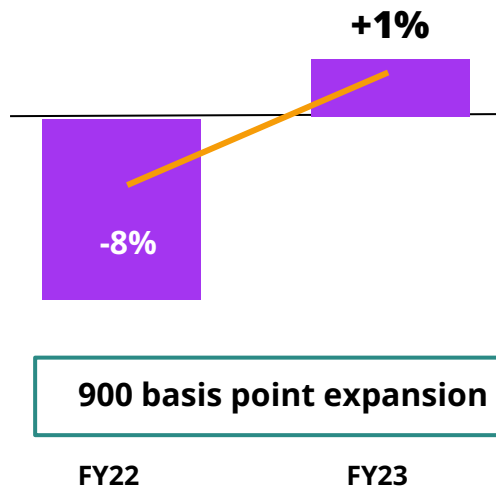
Delivered Udemy's first full year of positive adj. EBITDA in 2023

Non-GAAP Operating Expenses as % of Revenue

General and administrative Research and development Sales and marketing



Non-GAAP Adjusted EBITDA as % of Revenue



Leverage drivers

Revenue growth

Companywide operational efficiencies

Disciplined marketing spend

Mix shift to Udemy Business

Multiple drivers of long-term sustainable growth and profitability

- **Grow Udemy Business** through land-and-expand strategy in the existing base, as well as new customer acquisition
- **Continue international expansion**
- **Leverage strategic partnerships** for individual and enterprise customer acquisition
- **Enhance learning experiences** to new modalities and more active learning that reaches a broader audience
- **Launch innovative products** with new technologies, including generative AI
- **Increase global Udemy brand awareness**
- **Optimize** business model and pricing



Appendix

Committed to strong ESG practices

1st

ESG risk rating¹

percentile in
Internet Software
and Services
assessed by
Sustainalytics



In January, recognized by
Sustainalytics as an ESG
Industry Top Rated
Company²



Growing social impact
partner network

Certified by Fair Pay
Workplace, the
trusted symbol of
pay equity around
the world



1. ESG risk rating as of September 2023.

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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 December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Gross profit	\$ 109,850	\$ 91,340	\$ 419,339	\$ 353,777
Stock-based compensation expense	1,876	1,920	7,006	5,360
Intangible asset amortization	725	725	2,900	2,900
Non-GAAP gross profit	\$ 112,451	\$ 93,985	\$ 429,245	\$ 362,037
Gross margin ¹	58%	55%	58%	56%
Non-GAAP gross margin ²	59%	57%	59%	58%

GAAP to Non-GAAP Net Loss

(\$ in thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net loss	\$ (20,248)	\$ (52,153)	\$ (107,294)	\$ (153,875)
Stock-based compensation expense	23,118	28,250	94,838	81,293
Intangible asset amortization	954	1,066	4,108	4,266
Restructuring charges	-	-	10,263	-
Non-GAAP net income (loss)	\$ 3,824	\$ (22,837)	\$ 1,915	\$ (68,316)
Weighted-average shares used in computing net loss per share, basic	155,161,554	143,120,852	150,098,776	140,873,504
Effect of dilutive securities ¹	7,688,463	-	6,998,611	-
Weighted-average shares used in computing non-GAAP net income (loss) per share, diluted	162,850,017	143,120,852	157,097,387	140,873,504
Net loss per share, basic and diluted	\$ (0.13)	\$ (0.36)	\$ (0.71)	\$ (1.09)
Non-GAAP net income (loss) per share, basic	\$ 0.02	\$ (0.16)	\$ 0.01	\$ (0.48)
Non-GAAP net income (loss) per share, diluted	\$ 0.02	\$ (0.16)	\$ 0.01	\$ (0.48)

Adjusted EBITDA Reconciliation

(\$ in thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net loss	\$ (20,248)	\$ (52,153)	\$ (107,294)	\$ (153,875)
Adjusted to exclude the following:				
Interest income	(5,912)	(3,691)	(20,670)	(5,548)
Interest expense	54	356	518	1,251
Income tax provision	729	1,135	3,653	2,286
Depreciation and amortization	6,519	5,600	24,588	21,216
Stock-based compensation expense	23,118	28,250	94,838	81,293
Other income (expense), net	(283)	257	1,898	4,696
Restructuring charges	-	-	10,263	-
Adjusted EBITDA	\$ 3,977	\$ (20,246)	\$ 7,794	\$ (48,681)
Net loss margin ¹	(11%)	(32%)	(15%)	(24%)
Adjusted EBITDA margin ²	2%	(12%)	1%	(8%)