

The Udemy logo, featuring a white outline of a graduation cap above the word "udemy" in a lowercase, sans-serif font.

udemy

Investor Presentation

Q2 2023

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. 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, 2023. 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.

This presentation contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legaldisclaimers>.

Udemy's mission

**To improve lives
through learning**



Udemy at a glance

Strong, consistent
revenue growth

\$629M
2022 Revenue

22 %
Y/Y 2022
Revenue growth

Compelling
marketplace

70k+
Instructors

200k+
Courses

Large and engaged
audience

64M
Learners

53M
Q2 learning
hours

Proven land-and-
expand strategy

\$420M
ARR¹

115%
Large Customer
NDRR²

Global reach,
local content

~60%
Revenue from
outside U.S.

~75
Languages

Note: Data as of June 30, 2023, unless otherwise noted

¹ Annual Recurring Revenue represents the annualized value of our UB customer contracts on the last day of a given 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

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

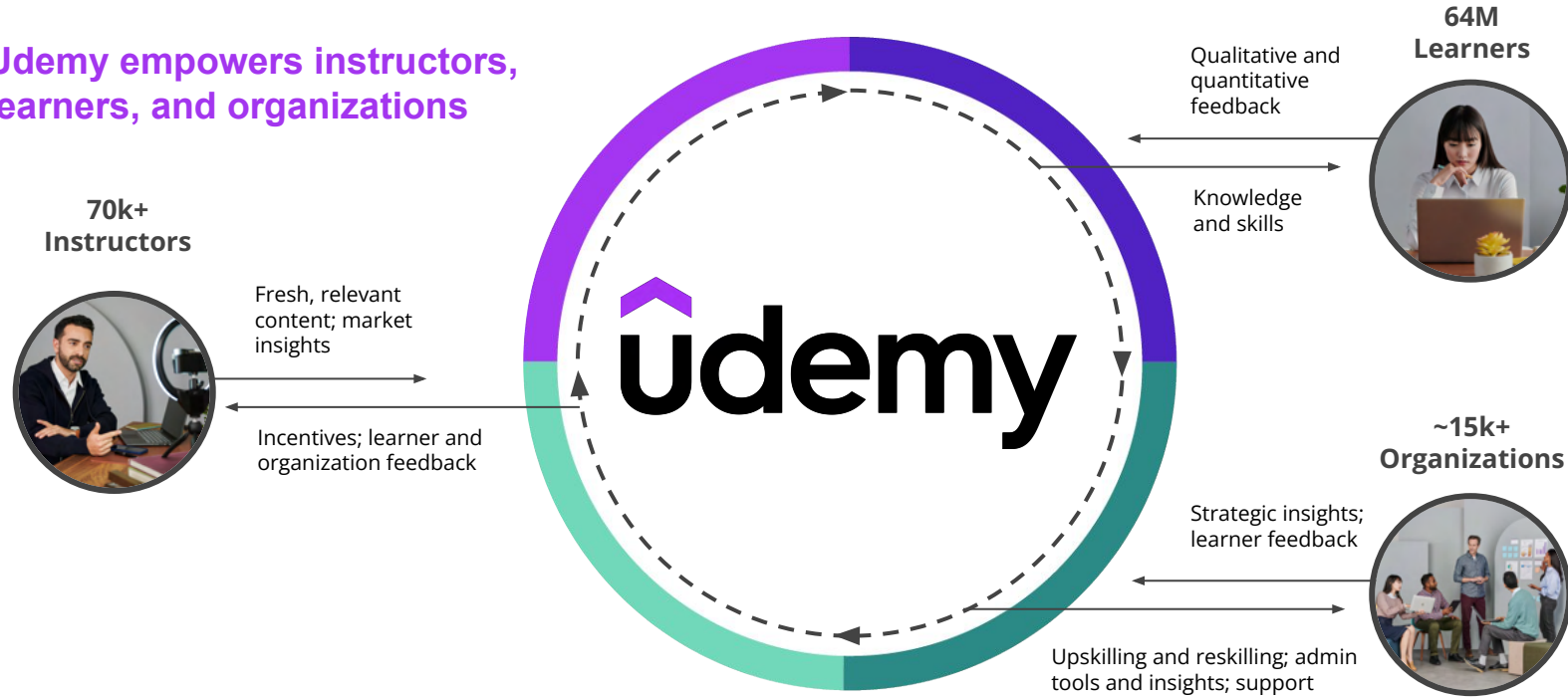
Access & reach

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

The Udeemy difference: our scaled, integrated platform

Udeemy empowers instructors, learners, and organizations



Note: Data as of June 30, 2023

A quality-first approach to online learning

Udemy attracts world-class expert instructors to create powerful learning content for our platform

Ranga Karanam

Founder and Trainer at In28Minutes with over two decades of experience in architecture, design, and programming.

In28Minutes has over 50 courses on the Udemy platform and trains and certifies professionals in DevOps, Azure, GCP, Docker, Kubernetes, Java, and more.



Total students
1.3M+

Average rating
4.6

Chandra Lingam

Expert on Amazon Web Services, mission-critical systems, and machine learning.

Chandra teaches 10 courses on the Udemy platform on systems development in both traditional IT data center and on the AWS Cloud Platform.



Total students
119K+

Average rating
4.6

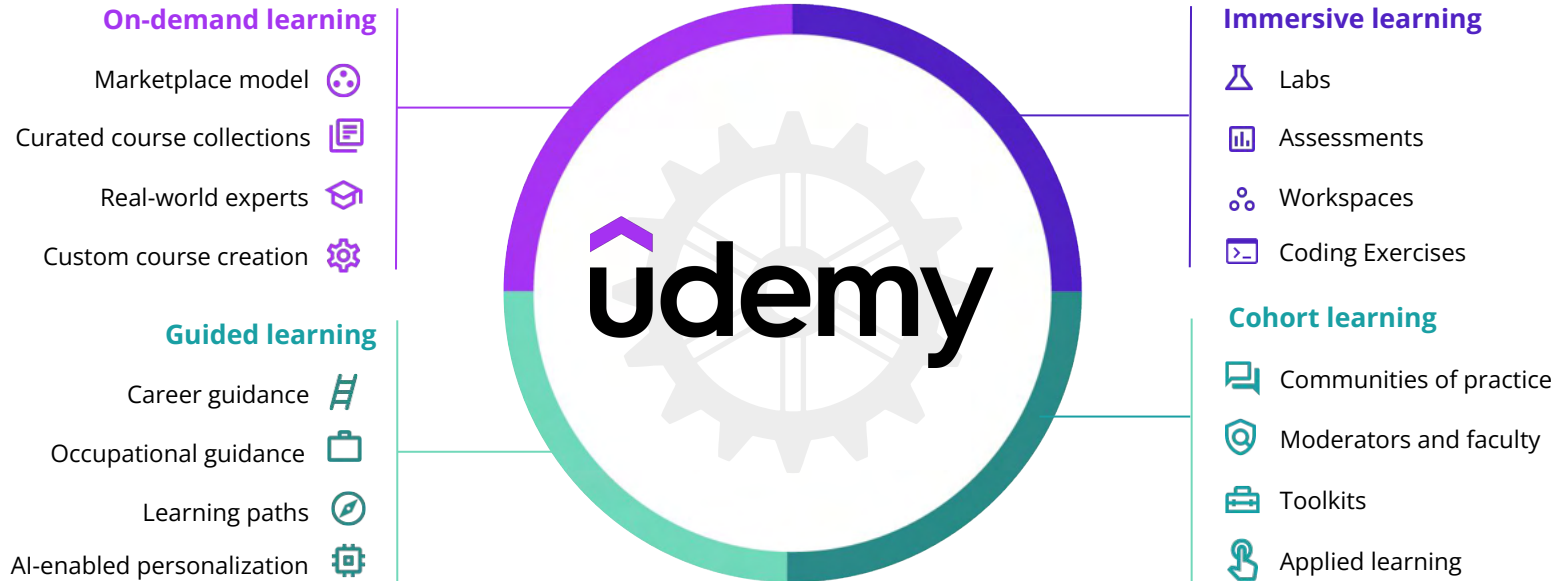
Our instructors update courses at the speed of change

60%*

of top 2,100 Udemy courses were updated in the last 90 days

Building a comprehensive skills acquisition platform

Our current offering and innovation pipeline

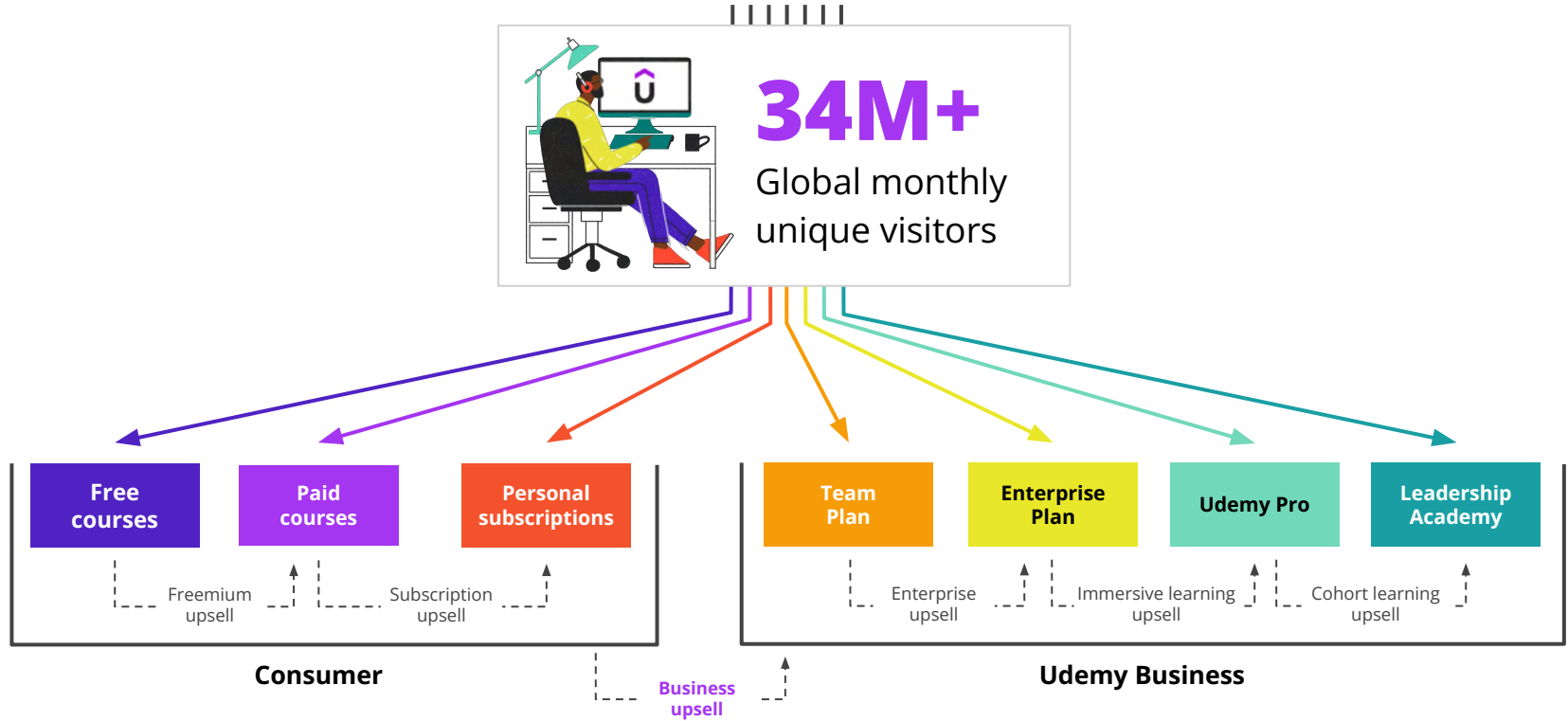


Udemy's suite of online learning product offerings

	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"> 200k+ courses from 70k+ 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"> 24k+ 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"> 24k+ 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				✓

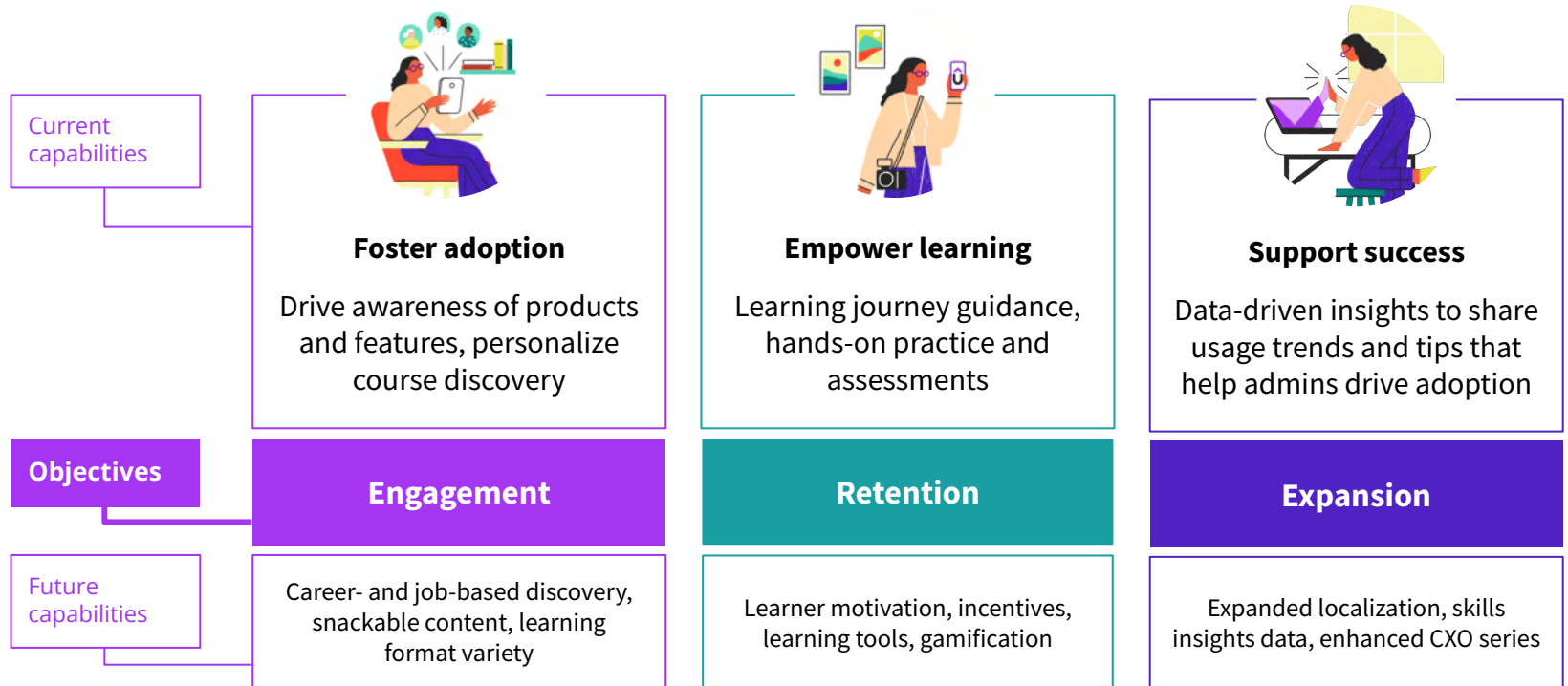
Data as of June 30, 2023

Strong top of funnel demand fuels adoption and upsell opportunities



Data: Average during Q2 2023

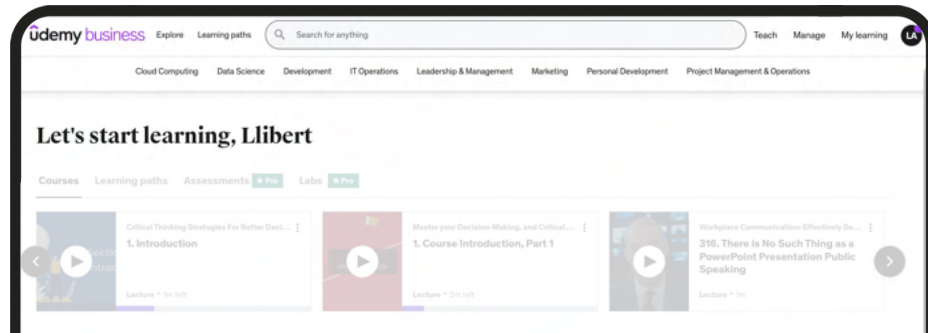
Personalization drives retention and higher customer lifetime value



Easy, personalized, and engaging content discovery

Discovery experience powered by **machine learning algorithms** to provide the most relevant content to each learner

Udemy Business

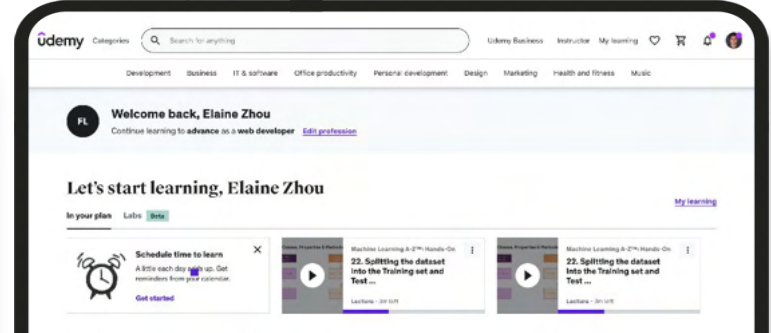


What to learn next

Lectures for you – bite-size learning in minutes

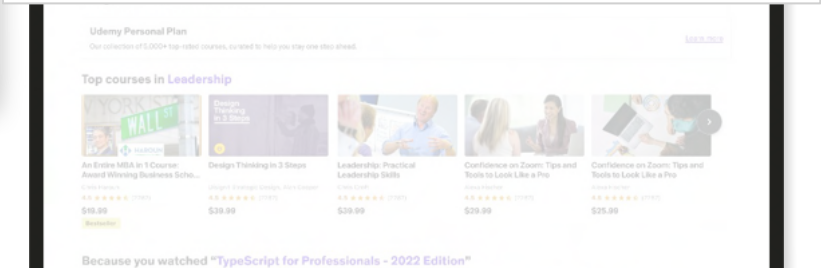
The Logic Condition	8. Problems With Defining Laws in Terms of Observations	A Multiple Regression Model to predict Financial Returns	Pandas - Useful Methods - Statistical Information and...	Insert Calculated Fields	Creating the Cards	Interactions Python Fun
Critical Thinking 6min video	Critical Thinking 3min video	Python 6min video	Python 16min video	Data Analysis 8min video	Data Visualization 3min video	Python 17min video

Personal Plan

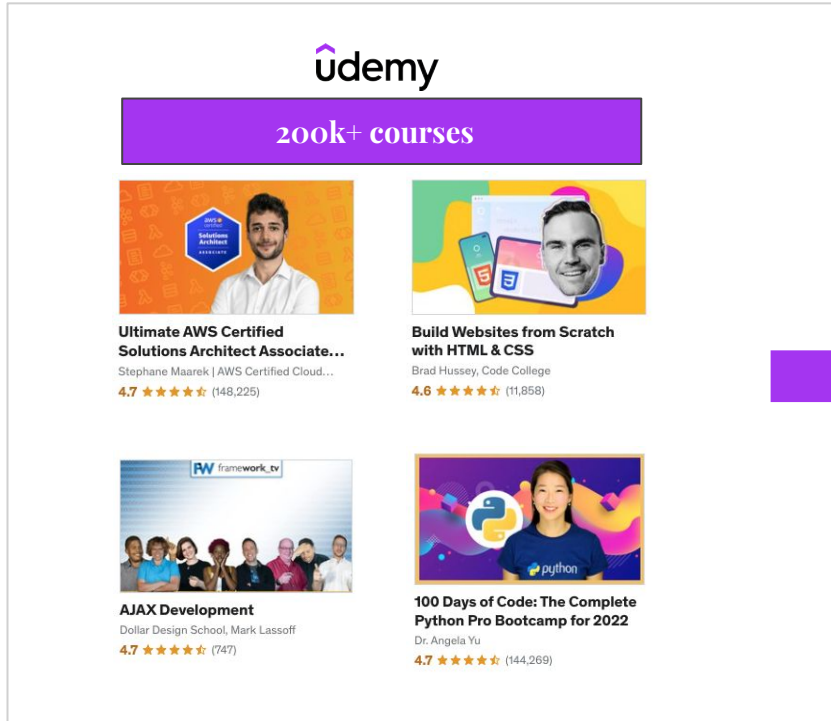


Explore our career guides

	For Web Developers		For Data Scientists
	Learn how to build responsive websites with HTML, CSS, JavaScript, and more. These versatile skills can set you up for success in development, engineering, and product, as well as tech-adjacent roles like design and marketing. Explore Skills		Learn the fundamentals of statistics, data manipulation, analysis, and testing. Stay on the cutting edge with advanced topics like machine learning and neural networks. Explore Skills



Our scaled marketplace feeds Udemy Business SaaS platform



udemy

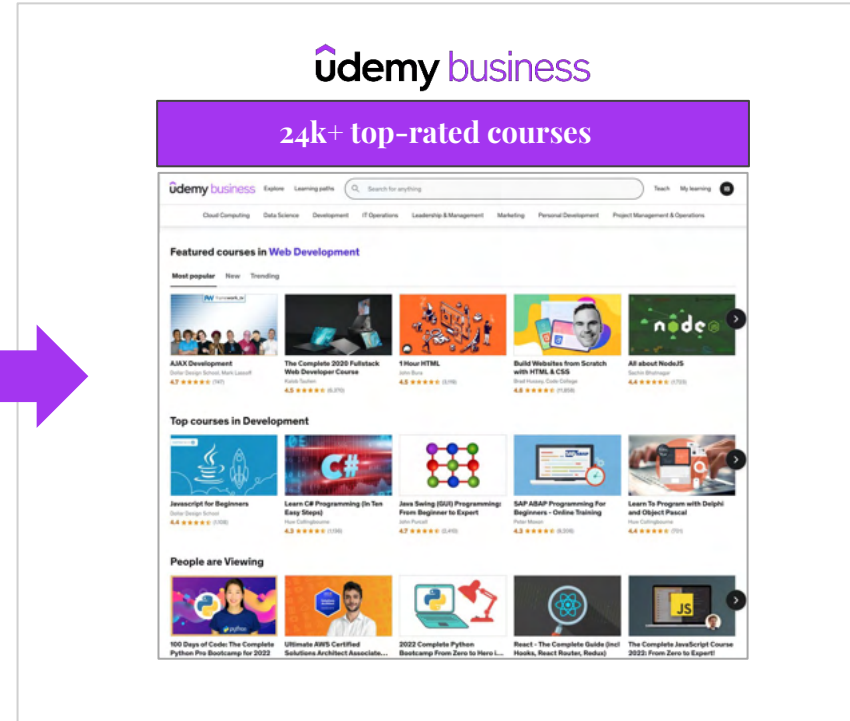
200k+ courses

Ultimate AWS Certified Solutions Architect Associate...
Stephane Maarek | AWS Certified Cloud...
4.7 ★★★★★ (148,225)

Build Websites from Scratch with HTML & CSS
Brad Hussey, Code College
4.6 ★★★★★ (11,858)

AJAX Development
Dollar Design School, Mark Lassoff
4.7 ★★★★★ (747)

100 Days of Code: The Complete Python Pro Bootcamp for 2022
Dr. Angela Yu
4.7 ★★★★★ (144,269)



udemy business

24k+ top-rated courses

udemy business Explore Learning paths Search for anything Teach My learning

Cloud Computing Data Science Development IT Operations Leadership & Management Marketing Personal Development Project Management & Operations

Featured courses in Web Development

Most popular New Trending

- AJAX Development (4.7 ★★★★★ (747))
- The Complete 2020 Fullstack Web Developer Course (4.8 ★★★★★ (8,876))
- 1 Hour HTML (4.5 ★★★★★ (3,976))
- Build Websites from Scratch with HTML & CSS (4.8 ★★★★★ (11,858))
- All about NodeJS (4.8 ★★★★★ (2,755))

Top courses in Development

- Javascript for Beginners (4.4 ★★★★★ (17,166))
- Learn C# Programming (in Ten Easy Steps) (4.3 ★★★★★ (1,166))
- Java Spring (SSZ) Programming: From Beginner to Expert (4.7 ★★★★★ (2,476))
- SAP ABAP Programming For Beginners - Online Training (4.3 ★★★★★ (3,206))
- Learn To Program with Django and Object Pascal (4.4 ★★★★★ (771))

People are Viewing

- 100 Days of Code: The Complete Python Pro Bootcamp for 2022
- Ultimate AWS Certified Solutions Architect Associate...
- 2022 Complete Python Bootcamp From Zero to Hero L...
- React - The Complete Guide (incl Hooks, React Router, Redux)
- The Complete JavaScript Course 2020: From Zero to Expert!

Udemy Business's unique approach to learning and development



Marketplace effect

- Superior content quality, breadth, and coverage
- Sustainable competitive advantage



Sophisticated GTM approach

- Scalable, high-performance engine
- Team selling with CXO orientation
- Focus on customer success and outcomes



Differentiated product portfolio

- On-demand learning
- Immersive, hands-on learning
- Cohort-based leadership development



Partner ecosystem

- Open and agile integrations
- Diversity of routes to market

Note: CXO refers to all cross-functional executives in the organization's C-suite

Case study: Driving revenue growth for Publicis Sapient

publicis
sapient

Industry:

**Professional
Services**

Number of
employees:

20,000

“Our engagement with Udey has helped unlock multiple business opportunities resulting in tangible revenue growth for our firm.”

Ian Stevens

Head of Capability Development, Publicis Sapient

335K+

hours of learning in Udey cloud training programs

\$280M

2021 revenue growth supported by Udey Business

66%

faster onboarding of new talent, from three weeks to one

Source: Publicis Sapient, Udey customer study, 2022

Case study: Accelerating digital transformation at F100 company

Industry:

Technology & Services

Number of employees:

350,000+

Customer since:

2017

Seat base:

64%

“ Thanks to Udemy Business, we are better equipped to both grow and sustain the valuable business partnerships that are central to our corporate growth strategies. ”

Chief Learning Officer

87 NPS

Udemy Business content highest learning partner NPS score in 2021

37%

Global Business Services revenue growth supported by Udemy Business in 2021

44%

Udemy Business seat license growth in 2021

Source: Customer internal data and Udemy customer case study, 2022
NPS: Net Promoter Score

Strong Udemy Business customer retention and expansion

Net Dollar Retention Rate (NDRR)

108%

**Udemy
Business
NDRR**

115%

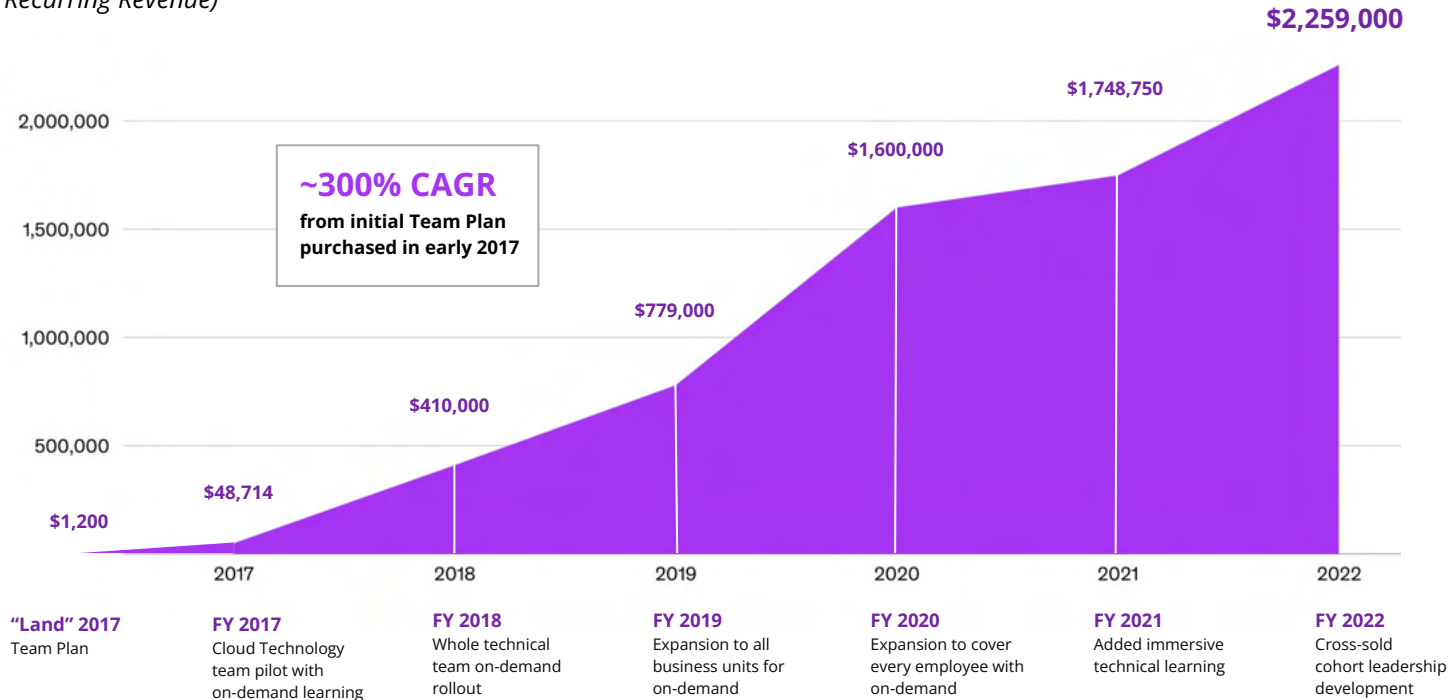
**Udemy Business
Large Customer
NDRR**

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 June 30, 2023

Udemy Business's proven land-and-expand strategy

Global professional services firm
(Annual Recurring Revenue)



Global reach propels Udemy forward

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

34M+

unique global
visitors per month¹

~75

different languages
for marketplace
courses

14

Udemy Business
international
language collections

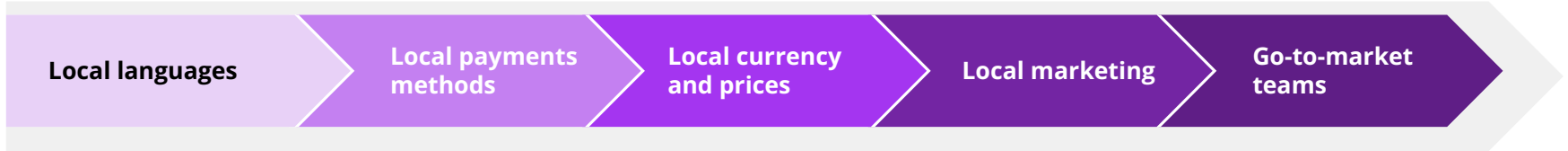
~60%

of revenue outside
North America

28

currencies
supported




















International expansion playbook



Note: Data as of June 30, 2023, unless otherwise noted

20 1. Average during Q2 2023

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   	   	   	   	   Google Cloud Platform

Compelling Udemy Business customer benefits

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

592%

three-year ROI

12%

average productivity gain
for UB users

5

hours of additional productivity
per week per user

\$22.5M

average revenue gain
per year, per organization

83%

average savings in
learnings platform costs

\$1M

average annual
hiring costs



5x more employees upskilled

Source: IDC was commissioned by Udemy to interview eight organizations about their experiences with the Udemy Business corporate learning platform. These organizations varied in size. Average employee size was more than 33,000 (median of 8,000) and annual revenue of \$7 billion (median of \$1.5 billion). Organizations were located in the U.S., France, South Asia, Switzerland and the UK, as well as tech, manufacturing, software and energy industries. Data as of 2022.

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

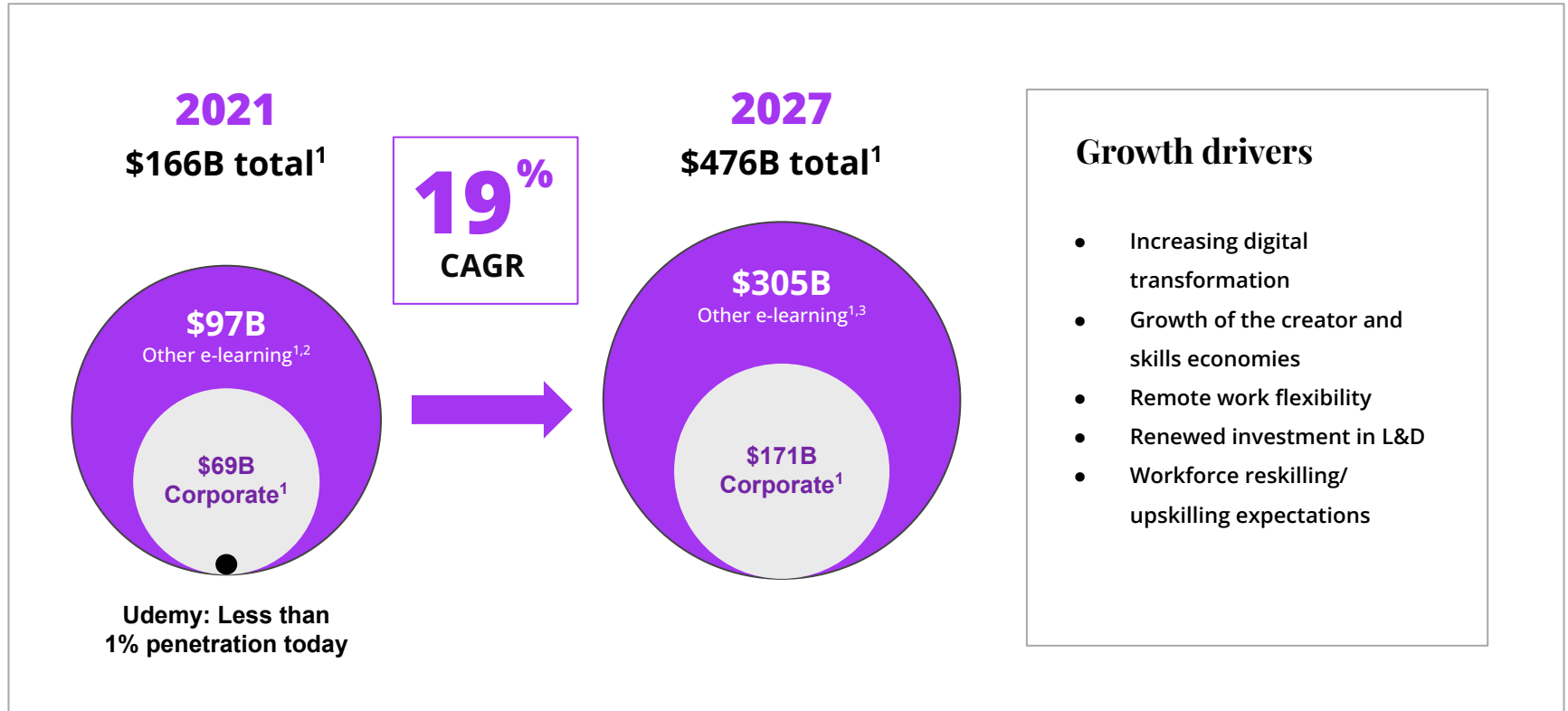


1. ESG risk rating as of January 2023.

2. Copyright ©2023 Sustainalytics. All rights reserved. This publication contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, investment advice or an expert opinion and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.

Financial Highlights

Low penetration of a massive and growing market opportunity



1. Arizton E-Learnings Global Forecast & Outlook 2022 - 2027

2. Includes government, vocational, and higher education

3. Includes government, vocational, higher education and K-12

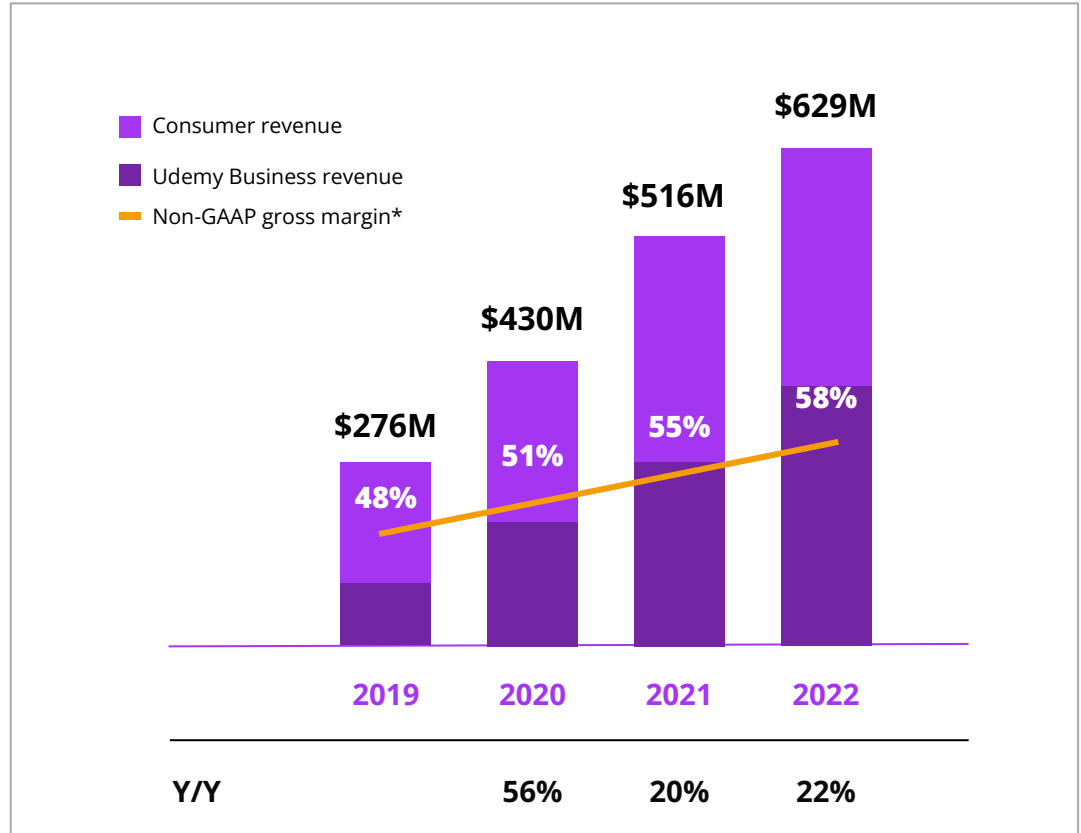
Track record of strong revenue growth and gross margin expansion

32%

Revenue growth CAGR

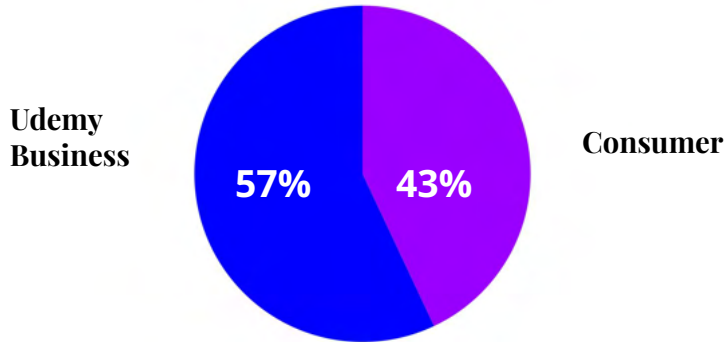
900 bps

Gross margin* expansion

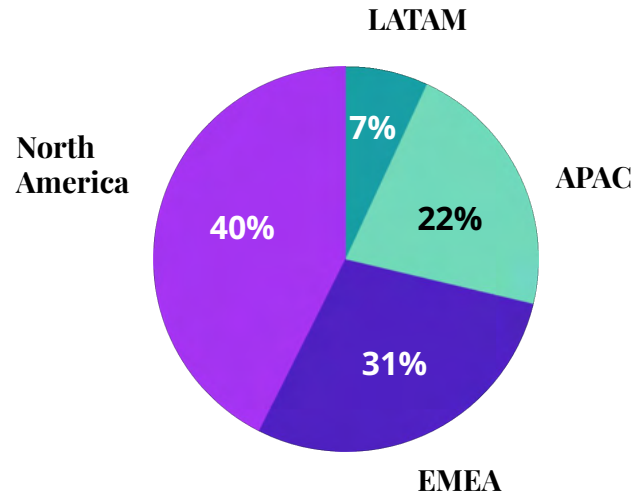


Diversified revenue model is a competitive advantage

Complementary segments



Geographic diversification

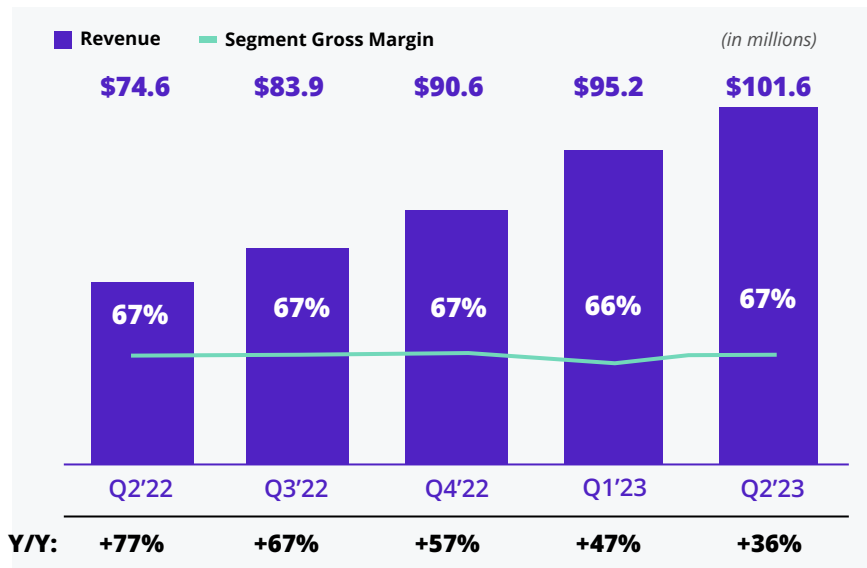


Udemy Business segment

Q2'23 revenue

\$102M
+36% Y/Y

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

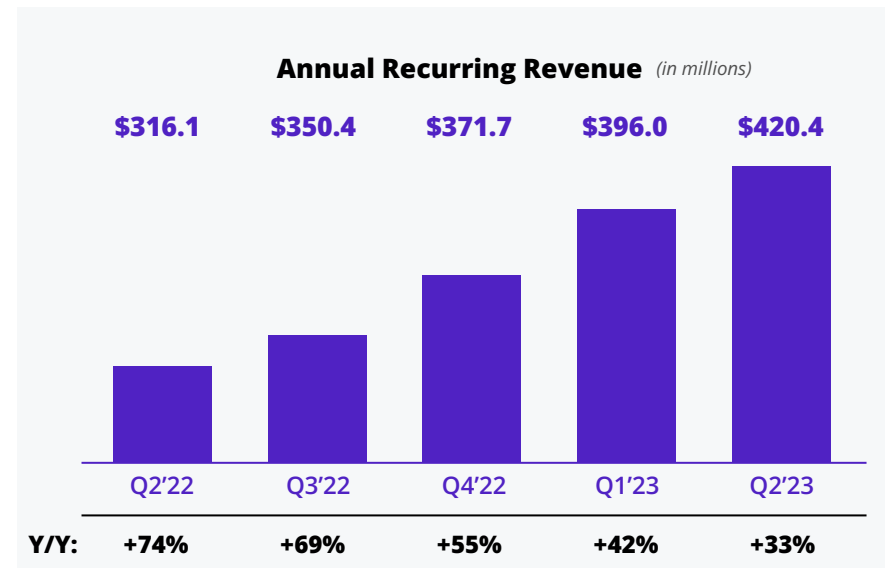


Q2'23 ARR

\$420M
+33% Y/Y

Customers

15K
+19% Y/Y



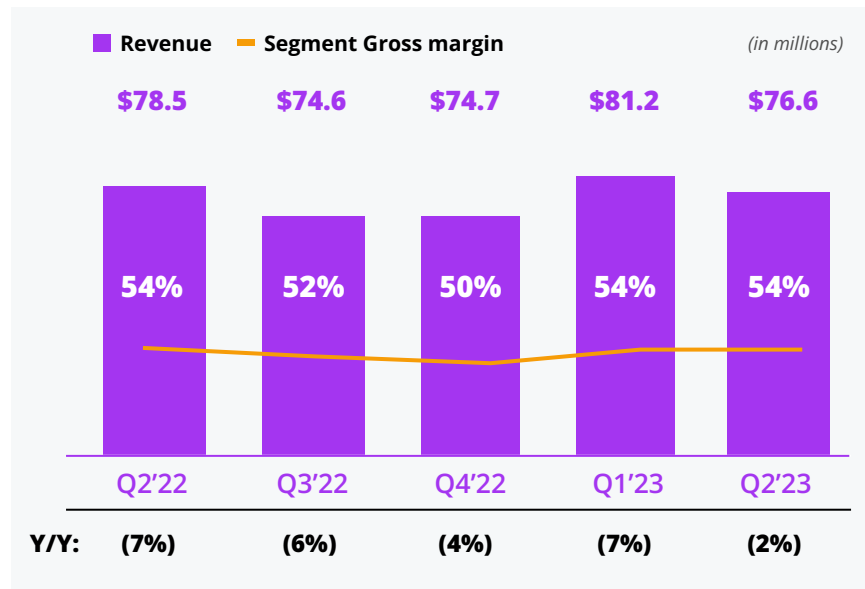
Consumer segment

Q2'23 revenue

\$77M

(2%) Y/Y

Q2'23 segment revenue Y/Y includes negative 3 pp impact from FX

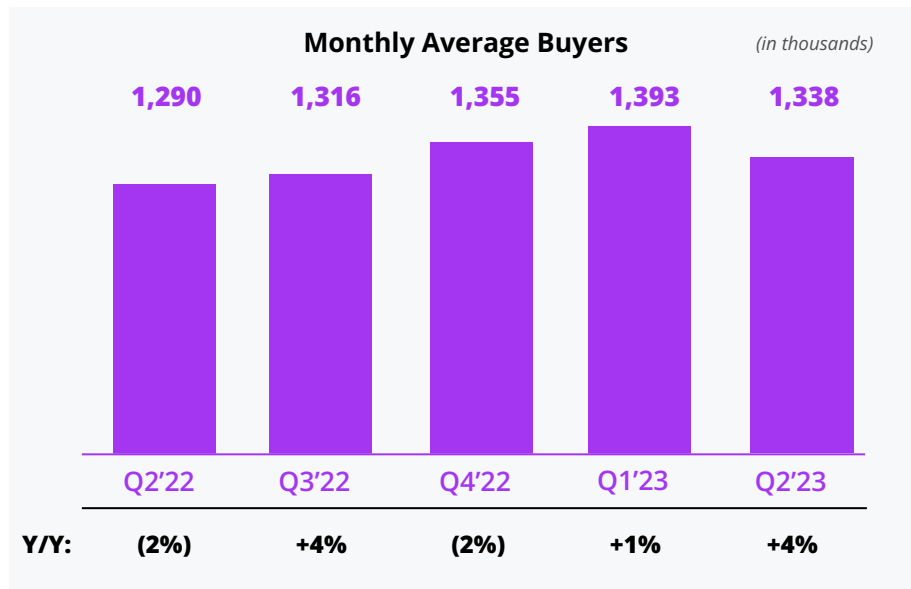


Monthly average buyers

1.34M

+4% Y/Y

Robust traffic with 34M unique visitors per month¹



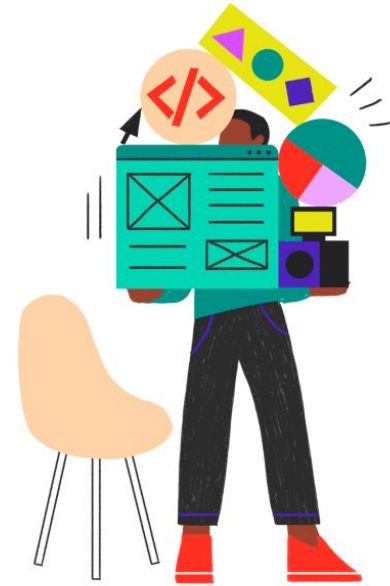
Long-term targets

Metric	FY22 actual	Long-term target
Revenue growth	22%	25% - 30%
Udemy Business % of total revenue	50%	75%+
Non-GAAP gross margin	58%	65% - 70%
Non-GAAP S&M % of total revenue	43%	33% - 35%
Non-GAAP R&D % of total revenue	13%	11% - 12%
Non-GAAP G&A % of total revenue	12%	8% - 9%
Adj. EBITDA Margin*	(8)%	15% - 20%

*Udemy has not provided a quantitative reconciliation of forecasted Adjusted EBITDA to forecasted GAAP net income (loss) within this presentation because the company is unable, without making unreasonable efforts, to calculate certain reconciling items with confidence.

Multiple drivers of long-term sustainable growth

- Increase Udemy Business penetration through land-and-expand strategy
- Continue international expansion and localization
- Expand learning experiences to new modalities and more active learning that reaches a broader audience
- Launch innovative products that drive measurable learning outcomes and increased retention
- Increase overall Udemy brand awareness
- Optimize business model and pricing
- Pursue strategic acquisitions



Investment Highlights

- 1) Addressing a massive and growing TAM with a unique business model
- 2) Since 2019, Udemy delivered a 32% revenue CAGR, and expanded non-GAAP gross margin¹ by more than 900 basis points
- 3) Long runway for growth, driven by proven land-and-expand model for Udemy Business and macro tailwinds
- 4) Clear path to full year profitability and compelling long-term targets

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

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.

GAAP to Non-GAAP Gross Margin

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Gross profit	\$ 102,302	87,300	\$ 202,031	173,085
Stock-based compensation expense	1,749	989	3,342	1,829
Intangible asset amortization	725	726	1,450	1,450
Non-GAAP gross profit	\$ 104,776	\$ 89,015	\$ 206,823	\$ 176,364
Gross margin ¹	57%	57%	57%	57%
Non-GAAP gross margin ²	59%	58%	58%	58%

GAAP to Non-GAAP Net Loss

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (25,735)	\$ (29,380)	\$ (70,279)	\$ (55,029)
Stock-based compensation expense	23,161	14,732	48,236	28,074
Intangible asset amortization	1,066	1,067	2,133	2,133
Restructuring charges	135	-	10,263	-
Non-GAAP net loss	\$ (1,373)	\$ (13,581)	\$ (9,647)	\$ (24,822)
Net loss per share, basic and diluted	\$ (0.17)	\$ (0.21)	\$ (0.48)	\$ (0.39)
Non-GAAP net loss per share, basic and diluted	\$ (0.01)	\$ (0.10)	\$ (0.07)	\$ (0.18)
Weighted-average shares used in computing net loss per share - basic and diluted	148,071,315	140,035,203	146,910,959	139,691,508

Adjusted EBITDA Reconciliation

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (25,735)	\$ (29,380)	\$ (70,279)	\$ (55,029)
Adjusted to exclude the following:				
Interest (income) expense, net	(4,944)	(127)	(8,876)	(370)
Provision for income taxes	1,056	308	2,113	640
Depreciation and amortization	6,100	5,233	11,886	10,200
Stock-based compensation expense	23,161	14,732	48,236	28,074
Other expense, net	2,161	672	2,303	916
Restructuring charges	135	-	10,263	-
Adjusted EBITDA	\$ 1,934	\$ (8,562)	\$ (4,354)	\$ (15,569)
Net loss margin ¹	(14%)	(19%)	(20%)	(18%)
Adjusted EBITDA margin ²	1%	(6%)	(1%)	(5%)