

Q2 Fiscal Year 2021

Earnings Presentation

August 3, 2021

Disclaimer

Information contained in this presentation is current as of the Q2 FY21 earnings date

Non-GAAP Financial Measures




In addition to financial information presented in accordance with GAAP, this presentation includes non-GAAP gross profit, non-GAAP net loss, adjusted EBITDA, adjusted EBITDA margin and Free Cash Flow, each of which is a non-GAAP financial measure. These are key measures used by our management to help us analyze our financial results, establish budgets and operational goals for managing our business, evaluate our performance, and make strategic decisions. Accordingly, we believe that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. In addition, we believe these measures are useful for period-to-period comparisons of our business. We also believe that the presentation of these non-GAAP financial measures provides an additional tool for investors to use in comparing our core business and results of operations over multiple periods with other companies in our industry, many of which present similar non-GAAP financial measures to investors, and to analyze our cash performance. However, the non-GAAP financial measures presented may not be comparable to similarly titled measures reported by other companies due to differences in the way that these measures are calculated. These non-GAAP financial measures are presented for supplemental informational purposes only and should not be considered as a substitute for or in isolation from financial information presented in accordance with GAAP. These non-GAAP metrics have limitations as analytical tools. You are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures as detailed in this presentation. You should not rely on any single financial measure to evaluate our business.

Forward Looking Statements

This presentation contains forward-looking statements that involve substantial risks and uncertainties. Any statements contained in this presentation that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by the words “may,” “might,” “will,” “can,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “objective,” “target,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” and “ongoing,” or the negative of these terms, or other comparable terminology intended to identify statements about the future. These forward-looking statements include statements regarding: the growing adoption and impact of our platform around the world;; trends in the online learning market, including with respect to the impact of technology on higher education, the need for global education, and learner interest in online credentials as a pathway into digital roles; trends in the higher education market; opportunities to drive growth for Coursera; features and anticipated benefits of our content and platform offerings and global learning ecosystem including affordability, convenience, skills benchmarking and employer provision of job opportunities; our ability to market effectively, including in global markets; and our financial outlook, future financial performance, and expectations, among others. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from the information expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, the following: our ability to manage our growth; our limited operating history; the COVID-19 pandemic’s impact on our business and our industry; the nascency of online learning solutions and risks related to market adoption of online learning; our ability to maintain and expand our partnerships with our university and industry partners; our ability to attract and retain learners; our ability to increase sales of our Enterprise offering; our ability to compete effectively; regulatory matters impacting us or our partners; risks related to intellectual property; cyber security and privacy risks and regulations; potential disruptions to our platform; and our status as a B Corp, as well as the risks discussed in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 and as detailed from time to time in our SEC filings. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Such forward-looking statements relate only to events as of the date of this presentation. We undertake no obligation to update any forward-looking statements except to the extent required by law.

Q2 Earnings Summary

As of June 30, 2021

	 CONSUMER	 ENTERPRISE	 DEGREES	TOTAL
REVENUE	\$62.0M +23% y/y	\$28.2M +69% y/y	\$11.9M +78% y/y	\$102.1M +38% y/y
MARGIN	\$40.7M 66% segment margin	\$19.0M 67% segment margin	\$11.9M 100% segment margin	\$61.8M 61% gross margin
KEY BUSINESS METRICS	87M registered learners +5M in the quarter	584 paid enterprise customers +109% y/y 114% net retention rate for paid enterprise customers	14,630 degrees students +81% y/y	

Note: This summary reflects non-GAAP financial measures and key operational metrics. See the Appendix for “Key Business Metrics Definitions” as well as reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.

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MISSION

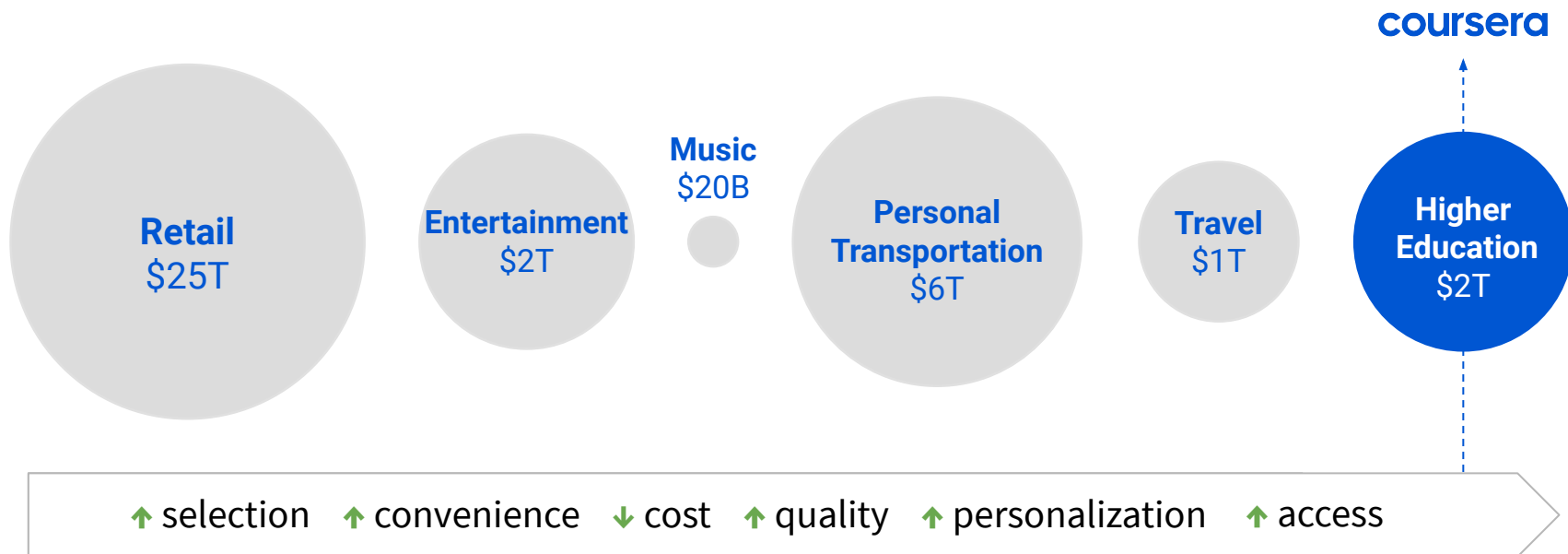
**Provide universal access
to world-class learning**



coursera

Higher education is being replatformed

The force of technology is transforming industry after industry, but higher education has seen relatively little innovation over the past 3 centuries



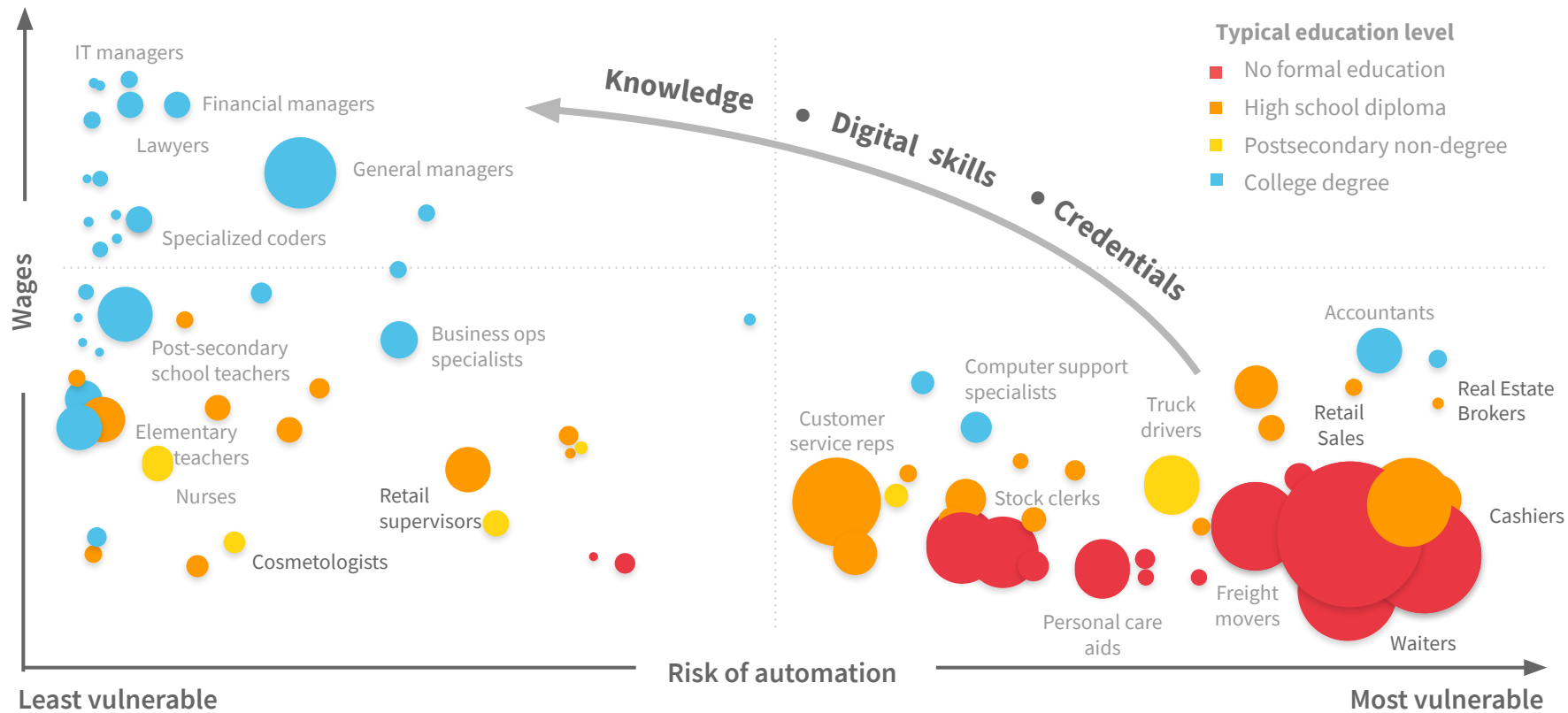
Note: Area of circles are illustrative and do not directly reflect relative proportional market size. Market sizes are based on company prospectuses and third-party reports, as of various dates.

The need for global education is growing



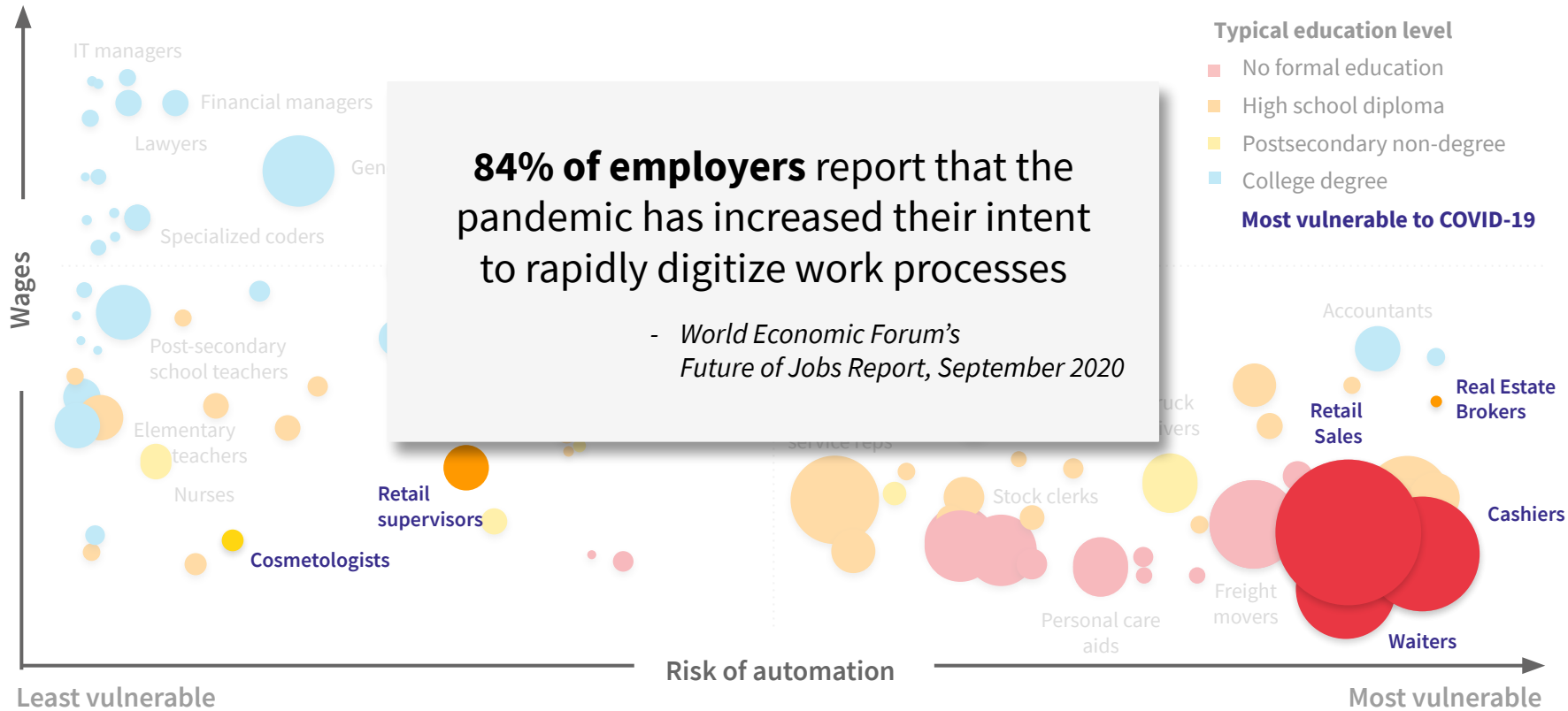
Note: Source: UN, World Population Prospects, 2019. Working age defined as 15-64. Note: Figures are approximate.

Low-skilled jobs are at risk of automation



Source: Bloomberg, 2017 based on Oxford University & the Bureau of Labor Statistics.

Low-skilled jobs are at risk of automation



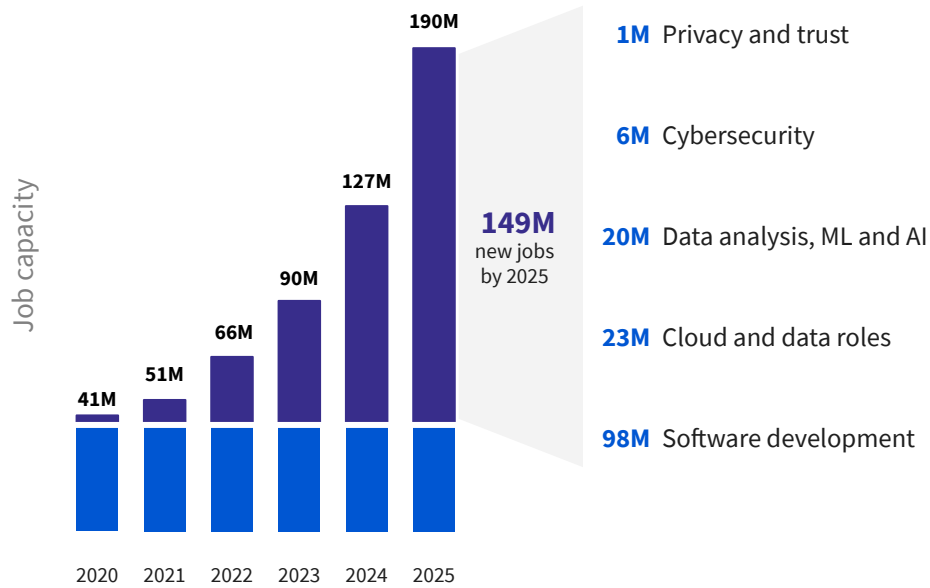
Source: Bloomberg, 2017 based on data from Oxford University & the Bureau of Labor Statistics; McKinsey Interactive Data, Employment impact of COVID-19 across industries and occupations (data as of April 2020). Note: Most vulnerable to COVID-19 equates to highest percentage of sector at risk as per McKinsey's interactive data.

Emerging job opportunities require digital skills

Top 10 jobs with increasing demand ¹

- 1 Data Analyst and Scientists
- 2 AI / ML Learning Specialists
- 3 Big Data Specialists
- 4 Digital Marketing and Strategy Specialists
- 5 Process Automation Specialists
- 6 Business Development Professionals
- 7 Digital Transformation Specialists
- 8 Information Security Analysts
- 9 Software / Application Developers
- 10 Internet of Things Specialists

Digital job capacity from 2020-2025 ²



Access to higher education is limited



Source: Unesco Institute for Statistics. Euromonitor, Economies and Consumers Annual Data. Data as of: 2019 for global; 2020 for Brazil; 2019 for China, India; 2018 for Mexico, US.

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Coursera's platform advantage



Coursera's platform advantage

Global brand with broad consumer reach



Branded, quality content attracts institutions



Branded catalog of stackable content & credentials



Enterprise distribution to businesses, governments, universities

Employers provide revenue, skill signals

Coursera's platform advantage

Global brand with broad consumer reach



More learners creates, brand, sales leads & skills benchmarking



Branded catalog of stackable content & credentials

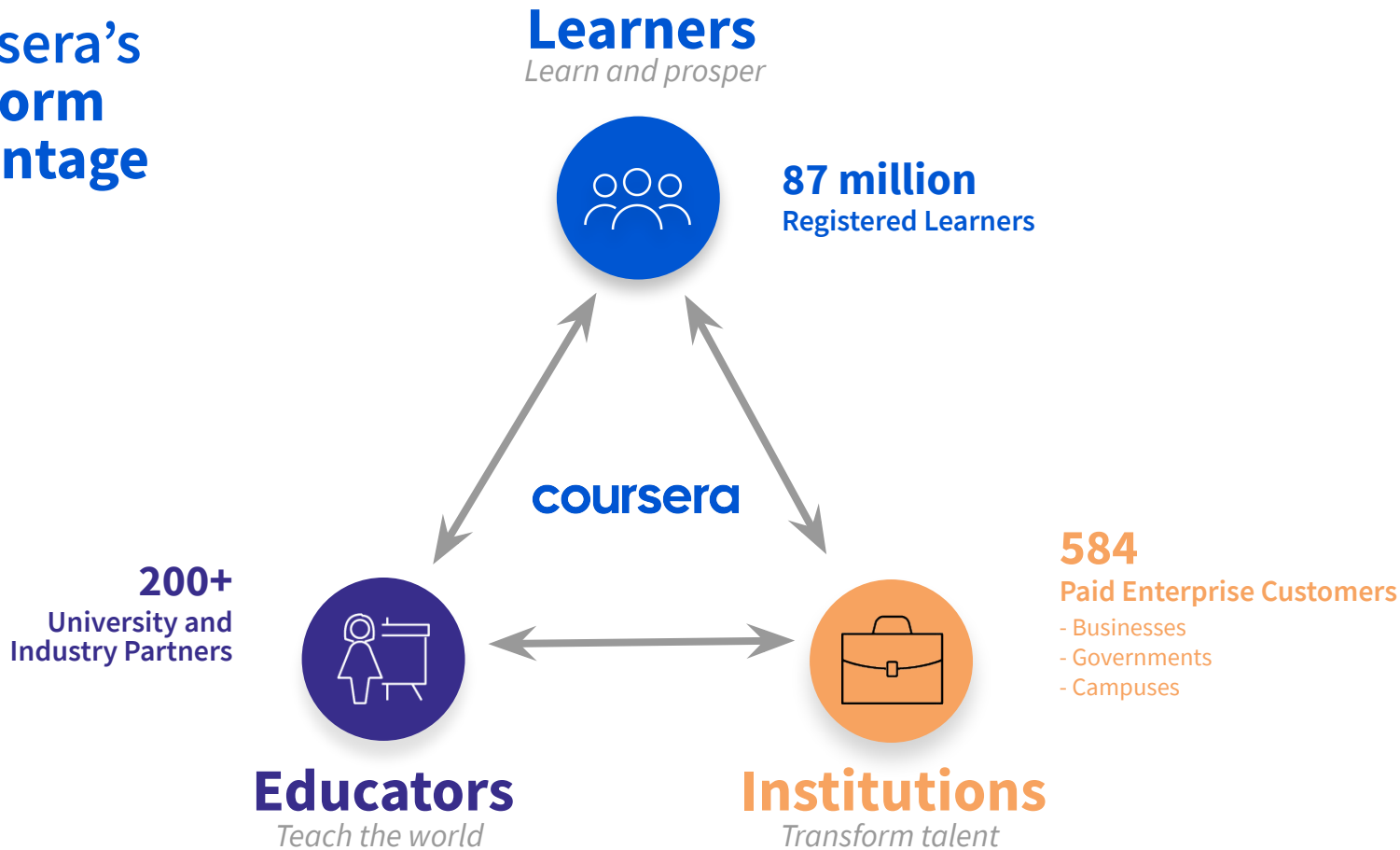


Employers provide skill signals & job opportunities



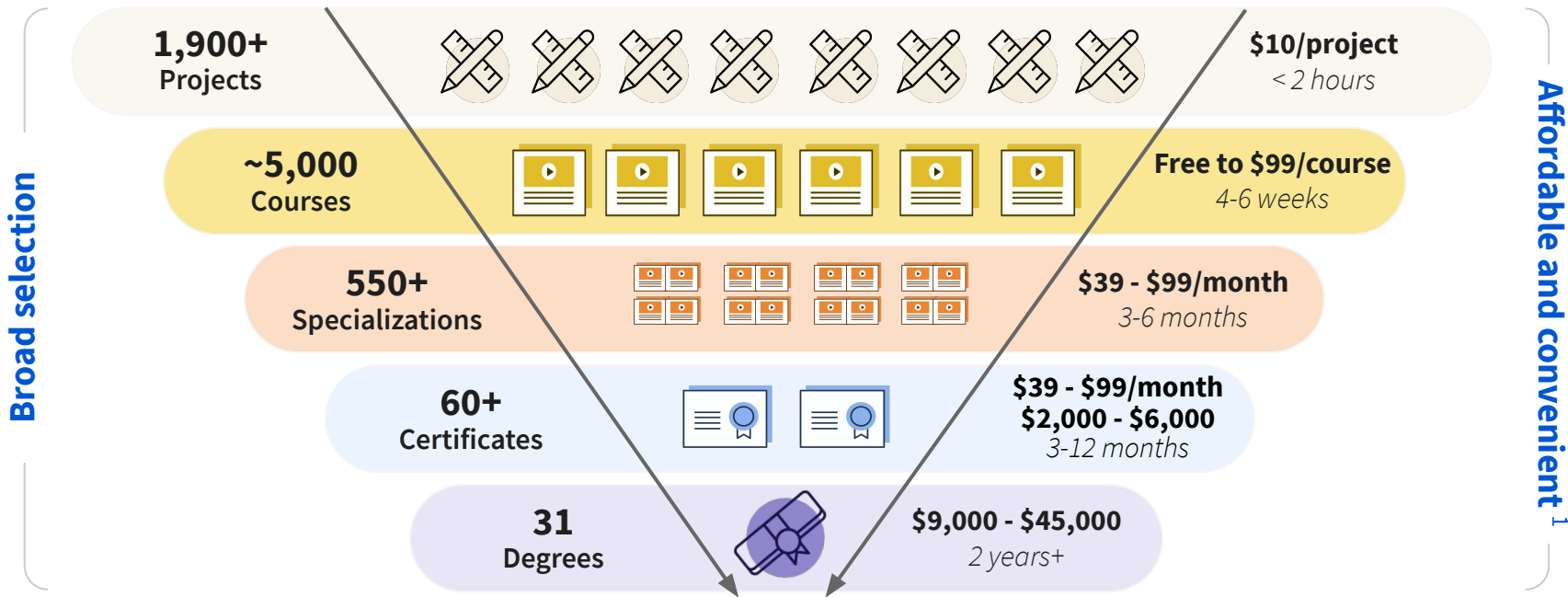
Enterprise distribution to businesses, governments, universities

Coursera's platform advantage



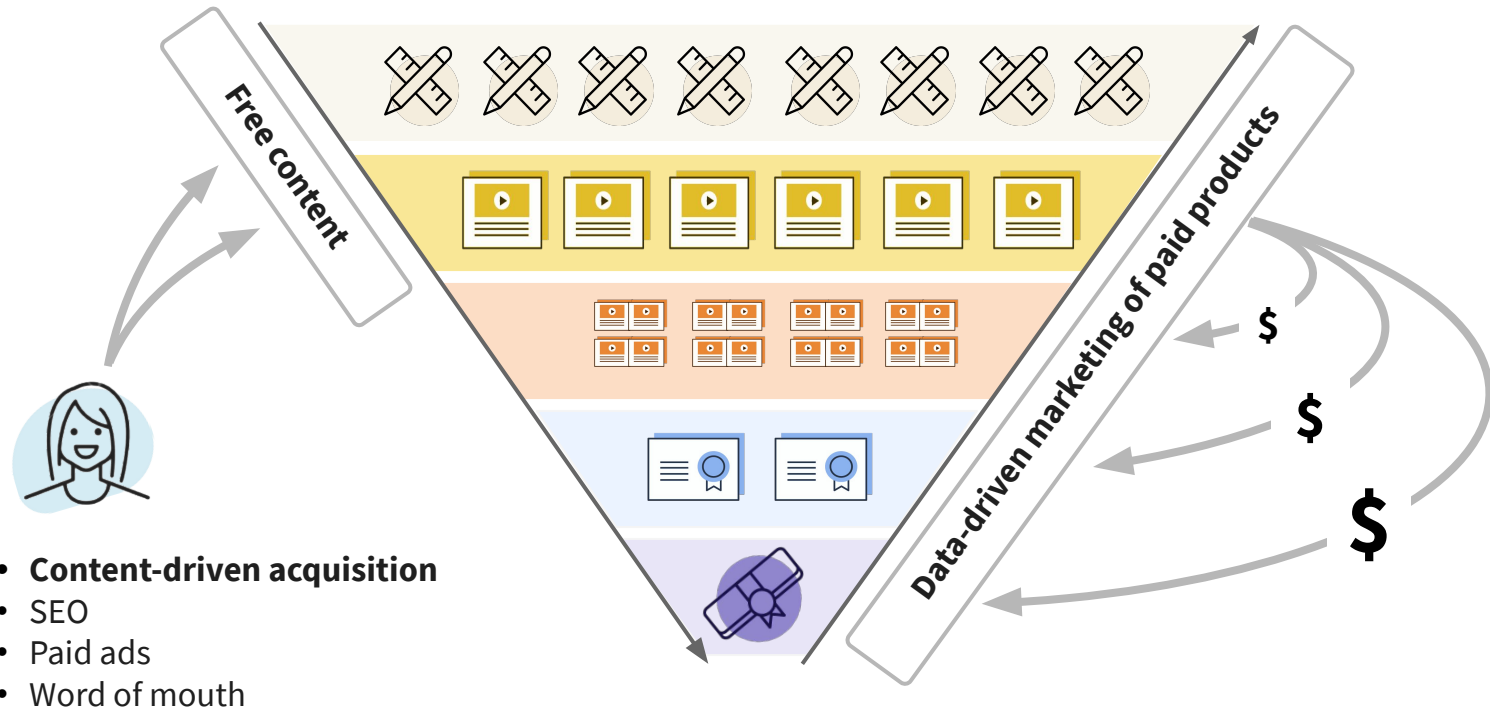
Source: Coursera data, as of June 30, 2021.

Stackable content & credentials from leading brands



¹ Prices reflect rounded ranges applicable to the vast majority of content and credentials; a small percentage may exceed the top end of the range. Source: Coursera data, as of June 30, 2021. Note: The number of Degrees reflects programs with multiple tracks as a single count.

Stackable content & credentials from leading brands



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Strong growth across our 3 business segments

Segment	How we generate revenue	Q2'21		YTD'21	
		Revenue	Segment Margin ¹	Revenue	Segment Margin ¹
 CONSUMER	Learners can watch video lectures for free and can pay to earn course certificates upon completion. Individuals pay for single courses or subscriptions for multi-course offerings.	\$62.0M +23% y/y	66% 34% content cost	\$113.9M +38% y/y	62% 38% content cost
 ENTERPRISE	Institutions can access our catalog of learning products (excluding Degrees) and pay for annual seat license subscriptions .	\$28.2M +69% y/y	67% 33% content cost	\$52.7M +66% y/y	68% 32% content cost
 DEGREES	Universities partner with us to develop & deliver online degrees and pay Coursera a percentage fee based on student tuition.	\$11.9M +78% y/y	100% no content cost	\$23.8M +80% y/y	100% no content cost
TOTAL		\$102.1M +38% y/y		\$190.5M +49% y/y	

Note: Numbers are rounded for presentation purposes. YTD column refers to "Year-to-Date" for Fiscal Year 2021 ending December 31, 2021.

¹ Defined as segment revenue less content costs in our audited financial statements. There is no content cost attributable to the Degrees segment.

Consumer

\$62.0M

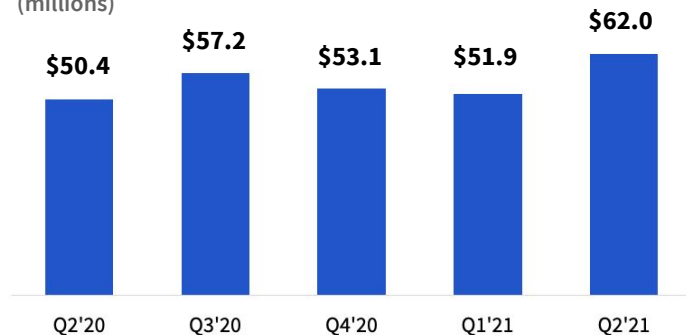
+23% y/y

Strong demand for our career-oriented Professional Certificates targeted at entry-level digital jobs, with increased adoption of Coursera Plus

5 million new Registered Learners added during the quarter for a total base of **87 million**¹

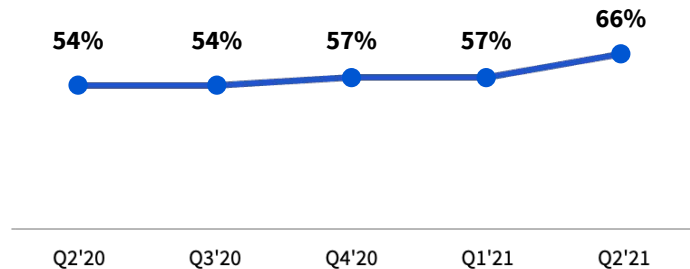
Revenue

(millions)



Segment Margin²

(percentage of Consumer revenue)



¹ See Appendix slide "Key Business Metrics Definitions" for more information.

² Defined as segment revenue less content costs in our audited financial statements.

Enterprise

\$28.2M

+69% y/y

Growth driven by strong renewals and new customers, with momentum across all institutional categories, including businesses, governments and campuses

Total number of Paid Enterprise Customers increased **+109% y/y** to **584¹**

Net Retention Rate (NRR) for Paid Enterprise Customers was **114%¹**

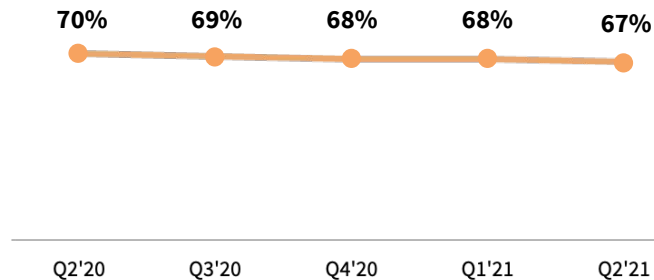
Revenue

(millions)



Segment Margin²

(percentage of Enterprise revenue)



¹ See Appendix slide “Key Business Metrics Definitions” for more information.

² Defined as segment revenue less content costs in our audited financial statements.

Degrees

\$11.9M

+78% y/y

Prior student cohorts continue to scale, along with growing student enrollment in our newly launched programs

Degrees Students reached **14,630**, up **+81%** y/y¹

Revenue

(millions)



Segment Margin²

(percentage of Degrees revenue)



Q2'20

Q3'20

Q4'20

Q1'21

Q2'21

¹ See Appendix slide “Key Business Metrics Definitions” for more information.

² There is no content cost attributable to the Degrees segment as students pay tuition directly to the university, and the university pays us a fee based on the amount of tuition.

Multiple levers driving growth across the business



Enterprise

Expand Enterprise sales organization to win new logos and grow existing customer relationships



Degrees

Expand the number of online degrees and the number of students in Degree programs



Consumer

Continue to grow our learner base with freemium flywheel and improve data-driven targeting of paid content



Localization

Improve go-to-market effectiveness with configurable localization, especially in emerging markets

Guidance

	Q3'21	FY'21 ¹
Revenue	\$105 - 109 million	\$402 - 410 million
Adjusted EBITDA²	\$(7.5) - (10.5) million	\$(38.0) - (44.0) million
Weighted Average Share Count	138 million	112 million

¹ Fiscal year 2021 ends December 31, 2021.

² We defined adjusted EBITDA as our net loss excluding: (1) depreciation and amortization; (2) interest income, net; (3) stock-based compensation; (4) income tax expense; and (5) payroll tax expense related to stock-based activities. Please see the Appendix for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures historical periods. Reconciliations are not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, expenses that may be incurred in the future.

Appendix

Operating Segments

		Q2 FY20		Q2 FY21	Change
Consumer:					
Revenue	\$	50,381	\$	62,041	23%
<i>Percentage of total revenue</i>		68.3%		60.8%	
Cost of revenue ⁽¹⁾		23,065		21,304	
Segment gross profit		27,316		40,737	49%
Segment gross margin		54.2%		65.7%	
-					
Enterprise:					
Revenue	\$	16,694	\$	28,186	69%
<i>Percentage of total revenue</i>		22.6%		27.6%	
Cost of revenue ⁽¹⁾		4,977		9,170	
Segment gross profit		11,717		19,015	62%
Segment gross margin		70.2%		67.5%	
Degrees:					
Revenue	\$	6,654	\$	11,862	78%
<i>Percentage of total revenue</i>		9.0%		11.6%	
Cost of revenue ⁽²⁾		-		-	
Segment gross profit		6,654		11,862	78%
Segment gross margin		100.0%		100.0%	

1 Defined as segment revenue less content costs in our audited financial statements.

2 There is no content cost attributable to the Degrees segment as students pay tuition directly to the university, and the university pays us a fee based on the amount of tuition.

Note: \$ in thousands, except all percentages. Numbers are rounded for presentation purposes.

GAAP to Non-GAAP Reconciliation

Three Months Ended June 30, 2021

	GAAP	Stock-based Compensation	Payroll tax expense related to stock-based activities	Non-GAAP
Revenue	\$ 102,089	—	\$	102,089
Cost of revenue	41,162	(903)	(15)	40,244
Gross profit	60,927	903	15	61,845
Operating expenses:				
Research and development	41,004	(18,363)	(101)	22,540
Sales and marketing	43,862	(11,310)	(34)	32,518
General and administrative	21,846	(8,599)	(106)	13,141
Total operating expenses	106,712	(38,272)	(241)	68,199
Loss from operations	(45,785)	39,175	256	(6,354)
Interest income	85	—	—	84
Other income, net	42	—	—	42
Loss before income taxes	(45,658)	39,175	256	(6,227)
Income tax expense	705	—	—	705
Net loss	\$ (46,363)	39,175	256	\$ (6,932)
Net loss per share attributable to common stockholders—basic and diluted	\$ (0.35)			\$ (0.05)
Weighted-average shares used in computing net loss per share attributable to common stockholders—basic and diluted	131,804,121			131,804,121

Note: \$ in thousands, except percentages and per share figures. Numbers are rounded for presentation purposes.

GAAP to Non-GAAP Reconciliation

Three Months Ended June 30, 2020

	GAAP	Stock-based Compensation	Payroll tax expense related to stock-based activities	Non-GAAP
Revenue	\$ 73,728	—	—	\$ 73,728
Cost of revenue	35,161	(115)	—	35,046
Gross profit	38,567	115	—	38,682
Operating expenses:				
Research and development	18,046	(1,492)	(3)	16,551
Sales and marketing	25,414	(833)	(12)	24,569
General and administrative	8,943	(1,123)	—	7,820
Total operating expenses	52,403	(3,448)	(15)	48,940
Loss from operations	(13,836)	3,563	15	(10,258)
Interest income	265	—	—	265
Interest expense	(12)	—	—	(12)
Other income, net	34	—	—	34
Loss before income taxes	(13,549)	3,563	15	(9,971)
Income tax expense	367	—	—	367
Net loss	\$ (13,916)	3,563	15	\$ (10,338)
Net loss per share attributable to common stockholders—basic and diluted	\$ (0.38)			\$ (0.29)
Weighted-average shares used in computing net loss per share attributable to common stockholders—basic and diluted	36,185,155			36,185,155

Note: \$ in thousands, except percentages and per share figures. Numbers are rounded for presentation purposes.

GAAP to Non-GAAP Reconciliation

Adjusted EBITDA

	Q2 FY20		Q2 FY21	
Net loss	\$	(13,916)	\$	(46,363)
Depreciation and amortization		2,371		3,440
Interest income, net		(253)		(85)
Stock-based compensation		3,563		39,175
Income tax expense		367		705
Payroll tax expense related to stock-based activities		15		256
Adjusted EBITDA	\$	(7,853)	\$	(2,872)
Adjusted EBITDA margin		(11)%		(3)%

Note: \$ in thousands. Numbers are rounded for presentation purposes.

GAAP to Non-GAAP Reconciliation

Free Cash Flow

		Q2 FY20		Q2 FY21
Net cash (used in) provided by operating activities	\$	11,381	\$	(5,453)
Less: Purchases of property, equipment, and software		(1,155)		(432)
Less: Capitalized internal-use software costs		(1,895)		(2,613)
Free Cash Flow	\$	8,331	\$	(8,498)

Note: \$ in thousands. Numbers are rounded for presentation purposes.

Key Business Metrics Definitions

Registered Learners

We count the total number of registered learners at the end of each period. For purposes of determining our registered learner count, we treat each customer account that registers with a unique email as a registered learner and adjust for any spam, test accounts, and cancellations. Our registered learner count is not intended as a measure of active engagement. New registered learners are individuals that register in a particular period.

Paid Enterprise Customers

We count the total number of Paid Enterprise Customers at the end of each period. For purposes of determining our customer count, we treat each customer account that has a corresponding contract as a unique customer, and a single organization with multiple divisions, segments, or subsidiaries may be counted as multiple customers. We define a “Paid Enterprise Customer” as a customer who purchases Coursera via our direct sales force. For purposes of determining our Paid Enterprise Customer count, we exclude our Enterprise customers who do not purchase Coursera via our direct sales force, which include organizations engaging on our platform through our Coursera for Teams offering or through our channel partners.

Net Retention Rate (NRR) for Paid Enterprise Customers

We calculate annual recurring revenue (“ARR”) by annualizing each customer’s monthly recurring revenue (“MRR”) for the most recent month at period end. We calculate “Net Retention Rate” as of a period end by starting with the ARR from all Paid Enterprise Customers as of the twelve months prior to such period end, or Prior Period ARR. We then calculate the ARR from these same Paid Enterprise Customers as of the current period end, or Current Period ARR. Current Period ARR includes expansion within Paid Enterprise Customers and is net of contraction or attrition over the trailing twelve months, but excludes revenue from new Paid Customers in the current period. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at our Net Retention Rate.

Number of Degrees Students

We count the total number of Degrees students for each period. For purposes of determining our Degrees student count, we include all the students that are matriculated in a degree program and who are enrolled in one or more courses in such degree program during the period. If a degree term spans across multiple quarters, said student is counted as active in all quarters of the degree term. For purposes of determining our Degrees student count, we do not include students who are matriculated in the degree but are not enrolled in a course in that period.