

Q3 2022

Investor Presentation

October 26, 2022

Disclaimer

Information contained in this presentation is current as of the Q3 2022 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.

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 terms such as: “accelerate,” “anticipate,” “believe,” “can,” “continue,” “could,” “demand,” “estimate,” “expand,” “expect,” “intend,” “may,” “might,” “objective,” “ongoing,” “outlook,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” “would,” or the negative of these terms, or other comparable terminology intended to identify statements about the future. These forward-looking statements include, but are not limited to, statements regarding: Coursera’s growing prominence as a global destination for learners seeking job-relevant skills and the platform through which institutions are driving collaboration; broadening access to higher education and creating a new and inclusive learning model; the future of learning and potential impact of trends, including future estimates regarding learners reaching working age within the next 10 years and the need for global education; the demand for online learning; the risk of automation regarding lower-skilled jobs, emerging job opportunity requirements, and remote work; the potential advantages and benefits of Coursera’s platform; anticipated features and benefits of our customer and partner relationships and our content and platform offerings; the anticipated utility of non-GAAP financial measures; our anticipated growth rates; and our business and 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 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 and to create opportunities with new partners; our dependence on our partners for content available on our platform; our ability to attract and retain learners; our ability to increase sales of our Enterprise offering; our ability to compete effectively; the COVID-19 pandemic’s impact on our business and our industry; regulatory matters impacting us or our partners; risks related to intellectual property; cybersecurity and privacy risks and regulations; potential disruptions to our platform; risks related to international operations, including regulatory, economic, and geopolitical conditions, and our status as a B Corp, as well as the risks and uncertainties discussed in our most recently filed periodic reports on Form 10-K and Form 10-Q and subsequent filings 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.



Investment Highlights



24% revenue growth in Q3, with
25% outlook for full year 2022



Structurally expanding gross margins driven by revenue mix shift
based on segment growth trajectory



Global learning platform serving
113 million registered learners



Efficient **low-cost acquisition** driven
by branded content, freemium model,
& learner base



Reinventing the **\$2+ trillion higher education market** amidst increasing
demand for online learning



Growth in **annual recurring revenues**






Unified platform delivers courses,
certificates, & degrees from **275+ universities & industry leaders**



Public Benefit Corporation founded
on the belief that learning has the
power to change the world

Diversified model with 3 segments

Segment	How we generate revenue	Q3 2022	
		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.	\$78.0M +17% y/y	73% 27% content cost
 ENTERPRISE	Institutions can access our catalog of learning products (excluding Degrees) and pay for annual seat license subscriptions .	\$48.0M +51% y/y	71% 29% content cost
 DEGREES	Universities partner with us to develop and deliver online degrees programs and pay Coursera a percentage fee based on student tuition.	\$10.3M -11% y/y	100% no content cost
TOTAL		\$136.4M +24% y/y	

¹ Defined as segment revenue less content costs in our audited financial statements. There is no content cost attributable to the Degrees segment. Numbers are rounded for presentation purposes.

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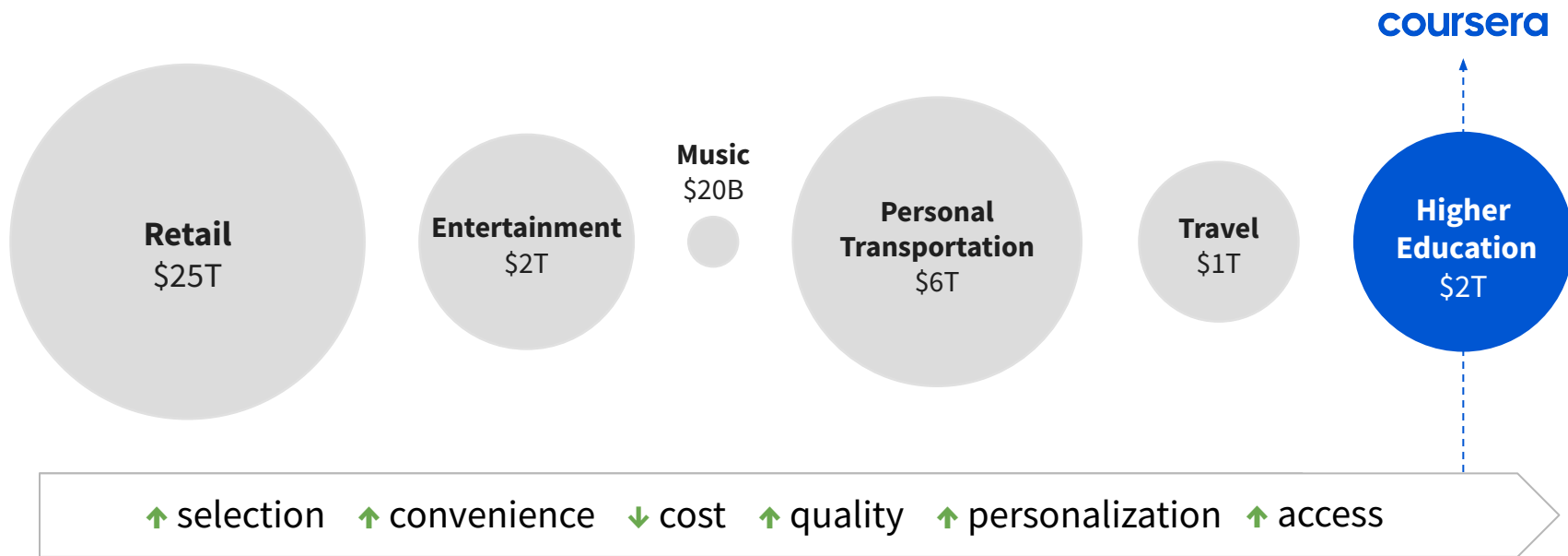
02 Our global learning ecosystem

03 Financial results & outlook



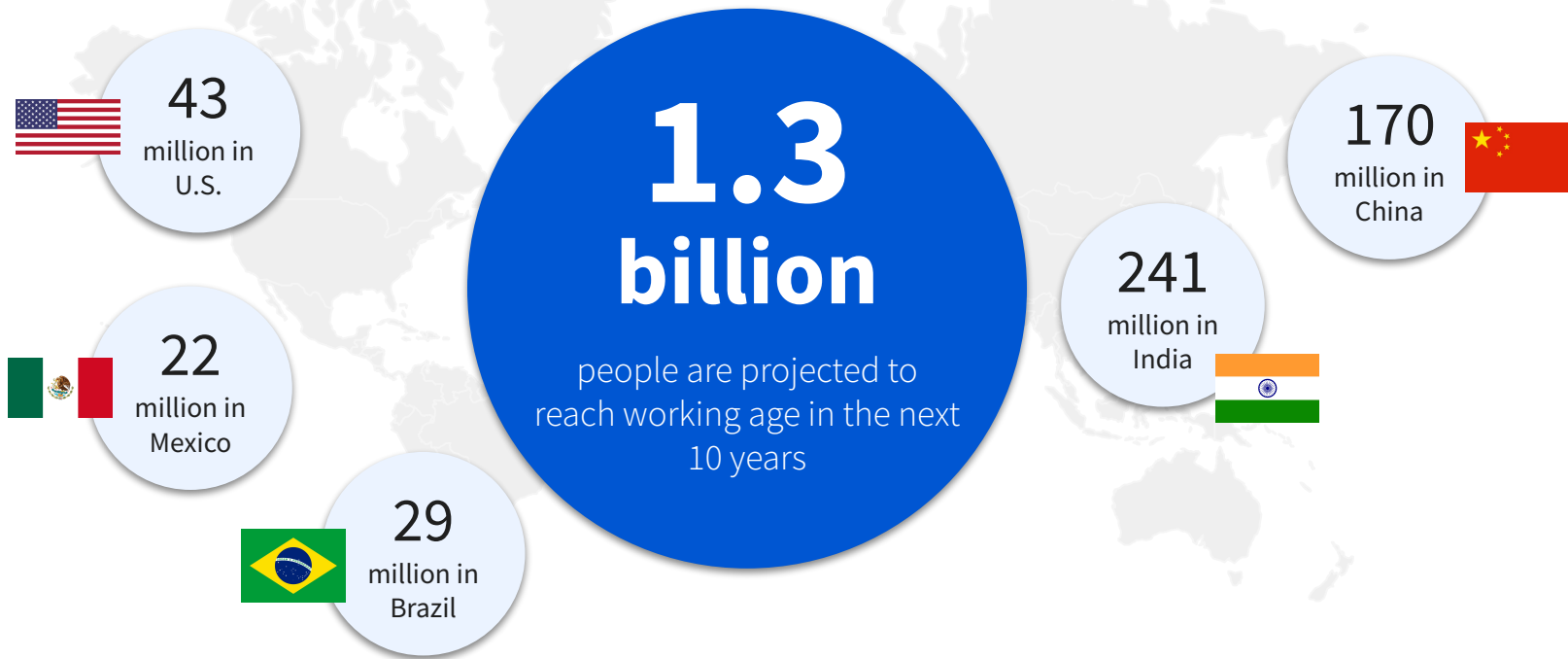
Higher education is being replatformed

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



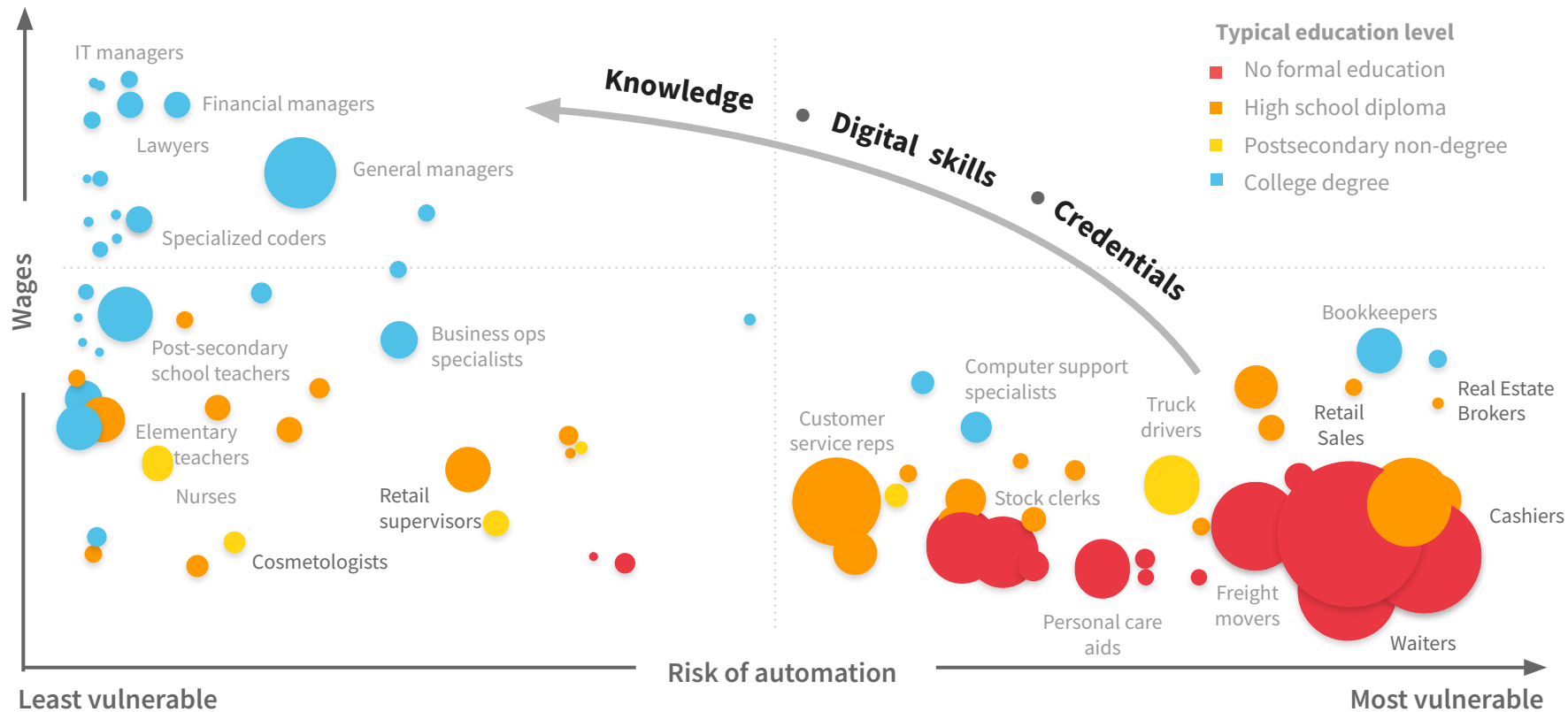
Note: Area of circles are illustrative and do not directly reflect relative proportional market size. Market sizes are based on company prospectuses and third-party reports, as of various dates.

The need for global education is growing



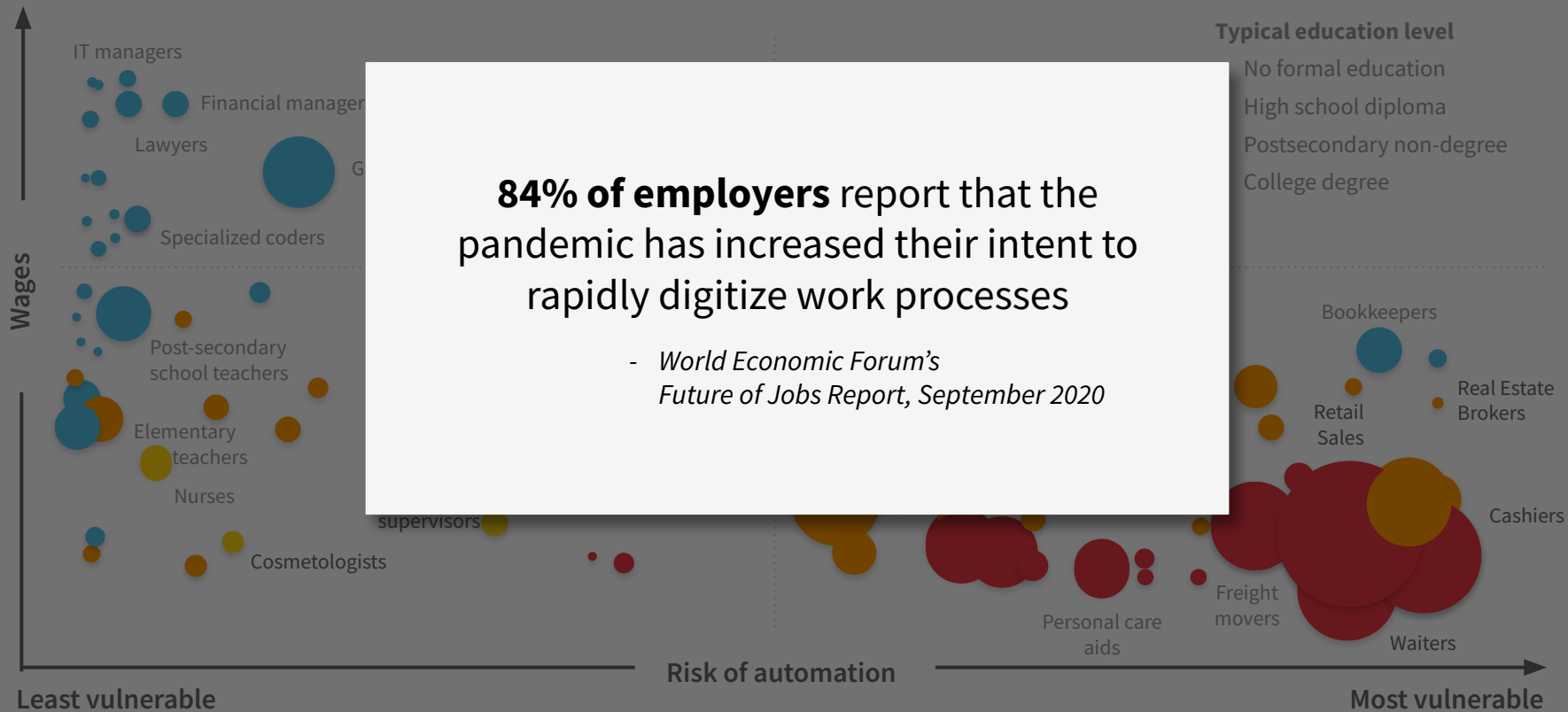
Note: Source: UN, World Population Prospects, 2019. Working age defined as 15-64. Note: Figures are approximate.

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

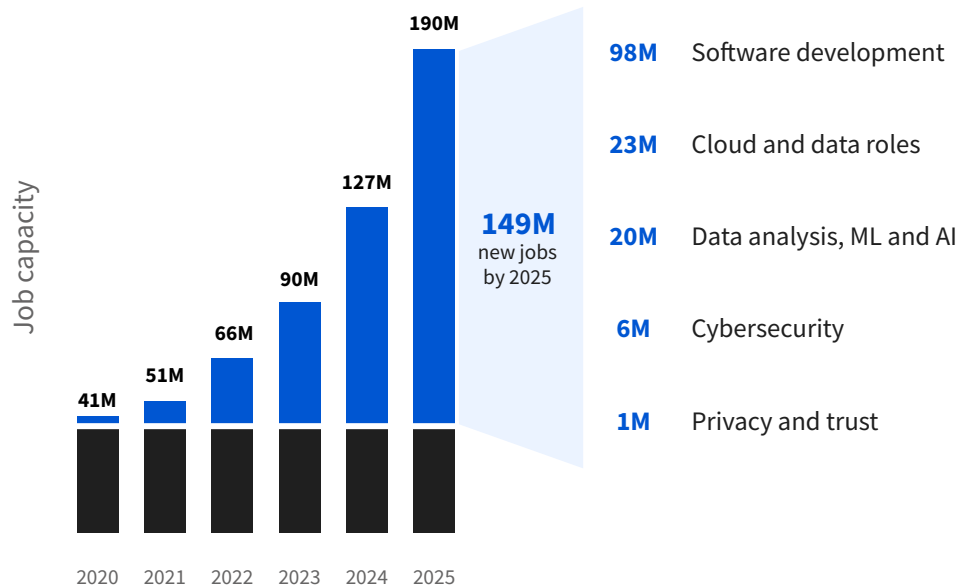


Emerging job opportunities require digital skills

Top 10 jobs with increasing demand ¹

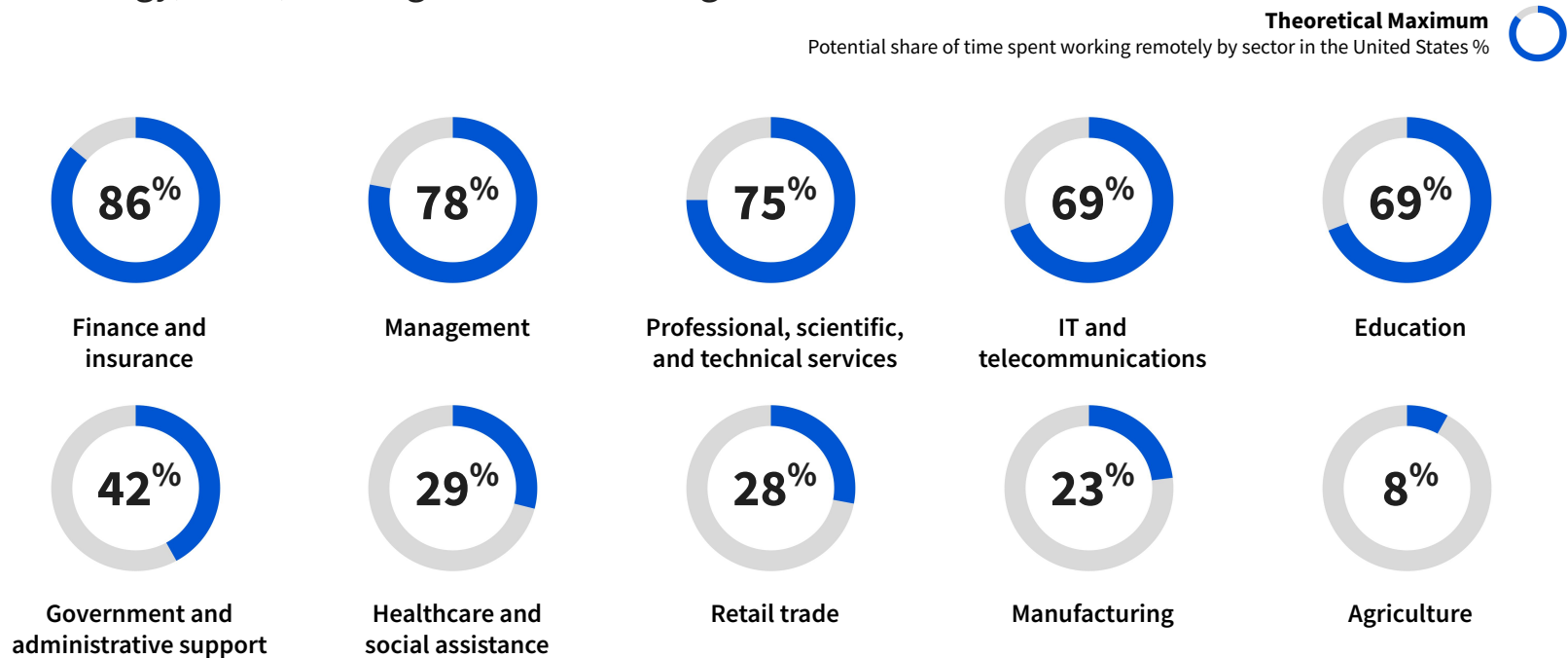
- 1 Data Analyst and Scientists
- 2 AI / ML Learning Specialists
- 3 Big Data Specialists
- 4 Digital Marketing and Strategy Specialists
- 5 Process Automation Specialists
- 6 Business Development Professionals
- 7 Digital Transformation Specialists
- 8 Information Security Analysts
- 9 Software / Application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

Digital job capacity from 2020-2025 ²



Jobs can increasingly be done remotely

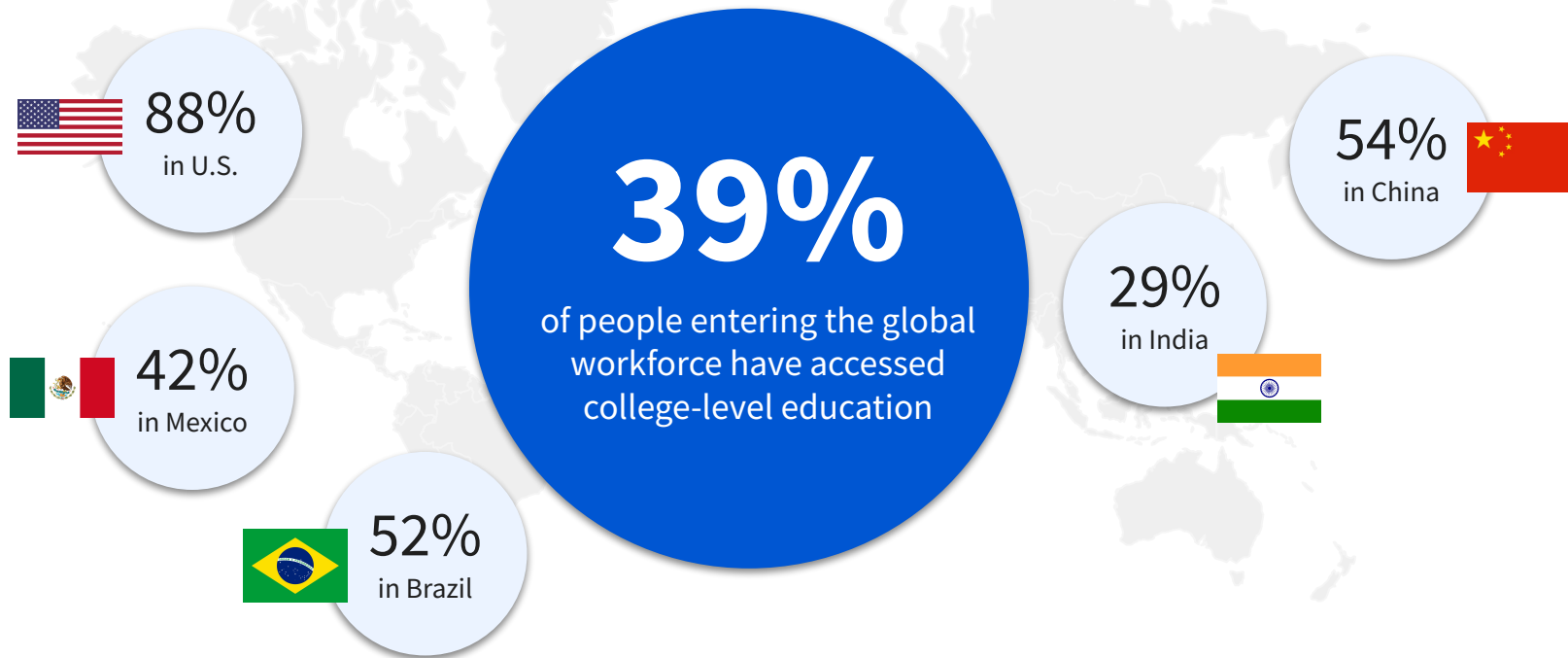
Reshaping the demand and supply for jobs globally, while amplifying the need for access to technology, tools, and digital skills training



Source: McKinsey, Future of Work, February 2021. Note the theoretical maximum includes all activities not requiring physical presence on-site; the effective potential (no productivity loss) is up to 13 percentage points lower, and 36 percentage points lower for the Education sector.

Access to higher education is limited

We believe this new hybrid model of adult learning and work will require an accessible, affordable, and responsive system of higher education



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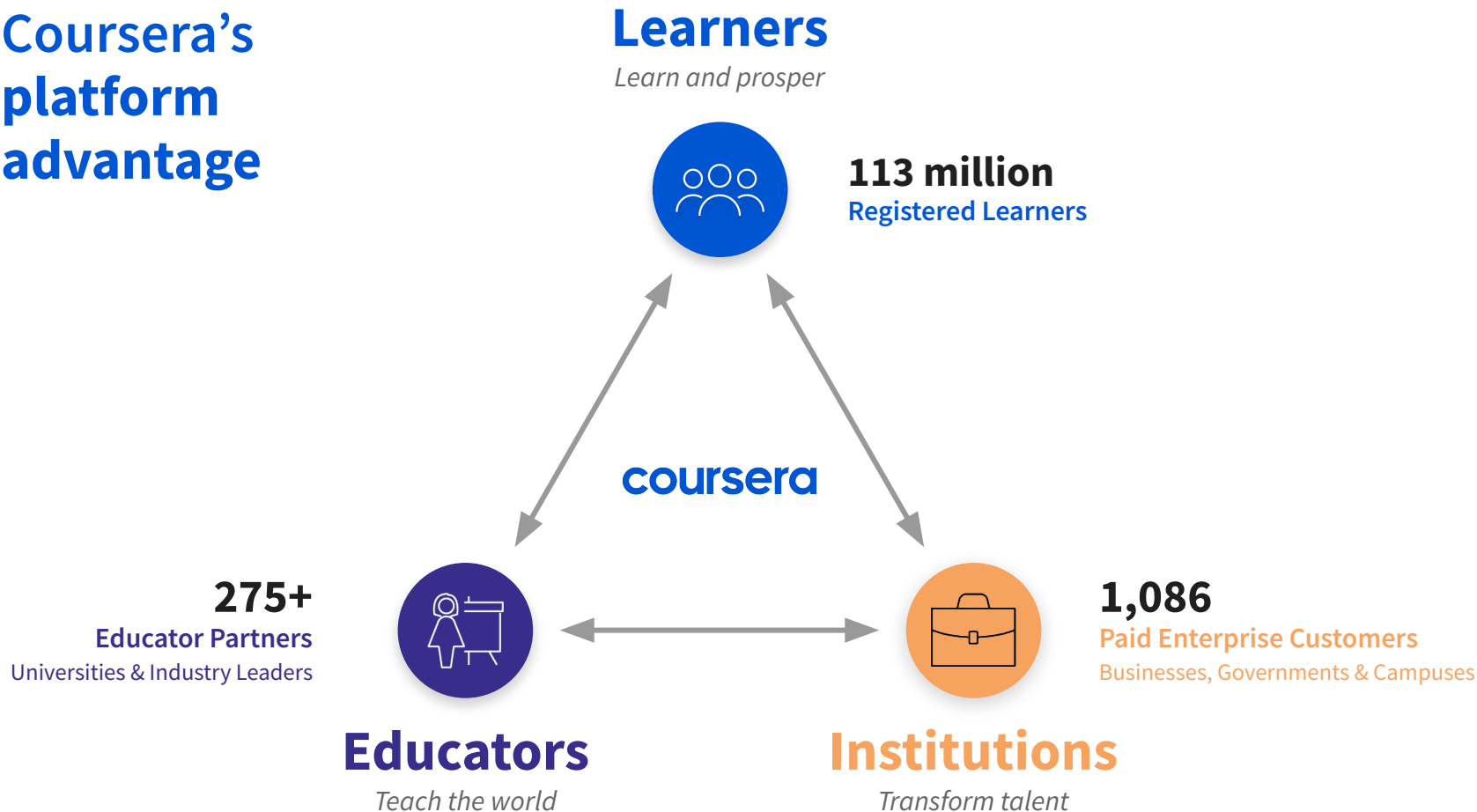
01 The future of learning

02 Our global learning ecosystem

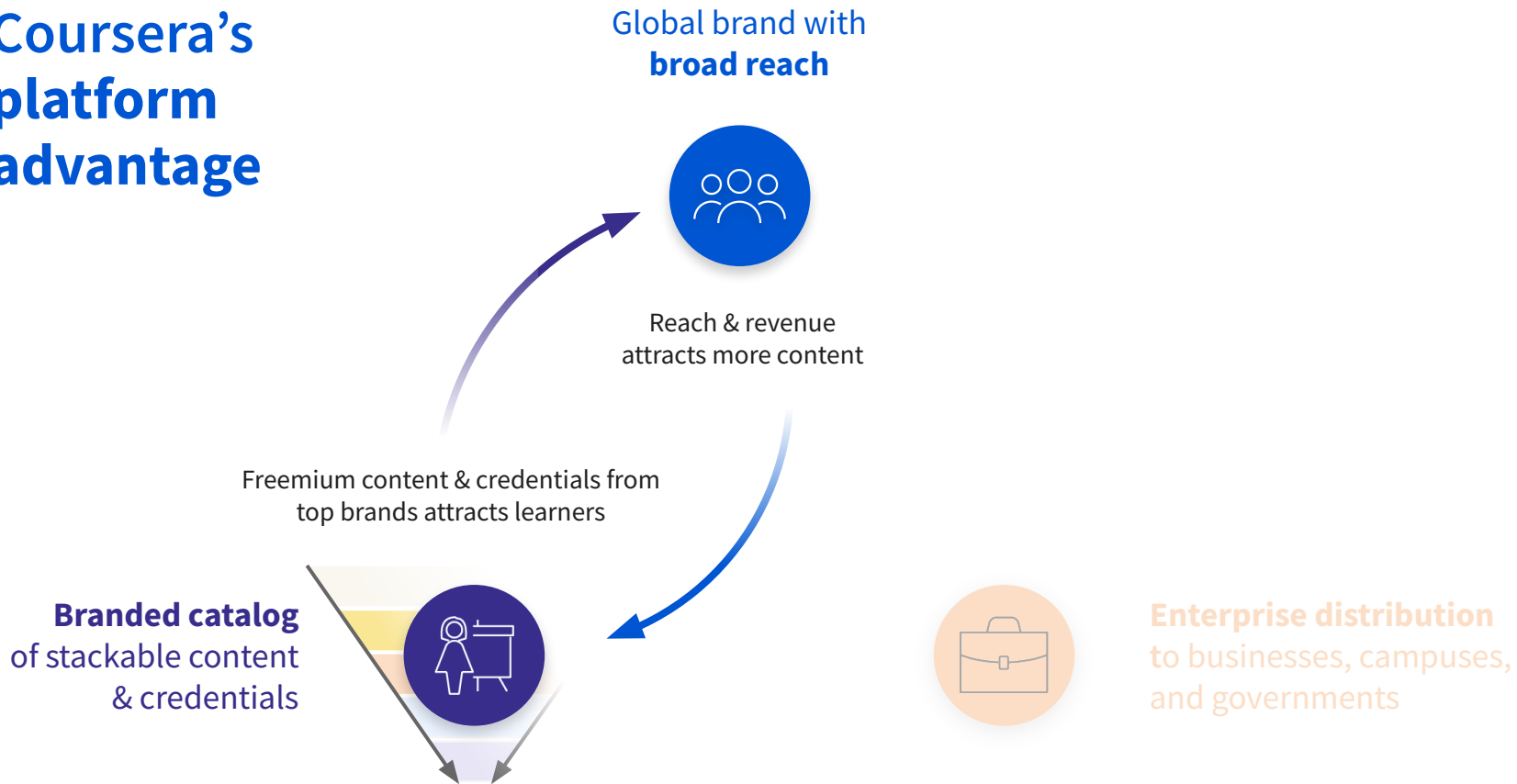
03 Financial results & outlook



Coursera's platform advantage



Coursera's platform advantage



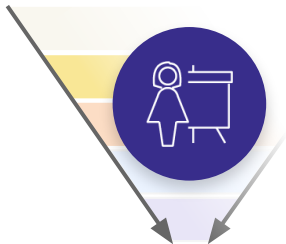
Coursera's platform advantage

Global brand with
broad reach



Branded, quality content
attracts institutions

Branded catalog
of stackable content
& credentials



Enterprise distribution
to businesses, campuses,
and governments



Employers provide
revenue, skill signals

Coursera's platform advantage

Global brand with
broad reach



More learners drives
brand, sales leads, & skills
benchmarking

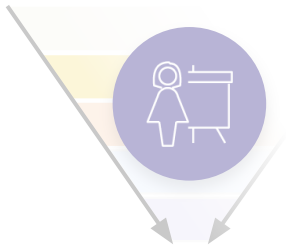


Employers provide
skill signals & job
opportunities

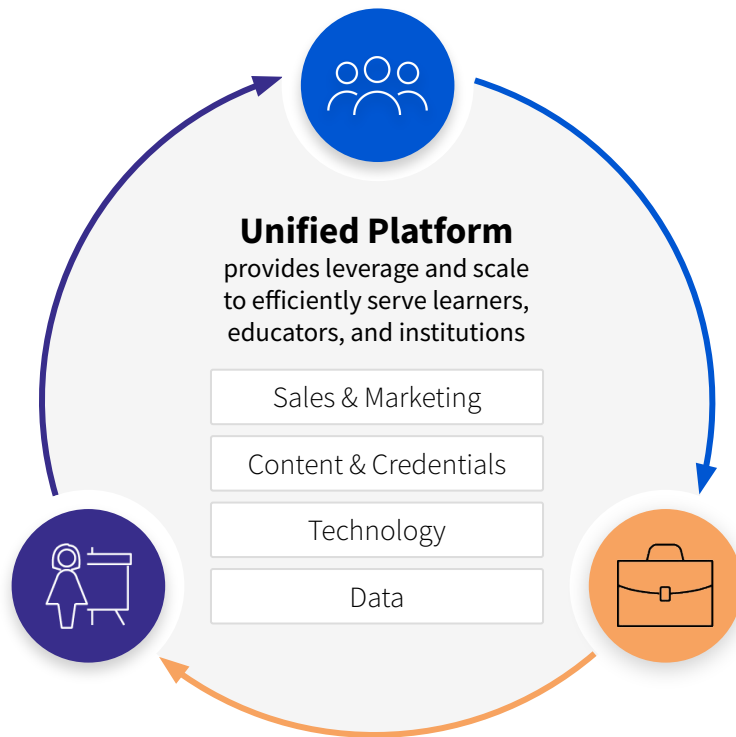


Enterprise distribution
to businesses, campuses,
and governments

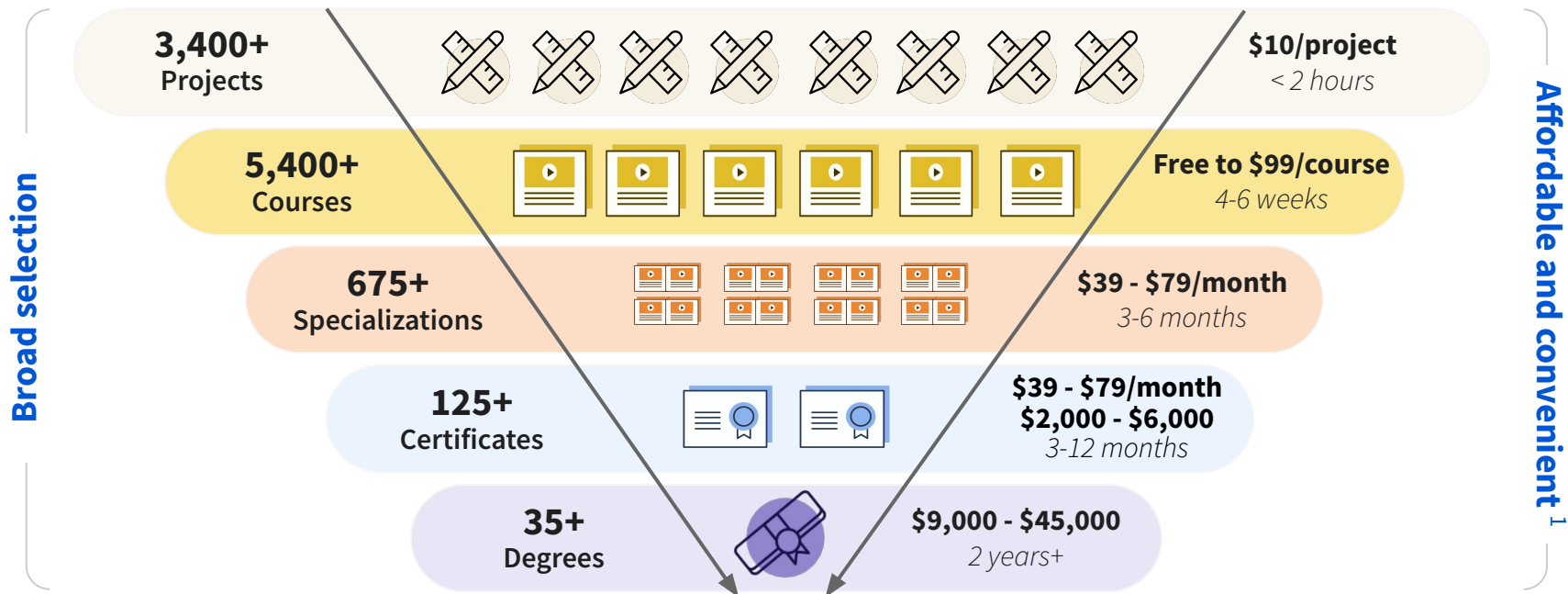
Branded catalog
of stackable content
& credentials



Coursera's platform advantage



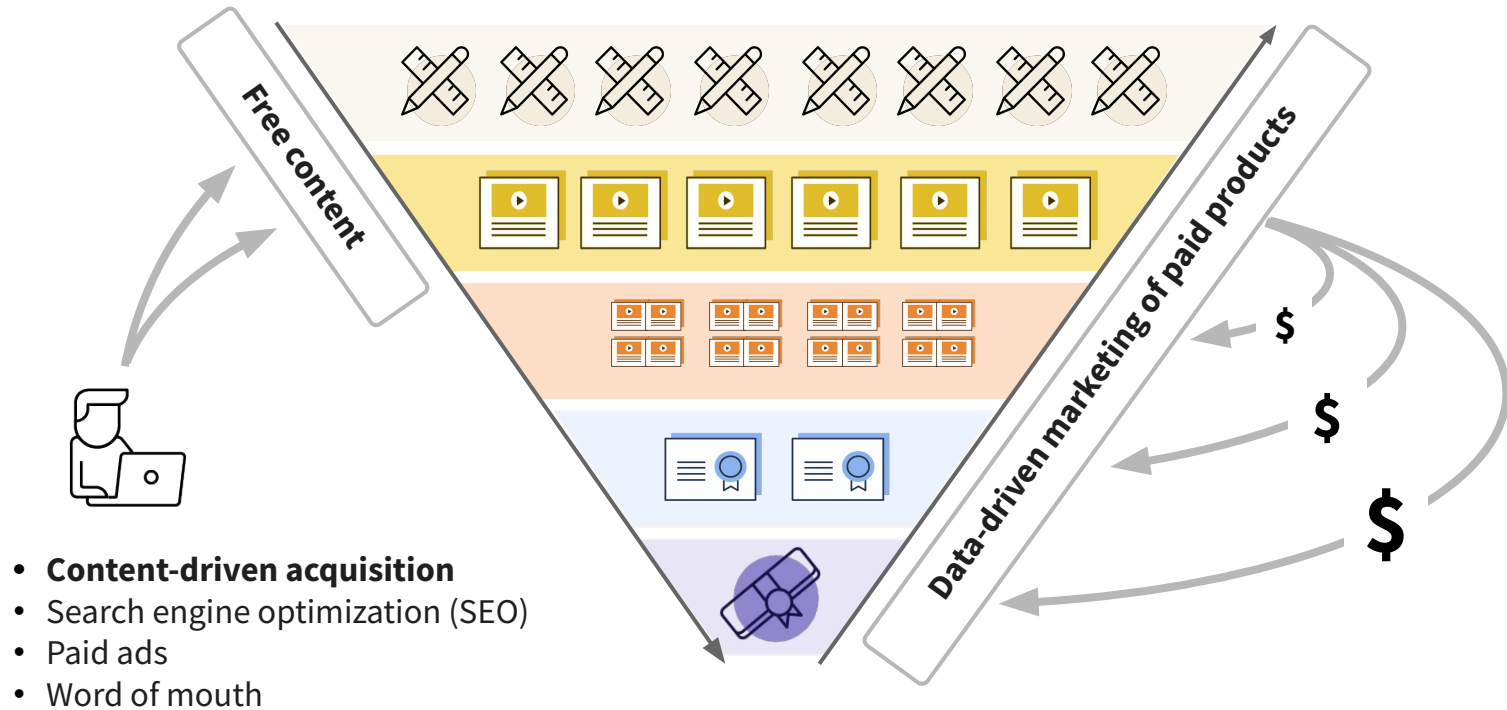
Stackable content & credentials from leading brands



¹ Prices and time estimates reflect rounded ranges applicable to nearly all content and credentials; a small percentage may exceed the top and bottom ends of the range.




























Source: Coursera data, as of the Q3 2022 earnings date. Content and credential figures exclude suspended partner content that is not currently discoverable or available on platform. The number of Degrees reflects master's, bachelor's, and postgraduate diploma programs with multiple tracks as a single count.

Stackable content & credentials from leading brands











Growing catalog of entry-level Professional Certificates

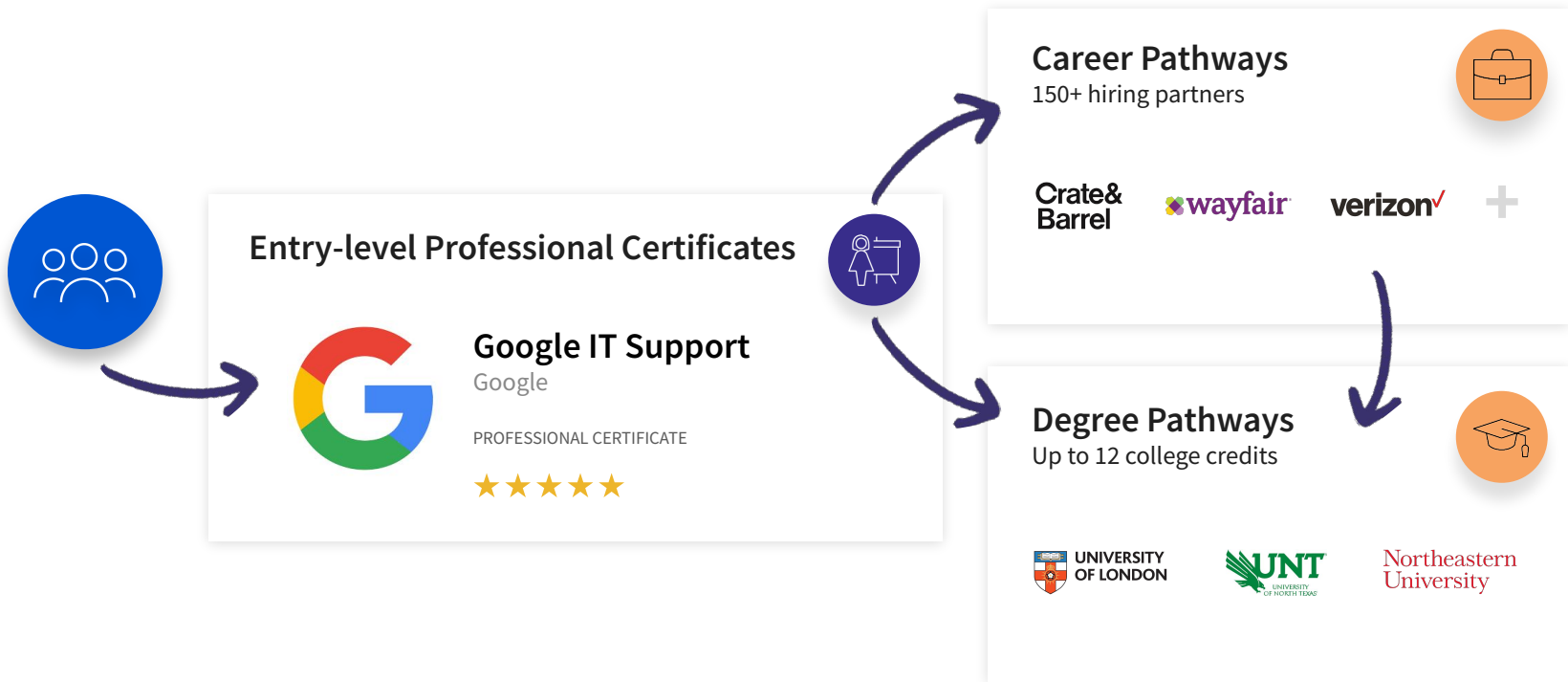
27 live today ...

 IT Support, ACE®	 UX Design, ACE®	 Sales Rep
 Data Science, ACE®	 Data Analytics with Excel, ACE®	 Digital Marketing & E-Commerce
 Cybersecurity Analyst, ACE®	 Sales Operations, ACE®	 Technical Support
 Social Media Marketing, ACE®	 Bookkeeping	 Front-End Developer
 Data Analyst, ACE®	 Data Engineering, ACE®	 Back-end Developer
 Sales Development Rep	 Marketing Analyst	 iOS Developer
 Full Stack Cloud Developer, ACE®	 Data Warehouse Engineer	 Android Developer
 Data Analytics, ACE®	 DevOps & Software Engineering	 Database Administrator
 Project Management, ACE®	 Mainframe Practitioner	 Bookkeeper

8 coming soon ...

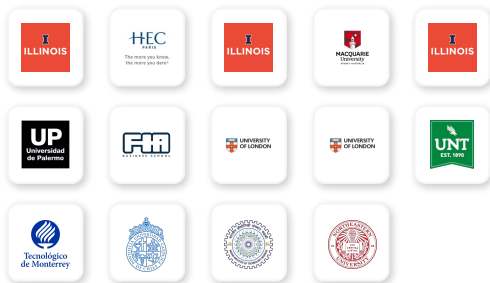
 Support Engineer	 Web Developer
 HR Associate	 Cybersecurity Analyst
 Supply Chain Analyst	 GST Tax Executive
 Operations Analyst	 Direct Tax Executive

Career certificates are a path to digital jobs

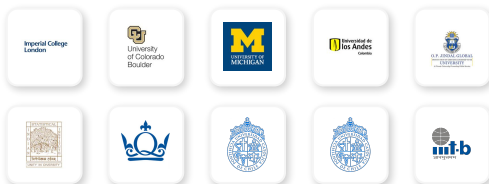


Expanding portfolio of degree programs

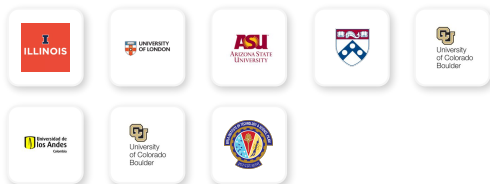
Business & Management



Data Science & Analytics



Computer Science & Engineering



Public Health



Social Science



Cybersecurity



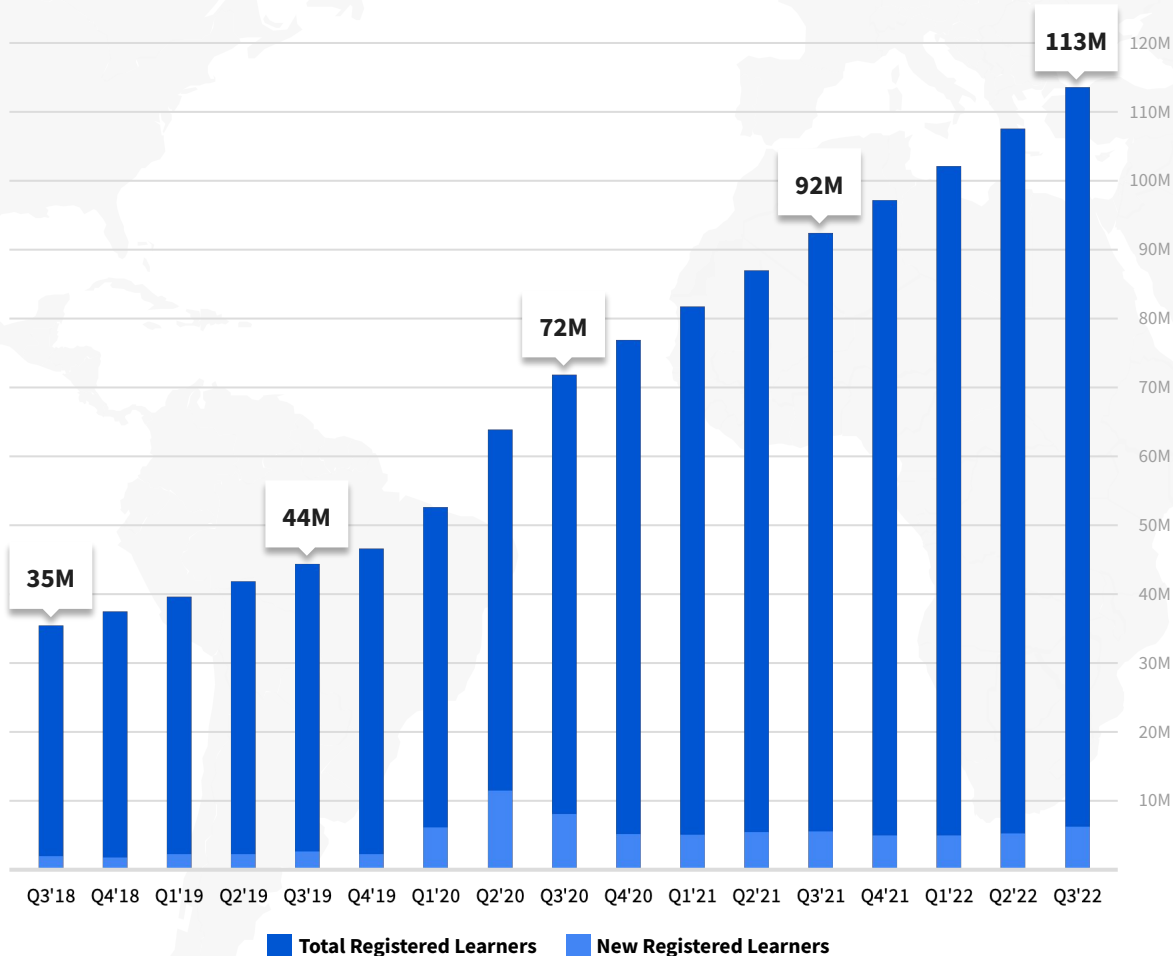
39 announced degree programs spanning 10 countries

32 master's degrees, 6 bachelor's degrees, 1 postgraduate diploma | 25 international, 14 U.S.

Source: Coursera data, programs announced as of the Q3 2022 earnings date. Program figures exclude suspended partner content that is not currently discoverable or available on platform. The number of Degrees reflects master's, bachelor's, and postgraduate diploma programs with multiple tracks as a single count.

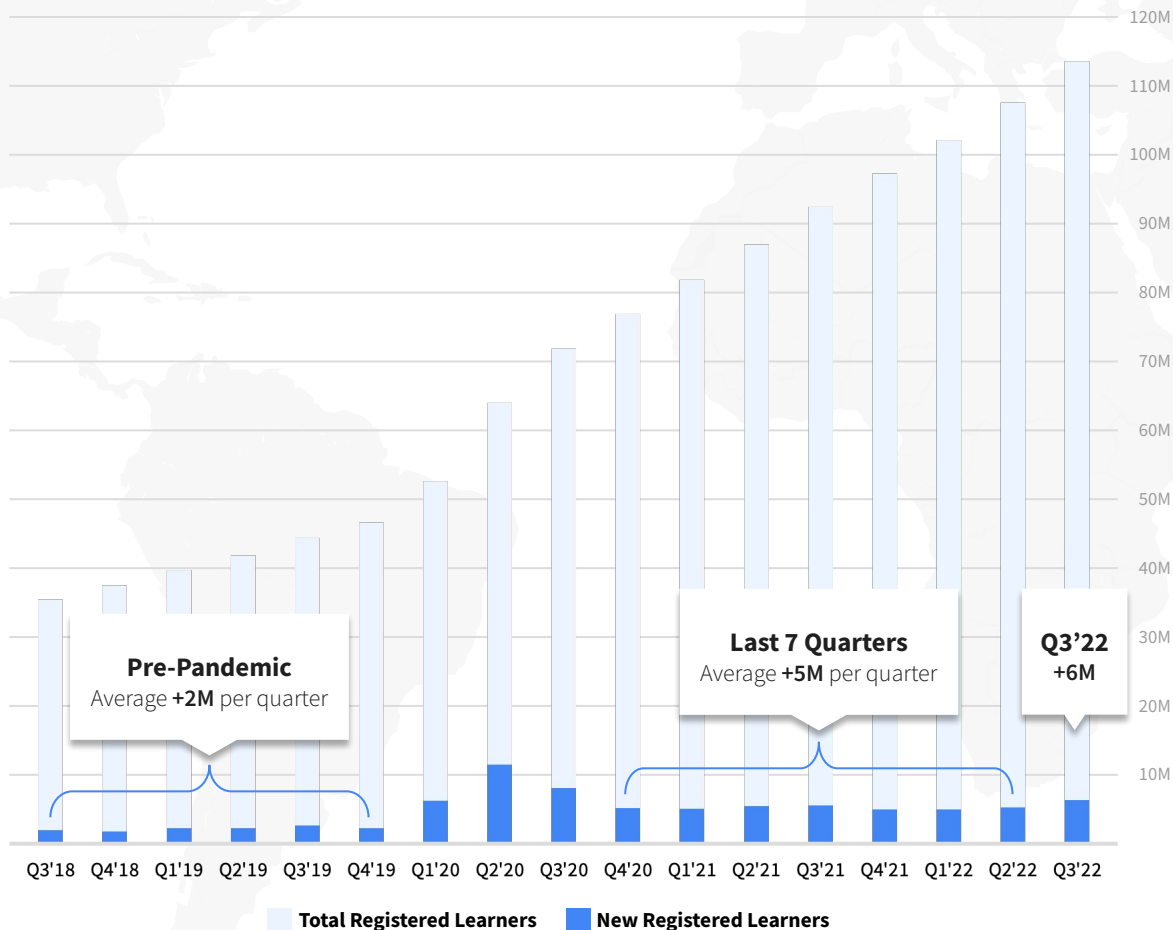
Expanding global reach with scale advantages

Coursera is increasingly becoming a **global destination for learners** seeking job-relevant skills and industry microcredentials to advance their careers



Expanding global reach with scale advantages

Coursera is increasingly becoming a **global destination for learners** seeking job-relevant skills and industry microcredentials to advance their careers



Coursera data, as of September 30, 2022.

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Consumer

\$78.0M

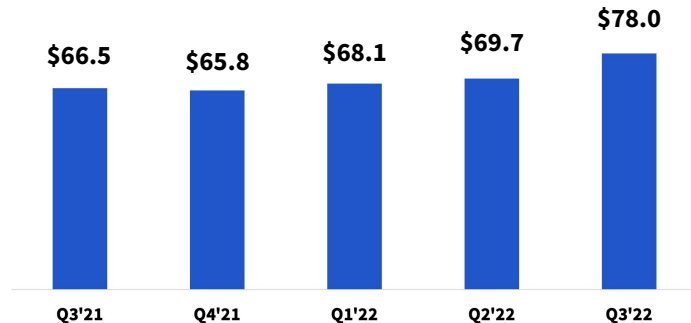
+17% y/y

Strong demand for industry microcredentials, particularly our portfolio of entry-level Professional Certificates from brands such as Google, IBM, Meta, Salesforce, and more

6 million new Registered Learners added during the quarter for a total base of **113 million**¹

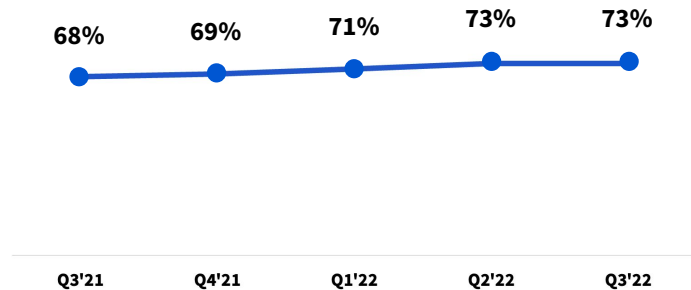
Revenue

(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

\$48.0M

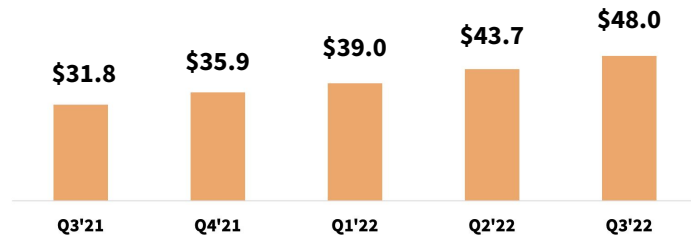
+51% y/y

Growth across business, government, and campus customers as institutions invest in digital skills

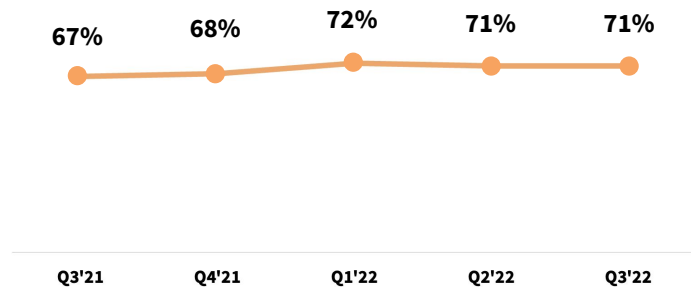
Total number of Paid Enterprise Customers increased +53% y/y to **1,086**¹

Net Retention Rate (NRR) for Paid Enterprise Customers was **111%**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

\$10.3M

-11% y/y

Lower student enrollments, particularly in our more mature, U.S. degree programs where our revenue is concentrated today

Degrees Students reached **17,723**, up **+10%** y/y¹

Revenue

(millions)



Segment Margin²

(percentage of Degrees revenue)



Q3'21

Q4'21

Q1'22

Q2'22

Q3'22

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.

Guidance

	Q4 2022	Full Year 2022
Revenue	\$135.5 - 139.5 million	\$517 - 521 million
Adjusted EBITDA¹	\$(13.5) - (16.5) million	\$(44.5) - (47.5) million
Weighted Average Share Count - Basic	147 million	145 million
Weighted Average Share Count - Diluted	157 million	160 million

¹ We define Adjusted EBITDA as our GAAP net loss excluding: (1) depreciation and amortization; (2) interest income, net; (3) other expense, net; (4) stock-based compensation expense; (5) income tax expense; and (6) 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.

Multiple growth levers

We believe the transformation of higher education is just getting started, with many opportunities to drive growth for Coursera in the years ahead



Expanding Enterprise

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



Launching Degrees

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



Growing Consumer

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



Localizing for Learners

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

Appendix

Operating Segments

	Quarter Ended September 30,	
	2022	2021
Consumer		
Revenue	\$ 78,002	\$ 66,482
Cost of revenue ⁽¹⁾	20,924	20,983
Segment gross profit	\$ 57,078	\$ 45,499
Segment gross profit margin	73%	68%
Enterprise		
Revenue	\$ 48,044	\$ 31,840
Cost of revenue ⁽¹⁾	14,051	10,426
Segment gross profit	\$ 33,993	\$ 21,414
Segment gross profit margin	71%	67%
Degrees		
Revenue	\$ 10,343	\$ 11,558
Cost of revenue ⁽¹⁾	-	-
Segment gross profit	\$ 10,343	\$ 11,558
Segment gross profit margin	100%	100%

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

Gross Profit

	Quarter Ended September 30,	
	2022	2021
Gross profit	\$ 87,568	\$ 67,718
Stock-based compensation expense	683	527
Payroll tax expense related to stock-based activities	3	37
Non-GAAP gross profit	<u>\$ 88,254</u>	<u>\$ 68,282</u>

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

GAAP to Non-GAAP Reconciliation

Operating Expense

	Quarter Ended September 30,	
	2022	2021
Operating expense - Research and development	\$ 39,415	\$ 33,935
Stock-based compensation expense	(11,675)	(11,259)
Payroll tax expense related to stock-based activities	(82)	(480)
Non-GAAP operating expense - Research and development	\$ 27,658	\$ 22,196
Operating expense - Sales and marketing	\$ 58,504	\$ 45,268
Stock-based compensation expense	(7,630)	(6,846)
Payroll tax expense related to stock-based activities	(26)	(127)
Non-GAAP operating expense - Sales and marketing	\$ 50,848	\$ 38,295
Operating expense - General and administrative	\$ 25,998	\$ 19,942
Stock-based compensation expense	(6,382)	(4,776)
Payroll tax expense related to stock-based activities	(47)	(385)
Non-GAAP operating expense - General and administrative	\$ 19,569	\$ 14,781

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

GAAP to Non-GAAP Reconciliation

Net Loss

	Quarter Ended September 30,	
	2022	2021
Net loss	\$ (36,038)	\$ (32,451)
Stock-based compensation expense	26,370	23,408
Payroll tax expense related to stock-based activities	158	1,029
Non-GAAP net loss	\$ (9,510)	\$ (8,014)

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

GAAP to Non-GAAP Reconciliation

Adjusted EBITDA

	Quarter Ended September 30,	
	2022	2021
Net loss	\$ (36,038)	\$ (32,451)
Depreciation and amortization	4,886	4,137
Interest income, net	(2,301)	(62)
Other expense, net	976	286
Stock-based compensation expense	26,370	23,408
Income tax expense	1,014	800
Payroll tax expense related to stock-based activities	158	1,029
Adjusted EBITDA	\$ (4,935)	\$ (2,853)
Net loss margin	(26)%	(30)%
Adjusted EBITDA Margin	(4)%	(3)%

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

GAAP to Non-GAAP Reconciliation

Free Cash Flow

	Quarter Ended September 30,	
	2022	2021
Net cash provided by operating activities	\$ 4,791	\$ 10,741
Less: purchases of property, equipment and software	(669)	(489)
Less: capitalized internal-use software costs	(2,816)	(3,114)
Free Cash Flow	\$ 1,306	\$ 7,138

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 12 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 (“Current Period ARR”). Current Period ARR includes expansion within Paid Enterprise Customers and is net of contraction or attrition over the trailing 12 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.