Learn without limits

2023 Annual Report

coursera

To our Stockholders,

I have been a CEO for 25 years. During this time, I have witnessed several technological shifts. None has been more exciting and sweeping than the rise of Generative AI. The world has realized that this technology will transform every aspect of our lives. In the past, we didn't have many educational tools to navigate seismic shifts as they unfolded. Thanks to online learning, we now have the means to rapidly disseminate knowledge that can transform threats into opportunities.

Progress

We are in the very early stages of helping our learners, customers, and partners navigate this change, but our rapid expansion reflects and reinforces Coursera's growing prominence as a global destination for learners seeking job-relevant skills and credentials, as well as institutions looking to upskill workers. In 2023, we reported our fourth consecutive year of welcoming more than 20 million learners to our platform. More than 140 million learners have come to Coursera to advance their careers and improve their lives, and more than 1,300 businesses, governments, and academic institutions are using our platform to broaden access to educational and economic opportunities worldwide.

> Coursera is the **trusted steward of more than 325 of the world's top university and industry brands**, and we believe this powerful combination of foundational knowledge and job-relevant learning is required to serve learners in this fast-changing skills landscape.

In an era where machines are increasingly capable of producing content at scale without guardrails for quality, integrity, and accuracy, we believe that institutions will play an important role in education. Coursera is the trusted steward of more than 325 of the world's top university and industry brands, and we believe this powerful combination of foundational knowledge and job-relevant learning is required to serve learners in this fast-changing skills landscape. Over the past year, we nearly doubled our catalog of entry-level Professional Certificates, announced approximately 20 new degree programs, and welcomed some of our fastest-growing courses to date focused on Generative AI. We are also building stronger linkages between our open content and college degrees, with a growing number of pathways that are designed to expand access, increase affordability, and better meet the needs of working adults.

In addition to our catalog expansion, we are making significant progress in platform innovation. Our goal is to make high-quality education from the world's leading experts available to everyone, no matter what language they speak. In 2023, we took a big step towards that goal. We have used advancements in machine learning to translate over 4,000 courses in up to 18 languages. We are also using Generative AI to enhance the learning and authoring experience on Coursera. Coursera Coach is our AI-powered virtual learning assistant that is grounded in our expert content. Early feedback from our beta program participants is encouraging, and we believe there are many opportunities to embed the Coach technology throughout our platform to create a more personalized learning and discovery experience. Course Builder is an AI-assisted authoring tool that enables our business, government, or campus customers to easily and quickly produce custom private courses at scale. We believe this technology will also provide a powerful tool for our educator partners.

Performance

In addition to our platform momentum, we continued to scale our business in 2023. We grew total annual revenue 21 percent over the prior year to $636 million. We delivered this growth with increased leverage, including our first quarter of positive Adjusted EBITDA. Recently, we also announced our intention to be Adjusted EBITDA and Free Cash Flow positive in 2024. We ended the year with approximately $722 million of unrestricted cash, cash equivalents, and marketable securities with no debt. Our strong financial position provides us with the resilience and strategic flexibility to execute on our long-term strategy.

Purpose

Coursera is a public benefit corporation and certified B Corp®, underscoring our deep commitment to making a positive impact on society. Our mission is to provide universal access to world-class learning so that anyone, anywhere, has the power to transform their life through learning. It inspires our team members, attracts our educator partners, and enables our customers to make high-quality education a growing reality for millions of learners around the world.

We believe that high-quality education and training will be an integral part of individuals and institutions **unleashing the next wave of innovation, productivity, and advancement**.

As every facet of our society, including individuals, businesses, governments, and academic institutions, grapples with the need to improve their productivity and human capital in this new world of Generative AI, I am increasingly confident in the global need for a platform like Coursera. We believe that high-quality education and training will be an integral part of individuals and institutions unleashing the next wave of innovation, productivity, and advancement. Together with our partners, we are creating a more accessible, affordable, and relevant system of higher education that can equip the next generation with the training and skills they need to succeed in an increasingly digital world.

I am grateful for the trust and commitment of our stockholders. Your continued support is what allows us to operate Coursera for the long term, execute on our vision for the future of higher education, and build a company for the benefit of our stockholders and society more broadly.

Jeff Maggioncalda
President and Chief Executive Officer, Coursera

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____ to ____
Commission File Number: 001-40275

COURSERA, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**45-3560292**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
381 E. Evelyn Ave. **Mountain View, California**	**94041**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (650) 963-9884

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.00001 par value per share	COUR	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common stock held by non-affiliates of the Registrant on June 30, 2023, based on the closing price of the Registrant's common stock as reported by the New York Stock Exchange, was approximately $1.7 billion. As of February 15, 2024, the Registrant had 156,946,046 shares of common stock, $0.00001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to the 2024 Annual Meeting of Stockholders are incorporated herein by references in Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2023.

Coursera, Inc.
Form 10-K
For the Year Ended December 31, 2023
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K ("Form 10-K") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. Any statements contained in this Form 10-K 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," "ongoing," "forecast," and "outlook," or the negative of these terms, or other comparable terminology intended to identify statements about the future. These 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. Forward-looking statements include statements about:

- trends and expectations for growth in the higher education and online education markets;
- the acceptance, adoption, and growth of online learning and credentialing;
- market acceptance and demand for our platform;
- the potential benefits of our solutions to learners and educator partners;
- anticipated launch dates of new educator partner programs;
- our business model;
- our expectations of our future financial performance, including revenue, expenses, and profitability;
- our ability to successfully develop, launch, maintain, and scale new programs, offerings, and features, including artificial intelligence ("AI");
- our ability to expand our platform's content and credentialing programs;
- our ability to manage or sustain our growth and to effectively expand our global customer base and operations;
- our ability to acquire new educator partners and expand program offerings with existing educator partners;
- our ability to acquire prospective learners and increase learner enrollment, revenue, and retention;
- our growth strategies, plans, objectives, and goals;
- our ability to compete and expectations about the future competitive landscape;
- our ability to attract and retain key employees;
- the scalability of our platform and operations;
- our ability to develop and protect our brand;
- the size of our addressable markets, market share, and market trends;
- the affordability and convenience of our platform;
- our ability to obtain, maintain, protect, and enforce our intellectual property ("IP") and proprietary rights and successfully defend against claims of infringement, misappropriation, or other violations of third-party IP;
- our anticipated future capital requirements, including the availability of capital to sustain and grow our business;
- our ability to successfully defend any current or future litigation brought against us;
- our ability to implement and maintain effective policies, procedures, and internal controls;
- potential changes in laws and regulations applicable to us or our educator partners and ability to comply;
- our share repurchase program;
- our contractual obligations and commitments;
- the anticipated utility of our non-GAAP financial measures and key business metrics; and
- our expectations as to interest rate and foreign currency risks.

In addition, any statements contained herein that are not statements of historical facts are deemed to be forward-looking statements. These forward-looking statements reflect our management's beliefs and views with respect to future events, are based on estimates and assumptions as of the date of this report, and are subject to a number of risks and uncertainties that could cause our actual results to differ materially from those expressed or implied by our forward-looking statements. These risks and uncertainties include, but are not limited to, those risks discussed in Part I, Item 1A "Risk Factors" of the Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We qualify all of the forward-looking statements in the Form 10-K with these cautionary statements.

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, events, or circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of the Form 10-K to conform these statements to actual results or to changes in our expectations, except as required by law.

In the Form 10-K, references to "Coursera," the "Company," "we," "us," or "our" mean Coursera, Inc., a Delaware public benefit corporation, and its subsidiaries, unless otherwise stated.

PART I

Item 1. Business

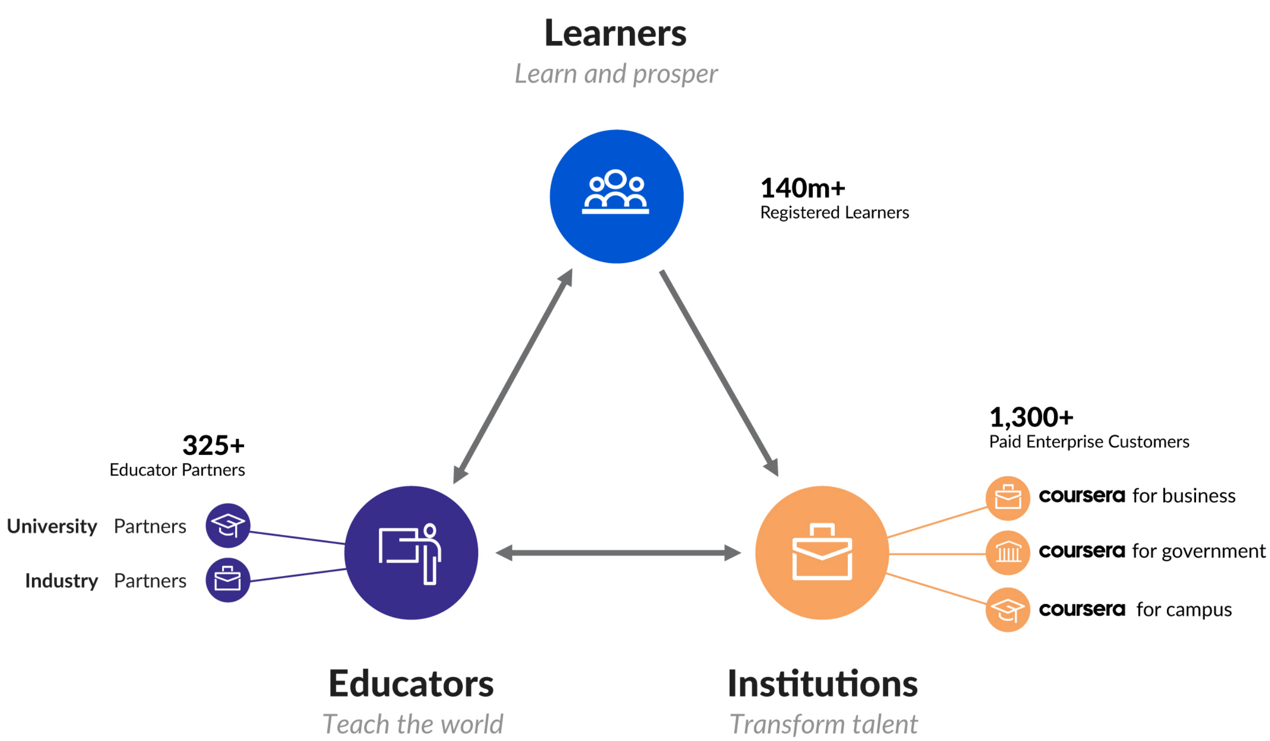
Overview

Our mission is to provide universal access to world-class learning so that anyone, anywhere has the power to transform their life through learning.

Learning is the source of human progress. The spread of ideas across cultures and ages has helped transform our world from illness to health, from poverty to prosperity, and from conflict to peace. By combining some of the world's best educational content with a technology platform that can serve learners on a global scale, we believe Coursera is enabling the digital transformation of higher education and bringing high-quality, affordable education to every corner of the world.

Coursera is a platform that enables a global ecosystem of educators, learners, and institutions. As of December 31, 2023, approximately 142 million learners from more than 235 countries and dependencies had registered on Coursera to learn from more than 325 universities and industry experts. Our educator partners have created a broad catalog of content and credentials, ranging from entry-level industry microcredentials to university degrees, which are globally distributed through our platform's multiple segments. Coursera serves learners with educational content directly in their homes or on the go, on the job through their employers, their colleges and universities, and through government-sponsored programs. As of December 31, 2023, over 1,300 institutions were paying Enterprise customers, including businesses, colleges, universities, and governmental organizations. We also provide social impact programs that have helped more than 260,000 learners around the world.

The graphic below illustrates our global learning ecosystem as of December 31, 2023:



Technology is advancing faster than the world's ability to adapt and acquire new skills. We believe that recent advancements in artificial intelligence ("AI") and other emerging technologies will reshape how we live, learn, and work. We expect this will further increase the global skills gap. The rapid adoption of new technologies, tools, and processes creates an urgent need for organizations and learners to adapt in order to remain competitive. To gain from the opportunities created by the digital economy, many aspiring and existing professionals need advanced skills in technology, AI, and data science. We believe education will continue to be further characterized by blended classrooms powered by online learning, job-relevant education, and lifelong learning to help employees, students, and citizens learn emerging skills that can be used in their current jobs, to obtain new job opportunities, or to run their businesses.

Our vision for the future of higher education emphasizes accessibility, affordability, and relevance, ensuring it meets the demands and pace of a rapidly changing economy. We believe that online learning will become the primary means of meeting the global demand for emerging skills and that the adoption of online education, combined with the increased flexibility enabled by larger remote and hybrid workforces, holds the promise to increase global social equity. Cross-sector collaboration will be required between universities, employers, and government organizations in order to bridge the gap between education and industry needs.

World-class teaching is the foundation of the Coursera experience. Coursera partners with over 325 university and industry partners to provide learners with high-quality content and credentials that are modular and consumable at a wide range of durations, skill levels, and price points. Our data-driven technology platform enables educators to efficiently produce, teach, and scale content and credentials, from individual courses to professional certificates to university degrees. Coursera enables educator partners to tap into global demand from individual learners, organizations, and institutions.

Reaching and serving a world of learners lies at the heart of our model. We make it easy for learners to discover and engage with high-quality, job-relevant learning in flexible, hands-on online learning environments at affordable prices—including free offerings. Content from top-branded partners has enabled us to attract approximately 142 million individual learners at low cost and build a global consumer brand. Data-driven marketing enables us to efficiently attract learners to a wide range of paid offerings, including standalone courses, multi-course specializations, industry certificate programs, and university degrees. We believe this efficient learner acquisition model has allowed us to build one of the largest global audiences of adult learners globally and serve learners at various price points, with competitive margins for us and our educator partners.

We expect the long, episodic nature of higher education will break down into shorter, more relevant units of consumption designed to increase affordability and provide more immediate access to workforce participation. Our model allows learners to leverage flexible and affordable pathways across our catalog, including the ability to "stack" content and credentials to count as progress towards a broader program of study. This is enabled by qualifying our high-quality learning catalog for credit recognition through partners like the American Council on Education ("ACE") and the European Credit Transfer and Accumulation System ("ECTS"). For example, eligible learners who complete the Google Data Analytics Certificate can earn a credit recommendation of 12 college credits, the equivalent of four college courses at the bachelor's degree level in participating programs.

Coursera's data and machine-learning systems drive personalized learning and skills benchmarking. We believe that our unified technology platform is not only making global higher education more accessible and more effective but is also enabling educators to author and distribute high-quality content efficiently, employers to upskill and reskill their talent, and learners to advance their careers in a flexible learning environment. Further, our platform allows employers to tap into a diverse talent pool and provides them with insight into which learners have the requisite skills for specific job roles. It also allows learners to develop and showcase their skills with industry microcredentials and hands-on projects. For example, we announced approximately 20 new entry-level Professional Certificates over the past year from partners like Amazon Web Services ("AWS"), Google, IBM, Microsoft, and more.

In addition to offering content and credentials directly to individuals at Coursera.org, we also sell directly to organizations and institutions, including employers, colleges and universities, and government entities and agencies. Employers can use Coursera for Business to help employees develop new skills in order to better acquire and serve customers, lower costs, reduce risk, and remain competitive in the new digital economy. Colleges and universities can use Coursera for Campus to deliver and integrate university and industry-branded online projects, courses, and credentials as they navigate a new era of financial challenges, pressure to deliver job-relevant skills and employable graduates, and evolving student preferences for hybrid learning. Government entities and agencies can use Coursera for Government to train, reskill, and upskill employees and citizens into fast-growing digital roles that constitute a significant share of new job opportunities.

The global higher education market is large and growing. As we seek to reinforce our platform's advantages and continue penetrating this market opportunity, we have multiple strategies to drive our growth. This includes improving conversion, upsell, and retention of paid consumer learners, particularly our global expansion; increasing adoption and penetration of our Enterprise offerings; expanding the number of online degrees and the number of students in Degrees programs; and deploying new technologies to deliver more value for our individual and institutional customers.

Our Opportunity: The Global Education Market is Large and Growing

As the pace of new knowledge and the demands of the global workforce continue to accelerate, we believe the global adult education market is poised to grow dramatically, through advancements in technology, flexibility, and accessibility. For example, the flexibility of online learning enables non-traditional learners to continue their education, while remote instruction and asynchronous delivery can broaden access to affordable, high-quality education for learners and institutions around the world.

Our Offerings to Individuals, Organizations, and Institutions

Coursera.org for Individuals

Most learners come to Coursera to start and advance their careers, reach their educational goals, and enhance their lives. Learners consume content from our diversified portfolio, which is designed to meet a wide variety of goals and preferences. Our educator partners create thousands of courses, credentials, and other offerings across a wide range of domains, from a 2-hour Guided Project on how to build a website, to an entry-level Professional Certificate, to a Master of Public Health degree from the University of Michigan.

As technology automates more repetitive, predictable, lower-skilled job tasks, individuals around the world are looking to reskill with professional certificates and college degrees in order to move into emerging digital careers. Coursera offers a portfolio of entry-level Professional Certificates from Google, IBM, Intuit, Meta, Microsoft, and Salesforce that help develop the skills needed to land entry-level digital jobs in information technology, cybersecurity, data science, marketing, sales, design, and software engineering and development without requiring a college degree or any experience in the field. Coursera also has fully online degrees in data science, computer science, engineering, business, AI, social science, and public health.

The full Coursera catalog includes*:

- 3,500+ Guided Projects: Gain a job-relevant skill in less than two hours for $9.99
- 6,900+ Courses: Learn something new in 4 to 6 weeks for free, or for prices up to $99
- 875+ Specializations: Gain a job-relevant skill in 3 to 6 months for $39 to $79 per month
- 125+ Certificates
    - 45+ Entry-level Professional Certificates: Earn a certification of job readiness for an in-demand career in 3 to 9 months for $39 to $79 per month
    - 30 Non-entry level Professional Certificates: Earn a certification to advance your career in 1 to 10 months starting at $49 per month
    - 30 University Certificates: Earn a university-issued certificate to develop expertise in a chosen field in 4 to 24 months for approximately $1,500 to $10,000
    - 15+ MasterTrack Certificates: In 3 to 12 months, earn a university-issued certificate from a module of a university degree and credit that can be applied to that degree in the future for approximately $2,000
- 50+ Degrees: Earn a bachelor’s or master’s degree fully online for approximately $5,000 to $45,000 or earn a postgraduate diploma

* As of December 31, 2023. The time periods noted are intended completion timeframes; actual time to completion varies by learner. Learners may also access certain courses, Specializations, and Professional Certificates through a Coursera Plus subscription. Prices reflect rounded ranges applicable to nearly all content and credentials; a small percentage may exceed the top and bottom ends of the range.

Our platform enables learners to discover the right content and credentials by domain (e.g., business, technology, health), by skill (e.g., Python, statistics, data visualization), and by job role (e.g., data analyst, marketer, engineer). Once learners enroll in a course, our unified technology platform enables them to learn more effectively to advance in their careers and earn credentials to signal their learning to prospective employers.

The learning experience includes:

- Courses with video-based lectures, in-video quizzes, notes and highlights, readings, assessments, peer reviews, and group projects;

- AI-driven learning features, such as Coursera Coach for pre-quiz practice questions and a more interactive experience, personalized discovery and recommendations that are job-aligned, and foreign language translations for up to 18 languages;

- Coursera Labs with hands-on projects that teach practical skills using real-world tools such as Python, Jupyter Notebooks, VS Code, R-Studio, and many other desktop and cloud-based applications fully in-browser with no software or data downloads;
- A mobile app that enables course downloads for offline learning, which is especially important for students with limited or intermittent internet connectivity or power; and
- Localized experiences including localized homepage, payment options, geographical pricing, local partnerships, and content discovery.

As of December 31, 2023, approximately 142 million learners had registered with Coursera to learn from more than 325 leading university and industry partners in thousands of offerings ranging from open courses to university degrees.

- In 2023, learners logged more than 45 million course enrollments, watched 532 million lectures, and completed 89 million assessments.
- Learners have logged more than 10.3 million Guided Project enrollments since we launched Guided Projects in 2020.
- Our growing Professional Certificate catalog has enrolled more than 11.8 million learners since we launched this catalog in 2018.
- Over 22,000 students were enrolled in Degrees programs as of December 31, 2023.

Overall, learners are satisfied with their experiences on Coursera and with the outcomes Coursera learning helps them achieve. Of learners who have rated a course in 2023, 82% gave their course a full 5-star rating.

Coursera Plus is a subscription pricing model that gives learners access to over 10,000 courses, Guided Projects, Specializations, and Professional Certificates on Coursera for a monthly or annual fee.

Coursera for Enterprise

Coursera is available to organizations and institutions around the world, allowing businesses, academic institutions, and governmental organizations to enable their employees, students, and citizens to gain critical skills aligned to the job market of today and tomorrow. Institutions play a major role in tackling the global reskilling challenge by providing awareness, incentives, and financial support for lifelong learning.

Coursera has designed a single, unified platform that allows us to configure a common set of content and features to meet the various needs of our Enterprise customers that we manage through our Coursera for Business, Coursera for Campus, and Coursera for Government verticals. We have more than 1,300 Paid Enterprise Customers that purchase Coursera through our direct sales force. We also have customers that purchase licenses through our channel partners or directly through our Coursera for Teams offering.

The common content and features on Coursera's Enterprise learning platform include:

- A broad catalog of more than 6,500 courses, hands-on projects, and professional certificates, especially in the domains of data science, technology, and business;
- Private Authoring, the ability for all Enterprise customers to author courses and projects that are specific to and accessible only by the learners in their institution or their citizens, as applicable;
- The ability to tailor custom course collections that surface curated collections of courses to specific learner populations;
- Academies and SkillSets that identify target skill proficiencies required for specific job roles and provide personalized learning paths to develop these skill proficiencies;
- Coursera Labs, with hands-on projects that teach practical skills using real-world tools such as Python, Jupyter Notebooks, VS Code, R-Studio, and many other desktop or cloud-based applications fully in-browser with no software or data downloads;
- Dashboards that enable administrators to deliver tailored learning programs to specific learner groups, measure and track progress in skills development, and benchmark learner skill proficiency;

- LevelSets that help learners calibrate targeted content recommendations to their skill level so they can reach learning goals faster;
- Career Academy that leverages our entry-level Professional Certificates and Guided Projects to deliver the skills and credentials that can prepare learners for in-demand, digital jobs, even those with no college degree or prior work experience and
- Generative AI Academy, a new Enterprise offering designed to equip executives and their employees with the foundational literacy and skills from top research universities and companies at the forefront of AI.

Coursera for Business helps employers upskill and reskill their teams in order to better acquire and serve customers, lower costs, and reduce risk, as well as to drive innovation, competitiveness, and growth. Employers can also use Coursera for Business to help attract and retain talent in a competitive labor market as employers are increasingly positioning learning programs as a career development benefit. Our content in data science, technology, and business is especially relevant to employers; Private Authoring allows businesses to create courses and projects using their own datasets and tools; SkillSets, Academies, and LevelSets can be tailored to company-specific job-roles and skill requirements; Coursera Labs helps employers provide hands-on training using the tools that are deployed in their corporate environments; and Dashboards allow businesses to benchmark skill proficiency against specific industry and competitive peer groups. In 2023, Coursera for Business learners logged over 4.8 million course enrollments. Over 65% of Coursera's direct sales customers in this vertical are outside of the U.S.

Coursera for Campus empowers academic institutions to offer job-relevant, credit-ready, high-quality online education to students, faculty, and staff. Colleges and universities can use Coursera for Campus to deliver university-branded, online learning in a new era of financial challenges for higher education and evolving student preferences for hybrid learning. Over the past few years, thousands of higher education institutions launched Coursera for Campus, with growth accelerated by free initiatives during the pandemic. This has made it one of our fastest-growing offerings. We launched Career Academy in 2022, which offers industry microcredentials alongside the core university curriculum to attract students and produce graduates with the skills and abilities that employers seek. Our high-quality content from leading universities, relevant job training from industry experts, and academic integrity features are especially relevant to colleges that allow students to earn credit towards their university degree by taking online courses; Private Authoring allows faculty to create courses and projects that meet their particular curricular needs; SkillSets and LevelSets help faculty and students understand what skills will improve the chance of getting hired into particular job roles after graduation; Coursera Labs enables schools to supplement conceptual study with hands-on learning in a scalable cloud environment; and Dashboards help faculty and career placement personnel enhance student employability by benchmarking student skill proficiency against specific industry job roles. More recently, growth in our catalog of entry-level Professional Certificates, in combination with regional credit recommendations, has enabled universities and colleges to offer career electives to students for credit. For example, our expanded partnership with the University of Texas System allows students, faculty, staff, and alumni to access industry microcredentials in Career Academy across nine campuses.

Coursera for Government partners with national and local governmental organizations to deliver workforce reskilling programs for in-demand jobs. We also work with governmental organizations to develop and empower the next generation of public sector leaders through skill development programs. Our Professional Certificates and content from leading universities and industry partners are especially relevant to government officials who seek to prepare citizens for emerging jobs in their region and enhance the skills of public sector employees; Private Authoring allows agencies to create localized hands-on projects using regional instructors to develop skills to meet regional employment opportunities; LevelSets help learners assess their skill level and find the right content for their needs; Guided Projects enable governments to provide citizens and employees with hands-on training for the latest digital tools; and Skills Dashboards help workforce development personnel measure skill development and benchmark skill proficiency against workforces in other countries. Workforce development programs include Professional Certificates tailored for entry-level positions. These programs are designed for individuals without a college degree or prior work experience. They provide opportunities for exploring various careers, developing essential skills and competencies, and building a hands-on project portfolio using actual workplace tools. Additionally, participants have the chance to earn industry-recognized credentials.

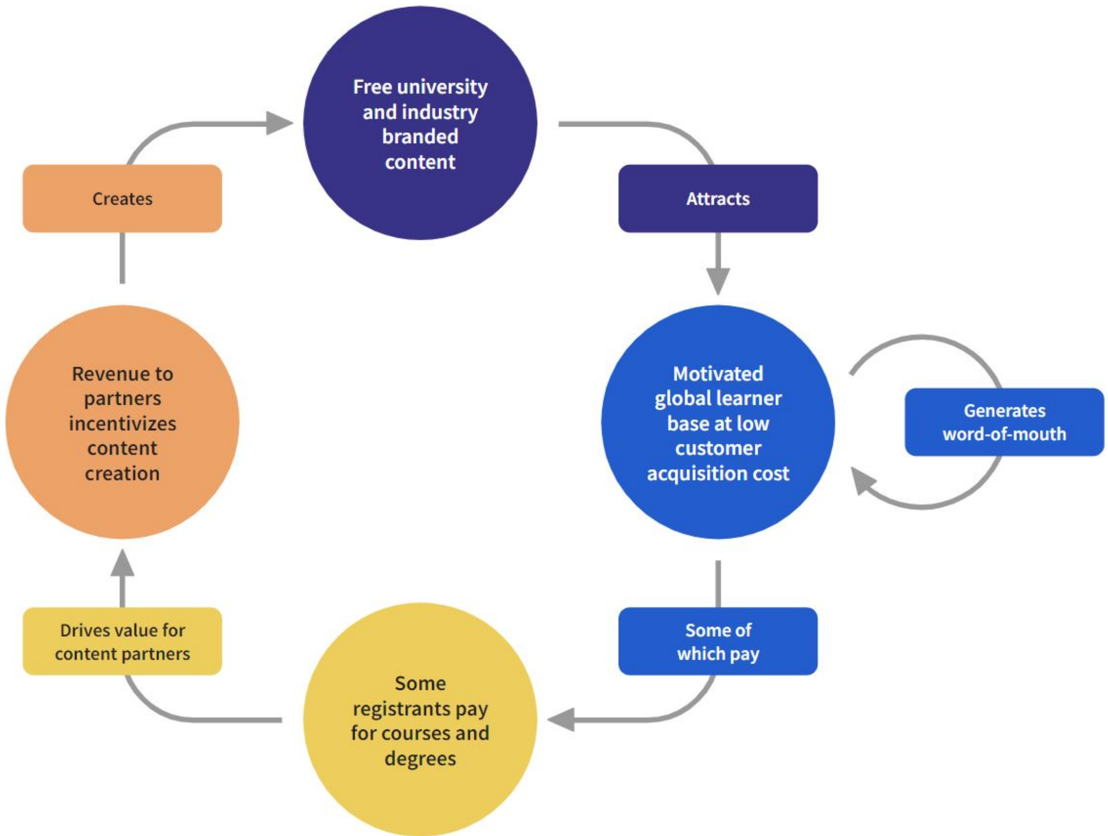
Our Competitive Strengths: The Power of Our Business Model

We believe that our competitive advantage is based on the following key strengths:

Trusted brand with a large learner base. With approximately 142 million registered learners, we have one of the largest global audiences of adult learners in the world. This large, growing learner base attracts top educator partners, creates

Enterprise and Degrees leads, provides data and insights, increases operating scale, improves search engine optimization performance, and produces favorable economics.

Our consumer flywheel creates a price-to-cost advantage. We make it easy for learners to come to Coursera and explore learning options through free open courses and projects. We believe this efficient acquisition model, powered by free, high-quality content, global partner brands, deep expertise in search engine optimization, strong word-of-mouth referrals, public relations, and effective paid marketing, enables us to attract learners to Coursera at scale and connect them with the right learning experiences over the course of their academic and professional lives.



Branded catalog of modular content and credentials. Our broad catalog and flexible technology platform provide many entry points for learners and allow us to give learners a path to achieving their goals, regardless of their starting place. This allows us to help learners find the right learning program based on their prior skills, credentials, experience, and career desires and provide pathways for them to accomplish their goals. For example, a learner with no college degree or experience might start their learning journey with the Google IT Support Professional Certificate over three to six months, land a new IT job, and get academic credit towards the University of London Bachelor's of Computer Science, which they can complete while working, lowering the opportunity cost of earning that degree. We believe we are the only platform with the ability to blend industry microcredentials with traditional academic degree credentials at scale. Many of our credentials have ACE and ECTS credit recommendations, which makes it easier for learners to earn academic credit towards a local or online degree program.

Network of leading academic and industry partners. Our large and global learner base attracts top-tier educator partners by allowing them to reach new audiences and create new revenue streams with relatively small up-front investments. We carefully select our university and industry partners, prioritizing quality, subject expertise, and geographic appeal. As technology advances and new relevant skill sets emerge, our growing partner relationships enable us to be responsive in providing in-demand skills for aspiring and ascending professionals.

Job-relevant, hands-on projects, and industry certificates. In order to compete and keep pace with the rapidly changing skills landscape, learners need to be able to quickly identify and learn practical skills using job-relevant tools. Our Project Network is composed of instructors who have demonstrated expertise in a tool or skill through industry experience or academic background in the topic of their project. Professional Certificates, some of which are authored by well-known employer brands such as AWS, Google, IBM, Intuit, Meta, Microsoft, and Salesforce, allow learners to efficiently reskill and upskill for new jobs. We offer a diverse selection of Professional Certificates from a wide range of roles, industries, brands, and languages, many of which have ACE and ECTS credit recommendations enabling more universities to accept the certificates for academic credit toward a degree program. Similarly, our technology platform allows instructors to efficiently launch one to two hour Guided Projects that teach the latest in-demand skills to learners with a hands-on learning experience.

Multi-channel Enterprise model. With a single content catalog and a unified technology and data platform, we are able to distribute content and credentials to a global audience of more than 1,300 paying businesses, academic institutions, and governmental organizations. Our technology enables our educator partners to reach large, globally distributed employee populations through the workplace and provide them with high-quality lifelong learning. Our technology also allows collaboration among institutional networks, so that businesses, universities, and government organizations can collaborate on Coursera by sharing content, program settings, licenses, and data insights.

Rich data analytics and skills graphs. Since all of our teaching and learning activities happen online, our platform is able to capture a significant amount of data across millions of enrollments related to teaching, learning, content, and outcomes. This data allows us to drive learner success through personalized learning, map skills to content and jobs through a system of machine-learning models, and unlock marketing efficiencies by automating and targeting communications with learners to generate engagement.

Competition

The market for global adult online learning is highly fragmented and rapidly evolving. We expect alternative modes of learning to continue to accelerate as players in this industry introduce new and more competitive products, enhancements, and bundles. Participants in the global adult online learning ecosystem include:

- Direct-to-consumer, online education companies: 2U, Inc., through its subsidiary edX Inc., and Udemy, Inc.;
- Companies that provide technology solutions and services to universities offering online learning programs: 2U, Inc., Eruditus Learning Solutions Pte. Ltd., Noodle Partners, Inc., and upGrad Education Private Limited;
- Corporate training companies: Skillsoft Corp., LinkedIn Corporation through its LinkedIn Learning services, Pluralsight, Inc., Udacity, Inc., and Udemy, Inc.;
- Providers of free educational resources: Khan Academy, Inc., The Wikipedia Foundation, Inc., and Google LLC ("Google") through its YouTube services; and
- Internal online degree platforms: Online degree programs developed in-house by universities.

Our Growth Strategy

We have seen strong growth since our founding in 2011. The combination of greater global access to technology and our open learning platform is unlocking the opportunity for more global citizens to enhance their education and earn credentials that help advance their careers. We believe that we have a large, underpenetrated addressable opportunity ahead of us to enable the digital transformation of higher education and provide lifelong adult learning at scale.

Key elements of our strategy of growing our business include:

Grow our content and credentials catalog and network of educator partners. We plan to continue to invest in growing our catalog of projects, courses, Specializations, certificates, and degrees across a broad range of topics and expanding our network of educator partners.

Improve conversion, upsell, and retention of paid Consumer learners. Our Consumer platform makes it easy for individuals to come to Coursera and learn, allowing for a natural progression of learners to go from free projects or courses to full online degrees. One of the tools used is Coursera Plus, launched in February 2020, which contributes to conversion and retention of paid Consumer learners. In 2023, over 65% of our cash receipts from Consumer offerings came from individual learners who were registered on our platform as of December 31, 2022.

Expand the number of online degrees and the number of students in Degrees programs. We believe we have an opportunity to increase the number of bachelor's and master's programs and postgraduate diplomas in new and existing academic disciplines within our current network of university partners. Over time, we also aim to naturally progress current open course university partners into Degrees partners. For existing Degrees program partners, we also intend to continue to increase the size of student cohorts in existing Degrees programs and add new online Degrees programs from these partners. We believe that our large, global learner base should give us a competitive advantage in delivering qualified international learners to Degrees partners in a cost-effective manner.

Continue to focus on growing our Enterprise business. Coursera's growth is driven in part by expansion into new logos as well as broader penetration of learners within our existing base of business, university, and government customers. Our team identifies and engages with potential Enterprise customers. Once our platform has been adopted, we focus on expanding and growing our relationships with existing customers. Our relationships often begin with departmental deployments, evolving to multi-department and ultimately organization-wide utilization as our value is proven within our customers' learner bases.

Continue global expansion. Approximately 46% of our revenue for the year ended December 31, 2023 came from learners outside of the U.S. We plan to continue to market our offerings and programs to individual learners, businesses, academic institutions, and governments globally, providing us broad access to the addressable market while also building on our global brand as a leading learning destination. We also continue to enhance the local learning experience, including machine-learning course translations, localized discovery, geographical pricing, payment methods, and regional credit recommendations.

Continue to grow our learner base and build our brand. We intend to continue to invest in increasing the number of registered learners on Coursera and increasing awareness of the Coursera brand. Our large learner base and brand create a virtuous cycle, increasing our value to educator partners and providing incentive for them to author additional content and credentials. This broader catalog, in turn, enhances the appeal of Coursera to learners, which grows our consumer learner base. We believe the content and credentials from our university and industry partners generate meaningful organic and unpaid traffic to Coursera, which reduces our cost of learner acquisition. A growing learner base also generates synergistic opportunities for other parts of our business, as some learners will go on to enroll in Degrees programs or provide us with Enterprise leads.

Sales and Marketing

Our sales and marketing efforts are focused on building a unified marketing system that connects individuals to lifelong learning opportunities throughout their academic and professional lives. Our strategy centers on leveraging the Coursera brand and our partners' brands along with our large catalog of high-quality, freemium content to attract learners to Coursera efficiently.

Once we attract learners to Coursera, our data-driven learner experience connects learners to the courses, certificates, and degree programs best-suited for them through a personalized discovery and nurture system and identifies whether they are a potential Enterprise prospect.

Learners come to Coursera primarily through free or low-cost acquisition channels such as public relations, word of mouth, and natural search. We also derive a smaller percentage of learners through cost-efficient paid advertising channels including an affiliate publisher network and paid search.

With our consumer brand, we can market categories of degree and certificate programs to learners earlier in their consideration process. This allows us to connect learners with targeted learning opportunities based on their background and goals. By connecting Coursera's learners with relevant degree programs, we efficiently tap into latent degree demand from our consumer base and combine automated nurture strategies earlier in the funnel with higher-touch efforts to assist potential students who are further along in their purchase decision. We promote our courses, Specializations and entry-level Professional Certificates that can count as progress towards a degree both to allow prospective students to discover our Degrees and to increase conversion rates by enabling applicants to sample content and build interest and confidence before enrolling in one of our Degrees programs. For example, we are sourcing more programs with performance-based admissions, which allow learners to earn admission through successful completion of a series of courses. Performance-based admissions help to reduce traditional barriers associated with tests, application fees, and prior education or work experience. We believe pathways between our open content and credentials, particularly our entry-level Professional Certificates, and Degrees will provide a more accessible and affordable method for learners to progress in their education and careers.

The data from Coursera's consumer ecosystem helps drive Enterprise marketing efficiency. Related insights, especially on how a company's skill proficiencies stack up relative to the competition, based on the aggregated learning behaviors of consumer learners working at a given company, help us reach prospects with targeted skill development solutions.

Our Enterprise sales team identifies and engages with potential organizational and institutional customers around the world. With our international expansion, we have deployed a more regionally distributed approach to sales and account management with a focus on growing and upselling Enterprise accounts.

Research and Development

Our research and development team creates and maintains our platform, products, and insights to deliver a high-quality learning experience to our learners and customers cost-effectively and at scale. We leverage our large partner and customer base, our engaged learner community, and our focus on user-driven innovation to aggregate feedback on features and functionality and consistently improve our offerings and platform. Our production environment runs in a cloud environment, providing scalable storage and elastic computing.

We invest substantial resources in research and development to drive our technology innovation and bring new offerings and features to the market. Our research and development team is responsible for the design, development, and testing of features and offerings on our platform. They are also responsible for building and integrating tools and systems to help our services function deliver high-quality service at lower cost as we scale.

Our research and development teams are concentrated in California, Canada, and Bulgaria, but are expanding into other regions with our remote workforce that allows us to access diverse, talent-rich markets as we grow. We believe our research and development teams are diverse, bringing unique and essential perspectives to our platform.

Intellectual Property

We rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality procedures, contractual commitments and other legal rights and practices to protect our intellectual property, including our brand, proprietary information, technologies, processes, and the algorithms we use throughout our business. For example, as of December 31, 2023, we had 20 issued patents relating to technology features of our platform, including identity verification, content delivery and navigation, and automation, which patents expire between 2034 and 2040, and several U.S. pending patent applications also relating to certain technology features of our platform. Our principal trademark assets include the registered trademark "Coursera" and our logos and taglines. We also hold the rights to the "Coursera.org" internet domain name and various related domain names, which are subject to internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. For important additional information related to our intellectual property position, please review the information set forth in "Risk Factors—Risks Related to Intellectual Property."

Seasonality

We experience revenue fluctuations due to seasonal engagement patterns of individual learners and Enterprise customers, which may vary from quarter to quarter or year to year, and seasonal operating practices or engagement patterns of partners resulting from academic calendars or fiscal years that may differ from our own.

Historically, there has been an increase in enrollments from new and existing consumer learners in the first and fourth quarter of each year as the result of various holiday promotions offered during these periods. Additionally, revenue from Enterprise customers varies quarter-over-quarter due to the timing of our launches of new course content, offerings, and features.

The Degrees student count is affected by the seasonality of the school class cycles, combined with the underlying growth interacting with those trends. For quarter-over-quarter fluctuations, the number of Degrees students fluctuates in part because the academic terms for each degree program often begins and/or ends within different calendar quarters, and the frequency with which each degree program is offered within a given year varies.

Human Capital Resources

Overview

At Coursera, we create and nurture a system of equitable employee services and workplace experiences to help employees perform at their best and to deliver our mission of transforming lives through learning. As of December 31, 2023, 1,295 full-time employees make up a global community that is driven by a shared purpose and transformative impact. Our team also engages contractors and consultants for auxiliary services and support.

Our focus on building a great place to work has resulted in a strong culture that values innovation and results at scale. Our employees are proud to work at Coursera and of the positive social impact that we can make together. To further enable our ability to grow and fulfill our public benefit objectives, we continue to invest in attracting, retaining, and developing team members while enhancing diversity and inclusion in our workforce.

Diversity, Equity, and Inclusion ("DEI")

Building a more diverse workforce powers our ability to deliver on Coursera's mission: it fuels the performance and innovation we need to provide universal access to world-class learning, and it inspires collaboration to help us create inclusive learning alongside our university and industry partners and Enterprise customers.

At Coursera, we strive to promote a culture of continuous learning and improvement. For the last ten years, we have measured employee engagement and tracked employees' perspectives on important issues through our employee engagement surveys. Our participation rate continues to be high, at 97% for 2023. Employee engagement survey results provide important insight into organizational health and allow us to address opportunities for improvement in more focused and meaningful ways.

Our DEI initiatives and programs also strengthen our workplace culture and support talent acquisition and retention goals. We support our DEI strategies to enhance workplace diversity, promote cross-cultural learning, and advance our ongoing efforts to build a company where everyone can thrive. We approach DEI through three strategic pillars: workplace, workforce, and marketplace.

Workplace. Diversity of identity, voice, background, and experience are all key elements of our employee value proposition. We continue to drive meaningful change in our representation while strengthening brand credibility within underrepresented population communities by building, assessing, and evolving our goals for attracting, engaging, hiring, and growing talent.

Workforce. As an organization, we are committed to DEI in our workforce and the evolution of our values and culture. We focus on early and consistent engagement with various communities and tracking inclusive practices. That means continued assessment of equitable talent pipeline development, hiring, and advancement across our diverse talent pools. We also support our employee resource groups, which are employee-led groups that foster inclusivity and build community by cultivating a positive and engaging culture in which employees of different backgrounds, lifestyles, and abilities are respected and can thrive. They represent the perspectives of our diverse learners, customers, and partners through a focus on DEI and social impact.

Marketplace. Coursera's mission sits at the core of our commitments and DEI efforts, and we recognize the impact our work product brings to our global learner base, Enterprise customers, and educator partners. We want to ensure that they are represented in our content, product, brand and business strategy.

Talent

We build distributed teams of diverse talent that represent our global community of learners in order to inspire the innovation that will transform lives through learning. We do this through embracing a work from anywhere hiring strategy to attract and retain top global talent. Similar to the ways in which we help millions of learners transform their lives through courses and degrees on our platform, we also encourage and empower Coursera employees to learn and grow at work.

We offer learning programs and tools to support employees on their personal learning journeys and to promote organizational learning objectives. Through our internal learning program called SkillUp, employees have access to a sizable catalog of courses, specializations, and certificates on the Coursera platform to help employees build job-relevant skills and advance their careers. Employees can also choose to go deeper: For employees who are accepted into select degree programs on Coursera, we proudly offer scholarships that cover 100% of tuition and fees.

We aspire for Coursera to be a place where employees are challenged and stretched and will continue investing in employee development opportunities that enable team members to maximize their impact and grow their careers.

Total Rewards and Pay Equity

We provide competitive compensation. Compensation at Coursera is fair, routinely benchmarked to be market-competitive, and focused on performance. To align compensation and performance, we have established an on-going cadence for performance reviews that supplement a culture that is core to Coursera of regular, open, and casual feedback.

Furthermore, our compensation practices are designed to help ensure fair and equal pay to all employees regardless of gender, identity, race, age, or other protected characteristics. We routinely review our pay structures to identify possible pay disparities and opportunities to improve our pay practices.

Employee Wellness

Our workforce strategies prioritize employee well-being and take an integrated approach to mental, physical, and financial well-being for our employees. These efforts include providing access to free wellness programs such as therapy and access to wellness coaching, mindfulness training, and live community sessions; stipends for home office equipment and internet services; access to co-working spaces around the globe as well as a variety of events to foster employee engagement, connection, and collaboration.

Regulatory Matters

As a public company with global operations, we are subject to various federal, state, local, and foreign laws, rules, and regulations. Compliance with these laws, rules, and regulations has not had a material effect on our capital expenditures, results of operations, and competitive position as compared to prior periods. Nevertheless, compliance with existing or future governmental regulations, including, but not limited to, those related to higher education, consumer and data protection, intellectual property, government contracting, global trade, business acquisitions, antitrust, employment, anti-corruption, accounting standards, corporate governance, tax, and AI ethics and machine learning, could have a material impact on our business in future periods.

Higher Education Regulations

As a service provider to higher education institutions both in the U.S. and internationally, either directly or indirectly through our arrangements with partners, we are required to comply with various education laws and regulations.

Higher education is heavily regulated in the U.S. and most international jurisdictions, and our university partners are subject to extensive legislation, regulation, and oversight. The regulations, standards, and policies they are governed by and must adhere to are complex, change frequently, and are often subject to differing interpretations and can be implemented with little to no interpretative guidance. These changes could compromise our university partners' accreditation, authorization to offer online learning in various states or countries, permissible activities, or access to U.S. federal funds under Title IV of the Higher Education Act of 1965, as amended (respectively, "Title IV" and "HEA").

At times, our university partners are subject to regulations that were designed to address in-person, correspondence or other types of learning experiences not offered online and may be difficult to interpret or apply to the types of programs they offer on our platform. Degrees or certifications earned through an institution in one jurisdiction may not be recognized as valid or sufficient in other jurisdictions, including internationally, for employment, to satisfy prerequisites for advanced degrees, or other opportunities. Additionally, numerous U.S. states require education providers to be licensed or authorized in such a state simply to enroll persons located in that state into an online education program or to conduct related activities, such as marketing.

The vast majority of our U.S.-based college and university partners participate in the federal student financial assistance programs under Title IV, and are subject to extensive regulation by the U.S. Department of Education ("DOE"), as well as various state agencies, licensing boards, and accrediting agencies. To participate in Title IV programs, an institution must receive and maintain authorization by the appropriate state education agencies, be accredited by an accrediting agency recognized by the DOE, and be certified by the DOE as an eligible institution. The increased scrutiny and results-based accountability initiatives in the education sector, as well as ongoing policy differences in Congress regarding spending levels, could lead to significant changes in connection with the upcoming reauthorization of the HEA or otherwise. These changes may place additional regulatory burdens on postsecondary schools participating in Title IV programs generally, and specific changes may be targeted at companies such as ours that serve higher education within the U.S. Regulatory activities and initiatives of the DOE may have similar consequences for our business even in the absence of Congressional action.

Authorization and Approval

Our U.S.-based university partners are required to obtain the appropriate approvals from the DOE and applicable state and accrediting regulatory agencies for new programs. Similar approvals and reviews may be required for programs from our educator partners based outside of the U.S. and for our partners to offer programs in other countries.

Our educator partners, both U.S. and international, may also be required to be authorized in certain states to offer online programs, engage in advertising or recruiting, and operate externships, internships, technical training, or other forms of field experience, depending on state or international law. Although many of our programs are offered by U.S.-based higher education institutions that hold such authorizations or participate in an appropriate state reciprocity agreement such as the State Authorization Reciprocity Agreement ("SARA"), other educator partners are not traditional education institutions or operate outside of the U.S. and do not hold such state authorizations. Some institutions, including California higher education institutions, currently do not participate in SARA.

We or our educator partners may also be required to obtain appropriate approvals under international education laws and regulations. For example, a recent Indian regulation relating to online higher education requires, among other things, that learning platforms utilized by Indian universities to offer online degrees be approved by a technical committee of the Indian regulator.

Accreditation

Accrediting agencies primarily examine the academic quality of the instructional programs of an educational institution, and a grant of accreditation is typically viewed as confirmation that an institution or an institution's programs meet generally accepted academic standards. Accrediting agencies also review the administrative and financial operations of the institutions they accredit to ensure that each institution has the resources to perform its educational mission. The DOE also relies on accrediting agencies to determine whether institutions qualify to participate in Title IV programs.

Although we are not an accredited institution and are not required to maintain accreditation, accrediting agencies are responsible for reviewing an accredited institution's third-party contracts with service providers like us and may require that an institution obtain approval from, or notify the accreditor in connection with, such arrangements. We work closely with our university partners, which are accredited institutions, to assure that the applicable standards of their respective accreditors are met.

DOE "Dear Colleague" Letter ("DCL")

Each institution that participates in Title IV programs agrees, as a condition of its eligibility to participate in those programs, that it will not "provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance." The vast majority of our U.S.-based university partners participate in the Title IV programs. Although this rule, referred to as the incentive compensation rule, generally prohibits entities or individuals from receiving incentive-based compensation payments for the successful recruitment, admission, or enrollment of learners, the DOE provided clarifying guidance in March 2011 interpreting the incentive compensation rule as permitting tuition revenue-sharing arrangements known as the "bundled services exception." Our current degrees business model relies heavily on the bundled services exception to enter into tuition revenue-sharing agreements with our U.S.-based university partners.

The DCL issued by the DOE on March 17, 2011 sets forth the guidance of the DOE regarding various regulations that were implemented around that time. The DCL affirms that "[t]he Department generally views payment based on the amount of tuition generated as an indirect payment of incentive compensation based on success in recruitment and therefore a prohibited basis upon which to measure the value of the services provided." The DCL, however, in Example 2-B, clarified an important exception to this prohibition for a business model that complies with the bundled services exception: "A third party that is not affiliated with the institution it serves and is not affiliated with any other institution that provides educational services, which third party provides bundled services to the institution including marketing, enrollment application assistance, recruitment services, course support for online delivery of courses, the provision of technology, placement services for internships, or student career counseling, may receive from an institution an amount based on tuition generated for the institution by the third-party's activities for all bundled services that are offered and provided collectively, as long as the third party does not make prohibited compensation payments to its employees, and the institution does not pay the third party separately for student recruitment services provided by the entity."

The DCL guidance indicates that an arrangement that complies with Example 2-B will be deemed to be in compliance with the incentive compensation provisions of the HEA and the DOE's regulations. Our business model and contractual arrangements with our U.S.-based university partners are designed to follow Example 2-B in the DCL. However, the inherent ambiguity in the DCL and the incentive compensation rule creates the risk that DOE or a court, including, notably, in the context of a "whistleblower" claim under the federal False Claims Act, could disagree with that interpretation. If the DOE or a court determined that our business model or even the practices of a subcontractor did not meet the bundled services exception, we could have contractual obligations to our U.S.-based partners such as indemnifying a partner from private claims, government investigations, or demands for repayment of Title IV program funds.

Further, because the bundled services rule was promulgated by agency guidance through the DCL and is not codified by statute or regulation, there is risk that the exception could be altered or removed without prior notice, public comment period, or other administrative procedural requirements that accompany formal agency rulemaking. For example, the DOE recently issued new guidance expanding the application of third-party servicer requirements, including an annual audit requirement, to any entity providing recruitment services or content. The DCL has been criticized by commentators and lawmakers, including in a June 2022 report by the U.S. House Committee on Appropriations, which urged the DOE to rescind the guidance, and in a recent commentary authored by Representative DeLauro, the ranking member of the House Appropriations Committee and the Labor, Health and Human Services, Education, and Related Agencies Subcommittee. On February 15, 2023, the DOE announced that it is reviewing its DCL guidance on incentive compensation compliance. The DOE has not announced the results of this review. In addition, the legal weight the DCL would carry in litigation over the propriety of any specific compensation arrangements under the HEA or the incentive compensation rule is uncertain. We can offer no assurances as to whether the exception in the DCL would be upheld by a court or how it would be interpreted.

Misrepresentation Rule

Under our contracts with U.S.-based college and university partners, we are required to comply with other regulations promulgated by the DOE and comparable state laws that affect our marketing activities, including the misrepresentation rule. The misrepresentation rule is broad in scope and applies to statements our employees or agents may make about the nature of an educator partner's program, their financial charges, or the employability of their program graduates.

Specifically, the HEA prohibits an institution that participates in the Title IV programs from engaging in any "substantial misrepresentation" regarding three broad subject areas: (1) the nature of the school's education programs, (2) the school's financial charges, and (3) the employability of the school's graduates. In 2010, as part of the program integrity rules, the DOE revised its regulations in order to significantly expand the scope of the misrepresentation rule. Although some of the DOE's most expansive amendments to the misrepresentation rule were overturned by the courts in 2012, most of the 2010 amendments survived and remain in effect.

Violations of the misrepresentation rule are subject to various sanctions by the DOE and violations may be used as a basis for legal action by third parties. Similar rules apply under state laws or are incorporated in institutional accreditation standards and the Federal Trade Commission applies similar rules prohibiting any unfair or deceptive marketing practices to the education sector.

Family Educational Rights and Privacy Act ("FERPA")

We are required to comply with FERPA, which generally prohibits an institution of higher education from disclosing personally identifiable information ("PII") from a learner's education records without the learner's consent. Our U.S.-based university degree and certificate partners and Coursera for Campus customers and their learners disclose to us certain information that originates from or composes a learner education record under FERPA. Through our contracts to provide services to institutions, we are indirectly subject to FERPA, and we may not transfer or otherwise disclose any PII from a learner record to another party other than in a manner permitted under the statute and any applicable contract. In the event that we disclose learner information in violation of FERPA, the DOE could require a partner to suspend our access to their learner information for at least five years.

For additional discussion of regulatory risks, see "Risk Factors—Risks Related to Regulatory Matters and Litigation."

Public Benefit Corporation ("PBC") Status

On February 1, 2021, we amended our certificate of incorporation to become a Delaware PBC. We believe being a PBC reinforces our long-term commitment to providing global access to affordable and flexible world-class learning and aligns with our mission, culture, and values.

PBCs are intended to produce a public benefit and to operate in a responsible and sustainable manner. Under Delaware law, PBCs are required to identify in their certificate of incorporation the public benefit they will promote, and their directors have a duty to manage the affairs of the corporation in a manner that balances the pecuniary interests of the stockholders, the best interests of those materially affected by the corporation's conduct, and the specific public benefit identified in the certificate of incorporation. They are also required to publicly disclose a report that assesses their public benefit performance at least every two years.

Our public benefit purpose, as stated in our certificate of incorporation, is "to provide global access to flexible and affordable high-quality education that supports personal development, career advancement, and economic opportunity."

Certified B Corporation™ ("B Corp") Status

In addition to being a PBC under Delaware law, we are a B Corp. The term "B Corp" does not refer to a particular form of legal entity, but instead refers to companies that are certified by B Lab, an independent nonprofit organization, for meeting rigorous standards of social and environmental performance, accountability, and transparency.

The process for becoming a B Corp involves completing and passing a comprehensive and objective assessment of a business's positive impact on society and the environment, which includes over 200 questions measuring the business's impact on its customers, employees, communities, and the environment, as well as a validation process that includes review of supporting documentation and verification interviews. Once certified, every B Corp must make its assessment score publicly available on B Lab's website. Acceptance as a B Corp and continued certification is at B Lab's sole discretion. We believe that our status as a B Corp further demonstrates our commitment to our mission and public benefit purpose.

Our Social Impact Programs

Coursera Social Impact Programs

Universal access to world-class learning is critical for social change. Since 2016, our social impact initiatives have provided underserved learners with access to high-quality education that supports personal development, career advancement, and economic opportunity. Through our social impact programs, we have worked with more than 100 nonprofit and community organizations to provide free access to our learning resources for more than 260,000 social impact learners across the globe.

Available Information

Our website is located at www.coursera.org, and our investor relations website is located at investor.coursera.com. The reports we file with or furnish to the U.S. Securities and Exchange Commission ("SEC") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available, free of charge, on our investor relations website at investor.coursera.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. These reports and filings can also be accessed at www.sec.gov.

We disclose material information to the public through a variety of means, including SEC filings, press releases, company blog posts, public conference calls and webcasts, and our investor relations website. We use these channels to communicate with investors and the public about Coursera, our products and services, and other matters. Therefore, we encourage investors, the media and others interested in Coursera to review the information we make public in these locations, as this information may be deemed material.

Further, corporate governance information, including our corporate governance guidelines, code of business conduct and ethics, and committee charters, is also available on our investor relations website.

The content of, or information accessible through, our websites are not incorporated by reference into this Form 10-K or in any other report or document we file with the SEC. Any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors

Risk Factors Summary

Our business is subject to numerous risks, as more fully described in the section entitled "Risk Factors" below and elsewhere in this Form 10-K. In particular, risks associated with our business include, among others, the following, any of which could have an adverse effect on our business, financial condition, results of operations, or prospects:

- Our historical growth may not be indicative of our current or future growth;
- Fluctuations in our quarterly and annual revenue and operating results could cause our stock price to fluctuate and the value of your investment to decline;
- Our limited operating history makes it difficult to predict our future financial and operating results;
- The nascency and market adoption of online learning solutions and generative AI, which may not grow or evolve as we expect or lead to increased demand for our offerings;
- Changes in contractual terms with our educational partners, including with respect to pricing or contract length, could materially and adversely affect our business, financial condition, and results of operations;
- Our ability to maintain and expand our partnerships with our university and industry partners;
- Our ability to attract and retain learners;
- Our ability to manage the growth of our business both in terms of scale and complexity;
- Changes in our contract terms, including our pricing models, for our offerings, which in turn could impact our operating results;
- Our learners' expansion beyond our freemium offerings and free trials available on our platform;
- Our ability to successfully expand our international operations, including growing our worldwide educator partner and learner base, and to manage the risks presented by such operations;
- Our ability to launch new offerings and services to learners to grow our business;
- We have incurred significant net losses since inception, and we may not achieve or maintain profitability in the future;
- Our ability to generate sufficient revenue from a new offering to offset our costs of the offering;
- Our ability to compete effectively;
- Our and our educator partners' ability to comply with international, federal, and state education laws and regulations, including applicable state authorizations for their programs;
- Our educator partners' ability to obtain timely approval from applicable regulatory agencies to offer new programs, make substantive changes to existing programs, or expand programs into or within certain jurisdictions;

- Any changes to the validation or applicability of the United States ("U.S.") Department of Education "Dear Colleague" Letter ("DCL"), on which our business model relies;
- Our educator partners' ability to maintain institutional or programmatic accreditation for their programs;
- Changes in laws, regulations, accounting principles, or government spending policies or budget priorities that impact our business;
- Any disclosure of sensitive information about our partners, their employees, or our learners, whether due to cyberattack or otherwise;
- Any failure to obtain, maintain, protect, and enforce our intellectual property ("IP") and proprietary rights and successfully defend against claims of infringement, misappropriation, or other violations of third-party IP;
- Any disruption or failure of our platform or operations, including as a result of geopolitical crises, natural disasters, public health crises, or other catastrophic events;
- Litigation or regulatory proceedings could adversely impact our business and financial condition, including exposing us to significant monetary damages or limiting our ability to operate our business; and
- Risks related to our status as a Delaware public benefit corporation ("PBC") or Certified B Corporation that may negatively impact our financial performance or reputation.

Risks Related to Our Business and Industry

Our historical growth may not be indicative of our future growth, and our revenue growth rate may decline compared to prior years.

Our historical growth may not be indicative of our future growth, and our revenue growth rate may decline compared to prior years. Accordingly, you should not rely on our revenue for any previous annual or quarterly period as any indication of our revenue or revenue growth in future periods. As we grow our business, we expect our revenue growth rates to decline compared to prior years for a number of reasons, which may include more challenging comparisons to prior periods as our revenue grows, slowing demand for our platform or offerings, slowing growth of our sales, increasing competition, increasing regulation, a decrease in the growth of our overall market or market saturation, and our failure to capitalize on growth opportunities. In addition, our growth rates are likely to experience increased volatility, and may decline, due to inflation and currency and interest rate fluctuations, the world's recovery from the COVID-19 pandemic, and related shifts in societal and economic circumstances.

Our quarterly and annual revenue and operating results have fluctuated from period to period and may do so in the future, which could cause our stock price to fluctuate and the value of your investment to decline.

Our quarterly and annual revenue and operating results have historically fluctuated from period to period, and our future operating results may vary significantly from quarter to quarter due to a variety of factors, many of which are beyond our control. You should not rely on period-to-period comparisons of our operating results as an indication of our future performance. Factors that may cause fluctuations in our quarterly operating results include, but are not limited to, the following:

- our ability to maintain existing customers and attract new customers, including businesses, governmental organizations, and educational institutions that subscribe to our Enterprise platform, as well as learners who access the content and credentialing programs available on our platform;
- our ability to continue to offer compelling content and degrees or other credentialing programs created by our industry and university partners;
- changes in, or trends affecting, subscriptions to our Enterprise platform from businesses, governmental organizations, and educational institutions;

- changes in, or trends affecting, learner enrollment and retention levels, including with respect to learners electing to access our paid offerings;
- our ability to increase and manage the growth of our international operations, including our international customer base, and our ability to manage the risks associated therewith;
- the timing of our costs incurred in connection with the launch of new course content and offerings and new certification, degree, or other credentialing programs, and the timing and amount of revenue we generate from new offerings and programs or as a result of the pricing models and payment terms, or changes to the pricing models or payment terms, associated with our offerings and programs;
- trends and factors impacting the demand for, and acceptance of, online learning and credentialing programs and the prices consumers and businesses are willing to pay for such programs;
- changes in, or trends affecting, the mix of partners, including educational institutions, offering open online courses only and those offering certification, degree, or other credentialing programs;
- changes in the rate, volume, and demand for new content and credentialing programs created and offered by our partners on our platform;
- changes in the terms of our existing partnership agreements;
- the timing and terms of any new partnership agreements;
- the timing and amount of our sales and marketing expenses;
- costs necessary to improve and maintain our platform and compete on the basis of newly emerging technologies and functionality;
- changes in our key metrics or the methods used to calculate our key metrics;
- revenue mix shifts between our segments and seasonality, including seasonal engagement patterns of learners and Enterprise customers, which may vary from quarter to quarter or year to year, and seasonal operating practices or engagement patterns of partners resulting from academic calendars or fiscal years that may differ from our own;
- changes in laws, regulations, or accounting principles that impact our business; and
- general political, economic, or market conditions and events affecting any of the above, including the impact of inflation, currency and interest rate fluctuations, labor strikes or other widespread work stoppages, the political environment, the impact of the election season, the outcome of political elections, geopolitical tensions or hostilities, such as the conflicts in Ukraine and the Middle East, supply chain disruptions, natural disasters, public health crises, or other catastrophic events.

These and other factors may cause our revenue and operating results to fall below our expectations or the expectations of market analysts and investors in future periods, which could cause the market price of our common stock to decline substantially. Any decline in the market price of our common stock would cause the value of your investment to decline.

We have a limited operating history, and our offerings continue to evolve, which makes it difficult to predict our future financial and operating results.

As a result of our limited operating history and the evolving scope of our offerings, our forecast of future operating results may be less accurate than if we had a longer operating history, and such forecasts are subject to a number of uncertainties, including those discussed in this “Risk Factors” section and elsewhere in this Form 10-K. If we do not manage these risks successfully, our operating and financial results may differ materially from our expectations and our business and stock price may suffer.

Market adoption of online learning solutions and generative AI are relatively new and may not grow or evolve as we expect or lead to increased demand for our offerings, which may harm our business and results of operations.

Our future success will depend in part on the growth, if any, in the demand for online learning solutions. While the COVID-19 pandemic caused an acceleration of the market for online learning solutions, it is still less mature than the market for in-person learning and training, which many businesses currently utilize, and these businesses may be slow or unwilling to migrate from these legacy approaches. As such, it is difficult to predict learner or partner demand for our platform, learner or partner adoption and renewal, the rate at which existing learners and partners expand their engagement with our platform, the size and growth rate of the market for our platform, the entry of competitive offerings into the market, or the success of existing competitive offerings. Additionally, while we believe that generative AI technology will lead to increased demand for online learning solutions given the technology's potentially disruptive impact on society, governments, businesses, and academic institutions contending with the need for their workforces and learners to reskill and improve productivity and agility, these expected societal changes and resulting increased demand for our online learning offerings may not materialize in the manner expected or may take longer than anticipated. In fact, there can be no assurance that generative AI technology will not displace or otherwise adversely impact demand for online learning solutions including our offerings.

Furthermore, even if educators and enterprises want to adopt an online learning solution, it may take them a substantial amount of time and resources to fully transition to this type of learning solution or they could be delayed due to budget constraints, weakening economic conditions, or other factors. Even if market demand for online learning solutions generally increases, we cannot ensure that adoption of our platform will also increase. If the market for online learning solutions does not grow as we expect or our platform does not achieve widespread adoption, it could result in reduced customer spending, learner and partner attrition, and decreased revenue, any of which would adversely affect our business and results of operations.

If we change the contract terms with our educator partners, including with respect to pricing or contract length, it could materially and adversely affect our business, financial condition, and results of operations.

We work with our educator partners to deliver a broad portfolio of educational content and credentials on our platform. For our Consumer and Enterprise offerings, we incur content costs in the form of fees paid to educator partners. In addition, our Degrees revenue is based on a percentage of the total tuition paid by Degrees students. As a result, our revenue, gross profit, and operating results generally could be significantly and negatively impacted if the university partner raises or lowers tuition, if a partner increases content costs, or if we renegotiate or change the terms of our agreements with our educator partners. For example, if a significant number of university partners, or university partners whose courses or credentialing programs account for a significant volume of learner enrollment on our platform, were to seek to renegotiate the content fees payable by us or the percentage of tuition payable to us, it could have a material impact on our business, financial condition, and operating results. We have experienced opposition to our content fee terms, and we anticipate similar challenges in the future. Further, we may change the terms of these agreements, including the pricing terms or contract length, due to competitive, regulatory, or other reasons. Any significant change in our pricing, content costs, or other contract terms with these educator partners could materially and adversely affect our business, financial condition, and results of operations.

If we fail to maintain and expand our partnerships with university and industry partners, our ability to grow our business and revenue will suffer.

The success of our business depends in large part on the continued and increased development and volume of compelling educational content and credentialing programs by our university and industry partners, which we refer to collectively as our educator partners, as well as maintaining existing educational content and credentialing programs. We have faced, and may continue to face challenges in establishing, maintaining, and expanding these relationships. For instance, our educator partners who use our platform are required to invest significant time and resources to adjust the manner in which they develop educational content and credentialing programs for an online learning environment. The delivery of degree programs online at educational institutions has not yet achieved widespread acceptance, and administrators and faculty members may have concerns regarding the perceived loss of control over the educational process that might result from offering courses and degrees online, the effectiveness of asynchronous learning, the heightened potential for learners to use generative AI tools to generate their online coursework, as well as concerns regarding the ability to provide high-quality education online that maintains the standards they set for their on-campus programs. There can be no assurance that online programs, such as those offered on our platform, will ever achieve significant market acceptance, and universities and organizations may therefore decline to engage with our platform. Further, if we were to lose a significant number of educator partners, including those who provide a significant portion of the educational content and credentialing programs available on our platform, or are no longer able to offer certain educational content or credentialing programs on our platform, particularly those in high demand, our reputation, growth, and revenue would be materially and adversely impacted. For the year ended December 31, 2023, we generated approximately 32% of our total revenue from the content and credentialing programs of five partners. Total revenue includes both revenue directly attributable to a particular partner and revenue that we do not consider directly attributable, such as revenue from site-wide subscriptions or our Coursera for Teams offering. The loss of or reduction in educational content and credentialing programs from such partners could negatively affect our ability to sustain or generate revenue or reach future profitability, and would materially and adversely affect our business, financial condition, or results of operation if we are unable to timely secure comparable educational content and credentialing programs at a favorable cost from other partners.

Our financial performance depends heavily on our ability to attract and retain learners, and if we fail to do so, our business and operating results will suffer.

Building awareness and acceptance among learners of the online educational course content and credentialing programs offered on our platform is critical to our ability to attract prospective learners and generate revenue. We must also continue to successfully work with our educator partners to maintain and develop new and compelling credentialing programs and content to maintain the relevancy of our platform and keep learners interested and engaged. A significant portion of our expenses is attributable to marketing efforts dedicated to attracting potential learners to our platform. Because we generate revenue based on fees from, or as a result of, learners subscribed to our content or enrolled in online programs offered on our platform, we must attract learners in a cost-effective manner and increase the rate at which learners enroll in and complete the programs offered by our educator partners. We also must retain learners and convert learners from our freemium model to paying customers, which depends in part on our ability to offer engaging and frequently updated content as well as quality customer support and service. The following factors, many of which are largely outside of our control, may prevent us from increasing and maintaining learner subscriptions and enrollment in a cost-effective manner or at all:

- *Negative perceptions about online learning.* Online education programs may not be successful or operate efficiently, which in turn could create the perception that online education in general is not effective. Learners may also be reluctant to enroll in online programs due to concerns that the learning experience may be substandard, that employers may be hesitant to hire learners who received their education or credentials online, or that organizations granting professional licenses or certifications may be reluctant to grant them based on credentials, including degrees, earned through online education or training. Further, concerns about the potential for learners to use generative AI tools to generate their coursework may be heightened with respect to online programs.
- *Reduced support from educator partners.* If educator partners cease to maintain, or offer new and compelling, credentialing programs or content or limit our ability to promote their content or programs, learners may reduce or terminate their use of our platform.
- *Harm to educator partner reputation.* Many factors affecting our educator partners' reputations are beyond our control and can change over time, including their academic performance and ranking among educational institutions, including with respect to a specific degree, certification, or other credentialing program.
- *Lack of interest in the offerings, features, services, certifications, degrees, or other credentials offered on our platform.* We may encounter difficulties attracting learners to use our offerings, features, and services, or enroll in credentialing programs that are not in demand due to shifting employer or societal preferences and priorities or that are in emerging or unproven fields.
- *Learner dissatisfact*ion. Learner dissatisfaction with the quality of the offerings, features, services, course content, and presentation, changes to the availability or sequencing of course content, or the course presenters, changing views of the value of our educator partners' credentialing programs and content offered, and perceptions of employment prospects following completion of a program on our platform may negatively impact learner retention. In addition, learner dissatisfaction that is shared via word of mouth or online platforms may also negatively affect the perceptions of potential new learners and negatively impact our learner acquisition efforts.

- *Ineffective marketing efforts.* Our marketing efforts use various channels (e.g., search engine optimization, television, affiliates, paid search, and custom website development and deployment), publication of content related to higher education, career paths, our platform, and our offerings, and we rely on advertising through a limited number of third-party advertising platforms (e.g., Google, Meta Platforms, and LinkedIn) to direct traffic to, and recruit new learners for, our offerings. Changes in the way these platforms operate, whether due to changes in law, the practices of mobile operating system providers, or otherwise, or their advertising prices, data use practices, or other terms, have impacted the cost and efficiency of our learner acquisition efforts in the past and could in the future make marketing our offerings more expensive, less effective, or more difficult. In addition, the elimination of a particular medium or platform on which we advertise, could limit our ability to direct traffic to our offerings and recruit new learners on a cost-effective basis, any of which could have a material adverse effect on our business, results of operations, and financial condition.
- *Changes in search engine methodologies.* We depend in part on various search engines to direct a significant amount of traffic to our website. Our ability to influence the number of learners directed to our website is not entirely within our control. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Our competitors' search engine optimization efforts may result in their websites receiving a higher search result page ranking than ours, or search engines could revise their methodologies to refine their search results or incorporate AI in ways that we cannot predict, which could adversely affect the placement of our search result page ranking, each of which could reduce the number of learners who visit these websites. We may not be able to replace this traffic, and any attempt to do so may require us to increase our sales and marketing expenditures, which may not be offset by additional revenue and could adversely affect our operating results.
- *Lack of financial resources for learners.* Any developments that reduce the availability of financial aid for higher education generally or that reduce the disposable income available to potential learners (including macro-economic developments such as inflation, currency and interest rate fluctuations, recessions, unemployment, or pandemics) could impair learners' abilities to meet their financial obligations, which in turn could result in reduced enrollment and harm our ability to generate revenue.
- *General economic conditions.* Enrollment in the courses and credentialing programs offered on our platform may be affected by changes in the U.S. economy and by global economic conditions. For example, an improvement in economic conditions may reduce demand for higher educational services as potential learners may find adequate employment without additional education. Conversely, a decline in employment opportunities or economic conditions may reduce employers' willingness to sponsor higher educational opportunities for employees given a lack of employer need for enhanced skill sets or an inability to fund such programs and could discourage learners from pursuing higher education due to an inability to afford our programs or a perception that the financial investment may not result in increased earning potential or improved employment opportunities.

Any of these factors could reduce enrollment and retention and could cause our costs associated with attracting and retaining learners to increase, which could materially harm our ability to increase our revenue or achieve profitability. These developments could also harm our reputation and make it more difficult for us to maintain our current content and credentialing programs and engage our partners for new course content or other offerings, which in turn may negatively impact our ability to expand our business and improve our financial performance.

If we fail to manage the growth of our business both in terms of scale and complexity, our operating results and financial condition could be adversely affected.

Our revenue increased to $635.8 million in the year ended December 31, 2023 from $523.8 million in the year ended December 31, 2022. Our growth has placed, and we expect will continue to place, a significant strain on our administrative and operational infrastructure, facilities, and other resources, and we face challenges of integrating, developing, training, and motivating our global employee base as well as maintaining our company culture with a predominantly remote workforce. Our ability to manage our operations and growth will require us to continue to improve our sales and marketing and content development capacity, and technology, finance, and administration teams globally, as well as our facilities and infrastructure. We will also be required to refine our operational, financial, and management controls and reporting systems and procedures, as well as effectively control our costs. If we fail to efficiently manage this global expansion of our business, our costs and expenses may increase more than anticipated and we may not successfully expand our partnerships with businesses, governmental and other organizations, and educational institutions, enhance our platform and technology-enabled services, increase the volume of new educational content and credentialing programs developed by our educator partners, attract a sufficient number of learners in a cost-effective manner, deploy preferred local payment methods and pricing models, satisfy our existing educator partners' requirements, increase the volume of Enterprise platform subscriptions, respond to competitive challenges, or otherwise execute our business plan. Although our business has experienced significant growth in the past, we cannot provide any assurance that our business or revenue will continue to grow at the same rate or at all in the future.

Our ability to effectively manage any significant growth of our business will depend on a number of factors, including our ability to:

- effectively recruit, integrate, train, and motivate new employees while retaining existing employees that help us effectively execute our business plan;
- continue to improve our operational, financial, and management controls;
- protect and further develop our strategic assets, including our IP rights; and
- make sound business decisions in light of the scrutiny associated with operating as a public company.

These activities will require significant capital expenditures and allocation of valuable management and employee resources, and our growth will continue to place significant demands on our management and our operational and financial infrastructure. We may be unable to effectively manage any future growth in an efficient, cost-effective, or timely manner, or at all. Any failure to successfully implement systems enhancements and improvements will likely negatively impact our ability to manage our expected growth, ensure uninterrupted operation of key business systems, and comply with the rules and regulations that are applicable to public reporting companies. Moreover, if we do not effectively manage the growth of our business and operations globally, the quality of our platform could suffer, which would negatively affect our reputation, results of operations, and overall business.

We may change the contract terms, including our pricing models, for our offerings, which in turn could impact our operating results.

We have limited experience with respect to determining the optimal prices and contract length for our offerings, and as a result, we have in the past, and expect that we may in the future, change our pricing models or target contract length from time to time, which could impact our operating and financial results. For example, in February 2020, we launched Coursera Plus, an annual subscription plan with unlimited access to a variety of our courses, Specializations, and professional certificates, at a fixed annual cost, and in the second quarter of 2020, we augmented our Coursera Plus pricing model to include a monthly subscription option. We are continuing to adjust our pricing models and conduct pricing experiments as we gain experience with our offerings. For instance, from time-to-time, we test pricing localization to account for market segmentation and conduct other pricing experiments. As the market for our learning platform grows (if ever), as new competitors introduce competitive applications or services, or as we enter into new international markets, we may be unable to attract new customers at the same price or based on the same pricing models we have historically used, or for contract lengths consistent with our historical averages. In addition, as we develop and roll out new offerings, or expand existing offerings, we will need to develop pricing and contract models for these offerings that appeal to customers and learners over time, and we may not be successful in doing so. Pricing and contract length decisions may also impact the mix of adoption and retention among our offerings and negatively impact our overall revenue. Competition may require us to make substantial price concessions or accept shorter contract durations, or other unfavorable contract terms. Our revenue and financial position may be adversely affected by any of the foregoing, and we may have increased difficulty achieving profitability.

If our learners do not expand beyond our freemium offerings and free trials available on our platform, our ability to improve our financial condition and results of operations may be adversely affected.

Many of our learners initially use the freemium version of our platform or free trials available on our platform, and many of our Enterprise customers engage with our platform only for a specific use case. For instance, we offer Coursera for Campus Basic, which allows universities and students access to certain Guided Project enrollments. Our ability to grow our business depends in part on our ability to persuade learners and other customers to expand their use of our platform to address additional use cases and to convert free subscriptions to paid subscriptions over time. We also provide certain of our paid offerings, including certificates, at no cost to learners who submit a fee waiver application indicating that they are not able to afford the enrollment fee, although applicants are not required to submit supporting documentation. This practice may reduce the number of learners using our paid offerings, and our operating results, revenue, and growth could be harmed.

Further, to continue growing our business, it is important that our customers renew their subscriptions when existing contracts expire and that we expand our relationships with our existing customers. Our customers have no obligation to renew their subscriptions, and our customers may decide not to renew their subscriptions with a similar contract period, at the same prices and terms, with the same or a greater number of learners, in the case of our Enterprise customers, or at all.

Our current operations are international in scope, and we plan to expand our international operations, which exposes us to related inherent risks.

Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic, contractual, reputational, and political risks that are different from those in the U.S. In addition to our employee base in the U.S., including Puerto Rico, we have employees in Australia, Bulgaria, Canada, France, Germany, India, Saudi Arabia, Singapore, the United Arab Emirates, and the United Kingdom in several functional areas, including product and software development, sales and marketing, talent recruitment, and general facilities management, and we have retained professional employer organizations and staffing agencies to engage personnel in certain international locations. Our international operations subject us to the compensation and benefits regulations of those jurisdictions, as well as other employer duties and obligations, that differ from the U.S. Further, enrollments of learners from other countries require us to comply with international data privacy regulations of those countries. Failure to comply with international regulations or to adequately adapt to international markets could harm our ability to successfully operate our business and pursue our business goals.

We intend to expand our international operations and continue to establish a worldwide educator partner and learner base. Our expansion efforts into international markets may not be successful. In addition, we face risks in doing business internationally, including risks associated with sales to international governments and entities, that could constrain our operations, increase our cost structure, compromise our growth prospects, and damage our reputation, including:

- the need to localize and adapt online credentialing programs for specific countries, including translation into foreign languages and ensuring that these programs enable our educator partners to comply with local education laws and regulations;
- local laws restricting learners from pursuing certifications, degrees, or other credentials through online education platforms such as ours or limiting the availability of financial aid to finance online education;
- different data privacy and protection laws, see “Risk Factors—Risks Related to Privacy, Cybersecurity, and Infrastructure”;
- difficulties in staffing and managing employees and contractors in foreign countries, including in countries in which workers based outside of the U.S. may become part of labor unions, employee representative bodies, workers’ councils, or collective bargaining agreements, and challenges relating to labor shortages, government shutdowns, work stoppages, such as labor strikes or lockouts, or slowdowns;
- risks related to employee travel, including illness or accident, detention by foreign authorities, poor transportation infrastructure or services, kidnapping, natural or manmade disasters, or the outbreak of hostilities or war;
- different pricing environments, longer sales cycles, longer accounts receivable payment cycles, restrictions on remitting payments to the U.S. or converting local currency into U.S. dollars, difficulties in adopting and supporting new and different payment preferences, increased credit risk and levels of payment fraud, and collections issues;
- new and different sources of competition and practices, which may favor local competitors;

- weaker protection for IP and other legal and contractual rights than in the U.S., and practical difficulties in enforcing IP and other rights, including legal and contractual rights, and differing expectations regarding ongoing contractual obligations in the face of changed circumstances, outside of the U.S.;
- compliance and operational challenges related to the complexity of multiple, conflicting, and changing governmental laws and regulations addressing, but not limited to, employment, tax, privacy, data protection, foreign investment restrictions or requirements, economic sanctions, export controls, boycotting, money laundering, supply chain transparency, modern slavery, bribery, and corruption, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act;
- increased financial accounting and reporting burdens and complexities;
- risks associated with foreign tax regimes, trade tariffs, foreign investment restrictions or requirements, or similar issues, which could negatively impact international adoption of our offerings;
- adverse tax consequences, including corporate tax consequences, such as double taxation, transfer pricing burdens, taxation of dividends, and the potential for required withholding taxes for our overseas employees;
- difficulties in managing foreign business operations, including the potential need to localize our business infrastructure, translating our policies and information technology systems into the local language, and local challenges related to technology as well as internet speed and availability, among other challenges; and
- regional, global, economic, and political conditions, including geopolitical tensions or hostilities within or beyond areas where we currently have, or may in the future have, international operations, such as the ongoing conflicts in Ukraine and the Middle East, including the Israel-Hamas war.

Further, as we continue to expand internationally, we may become more exposed to fluctuations in currency exchange rates. Future agreements with international educator partners may provide for payments to us to be denominated in local currencies, and in such cases, fluctuations in the value of the U.S. dollar and foreign currencies could impact our operating results when translated into U.S. dollars. Further, the strengthening of the U.S. dollar relative to foreign currencies could increase the real cost of our platform and offerings for our learners and educator partners outside of the U.S., which could lead to the lengthening of our sales cycle or reduced demand for our platform and offerings. If we are not able to successfully hedge against the risks associated with currency fluctuations, our financial condition and results of operations would be adversely affected. To date, our foreign currency exchange risk exposure has not been material, and as such, we have not entered into any hedging transactions in an effort to reduce this risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedging transactions may be limited, the results may not be as intended, and we may not be able to successfully hedge our exposure, which could adversely affect our financial condition and results of operations.

We intend to launch new offerings and services to learners to grow our business. If our efforts are not successful, our business, results of operations, and financial condition could be adversely affected.

Our ability to attract and retain learners and increase their engagement with our platform depends on our ability to connect them with appropriate offerings and services. Part of our strategy is to offer learners new offerings and services in an increasingly relevant and personalized way. We may develop such offerings and services independently, by acquisition, or in conjunction with third parties, but there is no guarantee these approaches will be successful. The markets for new offerings and services may be unproven, and these offerings may include technologies and business models with which we have little or no prior experience or may significantly change our existing offerings and services. If we are not able to create an experience that allows learners to easily and effectively identify the offerings and services, including certifications, degrees, or other credentials, that meet their needs, we may not grow our learner base or generate sufficient revenue, operating margin, or other value to justify our investments, and our business could be adversely affected.

We have incurred significant net losses since inception, and we may or may not achieve or maintain profitability in the future.

We incurred net losses of $116.6 million, $175.4 million, and $145.2 million in the years ended December 31, 2023, 2022 and 2021, and we had an accumulated deficit of $780.7 million and $664.1 million as of December 31, 2023 and 2022. We may or may not achieve or maintain profitability in the future. Even if we achieve profitability, we may not be able to maintain or increase our level of profitability.

We will need to generate and sustain increased revenue levels in future periods to achieve profitability, and even if we achieve profitability, we may not be able to maintain or increase our level of profitability. We anticipate that our operating expenses will increase substantially for the foreseeable future as we continue to, among other things:

- expand our course offerings and the robustness of our platform;
- expand our learner base and our sales and marketing efforts;
- improve and scale our technology;
- enter and expand into additional international markets;
- address increased competition; and
- incur significant accounting, legal, and other expenses as a public company.

Certain expenditures, including those to expand our course offerings and the robustness of our platform, expand our learner base and our sales and marketing efforts, and improve and scale our technology, will make it more difficult for us to achieve and maintain profitability. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. If we are forced to or elect to reduce our expenses, including through cost control measures or a reduction in headcount, it could negatively impact our growth and growth strategy. As a result, we can provide no assurance as to whether or when we will achieve profitability. If we are not able to achieve and maintain profitability, the value of our Company and our common stock could decline significantly, and you could lose some or all of your investment.

We may not generate sufficient revenue from a new offering to offset our costs.

Our platform enables our educator partners to offer learners the opportunity to enroll in live, or synchronous, courses and programs and pre-produced, or asynchronous, educational content that can be accessed at any time. To launch new educational content or a new credentialing program, whether synchronous or asynchronous, we must integrate our platform with the various learner information and other operating systems our educator partners use to manage functions within their institutions. In addition, our content development team must work closely with that partner's faculty members or staff to produce engaging online course content, and we must commence learner acquisition activities. During the term of our agreement with the partner, we are responsible for the costs associated with maintaining our technology platform and providing non-academic and other support for learners enrolled in the program. We invest significant resources in these new programs from the beginning of our relationship with an educator partner, including marketing and other learner acquisition costs to attract and fill enrollment cohorts for a program, and in some cases, content development grants to assist our partners as they invest resources preparing content for an online medium. There is no guarantee that we will ever recoup these costs. In addition, delays in implementing a new program, including Specialization, certification, or Degrees programs, could negatively impact our revenue and operating results.

Because we receive fees from learners enrolling in, and, in some cases, completing courses and credentialing programs on our platform, we only begin to recover these costs once learners enroll and begin paying fees. In addition, in some cases, learners may audit a course or courses toward a certification free of charge and elect not to pay for the certification itself. Further, our Degrees revenue is determined based on a percentage of the total tuition collected from Degrees students by the university partner. As a result, our Degrees revenue is dependent on the number of learners enrolled in the Degrees program and the tuition charged by the university partner. The time that it takes for us to recover our investment in a new course or program depends on a variety of factors, primarily our learner acquisition costs, learner retention rate, and the growth rate of learner enrollment in and, in some cases, completion of, the course or program. Because of the lengthy period required to recoup our investment in a program, unexpected developments beyond our control could occur that result in the educator partner ceasing or significantly curtailing a course offering or credentialing program before we generate any revenue therefrom. In addition, educator partners generally do not grant us exclusive rights to their content, and any such arrangements are of limited duration. As such, educator partners may choose to offer the same content on one of our competitors' platforms or their own platform, which could limit the number of learners enrolled in such partner's courses or programs on our platform. In addition, if an educator partner were to terminate an existing program, learners enrolled in that program may stop using our platform, which in turn would negatively impact our learner enrollment generally. As a result of any of the foregoing, we may ultimately be unable to recover the full investment that we make in a new offering or achieve any level of profitability from such offering.

If we pursue unsuccessful educator partner opportunities, we may forego more profitable opportunities, and our operating results and growth could be harmed.

The process of identifying educational content and credentialing programs that we believe will be a good fit for our platform and negotiating agreements with potential educator partners is complex and time-consuming. Because of the initial reluctance on the part of some educational institutions, businesses, and other organizations to embrace online delivery of education, training, and credentialing programs and the complicated approval process within some of these entities, our process to attract and engage a new educator partner can be lengthy.

We, our partners, and production providers may devote a significant number of hours, and up to a year or more, to develop and launch new content or a new credentialing program. We have spent, and may continue to spend, substantial effort and management resources on securing a new partnership and working with our existing partners to maintain as well as develop and launch new credentialing programs and content without any assurance that our efforts will result in a successful launch or revenue generation. If we invest substantial resources pursuing opportunities that do not attract sufficient interest from learners, we may forgo other more successful content and program development efforts, and our operating results, revenue, and growth could be harmed.

Failure to effectively expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our platform.

Our ability to broaden our customer base, particularly our Enterprise customer base, and achieve broader market acceptance of our platform, will depend to a significant extent on the ability of our sales and marketing organizations to work together to increase our sales pipeline and cultivate customer and educator partner relationships to drive revenue growth. Our marketing efforts include the use of search engine optimization, paid search, and custom website development and deployment.

We have invested in and plan to continue expanding our sales and marketing organizations, both domestically and internationally. Identifying, recruiting, and training sales personnel requires significant time, expense, and attention. If we are unable to hire, develop, and retain talented sales or marketing personnel, if our new sales or marketing personnel are unable to achieve desired productivity levels in a reasonable period of time (including as a result of working remotely), or if our sales and marketing programs are not effective, or if expected sales and marketing programs by our educator partners do not materialize or are not effective, our ability to broaden our customer base and achieve broader market acceptance of our platform could be harmed. In addition, the investments we make in our sales and marketing organization will occur in advance of experiencing benefits from such investments, making it difficult to determine in a timely manner if we are efficiently allocating our resources in these areas.

If we fail to quickly and efficiently scale our operations and platform capabilities to support the needs of new and existing partners, our reputation and our revenue will suffer.

Our continued growth and potential profitability depend on our ability to successfully scale our operations and platform capabilities to support newly launched educational content and credentialing programs with our educator partners. If we cannot quickly and efficiently scale our sales and marketing teams and technology teams, which includes the hiring and training of new employees, we may not be successful in attracting potential learners to our platform, which would negatively impact our ability to generate revenue, and our educator partners and learners could lose confidence in our platform. If we cannot quickly and efficiently scale our technology and operations to handle increases in the volume and rate of learner enrollment and of new credentialing programs or content, our educator partners' and learners' experiences with our platform may suffer, which in turn could damage our reputation. Our ability to effectively manage any significant increase in the volume of new content or programs or in the rate or volume of learner enrollment and retention will depend on a number of factors, including our ability to:

- assist our educator partners in maintaining as well as developing and producing an increased volume of engaging educational content that is accessible to a wide variety of learners;
- successfully introduce new features and enhancements on our platform;

- maintain a high level of functionality and cross-functionality, and technological robustness of our platform; and
- deliver high-quality professional services and support (including training, implementation, and consulting services) to our educator partners, their faculty and employees, and learners on our platform.

Establishing new credentialing programs and content or expanding existing ones will require us to make investments in management and key staff, increase capital expenditures, incur additional marketing expenses, and potentially reallocate other resources. If we are unable to scale our platform, maintain and increase its interoperability, develop an increasingly robust mix of engaging content, or otherwise manage new offerings effectively, our ability to grow our business and achieve profitability would be impaired, and the quality of our solutions, access to learner information and progress, and the satisfaction of our educator partners and learners could suffer, or our educator partners could transition content hosted on our platform to other providers, while we continue to provide certain services.

Disruptions to the operations of one or more of our third-party service providers may adversely affect our business operations and financial condition.

We and our educator partners rely on a variety of third-party service providers to support our operations by providing customer support, mobile network, internet, content production, platform integration, and other services. We and our educator partners may not have the resources or technical sophistication to anticipate disruptions to the operations of our third-party service providers, which could arise from any of a number of different reasons, including financial instability, work stoppages or slowdowns, staffing difficulties, war, or the outbreak of hostilities, staff illness, inclement weather, or natural disasters. Disruptions to the operations of our third-party service providers could result in communication, content production, platform performance, or platform availability problems for us and our educator partners, which could adversely affect our business operations and financial condition.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, and changing customer needs or requirements, our platform may become less competitive.

Our future success depends on our ability to adapt and enhance our platform. To attract new learners and educator partners and increase revenue from existing learners and partners, we will need to continuously enhance and improve our offerings to meet learner and educator partner needs at prices that our customers are willing to pay. Such efforts will require adding new functionality and responding to technological advancements, which will increase our research and development costs. If we are unable to develop educational content that addresses learners' and partners' needs, or enhance and improve our platform in a timely manner, or if we fail to provide adequate safeguards and quality assurance related to the use of new technological advancements, we may not be able to maintain or increase market acceptance and use of our platform. Further, some of our competitors expend a considerably greater amount of funds on their research and development programs, and their sales and marketing practices, and those that do not may be acquired by larger companies that could allocate greater resources to our competitors' research and development programs. If we fail to maintain adequate research and development resources or compete effectively with the research and development programs of our competitors, our business could be harmed. Our ability to grow is also subject to the risk of future disruptive technologies. Access to and use of our platform is provided via the internet, which, itself, was disruptive to the previous enterprise software model. If new technologies emerge that can deliver online learning programs at lower prices, more efficiently, more conveniently, more securely, with stronger or more cost-effective mechanisms to detect and prevent plagiarism or validate the learner's identity, or with more preferred or up-to-date content, and if we or our educator partners fail to adopt such technologies or fail to do so in a timely manner, our ability to compete would be adversely affected. For example, the emergence of enhanced generative AI capabilities could provide such advantages to online learning providers able to deploy the technology effectively.

Our introduction and use of AI may not be successful and may present business, compliance, and reputational challenges which could lead to operational or reputational damage, competitive harm, legal and regulatory risk, and additional costs, any of which could materially and adversely affect our business, financial condition, and results of operations.

We have incorporated, and expect to continue to incorporate, AI in the content and credentials offerings from our industry and university partners, as well as in our AI-powered platform innovations and features, and this incorporation of AI in our business and operations may become more significant over time. The use of generative AI technology, which is considered to be a relatively new and emerging technology in the early stages of commercial use, exposes us to additional risks, which could result in damage to our reputation, competitive position, and business, and expose us to legal and regulatory risks and additional costs. For example, AI algorithms are based on machine learning and predictive analytics, which can create inaccurate or misleading content, unintended biases, and other discriminatory or unexpected results. Accordingly, while AI-powered applications may help provide more tailored or personalized learner experiences, if the content, analyses, or recommendations that AI applications assist in producing on our platform are, or are perceived to be, deficient, inaccurate, or biased, our reputation, competitive position, and business may be materially and adversely affected. Further, the use of AI technology is subject to ongoing debate in the education industry, including with respect to issues such as plagiarism, cheating, academic integrity, and the scope of appropriate or permissible use of generative AI in the context of both learning and teaching. For example, there is a risk that AI-generated information may be inaccurate or misleading, or not appropriately attribute authors or creators for their work (including if used in the context of course content creation), or that students may use generative AI to draft written assignments or for other projects, any of which, absent sufficient and cost-effective methods to detect and prevent such risks, may devalue or undervalue the certificates and other credentials offered through our platform due to the actual or perceived threat of increased plagiarism or cheating, concerns of academic integrity, or appropriate and permissible use of AI. Any of the foregoing or similar issues, whether actual or perceived, could negatively impact the learner experience and diminish the perceived quality and value of the content and certifications provided through our platform to learners, employers, or organizations granting professional licenses or certifications. This in turn could damage our brand, reputation, competitive position, and business. In addition, the use of AI technology has resulted in, and may in the future result in, cybersecurity incidents that implicate the personal data of end users of AI applications. To the extent we experience cybersecurity incidents in connection with our use of AI technology, it could similarly adversely affect our reputation and expose us to legal liability or regulatory risk. Further, our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively.

As the utilization of AI becomes more prevalent, we anticipate that it will continue to present new or unanticipated ethical, technical, legal, competitive, and regulatory issues, among others. We expect that our incorporation of AI in our business will require additional resources, including the incurrence of additional costs, to develop and maintain our platform offerings, services, and features to minimize potentially harmful or unintended consequences, to comply with applicable laws and regulations, to maintain or extend our competitive position, and to address any reputational, technical, or operational issues which may arise as a result of the foregoing. As a result, the challenges presented with our use of AI could materially and adversely affect our business, financial condition, and results of operations.

If we fail to increase sales of our Enterprise offerings, or if we need to change the contract terms associated therewith, including with respect to pricing or contract length, it could negatively affect our business, financial condition, and results of operations.

In addition to our offerings for individuals, we sell our Enterprise offerings to businesses, academic institutions, and governmental organizations. These customers utilize our platform to provide relevant training, skills, and credentialing programs to current and potential employees and citizens through our online platform. To maintain and expand our relationships with these entities, we must demonstrate the value, benefits, and return on investment of providing education, training, skills, and credentialing through our online platform and achieve acceptance from both employees and these entities of the merits and legitimacy of our offerings.

Our growth strategy is dependent upon increasing sales of our Enterprise offerings to these entities, which we offer on a subscription basis. We have a limited history with our subscription and pricing models and changes in our models could adversely affect our revenue and financial condition. In addition, as the market for our learning platform grows (if ever), as new competitors introduce competitive applications or services, or as we enter into new international markets, we may be unable to attract new customers at the same price or based on the same pricing models we have historically used, or for contract lengths consistent with our historical averages. For example, we often enter into subscription arrangements with businesses, academic institutions, and governmental organizations in which we offer more favorable pricing terms in exchange for larger total contract values or longer contract terms. Changes to our pricing models or contract lengths could negatively impact our revenue and financial position, and we may have increased difficulty achieving growth or profitability. As we drive a greater portion of our revenue through subscriptions to our Enterprise platform, this may also result in reduced margins in the future.

We recognize revenue from Enterprise customer subscriptions ratably over the subscription term of the underlying contract, which generally ranges from one to three years. Consequently, a decline in new or renewed subscriptions in any quarter or year will not be fully reflected in revenue or other results of operations in that quarter or year but will negatively affect our revenue and other results of operations across future periods. Further, any increases in the average term of subscriptions would result in revenue for those contracts being recognized over longer periods of time with less positive impact on our results of operations in the near term. Accordingly, such changes could adversely affect our financial performance.

As we seek to increase sales of our Enterprise offerings, we face upfront sales costs, higher customer acquisition costs, more complex customer requirements, and discount requirements. In addition, entities that subscribe to our Enterprise platform may elect to begin to use our platform on a limited basis, but nevertheless require education and interactions with our sales team, which increases our upfront investment in the sales effort with no guarantee that our platform will be used widely enough across their organization to justify our upfront investment. Similarly, we may also incur significant upfront and servicing costs for contracts that are not renewed, or which the customer seeks to terminate early, even in the absence of a breach on our part or contractual terms permitting an early termination. For example, in 2022 and 2023, multiple customers have notified us that they wished to terminate, either seeking a refund of their prior payments or conveying an intention to stop or reduce any further payments due, or both. Even if we believe we are entitled to these payments, it may not be feasible to retain prior payments or collect future payments due to us, and our financial condition and results of operations could be adversely impacted. If we are unable to maintain or increase the number of subscriptions to our Enterprise platform while mitigating the risks associated with serving subscribers, our business, financial condition, and results of operations will suffer.

If we fail to maintain sufficient high-quality content from our educator partners, we will be unable to attract and retain customers.

Our success depends on our ability to provide learners with the information, outcomes, academic credit, and certifications they seek, which in turn depends on the quantity, quality, and format of the educational content provided by our partners. We may be unable to provide learners with the information and outcomes they seek if our educator partners do not contribute content that is helpful and reliable, if they remove content they previously submitted, or if supplemental or derivative materials are not reliable. If content on our platform attracts unfavorable media coverage or other commentary, our reputation and prospects could be harmed. We believe that certain learners value courses for which they can earn academic credit toward a degree or other credential. We may be unable to provide learners with such courses if our educator partners do not obtain or maintain the certification or quality necessary for such eligibility, and our business would be adversely affected. Further, if such certifications are obtained and maintained, but do not, or cease to, signal to learners and employers the high quality or reliability we or our educator partners intend to signal through such certifications, our business would be adversely affected. Any of the foregoing could materially and adversely affect our results of operations, competitive position, and growth prospects.

We believe that many of our new learners find us by word of mouth and other non-paid referrals from existing learners. If existing learners and partners are dissatisfied with their experience on our platform, they may stop accessing our content and may stop referring others to us. The impact of learner dissatisfaction could be compounded if existing learners share negative experiences with potential new learners, via online platforms or otherwise. Likewise, if existing learners do not find our educational content appealing, because of declining interest in or relevancy of the content, they may stop referring others to us. In turn, if educator partners perceive that our platform lacks an adequate learner audience, they may be less willing to provide content to offer on our platform, and the experience of learners could be further negatively impacted. If we are unable to retain existing and attract new learners and educator partners who contribute to an active community, our growth prospects would be harmed, and our business could be adversely affected.

We face competition from established companies as well as other emerging companies, which could divert educator partners to our competitors, result in pricing pressure, impact our market share, and significantly reduce our revenue.

The market for global adult online learning is highly fragmented and rapidly evolving. We expect alternative modes of learning to continue to accelerate as players in this industry introduce new and more competitive products, enhancements, and bundles.

Participants in the global adult online learning ecosystem include:

- Direct-to-consumer, online education companies: 2U, Inc. through its subsidiary edX Inc., and Udemy, Inc.;
- Companies that provide technology solutions and services to universities offering online learning programs: 2U, Inc., Eruditus Learning Solutions Pte. Ltd., Noodle Partners, Inc., Think & Learn Private Limited (BYJU's) through its subsidiary Great Learning PTE Ltd, and upGrad Education Private Limited;
- Corporate training companies: Degreed, Inc., LinkedIn Corporation through its LinkedIn Learning services, Pluralsight, Inc., Udacity, Inc., and Udemy, Inc.;

- Providers of free educational resources: Khan Academy, Inc., The Wikimedia Foundation, Inc., and Google LLC through its YouTube services; and
- Internal online degree platforms: Online degree programs developed in-house by universities.

We expect these and other existing competitors and new entrants to the online learning market to continually revise and improve their business models. If these or other market participants introduce new or improved delivery of online education and technology-enabled services that are more compelling or widely accepted than ours, our ability to grow our revenue and achieve profitability could suffer. Several new and existing companies in the online education industry provide or may provide offerings similar to what we offer on our platform, and these companies may pursue relationships with our educator partners that may reduce the educational content our partners produce for our platform. In addition, educational institutions, as well as businesses, governmental and other organizations, may choose to continue using or develop their own online learning or training solutions in-house, which may become more prevalent as emerging technologies such as generative AI provide additional means of developing educational programs, rather than pay for our solutions.

Some of our competitors and potential competitors have significantly greater resources than we do. Increased competition may result in pricing pressure for us in terms of the percentage of tuition we are able to negotiate to receive from a university partner or the prices consumers and businesses are willing to pay for our content. The competitive landscape may also result in a longer and more complex process of recruiting and maintaining current and prospective educator partners or a decrease in our market share, any of which could negatively affect our revenue and future operating results and our ability to grow our business.

A number of factors could impact our ability to compete, including:

- the availability or development of alternative online education services that are, or are perceived to be, more compelling than ours;
- changes in pricing policies and terms offered by our competitors or by us;
- the ability to adapt to new technologies and changes in requirements of our educator partners and learners;
- learner acquisition and retention costs;
- the ability of our current and future competitors to establish relationships with businesses, governmental and other organizations, and educational institutions to enhance their services and expand their markets; and
- industry consolidation (such as the acquisition of edX Inc. by 2U, Inc. in 2021) and the number and rate of new entrants.

We may not be able to compete successfully against current and future competitors. In addition, competition may intensify as our competitors raise additional capital and as established companies in other market segments or geographic markets expand into our market segments or geographic markets. If we cannot compete successfully against our competitors, our ability to grow our business and achieve profitability could be impaired.

If for-profit postsecondary institutions, which offer online education alternatives different from ours, or other for-profit higher education service providers, perform poorly, it could nonetheless tarnish the reputation of online education as a whole, which could impair our ability to grow our business.

For-profit postsecondary institutions, many of which provide course offerings predominantly online, are under intense regulatory and other scrutiny, which has led to media attention that has sometimes portrayed that sector in an unflattering light. Some for-profit online school operators have been subject to governmental investigations alleging the misuse of public funds, financial irregularities, and failure to achieve positive outcomes for learners, including the inability to obtain employment in their fields, or to earn sufficient income to repay debt incurred for their education. These allegations have attracted significant adverse media coverage and have prompted legislative hearings and regulatory responses. These investigations have focused on specific companies and individuals, as well as entire industries in the case of recruiting practices by for-profit higher education companies. Even though we do not enter into university partnerships with these institutions, this negative media attention and regulatory scrutiny may nevertheless add to the skepticism about online higher education generally, including our solutions. Certain service providers assisting higher education institutions with online program development and management, typically referred to as online program managers or OPMs, are also under intense media and other scrutiny, which has led to calls for reform and enforcement by policymakers and members of Congress. Even though we do not have the kinds of affiliations or business models that have been the focus of this scrutiny, this negative media attention and regulatory scrutiny may lead to additional limitations or restrictions on our business, and our ability to grow our business and achieve profitability could be harmed.

The impact of these negative public perceptions on our current and future business is difficult to predict. If these few situations, or any additional misconduct, cause all online learning programs to be viewed unfavorably by the public or policymakers, we may find it difficult to enter into or renew agreements with our educator partners or attract additional learners for their programs. In addition, this perception or any further governmental investigation could serve as the impetus for more restrictive legislation or regulation, which could limit our future business opportunities. Moreover, allegations of abuse of federal financial aid funds and other statutory violations against for-profit higher education companies could negatively impact our ability to succeed due to increased regulation and decreased demand. Any of these factors could negatively impact our ability to increase our educator partner base and grow their programs, which would make it difficult to continue growing our business and could negatively affect our stock price.

Our growth strategy may contemplate acquisitions, and we may be unsuccessful in executing, implementing, integrating, or leveraging such acquisitions.

We may choose to expand our business by making acquisitions that could be material. To date, we have only completed one acquisition, and our ability as an organization to successfully identify, evaluate, acquire, and integrate technologies or businesses is unproven and limited. Acquisitions involve many risks, including the following:

- an acquisition may negatively affect our results of operations and financial condition because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, may expose us to claims and disputes by third parties, including IP claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;
- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel, or operations of any entity or business that we acquire, particularly if key personnel of the acquired entity or business decide not to work for us;
- an acquisition may disrupt our ongoing business and distract our management;
- an acquisition may result in a delay or reduction of customer purchases for both us and the entity or business we acquired due to customer uncertainty about continuity and effectiveness of service;
- an acquisition may involve entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;
- we may face challenges inherent in effectively managing an increased number of employees in diverse locations;
- we may experience strain on our financial and managerial controls and reporting systems and procedures;
- our use of cash to pay for acquisitions would limit other potential uses for our cash;
- if we incur debt to fund such acquisitions, such debt may subject us to material restrictions on our ability to conduct our business;
- we may incur impairment charges related to potential write-downs of acquired assets or goodwill; and
- to the extent that we issue a significant amount of equity or equity-based securities in connection with an acquisition, existing stockholders may be diluted.

We may not succeed in addressing these or other risks, which could harm our business and operating results.

We may invest in private companies, and if the value of any such equity investments were to decline, it could adversely affect our results of operations and financial condition.

We may from time to time make equity investments in private companies where we do not have the ability to exercise significant influence over results. Investments in private companies are inherently risky. The companies in which we may invest include early-stage companies that may still be developing products and services with limited cash to support the development, marketing, and sales of their products, and whose financial statements are often unaudited. Further, our ability to liquidate such investments will typically be dependent on a liquidity event, such as a public offering or acquisition, as no public market currently exists for the securities held in the investees. Valuations of privately held companies are inherently complex and uncertain due to the lack of a liquid market for the securities of such companies and the potential lack of comparable acquisitions in the market as a comparison for such valuations, among other factors. If we determine that any of our investments in such companies have experienced a decline in value, we will recognize an expense to adjust the carrying value to its estimated fair value. Negative changes in the estimated fair value of private companies in which we invest could have a material adverse effect on our results of operations and financial condition.

Our directors may encounter conflicts of interest involving us and other organizations with which they may be affiliated, including matters that involve corporate opportunities.

Most of our directors are, and any future directors may be, affiliated with other entities, including venture capital or private equity funds or businesses that may be complementary, competitive, or potentially competitive to our Company. They may also in the future become affiliated with entities that are engaged in business or other activities similar to our business. Additionally, all of our officers and directors, in the course of their other business activities, may become aware of investments, business opportunities, or information that may be appropriate for presentation to us as well as to other entities to which they owe a fiduciary duty. As a result, directors and officers may encounter perceived or actual conflicts of interest involving us and other entities with which they are or become affiliated, including matters that involve corporate opportunities. For example, a portfolio company of a director-affiliated venture fund may become a competitor of ours or a potential strategic partner. In addition, as our growth strategy includes considering potential acquisitions, it is possible an entity affiliated with one of our directors could be an acquisition target or a competitive acquirer. Further, to the extent we engage in transactions with any director-affiliated entity, it could create actual, or the perception of, additional conflicts of interest, including with respect to our ability to negotiate terms equivalent to those that could be obtained in an arms'-length negotiation with an unaffiliated third party. For instance, Dr. Ng, one of our co-founders and Chairman of our board of directors, owns DeepLearning.AI Corp., a developer of educational content relating to AI that offers courses through our platform. Although we view DeepLearning.AI Corp. as a valued business partner and believe our agreement is on commercially reasonable terms, there may nonetheless be a perception of a conflict of interest. As a result of the foregoing, our directors and officers may have conflicts of interest in determining to which entity particular opportunities or information should be presented. If, as a result of such potential conflicts, we are deprived of investment, business, or information, the execution of our business plan and our ability to effectively compete may be adversely affected. Our directors are also not obligated to commit their time and attention exclusively to our business, and accordingly, they may encounter conflicts of interest in allocating their time and resources between us and other entities with which they are affiliated.

If we do not retain our senior management team and key employees, we may not be able to sustain our growth or achieve our business objectives.

Our future success is substantially dependent on the continued service of our senior management team, and in particular of our chief executive officer. The expertise of our senior management team in negotiating with businesses, governmental and other organizations, and educational institutions is critical in navigating the complex approval processes of these entities. We do not maintain key-person insurance on any of our employees, including our senior management team, and our management and other U.S. employees are generally employed on an at-will basis. The loss of the services of any individual on our senior management team would make it more difficult to successfully operate our business and pursue our business goals.

Our future success also depends heavily on the retention of our highly-qualified employees to continue to attract and retain qualified learners in our educator partners' programs, thereby generating revenue for us. In particular, our technology and content development employees provide the technical expertise underlying our technology-enabled services that support our online educational offerings and the credentialing programs offered on our platform, as well as the learners enrolled in these programs. Competition for these employees is intense. We may be unable to attract or retain these key personnel that are critical to our success, resulting in harm to our relationships with educator partners, loss of expertise or know-how, and unanticipated recruitment and training costs. In addition, any changes to our organizational or compensation structure may be negatively perceived by current or prospective employees and may result in attrition or cause difficulty in the recruiting process.

We may need additional capital in the future to pursue our business objectives. Additional capital may not be available on favorable terms, or at all, which could compromise our ability to grow our business.

We believe that our existing cash, cash equivalents, and marketable securities are sufficient to meet our minimum anticipated cash requirements for at least the next 12 months. We may, however, need to raise additional funds to respond to business challenges or opportunities, expand our business through acquisitions, accelerate our growth, develop new offerings, or enhance our platform. If we seek to raise additional capital, it may not be available on favorable terms or may not be available at all. In addition, if we seek debt financing, we may be subject to onerous terms and restrictive covenants. Lack of sufficient capital resources could significantly limit our ability to manage our business and to take advantage of business and strategic opportunities. Further, any additional capital raised through the sale of equity or issuance of debt securities with an equity component would dilute our existing stockholders. If adequate additional funds are not available if and when needed, we may be required to delay, reduce the scope of, or eliminate material parts of our business strategy.

We believe our long-term value as a company will be greater if we invest in growth, which may negatively impact our results of operations in the near term.

We believe our long-term value as a company will be greater if we balance our longer-term growth and short-term results. As a result, our results of operations may be negatively impacted in the near term relative to a strategy solely focused on maximizing short-term profitability. Significant expenditures on sales and marketing efforts, developing and enhancing our platform, and expanding our research and development efforts may not ultimately grow our business or lead to expected long-term results. If our strategy does not lead to expected growth or if we are ultimately unable to achieve results of operations at the levels expected by securities analysts and investors, the market price of our common stock could decline.

Our results of operations could be adversely affected by natural disasters, public health crises, political crises, geopolitical crises, or other catastrophic events.

Our business and operations could be materially and adversely affected in the event of earthquakes, floods, fires, telecommunications failures, blackouts or other power losses, break-ins, acts of terrorism, an outbreak of hostilities, political or geopolitical crises, such as the conflicts in Ukraine and the Middle East, inclement weather, public health crises, pandemics or epidemics, or other catastrophic events.

For example, the uncertain nature, magnitude, and duration of hostilities stemming from Russia's military invasion of Ukraine or conflicts in the Middle East, such as the Israel-Hamas war, including the potential effects of sanctions and retaliatory cyberattacks on the world economy and markets, have contributed to increased market volatility and uncertainty, and may impact our customers' intent or ability to pay for services, which could negatively impact our results of operations. The Israel-Hamas war has resulted in significant military activity in the Middle East, which may further escalate regional instability and could disrupt our operations and the business of our significant customers, educator partners, and learners in the Middle East and North Africa region, which could negatively impact our results of operations. The continued turmoil in Ukraine and the Middle East could have a depressing effect on the global economy, which could dampen our business activity and reduce the demand for our online learning solutions.

In addition, although the COVID-19 pandemic has subsided, pandemics or other public health crises could impact our business, key metrics, and results of operations. For example, a resurgence of the COVID-19 pandemic or the emergence of another widespread health crisis could adversely impact our business if our employees or our partners' or third-party service providers' employees become ill and are unable to perform their duties, and our operations, internet, or mobile networks, or the operations of one or more of our third-party service providers, is impacted. Although we believe our business was positively impacted to some extent by several trends related to the height of the COVID-19 pandemic, including the increased need or willingness of businesses, governmental organizations, educational institutions and learners to adopt remote, online, and asynchronous learning and training, we cannot be certain that these trends will continue given that the risk and barriers associated with in-person learning and training have significantly decreased. In addition, in the event of another widespread public health crisis, we may experience an adverse impact to our business and the value of our common stock as a result of the crisis' impact on the global economy and financial markets, including inflation or recession. More generally, a public health crisis or other catastrophic event could adversely affect economies and financial markets and lead to an economic downturn, which could harm our business, financial condition, and operating results.

Further, our executive offices are located in the San Francisco Bay Area, an earthquake-sensitive area and one that has been increasingly vulnerable to wildfires and floods, and damage to or total destruction of our executive offices resulting from earthquakes may not be covered in whole or in part by any insurance we may have. If floods, fire, inclement weather including extreme rain, wind, heat, or cold, or accidents due to human error were to occur and cause damage to our properties or other locations from which our employees are working, or if our operations or the operations of our service providers were interrupted by telecommunications failures, blackouts, acts of terrorism or outbreak of hostilities, political or geopolitical crises, or public health crises, our results of operations would suffer, especially if such events were to occur during peak periods. We may not be able to effectively shift our operations due to disruptions arising from the occurrence of such events, and our business could be affected adversely as a result.

To the extent that any catastrophic event adversely affects our business, results of operations, financial condition, and cash flows, it may also heighten many of the other risks described in this "Risk Factors" section.

Our metrics and market estimates used to evaluate our performance are subject to inherent challenges in measurement, and real or perceived inaccuracies in those estimates may harm our reputation and negatively affect our business.

The metrics we use to evaluate our growth, measure our performance, and make strategic decisions are calculated using internal company data and have not been validated by a third party. Our metrics and market estimates may differ from estimates published by third parties or from similarly titled metrics of our competitors or peers due to differences in methodology or the assumptions on which we rely. Additionally, metrics and forecasts relating to the size and expected growth of our addressable market may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth we have forecasted, our business could fail to grow at similar rates, if at all. If securities analysts or investors do not consider our or market metrics to be accurate representations of our business, or if we discover material inaccuracies in such estimates, then the market price of our common stock could decline, our reputation and brand could be harmed, and our business, financial condition, and results of operations could be adversely affected.

Increasing scrutiny and evolving expectations from customers, educator partners, regulators, investors, and other stakeholders with respect to our environmental, social, and governance ("ESG") practices may impose additional costs on us, expose us to new or additional risks, or harm our reputation.

Companies are facing increasing scrutiny from customers, partners, regulators, investors, and other stakeholders related to their ESG practices and disclosures. Investor advocacy groups, investment funds, and influential investors are also increasingly focused on these practices, especially as they relate to the environment, health and safety, diversity, labor conditions, and human rights. Increased ESG related compliance costs could result in increases to our overall operational costs. Failure to adapt to or comply with regulatory requirements or investor, employee or stakeholder expectations and standards could negatively impact our reputation, ability to do business with certain educator partners, and the price of our common stock. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure. Collecting, measuring, and reporting ESG information and metrics can be costly, difficult and time consuming, and can present numerous operational, reputational, financial, legal and other risks, any of which could have a material impact on us, including on our reputation and stock price. Inadequate processes to collect and review this information prior to disclosure could subject us to potential liability related to such information. Furthermore, several U.S. states have enacted or proposed "anti-ESG" policies or legislation. While these policies and related legislation are generally targeted to investment advisory firms and mutual funds, if these investors viewed our ESG practices as contradicting such "anti-ESG" policies, such investors may not invest in the Company and it could negatively affect the price of our common stock.

Our current ESG disclosures, including the metrics we set as a PBC and other any standards we may set for ourselves, or a failure to meet these metrics or standards, may influence our reputation and the value of our brand. For example, we have elected to share publicly certain information about our ESG initiatives and information, and our commitment to the recruitment, engagement, and retention of a diverse workforce. Our business may face increased scrutiny related to these activities, including from the investment community, and our failure to achieve progress in these areas on a timely basis, or at all, could impact our ability to hire and retain employees, increase our educator partner base, reelect our board of directors, or attract and retain certain types of investors, which could adversely affect our reputation, business, and financial performance.

Climate change may have an adverse impact on our business.

Risks related to rapid climate change may have an increasingly adverse impact on our business and those of our customers, educator partners, and learners in the longer term. Any of our primary locations and the locations of our customers, educator partners, and learners may be vulnerable to the adverse effects of climate change. For example, our California headquarters has historically experienced, and is projected to continue to experience, climate-related events at an increasing frequency, including drought, water scarcity, floods, heat waves, wildfires and resultant air quality impacts, and power shut-offs associated with wildfire prevention. Furthermore, it is more difficult to mitigate the impact of these events on our employees while they work from home. Changing market dynamics, global policy developments, and the increasing frequency and impact of extreme weather events on critical infrastructure in the U.S. and elsewhere have the potential to disrupt our business and the business of our customers, educator partners, and learners, and may cause us to experience higher attrition, losses, and additional costs to maintain our operations. Further, the effects of climate change may negatively impact regional and local economic activity, which could lead to an adverse effect on our customers, educator partners, and learners and impact the communities in which we operate. Overall, climate change, its effects, and the resulting, unknown impact could have a material adverse effect on our financial condition and results of operations.

We are a remote-first company, which could have a negative impact on the execution of our business plans and operations and create productivity, connectivity, and oversight challenges.

We are a remote-first company, allowing for almost all roles to be open to remote employees on an ongoing basis. Our remote-first employment policy could have a negative impact on the execution of our business plans and operations and create productivity, connectivity, and oversight challenges. For example, if a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it may be difficult for us to continue our business for a period of time. The shift to remote working may also result in consumer privacy, IT security, and fraud vulnerabilities, which, if exploited, could result in significant recovery costs and harm to our reputation. Operating in a predominantly remote work environment and providing and maintaining the operational infrastructure necessary to support a remote work environment also present significant challenges to maintaining our company culture, including employee engagement and productivity. As a result, our culture, information technology requirements, cybersecurity risk, and business operations could be adversely affected.

Risks Related to Regulatory Matters and Litigation

If our educator partners fail to comply with international, federal, and state education laws and regulations, including any applicable state authorizations for their programs, it could harm our business and reputation.

Higher education is heavily regulated in the U.S. and most international jurisdictions. Numerous U.S. states require education providers to be licensed or authorized in such state(s) simply to enroll persons located in that state into an online education program or to conduct related activities such as marketing. If any of our educator partners were found to be in non-compliance with any of the laws, regulations, standards, or policies related to state authorization, the educator partner could lose its ability to operate in certain states, and if such non-compliance extended to a material contingent of our educator partners and they lost the ability to operate in certain states, our revenue could decline.

Additionally, the vast majority of our U.S.-based college and university partners participate in the federal student financial assistance programs under Title IV of the Higher Education Act of 1965, as amended (respectively, "Title IV" and "HEA"), and are subject to extensive regulation by the U.S. Department of Education ("DOE"), as well as various state agencies, licensing boards, and accrediting agencies. To participate in the Title IV programs, an institution must receive and maintain authorization by the appropriate state education agencies, be accredited by an accrediting agency recognized by the DOE, and be certified by the DOE as an eligible institution.

The regulations, standards, and policies of our university partners' regulators are complex, change frequently, and are often subject to differing interpretations. Changes in, or new interpretations of, applicable laws, regulations, or standards could compromise our university partners' accreditation, authorization to offer online learning in various states or countries, permissible activities, or access to federal funds under the Title IV programs. We cannot predict with certainty how the requirements applicable to our university partners will be interpreted, including in the case of new laws or regulations for which no, or insufficient, interpretative guidance exists, or whether our university partners will be able to comply with these requirements in the future. Some regulations were designed to regulate in-person, correspondence or other types of learning experiences not offered online and may be difficult to interpret or apply to the types of programs offered by our university partners on our platform. In addition, there is no assurance that degrees or certifications earned through an institution in one jurisdiction will be recognized as valid or sufficient in other jurisdictions, including internationally, for employment, to satisfy prerequisites for advanced degrees, or other opportunities. Our international university partners are subject to similarly extensive legislation, regulation, and oversight.

Our future growth could be impaired if we or our educator partners fail to obtain timely approval from applicable regulatory agencies to offer new programs, make substantive changes to existing programs, or expand their programs into or within certain jurisdictions.

Our U.S.-based university partners are required to obtain the appropriate approvals from the DOE and applicable state and accrediting regulatory agencies for new programs, which may be conditioned, delayed, or denied in a manner that could impair our future growth. Similar approvals and reviews may be required for programs from our educator partners based outside of the U.S., and for them to offer programs in other countries. Education regulatory agencies may experience increases in the volume of requests for approvals as a result of new distance learning programs and adjustments to new regulations. Any such increases in volume could result in delays to various approvals our educator partners request, and any such delays could in turn delay the timing of our ability to generate revenue from their programs.

Our educator partners, both U.S. and international, may be required to be authorized in certain states to offer online programs, engage in advertising or recruiting and operate externships, internships, technical training, or other forms of field experience, depending on state and international laws. Although many of our programs are offered by U.S.-based higher education institutions that hold such authorizations or participate in an appropriate state reciprocity agreement, such as the State Authorization Reciprocity Agreement ("SARA"), other educator partners are not traditional education institutions or operate outside of the U.S. and do not hold such state authorizations. Further, even U.S.-based higher education institutions could lose a necessary authorization either because it lapses or is revoked by a state agency. Such partners could also lack, or lose, the ability to participate in a reciprocity agreement that provides the basis for their authorization in multiple states. For example, California higher education institutions currently do not participate in SARA. Unless we choose to seek authorization in our own name, which we have not done to date, the loss of or failure by an educator partner to obtain a necessary state authorization would, among other things, limit our ability to deliver content to learners in that state, either for degree or non-degree programs, render the partner and its learners in that state ineligible to participate in Title IV or other financial aid programs, diminish the attractiveness of the educator partner's programs, and ultimately compromise our ability to generate revenue. In addition, if we or any of our educator partners fail to comply with any state agency's rules, regulations, or standards beyond authorizations, the state agency could limit the ability of the educator partner to offer programs in that state or limit our ability to perform our contractual obligations to our educator partner in that state.

We or our educator partners may also be required to obtain appropriate approvals under international education laws and regulations. For example, a recent Indian regulation relating to online higher education requires, among other things, that learning platforms utilized by Indian universities to offer online degrees be approved by a technical committee of the Indian regulator. Seeking such approval could be a complex and time-consuming process, since the requirement is new, and as such there is no certainty as to the timing and standard of review for international platforms, or even whether international platforms are permitted to apply for approval. In addition, we may lack the knowledge and resources to successfully pursue an application without the support of one or more of our Indian university partners. International education laws and regulations may prohibit or restrict the delivery of online education by extraterritorial entities, or local policies or practice may favor local providers. India's Ministry of Education recently announced its intent to launch its first digital university in 2023, the National Digital University, which would allow students to accumulate and combine credits from different higher education institutions. Such a program may negatively impact our ability to effectively expand our Degrees business in India.

If we or our educator partners fail to obtain or maintain necessary authorizations, or we or our educator partners violate applicable laws and regulations, learners in relevant programs could be adversely affected, we could lose our ability to operate in that state or international market, and our ability to generate revenue would be adversely affected.

If our educator partners fail to maintain institutional or programmatic accreditation for their programs, our revenue could be materially adversely affected.

The loss or suspension of an educator partner's accreditation or other adverse action by their institutional accreditor would render the institution or its program ineligible to participate in Title IV programs or similar government funding programs that may be in place and available to students enrolled at our Degrees partners based in and outside of the U.S. This loss, suspension or other adverse action could prevent the educator partner from offering certain educational programs, could prevent students enrolled at our Degrees partners from accessing such funding programs, and could make it impossible for the graduates of the educator partner's program to practice the profession for which they trained. If any of these results occurs, it could hurt our ability to generate revenue from that program.

Our activities are subject to international, federal, and state education accessibility, consumer protection laws and regulations, and other requirements.

As a service provider to higher education institutions both in the U.S. and internationally, either directly or indirectly through our arrangements with educator partners, we are required to comply with certain education laws and regulations.

Our platform is also subject to various requirements relating to accessibility for learners with disabilities. Certain requirements of Title II and Title III of the Americans with Disabilities Act apply to us and to our public and private university partners, Section 504 of the Rehabilitation Act of 1974 (the “Rehabilitation Act”) applies to our educator partners that receive federal funding, and Section 508 of the Rehabilitation Act, which sets accessibility standards for websites of federal departments and agencies, applies to certain of our government customers. Further, in the absence of definitive federal rulemaking, the Web Content Accessibility Guidelines 2.2, a set of recommendations and technical standards for making websites accessible to individuals with disabilities published by the World Wide Web Consortium, have become the effective standard for learner-facing aspects of our platform. We may not be successful in ensuring that our offerings and services meet these changing statutory and regulatory requirements, which could make our solutions less attractive to our educator partners and customers and which could subject us to third-party lawsuits, regulatory fines, or other action or liability, and we expect to incur ongoing costs of compliance.

Our subscription plans charge learners on a recurring basis, and as a result we must comply with complex international, federal, and state laws and regulations related to automatic renewal, unfair competition, and false advertising. These laws, among other things, require us to make specific disclosures in clear and conspicuous ways at the time a learner purchases a subscription, and obtain the learner’s affirmative, express consent to the recurring charges, as well as provide learners with refunds easily and promptly. The penalties for failing to comply with these requirements can be severe, including rendering the subscription contract null and void, and allowing the consumer to treat any services provided under such a contract as a gift, and any failure to comply with these requirements may constitute violations of more general consumer protection laws, which could subject us to third-party lawsuits, regulatory fines, or other action or liability, and we expect to incur ongoing costs of compliance.

In addition to the above, we have made, and will continue to make, certain contractual commitments to our educator partners regarding compliance with laws and regulations, and failure to comply could result in breach of contract and indemnification claims and could cause damage to our reputation and impair our ability to grow our business and achieve profitability.

Activities of the U.S. Congress or the DOE, such as changes in spending policies or budget priorities for government funding of colleges, universities, schools, and other education providers, could result in adverse legislation or regulatory action.

Our educator partners include colleges, universities, and other education providers, many of which depend substantially on government funding. Any general decrease, delay, or change in federal, state, or local funding for colleges, universities, and other education providers could cause our current and potential partners to reduce their use of our platform, or delay development of content for our platform, any of which could cause us to lose learners and revenue. For example, a government shutdown as a result of failure to enact funding legislation for the government's next fiscal year, which in turn could negatively impact our business, financial condition, and results of operations.

In addition, the increased scrutiny and results-based accountability initiatives in the education sector, as well as ongoing policy differences in Congress regarding spending levels, could lead to significant changes in connection with the pending reauthorization of the HEA and the associated negotiated rulemaking or otherwise. These changes may place additional regulatory burdens on postsecondary schools participating in the Title IV programs generally, and specific changes may be targeted at companies like us that serve higher education within the U.S. The adoption of any laws or regulations that limit our ability to provide our bundled services to our educator partners could compromise our ability to offer their programs or make our solutions less attractive to them. Congress could also enact laws or regulations that require us to modify our practices in ways that could increase our costs.

Regulatory activities and initiatives of the DOE may have similar consequences for our business even in the absence of Congressional action. No assurances can be given as to how any new rules may affect our business.

While our degree business model is designed to align with guidance from a DOE "Dear Colleague" Letter, such guidance is not codified by statute or regulation and may be subject to change.

Each institution that participates in Title IV programs agrees, as a condition of its eligibility to participate in those programs, that it will not "provide any commission, bonus, or other incentive payment based in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid, to any person or entity who is engaged in any student recruitment or admission activity, or in making decisions regarding the award of Title IV program funds." The vast majority of our U.S.-based university partners, and a some of our non-U.S. university partners, participate in the Title IV programs. Although this rule, referred to as the incentive compensation rule, generally prohibits entities or individuals from receiving incentive-based compensation payments for the successful recruitment, admission, or enrollment of learners, the DOE provided clarifying guidance in March 2011 interpreting the incentive compensation rule as permitting tuition revenue-sharing arrangements known as the "bundled services exception." Our current business model relies heavily on the bundled services exception to enter into tuition revenue-sharing agreements with our Title IV participating university partners.

The DCL issued by the DOE on March 17, 2011, sets forth the guidance of the DOE regarding various regulations that were implemented around that time. The DCL affirms that "[t]he Department generally views payment based on the amount of tuition generated as an indirect payment of incentive compensation based on success in recruitment and therefore a prohibited basis upon which to measure the value of the services provided." The DCL, however, in Example 2-B, clarified an important exception to this prohibition for a business model that complies with the bundled services exception: "A third party that is not affiliated with the institution it serves and is not affiliated with any other institution that provides educational services, which third party provides bundled services to the institution including marketing, enrollment application assistance, recruitment services, course support for online delivery of courses, the provision of technology, placement services for internships, or student career counseling, may receive from an institution an amount based on tuition generated for the institution by the third-party's activities for all bundled services that are offered and provided collectively, as long as the third party does not make prohibited compensation payments to its employees, and the institution does not pay the third party separately for student recruitment services provided by the entity."

The DCL guidance indicates that an arrangement that complies with Example 2-B will be deemed to be in compliance with the incentive compensation provisions of the HEA and the DOE's regulations. Our business model and contractual arrangements with our U.S.-based university partners are designed to follow Example 2-B in the DCL. However, the inherent ambiguity in the DCL and the incentive compensation rule creates the risk that DOE or a court, including, notably, in the context of a "whistleblower" claim under the federal False Claims Act, could disagree with that interpretation. If the DOE or a court determined that our business model or even the practices of a subcontractor did not meet the bundled services exception, we could have contractual obligations to our Title IV participating university partners, such as indemnifying a partner from private claims or government investigations or demands for repayment of Title IV program funds. Even if such claims are without merit, they could cause reputational harm, cause us to incur significant defense costs, result in the termination of our Title IV participating partner agreements, and negatively impact our ability to enter into new agreements.

Further, because the bundled services rule was promulgated by agency guidance through the DCL and is not codified by statute or regulation, there is risk that the exception could be altered or removed without prior notice, public comment period, or other administrative procedural requirements that accompany formal agency rulemaking. The DCL has been criticized by commentators and lawmakers, including in a June 2022 report by the U.S. House Committee on Appropriations, which urged the DOE to rescind the guidance. On February 15, 2023, the DOE announced that it is reviewing its DCL guidance on incentive compensation compliance. As a result, if the guidance is rescinded or amended, such changes may materially and adversely impact our business and operations as we may need to alter or replace the current tuition revenue-sharing models in our agreements with Title IV participating university partners.

In addition, the legal weight the DCL would carry in litigation over the propriety of any specific compensation arrangements under the HEA or the incentive compensation rule is uncertain.

We can offer no assurances as to whether the exception in the DCL would be upheld by a court or how it would be interpreted. The revision, removal, or invalidation of the bundled services exception by Congress, the DOE, or a court, whether in an action involving our Company or our university partners, or in action that does not involve us, could require us to change our business model and renegotiate the terms of our university partner agreements and could compromise our ability to generate revenue, thereby potentially materially and adversely impacting our business and operations.

Expected guidance from the DOE could classify us as a third-party servicer ("TPS") under the HEA and could impose new compliance burdens on us and our Title IV participating university partners.

On February 15, 2023, the DOE issued "Requirements and Responsibilities for Third-Party Servicers and Institutions" ("GEN-23-03"). Prior to GEN-23-03 and based on longstanding DOE policy, only companies that assisted in financial aid administration functions were classified as a TPS. GEN-23-03 expanded the scope of TPS status to include companies that provide (among other things) recruiting services to Title IV participating universities. A Title IV participating university that engages a TPS must include specific provisions in the TPS contract and must report each TPS contract to the DOE. A company classified as a TPS falls under direct DOE oversight, is jointly and severally liable with the university for any HEA violations, and must undergo an annual audit. Subsequent to the receipt of numerous comments related to GEN-23-03 and a legal challenge, the DOE has delayed implementation of GEN-23-03 and intends to issue updated guidance on Third Party Servicers in early 2024. The DOE has not provided any estimate of the timing for re-issuance. If we are considered a TPS under the new guidance to those Title IV participating university partners who receive recruiting services from us, those university partners could hesitate to engage us for recruiting services to avoid compliance obligations, and we would incur additional expense in complying with TPS requirements, which could materially and adversely impact our business and operations.

If we violate the misrepresentation rule, or similar federal and state regulatory requirements, we could face fines, sanctions, and other liabilities.

Under our contracts with U.S.-based college and university partners, we are required to comply with other regulations promulgated by the DOE and comparable state laws that affect our marketing activities, including the misrepresentation rule. The misrepresentation rule is broad in scope and applies to statements our employees or agents may make about the nature of an educator partner's program, their financial charges, or the employability of their program graduates. A violation of this rule or other federal or state regulations applicable to our marketing activities by an employee or agent performing services for educator partners could damage our reputation, result in the termination of educator partner agreements, require us to pay fines or other monetary penalties, and require us to pay the fees associated with indemnifying an educator partner from private claims or government investigations.

We are required to comply with the Family Educational Rights and Privacy Act ("FERPA") for certain of our offerings, and failure to do so could harm our reputation and negatively affect our business.

FERPA generally prohibits an institution of higher education from disclosing personally identifiable information from a learner's education records without the learner's consent. Certain U.S.-based university degree and certificate partners and Coursera for Campus customers and their learners disclose to us certain information that originates from or composes a learner education record under FERPA. Through our contracts to provide services to these institutions, we are indirectly subject to FERPA. If we violate FERPA, it could result in a material breach of agreement with one or more of our educator partners and Coursera for Campus customers could harm our reputation. Further, in the event that we disclose learner information in violation of FERPA, the DOE could require an educator partner to suspend our access to their learner information for at least five years.

We could face liability, or our reputation might be harmed, as a result of the activities of our customers and educators for content on or accessible through our platform.

In some instances, various articles or other third-party content may be posted to our platform by customers and educators for use in class discussions or within asynchronous lessons. The laws governing the fair use of these third-party materials are imprecise and adjudicated on a case-by-case basis, which makes it challenging to adopt and implement appropriately balanced institutional policies governing these practices. As a result, we could incur liability to third parties for the unauthorized duplication, distribution, or other use of this material. In addition, third parties may allege misappropriation, plagiarism, or similar claims related to content appearing on our platform. Any such claims, including claims of defamation, disparagement, negligence, breach of warranty, misappropriation, or personal harm, could subject us to costly litigation and impose a significant strain on our financial resources and management personnel, regardless of whether the claims have merit. Our various liability insurance coverages may not cover potential claims of this type adequately or at all, and we may be required to, or may choose to, alter or cease our uses of such material, which may include changing or removing courses or content from courses or altering the functionality of our platform, or be required to pay monetary damages.

While we rely on a variety of statutory and common-law frameworks and defenses, including those provided by the Digital Millennium Copyright Act of 1998 (“DMCA”), the Communications Decency Act of 1996 (“CDA”), the fair-use doctrine in the U.S., and the e-Commerce Directive in the European Union (“EU”), differences between statutes, limitations on immunity, requirements to maintain immunity, and moderation efforts in the many jurisdictions in which we operate may affect our ability to rely on these frameworks and defenses, or create uncertainty regarding liability for information or content uploaded by educator partners or learners or otherwise contributed by third-parties to our platform. For example, while Section 230 of the CDA provides certain legal protections to online platforms from litigation related to content posted by users of their platforms, Section 230 has faced increasing litigation challenges and legislative proposals regarding the scope of its protection, including the Gonzalez v. Google case challenging Section 230, which the Supreme Court recently announced it will hear. These actions may increase the uncertainty of litigation risk for online platforms such as ours. As an additional example, Article 17 of the Directive on Copyright in the Digital Single Market was passed in the E.U., which affords copyright owners some enforcement rights that may conflict with U.S. safe harbor protections afforded to us under the DMCA. Member states in the EU are in the process of determining how Article 17 will be implemented in their particular country. Moreover, regulators in the U.S. and in other countries in which we operate may introduce new regulatory regimes that increase potential liability for information or content available on our platform, or which impose additional obligations to monitor such information or content, which could increase our costs.

We are subject to governmental export and import controls and anti-corruption laws and regulations that could impair our ability to compete in international markets and subject us to liability if we are not in full compliance with applicable laws.

Our business activities are subject to various restrictions under U.S. export and import and similar laws and regulations, including the U.S. Department of Commerce’s Export Administration Regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department’s Office of Foreign Assets Controls. The U.S. export control laws and U.S. economic sanctions laws include restrictions or prohibitions on the purchase or sale of certain technology, goods, and services to U.S. embargoed or sanctioned countries, governments, persons, and entities. In addition, various countries regulate the import of certain technology and have enacted or could enact laws that could limit our ability to provide learners access to our platform or could limit our learners’ ability to access or use our services in those countries.

Although we take precautions to prevent our platform from being provided in violation of such laws, our platform could be provided inadvertently in violation of such laws, despite the precautions we take. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to civil or criminal penalties, including the possible loss of export privileges and fines. We may also be adversely affected through penalties, reputational harm, loss of access to certain markets, or otherwise. In addition, various countries regulate the import and export of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our platform or could limit our learners’ ability to access our platform in those countries. Changes in our platform, or changes in export and import regulations, such as the increase of sanctions on Russian parties, and discretionary decisions to suspend activities in Russia, may prevent our international learners from utilizing our platform or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions, or related legislation or changes in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell subscriptions to our platform to, existing or potential learners internationally, or could restrict our ability to acquire technology, services, or content. Any decreased use of our platform or limitation on our ability to export or sell our platform would adversely affect our business, results of operations, and financial results.

We are also subject to various domestic and international anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, as well as other similar anti-bribery, anti-kickback laws, and anti-money laundering regulations. These laws and regulations generally prohibit companies and their employees and intermediaries from authorizing, offering, providing, and accepting improper payments or benefits for improper purposes. These laws also require that we keep accurate books and records and maintain compliance procedures designed to prevent any such actions. Although we take precautions to prevent violations of these laws, our exposure for violating these laws increases as our international presence expands and as we increase sales and operations in foreign jurisdictions.

We may become involved in claims, lawsuits, government investigations, and other proceedings that could adversely affect our business, financial condition, and results of operations.

From time to time, we may become involved in litigation matters including IP, commercial, employment, class action, securities, whistleblower, accessibility, and other litigation and claims, and governmental and other regulatory investigations and proceedings. For example, we are currently party to a class action lawsuit alleging certain violations of the VPPA (as defined below). See "Legal Proceedings."

Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability, or require us to change our business practices. In addition, the expense of litigation and the timing of these expenses from period to period are difficult to estimate, subject to change, and could adversely affect our financial condition and results of operations. Because of the potential risks, expenses, and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses, by agreeing to settlement agreements. Any of the foregoing could adversely affect our business, financial condition, and results of operations. Refer to Note 9, "Commitments and Contingencies", in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K.

Risks Related to Privacy, Cybersecurity, and Infrastructure

If sensitive information about our educator partners, their employees, or our learners is disclosed, or if we or our third-party providers are subject to cyberattacks, use of our platform could be curtailed, we may be exposed to liability, and our reputation would suffer.

Although we do not directly collect, transmit, and store financial information, such as credit cards and other payment information, except in very limited circumstances related to Enterprise customers, we utilize third-party payment processors who provide these services on our behalf. We also collect and store certain personal data provided by our educator partners, learners, and potential learners, such as names, email addresses, and other data pertaining to their activity on our platform. The collection, transmission, and storage of such information is subject to stringent legal and regulatory obligations. Some of our third-party service providers, such as identity verification and payment processing providers, also regularly have access to personal data. In an effort to protect sensitive information, we rely on a variety of security measures, including encryption and authentication technology licensed from third parties. However, advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyberterrorists, new discoveries in the field of cryptography, or other developments may result in our failure or inability to adequately protect sensitive information. In addition, there may be scamming or phishing attempts, such as impersonating our personnel or our educator partners' personnel, in an effort to obtain personal information from our learners or otherwise make inappropriate use of our platform, which could expose us to liability, reduce learner and educator partner satisfaction with our platform, or damage our reputation. For example, we have had several instances of users impersonating professors and inviting learners to off-platform forums in an effort to entice the learners to buy unrelated educational content.

Our platform is vulnerable to power outages, telecommunications failures, and catastrophic events, as well as computer viruses, worms, malicious code, break-ins, phishing attacks, denial-of-service attacks, ransomware, and other cyberattacks. Any of these incidents could lead to interruptions or shutdowns of our platform, loss of data, or unauthorized disclosure of personal data or other sensitive information. Cyberattacks could also result in the theft of our IP. As we gain greater global visibility, we may face a higher risk of being targeted by cyberattacks. Advances in computer capabilities, new technological discoveries, or other developments may result in cyberattacks becoming more sophisticated and more difficult to detect.

Any failure or perceived failure by us to comply with our privacy policies, our privacy or data protection obligations to learners or other third parties, or our privacy or data protection legal obligations, or any compromise of security that results in the unauthorized access, release, use, or transfer of sensitive information, which may include personal data or other data, may result in governmental enforcement actions, litigation, or public statements against us by consumer advocacy groups or others and could cause learners to lose trust in us, which could have an adverse effect on our business. Furthermore, under the terms of our agreements with degree partners and customers, and our primary legal obligations, we are responsible for the costs of investigating and disclosing data breaches. In addition to costs associated with investigating and fully disclosing a data breach in such instances, we could be subject to substantial costs to remedy the data breach, substantial monetary fines, or private claims by affected parties, and our reputation would likely be harmed.

Further, if we or our third-party service providers experience security breaches that result in platform performance or availability problems or the loss or unauthorized disclosure of sensitive information, our reputation and ability to maintain existing, or attract new, educator partners and learners could be materially adversely affected, and our existing educator partners could scale back their programs or elect to not renew their agreements, prospective learners could decline to enroll or stay enrolled in our educator partners' programs, and we could be subject to third-party lawsuits, regulatory fines, or other action or liability. Further, any reputational damage resulting from breach of our security measures could create distrust of our Company by prospective educator partners or learners.

We and our third-party service providers may not have the resources or technical sophistication to anticipate or prevent all such cyberattacks. Moreover, techniques used to obtain unauthorized access to systems change frequently and may not be known until launched against us or our third-party service providers. Security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or employees of our third-party service providers or theft or loss of devices.

We expect to incur ongoing costs associated with the detection and prevention of data security breaches and other security-related incidents. We may incur additional costs in the event of a data security breach or other security-related incident. Any actual or perceived compromise of our systems or data security measures or those of third parties with whom we do business, or any failure to prevent or mitigate the loss of personal or other confidential information and delays in detecting or providing notice of any such compromise or loss could disrupt our operations, harm the perception of our security measures, damage our reputation, cause some learners or educator partners to decrease or stop their use of our platform or relationships with us, and could subject us to litigation, government action, increased transaction fees, regulatory fines or penalties, or other additional costs and liabilities that could harm our business, financial condition, and operating results.

We cannot be certain that our insurance coverage will cover or be adequate for data handling or data security liabilities or loss of revenue if our platform is unavailable for any reason, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or coinsurance requirements, could have a material and adverse effect on our business, including our financial condition, operating results, and reputation.

Disruption to or failures of our platform could result in our educator partners and learners becoming unsatisfied with our platform and could harm our reputation.

The performance and reliability of our platform and the underlying technology are critical to our operations, reputation, and ability to attract and retain educator partners and learners. Our educator partners rely on our platform to offer their courses and programs online, and learners must access our platform on a frequent and reliable basis. Our platform is complex and relies on infrastructure provided by third parties, and may contain defects, errors, or vulnerabilities, or may not perform as contemplated. These errors, defects, disruptions, breaches, or other performance problems with our platform could damage our or our educator partners' reputations, decrease educator partner and learner satisfaction and retention, negatively impact our ability to attract new learners and educator partners, and could result in large indemnity payments to learners and educator partners for losses suffered or incurred in connection with any such defects or errors on our platform, or other liabilities relating to or arising from our platform. In addition, sustained or recurring disruptions in our platform or its underlying technology could adversely affect our and our educator partners' compliance with applicable regulations and accrediting body standards.

Further, if we fail to accurately predict the rate or timing of the growth of our platform, we may be required to incur significant additional costs to maintain reliability. We also depend on the development and maintenance of the internet infrastructure, including maintenance of reliable internet networks with the necessary speed, data capacity, and security. If we experience failures in our technology infrastructure or do not expand our technology infrastructure successfully, then our ability to attract and retain partners and learners, our growth prospects, and our business would suffer.

We have experienced, and expect that in the future, we will experience, interruptions, delays, and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions, capacity constraints, and lack of network connectivity in one or more regions, which could affect the availability of services on our platform and prevent or inhibit the ability of learners to access or complete courses and programs on our platform. In particular, our technology infrastructure is currently hosted by third-party data center facilities operated by Amazon Web Services ("AWS"). Further, our platform and underlying technology is supported by multiple third-party providers. Any disruption in its services, or any failure of AWS or any other third-party provider to handle the demands of our platform, could significantly harm our business and damage our reputation. We do not have control over the operations of the facilities of the third-party providers that we use, and these facilities may be vulnerable to damage or interruption from natural disasters, cybersecurity attacks, terrorist attacks, power outages, and similar events or acts of misconduct.

If we do not maintain the compatibility of our learning management platform with third-party applications that our customers use, our revenue will decline.

A number of our customers integrate our learning management platform with certain learning management systems or learning experience platforms using application programming interfaces for user management, usage reporting, and content listings, and we expect this number of customers to grow. The functionality and popularity of our platform depends, in part, on our ability to integrate our platform with third-party applications and software. Third-party providers of applications may change the features of their applications and software, restrict our access to their applications and software or alter the terms governing use of their applications and access to those applications and software in an adverse manner. Such changes could functionally limit or terminate our ability to use these third-party applications and software in conjunction with our platform, which could negatively impact our offerings and harm our business. If we fail to integrate our platform with new third-party applications and software that our learners and educator partners can utilize, we may not be able to offer the functionality that they need, which would negatively impact our ability to generate revenue and adversely impact our business.

Our payments system depends on third-party providers and is subject to evolving laws and regulations.

We rely on third-party payment processors to process payments made by learners on our platform. We have engaged third-party service providers to perform underlying card processing, currency exchange, identity verification, and fraud analysis services. If these service providers do not perform adequately or if they terminate their relationships with us or refuse to renew their agreements with us on commercially reasonable terms, we will need to find an alternate payment processor and may not be able to secure similar terms or replace such payment processors in an acceptable timeframe. Further, the software and services provided by our third-party payment processors may not meet our expectations, contain errors or vulnerabilities, be compromised or experience outages, or such processors may impose additional authentication, validation, or other requirements. Any of these risks could cause us to lose our ability to accept online payments, conduct other payment transactions, or make it difficult for our customers to make payments to us, any of which could make our platform less convenient and attractive and harm our ability to attract and retain educator partners and learners. In addition, if these providers increase the fees they charge us, our operating expenses could increase.

The laws and regulations related to payments are complex and vary across different jurisdictions in the U.S. and globally. As a result, we are required to spend significant time and effort to comply with those laws and regulations. Any failure or claim of our failure to comply, or any failure by our third-party service providers to comply, could cost us substantial resources, could result in liabilities, or could force us to stop offering certain third-party payment services. For example, in late 2021, the Reserve Bank of India imposed additional requirements for recurring credit card payments, and until financial institutions satisfied the new requirements, learners were unable to use credit cards from such institutions to purchase subscriptions. In 2022, Nigerian banks imposed limits on foreign currency spending, and later announced plans to suspend international card transactions completely. In addition, as we expand our international operations, we will need to accommodate international payment method alternatives. As we expand the availability of new payment methods in the future, including internationally, we may become subject to additional regulations and compliance requirements.

Further, through our agreement with our third-party credit card processors, we are indirectly subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard. We are also subject to rules governing electronic funds transfers. Any change in these rules and requirements could make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to additional fines and higher transaction fees and lose our ability to accept credit and debit card payments from our learners, process electronic funds transfers, or facilitate other types of online payments, and our business and operating results could be adversely affected.

Our business depends to a significant degree on continued access to the internet and mobile networks.

Our educator partners and learners rely on access to the internet and mobile networks to access our platform. Internet service providers may choose to disrupt or degrade our access to our platform or increase the cost of such access. Internet service providers or mobile network operators could also attempt to charge us for providing access to our platform. In January 2018, the Federal Communications Commission (the "FCC") released an order reclassifying broadband internet access as an information service, subject to certain provisions of Title I of the Communications Act. Among other things, the order eliminates rules adopted in 2015 that prohibited broadband providers from blocking, impairing, or degrading access to legal content, applications, services, or non-harmful devices, or engaging in the practice of paid prioritization (e.g., the favoring of some lawful internet traffic over other traffic in exchange for higher payments). The order was contested and affirmed in federal court, and the parties declined to appeal the decision to the Supreme Court. A number of states have also enacted or are considering legislation or executive actions that would regulate the conduct of broadband providers. While President Biden signed Executive Order 14036 on July 9, 2021, which, among other things, instructed the FCC to restore the net neutrality rules, we cannot predict whether the FCC will restore such rules, and if they do, whether the order or state initiatives will be modified, overturned, or vacated by legal action of the court, federal or state legislation, or the FCC. If net neutrality rules are not implemented, our business could be subject to increased costs and a loss of existing learners, impair our ability to attract new learners, and materially and adversely impact our business and opportunities for growth. Outside of the U.S., government regulation of the internet, including the idea of net neutrality, may be developing or non-existent. As a result, we could face discriminatory or anti-competitive practices that could impede our growth prospects, increase our costs, and harm our business.

If the mobile solutions available to our learners and partners are not effective, the use of our platform could decline.

Learners have been increasingly accessing our platform on mobile devices through our app in recent years. The smaller screen size and reduced functionality associated with some mobile devices may make the use of our platform more difficult or our educator partners may believe that online learning through such mobile devices is not effective. Learners accessing our network primarily on mobile devices may not enroll in the courses or the credentialing programs offered on our platform as often as those accessing our platform through personal computers, which could result in less revenue for us. If we are not able to provide our educator partners with the functionality to deliver a rewarding experience on mobile devices, their ability to attract learners to their programs may be harmed and, consequently, our business may suffer.

As new mobile devices and mobile features are released, we may encounter problems in developing or supporting apps for them. In addition, supporting new devices and mobile device operating systems may require substantial time and resources.

The success of our mobile apps could also be harmed by factors outside our control, such as:

- actions taken by mobile app distributors;
- unfavorable treatment received by our mobile apps, especially as compared to competing apps, such as the placement of our mobile apps in a mobile app download store;
- increased costs in the distribution and use of our mobile app; or
- changes in mobile operating systems, such as iOS and Android, that degrade the functionality of our mobile website or mobile apps or that give preferential treatment to competitive offerings.

If our educator partners or customers, including learners, encounter difficulty accessing or using, or if they choose not to use, our mobile platform, our growth prospects and our business may be adversely affected.

Our use and processing of personal information and other data is subject to laws and obligations relating to privacy and data protection, and our failure to comply with such laws and obligations could harm our business.

In the ordinary course of our business, and in particular in connection with merchandising our services to our learners, we collect, process, store, and use personal information and data supplied by learners. Numerous federal, state, and foreign laws, rules, and regulations govern privacy, data protection, and the collection, use, and protection of personal information and other types of data we collect, use, disclose, and otherwise process. These laws, rules, and regulations are constantly evolving, and we expect that there will continue to be new proposed laws, regulations, and industry standards concerning privacy, data protection, and information security in the U.S., the EU, and globally.

In the U.S., a significant example of this is the California Consumer Privacy Act (the "CCPA"), which provides data privacy rights for California consumers and new operational requirements for covered companies. The CCPA provides that covered companies must provide disclosures to California consumers and afford such consumers new data privacy rights that include the right to request a copy from a covered company of the personal information collected about them, the right to request deletion of such personal information, and the right to request to opt-out of certain sales of such personal information. The California Privacy Rights Act (the "CPRA"), effective as of January 1, 2023, significantly modifies the CCPA, including by imposing additional obligations on covered companies and expanding consumers' rights with respect to certain sensitive personal information and rights to object to sharing information for behavioral advertising purposes, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the

CPRA. Additionally, the Virginia Consumer Data Protection Act, effective from January 1, 2023, the Colorado Privacy Act and the Connecticut Data Privacy Act, both effective from July 1, 2023, and the Utah Consumer Privacy Act, effective from December 31, 2023, each impose similar requirements on covered businesses. New privacy laws have also recently been passed in Indiana (Indiana Consumer Data Protection Act), Iowa (Iowa Consumer Data Protection Act), Montana (Montana Consumer Data Privacy Act) and Tennessee (Tennessee Information Protection Act), which will become effective between 2024 and 2026. There are a number of additional proposals for U.S. federal and state privacy laws that, if passed, could increase our potential liability, add layers of complexity to compliance in the U.S. market, increase our compliance costs, and adversely affect our business. In addition, all 50 states have laws, including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers, and others. Aspects of these U.S. state privacy laws and other laws and regulations relating to data protection, privacy, and information security, as well as their enforcement, remain unclear, and we may be required to modify our practices in an effort to comply with them.

The EU General Data Protection Regulation and UK General Data Protection Regulation (together, "GDPR") impose stringent data protection requirements on businesses processing personal data of EU and UK data subjects, respectively. The GDPR is wide-ranging in scope and imposes numerous additional requirements on companies that process personal data, including requiring that lawful bases exist for all processing of personal data, requiring disclosures to individuals regarding data processing activities, requiring that safeguards are implemented to protect the security of personal data, creating mandatory data breach notification requirements in certain circumstances, and requiring that certain measures (including contractual obligations) are taken when engaging third-party processors or transferring data overseas. The GDPR also provides individuals with various rights in respect of their personal data, including rights of access, erasure, portability, rectification, restriction, and objection. Complying with the GDPR remains an onerous and potentially costly obligation as interpretations of the specific requirements emerge through the courts, enforcement decisions and regulatory guidance. In addition, where personal data subject to the GDPR is transferred to non-adequate jurisdictions (e.g., where an EU customer transfers personal data to us in the U.S.), there is still considerable uncertainty surrounding the future trajectory of the perception of such transfers by EU courts and data protection authorities following the decision on July 16, 2020 by the Court of Justice of the EU in its Case C-311/18 Data Protection Commissioner v Facebook Ireland and Maximillian Schrems and associated enforcement action by certain EU data protection authorities (such as the Irish Data Protection Commission in May 2023). The European Commission issued an adequacy decision in respect of the EU-U.S. Data Privacy Framework on July 10, 2023, permitting transfers of personal data from the EU to U.S. organizations certified under the Framework, without additional transfer mechanisms. However, legal challenges to the validity of this adequacy decision have already been lodged in the EU, with further challenges expected.

Similar data privacy laws, rules, and regulations in other countries may also impact our business. The People's Republic of China implemented the Personal Information Protection Law on November 1, 2021, which includes both similarities and differences to the GDPR. Singapore also amended its privacy law in 2021, imposing additional obligations on businesses processing the data of Singaporean data subjects, including restrictions on foreign transfers. In addition, the Brazilian General Data Protection Law, in force since late 2020, is a comprehensive data protection regime modeled in part on the GDPR. In August 2023, the Indian Parliament passed a new data privacy law, the Digital Personal Data Protection Act, 2023, which completely overhauls India's privacy regime. The law has received the President's assent and is expected to come into force shortly.

Furthermore, the future approach of legislators and regulators with respect to AI may have a significant impact on our business. On October 30, 2023, President Biden signed Executive Order 14110, "Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence (AI)", for which the impact to private businesses is not clear. In December 2023, the EU reached provisional agreement on their Artificial Intelligence Act ("AI Act"), which is expected to take effect in 2026. The AI Act will introduce significant compliance obligations and regulatory fines for breaches on all operators of AI systems. A particular risk of the AI Act is the potential classification of certain uses of AI systems in an educational context as high risk, significantly increasing the compliance burden associated with running such AI systems and which may bring into question the feasibility of operating AI systems for certain use cases. The full extent and applicability of these requirements to our use cases will not be certain unless and until the proposal becomes law.

We cannot yet fully determine the impact that these or future laws, rules, and regulations may have on our business or operations. These laws, rules, and regulations may be inconsistent from one jurisdiction to another, subject to differing interpretations, and may be interpreted to conflict with our practices.

Additionally, we may be bound by contractual requirements applicable to our collection, use, processing, and disclosure of various types of data, including personal information, and may be bound by, or voluntarily comply with, self-regulatory or other industry standards relating to these matters. Any failure or perceived failure by us or any third parties with which we do business to comply with these laws, rules, and regulations, or with other obligations to which we or such third parties are or may become subject, may result in actions against us by governmental entities or private claims and litigation. For example, we are currently party to a class action lawsuit alleging certain violations of the VPPA. See "Legal Proceedings." Any such action would be expensive to defend, may require the expenditure of substantial legal and other costs and substantial time and resources, may result in fines, penalties, or other liabilities, and likely would damage our reputation and adversely affect our business and operating results. In many jurisdictions, enforcement actions and consequences for non-compliance with protection, privacy, and information security laws and regulations are rising. In the U.S., possible consequences for non-compliance include enforcement actions in response to rules and regulations promulgated under the authority of federal agencies and state attorneys general and legislatures and consumer protection agencies. In the EU, data protection authorities may impose large penalties for violations of the data protection laws, including potential fines of up to €20 million or 4% of annual global revenue, whichever is greater. The authorities have shown a willingness to impose significant fines and issue orders preventing the processing of personal data on non-compliant businesses. Data subjects also have a private right of action, as do consumer associations, to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of applicable data protection laws. In addition, privacy advocates and industry groups have regularly proposed, and may propose in the future, self-regulatory standards that may legally or contractually apply to us. If we fail to follow these standards, even if no customer information is compromised, we may incur significant fines or experience a significant increase in costs.

Further, in view of new or modified federal, state, or foreign laws and regulations, industry standards, contractual obligations, and other legal obligations, or any changes in their interpretation, we may find it necessary or desirable to fundamentally change our business activities and practices or to expend significant resources to modify our services, and otherwise adapt to these changes. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new features could be limited. Privacy, data protection, and information security concerns, whether valid or invalid, may inhibit the use and growth of our platform, particularly in certain foreign countries.

Use of social media, emails, push notifications, and text messages in ways that do not comply with applicable laws and regulations, lead to the loss or infringement of IP, or result in unintended disclosure may harm our reputation or subject us to fines or other penalties.

We use social media, emails, push notifications, and text messages as part of our omni-channel approach to marketing. As laws and regulations evolve to govern the use of these channels, the failure by us, our employees, our partners, or third parties acting at our direction to comply with applicable laws and regulations in the use of these channels could adversely affect our reputation or subject us to fines or other penalties. In addition, our employees, our educator partners, or third parties acting at our direction may knowingly or inadvertently make use of social media in ways that could lead to the loss or infringement of IP, as well as the public disclosure of proprietary, confidential, or sensitive personal information of our business, employees, learners, educator partners, or others. Information concerning us, our educator partners, or learners, whether accurate or not, may be posted on social media platforms at any time and may have an adverse impact on our brand, reputation, or business. The harm may be immediate without affording us an opportunity for redress or correction and could have a material adverse effect on our reputation, business, operating results, financial condition, and prospects.

Risks Related to Intellectual Property

Any failure to obtain, maintain, protect, or enforce our IP and proprietary rights could impair our ability to protect our proprietary technology and our brand and could materially harm our business.

We rely on a combination of IP rights, contractual protections, and other practices to protect our brand, proprietary information, technologies, and processes. We primarily rely on copyright, trade secret and patent laws to protect our proprietary technologies and processes, including the algorithms we use throughout our business. Others may independently develop the same or similar technologies and processes, or may improperly acquire and use information about our technologies and processes, which may allow them to provide a service similar to ours, which could harm our competitive position. Our principal trademark assets include the registered trademark "Coursera" and our logos and taglines. We also hold the rights to the "Coursera.org" internet domain name and various related domain names, which are subject to internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. If we are unable to protect our trademarks or domain names, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands, and our operating results would be adversely impacted. As of December 31, 2023, we had 20 issued patents relating to technology features of our platform, including identity verification, content delivery and navigation, and automation, which patents expire between 2034 and 2040, and a number of U.S. pending patent applications also relating to certain technology features of our platform. We cannot predict whether any pending patent application will result in an issued patent that will effectively protect and enforce our IP. Even if a patent issues, the patent may be circumvented or its validity may be challenged in proceedings before the U.S. Patent and Trademark Office. In addition, we cannot assure you that every significant feature of technology and services will be protected by any patent or patent application. Further, to the extent we pursue patent protection for our innovations, patents we may apply for may not issue, and patents that do issue or that we acquire may not provide us with any competitive advantages or may be challenged by third parties. There can be no assurance that any patents we obtain will adequately protect our inventions or survive a legal challenge, as the legal standards relating to the validity, enforceability, and scope of protection of patent and other IP rights are uncertain.

Third parties may challenge any patents, copyrights, trademarks, and other IP and proprietary rights owned or held by us or may knowingly or unknowingly infringe, misappropriate, or otherwise violate our patents, copyrights, trademarks, and other proprietary rights. We may be required to spend significant resources to monitor and protect our IP rights, and the efforts we take to protect and enforce our proprietary rights may not be sufficient. Even if we do detect violations, we may need to engage in litigation to enforce our IP rights. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive and could divert our management's attention. In addition, our efforts may be met with defenses and counterclaims challenging the validity and enforceability of our IP rights or may result in a court determining that our IP rights are unenforceable. If we are unable to cost-effectively protect or enforce our IP rights, then our business could be harmed. An adverse decision in any of these legal actions could limit our ability to assert our IP or proprietary rights, limit the value of our IP or proprietary rights, or otherwise negatively impact our business, financial condition, and results of operations. If the protection of our IP and proprietary rights is inadequate to enforce and prevent use or misappropriation by third parties, the value of our brand and other intangible assets may be diminished, competitors may be able to more effectively mimic our service and methods of operations, the perception of our business and service to customers and potential customers may become confused in the marketplace, and our ability to attract customers may be adversely affected.

We may be subject to IP claims, which are extremely costly to defend, could require us to pay significant damages, and could limit our ability to use certain technologies in the future.

Companies in the technology industry are frequently subject to litigation based on allegations of infringement or other violations of IP rights. We periodically receive notices that claim we have infringed, misappropriated, or misused other parties' IP rights. To the extent we gain greater public recognition, we may face a higher risk of being the subject of IP claims. Any IP claims against us, with or without merit, could be time consuming and expensive to settle or litigate and could divert the attention of our management. Litigation regarding IP rights is inherently uncertain due to the complex issues involved, and we may not be successful in defending ourselves in such matters.

In addition, some of our competitors have extensive portfolios of issued patents. Many potential litigants, including some of our competitors and patent holding companies, have the ability to dedicate substantial resources to enforcing their IP rights. Any claims successfully brought against us could subject us to significant liability for damages, and we may be required to stop using technology or other IP alleged to be in violation of a third party's rights. We also might be required to seek a license for third-party IP. Even if a license is available, we could be required to pay significant royalties or submit to unreasonable terms, which would increase our operating expenses. We may also be required to develop alternative non-infringing technology, which could require significant time and expense. If we cannot license or develop technology for any allegedly infringing aspect of our business, we would be forced to limit our service and may be unable to compete effectively. Any of these results could harm our business.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and proprietary information.

We have devoted substantial resources to the development of our IP and proprietary rights. In order to protect our IP and proprietary rights, we rely in part on confidentiality agreements with our employees, licensees, independent contractors, and other advisors. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

Our use of open source software ("OSS") could negatively affect our ability to offer our solutions and subject us to possible litigation.

A substantial portion of our platform and our solutions incorporate OSS, and we may incorporate additional OSS in the future. OSS is generally freely accessible, usable, and modifiable. Certain OSS licenses may, in certain circumstances, require us: (i) to offer our solutions that incorporate OSS for no cost; (ii) to make available source code for modifications or derivative works we create based upon incorporating or using OSS; and (iii) to license such modifications or derivative works under the terms of the particular OSS license. If an author or other third party that distributes OSS we use were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations, could be required to disclose our proprietary code, and could be subject to significant damages, including being enjoined from the offering of our solutions that contained the OSS and being required to comply with one or more of the foregoing conditions, which could disrupt our ability to offer the affected solutions. We could also be subject to suits by parties claiming ownership of what we believe to be OSS. Litigation could consume management's time and attention, could be costly for us to defend, and could have a negative effect on our operating results and financial condition.

Individuals that appear in content hosted on our platform may claim violation of their rights.

Faculty and learners that appear in video segments hosted on our platform may claim that proper assignments, licenses, consents, and releases were not obtained for use of their likenesses, images, or other contributed content. Our educator partners are contractually required to ensure that proper assignments, licenses, consents, and releases are obtained for their course material, but we do not know with certainty that they have obtained all necessary rights. Moreover, the laws governing rights of publicity and privacy, and the laws governing faculty ownership of educational content, are imprecise and adjudicated on a case-by-case basis, such that the enforcement of agreements to transfer the necessary rights is unclear. As a result, we could incur liability to third parties for the unauthorized duplication, display, distribution, or other use of this material. Any such claims could subject us to costly litigation and impose a significant strain on our financial resources and management personnel, regardless of whether the claims have merit. Our various liability insurance coverages may not cover potential claims of this type adequately or at all, and we may be required to alter or cease our use of such material, which may include changing or removing content from courses, or to pay monetary damages. Moreover, claims by faculty and learners could damage our reputation, regardless of whether such claims have merit.

Risks Related to Tax, Accounting, and Operations

Our business is subject to indirect taxes.

The application of indirect taxes, such as sales and use taxes, value-added taxes, provincial taxes, goods and services taxes, business taxes, digital service taxes, and gross receipt taxes to businesses like ours is a complex and evolving issue. Significant judgment is required to evaluate applicable tax obligations, and we record estimates that could change. In many cases, the ultimate tax determination is uncertain because it is not clear how existing statutes apply to our business. Federal, state, local, or foreign jurisdictions may seek to impose additional reporting, recordkeeping, or indirect tax collection obligations on businesses like ours that facilitate e-commerce. For example, in 2018, the U.S. Supreme Court ruled that, in certain situations, states can require online merchants to collect and remit sales taxes on transactions in the state despite not having a physical presence in the state. Indirect tax law changes could require us to incur substantial costs to collect and remit taxes and respond to audits, which could affect our operating results or harm our business in the event that we change our pricing to account for the increased obligations.

Amendments to existing tax laws, rules, or regulations or enactment of new unfavorable tax laws, rules, or regulations could have an adverse effect on our business and operating results.

Many of the underlying laws, rules, and regulations imposing taxes and other obligations were established before the growth of the internet and e-commerce. U.S. federal, state, local, and foreign taxing authorities are currently reviewing the appropriate treatment of companies engaged in e-commerce and considering changes to existing tax or other laws that could levy sales, income, consumption, use, or other taxes relating to our activities, and/or impose obligations on us to collect such taxes. If such tax or other laws, rules, or regulations are amended, or if new laws, rules, or regulations are enacted, the results could increase our tax payments or other obligations, prospectively or retrospectively, subject us to interest and penalties, decrease the demand for our services if we pass on such costs to our educator partners or learners, result in increased costs to update or expand our technological or administrative infrastructure, or effectively limit the scope of our business activities if we decided not to conduct business in particular jurisdictions. As a result, these changes may have a material adverse effect on our business, results of operations, financial condition, and prospects.

Our ability to use our net operating loss ("NOL") carryforwards and certain other tax attributes may be limited.

We have incurred substantial federal NOLs during prior periods. NOLs may carry forward to offset future taxable income; however, they could expire unused and be unavailable to offset future income tax liabilities. Specifically, the Tax Cuts and Jobs Act imposes certain limitations on the deduction of NOLs generated in tax years that began on or after January 1, 2018, including a limitation on use of NOLs to offset only 80% of taxable income and the disallowance of NOL carrybacks. Although NOLs generated in tax years before 2018 may still be used to offset future income without limitation, the recent legislation, among other regulatory and economic changes, may limit our ability to use our NOLs to offset any future taxable income. Our NOLs may similarly expire under state laws. In addition, under the rules of Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change", generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation's ability to use its NOLs and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. The applicable rules generally operate by focusing on changes in ownership among stockholders considered by the rules as owning, directly or indirectly, 5% or more of the stock of a company, as well as changes in ownership arising from new issuances of stock by the company. As a result of these rules, in the event that we experience one or more ownership changes as a result of future transactions in our stock, we may be limited in our ability to use our NOL carryforwards to offset our future taxable income, if any.

Our reported results of operations may be adversely affected by changes in generally accepted accounting principles.

Generally accepted accounting principles in the U.S. are subject to interpretation by the Financial Accounting Standards Board, the U.S. Securities and Exchange Commission ("SEC"), and various bodies formed to promulgate and interpret accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations and could affect the reporting of transactions completed before the announcement of a change. It is difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could negatively affect our reported results of operations.

If our internal control over financial reporting ("ICOFR") or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results, prevent fraud, or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

We are required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act ("SOX"). In addition, our independent registered public accounting firm is required to annually attest to the effectiveness of our ICOFR. SOX requires that we maintain effective ICOFR and disclosure controls and procedures. In particular, on an ongoing basis, we must perform system and process evaluations, document our controls, and perform testing of our key controls over financial reporting to allow management and our independent public accounting firm to report on the effectiveness of our ICOFR. If we are not able to comply with SOX requirements, or if we or our independent public accounting firm identify deficiencies in our ICOFR that are deemed to be material weaknesses, the market price of our stock would likely decline, and we could be subject to lawsuits, sanctions, or investigations by regulatory authorities, which would require additional financial and management resources.

We may encounter difficulties in the timely and accurate reporting of our financial results, which would impact our ability to provide our investors with information in a timely manner. As a result, our investors could lose confidence in our reported financial information, and our stock price could decline.

Our operations as a public company require substantial costs and substantial management attention, and we may not be able to manage our operations as a public company effectively or efficiently.

As a public company, we incur significant legal, accounting, and other expenses. Our management team and other personnel devote a substantial amount of time to, and we may not effectively, or efficiently manage our operations as a public company. For example, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the applicable requirements of SOX and the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules and regulations of the SEC and the New York Stock Exchange. If, notwithstanding our efforts to comply with these laws, regulations, and standards, we fail to comply, regulatory authorities may initiate legal proceedings against us, and our business may be harmed. Further, failure to comply with these rules might make it more difficult for us to obtain some types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors, or as members of senior management. As such, we invest resources to comply with evolving laws, regulations, and standards. This investment results in increased general and administrative expenses.

If we are unable to recruit and retain skilled accounting and finance personnel, the quality and timeliness of our financial reporting may suffer, which could result in the identification of material weaknesses in our internal controls. Any consequences resulting from inaccuracies or delays in our reported Consolidated Financial Statements could cause our stock price to decline and could harm our business, financial condition, and results of operations.

Risks Related to Our Common Stock

The price of our common stock could be volatile, and you may lose all or part of your investment.

Our stock price may be volatile and may decline, and you may not be able to resell your shares at or above the price at which your shares were acquired. The trading price and volume of our common stock could fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- variations in our operating results and other financial and operational metrics, including the key financial and operating metrics disclosed in this Form 10-K, as well as how those results and metrics compare to analyst and investor expectations;
- speculation in the market about our operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates or ratings by any securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- events or factors resulting from global health crises such as the COVID-19 pandemic, war or other outbreak of hostilities, geopolitical tensions, acts of terrorism, responses to these events, or the perception that any such factors or events may occur;
- announcements of new services or enhancements, strategic alliances or significant agreements, or other developments by us or our competitors;
- announcements by us or our competitors of mergers or acquisitions or rumors of such transactions involving us or our competitors;
- changes in management, other key personnel, or our board of directors;
- disruptions in our platform due to hardware, software, or network problems, security breaches, or other issues;
- the strength of the global economy or the economy in the jurisdictions in which we operate, and market conditions in our industry and those affecting our educator partners and learners;
- trading activity by our principal stockholders, and other market participants, in whom ownership of our common stock may be concentrated;
- market perception of, or reaction to, our share repurchase program;
- price and volume fluctuations, and general volatility, in the overall stock market;
- the performance of the equity markets in general and in our industry;
- the operating performance of other similar companies;

- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- new laws or regulations, new interpretations of existing laws, or regulations applicable to our business;
- litigation or other claims against us;
- the number of shares of our common stock that are available for public trading; and
- any other factors discussed in this Form 10-K.

In addition, if the market for technology stocks, education stocks, or the stock market in general experiences a loss of investor confidence, whether due to any of the foregoing factors or otherwise, the price of our common stock could decline for reasons unrelated to our business, results of operations, or financial condition. The price of our common stock might also decline in reaction to events that affect other companies, even if those events do not directly affect us. These broad market fluctuations, as well as general economic, political, and market conditions, such as recessions or inflation, may cause declines in the market price of our common stock, and you may not realize any return on your investment in us and may lose some or all of your investment.

Some companies that have experienced volatility in the trading price of their stock have been the subject of securities class action litigation. If we are the subject of such litigation, it could result in substantial costs and could divert our management's attention and resources, which could adversely affect our business.

In addition, as of December 31, 2023, 29,526,184 shares were issuable upon exercise of outstanding stock options or the vesting of outstanding RSUs. Sales of stock by these equity holders or the perception that such sales could occur could adversely affect the trading price of our common stock.

We may issue additional common stock, convertible securities, or other equity in the future. We also expect to issue common stock to our employees, directors, and other service providers pursuant to our equity incentive plans. Such issuances will be dilutive to investors and could cause the price of our common stock to decline. New investors in such issuances could also receive rights senior to those of holders of our common stock.

Our actual operating results may not meet our guidance or analyst or investor expectations, which would likely cause our stock price to decline.

From time to time, we have released and may continue to release guidance in our earnings releases, earnings conference calls, or otherwise, regarding our future performance that represent our management's estimates as of the date of release. If given, this guidance, which will include forward-looking statements, will be based on projections prepared by our management. Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control. The principal reason that we expect to continue to release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. With or without our guidance, analysts and investors may publish or otherwise have expectations regarding our business, financial condition, and results of operations, for which we do not accept any responsibility. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us or analysts will not materialize or will vary significantly from actual results. If our actual performance does not meet or exceed our guidance or analyst or investor expectations, the trading price of our common stock is likely to decline.

We do not intend to pay dividends on our common stock for the foreseeable future, so any returns on your investment will be limited to changes in the value of our common stock.

We have never declared or paid any dividends on our common stock. We currently anticipate that we will retain future earnings for the development, operation, and expansion of our business and do not anticipate declaring or paying any dividends for the foreseeable future. In addition, if we were to enter into loan or similar agreements in the future, these agreements may contain restrictions on our ability to pay dividends or make distributions. Any return to stockholders will therefore be limited to the increase, if any, in our stock price, which may never occur.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our Company more difficult, limit attempts by our stockholders to replace or remove our current management, and limit the market price of our common stock.

Provisions in our amended and restated certificate of incorporation and bylaws, may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our common stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the Chairman of our board of directors, our President, or our Chief Executive Officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled by a majority of directors then in office, even if less than a quorum; and
- require the approval of our board of directors or the holders of at least 66 2/3% of our outstanding shares of capital stock to amend our bylaws and certain provisions of our certificate of incorporation.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in a broad range of business combinations with any interested stockholder for a period of three years following the date on which such stockholder became an interested stockholder. Further, as a PBC, we may be less attractive as a takeover target than a traditional company and, therefore, your ability to realize your investment through an acquisition may be limited. Any delay or prevention of a change of control transaction or changes in our management could cause our stock price to decline or could prevent or deter a transaction that you might support.

The exclusive forum provision in our organizational documents may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims.

Our amended and restated certificate of incorporation and bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware (or, if that court lacks subject matter jurisdiction, another federal or state court situated in the State of Delaware) shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us governed by the internal affairs doctrine. Our amended and restated charter and bylaws further provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

Our amended and restated bylaws also provide that, to the fullest extent permitted by applicable law and unless we consent in writing to the selection of an alternative forum, the federal district courts of the U.S. will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. The enforceability of similar exclusive federal forum provisions in other companies' organizational documents has been challenged in legal proceedings, and while the Delaware Supreme Court and certain other state courts have ruled that this type of exclusive federal forum provision is facially valid under Delaware law, there is uncertainty as to whether other courts would enforce such provisions and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. This exclusive federal forum provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts of the U.S. have exclusive jurisdiction.

Any person or entity purchasing or otherwise acquiring any interest in our capital stock shall be deemed to have notice of and consented to the provisions of our amended and restated certificate of incorporation and bylaws described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, or other employees. Alternatively, if a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, and results of operations and result in a diversion of the time and resources of our management and board of directors.

Risks Relating to Our Existence as a Public Benefit Corporation

Although we operate as a Delaware PBC, we cannot provide any assurance that we will achieve our public benefit purpose.

As a Delaware PBC, we are required to produce a public benefit and to operate in a responsible and sustainable manner, balancing our stockholders' pecuniary interests, the interests of those materially affected by our conduct, and the public benefit identified by our certificate of incorporation. There is no assurance that we will achieve our public benefit purpose or that the expected positive impact from being a PBC will be realized, which could have a material adverse effect on our reputation, which in turn may have a material adverse effect on our business, results of operations, and financial condition.

As a PBC, we are required to publicly report at least biennially on our overall public benefit performance and on our assessment of our success in achieving our specific public benefit purpose. If we are not timely, are unable to provide this report, or if the report is not viewed favorably by parties doing business with us or by regulators or others reviewing our credentials, our reputation and status as a PBC may be harmed.

If our publicly reported Certified B Corporation™ ("B Corp") score declines, or if we lose our certified B Corp status, our reputation could be harmed and our business could suffer.

We have been certified as a B Corp through B Lab. B Corp certification requires us to meet rigorous standards of social and environmental performance, accountability, and transparency. We believe that our B Corp status enables us to strengthen our credibility and trust among our customers and educator partners. Our business model and brand could be harmed if we are unable to maintain certification as a B Corp. In 2022, we completed our reassessment following our initial public offering, and to maintain certification, we must undergo a reassessment every three years. B Lab's certification requirements are subject to periodic changes and updates, including a recently-released proposed new framework, which if adopted in its present form, could make it more difficult to achieve certification. Whether due to our choice or our failure to meet B Lab's certification requirements, a loss of our certification could create a perception that we are more focused on financial performance and no longer as committed to the values expected of a B Corp. Likewise, our reputation could be harmed if our publicly reported B Corp score declines or if we take actions that are perceived to be misaligned with B Corp values.

As a PBC, our focus on a specific public benefit purpose and producing a positive effect for society may negatively impact our financial performance.

Unlike traditional Delaware corporations, whose directors have a fiduciary duty to focus exclusively on maximizing stockholder value, our directors have a fiduciary duty to consider not only stockholders' interests, but also the Company's specific public benefit and the interests of other stakeholders affected by our actions. Therefore, we may take actions that we believe will be in the best interests of those stakeholders materially affected by our specific benefit purpose, even if those actions do not maximize our financial results. While we intend for this public benefit designation and obligation to provide an overall net benefit to us, our educator partners, and learners, it could instead cause us to make decisions and take actions without seeking to maximize the income generated from our business, and hence available for distribution to our stockholders. Our pursuit of longer-term or non-pecuniary benefits may not materialize within the timeframe we expect or at all and may have a negative effect on any amounts available for distribution to our stockholders. Accordingly, being a PBC and complying with our related obligations could harm our business, results of operations, and financial condition, which in turn could cause our stock price to decline.

Additionally, as a PBC, we may be less attractive as a takeover target than a traditional company and, therefore, your ability to realize your investment through an acquisition may be limited. PBCs may also not be attractive targets for activists or hedge fund investors because new directors would still have to consider and give appropriate weight to the public benefit along with stockholder value, and stockholders can enforce this through derivative suits. Further, by requiring the boards of directors of PBCs to consider additional constituencies other than maximizing stockholder value, Delaware PBC law could potentially make it easier for a board to reject a hostile bid, even where the takeover would provide the greatest short-term financial yield to investors.

Our directors have a fiduciary duty to consider not only our stockholders' interests, but also our specific public benefit and the interests of other stakeholders affected by our actions. If a conflict between such interests arises, there is no guarantee such a conflict would be resolved in favor of our stockholders.

While directors of traditional Delaware corporations are required to make decisions they believe to be in the best interests of their stockholders, directors of a PBC have a fiduciary duty to consider not only the stockholders' interests, but also the company's specific public benefit and the interests of other stakeholders affected by the company's actions. Under Delaware law, directors are shielded from liability for breach of these obligations if they make informed and disinterested decisions that serve a rational purpose. Thus, unlike traditional Delaware corporations that must focus exclusively on stockholder value, our directors are not merely permitted, but obligated, to consider our specific public benefit and the interests of other stakeholders. In the event of a conflict between the interests of our stockholders and the interests of our specific public benefit or our other stakeholders, our directors must only make informed and disinterested decisions that serve a rational purpose; thus, there is no guarantee such a conflict would be resolved in favor of our stockholders, which could harm our business, results of operations, and financial condition, which in turn could cause our stock price to decline.

Our focus on the long-term best interests of our Company as a PBC and our consideration of all of our stakeholders, including our stockholders, learners, educator partners, employees, the communities in which we operate, and other stakeholders that we may identify from time to time, may conflict with short- or medium-term financial interests and business performance, which may negatively impact the value of our common stock.

We believe that focusing on the long-term best interests of our Company as a PBC and our consideration of all of our stakeholders, including our stockholders, learners, educator partners, employees, the communities in which we operate, and other stakeholders we may identify from time to time, is essential to the long-term success of our Company and to long-term stockholder value. Therefore, we have made, and may in the future, make decisions that we believe are in the long-term best interests of our Company and our stockholders, even if such decisions may negatively impact the short- or medium-term performance of our business, results of operations, and financial condition or the short- or medium-term performance of our common stock. Our commitment to pursuing long-term value for the Company and its stockholders, potentially at the expense of short- or medium-term performance, may have a material adverse effect on the trading price of our common stock, including making ownership of our common stock less appealing to investors who are focused on returns over a shorter time horizon. Our decisions and actions in pursuit of long-term success and long-term stockholder value, which may include changes to our platform to enhance the experience of our learners, educator partners, and the communities in which we operate, including by improving the trust and safety of our platform, changes in the manner in which we deliver community support, investing in our relationships with our learners, educator partners, and employees, investing in and introducing new offerings and services, investing in social impact initiatives consistent with our public benefit objectives, or changes in our approach to working with local or national jurisdictions on laws and regulations governing our business, may not result in the long-term benefits that we expect, in which case our business, results of operations, and financial condition, as well as the trading price of our common stock, could be materially adversely affected.

As a PBC, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interests, the occurrence of which may have an adverse impact on our financial condition and results of operations.

Stockholders of a PBC (if they, individually or collectively, own the lesser of (i) two percent of the company's outstanding shares, or (ii) shares with a market value of $2 million or more on the date the lawsuit is instituted) are entitled to file a derivative lawsuit claiming the directors failed to balance stockholder and public benefit interests. Such derivative suits would be subject to the exclusive forum provision in our amended and restated certificate of incorporation, requiring them to be heard in the Delaware Chancery Court (or, if that court lacks subject matter jurisdiction, another federal or state court situated in the State of Delaware). This potential liability does not exist for traditional corporations. Therefore, we may be subject to the possibility of increased derivative litigation, which would require the attention of our management, and, as a result, may adversely impact our management's ability to effectively execute our strategy. Additionally, any such derivative litigation may be costly, which may harm our financial condition and results of operations.

If we cannot maintain our company culture and public benefit commitment, our business could be harmed.

We believe that our company culture has been critical to our success. In addition, we believe that our status as a PBC and our commitment to providing global access to flexible and affordable world-class learning that supports personal development, career advancement, and economic opportunity distinguish us from our competitors and promote a relationship among our educator partners, learners, and employees founded on trust. However, we face a number of challenges that may affect our ability to sustain our company culture, including:

- a need to identify, attract, reward, and retain people in leadership positions in our organization who share and further our culture, values, mission, and public benefit objectives;
- the increasing size and geographic diversity of our workforce, and our ability to promote an inclusive and consistent culture across all our offices and employees, including those in a remote work environment;
- the market perception about our public benefit objectives;
- competitive pressures that may divert us from our mission, vision, and values;
- the continued challenges of a rapidly evolving industry; and
- the increasing need to develop expertise in new areas of business that affect us.

If we are unable to maintain our company culture and demonstrate our commitment to our mission as a PBC, it could harm our business and reputation.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats. To this end, we maintain an information security program designed to protect our information, intellectual property, and systems, including the data we host and maintain for our learners, customers, and partners in accordance with industry standards and best practices.

Our information security team is led by our Senior Vice President of Engineering and our Head of Information Security, who together have over 35 years of technology industry experience and expertise in information security, cybersecurity, and distributed systems. This team is responsible for our information security program and protocols, including managing and coordinating efforts to prevent, mitigate, detect, and remediate cybersecurity incidents, and escalating significant security risks or incidents to executive management.

We have data and cybersecurity protection and control policies to facilitate a secure environment for sensitive information and to ensure the availability of critical data and systems. The information security management system supporting our online learning platform has been independently certified to the International Organization for Standardization ("ISO") / International Electrotechnical Commission 27001:2013 standard. This standard is designed to promote risk management, cyber-resilience, and operational excellence with respect to an information security management system. Our online learning platform undergoes regular internal security testing, and we engage third-party providers to perform penetration and vulnerability tests. We have annual independent third-party audits conducted on system security and availability, such as Systems and Organization Controls 2 Type 2 ("SOC 2") audit reports and ISO 27001 certification. Certain highly sensitive information, such as personally identifiable information ("PII") about our learners in our online learning platform, is encrypted at rest and in transit using industry standards. We also require employees and contractors to undergo information security awareness training. In addition, to mitigate the financial impact of cybersecurity incidents, we maintain insurance to help cover losses resulting from such potential incidents.

We maintain a risk-based approach to identify and oversee cybersecurity risks, including risks presented by authorized service providers who have access to our systems or information. We have processes in place to assess and manage associated cybersecurity risks, which include conducting due diligence on the cybersecurity profile of the third party provider and, in cases where PII is shared, ongoing cybersecurity and privacy obligations that are documented in data processing agreements. Our online learning platform is hosted by major cloud-hosting providers, and we require such providers and other third parties that have access to PII or certain other highly sensitive data to be independently SOC 2 attested and/or ISO 27001 certified to ensure that such service providers conform to our security standards.

Our board of directors (the "Board") is responsible for monitoring and assessing strategic risk exposure, and our audit committee has been designated with the responsibility of overseeing our technology and information security, including cybersecurity, policies and practices, and the internal controls regarding information security. Our Senior Vice President of Engineering provides quarterly updates to the audit committee on these topics, as well as cybersecurity risk exposure and steps taken to monitor and mitigate such exposure. The Board receives reports from management on our information security and cybersecurity matters on an annual basis. In addition, our incident response process provides that our audit committee is notified in the event of a material cybersecurity incident.

Notwithstanding the foregoing efforts, there can be no assurance that the security measures we employ will prevent malicious or unauthorized access to our systems or information. Like many other businesses, we have experienced, and are continually subject to, cyberattacks. While these past cyberattacks have not materially affected us or, in our belief, are not reasonably likely to materially affect us, future cybersecurity incidents and threats may materially affect our business strategy, results of operations, or financial condition. For more information regarding our cybersecurity related risks, refer to our risk factors included in Part I, Item 1A of this Form 10-K.

Item 2. Properties

Our headquarters are in Mountain View, California. All of our offices are leased, and we do not own any real property. We believe that our properties, which support all of our reportable segments, are in good operating condition and adequately serve our current business operations. We also anticipate that suitable additional or alternative space, including those under lease options, will be available at commercially reasonable terms for future expansion.

Item 3. Legal Proceedings

For information regarding legal proceedings, refer to Note 9, "Commitments and Contingencies", in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, which is incorporated by reference into this Part I, Item 3.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market Price of Our Common Stock

Our common stock, $0.00001 par value per share, is listed on the New York Stock Exchange, under the symbol "COUR" and began trading on March 31, 2021. Prior to that date, there was no public trading market for our common stock.

Holders of Record

As of February 15, 2024, there were 91 holders of record of our common stock. The actual number of holders of our common stock is greater than the number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers or by other nominees. The number of holders of record presented here also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We have never declared or paid cash dividends on our common stock. We do not anticipate declaring or paying, in the foreseeable future, any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings to support our operations and finance the growth and development of our business. Any future determination related to our dividend policy will be made at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements, contractual restrictions, business prospects, and other factors our board of directors may deem relevant.

Recent Sales of Unregistered Equity Securities

None.

Use of Proceeds

On April 5, 2021, we completed our initial public offering of common stock, in which we sold 14,664,776 shares and certain selling stockholders sold 1,065,224 shares (the "IPO"). The shares were sold at a price to the public of $33.00 per share for net proceeds to us of $452.5 million after deducting underwriting discounts and commissions of $31.5 million. Net proceeds to the selling stockholders were $32.9 million after deducting underwriting discounts and commissions. We did not receive any of the proceeds from the sale of our common stock by the selling stockholders.

On April 19, 2021, the underwriters exercised in full the right to purchase 2,359,500 additional shares of common stock from us, resulting in additional net proceeds of $72.8 million after deducting underwriting discounts and commissions of $5.1 million.

All of the shares issued and sold in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-253932), which was declared effective by the United States Securities and Exchange Commission ("SEC") on March 30, 2021. Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC acted as representatives of the underwriters for the offering. We incurred offering expenses of approximately $6.4 million. Upon completion of the sale of the shares of our common stock referenced in the preceding sentences, the IPO terminated.

There has been no material change in the planned use of proceeds from the IPO as described in our Prospectus for the IPO filed with the SEC, pursuant to Rule 424(b)(4), on March 31, 2021.

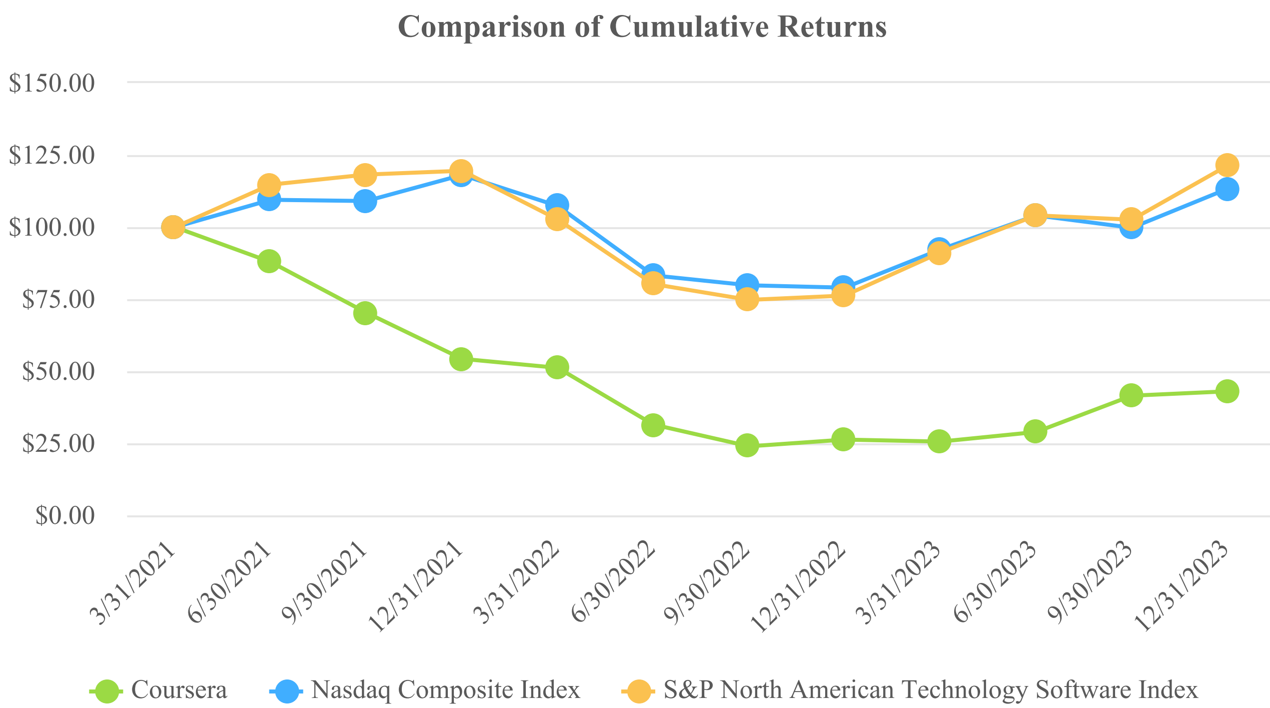
Issuer Purchases of Equity Securities

On April 26, 2023, our board of directors approved a share repurchase program with authorization to purchase up to $95 million of our common stock with no expiration date (the "Repurchase Program"). We may repurchase shares of common stock from time to time through open market purchases, in privately negotiated transactions, or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, in accordance with applicable securities laws and other restrictions. The Repurchase Program may be suspended or discontinued at any time and does not obligate us to acquire any amount of common stock. We funded share repurchases under the Repurchase Program with our existing cash and cash equivalents. There were no share repurchases during the fourth quarter of 2023.

Stock Performance Graph

The graph below shows the cumulative total return to our stockholders since our IPO on March 31, 2021 through December 31, 2023, in comparison to the Nasdaq Composite Index and the S&P North American Technology Software Index, assuming an initial investment of $100 and reinvestment of dividends, if any.

The stockholder return shown on the graph below represents past performance and is not indicative of, nor intended to forecast, future performance of our common stock.



	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023
Coursera	$100.00	$87.91	$70.33	$54.31	$51.20	$31.51	$23.96	$26.29	$25.60	$28.93	$41.53	$43.04
Nasdaq Composite Index	$100.00	$109.49	$109.07	$118.10	$107.35	$83.26	$79.83	$79.01	$92.26	$104.08	$99.79	$113.32
S&P North American Technology Software Index	$100.00	$114.75	$118.25	$119.57	$102.67	$80.24	$74.76	$76.27	$91.23	$104.08	$102.59	$121.37

This performance graph shall not be deemed "soliciting material" or to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference into any of our other filings under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 6. [Reserved]

Not applicable.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following section discusses the financial condition and results of operations of Coursera, Inc. and its subsidiaries (“Coursera,” the “Company,” “we,” “us,” or “our”) and should be read in conjunction with our Consolidated Financial Statements and related notes appearing elsewhere in this Annual Report on Form 10-K (“Form 10-K”). This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading “Special Note Regarding Forward-Looking Statements” in this Form 10-K. You should review the disclosure under the heading "Risk Factors" under Part I, Item 1A in this Form 10-K for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

Organization of Information

Management’s discussion and analysis provides a narrative on our financial performance and condition that should be read in conjunction with the accompanying Consolidated Financial Statements. It includes the following sections:

- Overview
- Factors Affecting Our Performance
- Impact of Macroeconomic Conditions
- Components of Results of Operations
- Results of Operations
- Liquidity and Capital Resources
- Key Business Metrics and Non-GAAP Financial Measures
- Critical Accounting Estimates
- Recent Accounting Pronouncements

In this section of the Form 10-K, we discuss our financial condition and results of operations for the years ended December 31, 2023 and 2022. Our financial condition and results of operations for the years ended December 31, 2022 and 2021 can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the United States (“U.S.”) Securities and Exchange Commission (“SEC”) on February 23, 2023.

Overview

Coursera is one of the largest online learning destinations in the world, connecting an ecosystem of learners, educators, organizations, and institutions with a platform of high-quality content and credentials, data, and technology.

As shifts to the digital economy are increasing the need for new skills, Coursera’s online learning offerings can meet this global demand and provide access to world-class education to learners, organizations, and institutions worldwide. We partner with over 325 leading global university and industry partners to create and distribute high-quality content that is modular, flexible, and affordable. As of December 31, 2023, approximately 142 million learners are registered on our platform to engage with a wide range of offerings from industry microcredentials, including entry-level Professional Certificates, to bachelor’s and master’s degree programs.

Coursera serves learners where and how they want to learn—in their homes, through their employers, through their colleges and universities, and through government-sponsored programs. We provide a broad range of learning content and credentials, including Clips, Guided Projects, Specializations, courses, and certificates that can build towards a broader course of study such as a degree or postgraduate diploma. Our go-to-market strategy centers on efficiently attracting learners to our platform through content and credentials from world-class brands, while promoting personalized pathways to jobs and degree programs. Additionally, our data-driven learner experience identifies potential Enterprise prospects, complemented by our direct sales team, which finds and engages with potential business, academic, government, and other institutional customers.

For the years ended December 31, 2023 and 2022, we generated a net loss of $116.6 million and $175.4 million, which included stock-based compensation expense of $109.6 million and $110.8 million, and a net loss margin of 18% and 33%.

Factors Affecting Our Performance

We believe that the growth of our business and our future success are dependent upon many factors. While each of these factors present significant opportunities for us, these factors also pose challenges that we must successfully address in order to sustain the growth of our business and enhance our results of operations.

Ability to attract and engage new learners, Enterprise customers, and Degrees students. In order to grow our business, we must attract new learners, Enterprise customers, and Degrees students efficiently and increase engagement on our platform over time. Our Consumer learners are the most important source of our overall learner base, as they contribute to both our Enterprise and Degrees revenue in addition to the Consumer revenue they may provide.

Ability to source in-demand content from our educator partners. We believe that learners and enterprises are attracted to Coursera largely because of the high quality and wide selection of content provided by our educator partners. Continuing to source in-demand content and credentials from our educator partners—from courses to degrees—is important to attract learners and increase our revenue over time.

We believe that our reach, scale, and reputation provide an attractive value proposition for leading organizations and institutions to partner with Coursera to develop and distribute content and credentials. To be the platform of choice for educator partners, we continue to invest in increasing the size and engagement of our learner base, developing a suite of academic integrity features (e.g., identity verification and anti-plagiarism detection), improving recommendation and personalization features, developing marketing capabilities that drive higher conversion into paid offerings, and improving the analytics tools available for learners, educators, organizations, and institutions.

Impact of mix shift over time. The mix of our business amongst our Consumer, Enterprise, and Degrees segments shifts from time to time, and these shifts have and will continue to affect our financial performance. We typically incur content costs in the form of a fee paid to our educator partners, determined as a percentage of total revenue generated from their content. We do not incur any content costs for our Degrees offerings, since our university partners compensate us with a percentage of learner tuition.

Ability to convert free learners to paid learners. New learners typically begin to engage with our free courses on our platform, which serves as a funnel to grow our total learner base and drive referrals to our other offerings, including our paid offerings. Through both our on-platform and off-platform marketing efforts, we engage our free learners by highlighting key features that encourage conversion to our paid offerings, including paid subscriptions. These efforts include campaigns targeting existing learners, personalized recommendations, and performance marketing on the internet.

Ability to expand our international footprint. We see a significant opportunity to expand our offerings into other regions, particularly in regions with large, underserved adult learning populations. We have invested, and plan to continue to invest, in personnel and marketing efforts to support our international growth as part of our strategy to grow our customer and learner base.

Ability to retain and expand our Enterprise customer relationships. Our efforts to grow our Enterprise segment are focused primarily on business, academic, government, and other institutional customers. We believe a significant opportunity exists to expand our customers' use of our platform by identifying new use cases that increase the size of deployments. Our business and results of operations will depend in part on our ability to retain and expand usage of our platform within our existing customer base.

Our measured investment in growth. We are actively managing our investments to support the future growth of our business using a measured approach. We focus our investments in select markets, offerings, and technologies that we believe will provide the best opportunity to grow our revenue and improve our operating results in the long term.

Impact of Macroeconomic Factors

Our business and financial conditions have been, and may continue to be, impacted by adverse macroeconomic factors, including inflation, higher interest rates, and volatility in foreign currency rates. Global and regional, macroeconomic, and geopolitical conditions have impacted overall student engagement and may continue to have a negative impact on total student enrollments.

Components of Results of Operations

Revenue

We generate revenue from contracts with customers for access to the educational content hosted on our platform and related services. We generate revenue from our three reportable segments: Consumer, Enterprise, and Degrees.

Both Consumer and Enterprise revenue primarily consist of subscriptions with terms varying from 30 days for certain Consumer subscriptions to one to three years for Enterprise license subscriptions. Consumer subscriptions are paid in advance, while Enterprise subscriptions are usually invoiced in advance in annual or quarterly installments. Access to our platform represents a series of distinct services, as we continually provide access and fulfill our obligation to our customers over the contract term. As a result, revenue is recognized ratably over the contract term.

We are typically the principal with respect to revenue generated from sales to Consumer and Enterprise customers as we control the performance obligation and are responsible for delivering access to content.

Degrees revenue is generated from contracts with university partners to host and deliver their online bachelor's and master's degrees or postgraduate diplomas. We earn a service fee that is determined as a percentage of the total tuition collected from Degrees students, net of refunds. University partners typically collect the tuition from Degrees students. We have a stand-ready obligation to provide services throughout the period that the degree content is hosted on our platform. Service fees are paid by the university partner for each university term. As a result, revenue generated from each term is recognized ratably from the beginning of a term through the start of the following term.

There is no direct contractual revenue arrangement between Coursera and Degrees students, who contract directly with our university partners. University partners typically have additional performance obligations to the Degrees students in the form of designing the curriculum, setting admission criteria, real-time teaching, making admissions and financial aid decisions, independently awarding credits, certificates, or degrees, and academic or career counseling. For these reasons, the university partners control the delivery of degrees, and postgraduate diplomas hosted on our platform.

Cost of Revenue

Cost of revenue consists of content costs in the form of fees paid to educator partners and expenses associated with the operation and maintenance of our platform. These expenses include the cost of servicing both paid learner and educator partner support requests, content translation and captioning, hosting and bandwidth costs, amortization of acquired technology, internal-use software and content assets, customer payment processing fees, depreciation, and facilities costs.

Content costs only apply to Consumer and Enterprise offerings; there are no content costs attributable to our Degrees offering. Content costs as a percentage of revenue for Enterprise and Consumer vary based on the content mix of each segment.

Operating Expenses

Operating expenses consist of research and development, sales and marketing, and general and administrative expenses. Personnel costs are the most significant component of our operating expenses and consist of salaries, stock-based compensation expense, payroll taxes, commissions, bonus, and benefits. Our operating expenses also include marketing and advertising expenses, consulting and services expenses, office expenses, depreciation and amortization, and facilities costs.

Research and development. Our research and development expenses primarily consist of personnel and personnel-related costs, including stock-based compensation expense, and costs related to the ongoing management, maintenance, and expansion of content, features, and services offered on our platform. We believe that continued investment in our platform is important to our future growth and to maintain and attract partners and learners to our platform. As a result, we expect research and development expenses to increase in absolute dollars. In addition, we expect research and development expenses as a percentage of revenue to vary from period to period but generally decrease over the long term.

Sales and marketing. Our sales and marketing expenses primarily consist of personnel and personnel-related costs, including stock-based compensation expense, as well as costs related to acquiring learners, customers, and educator partners, support efforts, and marketing. Sales and marketing expenses also include hosting and bandwidth costs. We expect sales and marketing expenses to increase in absolute dollars as our business grows. In addition, we expect sales and marketing expenses as a percentage of revenue to vary from period to period but generally decrease over the long term.

General and administrative. Our general and administrative expenses primarily consist of personnel and personnel-related costs, including stock-based compensation expense as well as certain indirect taxes, professional fees, and other corporate expenses.

Since our IPO on April 5, 2021, we have incurred additional expenses as a public company, including costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance and reporting obligations, and increased expenses for insurance and professional services. We expect general and administrative expenses to increase in absolute dollars as our business grows. In addition, we expect general and administrative expenses as a percentage of revenue to vary from period to period but generally decrease over the long term.

Restructuring related charges. Our restructuring related charges primarily consist of personnel expenses, such as employee severance and benefits costs, and stock-based compensation expense related to the reduction of our global workforce initiated in November 2022.

Interest Income, Net

Interest income, net primarily consists of interest income earned on our cash, cash equivalents, and marketable securities. It also includes amortization of premiums and accretion of discounts related to our marketable securities. Interest income varies each reporting period based on our average balance of cash, cash equivalents, and marketable securities during the period as well as market interest rates.

Other Expense, Net

Other expense, net primarily consists of foreign exchange gains (losses).

Income Tax Expense

Income tax expense primarily consists of income taxes in foreign jurisdictions in which we conduct business. We have a full valuation allowance against our U.S. federal and state deferred tax assets as the realization of the full amount of these deferred tax assets is uncertain, including net operating loss carryforwards and tax credits primarily related to research and development. We expect to maintain this full valuation allowance until it becomes more likely than not that the deferred tax assets will be realized.

Results of Operations

The following table summarizes our results of operations, which are not necessarily indicative of results to be expected for future periods.

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Revenue	$ 635,764	$ 523,756	$ 415,287
Cost of revenue(1)	305,993	192,277	165,818
Gross profit	329,771	331,479	249,469
Operating expenses:			
Research and development(1)	160,077	165,134	135,410
Sales and marketing(1)	222,771	227,676	179,337
General and administrative(1)	98,325	105,900	77,785
Restructuring related charges(1)	(5,806)	10,149	—
Total operating expenses	475,367	508,859	392,532
Loss from operations	(145,596)	(177,380)	(143,063)
Other income (expense):			
Interest income, net	34,432	9,144	320
Other expense, net	(19)	(2,401)	(346)
Loss before income taxes	(111,183)	(170,637)	(143,089)
Income tax expense	5,371	4,720	2,126
Net loss	$ (116,554)	$ (175,357)	$ (145,215)

(1) Includes stock-based compensation expense as follows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Cost of revenue	$ 2,593	$ 3,089	$ 2,092
Research and development	49,931	48,779	42,783
Sales and marketing	31,299	30,092	25,992
General and administrative	31,352	28,703	20,316
Restructuring related charges	(5,605)	122	—
Total stock-based compensation expense	$ 109,570	$ 110,785	$ 91,183

The following table summarizes our results of operations as a percentage of revenue:

	Year Ended December 31,		
	2023	2022	2021
Revenue	100 %	100 %	100 %
Cost of revenue	48	37	40
Gross profit	52	63	60
Operating expenses:			
Research and development	25	32	32
Sales and marketing	35	43	43
General and administrative	16	20	19
Restructuring related charges	(1)	2	—
Total operating expenses	75	97	94
Loss from operations	(23)	(34)	(34)
Other income (expense):			
Interest income, net	6	2	—
Other expense, net	—	—	—
Loss before income taxes	(17)	(32)	(34)
Income tax expense	1	1	1
Net loss	(18)%	(33)%	(35)%

Comparison of the Years Ended December 31, 2023 and 2022

Revenue

	Year Ended December 31,		Change	
	2023	2022	$	%
	(in thousands, except percentages)			
Revenue:				
Consumer	$ 365,221	$ 295,583	$ 69,638	24 %
Enterprise	219,542	181,284	38,258	21 %
Degrees	51,001	46,889	4,112	9 %
Total revenue	$ 635,764	$ 523,756	$ 112,008	21 %

Revenue for the year ended December 31, 2023 was $635.8 million, compared to $523.8 million for the year ended December 31, 2022. Revenue increased by $112.0 million, or 21%, compared to the year ended December 31, 2022. The increase was primarily driven by a 20% increase in the average total number of registered learners resulting in more paid learners, a 19% increase in the average total number of Paid Enterprise Customers, and a 22% increase in the number of Degrees students.

For the year ended December 31, 2023, total Consumer revenue increased by $69.6 million, or 24%, compared to the year ended December 31, 2022. New learners that registered after December 31, 2022 contributed $112.2 million to total Consumer revenue of $365.2 million for the year ended December 31, 2023. The remaining Consumer revenue in the year ended December 31, 2023 of $253.0 million is attributable to learners that were registered on our platform as of December 31, 2022, thus retaining 86% of the revenue from those registered learners.

For the year ended December 31, 2023, total Enterprise revenue increased by $38.3 million, or 21%, compared to the year ended December 31, 2022. Acquisitions of new customers drove $34.5 million of the increase, and the remaining increase of $3.8 million was attributable to growth from existing customers.

For the year ended December 31, 2023, total Degrees revenue increased by $4.1 million, or 9%, compared to the year ended December 31, 2022. The $4.1 million increase in revenue was primarily attributable to $6.6 million in revenue from an increase in the number of Degrees students, partially offset by a decrease of $2.5 million due to lower revenue per student resulting from student growth in lower priced regions.

Cost of Revenue, Gross Profit, and Gross Margin

	Year Ended December 31,		Change	
	2023	2022	$	%
	(in thousands, except percentages)			
Cost of revenue	$ 305,993	$ 192,277	$ 113,716	59 %
Gross profit	$ 329,771	$ 331,479	$ (1,708)	(1)%
Gross margin	52 %	63 %		

Cost of revenue for the year ended December 31, 2023 was $306.0 million, compared to $192.3 million for the year ended December 31, 2022. The primary drivers for the increase were revenue growth combined with higher content costs as a percentage of revenue that resulted in an increase of $105.4 million in costs related to educator partner fees, as explained in more detail below. The remaining increase was largely driven by an increase in paid learner usage on our platform, resulting in a $2.3 million cost increase in support services and credit card processing fees, an increase in amortization expense, primarily from internal-use software of $4.2 million, as well as a $2.1 million increase in content translations.

Content costs for the Consumer segment were $172.2 million and $81.3 million for the years ended December 31, 2023 and 2022, with content costs as a percentage of revenue of 47% and 27% for the same periods. Content costs for the Enterprise segment were $69.2 million and $54.7 million for the years ended December 31, 2023 and 2022, with content costs as a percentage of revenue of 32% and 30% for the same periods. Content costs as a percentage of revenue were higher mainly due to the extension of a multi-year agreement with our largest educator partner. During the year ended December 31, 2023, our largest educator partner started earning typical content fees, whereas we had historically supported their program primarily through marketing and content production efforts. Overall, the change in this agreement's structure resulted in a shift of expenses from operating expenses to cost of revenue of approximately 12% of revenue for the year ending December 31, 2023. The increase in content costs as a percentage of revenue for the Enterprise segment was partially offset by a one-time benefit associated with a contract amendment with one of our educator partners.

Gross margin was 52% for the year ended December 31, 2023, compared to 63% for the year ended December 31, 2022. The decrease in gross margin was driven by a higher revenue content cost rate in both our Consumer and Enterprise segments for the reason described above.

Operating Expenses

	Year Ended December 31,		Change	
	2023	2022	$	%
	(in thousands, except percentages)			
Operating expenses:				
Research and development	$ 160,077	$ 165,134	$ (5,057)	(3)%
Sales and marketing	222,771	227,676	(4,905)	(2)%
General and administrative	98,325	105,900	(7,575)	(7)%
Restructuring related charges	(5,806)	10,149	(15,955)	nm
Total operating expenses	$ 475,367	$ 508,859	$ (33,492)	(7)%

Total operating expenses for the year ended December 31, 2023 were $475.4 million, compared to $508.9 million for the year ended December 31, 2022.

Research and development expenses for the year ended December 31, 2023 were $160.1 million, compared to $165.1 million for the year ended December 31, 2022. The decrease was primarily due to lower consulting and services expenses of $4.0 million and other employee expenses of $2.2 million, partially offset by higher stock-based compensation expense of $1.2 million.

Sales and marketing expenses for the year ended December 31, 2023 were $222.8 million, compared to $227.7 million for the year ended December 31, 2022. The decrease was primarily due to lower marketing and advertising expenses of $4.8 million and decreases in consulting and services expenses, other employee expenses, and commission expense totaling $3.9 million. This decrease was partially offset by higher stock-based compensation expense of $1.2 million and an impairment charge of $2.0 million associated with Degrees content development grants.

General and administrative expenses for the year ended December 31, 2023 were $98.3 million, compared to $105.9 million for the year ended December 31, 2022. The decrease was primarily due to prior year non-recurring impairment charges of $3.8 million, relating to deferred partner fees that we do not expect to recover associated with content from Russian educator partners whose content we removed from our platform and to a partial sublease of our office space. Additionally, there were decreases in consulting and services expenses of $2.5 million, offices, facilities, and indirect taxes totaling $6.4 million, as well as other employee expenses of $1.4 million. These decreases were partially offset by an increase in software expenses of $1.3 million and higher personnel-related expenses of $4.9 million, including stock-based compensation expense of $2.7 million.

Restructuring related charges for the year ended December 31, 2023 were $(5.8) million primarily relating to the reversal of stock-based compensation expense for the forfeitures of RSUs and stock options resulting from our global workforce reduction initiated in November 2022, compared to $10.1 million for the year ended December 31, 2022 mainly consisting of personnel expenses, such as employee severance and benefits costs, related to this global workforce reduction. Refer to Note 15, “Restructuring Related Charges”, in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

Other Income, Net

	Year Ended December 31,		Change	
	2023	2022	$	%
	(in thousands, except percentages)			
Interest income, net	$ 34,432	$ 9,144	$ 25,288	277 %
Other expense, net	(19)	(2,401)	2,382	(99)%
Total other income, net	$ 34,413	$ 6,743	$ 27,670	nm

Total other income, net for the year ended December 31, 2023 primarily reflected interest income earned on cash, cash equivalents, and marketable securities. Interest income, net was higher during the year ended December 31, 2023 compared to the year ended December 31, 2022 due to a rise in interest rates and our average rate of return on investments in U.S. Treasury securities. The fluctuations in other expense, net primarily reflect changes in unrealized foreign exchange losses and gains for the periods presented. Our operating expenses are typically denominated in the local currencies of the countries in which our operations are located and are subject to fluctuations due to changes in foreign currency exchange rates. We also maintain foreign-currency cash and cash equivalents in our foreign entities to support their ongoing operations.

Income Tax Expense

	Year Ended December 31,		Change	
	2023	2022	$	%
	(in thousands, except percentages)			
Income tax expense	$ 5,371	$ 4,720	$ 651	14 %

For the year ended December 31, 2023, we recognized income tax expense of $5.4 million, compared to $4.7 million for the year ended December 31, 2022. Income tax expense for the years ended December 31, 2023 and 2022 was primarily related to our foreign operations.

Liquidity and Capital Resources

Overview

As of December 31, 2023, our principal sources of liquidity were cash, cash equivalents, and marketable securities totaling $722.1 million. Our investments consist of U.S. Treasury securities.

Since our inception, we have financed our operations primarily through proceeds from issuance of redeemable convertible preferred stock, our IPO, and cash generated from business operations. Our principal uses of cash in recent periods include the funding of our business operations, investments in our internal-use software, purchases of content assets, and repurchases of our common stock, as discussed below.

We believe that our existing cash, cash equivalents, and marketable securities and our expected cash flows from operations will be sufficient to meet our cash needs for at least the next 12 months. Over the longer term, our future capital requirements will depend on many factors, including our growth rate, the timing and extent of our sales and marketing and research and development expenditures, the continuing market acceptance of our offerings, and any investments or acquisitions we may choose to pursue in the future. In the event that we need to borrow funds or issue additional equity, we cannot assure you that any such additional financing will be available on terms acceptable to us, if at all. In addition, any future borrowings may result in additional restrictions on our business and any issuance of additional equity would result in dilution to investors. If we are unable to raise additional capital when desired and on terms acceptable to us, our business, results of operations, and financial condition could be materially and adversely affected.

Contractual Obligations and Commitments

Our estimated future obligations as of December 31, 2023 include both current and long-term obligations. Under our operating leases, as described in Note 6, “Leases”, to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, we have a current obligation of $6.6 million and an immaterial long-term obligation.

Our operating lease obligations as of December 31, 2023 were approximately $6.8 million, which consist of facility lease payments remaining on those agreements through their staggered expiration concluding in 2025. We have office facility operating leases in the U.S., Canada, the United Kingdom, India, Bulgaria, the United Arab Emirates, and the Kingdom of Saudi Arabia.

Our purchase obligations as of December 31, 2023 were approximately $23.1 million, which primarily consisted of our commitments to purchase certain services. As described in Note 9, “Commitments and Contingencies”, to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, we have a current obligation of $9.9 million and a long-term obligation of $13.2 million. For services that have been delivered under these arrangements as of December 31, 2023, we record related liabilities within other accounts payable and accrued expenses in the Consolidated Balance Sheets, which are excluded from the purchase obligation amount.

Share Repurchase Program

On April 26, 2023, our board of directors approved a share repurchase program with authorization to purchase up to $95 million of our common stock, excluding commissions and fees (the “Repurchase Program”). We may repurchase shares of common stock from time to time through open market purchases, in privately negotiated transactions, or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, in accordance with applicable securities laws and other restrictions. The number of shares to be repurchased and the timing of the repurchases will depend on several factors, including, without limitation, business, economic, and market conditions, corporate, legal, and regulatory requirements, prevailing stock prices, trading volume, and other considerations. The Repurchase Program may be suspended or discontinued at any time and does not obligate us to acquire any amount of common stock.

We funded share repurchases under the Repurchase Program with our existing cash and cash equivalents. During the year ended December 31, 2023, we repurchased an aggregate of 4,829,803 shares of our common stock for $58.5 million pursuant to a Rule 10b5-1 trading plan. As of December 31, 2023, we had $36.6 million, excluding commissions, remaining under the Repurchase Program, which has no expiration date and will continue unless otherwise suspended or discontinued.

Capital Expenditures

Our capital expenditures primarily include investments in property, equipment, and software, capitalized internal-use software costs, and purchases of content assets. We currently expect our purchases of content assets during 2024 to increase relative to 2023.

Cash Flows

The following table summarizes our cash flows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Net cash provided by (used in) operating activities	$ 29,639	$ (38,051)	$ 1,746
Net cash provided by (used in) investing activities	384,798	(234,024)	(51,609)
Net cash (used in) provided by financing activities	(79,229)	12,234	550,156
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ 335,208	$ (259,841)	$ 500,293

Operating Activities

Cash provided by (used in) operating activities mainly consists of our net loss adjusted for certain non-cash items, including stock-based compensation expense and depreciation and amortization, as well as the effect of changes in operating assets and liabilities during each period. Our main source of operating cash is payments received from our customers. Our primary use of cash from operating activities is for personnel-related expenses, partner fees, marketing and advertising expenses, indirect taxes, and third-party cloud infrastructure expenses.

For the year ended December 31, 2023, net cash provided by operating activities was $29.6 million, primarily resulting from (i) a one-time benefit arising from the timing of content fee payments associated with the extension of our multi-year agreement with our largest educator partner, (ii) revenue growth paired with the results of our expense reduction initiative resulting in improved operational leverage, (iii) an increase in cash collections, (iv) a decrease in professional services fees, offset by (v) an increase in our paid marketing spend.

For the year ended December 31, 2022, net cash used in operating activities was $38.1 million, primarily resulting from (i) an increase in personnel related expenses driven by headcount growth, (ii) an increase in content costs due to Enterprise segment growth, (iii) an increase in our marketing and advertising spending, and (iv) an increase in our content creation costs.

Cash provided by operating activities increased by $67.7 million during the year ended December 31, 2023, compared to the year ended December 31, 2022, primarily due to the timing of (i) content fees payable to our largest educator partner resulting from the extension of our multi-year agreement with them and (ii) customer invoicing and collections.

Investing Activities

For the year ended December 31, 2023, net cash provided by investing activities was $384.8 million primarily resulting from proceeds from maturities of marketable securities, partially offset by purchases of marketable securities, capitalized internal-use software costs, purchases of property, equipment and software, and purchases of content assets.

For the year ended December 31, 2022, net cash used in investing activities was $234.0 million, primarily resulting from purchases of marketable securities, capitalized internal-use software costs, purchases of property, equipment and software, and purchases of content assets, partially offset by proceeds from maturities of marketable securities.

Financing Activities

For the year ended December 31, 2023, net cash used in financing activities was $79.2 million, primarily resulting from payments for repurchases of common stock and payments for tax withholding on vesting of RSUs, partially offset by proceeds from exercise of stock options and proceeds from employee stock purchase plan.

For the year ended December 31, 2022, net cash provided by financing activities was $12.2 million, primarily resulting from proceeds from exercise of stock options and proceeds from employee stock purchase plan, offset by payments for tax withholding on vesting of RSUs and payment of deferred offering costs.

Key Business Metrics and Non-GAAP Financial Measures

We monitor the key business metrics and non-GAAP financial measures set forth below to help us evaluate our business and growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts, and assess operational efficiencies. These key business metrics and non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may differ from similarly titled metrics or measures presented by other companies. A reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure is provided in "Non-GAAP Financial Measures" below.

Key Business Metrics

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. We believe that the number of registered learners is an important factor in the growth of our business and future revenue trends.

	Year Ended December 31,		
	2023	2022	2021
	(in millions, except percentages)		
New Registered Learners	23.7	21.5	20.8
Total Registered Learners	141.9	118.1	96.9
Total Registered Learners year-over-year ("YoY") growth	20 %	22 %	

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 a degree program during the period. If a degree term spans across multiple quarters, the 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. We believe that the number of Degrees students is an important indicator of the growth of our Degrees business and future Degrees segment revenue trends.

The Degrees student count is affected by the seasonality of the school class cycles, combined with the underlying growth interacting with those trends. For quarter-over-quarter fluctuations, the number of Degrees students fluctuates in part because the academic terms for each degree program often begins and/or ends within different calendar quarters, and the frequency with which each degree program is offered within a given year varies.

	2023				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Number of Degrees Students	18,095	19,068	20,432	22,025	16,481	17,460	17,723	18,103
YoY growth	10 %	9 %	15 %	22 %				

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. For the year ended December 31, 2023, approximately 94% of our total Enterprise segment revenue was generated from our Paid Enterprise Customers. We believe that the number of Paid Enterprise Customers and our ability to increase this number is an important indicator of the growth of our Enterprise business and future Enterprise segment revenue trends.

	December 31,	
	2023	**2022**
Paid Enterprise Customers	1,369	1,149
YoY growth	19 %	

Net Retention Rate for Paid Enterprise Customers

We disclose Net Retention Rate for Paid Enterprise Customers as a supplemental measure of our Enterprise revenue growth. We believe Net Retention Rate for Paid Enterprise Customers 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 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 ("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 Enterprise 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 for Paid Enterprise Customers. Our Net Retention Rate for Paid Enterprise Customers is expected to fluctuate in future periods due to a number of factors, including the growth of our revenue base, the penetration within our Paid Enterprise Customer base, expansion of products and features, and our ability to retain our Paid Enterprise Customers.

	Year Ended December 31,	
	2023	**2022**
Net Retention Rate for Paid Enterprise Customers	98 %	108 %
YoY change	(9)%	

Segment Revenue

We generate revenue from our three reportable segments: Consumer, Enterprise, and Degrees.

	Year Ended December 31,		
	2023	**2022**	**2021**
	(in thousands, except percentages)		
Consumer revenue	$ 365,221	$ 295,583	$ 246,187
YoY growth	24 %	20 %	
Enterprise revenue	$ 219,542	$ 181,284	$ 120,429
YoY growth	21 %	51 %	
Degrees revenue	$ 51,001	$ 46,889	$ 48,671
YoY growth	9 %	(4)%	
Total revenue	$ 635,764	$ 523,756	$ 415,287
YoY growth	21 %	26 %	

Segment Gross Profit

We monitor segment gross profit as a key metric to help us evaluate the financial performance of our individual segments. Segment gross profit represents segment revenue less content costs paid to educator partners; segment gross margin is the quotient of segment gross profit divided by segment revenue. Content costs only apply to the Consumer and Enterprise segments as there is no content cost attributable to the Degrees segment. Instead, in the Degrees segment, we earn a Degrees service fee based on a percentage of the total online student tuition collected by the university partner. Given that content costs are the largest individual cost of our revenue, and that these costs contractually vary as a percentage of revenue between our Consumer and Enterprise offerings while there are no content costs attributable to our Degrees offering, mix shifts between our three segments is expected to be a significant driver of our overall gross margin, financial performance, and profitability.

	Year Ended December 31,		
	2023	2022	2021
	(in thousands, except percentages)		
Consumer gross profit	$ 193,001	$ 214,305	$ 161,510
Consumer segment gross margin %	53 %	73 %	
Enterprise gross profit	$ 150,384	$ 126,573	$ 81,253
Enterprise segment gross margin %	68 %	70 %	
Degrees gross profit	$ 51,001	$ 46,889	$ 48,671
Degrees segment gross margin %	100 %	100 %	

Consumer segment gross margin decreased to 53% in the year ended December 31, 2023 from 73% in the year ended December 31, 2022. Content costs were higher mainly due to the extension of a multi-year agreement with our largest educator partner. During the three months ended March 31, 2023, our largest educator partner started earning typical content fees, whereas we had historically supported their program primarily through marketing and content production efforts.

Enterprise segment gross margin decreased to 68% from 70% when comparing those same periods due to an increase in content costs from the extension of the multi-year agreement with our largest educator partner described above.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we have included non-GAAP gross profit, non-GAAP net income (loss), non-GAAP net income (loss) per share, Adjusted EBITDA, Adjusted EBITDA Margin, and Free Cash Flow, which are non-GAAP financial measures, because they 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. Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for, or superior to, comparable GAAP financial measures and should be read only in conjunction with our Consolidated Financial Statements prepared in accordance with GAAP. Our presentation of these non-GAAP financial measures may not be comparable to similar measures used by other companies. We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP information and the reconciliations of GAAP to non-GAAP financial measures to more fully understand our business.

Non-GAAP Gross Profit, Non-GAAP Net Income (Loss), and Non-GAAP Net Income (Loss) Per Share

We define non-GAAP gross profit and non-GAAP net income (loss) as GAAP gross profit and GAAP net loss excluding the impact of stock-based compensation expense, amortization of stock-based compensation capitalized as internal-use software costs, payroll tax expense related to stock-based compensation, and restructuring related charges. Non-GAAP net income (loss) per share is calculated by dividing non-GAAP net income (loss) by the diluted weighted average shares of common stock outstanding. We believe the presentation of these adjusted operating results provides useful supplemental information to investors and facilitates the analysis and comparison of our operating results across reporting periods.

The following tables provide a reconciliation of GAAP gross profit and GAAP net loss, the most directly comparable GAAP financial measure, to non-GAAP gross profit and non-GAAP net income (loss):

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Gross profit	$ 329,771	$ 331,479	$ 249,469
Stock-based compensation expense	2,593	3,089	2,092
Amortization of stock-based compensation capitalized as internal-use software costs	5,039	3,134	1,113
Payroll tax expense related to stock-based compensation	115	28	64
Non-GAAP gross profit	$ 337,518	$ 337,730	$ 252,738

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Net loss	$ (116,554)	$ (175,357)	$ (145,215)
Stock-based compensation expense	115,175	110,663	91,183
Amortization of stock-based compensation capitalized as internal-use software costs	5,039	3,134	1,113
Payroll tax expense related to stock-based compensation	3,957	1,120	1,643
Restructuring related charges	(5,806)	10,149	—
Non-GAAP net income (loss)	$ 1,811	$ (50,291)	$ (51,276)
Weighted-average shares used in computing net loss per share—basic	150,957,814	145,263,726	113,587,523
Effect of dilutive securities[1]	15,626,795	—	—
Weighted-average shares used in computing non-GAAP net income (loss) per share—diluted	166,584,609	145,263,726	113,587,523
Net loss per share—basic and diluted	$ (0.77)	$ (1.21)	$ (1.28)
Non-GAAP net income (loss) per share—diluted	$ 0.01	$ (0.35)	$ (0.45)

(1) For periods presented with a non-GAAP net loss, we have excluded the effect of potentially dilutive securities as their inclusion would be anti-dilutive.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and Adjusted EBITDA Margin 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.

We define Adjusted EBITDA as our net loss excluding: (i) depreciation and amortization; (ii) interest income, net; (iii) income tax expense; (iv) other expense, net; (v) stock-based compensation expense; (vi) payroll tax expense related to stock-based compensation; and (vii) restructuring related charges. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by revenue.

The following table provides a reconciliation of net loss, the most directly comparable GAAP financial measure, to Adjusted EBITDA:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands, except percentages)		
Net loss	$ (116,554)	$ (175,357)	$ (145,215)
Depreciation and amortization	22,270	18,503	14,757
Interest income, net	(34,432)	(9,144)	(320)
Income tax expense	5,371	4,720	2,126
Other expense, net	19	2,401	346
Stock-based compensation expense	115,175	110,663	91,183
Payroll tax expense related to stock-based compensation	3,957	1,120	1,643
Restructuring related charges	(5,806)	10,149	—
Adjusted EBITDA	$ (10,000)	$ (36,945)	$ (35,480)
Net loss margin	(18)%	(33)%	(35)%
Adjusted EBITDA Margin	(2)%	(7)%	(9)%

Free Cash Flow

Free Cash Flow is calculated as net cash provided by (used in) operating activities, less cash used for purchases of property, equipment, and software, capitalized internal-use software costs, and purchases of content assets as we consider these capital expenditures necessary to support our ongoing operations. Current and prior period Free Cash Flow amounts reported herein reflect the change to our definition of Free Cash Flow to include purchases of content assets.

We consider Free Cash Flow to be a liquidity measure that provides useful information to management and investors in understanding and evaluating our liquidity and future ability to generate cash that can be used for strategic opportunities, including investing in our business and strengthening our balance sheet, but it is not intended to represent the residual cash flow available for discretionary expenditures.

The following table provides a reconciliation of net cash provided by (used in) operating activities, the most directly comparable GAAP financial measure, to Free Cash Flow:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Net cash provided by (used in) operating activities	$ 29,639	$ (38,051)	$ 1,746
Less: purchases of property, equipment, and software	(1,147)	(1,578)	(1,554)
Less: capitalized internal-use software costs	(15,254)	(12,299)	(12,090)
Previously reported Free Cash Flow		$ (51,928)	$ (11,898)
Less: purchases of content assets	(5,344)	(1,377)	(1,188)
Free Cash Flow	$ 7,894	$ (53,305)	$ (13,086)

Critical Accounting Estimates

Our Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the U.S. (“GAAP”). The preparation of these Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent there are material differences between these estimates and our actual results, our financial position and results of operations will be affected.

We believe that of our significant accounting policies described in Note 2, "Significant Accounting Policies", in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, the critical accounting estimates, assumptions, and judgments that have the most significant impact on our Consolidated Financial Statements are described below.

Revenue Recognition

Determining whether we are the principal or agent in our revenue transactions requires significant judgment. We consider a range of indicators, including, but not limited to, who is primarily responsible for fulfilling the service, who has economic risk as a result of investing resources in advance of a sale transaction ("inventory risk"), and who has pricing discretion. As we control the performance obligation and are the primary obligor with respect to delivering access to course content for Consumer and Enterprise contracts and have inventory risk through recoupable advances paid to educator partners, we are the principal in such transactions. Conversely, for Degrees, the university partner controls the delivery of their degrees hosted on our platform, and we are the agent in these transactions recognizing only the service fee we receive from the university partner.

Our Degrees services revenue is determined based on a fee percentage applied to the total tuition collected from Degrees students, net of refunds, by the university partner. As a result, the revenue earned by us is dependent upon the number of learners enrolled and the tuition charged by the university partner. This is a form of variable consideration. We estimate revenue using an expected value method, which is based on what we expect to earn in return for our performance of the Degrees services, reduced by the amount, if any, considered probable of reversing in a future period. These estimates are continually evaluated until such time as the uncertainties are resolved, generally at the time the final term enrollment report is provided by the university partner.

Recent Accounting Pronouncements

Refer to Note 2, "Significant Accounting Policies", in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for a discussion of recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the U.S. and internationally, and we are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes and foreign currency fluctuations. Information relating to quantitative and qualitative disclosures about these market risks is described below.

Interest Rate Risk

Our exposure to interest rate changes relates primarily to our investment portfolio. Although we are exposed to global interest rate fluctuations, U.S. interest rate fluctuations tend to affect our interest income the most, impacting the interest earned on our cash, cash equivalents, and marketable securities as well as the fair value of those securities.

Our investment policy and strategy are focused on preserving capital and supporting our liquidity requirements. We use a combination of internal and external management to execute our investment strategy and achieve our investment objectives. We typically invest in highly-rated securities, such as U.S. Treasury securities, with original maturities between three months and one year. Our primary objective is to minimize the potential risk of principal loss.

Based on our investment positions as of December 31, 2023 and 2022, a hypothetical 100 basis point increase in interest rates across all maturities would have resulted in a $0.5 million and $2.4 million incremental decline in the fair value of the portfolio. However, such losses would only be realized if we sold the investments prior to their maturities.

Based on the balance of our cash, cash equivalents, and marketable securities as of December 31, 2023 and 2022, a hypothetical 100 basis point increase or decrease in interest rates would have resulted in a $7.2 million and $7.8 million increase or decrease in our interest income on an annualized basis.

Foreign Currency Risk

Our reporting currency and the functional currency of our wholly owned foreign subsidiaries is the U.S. dollar. As the majority of our sales are denominated in U.S. dollars, our revenue is not typically exposed to significant foreign currency risk. Conversely, our operating expenses are typically denominated in the local currencies of the countries in which our operations are located. These can be subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the British pound sterling, Canadian dollar, and Indian rupee.

We also maintain foreign-currency denominated cash and cash equivalents in our foreign entities to support their ongoing operations. Fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our Consolidated Statements of Operations. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments, although we may choose to do so in the future. A 10% increase or decrease in current exchange rates would have resulted in an impact of $3.4 million and $5.6 million on our Consolidated Financial Statements for the years ended December 31, 2023 and 2022.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Coursera, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Coursera, Inc. and subsidiaries (the "Company") as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2023, of the Company and our report dated February 22, 2024, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
February 22, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Coursera, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Coursera, Inc. and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock and stockholders' equity (deficit), and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition - Refer to Notes 2 and 3 to the financial statements

Critical Audit Matter Description

The Company recognizes revenue from contracts with customers for access to the learning content hosted on its platform and related services. The Company's Enterprise revenue is generated through the sale of subscription licenses to businesses, organizations, governments, and educational institutions that provide their learners with the ability to enroll in courses and Specializations and receive certifications upon completion. Enterprise contracts consist of selling a fixed quantity of catalog licenses that grant each learner access to the Company's learning platform and unlimited course enrollments over the license term. For higher value Enterprise contracts, management applies judgment in identifying and evaluating the terms and conditions of such contracts that impact revenue recognition.

Given the complexity of the Company’s higher value Enterprise contracts, together with the judgments involved in identifying and evaluating the terms and conditions impacting revenue recognition, auditing management’s identification and evaluation of the terms and conditions within such contracts and the resulting impact on revenue recognition required a high degree of auditor judgment and an increased extent of effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management’s identification and evaluation of the terms and conditions within higher value Enterprise contracts and the resulting impact on revenue recognition included the following, among others:

- We tested the operating effectiveness of internal controls over revenue recognition, including those over the identification and evaluation of terms and conditions and the resulting impact on revenue recognition.
- We selected a sample of higher value Enterprise revenue contracts and performed the following:
    - Obtained the related contract, including master agreements, amendments, and purchase and sales order agreements, and evaluated whether management properly documented the terms of the contract in accordance with the Company’s accounting policies.
    - Assessed management’s identification and evaluation of the terms and conditions that impact revenue recognition by independently evaluating the terms and conditions of the contract and the resulting impact on revenue recognition.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
February 22, 2024

We have served as the Company's auditor since 2013.

PART I—FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

COURSERA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 656,321	$ 320,817
Marketable securities	65,746	459,654
Accounts receivable, net of allowance for credit losses of $133 and $495 as of December 31, 2023 and December 31, 2022	67,418	53,734
Deferred costs, net	26,387	24,147
Prepaid expenses and other current assets	16,614	17,636
Total current assets	832,486	875,988
Property, equipment, and software, net	30,408	27,096
Operating lease right-of-use assets	4,739	9,605
Intangible assets, net	11,720	8,553
Other assets	41,180	26,355
Total assets	$ 920,533	$ 947,597
Liabilities and Stockholders' Equity		
Current liabilities:		
Educator partners payable	$ 101,041	$ 66,375
Other accounts payable and accrued expenses	23,456	23,342
Accrued compensation and benefits	22,281	21,163
Operating lease liabilities, current	6,557	8,658
Deferred revenue, current	137,229	115,701
Other current liabilities	7,696	7,202
Total current liabilities	298,260	242,441
Operating lease liabilities, non-current	39	5,791
Deferred revenue, non-current	2,861	3,076
Other liabilities	3,179	1,714
Total liabilities	304,339	253,022
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, $0.00001 par value—10,000,000 shares authorized as of December 31, 2023 and December 31, 2022; no shares issued and outstanding as of December 31, 2023 and December 31, 2022	—	—
Common stock, $0.00001 par value—300,000,000 shares authorized as of December 31, 2023 and December 31, 2022; 162,898,279 shares issued and 155,320,538 shares outstanding as of December 31, 2023, and 150,683,607 shares issued and 147,935,669 shares outstanding as of December 31, 2022	2	1
Additional paid-in capital	1,459,964	1,364,116
Treasury stock, at cost—7,577,741 and 2,747,938 shares as of December 31, 2023 and December 31, 2022	(63,154)	(4,701)
Accumulated other comprehensive income (loss)	59	(718)
Accumulated deficit	(780,677)	(664,123)
Total stockholders' equity	616,194	694,575
Total liabilities and stockholders' equity	$ 920,533	$ 947,597

See notes to Consolidated Financial Statements.

COURSERA, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(In thousands, except share and per share data)

	Year Ended December 31,		
	2023	2022	2021
Revenue	$ 635,764	$ 523,756	$ 415,287
Cost of revenue	305,993	192,277	165,818
Gross profit	329,771	331,479	249,469
Operating expenses:			
Research and development	160,077	165,134	135,410
Sales and marketing	222,771	227,676	179,337
General and administrative	98,325	105,900	77,785
Restructuring related charges	(5,806)	10,149	—
Total operating expenses	475,367	508,859	392,532
Loss from operations	(145,596)	(177,380)	(143,063)
Interest income, net	34,432	9,144	320
Other expense, net	(19)	(2,401)	(346)
Loss before income taxes	(111,183)	(170,637)	(143,089)
Income tax expense	5,371	4,720	2,126
Net loss	$ (116,554)	$ (175,357)	$ (145,215)
Net loss per share—basic and diluted	$ (0.77)	$ (1.21)	$ (1.28)
Weighted average shares used in computing net loss per share—basic and diluted	150,957,814	145,263,726	113,587,523

See notes to Consolidated Financial Statements.

COURSERA, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Loss
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Net loss	$ (116,554)	$ (175,357)	$ (145,215)
Change in unrealized gain (loss) on marketable securities, net of tax	777	(466)	(272)
Comprehensive loss	$ (115,777)	$ (175,823)	$ (145,487)

See notes to Consolidated Financial Statements.

COURSERA, INC. AND SUBSIDIARIES

Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)

(In thousands, except share and per share amounts)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount		Shares	Amount			
Balance—December 31, 2020	75,305,400	$ 462,293	43,049,228	$ —	$ 126,408	(2,747,938)	$ (4,701)	$ 20	$ (343,551)	$ (221,824)
Conversion of redeemable convertible preferred stock to common stock upon initial public offering	(75,305,400)	(462,293)	75,305,400	1	462,292	—	—	—	—	462,293
Issuance of common stock upon initial public offering, net of offering costs	—	—	17,024,276	—	518,869	—	—	—	—	518,869
Issuance of common stock upon exercise of options	—	—	8,731,889	—	32,287	—	—	—	—	32,287
Issuance of common stock related to employee stock purchase plan	—	—	228,048	—	6,397	—	—	—	—	6,397
Issuance of restricted stock awards	—	—	4,722	—	—	—	—	—	—	—
Vesting of restricted stock units	—	—	502,135	—	—	—	—	—	—	—
Tax withholding on vesting of restricted stock units	—	—	(191,719)	—	(7,172)	—	—	—	—	(7,172)
Vesting of early exercise stock options	—	—	—	—	77	—	—	—	—	77
Stock-based compensation	—	—	—	—	96,073	—	—	—	—	96,073
Change in unrealized loss on marketable securities	—	—	—	—	—	—	—	(272)	—	(272)
Net loss	—	—	—	—	—	—	—	—	(145,215)	(145,215)
Balance—December 31, 2021	—	$ —	144,653,979	$ 1	$ 1,235,231	(2,747,938)	$ (4,701)	$ (252)	$ (488,766)	$ 741,513
Issuance of common stock upon exercise of options	—	—	4,310,630	—	17,750	—	—	—	—	17,750
Vesting of restricted stock units	—	—	1,940,200	—	—	—	—	—	—	—
Tax withholding on vesting of restricted stock units	—	—	(774,054)	—	(11,886)	—	—	—	—	(11,886)
Issuance of restricted stock awards	—	—	5,518	—	—	—	—	—	—	—
Issuance of common stock related to employee stock purchase plan	—	—	547,334	—	6,829	—	—	—	—	6,829
Stock-based compensation	—	—	—	—	116,192	—	—	—	—	116,192
Change in unrealized loss on marketable securities	—	—	—	—	—	—	—	(466)	—	(466)
Net loss	—	—	—	—	—	—	—	—	(175,357)	(175,357)
Balance—December 31, 2022	—	$ —	150,683,607	$ 1	$ 1,364,116	(2,747,938)	$ (4,701)	$ (718)	$ (664,123)	$ 694,575
Issuance of common stock upon exercise of options	—	—	6,621,448	1	27,314	—	—	—	—	27,315
Vesting of restricted stock units	—	—	8,449,866	—	—	—	—	—	—	—
Tax withholding on vesting of restricted stock units	—	—	(3,485,308)	—	(54,122)	—	—	—	—	(54,122)
Repurchases of common stock	—	—	—	—	—	(4,829,803)	(58,453)	—	—	(58,453)
Issuance of restricted stock awards	—	—	13,516	—	—	—	—	—	—	—
Issuance of common stock related to employee stock purchase plan	—	—	615,150	—	6,031	—	—	—	—	6,031
Stock-based compensation	—	—	—	—	116,625	—	—	—	—	116,625
Change in unrealized gain on marketable securities	—	—	—	—	—	—	—	777	—	777
Net loss	—	—	—	—	—	—	—	—	(116,554)	(116,554)
Balance—December 31, 2023	—	$ —	162,898,279	$ 2	$ 1,459,964	(7,577,741)	$ (63,154)	$ 59	$ (780,677)	$ 616,194

See notes to Consolidated Financial Statements.

COURSERA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net loss	$ (116,554)	$ (175,357)	$ (145,215)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	22,270	18,503	14,757
Stock-based compensation expense	109,570	110,785	91,183
(Accretion) amortization of marketable securities	(13,811)	(895)	501
Impairment of long-lived assets	3,062	6,124	—
Other	1,496	1,088	(448)
Changes in operating assets and liabilities:			
Accounts receivable, net	(14,763)	(20,598)	5,863
Prepaid expenses and other assets	(17,003)	(18,290)	(5,697)
Operating lease right-of-use assets	4,868	4,839	5,301
Accounts payable and accrued expenses	33,971	17,893	16,322
Accrued compensation and other liabilities	3,073	3,409	7,670
Operating lease liabilities	(7,853)	(5,841)	(6,336)
Deferred revenue	21,313	20,289	17,845
Net cash provided by (used in) operating activities	29,639	(38,051)	1,746
Cash flows from investing activities:			
Purchases of marketable securities	(121,756)	(593,770)	(241,758)
Proceeds from maturities of marketable securities	530,000	375,000	204,981
Purchases of property, equipment, and software	(1,147)	(1,578)	(1,554)
Capitalized internal-use software costs	(15,254)	(12,299)	(12,090)
Purchase of minority interest	(1,701)	—	—
Purchases of content assets	(5,344)	(1,377)	(1,188)
Net cash provided by (used in) investing activities	384,798	(234,024)	(51,609)
Cash flows from financing activities:			
Proceeds from exercise of stock options	27,315	17,586	31,766
Proceeds from employee stock purchase plan	6,031	6,829	6,397
Proceeds from initial public offering, net of offering costs	—	—	525,284
Payments for repurchases of common stock	(58,453)	—	—
Payment of tax withholding on vesting of restricted stock units	(54,122)	(11,886)	(7,172)
Payment of deferred offering costs	—	(295)	(6,119)
Net cash (used in) provided by financing activities	(79,229)	12,234	550,156
Net increase (decrease) in cash, cash equivalents, and restricted cash	335,208	(259,841)	500,293
Cash, cash equivalents, and restricted cash—Beginning of period	322,878	582,719	82,426
Cash, cash equivalents, and restricted cash—End of period	$ 658,086	$ 322,878	$ 582,719
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ 6,383	$ 4,064	$ 2,837
Supplemental disclosure of noncash investing and financing activities:			
Stock-based compensation capitalized as internal-use software costs	$ 7,055	$ 5,407	$ 4,890
Unpaid deferred offering costs	$ —	$ —	$ 295

See notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Basis of Presentation

The accompanying Consolidated Financial Statements of Coursera, Inc., a Delaware public benefit corporation, and its subsidiaries ("Coursera", the "Company", "we", "us", or "our") have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

Description of Business

Coursera is an online learning platform that connects learners, educators, and institutions with the goal of providing world-class educational content that is affordable, accessible, and relevant. We combine content, data, and technology into a platform that is customizable and extensible to both individual learners and institutions. We partner with university and industry partners (collectively, "educator partners") to bring quality higher education to a broad range of individuals, businesses, organizations, and governments. We also sell directly to institutions, including employers, colleges and universities, organizations, and governments, to enable their employees, students, and citizens to gain critical skills aligned to job markets. Our corporate headquarters is located in Mountain View, California.

Reporting Segments

We conduct our operations through three reporting segments: Consumer, Enterprise, and Degrees. Refer to Note 14 for additional information.

Initial Public Offering

On April 5, 2021, Coursera, Inc. completed its initial public offering of common stock, in which 14,664,776 shares were sold (the "IPO"). The shares were sold at a price to the public of $33.00 per share for net proceeds of $452,482, after deducting underwriting discounts and commissions of $31,456. Upon completion of the IPO, $6,449 of deferred offering costs were reclassified into additional paid-in capital as a reduction of the net proceeds received from the IPO. Upon the closing of the IPO, all outstanding shares of redeemable convertible preferred stock automatically converted into 75,305,400 shares of common stock on a one-for-one basis.

On April 19, 2021, the underwriters exercised in full the right to purchase 2,359,500 additional shares of common stock from the Company, resulting in additional net proceeds of $72,802, after deducting underwriting discounts and commissions of $5,061.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Consolidated Financial Statements include the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and related disclosures as of the date of the Consolidated Financial Statements, as well as the reported amounts of revenue and expenses during the reporting period. We base our estimates on historical experience, current conditions, and various other factors that we believe to be reasonable under the circumstances. Significant items subject to such estimates, judgements, and assumptions include, but are not limited to, those related to the determination of principal versus agent and variable consideration in our revenue contracts; stock-based compensation expense; period of benefit for capitalized commissions; internal-use software costs; useful lives of long-lived assets; the carrying value of operating lease right-of-use assets; the valuation of intangible assets and income tax expense, including the valuation of deferred tax assets and liabilities, among others. Actual results could differ from those estimates, and any such differences could be material to our Consolidated Financial Statements.

Cash, Cash Equivalents, and Restricted Cash

We consider all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Our cash and cash equivalents consist of cash and money market funds at financial institutions, and are stated at cost, which approximates fair value because of their immediate or short-term maturities. Our restricted cash primarily consists of a letter of credit required to fulfill our corporate headquarters' operating lease agreement. Restricted cash, current is included in prepaid expenses and other current assets, and restricted cash, non-current is included in other assets, both in the Consolidated Balance Sheets.

Marketable Securities

Marketable securities consist of U.S. Treasury securities, with an original maturity between three months and one year at the date of purchase, and are classified as available-for-sale ("AFS") debt securities. We view these securities as available to support current operations and have classified all AFS debt securities as current assets. AFS debt securities are initially recorded at cost and periodically adjusted to fair value with unrealized gains and losses reported as a component of accumulated other comprehensive income (loss) in the Consolidated Balance Sheets. We evaluate our AFS debt securities with an unamortized cost basis in excess of estimated fair value to determine what amount of that difference, if any, is caused by expected credit losses. Realized gains and losses as well as credit-related impairment losses are included in other expense, net in the Consolidated Statements of Operations. Any remaining impairment is included in accumulated other comprehensive income (loss).

Accounts Receivable, Net

Accounts receivable, net includes trade accounts receivable, both billed and unbilled, net of an allowance for credit losses. Billed receivables are recorded at the invoiced amount in the period that our right to consideration is unconditional. Payment terms on invoiced amounts are typically 30 to 60 days. Unbilled receivables, or contract assets, are recorded when revenue is recognized prior to our unconditional right to consideration. A contract asset is a right to consideration that is conditional upon factors other than the passage of time.

An allowance for credit losses is established based on our assessment of the collectibility of accounts receivable by considering various factors, including the age of each outstanding invoice, each customer's expected ability to pay, the collection history with each customer, current economic conditions, and reasonable and supportable forecasts of future economic conditions over the life of the receivable, when applicable, to determine whether a specific allowance is appropriate. Accounts receivable deemed uncollectible are charged against the allowance for credit losses when identified. The allowance for credit losses and related activities were not material for the years ended December 31, 2023, 2022, and 2021.

Property, Equipment, and Software, Net

Property, equipment, and software, net is stated at cost, less accumulated depreciation and amortization. Depreciation and software amortization are recorded using the straight-line method over the estimated useful lives of the assets, generally two to five years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the remaining lease term.

Deferred Offering Costs

Deferred offering costs consist primarily of direct and incremental legal, accounting, and other fees related to the IPO. Prior to the IPO, all deferred offering costs were capitalized in prepaid expenses and other current assets on the Consolidated Balance Sheets. Upon completion of the IPO, $6,449 of the deferred offering costs were reclassified into stockholders' equity (deficit) as a reduction of the IPO proceeds.

Educator Partner Costs

We have various agreements with educator partners that grant us the right to host their intellectual property on our platform. In return, educator partners earn a fee that we recognize as a content cost in the same period in which the related revenue is recognized and is classified as a cost of revenue in the Consolidated Statements of Operations. One such agreement has stipulated that certain fees earned by the educator partner are to be allocated to a development fund to be held and spent by Coursera on activities such as developing, marketing, and advertising the educator partner's content, according to a mutually agreed upon plan. We recognized the liability and related expenses associated with this development fund consistent with the timing of when we recognized educator partner content costs given our liability is established in the same period the revenue is recognized. The expenses have been classified in the Consolidated Statements of Operations based on the nature of the underlying spend. The liability associated with the development fund is recorded within other accounts payable and accrued expenses in the Consolidated Balance Sheets. During the first quarter of 2023, we entered into an amendment with this educator partner who started earning typical content fees, which are recorded within cost of revenue in the Consolidated Statements of Operations.

Leases

We determine if an arrangement is a lease and the classification of that lease, if applicable, at inception by evaluating various factors, including if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and other facts and circumstances. Right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and are included in operating lease ROU assets, on our Consolidated Balance Sheets. Lease liabilities represent our obligation to make lease payments according to the arrangement and are included in operating lease liabilities, current and non-current, on our Consolidated Balance Sheets. We do not have any finance leases.

ROU assets and lease liabilities are recognized at the commencement date based on the present value of minimum remaining lease payments over the lease term. For this purpose, we include payments that are fixed and determinable at the commencement date, including initial direct costs incurred and excluding lease incentives received. We use the implicit rate when it is readily determinable. Otherwise, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of future lease payments. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise such options. Our lease agreements may contain variable costs such as common area maintenance, insurance, real estate taxes, or other costs. Variable lease costs are expensed as incurred in the Consolidated Statements of Operations. Operating lease expense is recognized on a straight-line basis over the lease term.

We do not separate lease and non-lease components and do not recognize ROU assets and operating lease liabilities that arise from leases with an initial lease term of 12 months or less.

In addition, impairment of an ROU asset and other lease related assets, including leasehold improvements, furniture and fixtures, and computer equipment, that results from entering into a sublease arrangement is recognized in the Consolidated Statements of Operations in the period the sublease agreement is executed. We recognize sublease income as a reduction to our operating lease expense on a straight-line basis over the sublease term. Refer to Note 6 for additional information.

Internal-Use Software and Website Development Costs

We capitalize certain costs associated with our internal-use software and website development during the application development stage when management with the relevant authority authorizes and commits to the funding of the project, it is probable that the project will be completed, and the software will be used as intended. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software and website development projects. Such costs are amortized on a straight-line basis over the estimated useful life of the related asset, which is approximately two to five years, and are recorded within cost of revenue in the Consolidated Statements of Operations. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred within research and development in the Consolidated Statements of Operations.

Intangible Assets, Net

Intangible assets, net is stated at cost, net of accumulated amortization. We amortize our finite-lived intangible assets on a straight-line basis over an estimated useful life of two to six years. Amortization of content assets and developed technology is included in cost of revenue, and assembled workforce is included in research and development, both in the Consolidated Statements of Operations.

Impairment of Long-Lived Assets

We monitor events and changes in circumstances that could indicate the carrying amounts of our long-lived assets, including deferred partner fees, property, equipment, software, intangible assets, and operating lease ROU assets, may not be recoverable. When such events or changes in circumstances occur, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through their undiscounted expected future cash flows. If the future undiscounted cash flows are less than the carrying amount of these assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. During the year ended December 31, 2023, we recognized an impairment loss of $861 related to capitalized internal-use software and website development costs. During the year ended December 31, 2022, we recognized an impairment loss related to deferred partner fees of $2,915, related to our operating lease ROU asset of $2,304, and related property and equipment of $904. There were no impairments of long-lived assets during the year ended December 31, 2021.

Revenue

We recognize revenue from contracts with customers for access to the learning content hosted on our platform and related services. Revenue is recognized when control of promised services is transferred to our customer. The amount of revenue recognized reflects the consideration that we expect to be entitled to receive in exchange for these services. We apply judgment in determining our customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience, credit, or financial information. Consumer revenue customers are required to pay in advance.

At contract inception, we assess the performance obligations, or deliverables, we have agreed to provide in the contract and determine if they are individually distinct or if they should be combined with other performance obligations. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on each performance obligation's relative standalone selling price. We combine performance obligations when an individual performance obligation does not have standalone value to our customer. For example, our customers do not have the ability to take possession of the software supporting our platform and, as a result, our contracts are typically accounted for as service arrangements with a single performance obligation.

We have a stand-ready obligation to provide learners continuous access to our learning platform and deliver related support services for a specified term. For this reason, these services are generally viewed as a stand-ready performance obligation consisting of a series of distinct daily services. We typically satisfy these performance obligations over time as the services are provided. A time-elapsed output method is used to measure progress because our efforts are expended evenly throughout the period given the nature of the promise is a stand-ready service. Fixed fees for these services are generally recognized ratably over the contract term.

We include any fixed consideration within our contracts as part of the total transaction price. Generally, we include an estimate of the variable amount within the total transaction price and update our assumptions over the duration of the contract. None of our contracts contain a significant financing component. We do not include taxes collected from customers and remitted to governmental authorities within the total transaction price.

At times, we are party to multiple concurrent contracts or contracts that combine multiple services. These situations require judgment to determine if multiple contracts should be combined and accounted for as a single arrangement. In making this determination, we consider (i) the economics of each individual contract and whether or not it was negotiated on a standalone basis, and (ii) if multiple promises represent a single performance obligation.

Contract modifications require judgment to determine if the modification should be accounted for as (i) a separate contract, (ii) the termination of the original contract and creation of a new contract, or (iii) a cumulative catch-up adjustment to the original contract. When evaluating contract modifications, we must identify the performance obligations of the modified contract and determine both the allocation of revenues to the remaining performance obligations and the period of recognition for each identified performance obligation.

We generate revenue from our three reportable segments: Consumer, Enterprise, and Degrees. Refer to Note 14 for our disaggregation of revenue. We are generally the principal with respect to Consumer and Enterprise revenue as we control the performance obligation and are the primary obligor with respect to delivering access to course content. Additionally, we have inventory risk through recoupable advances sometimes paid to educator partners.

Consumer Revenue

We generate revenue from consumers by selling access to learning content hosted on our platform. Consumer products include certifications for single courses, professional certificates, and catalog-wide subscriptions. Access to single courses are generally purchased at a fixed price for a set period of time, typically six months. Specializations are a series of courses offered by the same educator partner, and learners are provided access to these courses on a month-to-month subscription basis. Coursera Plus is our catalog-wide consumer subscription product, sold in monthly or annual subscriptions. All Consumer learners pay in advance, and revenue is recognized ratably over the contract term once access has been granted to the learner, as learners have unlimited access to the course content during the contract term.

Consumer learners are entitled to a full refund up to two weeks after payment is received. We estimate and establish an allowance for refunds based on historical refund rates, which was immaterial as of December 31, 2023 and 2022.

Enterprise Revenue

We sell subscription licenses to businesses, organizations, governments, and educational institutions that provide their learners with the ability to enroll in courses and Specializations and receive certifications upon completion. Enterprise contracts are typically between one and three years in length and consist of selling a fixed quantity of catalog licenses that grant each learner access to our learning platform and unlimited course enrollments over the license term. We recognize revenue ratably over the contract term once access has been granted to the Enterprise customer.

Degrees Revenue

Universities contract with us to facilitate the delivery of their bachelor's and master's degree programs or postgraduate diplomas. Degrees revenue contracts involve the performance of a number of promises, including but not limited to hosting the degree content on our learning platform, providing content authoring tools, course production support, marketing, and platform technical support services. As a result, the university is our customer with respect to Degrees revenue. We earn a service fee based on a percentage of total tuition collected by the university from Degrees students, net of refunds. As a result, the revenue we earn is dependent upon the number of learners enrolled and the tuition charged by the university. This is a form of variable consideration, and we estimate the amount of revenue using an expected value method. These estimates are refined each reporting period until the consideration becomes known, generally at the time the final term enrollment report is provided by the university. We have a stand-ready obligation to perform services throughout the contract term during which degree content is hosted on our platform. Degrees revenue is generally earned and paid by the university for each academic term and is recognized ratably from the start of a term through the start of the following term.

The Degrees learning experience is delivered on the same proprietary learning platform used by Consumer and Enterprise customers. There is no direct contractual revenue arrangement between Coursera and Degrees students, whose contractual arrangement is directly with the universities. In addition to the learning platform, the universities are obligated to provide their students with additional services, such as designing the curriculum, setting admission criteria, making admission and financial aid decisions, real-time teaching, independently awarding credits, certificates, or degrees, and providing academic and career counseling. For these reasons, the universities control the delivery of degrees hosted on our platform. As a result, we recognize only the service fee we receive from the universities as our Degrees revenue.

Deferred Revenue

Deferred revenue, or contract liabilities, consists of consideration recorded in advance of performance obligations being delivered and is classified as current or non-current based on the related period in which services are expected to be provided.

Contract Acquisition and Fulfillment Costs

Contract acquisition costs consist of sales commissions and related payroll taxes associated with obtaining contracts with Enterprise and Degrees customers.

Deferred Commissions

Contract acquisition costs are costs we incur that are directly related to securing a contract and are primarily related to sales commissions and related payroll taxes earned by our Enterprise and Degrees sales forces. These costs are deferred and then amortized on a straight-line basis over the expected period of benefit. We amortize these costs over four years, since the commissions paid upon a contract renewal are not commensurate with the commissions paid on the initial contract, and as such, the sales contract term is not commensurate with the expected period of benefit. Sales commissions and related payroll taxes primarily paid for Enterprise contract renewals are amortized over the renewal term, which is generally two years.

Deferred commissions and related payroll taxes are recorded within deferred costs or other assets in the Consolidated Balance Sheets, depending on the timing of the related amortization. They are amortized to sales and marketing in the Consolidated Statements of Operations.

On an annual basis, we assess the expected period of benefit by taking into consideration the average contract term length, the life of the underlying technology, and other factors. Based on our prior year assessment, we determined that the expected period of benefit should be increased from three years to four years. This change in accounting estimate was effective January 1, 2023 and is accounted for prospectively in our Consolidated Financial Statements. For the year ended December 31, 2023, this change resulted in a $3,496 benefit to sales and marketing. There was no change in the amortization period for contract renewals.

Deferred Partner Fees

These fulfillment costs are paid to educator partners in advance of completing our performance obligations; are recorded within prepaid expenses and other current assets or other assets in the Consolidated Balance Sheets, depending on the timing of the related revenue recognition; and are amortized into cost of revenue ratably over the subscription term.

Cost of Revenue

Cost of revenue consists of content costs, which are generally fees paid to educator partners, and expenses associated with the operation and maintenance of our platform. These expenses include the cost of servicing support requests from paid learners and educator partners; hosting and bandwidth costs; amortization of acquired technology and internal-use software; customer payment processing fees; and attributed depreciation and facilities costs.

Fair Value Measurements

Fair value is defined as the price that would be received for an asset or the "exit price" that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between independent market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs, where available. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1— Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2— Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the assets or liabilities, either directly or indirectly through market corroboration, for substantially the full term of the financial instruments.

Level 3— Inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. The inputs require significant management judgment or estimation.

The classification of a financial asset or liability within the hierarchy is determined based on the lowest-level input that is significant to the fair value measurement.

Concentrations of Risk

Financial instruments that potentially subject us to concentration of credit risk consist of cash, cash equivalents, and marketable securities. We only invest in high-credit-quality instruments and maintain our cash equivalents and marketable securities in fixed-income securities. We place our cash primarily with domestic financial institutions that are federally insured within statutory limits.

For the purpose of assessing the concentration of credit risk with respect to accounts receivable and significant customers, we treat a group of customers under common control or customers that are affiliates of each other as a single customer. For the years ended December 31, 2023, 2022, and 2021, we did not have any customers that accounted for 10% or more of our revenue. As of December 31, 2023 we had one customer that accounted for 10% of our net accounts receivable balance that has since been collected within typical business terms.

Our business model relies on educational content and credentialing programs from educator partners. Our largest educator partner has global brand recognition and supplies a variety of in-demand content across multiple domains. The loss of or significant reduction in this partnership or one of our other largest partners could have a material impact on our results of operations and cash flows.

Income Taxes

We are treated as a corporation under applicable federal and state income tax laws and are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in determining our income tax expense and deferred tax assets and liabilities, including evaluating uncertainties in the application of accounting principles and complex tax laws.

We utilize the asset and liability method under which deferred tax assets and liabilities arise from the temporary differences between the tax basis of an asset or liability and its reported amount in the Consolidated Balance Sheets, as well as from net operating losses ("NOLs") and tax credit carryforwards. Deferred tax amounts are determined by using the tax rates expected to be in effect when the taxes will be paid or refunds received, as provided for under currently enacted tax law. The effect on deferred taxes of changes in tax rates and laws in future periods, if any, is reflected in the Consolidated Financial Statements in the period enacted. A valuation allowance is established if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We consider the available evidence, both positive and negative, including historical levels of income, expectations, and risks associated with estimates of future taxable income in assessing the need for a valuation allowance. Certain of our earnings are indefinitely reinvested offshore and could be subject to additional income tax if repatriated. It is not practicable to determine the unrecognized deferred tax liability on a hypothetical distribution of those earnings.

Determination of income tax expense requires estimates and can involve complex issues that may require an extended period to resolve. We recognize estimated tax liabilities when such liabilities are more likely than not to be sustained upon examination by the taxing authority. Further, the estimated level of annual earnings before income tax can cause the overall effective income tax rate to vary from period to period. Final determination of prior-year tax liabilities, either by settlement with tax authorities or expiration of statutes of limitations, could be materially different than estimates reflected in assets and liabilities and historical income tax expense. The outcome of these final determinations could have a material effect on our income tax expense or cash flows in the period that determination is made.

We recognize interest and penalties related to income tax matters as a component of income tax expense in the Consolidated Statements of Operations.

Stock-Based Compensation Expense

We measure and recognize compensation expense for stock-based awards granted to employees, directors, and non-employees based on the estimated grant date fair value. Stock-based awards include restricted stock units ("RSUs"), stock options, and restricted stock awards as well as stock purchase rights granted to employees under our employee stock purchase plan ("ESPP Rights").

The fair value of RSUs and restricted stock awards is based on the fair value of our common stock on the grant date. We estimate the fair value of stock options and ESPP Rights using the Black-Scholes option-pricing model, which requires the use of the following assumptions:

Expected Term—The expected term represents the period that our stock-based awards are expected to be outstanding. For option grants considered to be "plain vanilla," we determine the expected term using the simplified method. The simplified method deems the term to be the average of the time to vesting and the contractual life of the options. For ESPP Rights, the expected term represents the term from the first day of the offering period to the purchase date.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term of the stock option or ESPP Rights.

Expected Volatility—The expected volatility is derived from the average historical stock volatilities of several unrelated public companies within our industry that we consider to be comparable to our business, and to the extent available, our historical volatility over a period equivalent to the expected term of the stock option. The expected volatility is based on the historical volatility of our common stock over the estimated expected term of ESPP Rights.

Dividend Yield—The expected dividend was assumed to be zero as we have never paid dividends and have no current plans to do so.

Stock-based compensation is generally recognized on a straight-line basis over the requisite service period, which usually matches the vesting period. Forfeitures are recognized as they occur.

Net Loss Per Share Attributable to Common Stockholders

Basic and diluted net loss per share attributable to common stockholders is computed in conformity with the two-class method required for participating securities. Prior to our IPO, we treated all series of our redeemable convertible preferred stock as participating securities, since such stockholders had the right to receive non-forfeitable dividends on a pari passu basis in the event that a dividend was paid on common stock. Under the two-class method, the net loss attributable to common stockholders was not allocated to the redeemable convertible preferred stock as the preferred stockholders did not have a contractual obligation to share in the Company's losses.

Basic net loss per share is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by giving effect to all potentially dilutive common stock equivalents to the extent they are dilutive. For purposes of this calculation, redeemable convertible preferred stock, common stock options, RSUs, and ESPP Rights are considered to be common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is anti-dilutive for the periods presented.

Comprehensive Loss

Comprehensive loss includes net loss and other comprehensive income (loss), net of tax. Other comprehensive income (loss), net of tax, refers to revenue, expenses, gains, and losses that under GAAP are recorded as an element of stockholders' equity (deficit) but are excluded from net loss.

Research and Development

Expenditures for research and development of our technology and non-refundable contributions to develop educator partner content are expensed when incurred unless they qualify as internal-use software development costs. Research and development costs consist principally of personnel costs, consulting services, content development contributions, and attributed facilities costs.

Advertising Costs

Advertising costs are expensed as incurred and are included in sales and marketing in the Consolidated Statements of Operations. For the years ended December 31, 2023, 2022, and 2021, these costs were $44,818, $39,940, and $28,740.

Foreign Currency

The majority of our sales contracts are denominated in U.S. dollars. In addition, the functional currency of our international subsidiaries is U.S. dollars. Monetary assets and liabilities denominated in currencies other than the functional currency are remeasured to the functional currency at period-end exchange rates. Foreign currency transaction gains and losses resulting from remeasurement are recognized within other expense, net in the Consolidated Statements of Operations.

Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires public entities to disclose information about their reportable segments' significant expenses and certain other segment items on an interim and annual basis if they are regularly provided to the chief operating decision maker ("CODM"). This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. We expect that the adoption of ASU 2023-07 will not have a material impact on our Consolidated Financial Statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires public entities on an annual basis to disclose (1) specific categories in the tax rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. This ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied on a prospective basis, though retrospective application is permitted. We are currently evaluating whether the adoption of ASU 2023-09 will have a material impact on our Consolidated Financial Statements and related disclosures.

3. REVENUE

Contract Balances

Contract assets and liabilities were as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets:			
Billed accounts receivable, net of allowance for credit losses	$ 62,407	$ 45,337	$ 22,286
Unbilled accounts receivable	5,011	8,397	12,110
Total contract assets	$ 67,418	$ 53,734	$ 34,396
Contract liabilities:			
Deferred revenue	$ 140,089	$ 118,777	$ 98,488
Total contract liabilities	$ 140,089	$ 118,777	$ 98,488

Revenue recognized during the years ended December 31, 2023, 2022, and 2021 that was included in the corresponding deferred revenue balance at the beginning of each year was $116,002, $92,806, and $74,775.

Impairment losses related to contract assets were not material during the years ended December 31, 2023, 2022, and 2021.

Remaining Performance Obligations

Remaining performance obligations represent contracted revenue that has not yet been recognized, which includes deferred revenue in the Consolidated Balance Sheets and unbilled amounts that will be recognized as revenue in future periods. As of December 31, 2023, we had remaining performance obligations of $320,936 and expect to recognize approximately 68% as revenue over the next 12 months and the remainder thereafter.

Costs to Obtain and Fulfill Contracts

The following table presents our capitalization and amortization of commissions and related payroll tax expenditures recorded within sales and marketing in the Consolidated Statements of Operations:

	Year Ended December 31,		
Commissions and related payroll tax expenditures:	2023	2022	2021
Capitalization	$ 17,094	$ 17,766	$ 14,217
Amortization	12,291	12,618	8,197

Deferred commissions and related payroll tax expenditures included in deferred costs and in other assets were as follows:

	December 31, 2023	December 31, 2022
Deferred costs, net	$ 13,168	$ 13,300
Other assets	15,361	10,426

During the year ended December 31, 2022, we recognized an impairment loss of $2,915, within general and administrative in the Consolidated Statement of Operations, on deferred partner fees that we do not expect to recover from Russian educator partners whose content we removed from our platform. During the year ended December 31, 2023, we recognized an impairment loss of $2,008, within sales and marketing in the Consolidated Statements of Operations, on content development grants that we do not expect to recover related to our Degrees segment.

4. INVESTMENTS

Investments Measured at Fair Value on a Recurring Basis

The following table summarizes our investments measured at fair value on a recurring basis by balance sheet classification and investment type:

	December 31, 2023				December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value - Level 1	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value - Level 1
Cash equivalents—money market funds	$186,396	$ —	$ —	$186,396	$304,750	$ —	$ —	$304,750
Cash equivalents—U.S. Treasury securities	448,447	78	—	448,525	—	—	—	—
Total cash equivalents	634,843	78	—	634,921	304,750	—	—	304,750
Marketable securities—U.S. Treasury securities	65,765	—	(19)	65,746	460,372	26	(744)	459,654
Total	$700,608	$ 78	$ (19)	$700,667	$765,122	$ 26	$ (744)	$764,404

Gross realized gains and losses related to our cash equivalents and marketable securities were not material for the years ended December 31, 2023, 2022, and 2021.

The following table presents the cost basis and fair value of our AFS securities by contractual maturity date:

	December 31, 2023		December 31, 2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 65,765	$ 65,746	$ 460,372	$ 459,654

Investments in an unrealized loss position consisted of the following:

	December 31, 2023		December 31, 2022	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury securities	$ 65,746	$ (19)	$ 356,767	$ (744)

As of December 31, 2023 and 2022, our AFS marketable securities were comprised of U.S. Treasury securities, which are backed by the full faith and credit of the U.S. government. As a result, there were no credit or non-credit impairment losses recorded during the years ended December 31, 2023, 2022, or 2021.

Investments Measured at Fair Value on a Nonrecurring Basis

In August 2023, we acquired an approximate 7% ownership interest in a privately held company, which is measured and accounted for using the fair value measurement alternative basis. This investment is classified within other assets in the Consolidated Balance Sheets. The carrying value of the investment was $1,701 as of December 31, 2023.

Our existing equity investments are remeasured at fair value on a nonrecurring basis when an identifiable event or change in circumstance may have a significant adverse impact on its fair value. No such events or changes occurred during the years ended December 31, 2023, 2022, or 2021.

5. CONSOLIDATED BALANCE SHEET COMPONENTS

Restricted Cash

The reconciliation of cash, cash equivalents, and restricted cash was as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Cash and cash equivalents	$ 656,321	$ 320,817	$ 580,658
Restricted cash, current	—	487	—
Restricted cash, non-current	1,765	1,574	2,061
Total cash, cash equivalents, and restricted cash	$ 658,086	$ 322,878	$ 582,719

Property, Equipment, and Software, Net

Property, equipment, and software, net consisted of the following:

	Estimated Useful Lives	December 31, 2023	December 31, 2022
Internal-use software and website development	2 - 5 years	$ 73,881	$ 53,215
Computer equipment and purchased software	2 years	4,405	4,662
Leasehold improvements	Shorter of useful life or remaining lease term	6,923	6,567
Furniture and fixtures	5 years	2,757	2,714
Total property, equipment, and software		87,966	67,158
Less accumulated depreciation and amortization		(57,558)	(40,062)
Property, equipment, and software, net		$ 30,408	$ 27,096

The following table presents depreciation and amortization expense related to property, equipment, and software as well as the portion of amortization expense related to internal-use software and website development that is recorded within cost of revenue in the Consolidated Statements of Operations:

	Year Ended December 31,		
	2023	2022	2021
Depreciation and amortization expense	$ 19,276	$ 15,865	$ 12,513
Amortization expense for internal-use software and website development	16,894	13,128	9,675

Intangible Assets, Net

Intangible assets, net consisted of the following:

	December 31, 2023			December 31, 2022		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Content assets	$ 12,982	$ (3,558)	$ 9,424	$ 6,821	$ (1,971)	$ 4,850
Developed technology	8,446	(6,150)	2,296	8,446	(4,743)	3,703
Assembled workforce	—	—	—	181	(181)	—
Intangible assets	$ 21,428	$ (9,708)	$ 11,720	$ 15,448	$ (6,895)	$ 8,553

Capitalization of content assets and amortization expense for intangible assets was as follows:

	Year Ended December 31,		
	2023	2022	2021
Capitalization of content assets	$ 6,161	$ 1,100	$ 1,765
Amortization expense for intangible assets	2,994	2,638	2,244

As of December 31, 2023, the weighted-average remaining amortization period was 1.6 years for developed technology and 3.8 years for content assets.

As of December 31, 2023, future expected amortization expense for intangible assets was as follows:

2024	$ 4,258
2025	3,713
2026	1,621
2027	1,190
2028	892
Thereafter	46
Total	$ 11,720

6. LEASES

We have entered into various non-cancelable office space operating leases with lease periods expiring through April 2025. These leases do not contain residual value guarantees, covenants, or other restrictions.

In May 2022, we entered into an agreement to sublease a portion of our existing office space in Mountain View, California. As a result, and at the same time, we recognized an impairment loss of $2,304 on the ROU asset and $904 on the related property and equipment, which was allocated within operating expenses in the Consolidated Statements of Operations consistent with the allocation approach used for operating lease costs. The sublease is classified as an operating lease. The term commenced on June 1, 2022 and terminates on October 31, 2024.

The components of lease costs were as follows:

	Year Ended December 31,		
	2023	2022	2021
Operating lease cost	$ 5,510	$ 5,853	$ 6,663
Short-term lease cost	970	1,388	1,122
Variable lease cost	2,066	1,753	1,690
Sublease income	(2,720)	(1,587)	—
Total lease costs	$ 5,826	$ 7,407	$ 9,475

Future lease payments under our non-cancelable operating leases, which do not include short-term leases, as of December 31, 2023 were as follows:

2024	$ 6,764
2025	47
Total lease payments	6,811
Less imputed interest	(215)
Present value of operating lease liabilities	$ 6,596
Operating lease liabilities, current	6,557
Operating lease liabilities, non-current	39
Total operating lease liabilities	$ 6,596

Supplemental cash flow information as well as the weighted-average remaining lease term and discount rate related to our operating leases were as follows:

	Year Ended December 31,		
	2023	2022	2021
Cash paid for amounts included in the measurement of operating lease liabilities	$ 8,509	$ 6,875	$ 7,683
Operating lease ROU assets obtained in exchange for lease liabilities	—	427	—

	December 31, 2023	December 31, 2022
Weighted-average remaining operating lease term (in years)	0.93	1.93
Weighted-average operating lease discount rate	5.78 %	5.76 %

7. INCOME TAXES

The components of loss before income tax were as follows:

	Year Ended December 31,		
	2023	2022	2021
Domestic	$ (118,481)	$ (177,649)	$ (148,343)
Foreign	7,298	7,012	5,254
Total	$ (111,183)	$ (170,637)	$ (143,089)

Income tax expense consisted of the following:

	Year Ended December 31,		
	2023	2022	2021
Current taxes:			
Federal	$ —	$ —	$ —
State	3	189	11
Foreign	4,977	4,872	3,025
Total current	$ 4,980	$ 5,061	$ 3,036
Deferred taxes:			
Federal	$ —	$ —	$ —
State	—	—	—
Foreign	391	(341)	(910)
Total deferred	$ 391	$ (341)	$ (910)
Total income tax expense	$ 5,371	$ 4,720	$ 2,126

The reconciliation between the statutory U.S. federal income tax rate and our effective tax rate as a percentage of loss before income taxes was as follows:

	Year Ended December 31,		
	2023	2022	2021
U.S federal income taxes at statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	2.7 %	2.1 %	4.3 %
Foreign income taxes at rates other than the U.S. rate	(3.5)%	(1.8)%	(0.7)%
Change in valuation allowance	(28.7)%	(19.8)%	(47.3)%
Research and development credits	8.2 %	3.5 %	7.3 %
Stock-based compensation	(5.4)%	(4.4)%	13.3 %
Foreign inclusions	— %	(3.7)%	— %
Other	0.9 %	0.3 %	0.6 %
Effective income tax rate	(4.8)%	(2.8)%	(1.5)%

Significant components of our deferred tax assets and liabilities consisted of the following:

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Net operating loss carryforwards	$ 130,849	$ 112,003
Capitalized research and development costs	51,940	29,047
Research and development credits	42,764	31,248
Stock-based compensation	11,160	22,196
Lease liabilities	1,512	3,312
Deferred revenue	937	1,058
Accruals and reserves	813	743
Gross deferred tax assets	239,975	199,607
Valuation allowance	(225,513)	(185,606)
Total deferred tax assets	$ 14,462	$ 14,001
Deferred tax liabilities:		
Deferred commissions	(6,768)	(5,586)
Depreciation and amortization	(5,810)	(5,086)
Operating lease ROU assets	(1,070)	(2,172)
Total deferred tax liabilities	$ (13,648)	$ (12,844)
Net deferred tax assets	$ 814	$ 1,157

Based on the weight of the available evidence, which includes our historical operating losses, lack of taxable income, and the accumulated deficit, we have a full valuation allowance against our U.S. federal and state deferred tax assets as of December 31, 2023 and 2022. We increased the valuation allowance for the years ended December 31, 2023 and 2022 by $39,907 and $33,838.

As of December 31, 2023, U.S. federal and state NOL carryforwards were $556,468 and $206,519, respectively, and U.S. federal and state research and development tax credit carryforwards were $39,483 and $27,351, respectively. If not utilized, certain of the federal and state NOLs will expire at various dates beginning in 2031, while the federal research and development tax credit carryforwards will expire in various amounts beginning in 2033. State research and development tax credit carryforwards can be carried forward indefinitely.

Our NOL and tax credit carryovers may be subject to annual limitations of usage, as promulgated by the Internal Revenue Service and similar state provisions, due to ownership changes that may have occurred in the past. The annual limitation may result in the expiration of NOLs and tax credits before utilization.

The federal NOL carryforwards generated after December 31, 2017 have an indefinite carryforward period and are subject to an 80% deduction limitation based upon taxable income prior to NOL deduction. Of the total federal NOL carryforwards as of December 31, 2023, $405,529 are carried forward indefinitely, but are limited to 80% of taxable income.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 (“IRA”), which, among other things, implements a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases and several tax incentives to promote clean energy. The IRA did not have a material impact on our Consolidated Financial Statements.

Uncertain Tax Positions

As of December 31, 2023, we had unrecognized tax benefits of $22,535 of which $2,484 would impact our effective tax rate, if recognized. The activity related to the unrecognized tax benefits was as follows:

	Year Ended December 31,		
	2023	2022	2021
Gross unrecognized tax benefits—beginning of period	$ 16,371	$ 12,539	$ 7,477
Increases related to tax positions taken during current year	5,052	3,641	4,850
Increases related to tax positions taken during prior years	1,163	248	220
Decreases related to tax positions taken during prior years	(51)	(57)	(8)
Gross unrecognized tax benefits—end of period	$ 22,535	$ 16,371	$ 12,539

We recognize interest and penalties related to unrecognized tax benefits in income tax expense. Interest and penalties were not material as of December 31, 2023, 2022, and 2021.

We file income tax returns subject to varying statutes of limitations. Due to our loss carryovers, the statutes of limitations remain open for all tax years since inception in our major tax jurisdictions. The tax returns for the fiscal years ended 2022, 2021, and 2020 are currently under examination in India. We believe that we have provided adequate reserves for income tax uncertainties in all open tax years. We are not under examination in any other jurisdiction. We are not currently aware of uncertain tax positions that could result in significant additional payments, accruals, or other material deviation in the next 12 months.

8. NET LOSS PER SHARE

The following table presents the calculation of basic and diluted net loss per share:

	Year Ended December 31,		
	2023	2022	2021
Numerator:			
Net loss	$ (116,554)	$ (175,357)	$ (145,215)
Denominator:			
Weighted-average shares used in computing net loss per share—basic and diluted	150,957,814	145,263,726	113,587,523
Net loss per share—basic and diluted	$ (0.77)	$ (1.21)	$ (1.28)

The following potentially dilutive securities were excluded from the computation of diluted net loss per share calculations for the periods presented because the impact of including them would have been anti-dilutive:

	Year Ended December 31,		
	2023	2022	2021
Common stock options	11,165,138	18,153,195	23,000,872
RSUs	18,361,046	22,773,053	7,387,288
Shares subject to repurchase	—	—	2,607
ESPP Rights	126,768	123,603	65,446
Total	29,652,952	41,049,851	30,456,213

9. COMMITMENTS AND CONTINGENCIES

Purchase Obligations

Our purchase obligations primarily relate to a third-party cloud infrastructure agreement, subscription arrangements, and service agreements used to facilitate our operations. As of December 31, 2023, we had approximately $23,058 of future minimum payments under our non-cancelable purchase obligations with a remaining term in excess of one year, which are expected to be paid through 2026.

	Purchase Obligations
2024	$ 9,875
2025	11,308
2026	1,875
Total	$ 23,058

Legal Proceedings

From time to time, we may be subject to legal proceedings, as well as demands, claims, and threatened litigation. The outcomes of legal proceedings and other contingencies are inherently unpredictable, subject to significant uncertainties, and could be material to our operating results and cash flows for a particular period. Regardless of the outcome, litigation can have an adverse impact on our business because of defense and settlement costs, diversion of management resources, and other factors. Other than the matters described below, we are not currently party to any legal proceeding that we believe, as of the filing of this Annual Report on Form 10-K, could have a material adverse effect on our business, operating results, cash flows, or financial condition should such litigation or claim be resolved unfavorably.

We regularly review the status of each significant matter and assess its potential likelihood of loss or exposure. We record an accrual for loss contingencies for legal proceedings when we believe that an unfavorable outcome is both (i) probable and (ii) the amount or range of any possible loss is reasonably estimable. The Company intends to vigorously defend itself in these matters, and while there can be no assurances and the outcome of these matters is currently not determinable, the Company currently believes that, except as set forth below, these existing claims or proceedings are not likely, individually and in the aggregate, to have a material adverse effect on its financial position. Notwithstanding the foregoing, there are many uncertainties associated with any litigation and these matters or other third-party claims against the Company may cause the Company to incur costly litigation and/or substantial settlement charges. In addition, the resolution of any intellectual property litigation may require the Company to make royalty payments, which could adversely affect gross margins in future periods. If any of those events were to occur, the Company's business, financial condition, results of operations, and cash flows could be adversely affected. The actual liability in any such matters may be materially different from the Company's estimates, if any, which could result in the need to adjust the liability and record additional expenses.

Privacy Class Action Lawsuit

In November 2023, a putative class action complaint, Iman Ghazizadeh, et al v. Coursera, Inc., was filed against Coursera, Inc. in the United States District Court (the "Court") for the Northern District of California (Case No. 5:23-cv-05646) for alleged violations of the Video Privacy Protection Act, 18 U.S.C. Section 2710 et seq. ("VPPA"). The complaint alleges, among other things, that without consent or knowledge of the plaintiff, Coursera disclosed the video viewing history and certain other information of the plaintiff to a third-party company and made similar disclosures without the knowledge or consent of other unidentified users. The plaintiff seeks monetary damages for certain violations under the VPPA, including interest and reasonable attorney's fees. In January 2024, the Company filed a motion to dismiss, which is pending before the Court. Given the procedural posture and the nature of such litigation matter, it is not possible to reasonably estimate the probability that we will ultimately prevail or be held liable for the violations alleged in this complaint, nor is it possible to reasonably estimate the loss, if any, or range of loss that could result from this matter. We dispute the claims and intend to vigorously defend against them.

Indemnifications

In the normal course of business, we enter into contracts and agreements that contain a variety of representations and warranties and provide for the potential of general indemnification obligations. Our exposure under these agreements is unknown because it involves future claims that may be made against us but have not yet been made. To date, we have not paid any material claims and have not been required to defend any actions related to our indemnification obligations; however, we may record charges in the future as a result of these indemnification obligations. In addition, we have indemnification agreements with certain of our directors, executive officers, and other employees that require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service with Coursera. The terms of such obligations may vary.

10. REDEEMABLE CONVERTIBLE PREFERRED STOCK

Upon the closing of our IPO, all outstanding shares of our redeemable convertible preferred stock automatically converted into 75,305,400 shares of common stock on a one-for-one basis. As of December 31, 2023 and 2022, there were no shares of redeemable convertible preferred stock issued and outstanding.

11. STOCKHOLDERS' EQUITY (DEFICIT)

Preferred Stock

In connection with the IPO, we authorized the issuance of 10,000,000 shares of undesignated preferred stock with a par value of $0.00001 per share, with rights and preferences, including voting rights, to be designated from time to time by the board of directors. As of December 31, 2023, there were no shares of preferred stock issued or outstanding.

Share Repurchase Program

On April 26, 2023, our board of directors approved a share repurchase program (the "Repurchase Program") with authorization to purchase up to $95 million of our common stock. We may repurchase shares of common stock from time to time through open market purchases, in privately negotiated transactions, or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, in accordance with applicable securities laws and other restrictions. The number of shares to be repurchased and the timing of the repurchases, if any, will depend on several factors, including, without limitation, business, economic, and market conditions, corporate, legal, and regulatory requirements, prevailing stock prices, trading volume, and other considerations. The Repurchase Program may be suspended or discontinued at any time and does not obligate us to acquire any amount of common stock.

We funded share repurchases under the Repurchase Program with our existing cash and cash equivalents. During the year ended December 31, 2023, we repurchased an aggregate of 4,829,803 shares of our common stock for $58.5 million pursuant to a Rule 10b5-1 trading plan. As of December 31, 2023, we had $36.6 million, excluding commissions, remaining under the Repurchase Program, which has no expiration date and will continue unless otherwise suspended or discontinued.

12. EMPLOYEE BENEFIT PLANS

Stock Incentive Plans

In 2013, we adopted the Coursera, Inc. Stock Incentive Plan (the "Stock Incentive Plan") and in 2014, adopted the Coursera, Inc. 2014 Executive Stock Incentive Plan (together, the "Predecessor Plans"), pursuant to which we granted a combination of incentive and non-statutory stock options and RSUs. The Predecessor Plans were terminated in March 2021 in connection with the IPO but continue to govern the terms and conditions of the outstanding awards granted pursuant to the Predecessor Plans.

In February 2021, we adopted the 2021 Stock Incentive Plan (the "2021 Plan") and the 2021 Employee Stock Purchase Plan (the "ESPP"), which became effective on March 30, 2021 when the registration statement for the IPO was declared effective (collectively, the 2021 Plan, the ESPP, and the Predecessor Plans are referred to as the "Plans"). The 2021 Plan provides for the granting of incentive and non-statutory stock options, RSUs and other equity-based awards. Pursuant to the ESPP, eligible employees may purchase shares of common stock through payroll deductions at 85 percent of the lower of the market price of our common stock on the date of commencement of the applicable offering period or on the last day of each six-month purchase period. The offering periods start on the first trading day on or after May 11 and November 11 of each year, except for the first offering period, which commenced on the IPO effective date, or March 30, 2021, and ended on May 10, 2023.

As of December 31, 2023, 12,605,201 shares and 4,307,884 shares of our common stock were reserved for issuance under the 2021 Plan and ESPP.

Under the ESPP, if the closing market price of our common stock on the offering date of a new offering falls below the closing market price of our common stock on the offering date of an ongoing offering, the ongoing offering terminates immediately following the settlement of ESPP Rights shares on the purchase date. Participants in the terminated offering are automatically enrolled in the new offering (an "ESPP Rights Reset"), triggering a revaluation of stock-based compensation expense and a modification charge to be recognized ratably over the new offering period if the revalued expense is greater than the original expense. During the years ended December 31, 2023 and 2022, we had ESPP Rights Resets that resulted in modification charges of $3,119 and $9,047, which are being recognized ratably over the new offering periods.

Stock Options

We may grant stock options at prices not less than the grant date fair value. These stock options generally expire 10 years from the grant date. Incentive stock options and non-statutory stock options generally vest ratably over a four-year service period.

Stock option activity under the Plans for the year ended December 31, 2023 was as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Balance—December 31, 2022	18,153,195	$ 6.07	5.41	$ 120,289
Granted	454,626	14.72		
Exercised	(6,621,448)	4.13		
Canceled	(821,235)	13.41		
Balance—December 31, 2023	11,165,138	$ 7.03	5.22	$ 142,444
Options vested	9,462,200	$ 5.70	4.74	$ 131,590

Aggregate intrinsic value represents the difference between the exercise price of the stock options and the fair value of our common stock. The aggregate intrinsic value of stock options exercised was $72,649, $57,311, and $296,635 for the years ended December 31, 2023, 2022, and 2021. The weighted-average grant date fair value of options granted for the years ended December 31, 2023, 2022, and 2021 was $8.41, $7.26, and $16.23.

RSUs

RSUs grants have a service-based vesting condition, which is satisfied generally either (i) over four years with a 25% cliff vesting period after one year and 6.25% vesting each quarter thereafter for new hires, or (ii) over four years with 6.25% vesting each quarter for new grants to existing employees. The related stock-based compensation expense is recognized on a straight-line basis over the requisite service period.

RSU activity under the Plans for the year ended December 31, 2023 was as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested balance—December 31, 2022	22,773,053	$ 17.75	$ 269,779
Granted	7,335,245	12.41	
Vested	(8,449,866)	17.73	
Forfeited	(3,297,386)	19.91	
Unvested balance—December 31, 2023	18,361,046	$ 15.24	$ 355,653

The aggregate fair value of RSUs that vested was $130,891, $29,966, and $18,767 for the years ended December 31, 2023, 2022, and 2021.

Stock-Based Compensation Expense

A summary of the weighted-average assumptions we utilized to record stock-based compensation expense for stock options granted is as follows:

	Year Ended December 31,		
	2023	2022	2021
Fair value of common stock	$ 14.72	$ 12.80	$ 29.99
Risk-free interest rate	3.7 %	3.1 %	1.3 %
Expected term (in years)	6.1	6.1	6.2
Expected volatility	57.3 %	57.7 %	57.1 %
Dividend yield	— %	— %	— %

The following table summarizes the assumptions used in estimating the fair value of ESPP Rights:

	Year Ended December 31,		
	2023	2022	2021
Risk-free interest rate	3.9% - 5.5%	1.4% - 4.6%	0.0% - 0.5%
Expected term (in years)	0.5 - 2.0	0.5 - 2.0	0.5 - 2.0
Expected volatility	39.2% - 61.0%	59.4% - 76.5%	48.3% - 61.9%
Dividend yield	—%	—%	—%

Stock-based compensation expense is classified in the Consolidated Statements of Operations as follows:

	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	$ 2,593	$ 3,089	$ 2,092
Research and development	49,931	48,779	42,783
Sales and marketing	31,299	30,092	25,992
General and administrative	31,352	28,703	20,316
Restructuring related charges	(5,605)	122	—
Total	$ 109,570	$ 110,785	$ 91,183

We capitalized $7,055, $5,407, and $4,890 of stock-based compensation related to our internal-use software during the years ended December 31, 2023, 2022, and 2021.

As of December 31, 2023, there was a total of $14,626 unrecognized employee compensation cost related to unvested stock options, which is expected to be recognized over a weighted-average period of approximately 1.9 years. In addition, as of December 31, 2023, total unrecognized compensation cost related to unvested RSUs was $230,963, which is expected to be recognized over a weighted-average period of approximately 2.5 years. Total unrecognized stock-based compensation cost related to ESPP Rights as of December 31, 2023 was $7,330, which is expected to be recognized over a weighted-average period of approximately 1.0 years.

Income tax benefits recognized from stock-based compensation expense for the years ended December 31, 2023, 2022, and 2021 were $753, $835, and $821 due to cumulative losses and valuation allowances.

For the years ended December 31, 2023, 2022, and 2021, income tax benefits realized related to stock-based awards vested and exercised were $1,326, $387, and $968 due to cumulative losses and valuation allowances.

Common Stock Reserved for Issuance

Our common stock reserved for future issuance was as follows:

	December 31, 2023	December 31, 2022
Stock options outstanding	11,165,138	18,153,195
RSUs outstanding	18,361,046	22,773,053
Shares available for future grants	16,913,085	8,819,998
Total shares of common stock reserved	46,439,269	49,746,246

401(k) Plan

We have a 401(k) savings plan (the "401(k) Plan") that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to 100% of their eligible compensation, subject to certain limitations. The 401(k) Plan provides for a discretionary employer-matching contribution. We made matching contributions of $1,710 and $1,791 to the 401(k) Plan for the years ended December 31, 2023 and 2022. No matching contributions were made during the year ended December 31, 2021.

13. RELATED PARTY TRANSACTIONS

We have a content sourcing agreement with DeepLearning.AI Corp ("DeepLearning.AI"), which was entered into in the normal course of business and under standard terms. Dr. Andrew Ng, one of our co-founders and Chairman of our board of directors owns DeepLearning.AI. Content fees earned by DeepLearning.AI during the years ended December 31, 2023, 2022, and 2021 were $7,401, $5,679, and $6,558, and were recorded within cost of revenue in the Consolidated Statements of Operations. As of December 31, 2023 and 2022, outstanding educator partner payables related to this content sourcing agreement were $3,895 and $1,223.

14. SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

Our chief operating decision maker ("CODM") is our Chief Executive Officer. For the purposes of allocating resources and assessing performance, the CODM examines three segments which are our three revenue sources: Consumer, Enterprise, and Degrees. This is also consistent with how we disaggregate revenue.

The Consumer segment targets individual learners seeking to obtain hands-on learning, gain valuable job skills, receive professional-level certifications, and otherwise increase their knowledge to start or advance their careers. The Enterprise segment is focused on serving businesses, governmental organizations, and academic institutions by providing an online platform with access to job-relevant educational content enabling them to train, upskill, and reskill their employees, citizens, and students, faculty, and staff, respectively. The Degrees segment is primarily engaged in partnering with universities to deliver fully online bachelor's and master's degrees. The CODM measures the performance of each segment primarily based on its revenue and gross profit.

Segment gross profit, as presented below, is defined as segment revenue less certain costs of revenue that represent content costs paid to educator partners. Content costs only apply to the Consumer and Enterprise segments as there is no content cost attributable to the Degrees segment. Content costs are considered significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment gross profit. Expenses other than content costs included in cost of revenue are not allocated to segments because they are managed on an enterprise-wide basis. These unallocated costs include platform and support costs, stock-based compensation expense, and amortization of intangible assets and internal-use software. In addition, we do not allocate sales and marketing expenses, research and development expenses, and general and administrative expenses because the CODM does not consider this information in the measurement of each segment's performance. While we have three segments, our technology and operating platforms support the entire organization.

The CODM does not use segment-level asset information to assess performance and make decisions regarding resource allocation, and we do not track our long-lived assets by segment. The geographic identification of these assets is set forth below.

Financial information for each reportable segment was as follows:

	Year Ended December 31,		
	2023	2022	2021
Revenue			
Consumer	$ 365,221	$ 295,583	$ 246,187
Enterprise	219,542	181,284	120,429
Degrees	51,001	46,889	48,671
Total revenue	$ 635,764	$ 523,756	$ 415,287
Segment gross profit			
Consumer	$ 193,001	$ 214,305	$ 161,510
Enterprise	150,384	126,573	81,253
Degrees	51,001	46,889	48,671
Total segment gross profit	$ 394,386	$ 387,767	$ 291,434
Reconciliation of segment gross profit to gross profit			
Platform and support costs	$ 42,134	$ 37,471	$ 28,014
Stock-based compensation expense	2,593	3,089	2,092
Amortization of internal-use software	16,894	13,128	9,675
Amortization of intangible assets	2,994	2,600	2,184
Total reconciling items	64,615	56,288	41,965
Gross profit	$ 329,771	$ 331,479	$ 249,469

Geographic Information

Revenue

The following table summarizes the revenue by region based on the billing address of our customers:

	Year Ended December 31,		
	2023	2022	2021
United States	$ 340,672	$ 276,011	$ 210,513
Europe, Middle East, and Africa	153,037	130,607	112,643
Asia Pacific	82,331	68,943	54,763
Other	59,724	48,195	37,368
Total	$ 635,764	$ 523,756	$ 415,287

No single country other than the United States represented 10% or more of our total revenue during the years ended December 31, 2023, 2022, and 2021.

Long-lived Assets

The following table presents our long-lived assets, consisting of property, equipment, and software, net of depreciation and amortization, and operating lease ROU assets, by geographic region:

	December 31, 2023	December 31, 2022
United States	$ 34,047	$ 35,457
Rest of World	1,100	1,244
Total	$ 35,147	$ 36,701

15. RESTRUCTURING RELATED CHARGES

We have been reducing our expenses, focusing our efforts, and prioritizing investments in key initiatives that are expected to drive long-term, sustainable growth. In connection with this effort, on November 9, 2022, we enacted a plan to reduce our global workforce to better align our cost structure and personnel needs with our business objectives, growth opportunities, and operational priorities.

As a result of this reduction, we recognized restructuring related charges, within operating expenses, of $10.1 million mainly related to personnel expenses, such as employee severance and benefits costs during the year ended December 31, 2022. Related cash payments of $5.1 million and $4.8 million were made in the years ended December 31, 2023 and 2022 and reflected as cash used in operating activities in our Consolidated Statements of Cash Flows. We recognized a reversal of stock-based compensation expense of approximately $5.6 million during the year ended December 31, 2023, resulting from the forfeiture of RSUs and stock options. All expenses relating to this restructuring were paid as of December 31, 2023.

In January 2024, we implemented a plan to restructure our Enterprise segment sales force and expect to recognize incremental operating expenses, related to the restructuring, of $2 million to $3 million during the three months ended March 31, 2024, substantially all of which will be paid within the quarter.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Annual Report on Form 10-K, and have concluded that, based on such evaluation, our disclosure controls and procedures were effective as of December 31, 2023 at the reasonable assurance level to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2023. Deloitte & Touche LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, has issued a report on the effectiveness of our internal control over financial reporting as of December 31, 2023, which is included in Part II, Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, in designing and evaluating the disclosure controls and procedures, management recognizes that any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

Item 9B. Other Information

Rule 10b5-1 Trading Arrangements

During the three months ended December 31, 2023, the following director and officer (as defined in Rule 16a-1(f) of the Exchange Act) adopted a Rule 10b5-1 trading arrangement, as defined in Item 408 of Regulation S-K, for the sale of our common stock. Shares in each 10b5-1 trading arrangement that are subject to restricted stock units ("RSUs") and stock options may only be traded following satisfaction of applicable vesting requirements. In addition, because of pricing (such as future share price targets) and timing conditions in each 10b5-1 trading arrangement, it is not yet determinable how many shares actually will be sold under each plan prior to its expiration date.

On November 8, 2023, Sabrina L. Simmons, a director, entered into a Rule 10b5-1 trading arrangement that provides for the sale of up to 8,093 shares subject to the vesting of RSUs. This trading arrangement is scheduled to expire on June 3, 2024.

On November 22, 2023, Leah Belsky, Senior Vice President and Chief Revenue Officer, entered into a Rule 10b5-1 trading arrangement that provides for the sale of up to (i) 25,000 shares of our common stock, (ii) the net shares (not yet determinable) after shares are withheld to satisfy tax obligations subject to the vesting of up to 308,098 RSUs, and (iii) 30,000 shares subject to the vesting of stock options (which includes shares to be sold to pay the exercise price and tax withholding obligations). This trading arrangement is scheduled to expire on November 22, 2024.

These Rule 10b5-1 trading arrangements were entered into in writing during an open trading window and are intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended, and our policies regarding transactions in our securities.

During the three months ended December 31, 2023, no other directors or officers adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement", as defined in Item 408 of Regulation S-K.

Item 9C. Disclosures Regarding Foreign Jurisdictions That Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this Item (other than the information set forth in the next paragraph) will be included in our definitive proxy statement for our 2024 annual meeting of stockholders, or our 2024 Proxy Statement, to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2023, and is incorporated herein by reference.

Our board of directors has adopted a code of conduct that applies to all of our employees, officers, and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. The full text of our code of conduct is posted on the investor relations section on our website, which is located at https://investor.coursera.com. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our code of conduct by posting such information in the investor relations section of our website.

Item 11. Executive Compensation

The information required by this Item will be included in our 2024 Proxy Statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2023 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be included in our 2024 Proxy Statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2023 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be included in our 2024 Proxy Statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2023 and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information about aggregate fees billed to us by our principal accountant, Deloitte & Touche LLP (PCAOB ID No. 34) will be included in our 2024 Proxy Statement to be filed within 120 days after the end of our fiscal year ended December 31, 2023 and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statements Schedules

The following documents are filed as part of this Annual Report on Form 10-K:

1. Financial Statements

See Index to Financial Statements under Part II, Item 8, "Financial Statements and Supplementary Data."

2. Financial Statement Schedules

Schedules not listed above have been omitted because they are not required, not applicable, or the required information is otherwise included.

3. Exhibits

The exhibits listed below are filed as part of this Annual Report on Form 10-K or are incorporated herein by reference as indicated. Each management contract or compensatory plan or arrangement required to be filed has been identified.

Exhibit Number	Description	Form	SEC File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation, as amended and as currently in effect.	10-Q	001-40275	3.1	8/13/2021
3.2	Amended and Restated Bylaws, as amended and as currently in effect.	10-Q	001-40275	3.2	8/13/2021
4.1	Form of Common Stock Certificate.	S-1	333-253932	4.1	3/5/2021
4.2	Description of Capital Stock.	10-K	001-40275	4.2	3/3/2022
10.1	Lease by and between Coursera, Inc. and SFERS Real Estate Corp. U, dated as of October 31, 2001, as amended.	S-1	333-253932	10.1	3/5/2021
10.2+	Form of Indemnification Agreement between Coursera, Inc. and its directors and officers.	S-1	333-253932	10.2	3/5/2021
10.3+	Coursera, Inc. 2014 Executive Stock Incentive Plan, as amended, and Forms of Stock Option Agreement, Option Exercise Agreement, and Restricted Stock Award Agreement thereunder.	S-1	333-253932	10.3	3/5/2021
10.4+	Coursera, Inc Stock Incentive Plan, as amended and restated, and Forms of Stock Option Agreement, Stock Exercise Agreement, and Restricted Stock Unit Agreement thereafter.	S-1	333-253932	10.4	3/5/2021
10.5+	Coursera, Inc. 2021 Stock Incentive Plan and Forms of Stock Option Agreement, Notice of Exercise, Stock Option Grant Notice, Restricted Stock Unit Agreement, and Restricted Stock Agreement thereunder.	10-Q	001-40275	10.1	5/11/2021
10.6+	Coursera, Inc. 2021 Employee Stock Purchase Plan.	10-Q	001-40275	10.2	5/11/2021
10.7+	Offer Letter between Coursera, Inc. and Jeffrey N. Maggioncalda, dated June 1, 2017.	S-1	333-253932	10.7	3/5/2021
10.8+	Offer Letter between Coursera, Inc. and Kenneth R. Hahn, dated April 27, 2020.	S-1	333-253932	10.8	3/5/2021
10.9+	Offer Letter between Coursera, Inc. and Leah F. Belsky, dated July 1, 2018.	S-1	333-253932	10.10	3/5/2021
10.10+	Offer Letter between Coursera, Inc. and Anne T. Cappel, dated October 19, 2017.	S-1	333-253932	10.11	3/5/2021
10.11+	Offer Letter between Coursera, Inc. and Shravan K. Goli, dated March 29, 2018.	S-1	333-253932	10.13	3/5/2021
10.12+	Offer Letter between Coursera, Inc. and Richard J. Jacquet, Jr., dated December 27, 2018.	S-1	333-253932	10.15	3/5/2021
10.13	Online Course Hosting and Services Agreement by and between DeepLearning.AI. Corp. and Coursera, Inc., dated October 1, 2020.	S-1	333-253932	10.18	3/5/2021

10.14	Consultant and Proprietary Information Nondisclosure Agreement between Coursera, Inc. and Andrew Y. Ng, dated June 1, 2014.	S-1	333-253932	10.19	3/5/2021
10.15+	Coursera, Inc. Amended and Restated Executive Severance Plan.	10-Q	001-40275	10.2	5/6/2022
10.16	Amended and Restated Investors' Rights Agreement by and among Coursera, Inc., Future Fund Investment Company No. 4 Pty Ltd., and the investors listed therein, dated July 7, 2020.	S-1	333-253932	10.21	3/5/2021
10.17+	Amended and Restated Non-Employee Director Compensation Policy of the Board of Directors of Coursera, Inc.	10-K	001-40275	10.17	2/23/2023
10.18+	Offer Letter between Coursera, Inc. and Michele M. Meyers, dated February 9, 2022.	10-Q	001-40275	10.1	5/6/2022
10.19+	Offer Letter between Coursera, Inc. and Alan B. Cardenas dated April 4, 2023.				
21.1	List of Subsidiaries of Coursera, Inc.				
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm.				
24.1	Power of Attorney (included on signature page)				
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1#	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2#	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
97.1	Coursera, Inc. Senior Executive Compensation Recoupment Policy.				
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).				

+ Indicates management contract or compensatory plan or arrangement.

In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Exchange Act or deemed to be incorporated by reference into any filing under the Exchange Act or the Securities Act of 1933 except to the extent that the Company specifically incorporates it by reference.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COURSERA, INC.

Date: February 22, 2024	By: /s/ Jeffrey N. Maggioncalda **Jeffrey N. Maggioncalda** **President, Chief Executive Officer, and Director** (Principal Executive Officer)
Date: February 22, 2024	By: /s/ Kenneth R. Hahn **Kenneth R. Hahn** **Senior Vice President, Chief Financial Officer, and Treasurer** (Principal Financial Officer)
Date: February 22, 2024	By: /s/ Michele M. Meyers **Michele M. Meyers** **Vice President, Accounting and Chief Accounting Officer** (Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jeffrey N. Maggioncalda and Kenneth R. Hahn, and each of them, as his or her true and lawful attorneys-in-fact and agents, each with the full power of substitution, for him or her and in his or her name, place, or stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jeffrey N. Maggioncalda	**President, Chief Executive Officer, and Director**	February 22, 2024
Jeffrey N. Maggioncalda	(Principal Executive Officer)	
/s/ Kenneth R. Hahn	**Senior Vice President, Chief Financial Officer, and Treasurer**	February 22, 2024
Kenneth R. Hahn	(Principal Financial Officer)	
/s/ Michele M. Meyers	**Vice President, Accounting and Chief Accounting Officer**	February 22, 2024
Michele M. Meyers	(Principal Accounting Officer)	
/s/ Andrew Y. Ng	Chairman	February 22, 2024
Andrew Y. Ng		
/s/ Carmen Chang	Director	February 22, 2024
Carmen Chang		
/s/ Amanda M. Clark	Director	February 22, 2024
Amanda M. Clark		
/s/ Christopher D. McCarthy	Director	February 22, 2024
Christopher D. McCarthy		
/s/ Theodore R. Mitchell	Director	February 22, 2024
Theodore R. Mitchell		
/s/ Susan W. Muigai	Director	February 22, 2024
Susan W. Muigai		
/s/ Scott D. Sandell	Director	February 22, 2024
Scott D. Sandell		
/s/ Sabrina L. Simmons	Director	February 22, 2024
Sabrina L. Simmons		

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