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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2026

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.)**
2440 West El Camino Real, Suite 500 Mountain View, California	**94040**
(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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 29, 2026, the registrant had 253.3 million shares of common stock, $0.00001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

COURSERA, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(In millions, except par value amounts)
(Unaudited)

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 670.6	$ 792.6
Marketable securities	104.9	—
Accounts receivable, net	140.0	65.4
Deferred costs, net	32.2	19.6
Prepaid expenses and other current assets	52.9	20.5
Total current assets	1,000.6	898.1
Property, equipment, and software, net	57.1	43.4
Intangible assets, net	410.3	27.1
Goodwill	182.7	—
Strategic investments[1]	110.0	1.7
Other assets	44.7	29.7
Total assets	$ 1,805.4	$ 1,000.0
Liabilities and Stockholders' Equity		
Current liabilities:		
Content liabilities	$ 120.7	$ 100.0
Other accounts payable and accrued expenses	63.1	29.8
Accrued compensation and benefits	56.9	36.7
Deferred revenue, current	458.5	180.9
Other current liabilities	29.2	10.5
Total current liabilities	728.4	357.9
Deferred revenue, non-current	3.2	1.4
Other liabilities	16.5	5.0
Total liabilities	748.1	364.3
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, $0.00001 par value—10.0 shares authorized and no shares issued and outstanding as of September 30, 2026 and December 31, 2025	—	—
Common stock, $0.00001 par value—600.0 shares authorized as of December 31, 2025; 258.6 shares issued and outstanding as of September 30, 2026, and 167.9 shares issued and outstanding as of December 31, 2025	—	—
Additional paid-in capital	2,095.0	1,546.9
Accumulated other comprehensive income	—	—
Accumulated deficit	(1,037.7)	(911.2)
Total stockholders' equity	1,057.3	635.7
Total liabilities and stockholders' equity	$ 1,805.4	$ 1,000.0

(1) Includes $100.0 million related to a strategic investment in a related party as of September 30, 2026. Refer to Note 13 for additional information.

See Notes to Condensed Consolidated Financial Statements.

COURSERA, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 376.7	$ 194.2	$ 871.0	$ 560.6
Cost of revenue	156.6	88.2	368.9	254.0
Gross profit	220.1	106.0	502.1	306.6
Operating expenses:				
Research and development	52.1	30.0	127.1	88.8
Sales and marketing	129.5	67.4	302.8	187.8
General and administrative	36.6	24.2	90.5	76.0
Merger, integration, and restructuring related costs	30.8	—	120.6	(0.9)
Total operating expenses	249.0	121.6	641.0	351.7
Loss from operations	(28.9)	(15.6)	(138.9)	(45.1)
Interest income, net	6.8	8.3	21.6	24.1
Other expense, net	(0.9)	(0.5)	(3.1)	(0.1)
Loss before income taxes	(23.0)	(7.8)	(120.4)	(21.1)
Income tax expense	2.6	0.8	6.1	3.1
Net loss	$ (25.6)	$ (8.6)	$ (126.5)	$ (24.2)
Net loss per share—basic and diluted	$ (0.10)	$ (0.05)	$ (0.57)	$ (0.15)
Weighted average shares used in computing net loss per share—basic and diluted	264.7	164.6	222.6	162.6

See Notes to Condensed Consolidated Financial Statements.

COURSERA, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Loss
(In millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net loss	$ (25.6)	$ (8.6)	$ (126.5)	$ (24.2)
Other comprehensive income (loss)				
Change in unrealized gain (loss) on marketable securities, net of tax	(0.1)	—	(0.2)	—
Foreign currency translation gain (loss), net of tax	—	—	0.2	—
Total other comprehensive income (loss)	$ (0.1)	$ —	$ —	$ —
Comprehensive loss	$ (25.7)	$ (8.6)	$ (126.5)	$ (24.2)

See Notes to Condensed Consolidated Financial Statements.

COURSERA, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity
(In millions)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balance—June 30, 2026	274.5	$ —	$ 2,179.0	—	$ —	$ 0.1	$ (1,012.1)	$ 1,167.0
Exercise of stock options	0.1	—	0.2	—	—	—	—	0.2
Vesting of restricted stock units, net of tax withholdings	2.1	—	(7.5)	—	—	—	—	(7.5)
Repurchases of common stock	(18.1)	—	(101.6)	—	—	—	—	(101.6)
Stock-based compensation	—	—	24.9	—	—	—	—	24.9
Other comprehensive income	—	—	—	—	—	(0.1)	—	(0.1)
Net loss	—	—	—	—	—	—	(25.6)	(25.6)
Balance—September 30, 2026	258.6	$ —	$ 2,095.0	—	$ —	$ —	$ (1,037.7)	$ 1,057.3
Balance—December 31, 2025	167.9	$ —	$ 1,546.9	—	$ —	$ —	$ (911.2)	$ 635.7
Exercise of stock options	0.3	—	0.7	—	—	—	—	0.7
Vesting of restricted stock units, net of tax withholdings	6.9	—	(26.1)	—	—	—	—	(26.1)
Repurchases of common stock	(34.6)	—	(191.9)	—	—	—	—	(191.9)
Issuance of common stock related to employee stock purchase plan	0.5	—	2.7	—	—	—	—	2.7
Issuance of common stock in connection with the Merger with Udemy	117.6	—	673.6	—	—	—	—	673.6
Stock-based compensation	—	—	89.1	—	—	—	—	89.1
Other comprehensive income	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	(126.5)	(126.5)
Balance—September 30, 2026	258.6	$ —	$ 2,095.0	—	$ —	$ —	$ (1,037.7)	$ 1,057.3
Balance—June 30, 2025	163.5	$ —	$ 1,519.8	1.8	$ (17.0)	$ —	$ (875.8)	$ 627.0
Exercise of stock options	1.6	—	(2.2)	(0.7)	7.0	—	—	4.8
Vesting of restricted stock units, net of tax withholdings	1.1	—	(18.7)	(1.1)	10.0	—	—	(8.7)
Stock-based compensation	—	—	25.0	—	—	—	—	25.0
Net loss	—	—	—	—	—	—	(8.6)	(8.6)
Balance—September 30, 2025	166.2	$ —	$ 1,523.9	—	$ —	$ —	$ (884.4)	$ 639.5
Balance—December 31, 2024	160.1	$ —	$ 1,506.7	5.2	$ (49.1)	$ —	$ (860.2)	$ 597.4
Exercise of stock options	2.5	—	(6.0)	(1.6)	14.6	—	—	8.6
Vesting of restricted stock units, net of tax withholdings	3.2	—	(52.2)	(3.2)	30.4	—	—	(21.8)
Issuance of common stock related to employee stock purchase plan	0.4	—	(1.3)	(0.4)	4.1	—	—	2.8
Stock-based compensation	—	—	76.7	—	—	—	—	76.7
Net loss	—	—	—	—	—	—	(24.2)	(24.2)
Balance—September 30, 2025	166.2	$ —	$ 1,523.9	—	$ —	$ —	$ (884.4)	$ 639.5

See Notes to Condensed Consolidated Financial Statements.

COURSERA, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (126.5)	$ (24.2)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	64.6	21.8
Stock-based compensation expense	83.0	71.0
Impairment losses	3.0	3.1
Other	1.5	(0.3)
Changes in operating assets and liabilities:		
Accounts receivable, net	22.0	1.0
Prepaid expenses and other assets	(16.0)	6.2
Accounts payable and accrued expenses	9.7	9.1
Accrued compensation and other liabilities	4.1	(2.6)
Deferred revenue	(35.1)	17.8
Net cash provided by operating activities	10.3	102.9
Cash flows from investing activities:		
Cash acquired from the Udemy merger	213.6	—
Purchases of strategic investments[1]	(100.0)	—
Purchases of marketable securities	(65.4)	—
Proceeds from maturities of marketable securities	70.0	—
Purchases of content assets	(13.7)	(8.0)
Capitalized internal-use software costs	(20.8)	(13.3)
Purchases of property, equipment, and software	(0.8)	(1.1)
Net cash provided by (used in) investing activities	82.9	(22.4)
Cash flows from financing activities:		
Proceeds from exercise of stock options	0.7	8.6
Proceeds from employee stock purchase plan	2.7	2.8
Payments for repurchases of common stock	(190.7)	—
Payments for tax withholding on vesting of restricted stock units	(25.8)	(21.8)
Net cash used in financing activities	(213.1)	(10.4)
Effect of foreign exchange rates on cash flows	(0.4)	—
Net (decrease) increase in cash, cash equivalents, and restricted cash	(120.3)	70.1
Cash, cash equivalents, and restricted cash—beginning of period	793.4	728.4
Cash, cash equivalents, and restricted cash—end of period	$ 673.1	$ 798.5
Supplemental disclosure of cash flow information:		
Cash paid for income taxes, net of refunds	$ 5.8	$ 3.7
Supplemental disclosure of noncash investing and financing activities related to the Udemy merger:		
Fair value of net assets assumed	$ 673.6	$ —
Common stock issued as Merger consideration	$ (662.2)	$ —
Fair value of replacement equity awards included in Merger consideration	$ (11.4)	$ —
Supplemental disclosure of other noncash investing and financing activities:		
Stock-based compensation capitalized as internal-use software costs	$ 6.1	$ 5.7
Unsettled repurchases of common stock	$ 1.2	$ —
Content assets, unpaid or acquired through non-cash consideration	$ 1.2	$ 2.8

(1) Represents $100.0 million strategic investment in a related party purchased during the nine months ended September 30, 2026. Refer to Note 13 for additional information.

See Notes to Condensed Consolidated Financial Statements.

COURSERA, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In millions, except per share amounts and percentages)
(Unaudited)

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements (Unaudited) 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") and following the requirements of the Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP can be condensed or omitted. These Condensed Consolidated Financial Statements (Unaudited) have been prepared on the same basis as our annual consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, that are necessary for a fair statement of our financial information. The results of operations for the three and nine months ended September 30, 2026 are not necessarily indicative of the results to be expected for the year ending December 31, 2026 or for any other interim period or for any other future year.

These Condensed Consolidated Financial Statements (Unaudited) should be read in conjunction with the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on February 23, 2026 ("Form 10-K") as amended on April 30, 2026.

Description of Business

Coursera operates global online learning platforms that aim to provide access to world-class, affordable, and relevant education and skills training by connecting learners, institutions, and content creators across our global ecosystem. We deliver trusted content, branded credentials, and product capabilities through our platforms, leveraging our global reach, data, and technology to make learning more customizable, contextual, and extensible for both individual learners and institutions. We partner with trusted content creators, from expert practitioners to university and industry partners, to offer high-quality adult education and workforce training solutions to a wide range of individuals, businesses, organizations, and governments. We serve individual learners directly and also sell to institutions, including employers, colleges and universities, and governments, enabling their employees, students, and citizens to develop and demonstrate critical skills aligned with evolving workforce needs. Our corporate headquarters is located in Mountain View, California.

Reporting Segments

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

Transaction with Udemy

On May 11, 2026 ("Closing Date"), we completed our previously announced all-stock combination with Udemy, Inc. ("Udemy"), an online learning platform, (the "Merger") pursuant to an agreement and plan of merger dated as of December 17, 2025 (the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, Udemy became a wholly-owned subsidiary of Coursera, Inc. Refer to Note 4 for additional information.

Reclassification

As of September 30, 2026, we changed the presentation of our Condensed Consolidated Balance Sheets to separately present "Strategic investments," which were previously included within "Other assets." Prior period amounts have been reclassified to conform to the current period presentation. As a result, as of December 31, 2025, $1.7 million was reclassified from "Other assets" to "Strategic investments." The reclassification had no impact on total assets, total liabilities, stockholders' equity, results of operations, or cash flows, and did not result in a restatement of previously reported financial statements.

During the three months ended June 30, 2026, we changed the caption for "Restructuring related charges" to "Merger, integration, and restructuring related costs" within operating expenses in our Condensed Consolidated Statements of Operations. In conjunction with this update, $6.2 million of merger and acquisition related transaction costs and $3.8 million of integration related costs recorded in "General and administrative expenses" during the three months ended March 31, 2026 are now reflected in "Merger, integration, and restructuring related costs." Additionally, an insignificant amount of other restructuring costs recorded in "Restructuring related charges" during the nine months ended September 30, 2025 are now reflected in "Merger, integration, and restructuring related costs." This reclassification had no impact on total operating expenses, loss from operations, net loss, or net loss per share previously reported in any of the periods presented.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Summary of Significant Accounting Policies

There have been no significant changes to our significant accounting policies as of and for the three and nine months ended September 30, 2026, as compared to the significant accounting policies described in our Form 10-K, other than those described below.

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 three and nine months ended September 30, 2026 and 2025, we did not have any customers that accounted for more than 10% of our revenue. As of September 30, 2026, we did not have any customers that accounted for more than 10% of our net accounts receivable balance.

Our business model relies on educational content and credentialing programs from content creators. Our largest content creator 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 large content creator relationships could have a material adverse effect on our financial position, results of operations, and cash flows.

Use of Estimates

The preparation of the Condensed Consolidated Financial Statements (Unaudited) 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 Condensed Consolidated Financial Statements (Unaudited), 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, judgments, 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 fair value and associated useful lives of intangible assets and goodwill acquired through business combinations; loss contingencies and potential recoveries; the valuation of marketable securities and strategic investments in privately held companies, including impairments; the estimated service period for consumer revenue arrangements with lifetime access; 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 Condensed Consolidated Financial Statements (Unaudited).

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 in the Condensed 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 Condensed Consolidated Statements of Operations. Any remaining impairment is included in accumulated other comprehensive income (loss).

Strategic Investments

Strategic investments primarily consist of investments in equity securities of privately held companies without readily determinable fair values and in which we do not have controlling interests. We also hold a convertible note investment with a private company.

Investments in equity securities without readily determinable fair values are initially recorded at cost and are subsequently adjusted to fair value only in the event of either price changes from observable transactions in the same or a similar security from the same issuer or impairment. This practice is referred to as the measurement alternative. We evaluate our strategic investments measured under the measurement alternative for impairment at each reporting period. This evaluation consists of several potential qualitative and quantitative impairment indicators including, but not limited to, the investee's financial metrics, whether there were any significant adverse changes in the economic environment or general market conditions of the geographies and industries in which the investee operates, and any other publicly available information that may affect the value of the investment.

When remeasured to fair value, privately held equity securities are valued using significant unobservable inputs or data in inactive markets. This valuation requires judgment due to the absence of market prices and inherent lack of liquidity. In determining the estimated fair value of investments in privately held companies, we utilize the most recent data available including observed transactions, such as equity financing transactions of the investees and sales of the existing shares of the investees' securities. In addition, the determination of whether an observed transaction is similar to the equity securities we hold requires significant management judgment based on the rights and preferences of the securities.

We elected to account for the convertible note investment using the fair value option. The determination of fair market value is based on a variety of significant unobservable inputs or data that require judgment, including but not limited to time to liquidity and note maturity, interest rates and equity volatility.

We recognize unrealized gains or losses on the fair value of strategic investments, as well as accrued interest (if applicable), in other income (expense), net on the Condensed Consolidated Statements of Operations. Refer to Note 5 for more information.

Contract Acquisition and Fulfillment Costs

Deferred Commissions

Contract acquisition costs consist of sales commissions and related payroll taxes earned by our Enterprise sales force that are directly related to securing a contract with Enterprise customers. Contract acquisition costs for contracts with new customers and incremental sales to existing customers are deferred and amortized on a straight-line basis over an estimated period of benefit of four years, as the commissions paid upon a contract renewal are not commensurate with the commissions paid on the initial contract. Contract acquisition costs for contract renewals that are commensurate with anticipated renewal commissions are deferred and amortized on a straight-line basis over the renewal term, which is generally between 18 and 24 months. On an annual basis, we assess the expected period of benefit, considering the average contract term length, the life of the underlying technology, and other factors.

In addition, a portion of the revenue share retained by certain reseller partners from sales to certain Enterprise customers is considered an incremental and recoverable cost of obtaining a contract with a customer. This cost is deferred and amortized on a straight-line basis over the corresponding contractual subscription term, as commissions paid to resellers on initial and renewal contracts are generally commensurate.

Amounts expected to be recognized within one year of the Condensed Consolidated Balance Sheet dates are recorded as deferred costs, while the remaining portion is recorded as other assets in the Condensed Consolidated Balance Sheets. Deferred costs are periodically analyzed for impairment. Amortization expense is included in sales and marketing in the Condensed Consolidated Statements of Operations.

Business Combinations

We account for our business combinations using the acquisition method of accounting, which requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, we make estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing acquired intangible assets include, but are not limited to, future expected cash flows and operating results, the selected valuation approaches and methods, useful lives, royalty and discount rates, the rate of technological obsolescence, customer retention rates, and the time to rebuild acquired content creator relationships. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, not to exceed one year from the date of acquisition, we may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill if new information is obtained related to facts and circumstances that existed as of the acquisition date. After the measurement period, any subsequent adjustments are reflected in the Condensed Consolidated Statements of Operations.

Transaction costs are expensed as incurred and recorded in Merger, integration, and restructuring related costs in the Condensed Consolidated Statements of Operations.

Goodwill Impairment Assessment

Goodwill represents the excess of the purchase price over the fair value of the net tangible assets and identifiable intangible assets acquired in a business combination. Goodwill is not amortized, but is subject to impairment testing. We test goodwill for impairment at the reporting unit level annually during the fourth quarter, or whenever events or changes in circumstances between annual tests indicate that goodwill may be impaired. We first assess goodwill for possible impairment by performing a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we conclude this is not the case, we do not need to perform any further assessment. Otherwise, we must perform a quantitative assessment to estimate the fair value of our reporting units, and compare the fair value of each reporting unit to its carrying value, including goodwill.

During the nine months ended September 30, 2026, we did not identify any events or changes in circumstances requiring an interim goodwill impairment test.

Revenue Recognition

Enterprise

Enterprise subscription revenue is recognized ratably over the subscription term once access has been granted to the customer. 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 platforms and unlimited course enrollments over the license term. Other Enterprise revenue is primarily comprised of professional services arrangements, which are generally offered as fixed price contracts and recognized on a proportional performance basis.

Consumer

Consumer subscription revenue is recognized ratably over the subscription term once access has been granted to the learner, as learners have unlimited access to the course content during the contract term. Transactional and other revenue is primarily comprised of sales of single courses, which are recognized ratably over the applicable contractual access period, which is generally six months for fixed term arrangements, and over an estimated service period of four months for arrangements with lifetime access, as well as other products sold on the consumer marketplace on a non-recurring basis, which were not material for the periods presented. Revenue generated from contracts with universities where we facilitate the delivery of their bachelor's and master's degree programs or postgraduate diplomas 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. There is no direct contractual revenue arrangement between Coursera and degree students; therefore, we recognize only the service fee we receive from the universities as revenue.

Principal Versus Agent

We are generally the principal with respect to our Consumer and Enterprise revenue arrangements 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 content creators. Therefore, we record the gross purchase price paid by the customer related to these arrangements within revenue on the Condensed Consolidated Statements of Operations, and we record payments to content creators as content costs within cost of revenue. Furthermore, we are the principal in certain contracts sold through our reseller partners. For arrangements where we have visibility into the price paid by the end customer, we recognize the gross transaction price as revenue, and allocate amounts retained by the reseller between deferred sales commissions within sales and marketing and, to the extent applicable, customer support costs within cost of revenue.

Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40),* which requires disclosure, on an annual and interim basis, of specified disaggregated information about certain costs and expenses. Additionally, in January 2025, the FASB issued ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, to clarify the effective date of ASU 2024-03. ASU 2024-03 will be effective for annual reporting periods beginning with our fiscal year ending December 31, 2027 and for interim reporting periods beginning with our fiscal quarter ending March 31, 2028, with early adoption permitted. The amendments may be applied either prospectively or retrospectively. We are currently evaluating the impact ASU 2024-03 will have on our Condensed Consolidated Financial Statements (Unaudited) and related disclosures.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient for estimating expected credit losses on current accounts receivable and current contract assets arising from transactions accounted for under Accounting Standards Codification 606, *Revenue from Contracts with Customers*. The practical expedient allows entities to assume that current conditions as of the balance sheet date remain unchanged over the remaining life of the asset. This ASU will be effective for annual reporting periods beginning with our fiscal year ending December 31, 2026, and for interim reporting periods beginning with our fiscal quarter ending March 31, 2027, with early adoption permitted. The amendments are to be applied prospectively. We are currently evaluating the impact ASU 2025-05 will have on our Condensed Consolidated Financial Statements (Unaudited) and related disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which aims to modernize the accounting for internal-use software costs by eliminating references to software development stages and introducing a new threshold for capitalization. Under the updated guidance, capitalization begins when (1) management authorizes and commits to funding the project and (2) it is probable that the project will be completed and the software will be used for its intended purpose. The ASU also provides enhanced guidance on evaluating the "probable-to-complete" threshold and consolidates website development cost guidance into Subtopic 350-40. This ASU will be effective for annual reporting periods beginning with our fiscal year ending December 31, 2028 and for interim reporting periods beginning with our fiscal quarter ending March 31, 2029, with early adoption permitted. The amendments may be applied prospectively, retrospectively, or using a modified retrospective approach. We are currently evaluating the impact ASU 2025-06 will have on our Condensed Consolidated Financial Statements (Unaudited) and related disclosures.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, to provide clarifications intended to improve the consistency and usability of interim disclosure requirements, including a comprehensive listing of required interim disclosures and a new disclosure principle for reporting material events occurring after the most recent annual period. The amendments do not change the underlying objectives of interim reporting but are designed to enhance clarity in application. The guidance is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. We are currently evaluating the impact ASU 2025-11 will have on our Condensed Consolidated Financial Statements (Unaudited) and related disclosures.

3. REVENUE RECOGNITION

Disaggregation of Revenue

The following table presents revenue disaggregated by product offering for each segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Enterprise:				
Subscription	$ 199.8	$ 63.6	$ 405.2	$ 189.2
Other	1.1	0.3	1.9	0.7
Enterprise revenue	$ 200.9	$ 63.9	$ 407.1	$ 189.9
Consumer:				
Subscription	130.6	111.2	362.7	311.2
Transactional and other	32.8	4.8	60.4	14.0
Degrees	12.4	14.3	40.8	45.5
Consumer revenue	$ 175.8	$ 130.3	$ 463.9	$ 370.7
Total revenue	$ 376.7	$ 194.2	$ 871.0	$ 560.6

Deferred Revenue

Revenue recognized during the three months ended September 30, 2026 and 2025, which was included in the corresponding deferred revenue balance at the beginning of each year, was $28.1 million and $25.7 million, respectively.

Revenue recognized during the nine months ended September 30, 2026 and 2025, which was included in the corresponding deferred revenue balance at the beginning of each year, was $168.1 million and $149.2 million, respectively.

Remaining Performance Obligations

Remaining performance obligations represent contracted revenue that has not yet been recognized, which includes deferred revenue in the Condensed Consolidated Balance Sheets and unbilled amounts that will be recognized as revenue in future periods. As of September 30, 2026, we had remaining performance obligations of $865.0 million and expect to recognize approximately 73% as revenue over the next 12 months and the remainder thereafter.

Deferred Commissions

The following table presents the amounts of deferred commissions, as well as amortization expense recorded within sales and marketing in the Condensed Consolidated Statements of Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Capitalization	$ 18.4	$ 3.4	$ 35.2	$ 7.3
Amortization	$ 6.7	$ 3.8	$ 14.7	$ 11.6

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

	September 30, 2026	December 31, 2025
Deferred costs, net	$ 27.1	$ 12.8
Other assets	$ 18.1	$ 11.9

4. BUSINESS COMBINATION

On May 11, 2026, we completed the Merger with Udemy. Under the terms of the Merger Agreement, each issued and outstanding share of Udemy common stock was converted into the right to receive 0.800 shares of our common stock, and Udemy became a wholly owned subsidiary of Coursera. Former Udemy stockholders received cash in lieu of any fractional share of Coursera common stock to which they otherwise would have been entitled. We believe that the Merger enables us to build a more comprehensive skills platform, through acquired developed technology and content creator relationships, as well as unite a global ecosystem through acquired customer relationships.

We accounted for the Merger as a business combination, and the financial results of Udemy are included in our Condensed Consolidated Financial Statements (Unaudited) prospectively from the Closing Date of May 11, 2026.

The acquisition date fair value of the Merger consideration was $673.6 million, which was comprised of the following:

Shares of Coursera common stock issued as share consideration[(1)]	116.6
Price per share of Coursera common stock	$ 5.66
Fair value of Coursera common stock issued to holders of Udemy common stock	$ 660.1
Fair value of Coursera common stock issued to holders of Udemy stock options	0.7
Fair value of Coursera common stock issued to holders of Udemy board of director restricted stock units	1.4
Fair value of replacement equity awards attributable to pre-combination services	11.4
Total Merger consideration	$ 673.6

(1) Excludes 0.7 million shares of Coursera common stock issued as restricted stock awards subject to future service conditions, for which unrecognized stock-based compensation expense was immaterial, and 0.3 million shares of Coursera common stock issued in exchange for then outstanding Udemy stock options and restricted stock units held by then members of Udemy's board of directors.

The allocation of the Merger consideration to tangible and intangible assets acquired and liabilities assumed on the Closing Date is based on estimated fair values and is as follows:

Assets Acquired		
Cash and cash equivalents	$	212.5
Marketable securities		109.8
Accounts receivable		97.4
Deferred costs		0.6
Prepaid expenses and other current assets		31.0
Property, equipment, and software		6.1
Intangible assets		417.1
Other assets		20.9
Total assets acquired		895.4
Liabilities Assumed		
Content liabilities		20.2
Other accounts payable and accrued expenses		24.7
Accrued compensation and benefits		23.4
Other current liabilities		17.2
Deferred revenue		314.4
Other liabilities		4.6
Total liabilities assumed		404.5
Net assets acquired		490.9
Goodwill	$	182.7
Total Merger consideration	$	673.6

The excess of Merger consideration over the estimated fair value of the underlying net assets acquired was recorded as goodwill. The goodwill arising from the Merger is primarily attributable to the expected operational synergies between Coursera and Udemy and intangible assets that do not qualify for separate recognition.

The transaction is considered a non-taxable business combination, and goodwill is not deductible for tax purposes.

The allocation of the Merger consideration is preliminary and subject to revision as additional information about fair value of assets and liabilities becomes available. Additional information that existed as of the Closing Date but is currently unknown to us may become known during the remainder of the measurement period, a period not to exceed 12 months from the Closing Date. For discussion pertaining to goodwill assignment by segment resulting from the Merger, refer to Note 6.

The valuation of the intangible assets acquired along with their estimated useful lives, is as follows:

		Estimated Fair Value	Estimated Useful Lives (in years)
Trade name	$	15.0	4
Developed technology		102.2	3
Customer relationships[(1)]		164.5	3 - 6
Content creator relationships		135.4	4
Estimated fair values of acquired intangible assets	$	417.1	4

(1) Customer relationships is comprised of two components: (1) an Enterprise customer relationship asset with a valuation of $155.3 million and an estimated useful life of 6 years, and (2) a Consumer customer relationship asset with a valuation of $9.2 million and an estimated useful life of 3 years.

The fair values of all acquired intangible assets were estimated using the income approach. Under the income approach, an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. Customer relationships were valued under the multi-period excess earnings method, which assumes that the value of intangible assets is equal to the present value of the incremental after-tax cash flows attributable specifically to customer relationships. Developed technology and trade names were valued under the relief from royalty method, which assumes value to the extent that the acquired company is relieved of the obligation to pay royalties for the benefits received from them. Content creator relationships were valued using the with-and-without method which values the asset by comparing the cash flows of the business with and without the existing content creator relationships.

We incurred the following acquisition-related costs in connection with the Merger, which are recorded within Merger, integration, and restructuring related costs in the Condensed Consolidated Statements of Operations.

	Three Months Ended September 30,	Nine Months Ended September 30,
	2026	2026
Transaction costs	$ 0.1	$ 31.8
Retention bonuses	$ 0.2	$ 18.4
Change in control expenses	$ 1.1	$ 25.1

The amount of revenue and net loss of Udemy included in our Condensed Consolidated Statements of Operations and Comprehensive Loss from the Closing Date to September 30, 2026, were $285.6 million and $27.8 million, respectively.

Supplemental Pro Forma Financial Information (Unaudited)

The following unaudited pro forma financial information presents our combined results of operations for the periods presented, as if the Merger had occurred on January 1, 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 376.7	$ 389.9	$ 1,145.3	$ 1,156.5
Net loss	$ (20.4)	$ (26.5)	$ (88.2)	$ (203.6)

The unaudited supplemental pro forma financial information is for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved if the Merger were completed at the beginning of fiscal year 2025 and is not indicative of the future operating results of the combined company.

The unaudited supplemental pro forma financial information includes the combined historical operating results of the Company and Udemy, with adjustments to give effect to the Merger. Pro forma adjustments have been made to reflect incremental intangible asset amortization to be incurred based on the fair values and useful lives of each identifiable intangible asset, incremental acquisition-related costs due to the Merger, and the elimination of historical asset amortization for internally developed software by Udemy.

The unaudited supplemental pro forma financial information does not give effect to the potential impact of current financial conditions, or any anticipated revenue enhancements, cost savings, or operational synergies that may result from the Merger.

5. 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:

	September 30, 2026		
	Fair Value - Level 1	Fair Value - Level 2	Fair Value - Level 3
Cash equivalents			
Money market funds	$ 326.0	$ —	$ —
U.S. Treasury securities	235.9	—	—
Time deposits	14.1	—	—
Marketable securities			
U.S. Treasury securities	104.9	—	—
Strategic investments			
Convertible note investment	—	—	8.5
Total	$ 680.9	$ —	$ 8.5

	December 31, 2025		
	Fair Value - Level 1	Fair Value - Level 2	Fair Value - Level 3
Cash equivalents			
Money market funds	$ 206.7	$ —	$ —
U.S. Treasury securities	556.6	—	—
Total	$ 763.3	$ —	$ —

The amortized cost, unrealized gains and losses, and estimated fair value of cash equivalents and marketable securities consisted of the following:

	September 30, 2026			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash equivalents				
Money market funds	$ 326.0	$ —	$ —	$ 326.0
U.S. Treasury securities	235.9	—	—	235.9
Time deposits	14.1	—	—	14.1
Marketable securities				
U.S. Treasury securities	105.1	—	(0.2)	104.9
Total	$ 681.1	$ —	$ (0.2)	$ 680.9

	December 31, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash equivalents				
Money market funds	$ 206.7	$ —	$ —	$ 206.7
U.S. Treasury securities	556.6	—	—	556.6
Total	$ 763.3	$ —	$ —	$ 763.3

Cash equivalents and marketable securities in an unrealized loss position consisted of the following:

	September 30, 2026		December 31, 2025	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Cash equivalents				
U.S. Treasury securities	$ 235.9	$ —	$ —	$ —
Marketable securities				
U.S. Treasury securities	98.7	0.2	—	—
Total securities in an unrealized loss position	$ 334.6	$ 0.2	$ —	$ —

Realized gains and losses related to our cash equivalents, marketable securities, and other assets were not material for the three and nine months ended September 30, 2026 and 2025.

No securities had been in a continuous unrealized loss position for twelve months or longer as of September 30, 2026. We do not intend to sell available-for-sale marketable debt securities in unrealized loss positions, and it is more likely than not that we will hold these securities until maturity or recovery of the cost basis. As of September 30, 2026, we did not have an allowance for credit losses related to our available-for-sale marketable debt securities due to a zero loss expectation for the portfolio which consists solely of U.S. government securities.

As of September 30, 2026, all of our available-for-sale marketable debt securities had contractual maturities of one year or less.

Strategic Investments

A summary of the changes in the carrying value of strategic investments is as follows:

	Strategic Investments
Balance—June 30, 2026	$ 10.0
Purchases of strategic investments	100.0
Balance—September 30, 2026	$ 110.0

Balance—December 31, 2025	$ 1.7
Purchases of strategic investments	100.0
Strategic investments acquired in connection with the Merger with Udemy	8.5
Unrealized foreign currency exchange loss on strategic investments	(0.2)
Balance—September 30, 2026	$ 110.0

On July 28, 2026, we made a strategic equity investment in LearnVector Inc., pursuant to which we purchased $100.0 million of Series A Preferred Stock. Refer to Note 13 for more information. We account for this investment under the measurement alternative.

In connection with the Merger with Udemy, we acquired a strategic investment consisting of a convertible note ("Note Investment") with a private company (the "Note Issuer"). We recorded the Note Investment based on its Closing Date fair value of $8.5 million. The Note Investment accrues interest at 7.0% per annum, payable at maturity of the note or upon conversion, and matures on December 31, 2028, unless earlier converted into shares of the Note Issuer's preferred stock in accordance with the terms of the Note Investment. We elected to continue measuring the Note Investment using the fair value option.

During the fiscal year ended December 31, 2023, we made a strategic equity investment of $1.7 million in a privately-held company, which is accounted for under the measurement alternative. The difference in the original investment amount and the $1.5 million carrying value as of September 30, 2026, is due to unrealized foreign currency exchange losses.

Other than the foreign currency exchange losses discussed above, there were no impairments, observable price changes, or other changes in the carrying values of our strategic investments during the three and nine months ended September 30, 2026 and 2025.

6. CONSOLIDATED BALANCE SHEET COMPONENTS

Restricted Cash

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

	September 30, 2026	December 31, 2025
Cash and cash equivalents	$ 670.6	$ 792.6
Restricted cash, current	0.9	—
Restricted cash, non-current	1.6	0.8
Total cash, cash equivalents, and restricted cash	$ 673.1	$ 793.4

Accounts Receivable, Net

Accounts receivable, net consisted of the following:

	September 30, 2026	December 31, 2025
Billed accounts receivable, net of allowance for credit losses	$ 126.5	$ 58.0
Unbilled accounts receivable	13.5	7.4
Accounts receivable, net	$ 140.0	$ 65.4

Property, Equipment, and Software, Net

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

	September 30, 2026	December 31, 2025
Internal-use software and website development	$ 139.1	$ 113.6
Computer equipment and purchased software	13.5	2.8
Leasehold improvements	23.9	1.1
Furniture and fixtures	6.9	0.8
Total property, equipment, and software	183.4	118.3
Less: accumulated depreciation and amortization	(126.3)	(74.9)
Property, equipment, and software, net	$ 57.1	$ 43.4

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 Condensed Consolidated Statements of Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Depreciation and amortization expense	$ 7.2	$ 4.8	$ 19.2	$ 14.7
Amortization expense for internal-use software and website development	$ 6.1	$ 4.6	$ 17.1	$ 14.0

Intangible Assets, Net

Intangible assets, net consisted of the following:

	September 30, 2026			December 31, 2025		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Content assets	$ 54.6	$ (22.1)	$ 32.5	$ 43.1	$ (16.0)	$ 27.1
Customer relationships	164.5	(11.3)	153.2	—	—	—
Content creator relationships	135.4	(13.2)	122.2	—	—	—
Developed technology	102.2	(13.3)	88.9	—	—	—
Trade name	15.0	(1.5)	13.5	—	—	—
Intangible assets	$ 471.7	$ (61.4)	$ 410.3	$ 43.1	$ (16.0)	$ 27.1

Within the Condensed Consolidated Statements of Operations, amortization expense related to our content assets, developed technology, and content creator relationships is recorded within cost of revenue, and amortization expense related to our customer relationships and trade name is recorded within sales and marketing.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Capitalization of content assets	$ 3.3	$ 1.9	$ 13.4	$ 8.6
Amortization expense for intangible assets	$ 27.4	$ 2.5	$ 45.4	$ 7.1

As of September 30, 2026, future expected amortization expense for intangible assets was as follows:

Remainder of 2026	$ 27.7
2027	109.8
2028	109.5
2029	83.8
2030	43.1
Thereafter	36.4
Total	$ 410.3

Goodwill

Goodwill in the amount of $182.7 million was established as part of the Merger on the Closing Date. This amount represents the excess of Merger consideration over the estimated fair value of the underlying net assets acquired. The amount recorded is based on preliminary estimates of the fair values of assets acquired and liabilities assumed and is subject to adjustment during the measurement period.

The following table summarizes goodwill by reportable segments:

	Enterprise	Consumer	Total
Balance as of December 31, 2025	$ —	$ —	$ —
Additions	113.9	68.8	182.7
Balance as of September 30, 2026	$ 113.9	$ 68.8	$ 182.7

7. LEASES

We have entered into various non-cancelable office space operating leases with lease periods expiring through June 2030. In connection with the Udemy Merger, we assumed operating leases with various expiration dates through fiscal year 2029. The related operating lease right-of-use assets and operating lease liabilities recognized upon the Closing Date were not material and are included within other assets, other current liabilities, and other liabilities in the Condensed Consolidated Balance Sheets. These leases do not contain residual value guarantees, covenants, or other restrictions.

Future minimum lease payments under noncancellable operating leases with initial lease terms in excess of one year as of September 30, 2026, were as follows:

Remainder of 2026	$ 1.4
2027	5.6
2028	3.5
2029	2.4
2030	0.6
Total lease payments	13.5
Less imputed interest	(1.3)
Present value of operating lease liabilities	$ 12.2

8. INCOME TAXES

Income tax expense or benefit for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are considered in the relevant period. Each quarter, we update the estimate of the annual effective tax rate, and if the estimated tax rate changes, we record a cumulative adjustment.

Our effective tax rate for the three months ended September 30, 2026 and 2025 was (11.3%) and (10.1%), respectively. For the nine months ended September 30, 2026 and 2025, our effective tax rate was (5.1%) and (14.5%), respectively. The difference between the effective tax rate and the United States ("U.S.") federal statutory rate is primarily due to a valuation allowance for our federal and state net deferred tax assets, income taxes on foreign operations, U.S. state income taxes, and non-deductible stock-based compensation expense.

As of September 30, 2026, we continued to have a full valuation allowance against our U.S. federal and state deferred tax assets. Management regularly evaluates the realizability of our deferred tax assets. Adjustments are recorded to income during the period in which management makes the determination a deferred tax asset is more likely than not to be realized.

9. NET LOSS PER SHARE

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net loss	$ (25.6)	$ (8.6)	$ (126.5)	$ (24.2)
Denominator:				
Weighted-average shares used in computing net loss per share—basic and diluted	264.7	164.6	222.6	162.6
Net loss per share—basic and diluted	$ (0.10)	$ (0.05)	$ (0.57)	$ (0.15)

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:

	Three and Nine Months Ended September 30,	
	2026	2025
Restricted stock units ("RSUs")	24.1	17.7
Common stock options	9.8	11.6
Performance stock units ("PSUs")	0.9	0.6
ESPP stock purchase rights ("ESPP Rights")	0.5	0.3
Total	35.3	30.2

10. COMMITMENTS AND CONTINGENCIES

Purchase Obligations

Our purchase obligations primarily relate to third-party cloud infrastructure agreements, software subscription arrangements, and other service agreements to support ongoing operations. As of September 30, 2026, we had $33.8 million in future minimum payments due under our non-cancelable purchase obligations with a remaining term in excess of one year. These are expected to be paid through 2029 and exclude payments related to noncancellable operating leases as discussed in Note 7.

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. We are not currently party to any legal proceeding that we believe, as of the filing of this Quarterly Report on Form 10-Q, 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) reasonably estimable in terms of the amount or range of any possible loss. 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.

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.

11. STOCKHOLDERS' EQUITY

Share Repurchase Program

On May 15, 2026, our board of directors (the "Board") approved a share repurchase program authorizing Coursera to purchase up to $500 million of our common stock, excluding commissions and fees (the "Repurchase Program"). Under the Repurchase Program, Coursera may repurchase shares of common stock from time to time through open market purchases, 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 Repurchase Program has no expiration date and continues unless otherwise suspended or discontinued. 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. Shares repurchased are accounted for on the trade date and are immediately retired and no longer considered issued or outstanding. The total cost to repurchase shares includes any direct costs incurred, including broker commissions and excise taxes, and is recorded as a reduction to additional paid in capital in the Condensed Consolidated Balance Sheets.

During the three months ended September 30, 2026, we repurchased an aggregate of 18.1 million shares of our common stock for $101.6 million pursuant to a Rule 10b5-1 plan, including $0.3 million of commissions. During the nine months ended September 30, 2026, we repurchased an aggregate of 34.6 million shares of our common stock for $191.9 million, including $0.5 million of commissions. As of September 30, 2026, $1.2 million in unsettled repurchases of our common stock were recorded within other current liabilities in our Condensed Consolidated Balance Sheets. As of September 30, 2026, we had $308.6 million, excluding commissions, remaining under the Repurchase Program. To date, we have utilized our existing cash and cash equivalents to fund repurchases under the Repurchase Program.

12. EMPLOYEE BENEFIT PLANS

Merger-Related Equity Award Treatment

Under the terms of the Merger Agreement, at the Closing Date of May 11, 2026, each issued and outstanding share of Udemy common stock was converted into the right to receive 0.800 shares of our common stock, with cash paid in lieu of fractional shares. We issued 116.6 million shares of common stock with a fair value of $660.1 million as equity consideration to existing stockholders and equity consideration with a fair value of $13.5 million for the settlement of outstanding RSUs then held by members of Udemy's board of directors, stock options to purchase Udemy stock, and replacement equity awards attributable to pre-combination services. The remaining fair value of replacement equity awards attributable to post-combination service periods is $82.7 million and will be recognized as stock-based compensation expense over a weighted-average period of 1.9 years from the Closing Date.

Stock Incentive Plans

In connection with the Merger, we assumed the Udemy, Inc. 2021 Equity Incentive Plan (the "Udemy Plan") including applicable vesting schedules. Common stock issuable under equity awards granted pursuant to the Udemy Plan excludes individuals who were employed by Coursera and its subsidiaries prior to the Closing Date.

As of September 30, 2026, 22.2 million shares, 8.2 million shares, and 7.2 million shares of our common stock were reserved for future issuance under our 2021 Stock Incentive Plan (the "2021 Plan"), the Udemy Plan, and 2021 Employee Stock Purchase Plan (the "ESPP"). Shares issuable under the 2021 Plan, the Udemy Plan, and the ESPP may be drawn from authorized but unissued shares or from treasury stock. In 2024, we began settling stock option exercises, vesting of RSUs, and ESPP purchases by reissuing shares of our common stock from treasury stock. In September 2025, we reissued all of our remaining treasury stock.

Stock Options

We grant stock options at prices equal to the grant date fair value. Typically, these stock options expire ten years from the grant date and vest ratably over a four-year service period.

Stock option activity for the nine months ended September 30, 2026 was as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Balance—December 31, 2025	11.1	$ 8.63	6.54	$ 6.1
Exercised	(0.3)	2.37		
Canceled	(1.0)	15.89		
Balance—September 30, 2026	9.8	$ 8.10	6.22	$ 1.3
Options vested	5.7	$ 8.25	4.72	$ 1.3

RSUs and PSUs

Restricted stock units issued under the 2021 Plan 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.

Restricted stock units issued as replacement awards under the Udemy Plan have a service based vesting condition. Other than grants made to new hires, which are subject to a one year cliff, these awards generally vest on a quarterly basis. The related stock-based compensation expense is recognized on a straight-line basis over the requisite service period.

In 2025 and 2026, the Company granted PSUs to certain executives under the 2021 Plan. PSU grants have both performance and service-based vesting conditions. The ultimate number of units that will vest is determined based on the achievement of annual revenue against a pre-established target (with defined threshold and maximum amounts ranging from 50% to 150%, for 2025 grants, and 50% to 200%, for 2026 grants, of target). If annual revenue is below the threshold amount, none of the PSUs will vest. For 2025 grants, if annual revenue is equal to or exceeds the threshold amount, 25% of the PSUs ultimately granted will vest after one year, and 6.25% of the remaining PSUs will vest quarterly over the subsequent three years. For 2026 grants, if annual revenue is equal to or exceeds the threshold amount, the PSUs ultimately granted will vest 100% after one year. Additionally, in March 2026, our Senior Vice President, Chief Financial Officer and Treasurer was granted PSUs in connection with his permanent appointment to that role. These PSUs have the same annual revenue target and threshold and maximum amounts as the 2026 grants, but 25% of the PSUs ultimately granted will vest after one year, and 6.25% of the remaining PSUs will vest quarterly over the subsequent three years. The fair value of each unit is determined on the grant date, and the related stock-based compensation expense is recognized using the accelerated attribution method. We evaluate the vesting conditions on a quarterly basis and recognize stock-based compensation expense if the achievement of the performance condition is probable.

RSU and PSU activity for the nine months ended September 30, 2026 was as follows:

	RSUs			PSUs		
	Number of Units	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value	Number of Units	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested balance—December 31, 2025	17.2	$ 9.56	$ 126.3	0.6	$ 9.17	$ 4.4
Assumed in connection with merger	15.8	5.66		—	—	
Granted[1]	7.0	5.80		0.5	6.02	
Vested[2]	(11.3)	8.04		(0.2)	8.96	
Forfeited	(4.6)	7.57		—	—	
Unvested balance—September 30, 2026	24.1	$ 7.09	$ 119.5	0.9	$ 7.63	$ 4.2

(1) For PSUs, the amount presented as the number of units granted is based on the performance condition being achieved at the target level. Once the performance period is complete, the number of units that will vest may range from 0% to 200% of the target amount based on actual performance.

(2) Includes the service-based vesting in the nine months ended September 30, 2026 of the 0.5 million units or 110.66% of PSUs granted in 2025, certified as vested by our Human Resources and Compensation Committee in February 2026 based on attainment against the pre-established annual revenue target.

Stock-Based Compensation Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 1.1	$ 0.6	$ 2.7	$ 1.9
Research and development	8.7	8.5	25.5	26.0
Sales and marketing	6.5	5.3	18.1	15.7
General and administrative	6.5	8.6	20.6	29.0
Merger, integration, and restructuring related costs	0.3	—	16.1	(1.6)
Total	$ 23.1	$ 23.0	$ 83.0	$ 71.0

We capitalized $1.8 million and $2.0 million of stock-based compensation related to our internal-use software during the three months ended September 30, 2026 and 2025 and $6.1 million and $5.7 million during the nine months ended September 30, 2026 and 2025.

The table below presents unrecognized employee compensation cost related to unvested shares and the weighted-average period over which it is expected to be recognized:

	September 30, 2026	
	Unrecognized Employee Compensation Cost Related to Unvested Shares	Weighted-Average Period Over Which the Compensation Is Expected to Be Recognized (in Years)
RSUs	$ 152.3	2.4
Common stock options	13.2	2.3
ESPP Rights	4.2	1.1
PSUs	2.2	1.7

Common Stock Reserved for Issuance

The following table presents total shares of our common stock reserved for future issuance:

	September 30, 2026	December 31, 2025
RSUs outstanding	24.1	17.2
Stock options outstanding	9.8	11.1
PSUs outstanding	0.9	0.6
Shares available for future grants	37.6	20.8
Total shares of common stock reserved	72.4	49.7

13. RELATED PARTY TRANSACTIONS

We have an ongoing content sourcing agreement with DeepLearning.AI Corp ("DeepLearning.AI"), which is owned by our chairman and co-founder, Dr. Andrew Ng. This agreement was entered into in the ordinary course of business and subject to standard commercial terms. Fees associated with this agreement are included within cost of revenue in the Condensed Consolidated Statements of Operations. We recognized content fees under this agreement of $1.3 million and $2.0 million during the three months ended September 30, 2026 and 2025 and $4.9 million and $6.6 million during the nine months ended September 30, 2026 and 2025. Related content liabilities were $1.3 million and $4.1 million as of September 30, 2026 and December 31, 2025.

In July 2026, we made a strategic equity investment in LearnVector Inc. ("LearnVector"), purchasing shares of LearnVector's Series A Preferred Stock for an aggregate purchase price of $100 million pursuant to a Series A Preferred Stock Purchase Agreement and related ancillary agreements. Our investment represented 33.33% of the ownership interest in LearnVector on a fully diluted basis as of the date of the investment.

LearnVector is an AI-native learning company founded and led by Dr. Andrew Ng, who is Coursera's co-founder and also serves as Chair of our Board, and is therefore considered a related party. In light of Dr. Ng's relationships with both companies, the Board established a Special Committee of the Board composed solely of directors who the Board determined to be independent and disinterested, and delegated to it the power and authority to evaluate, negotiate, approve or disapprove the investment and the related transaction agreements. The Special Committee unanimously approved the investment and authorized and directed Coursera to execute the investment-related agreements.

As of September 30, 2026, there were no amounts due from or to LearnVector. On October 28, 2026, we entered into a Master Framework Agreement with LearnVector, which establishes a framework for commercial collaborations between the parties, including opportunities to commercialize LearnVector technologies with or through Coursera. Specific projects would be set out in separately negotiated statements of work. The Master Framework Agreement was unanimously approved by the Special Committee.

14. SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

Our chief operating decision maker ("CODM") is our Chief Executive Officer. Based on how our CODM assesses performance and allocates resources, we have identified two reporting segments: Enterprise and Consumer. This is also consistent with how we disaggregate revenue. Following the Merger with Udemy, we continue to report two reporting segments, Enterprise and Consumer, as the CODM reviews the combined segment results on an integrated basis.

Our CODM primarily measures each segment's performance based on revenue and gross profit. Segment gross profit, as presented below, is defined as segment revenue less segment content costs within cost of revenue. These costs are considered significant segment expenses that are regularly reviewed by our CODM. Other costs of revenue, including platform operation and maintenance costs, customer support services, amortization of internal-use software and intangible assets, and stock-based compensation expense, are managed on an enterprise-wide basis and not reported by segment. In addition, we do not report operating expenses, other income (expense), net, or income tax expense (benefit) by segment because our CODM reviews this financial information on a consolidated basis.

Our CODM does not use segment-level asset information to assess performance or allocate resources. Therefore, we do not track our long-lived assets by segment. The geographic identification of these assets is provided below.

Financial information for each reportable segment was as follows:

	Three Months Ended September 30,					
	2026			2025		
	Enterprise	Consumer	Consolidated	Enterprise	Consumer	Consolidated
Revenue	$ 200.9	$ 175.8	$ 376.7	$ 63.9	$ 130.3	$ 194.2
Segment content costs	37.5	60.3	97.8	19.4	50.6	70.0
Segment gross profit	$ 163.4	$ 115.5	$ 278.9	$ 44.5	$ 79.7	$ 124.2
Segment gross profit margin	81.3 %	65.7 %		69.6 %	61.2 %	
Other costs of revenue:						
Platform operation, customer support, and maintenance costs			32.4			10.5
Amortization of internal-use software			6.1			4.6
Amortization of intangible assets			19.2			2.5
Stock-based compensation expense			1.1			0.6
Cost of revenue			$ 156.6			$ 88.2
Gross profit			$ 220.1			$ 106.0
Gross profit margin			58.4 %			54.6 %

	Nine Months Ended September 30,					
	2026			2025		
	Enterprise	Consumer	Consolidated	Enterprise	Consumer	Consolidated
Revenue	$ 407.1	$ 463.9	$ 871.0	$ 189.9	$ 370.7	$ 560.6
Segment content costs	85.8	163.4	249.2	57.4	143.3	200.7
Segment gross profit	$ 321.3	$ 300.5	$ 621.8	$ 132.5	$ 227.4	$ 359.9
Segment gross profit margin	78.9 %	64.8 %		69.8 %	61.3 %	
Other costs of revenue:						
Platform operation, customer support, and maintenance costs			67.3			30.3
Amortization of internal-use software			17.1			14.0
Amortization of intangible assets			32.6			7.1
Stock-based compensation expense			2.7			1.9
Cost of revenue			$ 368.9			$ 254.0
Gross profit			$ 502.1			$ 306.6
Gross profit margin			57.6 %			54.7 %

Geographic Information

Revenue

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
United States	$ 159.1	$ 97.7	$ 387.9	$ 287.0
Europe, Middle East, and Africa	98.0	47.5	221.2	136.0
Asia Pacific	81.3	28.6	172.3	79.9
Latin America	26.6	13.5	61.2	37.7
Other	11.7	6.9	28.4	20.0
Total	$ 376.7	$ 194.2	$ 871.0	$ 560.6

No single country other than the United States represented 10% or more of our total revenue during the three and nine months ended September 30, 2026 and 2025.

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 right-of-use assets, by geographic region:

	September 30, 2026	December 31, 2025
United States	$ 61.8	$ 45.2
Rest of World	5.7	2.7
Total	$ 67.5	$ 47.9

15. MERGER, INTEGRATION, AND RESTRUCTURING RELATED COSTS

Merger, integration, and restructuring related costs consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Merger, integration, and restructuring related costs				
Merger and integration related costs[1]	$ 12.2	$ —	$ 57.2	$ —
Merger-related personnel and severance costs[2]	18.6	—	63.4	—
Other restructuring costs[3]	—	—	—	(0.9)
Total merger, integration, and restructuring related costs	$ 30.8	$ —	$ 120.6	$ (0.9)

(1) Merger and integration related costs consist of legal and regulatory fees, transaction costs, and other professional services incurred in connection with the Merger and subsequent integration-related activities.

(2) Merger-related personnel and severance costs consist of personnel-related costs incurred directly as a result of the Merger, including subsequent workforce integration and synergy initiatives. Included in this amount are one-time severance payments and other benefits incurred pursuant to change in control and severance agreements with certain departing personnel, totaling $1.1 million and $9.3 million during the three and nine months ended September 30, 2026. In addition, we incurred $15.8 million of stock-based compensation expense during the nine months ended September 30, 2026 due to accelerated vesting of replacement equity awards upon qualifying terminations. The personnel and stock-based compensation expenses discussed above were contingent on post-combination employment decisions and therefore were accounted for as post-combination compensation. The majority of change in control and severance costs were settled as of June 30, 2026.

In connection with the Merger, the Company also entered into agreements to pay a total of $26.3 million in cash-based retention payments to certain employees, comprised of acquisition-related payments as well as in support of integration efforts related to the Merger. Retention compensation that is contingent on future service is recognized into expense on a straight-line basis over the requisite service period, with various retention periods vesting primarily during the third and fourth quarters of 2026 and an immaterial amount vesting during 2027.

We recognized $4.3 million and $24.0 million of expense and made cash payments of $8.2 million and $18.6 million associated with retention agreements during the three and nine months ended September 30, 2026. Accrued, unpaid retention liabilities as of September 30, 2026, were $5.4 million, and are included within the accrued compensation and benefits caption of the accompanying Condensed Consolidated Balance Sheets.

On July 6, 2026, in connection with the Merger and our integration and synergy plans, we announced a commitment to a workforce reduction plan intended to align our cost structure, operating model, and personnel needs with our business objectives and operational priorities. As a result of this initiative, we recognized restructuring charges of $12.9 million mainly related to personnel expenses, primarily consisting of termination benefits to the impacted employees, including severance payments and healthcare benefits, as well as an immaterial amount of stock-based compensation expense.

The following table summarizes activities related to the restructuring liabilities recorded in accrued compensation and benefits in the accompanying Condensed Consolidated Balance Sheets:

	Three and Nine Months Ended September 30, 2026
Beginning balance	$ —
Restructuring charges	12.6
Settlements	(11.1)
Ending balance	$ 1.5

(3) Other restructuring costs consist of costs incurred for restructuring activities that were unrelated to the Merger. During the nine months ended September 30, 2025, we recognized restructuring related charges of $0.7 million, made cash payments of $5.2 million, and recognized a reversal of stock-based compensation of $1.6 million due to the forfeiture of RSUs and stock options, related to our commitment to reduce overall expenses, focus our efforts, and prioritize future investments in key initiatives that we expect will drive long-term, sustainable growth, announced in October 2024.

16. SUBSEQUENT EVENTS

Between October 1, 2026 and November 4, 2026, we repurchased 7.1 million shares of our common stock for $33.6 million, including $0.1 million of commissions, pursuant to the Repurchase Program described in Note 11.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following section discusses 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 Condensed Consolidated Financial Statements (Unaudited) and the related notes included in Item 1 of Part I of this report and together with our Consolidated Financial Statements and the related notes and the discussions under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the year ended December 31, 2025 included in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on February 23, 2026 ("Form 10-K"), and amended on April 30, 2026.

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements in this report other than statements of historical fact, including statements identified by words such as "accelerate," "anticipate," "believe," "can," "continue," "could," "demand," "design," "estimate," "expand," "expect," "forecast," "intend," "may," "might," "mission," "need," "objective," "ongoing," "outlook," "plan," "potential," "predict," "project," "seek," "should," "target," "will," "would," or the negative of these terms, or similar expressions, are forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- trends and expectations for growth in the global learning ecosystem;
- our ability to integrate with and realize, if at all, the expected benefits of our merger with Udemy;
- the acceptance, adoption, and growth of online learning and credentialing;
- market acceptance and demand for our platforms and offerings;
- the potential benefits of our solutions to learners and content creators;
- anticipated launch dates of new content creator programs;
- our business model;
- our expectations of our future financial performance, including revenue, expenses, and profitability;
- our ability to develop industry micro-credentials and accredited degree programs;
- our ability to successfully develop, launch, maintain, expand, integrate, and scale new programs, offerings, and features, including artificial intelligence ("AI") technologies, such as our unified, next-generation platform, code-named Project Helix;
- our ability to manage ethical, transparency, and trust considerations associated with our AI technologies;
- our ability to continue providing learners with the necessary skills for career development;
- our ability to deliver tools that content creators can use to align with evolving workforce needs;
- our ability to expand our platform's content and credentialing programs;
- our ability to source new content creators and expand program offerings with existing content creators;
- our ability to establish, maintain, and expand our content creator relationships, strategic partnerships, and collaborations;
- our ability to navigate changes in content creator financial terms, including potential disruptions to partnerships and offerings;
- our ability to manage or sustain our growth and to effectively expand our global customer base and operations;
- our ability to drive adoption of our platforms among Enterprise customers;
- our ability to acquire prospective learners and to affect or increase learner enrollment, revenue, and retention;
- our growth strategies, plans, objectives, and goals;
- our ability to identify, complete, and realize the expected benefits of strategic investments, acquisitions, and other transactions, and the effects of any such transactions on our business and financial results;
- our ability to successfully expand our international operations;

- our ability to adapt to changing geopolitical dynamics and economic environments;
- our ability to react to changes in government procurement, funding, spending or staffing policies, budget priorities or agency organization and resulting effects on customers, content development, platform use and revenue;
- our ability to compete and expectations about the future competitive landscape;
- our ability to attract and retain key employees;
- the scalability of our platforms and operations;
- our ability to develop and protect our brands;
- the size of our addressable markets, market share, and market trends;
- the affordability and convenience of our platforms;
- our ability to maintain an effective pricing structure;
- 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 ability to address cybersecurity attacks, security breaches and other security incidents, unauthorized access to or disclosure of personal, confidential or sensitive information; and resulting platform disruption, regulatory, litigation, remediation-cost and reputational effects;
- our anticipated future capital requirements, including the availability of capital to grow our business;
- our ability to fulfill repurchases under our share repurchase program and the effects of repurchases on our stock price, cash reserves, and long-term stockholder value;
- our ability to successfully defend, settle, or otherwise resolve any current or future legal proceedings;
- our ability to implement and maintain effective policies, procedures, and internal controls;
- our ability to comply with potential changes in laws and regulations applicable to us or our content creators;
- our expense reduction initiatives and their anticipated timing and impact;
- our expectations regarding the sufficiency of our cash and financial resources to fund our operations over time;
- 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 II, Item 1A "Risk Factors" of this report. 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 this report 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 this report to conform these statements to actual results or to changes in our expectations, except as required by law.

Overview

Coursera operates global online learning platforms that connect an ecosystem of learners, content creators, organizations, and institutions. The platforms offer high-quality educational content, credentials, and learning tools to support skills development, career advancement, and workforce transformation.

We partner with over 100,000 instructors, encompassing expert practitioners and over 425 university and industry partners, to develop and distribute educational content that is modular, flexible, and affordable.

Coursera offers a range of learning products to meet diverse educational and professional development needs, from hands-on labs to build practical skills to industry micro-credentials and accredited degree programs that can advance a career. We continue to invest in platform capabilities to enhance and personalize learning experiences and deliver skills development solutions on a global scale. We are also investing in a unified, next-generation platform, code-named Project Helix, designed to connect trusted content, skills intelligence, and AI-powered learning experiences across our global ecosystem. Recent innovations include generative AI-powered capabilities for tutoring, translation, interactive role play, and course authoring, as well as administrator dashboards that provide insights into workforce skills development to help customers assess readiness and guide learning priorities. These capabilities enable content creators and institutions to deliver targeted learning aligned with evolving workforce needs. Organizations across the public and private sectors use Coursera to upskill and reskill employees, students, and citizens in fields such as generative AI, data science, technology, and business.

Coursera serves individual learners and institutional customers through two operating segments: Enterprise and Consumer. The Enterprise segment engages employers, academic institutions, and government organizations through a direct sales team and reseller partnerships, supported by data-driven insights derived from activity on the Consumer platforms. The Consumer segment focuses on attracting learners through branded content, institutional partnerships, and digital marketing, supported by personalized discovery and localized recommendations. Together, our Enterprise and Consumer segments create connected ecosystems that enable us to serve individuals and organizations throughout their skills development journeys while continuously improving our products through shared data, skills intelligence, and learning insights.

Recent Developments

Transaction with Udemy

On May 11, 2026 (“Closing Date”), we completed the merger (the “Merger”) with Udemy, Inc. (“Udemy”), an online learning platform, pursuant to our previously executed Agreement and Plan of Merger (the “Merger Agreement”). Under the terms of the Merger Agreement, each issued and outstanding share of Udemy common stock was converted into the right to receive 0.800 shares of our common stock. We accounted for the Merger as a business combination, and the financial results of Udemy are included in our Condensed Consolidated Financial Statements (Unaudited) prospectively from the Closing Date. Prior period financial statements have not been recast and do not include the financial results of Udemy. Refer to Note 4, *Business Combination*, included in Part I, Item 1 of this Form 10-Q for further information.

During the three and nine months ended September 30, 2026, we incurred significant cash and non-cash charges related to the Merger and the integration of Udemy, primarily consisting of transaction and integration costs, as well as personnel and severance costs incurred as a direct result of the Merger. These costs are associated with our efforts to complete the Merger, integrate the businesses, and realize the operational synergies expected from the Merger. Refer to Note 15, *Merger, integration, and restructuring related costs*, included in Part I, Item 1 of this Form 10-Q for further information.

July 2026 Merger-Related Synergy Initiative

On July 6, 2026, in connection with the Merger and our integration and synergy plans, we announced a commitment to a workforce reduction plan intended to align our cost structure, operating model, and personnel needs with our business objectives and operational priorities. As a result of this initiative, we recognized restructuring charges of $12.9 million mainly related to personnel expenses, primarily consisting of termination benefits to the impacted employees, including severance payments and healthcare benefits, as well as an immaterial amount of stock-based compensation expense. As of September 30, 2026, there were $1.5 million of unpaid liabilities included in the Condensed Consolidated Balance Sheets as accrued compensation and benefits, substantially all of which are expected to be paid during the year ended December 31, 2026.

Strategic Investment

In July 2026, we made a strategic equity investment in LearnVector Inc. ("LearnVector"), purchasing shares of LearnVector's Series A Preferred Stock for an aggregate purchase price of $100 million, representing 33.33% of the ownership interest in LearnVector on a fully diluted basis as of the date of the investment. LearnVector is an AI-native learning company founded and led by Dr. Andrew Ng, Coursera's co-founder and Chair of our Board of Directors, and is therefore considered a related party. The investment and the investment agreements were approved by a Special Committee of the Board composed solely of directors whom the Board determined to be independent and disinterested. Refer to Note 13, *Related Party Transactions*, included in Part I, Item 1 of this Form 10-Q for further information.

Key Financial Results for Third Quarter 2026

- Total revenue was $376.7 million, including $181.8 million relating to the Merger with Udemy, up 94% from $194.2 million a year ago.
- Gross profit was $220.1 million, compared to $106.0 million a year ago. Non-GAAP gross profit was $240.0 million, compared to $108.0 million a year ago.
- Net loss was $(25.6) million, compared to $(8.6) million a year ago. Non-GAAP net income was $57.1 million, compared to $16.7 million a year ago.
- Net loss per share was $(0.10), compared to $(0.05) a year ago. Non-GAAP net income per share was $0.21, compared to $0.10 a year ago.
- Adjusted EBITDA was $61.5 million, compared to $15.6 million a year ago.
- Net cash provided by operating activities was $15.5 million, compared to $33.9 million a year ago.

The foregoing highlights mention both GAAP and non-GAAP financial measures. For definitions of our non-GAAP financial measures and why we believe they are useful, please see "Non-GAAP Financial Measures" below.

Factors Affecting Our Performance

Our business growth and future success depend on many factors. While these factors present opportunities for us, they also pose challenges that we must address to sustain growth and improve our results of operations.

Ability to innovate our products. Central to our strategy is the continued innovation of our products. We aim to expand access to in-demand skills and high-quality education that supports career advancement by focusing on enhancing our platform's capabilities. This includes accelerating product development cycles, leveraging data-driven insights, and applying AI capabilities and tools to improve the experience for learners, customers, and content creators across our platforms.

Ability to source in-demand content. We believe learners and customers are attracted to Coursera due to the quality, trust, and job-relevance of our wide selection of educational content provided by our content creators. We intend to accelerate our content development efforts, continuing to source and produce in-demand content and credentials to attract, convert, and retain learners and grow our revenue over time. We are also introducing new product experiences designed to make skills development more personalized, interactive, and measurable. As emerging technology evolves and shapes the demand for certain career functions and roles, these efforts are designed to address evolving skill requirements and support workforce development at scale in collaboration with our content creators.

Ability to attract and retain trusted content creators. We believe our reach, scale, and reputation position us as a valuable partner for expert practitioners, leading organizations, and institutional partners seeking to develop and distribute content and credentials to a global audience. To remain a preferred platform for trusted content creators, we continue to invest in growing and engaging our learner base, enhancing the learning and authoring experience through AI-powered product innovations (e.g., tutoring, role play, translations, and course creation capabilities), and providing a suite of academic integrity features to verify skills mastery (e.g., identity verification and anti-plagiarism detection). Additionally, we are focused on providing personalized discovery, career guidance, and recommendations, increasing conversion into paid offerings through efficient marketing, and enhancing data-driven insights and tools for learners, content creators, organizations, and institutions.

Ability to enhance our go-to-market capabilities. To grow our business, we must efficiently attract learners and customers, offer a compelling value proposition, and increase engagement and retention on our platforms over time. Learners are central to our ecosystem, as their participation helps attract content creators who value our global reach. To increase engagement and retention, we are investing in platform capabilities that serve a broad audience. We aim to create a more unified and integrated experience through personalized recommendations, localized discovery, and clear value propositions that support learners' educational and career goals and help customers develop their workforces at scale.

Impact of mix shift over time. The mix of our business between our Enterprise and Consumer segments shifts periodically, which can affect our financial performance. We typically incur content costs in the form of fees paid to our content creators, calculated as a percentage of net revenue generated from their content. For subscription based offerings, we compensate our content creators based on learner engagement rather than enrollment rates, which incentivizes the development of more engaging content, supports innovation in learning formats, and better aligns incentives across the diverse content types offered on our platforms.

Ability to convert free learners to paid learners. New learners often begin with free courses on our platforms, which serve as a funnel to grow our learner base and generate referrals to paid offerings. We engage these learners through targeted marketing, personalized recommendations, product integrations, and performance campaigns to highlight premium features and encourage conversion.

Ability to grow in international markets. We see significant opportunity to grow our learner base, particularly in regions with large, underserved adult learning populations. As part of our growth strategy, we have invested and plan to continue investing in marketing, localized discovery, and translation efforts to support international growth and grow our global customer and learner base. We have adapted the front-end experience for Consumer learners, tailoring our pricing and checkout options, including offering local currency transactions in select markets. Our results will depend on our ability to effectively price and package our Consumer products to meet local demand and manage foreign currency risks.

Ability to retain and expand our Enterprise customer relationships. Retaining and expanding usage within our existing Enterprise customer base, as well as attracting new customers, are critical drivers of our performance. The Enterprise market is highly competitive and subject to rapid changes in workforce skilling requirements driven by evolving business needs, technological advancements, and shifting labor market dynamics. Emerging and evolving technologies, such as AI, may create opportunities for workforce training and upskilling, though the extent of their impact on demand for our platforms, learning solutions, and product experiences remains uncertain. Our competitive position will be influenced by the strength of our product offerings, our pace of innovation, and our ability to more effectively address the talent transformation needs of our customers to deliver measurable workforce outcomes.

Ability to effectively leverage our strategic partnerships. We rely on strategic partners, including resellers and other channel partners, as part of our growth strategy. Identifying partners and negotiating terms with them requires significant time and resources, and we are dependent on our ability to negotiate terms that are favorable to us and provide sufficient incentives for our partners to promote our products. In addition, we have granted certain resellers exclusivity to sell certain revenue offerings in select geographic areas, and are therefore dependent on their sales efforts. Our results will depend on the effectiveness of our strategic partners, and any negative changes in our relationship with our reseller partners, including the loss of a reseller or a significant reduction in business with a reseller, could adversely impact our sales in particular geographies, which could, in turn, negatively impact our results of operations.

Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions)			
Revenue	$ 376.7	$ 194.2	$ 871.0	$ 560.6
Cost of revenue[1]	156.6	88.2	368.9	254.0
Gross profit	220.1	106.0	502.1	306.6
Operating expenses:				
Research and development[1]	52.1	30.0	127.1	88.8
Sales and marketing[1]	129.5	67.4	302.8	187.8
General and administrative[1]	36.6	24.2	90.5	76.0
Merger, integration, and restructuring related costs[1]	30.8	—	120.6	(0.9)
Total operating expenses	249.0	121.6	641.0	351.7
Loss from operations	(28.9)	(15.6)	(138.9)	(45.1)
Interest income, net	6.8	8.3	21.6	24.1
Other expense, net	(0.9)	(0.5)	(3.1)	(0.1)
Loss before income taxes	(23.0)	(7.8)	(120.4)	(21.1)
Income tax expense	2.6	0.8	6.1	3.1
Net loss	$ (25.6)	$ (8.6)	$ (126.5)	$ (24.2)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions)			
Cost of revenue	$ 1.1	$ 0.6	$ 2.7	$ 1.9
Research and development	8.7	8.5	25.5	26.0
Sales and marketing	6.5	5.3	18.1	15.7
General and administrative	6.5	8.6	20.6	29.0
Merger, integration, and restructuring related costs	0.3	—	16.1	(1.6)
Total stock-based compensation expense	$ 23.1	$ 23.0	$ 83.0	$ 71.0

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	41.6	45.4	42.4	45.3
Gross profit	58.4	54.6	57.6	54.7
Operating expenses:				
Research and development	13.8	15.4	14.6	15.8
Sales and marketing	34.4	34.7	34.8	33.5
General and administrative	9.7	12.5	10.4	13.6
Merger, integration, and restructuring related costs	8.2	—	13.8	(0.2)
Total operating expenses	66.1	62.6	73.6	62.7
Loss from operations	(7.7)	(8.0)	(16.0)	(8.0)
Interest income, net	1.8	4.3	2.5	4.3
Other expense, net	(0.2)	(0.3)	(0.4)	—
Loss before income taxes	(6.1)	(4.0)	(13.9)	(3.7)
Income tax expense	0.7	0.4	0.6	0.6
Net loss	(6.8)%	(4.4)%	(14.5)%	(4.3)%

Comparison of the Three and Nine Months Ended September 30, 2026 and 2025

Impact of the Merger

The comparability of our operating results is impacted by the Merger with Udemy, which closed on May 11, 2026, given the timing of the acquisition and the relative size of the acquired business. We expect the trends and results of operations of the combined company to be materially different than our financial results prior to the Closing Date. When comparing the results of operations for the three and nine months ended September 30, 2026 to the same periods in the prior year, we may provide qualitative or quantitative disclosure about revenue, cost of revenue, and operating expenses contributed by Udemy after the Closing Date, where such disclosure would be meaningful and the impact is separately identifiable.

Revenue

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	%	2026	2025	$	%
	(in millions, except percentages)							
Revenue:								
Enterprise	$ 200.9	$ 63.9	$ 137.0	214 %	$ 407.1	$ 189.9	$ 217.2	114 %
Consumer	175.8	130.3	45.5	35 %	463.9	370.7	93.2	25 %
Total revenue	$ 376.7	$ 194.2	$ 182.5	94 %	$ 871.0	$ 560.6	$ 310.4	55 %

Revenue for the three months ended September 30, 2026 was $376.7 million, an increase of $182.5 million, or 94%, compared to $194.2 million for the prior-year quarter. Of this increase, $181.8 million was attributable to the inclusion of Udemy revenue following the completion of the Merger. Excluding the impact of the Merger, revenue increased $0.7 million, or 0.3%, consisting of a $4.2 million increase in Enterprise revenue partially offset by a $3.5 million decrease in Consumer revenue.

Enterprise revenue for the three months ended September 30, 2026 increased by $137.0 million, or 214%, compared to the prior-year quarter. This increase was primarily driven by growth in subscription revenue of $136.2 million, largely due to the inclusion of Udemy revenue.

Consumer revenue for the three months ended September 30, 2026 increased by $45.5 million, or 35%, compared to the prior-year quarter. This growth was primarily driven by a $19.4 million increase in subscription revenue, which was attributable to the inclusion of $18.4 million of Udemy revenue and higher Coursera subscription revenue of $1.0 million. Additionally, transactional and other revenue increased by $28.0 million, largely due to the inclusion of Udemy revenue. These increases were partially offset by a $1.9 million decline in degrees revenue.

Revenue for the nine months ended September 30, 2026 was $871.0 million, an increase of $310.4 million, or 55%, compared to $560.6 million for the nine months ended September 30, 2025. Of this increase, $285.6 million was attributable to the inclusion of Udemy revenue following the completion of the Merger. Excluding the impact of the Merger, revenue increased $24.8 million, or 4.4%, consisting of a $15.0 million increase in Consumer revenue and a $9.8 million increase in Enterprise revenue.

Enterprise revenue for the nine months ended September 30, 2026 increased by $217.2 million, or 114%, compared to the nine months ended September 30, 2025. This increase was primarily driven by growth in subscription revenue of $216.0 million, largely due to the inclusion of Udemy revenue.

Consumer revenue for the nine months ended September 30, 2026 increased by $93.2 million, or 25%, compared to the nine months ended September 30, 2025. This growth was primarily driven by a $51.5 million increase in subscription revenue, which was attributable to the inclusion of $28.1 million of Udemy revenue and higher Coursera subscription revenue of $23.4 million. Additionally, transactional and other revenue increased by $46.4 million, largely due to the inclusion of Udemy revenue. These increases were partially offset by a $4.7 million decline in degrees revenue.

Cost of Revenue, Gross Profit, and Gross Margin

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	%	2026	2025	$	%
	(in millions, except percentages)							
Cost of revenue	$ 156.6	$ 88.2	$ 68.4	78 %	$ 368.9	$ 254.0	$ 114.9	45 %
Gross profit	$ 220.1	$ 106.0	$ 114.1	108 %	$ 502.1	$ 306.6	$ 195.5	64 %
Gross margin	58.4 %	54.6 %			57.6 %	54.7 %		

Cost of revenue for the three months ended September 30, 2026 was $156.6 million compared to $88.2 million for the prior-year quarter. The primary drivers of the increase in cost of revenue were a $27.8 million increase in content-related costs, a $21.9 million increase in platform operation, customer support, and maintenance costs, and a $16.7 million increase in amortization expense of intangible assets, all of which were primarily attributable to the Merger.

Content costs for the Enterprise segment were $37.5 million and $19.4 million for the three months ended September 30, 2026 and 2025, with content costs as a percentage of revenue of 18.7% and 30.4% for the same periods. Content costs for the Consumer segment were $60.3 million and $50.6 million for the three months ended September 30, 2026 and 2025, with content costs as a percentage of revenue of 34.3% and 38.8% for the same periods. Content costs as a percentage of revenue for both segments decreased due to the impact of the Merger contributing more favorable content economics and a continued shift toward subscription revenue, as well as the introduction of the platform maintenance fee in January 2026.

Gross margin was 58.4% for the three months ended September 30, 2026, an increase from 54.6% for the prior year quarter. The increase in gross margin was driven by lower content cost rates in both our Enterprise and Consumer segments, partially offset by increases in platform operation, customer support, and maintenance costs and amortization expense of intangible assets.

Cost of revenue for the nine months ended September 30, 2026 was $368.9 million compared to $254.0 million for the nine months ended September 30, 2025. The primary drivers of the increase in cost of revenue were a $48.5 million increase in content-related costs, a $37.0 million increase in platform operation, customer support, and maintenance costs, and a $25.5 million increase in amortization expense of intangible assets, all of which were primarily attributable to the Merger.

Content costs for the Enterprise segment were $85.8 million and $57.4 million for the nine months ended September 30, 2026 and 2025, with content costs as a percentage of revenue of 21.1% and 30.2% for the same periods. Content costs for the Consumer segment were $163.4 million and $143.3 million for the nine months ended September 30, 2026 and 2025, with content costs as a percentage of revenue of 35.2% and 38.7% for the same periods. Content costs as a percentage of revenue for both segments decreased due to the impact of the Merger contributing more favorable content economics and a continued shift toward subscription revenue, as well as the introduction of the platform maintenance fee in January 2026.

Gross margin was 57.6% for the nine months ended September 30, 2026, an increase from 54.7% for the nine months ended September 30, 2025. The increase in gross margin was driven by lower content cost rates in both our Enterprise and Consumer segments, partially offset by increases in platform operation, customer support, and maintenance costs and amortization expense of intangible assets.

Operating Expenses

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	%	2026	2025	$	%
	(in millions, except percentages)							
Operating expenses:								
Research and development	$ 52.1	$ 30.0	$ 22.1	74 %	$ 127.1	$ 88.8	$ 38.3	43 %
Sales and marketing	129.5	67.4	62.1	92 %	302.8	187.8	115.0	61 %
General and administrative	36.6	24.2	12.4	51 %	90.5	76.0	14.5	19 %
Merger, integration, and restructuring related costs	30.8	—	30.8	nm	120.6	(0.9)	121.5	nm
Total operating expenses	$ 249.0	$ 121.6	$ 127.4	105 %	$ 641.0	$ 351.7	$ 289.3	82 %

nm - not meaningful

Total operating expenses for the three and nine months ended September 30, 2026 were $249.0 million and $641.0 million compared to $121.6 million and $351.7 million for the three and nine months ended September 30, 2025.

Research and development expenses for the three months ended September 30, 2026 were $52.1 million compared to $30.0 million for the prior-year quarter. The increase was primarily due to a $13.4 million increase in personnel-related expenses, a $6.9 million increase in software subscription and allocated expenses, and a $0.9 million increase in consulting and professional service expenses, all of which were primarily attributable to the Merger.

Research and development expenses for the nine months ended September 30, 2026 were $127.1 million compared to $88.8 million for the nine months ended September 30, 2025. The increase was primarily due to a $22.9 million increase in personnel-related expenses, which was primarily attributable to the Merger, a $13.3 million increase in software subscription and allocated expenses, and a $1.4 million increase in consulting and professional service expenses.

Sales and marketing expenses for the three months ended September 30, 2026 were $129.5 million compared to $67.4 million for the prior-year quarter. The increase was primarily due to a $21.2 million increase in marketing and advertising expenses, a $17.6 million increase in personnel-related expenses, an $8.1 million increase in amortization of acquired intangible assets, a $7.3 million increase in software subscription and allocated expenses, a $3.0 million increase in consulting and professional services, a $2.8 million increase in amortization of deferred contract costs, and a $1.2 million increase in stock-based compensation expense, all of which were primarily attributable to the Merger.

Sales and marketing expenses for the nine months ended September 30, 2026 were $302.8 million compared to $187.8 million for the nine months ended September 30, 2025. The increase was primarily due to a $45.9 million increase in marketing and advertising expenses, partially attributable to the Merger, a $33.3 million increase in personnel-related expenses, a $12.8 million increase in amortization of acquired intangible assets, a $12.1 million increase in software subscription and allocated expenses, a $4.8 million increase in consulting and professional services, a $3.0 million increase in amortization of deferred contract costs, and a $2.4 million increase in stock-based compensation expense, all of which were primarily attributable to the Merger.

General and administrative expenses for the three months ended September 30, 2026 were $36.6 million compared to $24.2 million for the prior-year quarter. The increase was primarily driven by the Merger, including a $4.2 million increase in personnel-related expenses, a $3.5 million increase in consulting and professional services, a $2.5 million increase in software subscription and allocated expenses, and a $0.6 million increase in charges to the credit losses reserve. Additionally, there was a $1.3 million increase related to business taxes and other tax reserves, as well as a $1.4 million increase in other non-recurring legal and regulatory matters. These increases were partially offset by a $2.1 million decrease related to stock-based compensation expense.

General and administrative expenses for the nine months ended September 30, 2026 were $90.5 million compared to $76.0 million for the nine months ended September 30, 2025. The increase was primarily driven by the Merger, including a $8.1 million increase in personnel-related expenses, a $4.9 million increase in consulting and professional services, a $3.6 million increase software subscription and allocated expenses, and a $0.8 million increase in charges to the credit losses reserve. Additionally, there was a $3.0 million increase related to business taxes and other tax reserves, as well as a $0.9 million increase in other non-recurring legal and regulatory matters. These increases were partially offset by a decrease of $8.4 million in stock-based compensation expense partially related to our former CEO's leadership transition in the nine months ended September 30, 2025.

Merger, integration, and restructuring related costs were $30.8 million and $120.6 million for the three and nine months ended September 30, 2026, primarily consisting of legal and regulatory fees, transaction costs, other professional services, and personnel and severance costs that were incurred directly as a result of the Merger. For the three and nine months ended September 30, 2025, merger, integration, and restructuring related costs were zero and $(0.9) million, relating to our restructuring initiative originally announced in October 2024. Refer to Note 15, *Merger, integration, and restructuring related costs*, included in Part I, Item 1 of this Form 10-Q for further information.

Other Income (Expense)

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	%	2026	2025	$	%
	(in millions, except percentages)							
Interest income, net	$ 6.8	$ 8.3	$ (1.5)	(18)%	$ 21.6	$ 24.1	$ (2.5)	(10)%
Other expense, net	(0.9)	(0.5)	(0.4)	nm	(3.1)	(0.1)	(3.0)	nm
Total other income, net	$ 5.9	$ 7.8	$ (1.9)	(24)%	$ 18.5	$ 24.0	$ (5.5)	(23)%

nm - not meaningful

Total other income, net for the three and nine months ended September 30, 2026 was primarily comprised of interest income earned on cash, cash equivalents, and marketable securities. Total other income, net decreased during the three and nine months ended September 30, 2026 compared to the corresponding periods in 2025, primarily due to higher interest expense related to indirect tax reserves and lower interest income earned on our invested cash, cash equivalents, and marketable securities balances due to lower average interest rates. Other expense, net for the three and nine months ended September 30, 2026 consisted primarily of foreign exchange gains and losses.

Income Tax Expense

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	%	2026	2025	$	%
	(in millions, except percentages)							
Income tax expense	$ 2.6	$ 0.8	$ 1.8	225 %	$ 6.1	$ 3.1	$ 3.0	97 %

Income tax expense for the three and nine months ended September 30, 2026 and 2025 was primarily related to state and foreign taxes.

Liquidity and Capital Resources

Overview

As of September 30, 2026, our principal source of liquidity was unrestricted cash, cash equivalents, and marketable securities totaling $775.5 million.

Since our inception, we have financed our operations primarily through proceeds from the issuance of redeemable convertible preferred stock, our initial public offering completed in April 2021, and cash generated from business operations. Our principal uses of cash in the three and nine months ended September 30, 2026 and 2025 include the funding of our business operations, merger and integration related costs, purchases of strategic investments, 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, along with 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. If 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. Moreover, 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

Except as discussed in Note 7, *Leases*, and Note 10, *Commitments and Contingencies*, included in Part I, Item 1 of this Form 10-Q, there were no material changes outside of the ordinary course of business in our commitments and contractual obligations for the three and nine months ended September 30, 2026 as compared to those in "Management's Discussion and Analysis of Financial Condition and Results of Operations," set forth in our Form 10-K.

Share Repurchase Program

On May 15, 2026, our Board approved a share repurchase program authorizing Coursera to purchase up to $500 million of our common stock, excluding commissions and fees (the "Repurchase Program"). Under the Repurchase Program, Coursera may repurchase shares of common stock from time to time through open market purchases, 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 Repurchase Program has no expiration date and continues unless otherwise suspended or discontinued. The number of shares repurchased and the timing of the repurchases 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.

During the three months ended September 30, 2026, we repurchased an aggregate of 18.1 million shares of our common stock for $101.6 million pursuant to a Rule 10b5-1 plan, including $0.3 million of commissions. During the nine months ended September 30, 2026, we repurchased an aggregate of 34.6 million shares of our common stock for $191.9 million, including $0.5 million of commissions. As of September 30, 2026, we had $308.6 million remaining under the Repurchase Program.

Between October 1, 2026 and November 4, 2026, we repurchased 7.1 million shares of our common stock for $33.6 million, including $0.1 million of commissions. To date, we have utilized our existing cash and cash equivalents to fund repurchases under the Repurchase Program.

Cash Flows

The following table summarizes our cash flows:

	Nine Months Ended September 30,	
	2026	2025
	(in millions)	
Net cash provided by operating activities	$ 10.3	$ 102.9
Net cash provided by (used in) investing activities	82.9	(22.4)
Net cash used in financing activities	(213.1)	(10.4)
Effect of foreign exchange rates on cash flows	(0.4)	—
Net (decrease) increase in cash, cash equivalents, and restricted cash	$ (120.3)	$ 70.1

Operating Activities

Cash provided by operating activities mainly consists of our net loss adjusted for certain non-cash items, including stock-based compensation expense, depreciation and amortization, and impairment losses, 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, content creator fees, marketing and advertising expenses, indirect taxes, third-party cloud infrastructure expenses, and merger and integration related costs.

For the nine months ended September 30, 2026, net cash provided by operating activities was $10.3 million, primarily resulting from a net loss of $126.5 million adjusted for non-cash charges of $152.1 million and (i) a decrease in accounts receivable, (ii) an increase in accounts payable and accrued expenses, and (iii) an increase in accrued compensation and other liabilities, partially offset by (iv) a decrease in deferred revenue, and (v) an increase in prepaid expenses and other assets.

For the nine months ended September 30, 2025, net cash provided by operating activities was $102.9 million, primarily resulting from improved operating leverage and working capital driven by (i) deferred revenue growth and (ii) an increase in accounts payable and accrued expenses resulting from invoice and payment timing.

Cash provided by operating activities decreased by $92.6 million during the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025, primarily due to cash payments of merger and integration related costs of $56.9 million and cash payments of merger-related personnel and severance costs of $39.1 million made during the nine months ended September 30, 2026, as well as a decrease in deferred revenue, primarily as a result of billing timing, and an increase in outflows from prepaid expenses and other assets.

Investing Activities

For the nine months ended September 30, 2026, net cash provided by investing activities was $82.9 million, due to (i) cash acquired as part of the Merger and (ii) proceeds from maturities of marketable securities, partially offset by (iii) purchases of strategic investments, (iv) purchases of marketable securities, (v) capitalized internal-use software costs, and (vi) purchases of content assets.

For the nine months ended September 30, 2025, net cash used in investing activities was $22.4 million, due to (i) capitalized internal-use software costs, (ii) purchases of content assets, and (iii) purchases of property, equipment, and software.

Financing Activities

For the nine months ended September 30, 2026, net cash used in financing activities was $213.1 million, due to (i) payments for repurchases of common stock under the Repurchase Program and (ii) payments for tax withholding on vesting of RSUs, partially offset by (iii) proceeds from our employee stock purchase plan, and (iv) proceeds from the exercise of stock options.

For the nine months ended September 30, 2025, net cash used in financing activities was $10.4 million, due to (i) payments for tax withholdings on vesting of RSUs, partially offset by (ii) proceeds from the exercise of stock options, and (iii) proceeds from our employee stock purchase plan.

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

In connection with our Merger with Udemy, we have elected to discontinue reporting certain historical business metrics and introduced a new metric that we believe serves as a clearer indicator of the growth of our business and a better reflection of future revenue trends. We introduced Paid Subscribers as a key business metric to provide investors with additional insight into Consumer subscription trends, and we no longer disclose New and Total Registered Learners since the second quarter of 2026.

Additionally, key business metrics presented below represent the combined metrics of Coursera and Udemy, reflecting a unified reporting methodology and common definitions. Historical combined metrics have been conformed to this unified reporting methodology for comparability purposes, and therefore, may not equal the sum of each company's previously reported metrics or be comparable to the financial information presented in this Form 10-Q, which incorporates Udemy's operating results beginning on May 11, 2026, the Closing Date of the Merger. For additional information regarding the metrics discussed, please see the definitions below.

Enterprise Customers

We define an "Enterprise Customer" as a customer who purchases Coursera or Udemy solutions through our direct sales force or through reseller and channel partnerships. For purposes of determining our Enterprise Customer count, we exclude customers who do not purchase either through our direct sales force or through reseller and channel partnerships, including organizations engaging through our self-service platform. We count the total number of Enterprise Customers that are active on the Coursera or Udemy platforms 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.

For the nine months ended September 30, 2026, approximately 95% of Enterprise revenue was generated from our Enterprise Customers. We believe that the number of Enterprise Customers and our ability to increase this number is an important indicator of the growth of our Enterprise segment and future Enterprise segment revenue trends.

	September 30,	
	2026	2025
Enterprise Customers[1]	11,897	12,338
YoY change	(4) %	

(1) On a standalone basis, Coursera reported 1,724 Paid Enterprise Customers and Udemy reported 17,111 Udemy Business Customers as of September 30, 2025. These legacy as-reported figures were calculated using each respective company's pre-merger definitions and reporting methodology as reported in their respective Quarterly Reports on Form 10-Q for the quarter ended September 30, 2025, and are provided solely for historical reference.

Net Retention Rate for Enterprise Customers

We disclose Net Retention Rate for Enterprise Customers as a supplemental measure of our Enterprise revenue growth. We believe Net Retention Rate for 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 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" for a period by starting with the ARR from all Enterprise Customers as of the 12 months prior to such period end, or "Prior Period ARR". We then calculate the ARR from these same Enterprise Customers as of the current period end, or "Current Period ARR". Current Period ARR includes expansion within Enterprise Customers and is net of contraction or attrition over the trailing 12 months but excludes revenue from new 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 Enterprise Customers.

Our Net Retention Rate for Enterprise Customers was 93% for the three months ended September 30, 2026 and 2025, as customer attrition for business customers was offset by the expansion of government customers. Our Net Retention Rate for 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 Enterprise Customer base, expansion of products and features, and our ability to retain and expand our Enterprise Customers.

	Three Months Ended September 30,	
	2026	2025
Net Retention Rate for Enterprise Customers[2]	93 %	93 %
YoY change	— %	

(2) On a standalone basis for three months ended September 30, 2025, Coursera reported Net Retention Rate of 89% and Udemy reported Net Dollar Retention Rate of 93%. These legacy as-reported figures were calculated using each respective company's pre-merger definitions and reporting methodology as reported in their respective Quarterly Reports on Form 10-Q for the quarter ended September 30, 2025, and are provided solely for historical reference.

Paid Subscribers

Paid Subscriber count is defined as the total number of unique subscribers with at least one paid Consumer subscription product that contributes to revenue as of the reporting period. For purposes of determining unique subscriber count, subscribers with multiple paid subscriptions are counted as a single Paid Subscriber.

	September 30,	
	2026	2025
	(in thousands, except percentages)	
Paid Subscribers	1,687	1,299
YoY growth	30 %	

Segment Revenue

We generate revenue from two reportable segments: Enterprise and Consumer.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions, except percentages)			
Enterprise revenue	$ 200.9	$ 63.9	$ 407.1	$ 189.9
YoY growth	214 %		114 %	
Consumer revenue	$ 175.8	$ 130.3	$ 463.9	$ 370.7
YoY growth	35 %		25 %	
Total revenue	$ 376.7	$ 194.2	$ 871.0	$ 560.6
YoY growth	94 %		55 %	

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 segment content costs paid to content creators. Segment gross margin represents segment gross profit expressed as a percentage of segment revenue. 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 Enterprise and Consumer offerings, mix shifts between our two segments can be a significant factor of our overall gross margin, financial performance, and profitability.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions, except percentages)			
Enterprise gross profit	$ 163.4	$ 44.5	$ 321.3	$ 132.5
Enterprise segment gross margin %	81.3 %	69.6 %	78.9 %	69.8 %
Consumer gross profit	$ 115.5	$ 79.7	$ 300.5	$ 227.4
Consumer segment gross margin %	65.7 %	61.2 %	64.8 %	61.3 %

Enterprise segment gross margin increased to 81.3% and 78.9% for the three and nine months ended September 30, 2026 compared to 69.6% and 69.8% when comparing the same periods. Consumer segment gross margin increased to 65.7% and 64.8% for the three and nine months ended September 30, 2026 up from 61.2% and 61.3% for the three and nine months ended September 30, 2025. The improvements in gross margin were primarily the result of lower content cost rates in both our Enterprise and Consumer segments for the three and nine months ended September 30, 2026, due to the impact of the Merger contributing more favorable content economics and a continued shift toward subscription revenue, as well as the introduction of the platform maintenance fee in January 2026.

Non-GAAP Financial Measures

Non-GAAP Gross Profit, Non-GAAP Net Income, and Non-GAAP Net Income Per Share

We define non-GAAP gross profit and non-GAAP net income as GAAP gross profit and GAAP net loss excluding: (i) merger, integration, and restructuring related costs; (ii) stock-based compensation expense; (iii) amortization of acquired intangible assets; (iv) amortization of stock-based compensation expense capitalized as internal-use software costs; (v) payroll tax expense related to stock-based compensation; and (vi) costs and settlement (gains) losses related to significant and non-recurring legal and regulatory matters, net of insurance recoveries. Non-GAAP net income per share is calculated by dividing non-GAAP net income 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions)			
Gross profit	$ 220.1	$ 106.0	$ 502.1	$ 306.6
Amortization of acquired intangible assets	17.0	—	26.5	—
Stock-based compensation expense	1.1	0.6	2.7	1.9
Amortization of stock-based compensation capitalized as internal-use software costs	1.8	1.4	5.2	4.3
Payroll tax expense related to stock-based compensation	—	—	0.1	—
Non-GAAP gross profit	$ 240.0	$ 108.0	$ 536.6	$ 312.8

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions, except per share amounts)			
Net loss	$ (25.6)	$ (8.6)	$ (126.5)	$ (24.2)
Merger, integration, and restructuring related costs	30.8	—	120.6	(0.9)
Stock-based compensation expense	22.8	23.0	66.9	72.6
Amortization of acquired intangible assets	25.1	—	39.2	—
Amortization of stock-based compensation capitalized as internal-use software costs	1.8	1.4	5.2	4.3
Payroll tax expense related to stock-based compensation	0.7	0.8	2.1	2.4
Significant and non-recurring legal and regulatory matters	1.5	0.1	2.4	1.5
Non-GAAP net income	$ 57.1	$ 16.7	$ 109.9	$ 55.7
Weighted-average shares used in computing net loss per share—basic	264.7	164.6	222.6	162.6
Effect of dilutive securities	2.8	7.9	5.2	6.1
Weighted-average shares used in computing non-GAAP net income per share—diluted	267.5	172.5	227.8	168.7
Net loss per share—basic and diluted	$ (0.10)	$ (0.05)	$ (0.57)	$ (0.15)
Non-GAAP net income per share—diluted	$ 0.21	$ 0.10	$ 0.48	$ 0.33

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 GAAP net loss excluding: (i) merger, integration, and restructuring related costs; (ii) stock-based compensation expense; (iii) depreciation and amortization; (iv) income tax expense; (v) other expense, net; (vi) payroll tax expense related to stock-based compensation; (vii) costs and settlement (gains) losses related to significant and non-recurring legal and regulatory matters, net of insurance recoveries; and (viii) interest income, net. 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions, except percentages)			
Net loss	$ (25.6)	$ (8.6)	$ (126.5)	$ (24.2)
Merger, integration, and restructuring related costs	30.8	—	120.6	(0.9)
Stock-based compensation expense	22.8	23.0	66.9	72.6
Depreciation and amortization	34.6	7.3	64.6	21.8
Income tax expense	2.6	0.8	6.1	3.1
Other expense, net	0.9	0.5	3.1	0.1
Payroll tax expense related to stock-based compensation	0.7	0.8	2.1	2.4
Significant and non-recurring legal and regulatory matters	1.5	0.1	2.4	1.5
Interest income, net	(6.8)	(8.3)	(21.6)	(24.1)
Adjusted EBITDA	$ 61.5	$ 15.6	$ 117.7	$ 52.3
Net loss margin	(6.8)%	(4.4)%	(14.5)%	(4.3)%
Adjusted EBITDA Margin	16.3 %	8.0 %	13.5 %	9.3 %

Free Cash Flow

We define Free Cash Flow as net cash provided by operating activities, less capitalized internal-use software costs, purchases of content assets, and purchases of property, equipment, and software, as we consider these capital expenditures necessary to support our ongoing operations.

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 operating activities, the most directly comparable GAAP financial measure, to Free Cash Flow:

	Nine Months Ended September 30,	
	2026	2025
	(in millions)	
Net cash provided by operating activities[(1)]	$ 10.3	$ 102.9
Less: capitalized internal-use software costs	(20.8)	(13.3)
Less: purchases of content assets	(13.7)	(8.0)
Less: purchases of property, equipment, and software	(0.8)	(1.1)
Free Cash Flow	$ (25.0)	$ 80.5

(1) Net cash provided by operating activities includes cash payments of merger and integration related costs of $56.9 million and cash payments of merger-related personnel and severance costs of $39.1 million made during the nine months ended September 30, 2026. The nine months ended September 30, 2025 include $5.2 million in cash payments of other restructuring costs.

Critical Accounting Estimates

Our Condensed Consolidated Financial Statements (Unaudited) and the related notes thereto included elsewhere in this Form 10-Q have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The preparation of these Condensed Consolidated Financial Statements (Unaudited) 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 that there are material differences between these estimates and our actual results, our future financial statements will be affected.

Other than those described below, there have been no material changes to our critical accounting estimates as compared to those described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our Form 10-K.

Business Combinations

The allocation of the purchase price in a business combination requires us to make significant estimates in determining the fair value of acquired assets and assumed liabilities, especially with respect to intangible assets. The excess of the purchase price in a business combination over the fair value of these tangible and intangible assets acquired and liabilities assumed is recorded as goodwill. Critical estimates in valuing acquired intangible assets include, but are not limited to, future expected cash flows and operating results, the selected valuation approaches and methods, useful lives, royalty and discount rates, the rate of technological obsolescence, customer retention rates, and the time to rebuild acquired content creator relationships. We typically engage third party valuation appraisal firms to assist us in determining the fair values of acquired intangible assets, including the relief from royalty method, the with-and-without method, and the multi-period excess earnings method used to calculate fair values under the income approach. Our estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. We evaluate these estimates and assumptions as new information is obtained and may record adjustments to the fair value of the tangible and intangible assets acquired and liabilities assumed up to one year from the Closing Date.

Goodwill Impairment Assessment

We evaluate goodwill for impairment on an annual basis, during the fourth quarter, or whenever events or changes in circumstances indicate it is more likely than not that the fair value of a reporting unit is less than its carrying value. The fourth quarter of the fiscal year ending December 31, 2026, will be the first time goodwill will be tested for impairment following the Merger. When a quantitative assessment is required, this assessment requires the use of accounting estimates that require consideration of forecasted financial information to determine the fair value of our reporting units. These estimates include the use of discounted cash flow models under the income approach, and market data of comparable guideline companies under the market approach. Significant judgment is involved in performing these estimates.

Subsequent to September 30, 2026 and through the date of filing, we experienced a decline in our market capitalization as a result of the decline in our stock price. Should this decline continue or not reverse, we would incorporate this as a consideration in the goodwill impairment test performed during the fourth quarter of 2026. If our fourth quarter impairment test indicates that a reporting unit's carrying amount exceeds its fair value, we would recognize a non-cash goodwill impairment charge. Such a charge could be material to our results of operations and financial position, although it would not affect our cash flows.

As of September 30, 2026, the aggregate carrying value of goodwill is $182.7 million, with $113.9 million assigned to our Enterprise reporting unit, and $68.8 million assigned to our Consumer reporting unit.

Revenue Recognition - Principal Versus Agent

We are generally the principal with respect to our Consumer and Enterprise revenue arrangements 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 content creators. Therefore, we record the gross purchase price paid by the customer related to these arrangements within revenue on the condensed consolidated statements of operations, and we record payments to content creators as content costs within cost of revenue. Furthermore, we are the principal in certain contracts sold through our reseller partners. For arrangements where we have visibility into the price paid by the end customer, we recognize the gross transaction price as revenue, and allocate amounts retained by the reseller between deferred sales commissions within sales and marketing and, to the extent applicable, customer support costs within cost of revenue.

Item 3. 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 have the greatest effect on our interest income, impacting the interest earned on our cash, cash equivalents, and marketable securities as well as the fair value of the underlying 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 invest in highly-rated securities, such as U.S. Treasury securities and U.S. government-backed money market funds, with maturities of one year or less.

A hypothetical 100 basis point increase or decrease in interest rates as of September 30, 2026 would not have a material impact on the fair value of our portfolio, and such impact would only be realized if we sold the investments prior to their maturities. Based on our invested cash equivalents and marketable securities balance as of September 30, 2026, a hypothetical 100 basis point change in interest rates would result in a $6.8 million increase or decrease in interest income on an annualized basis.

Foreign Currency Risk

Our reporting currency is the U.S. dollar. We determine the functional currency for each of our foreign subsidiaries by reviewing their operations and currencies used in their primary economic environments. While the majority of our sales are denominated in U.S. dollars or collected in advance of service delivery, we also generate revenue in local currencies, particularly in our Consumer segment and in certain countries within our Enterprise segment. As a result, our revenue is subject to some foreign currency risk.

Our operating expenses are typically incurred in the local currencies of the countries where we operate, including but not limited to the euro, British pound sterling, Canadian dollar, Indian rupee, and Japanese yen. These currencies are subject to fluctuations due to changes in foreign currency exchange rates. We also maintain foreign-currency denominated cash and cash equivalents in our foreign entities to support their ongoing operations. These balances may cause us to recognize transaction gains and losses due to exchange rate fluctuations, which are reflected in our Condensed Consolidated Statements of Operations.

We have not entered into any foreign currency hedging arrangements or other derivative instruments to manage this risk, although we may choose to do so in the future. A hypothetical 10% increase or decrease in average foreign exchange rates relative to the U.S. dollar would not have resulted in a material impact on our loss before income taxes in our Condensed Consolidated Financial Statements (Unaudited) for the nine months ended September 30, 2026 and 2025.

Convertible Note Investment

We hold a convertible note investment with a private company, with an estimated fair market value of $8.5 million as of September 30, 2026. We have elected to account for the investment under the fair value option. The determination of the fair market value of the investment is based on a variety of market-related risks, including but not limited to interest rates and volatility in equity markets, that could impact the carrying value of our investments.

Strategic Investments

We hold equity investments in privately held companies without readily determinable fair values, with a carrying value of $101.5 million as of September 30, 2026, of which $100.0 million relates to our LearnVector investment. We account for these investments under the measurement alternative, at cost less impairments, adjusted for observable price changes in orderly transactions for identical or similar investments of the same issuer. The carrying value of these investments is subject to a variety of market-related risks, including but not limited to observable transactions at lower valuations, adverse changes in an investee's performance or in market conditions, and an investee's inability to obtain financing, that could result in impairments or downward adjustments and adversely affect our results. A decline in the value of our LearnVector investment could have a significant effect on our results.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure information required to be disclosed in our reports that we file or furnish pursuant to the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by 13a-15(b) under the Exchange Act, we carried out an evaluation, under the supervision and the participation of our management, including our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), of the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q ("Form 10-Q"). Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Form 10-Q, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

As part of our ongoing evaluation of internal controls over financial reporting, we are reviewing the internal controls in connection with our Merger with Udemy and are making appropriate changes as we deem necessary. Other than this review of our controls in connection with the Merger, there were no changes to our internal control over financial reporting that occurred during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

See discussion of legal proceedings in Note 10, *Commitments and Contingencies*, in Item 1 of Part I of this Quarterly Report on Form 10-Q ("Form 10-Q"), which is incorporated by reference into this Item 1 of Part II.

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-Q. 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 future growth and our growth may be adversely impacted by macroeconomic conditions, including inflation;
- 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;
- the evolution of our offerings coupled with our limited operating history makes it difficult to predict our future financial and operating results;
- our ability to successfully integrate with Udemy and realize the anticipated benefits of the merger with Udemy, in a timely fashion;
- 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 economic or other terms of our relationships with our content creators and other strategic partners;
- our ability to maintain and expand our partnerships with our content creators and other strategic partners;
- our ability to effectively leverage resellers and other strategic partners to sell and market our products;
- our ability to attract and retain learners, including converting freemium learners to paid learners;
- our ability to adapt and respond effectively to rapidly changing technology, evolving industry standards, and changing customer needs or requirements, including our ability to build, deploy, and scale AI across our platforms;
- our ability to manage the growth of our business both in terms of scale and complexity;
- changes in our subscription or contract terms, including our pricing models, for our offerings;
- our ability to successfully expand our international operations, including growing our worldwide content creator 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;
- our ability to achieve or maintain profitability in the future;
- our ability to improve operational efficiencies and operating costs, including through restructuring and expense reduction initiatives;
- our ability to generate sufficient revenue from new offerings to offset our costs of the offerings;
- our ability to compete effectively;
- our ability to successfully execute acquisitions or other strategic transactions, including investments in private companies;
- risks related to strategic investments in private companies, such as our investment in LearnVector, including the potential for impairment charges and risks around our ability to realize the anticipated technological or commercial benefits of these investments;
- the potential for goodwill impairment charges, including in light of recent declines in our stock price and market capitalization;

- our ability to attract and retain key personnel and manage leadership transitions;
- the impact of potential changes in laws and regulations applicable to us, our content creators, learners, and customers, including changes to government spending policies or budget priorities that impact our business, directly or indirectly, including through our content creators;
- our, and our content creators', ability to comply with international, federal, and state education laws and regulations, including applicable state authorizations;
- our, and our content creators' 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;
- our university partners' ability to maintain institutional or programmatic accreditation for their programs;
- any changes to the validation or applicability of the United States ("U.S.") Department of Education guidance, on which our degree programs rely;
- any disclosure of personal, confidential, or otherwise sensitive information about our learners, customers, content creators, or their employees, 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 platforms 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 may not grow or could decline compared to prior years due to a variety of factors, including inflation and macroeconomic conditions.

Our historical growth may not be indicative of our future growth, and our revenue may not grow or could 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. Our revenue growth rates may decline compared to prior years due to a variety of factors, including slowing demand for our platforms 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 may be negatively impacted by inflation and macroeconomic uncertainty. If macroeconomic uncertainty is prolonged or economic conditions worsen, including due to ongoing trade disputes and geopolitical tensions between the U.S. and other countries, discretionary spending by current and prospective learners and customers may be adversely impacted, leading to reduced demand for our offerings, a loss of learners or customers, longer payment cycles, and difficulties in collecting accounts receivable. Moreover, anti-U.S. sentiment or campaigns due to geopolitical tensions may cause learners and customers to cancel, reduce, or delay their spending with U.S.-based companies, resulting in learner, customer, or content creator attrition, which could materially and adversely affect our business, financial condition, and results of operations.

Finally, our operating costs have increased and may continue to increase due to rising inflation, and as a result, we may be required to take measures to respond to the impact of inflation. Among other things, we could be required to change our pricing model to offset inflationary pressures on our operating costs, but doing so could adversely affect learner and customer acquisition and retention, negatively impact our long-term growth, and could impair our competitive position if our competitors choose to absorb the cost of inflation. Alternatively, if we choose to absorb the cost of inflation to prioritize growth, our business, financial condition, and results of operations may be negatively impacted.

Our quarterly and annual revenue and operating results have historically 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, government organizations, academic institutions, and other organizations that subscribe to our Enterprise platforms, as well as learners who access the content and credentialing programs available on our platforms;
- our ability to continue to offer compelling content and degrees or other credentialing programs created by our content creators;
- changes in, or trends affecting, subscriptions to our platforms from businesses, government organizations, academic institutions, and other organizations;
- 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 learner and customer base, and our ability to manage the risks associated therewith;
- the timing of costs we incur, the timing and amount of revenue generated, the pricing models, or the payment terms associated with launching new content or offerings;
- 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 content creators, including academic institutions, offering open online courses only and those offering certification, degree, or other credentialing programs;
- changes in the rate, volume, quality, and demand for new content and credentialing programs created and offered by our content creators on our platforms;
- changes in the terms of our existing content creator agreements and the timing and terms of any new content creator agreements;
- the timing and amount of our sales and marketing expenses;
- the timing and breadth of platforms subscription discounts and promotions;
- costs necessary to improve and maintain our platforms and compete on the basis of 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 customers, which may vary from quarter to quarter or year to year, and seasonal operating practices or engagement patterns of content creators 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 fluctuations, tariffs, government shutdowns, labor strikes or other widespread work stoppages, the political environment, changes in government spending policies or priorities, geopolitical tensions or hostilities, such as ongoing trade disputes and geopolitical tensions between the U.S. and other countries, 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 our stock price to decline substantially. Any decline in our stock price would cause the value of your investment to decline.

Our industry and offerings continue to evolve, and given our limited operating history, predicting our future financial and operating results may be affected by a number of uncertainties.

The market for online learning solutions is relatively new and continues to evolve rapidly. These factors may make it difficult to accurately assess our future prospects and the risks, challenges, and uncertainties that we may encounter. These uncertainties include:

- maintaining and increasing a base of learners, customers, or content creators using our platforms;
- successfully competing with existing and future participants in the market for online learning solutions;
- successfully expanding our business in existing markets and entering new markets and geographies;
- anticipating and responding to market and broader economic conditions;
- avoiding interruptions or disruptions in the service of our platforms;
- accurately forecasting our revenue and operating expenses on a quarterly and annual basis;
- maintaining and enhancing the value of our reputation and brands;
- attracting, hiring, and retaining qualified personnel to manage our operations and further develop our platforms;
- effectively managing growth in our operations, including personnel; and
- successfully implementing and executing our business strategies.

As a result of the evolving scope of our industry, business and offerings, as well as our limited operating history, our forecasts of future operating results may be less accurate. As we anticipate market opportunities, risks, or other changes, we may adjust our business model or offerings. However, we cannot guarantee that such changes will be accepted by our learners, content creators, or Enterprise customers, or that they will not result in lower revenues, particularly in the period immediately following the changes. In such cases, we may not realize the anticipated financial benefits of such changes in the amounts we anticipate, on the expected timeline, or at all. If we do not successfully manage our evolving business model and offerings, our operating and financial results may differ materially from our expectations, and our business and stock price may suffer. Our forecasts are subject to a number of uncertainties, including those discussed in this "Risk Factors" section and elsewhere in this Form 10-Q.

If we do not successfully integrate Udemy into our organization, we may not realize the anticipated benefits of the Merger in a timely fashion, if at all, which could adversely affect our results of operations and financial condition.

On May 11, 2026, we completed the Merger with Udemy. Our ability to realize the anticipated benefits of the Merger is subject to a number of uncertainties and risks. The integration of two businesses with distinct operating models, technology platforms, and content partners is complex, costly, and time-consuming. We can provide no assurance that we will be able to successfully integrate our operations or otherwise realize the expected strategic, financial, and operational benefits of the Merger. Failure to do so could have a material adverse effect on our business and the market price of our common stock.

Key challenges to a successful integration include, but are not limited to, the following:

- The anticipated cost savings and synergies from the Merger are based on assumptions that may prove inaccurate. We may fail to identify all available cost-saving opportunities, or the synergies we have identified may take longer to capture, cost more to implement, or deliver less savings than projected. In some cases, achieving cost synergies may require upfront investment, restructuring charges, or headcount reductions that offset part of the expected benefit, such as the workforce reduction initiative announced in July 2026 (refer to Note 15, *Merger, integration, and restructuring related costs,* in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q). If the assumptions underlying our synergy estimates are wrong, or if we are unable to execute on identified opportunities, the Merger may not deliver the financial benefits that we expect, or in the anticipated timeframe. Furthermore, we have recorded a significant amount of goodwill and other intangible assets as a result of the Merger. If we fail to realize its anticipated benefits, we may be required to test these assets for impairment, which could result in a material non-cash charge to our earnings.

- We currently operate two separate Coursera and Udemy platforms with distinct technology stacks and content delivery systems. A central element of our strategy is to build an AI-native skills platform to deliver more personalized, effective, and measurable learning experiences for our learners and customers. Migrating users, content, and data to a unified platform could cause service disruptions, degrade the learner experience, or require higher capital expenditure than anticipated. If we cannot develop a unified platform, or choose not to do so, we would continue to operate and maintain two separate platforms, which would reduce or eliminate the expected synergies from the Merger and could limit our ability to deliver a consistent experience across our combined learner base.
- The Udemy content creation engine relies on over 100,000 instructors who develop their own content and set their own marketplace pricing. Any changes to revenue-sharing terms or platform policies as a result of integration could cause these content creators to reduce their activity or move to competing platforms, which would reduce the breadth of our offerings.
- Coursera's content creators may reduce their engagement or terminate their relationships with us as a result of the Merger due to their perceived diminution of the Coursera brand or their own brand and increased competition for learner enrollment. In response to these factors, or due to a perceived shift in our strategic priorities, our content creators could choose to remove content from our platforms, not offer new content on our platforms, decline to renew their agreements, or seek alternative distribution channels for their content. The loss or degradation of these key partnerships would diminish the quality and exclusivity of our premium catalog, damage our brand differentiation, and have a material adverse effect on our business, financial condition, and results of operations.
- We serve Enterprise customers through subscription offerings on both our Coursera and Udemy platforms. Consolidating these programs requires a unified approach to pricing, contract terms, and account management. Changes to pricing, packaging, or service terms introduced to harmonize policies across the combined company could cause existing customers to reduce their spending or decline to renew, particularly if the changes are perceived as resulting in less favorable terms than those in place before the Merger. Customers who subscribe to both platforms may also reduce total spending across the combined company's offerings by consolidating their subscriptions.
- Our two platforms reach learners and Enterprise customers through different channels and with different value propositions. The model for our Coursera platform generally emphasizes credentialed programs through institutional partners, while the model for our Udemy platform relies on broad course selection and creator-driven content. Aligning these go-to-market strategies without undermining the value proposition that each platform's customers and partners expect will require careful coordination. Missteps in positioning, branding, or channel strategy could confuse the market, alienate institutional partners, or reduce learner engagement.
- Combining workforces with different corporate cultures, compensation structures, and geographic footprints may take longer or cost more than we anticipate. The process may also result in the loss of key personnel.
- Integration requires management attention and resources, which may limit our ability to pursue other business opportunities that may be beneficial to us.

The occurrence of any of these risks could have a material and adverse effect on our business, financial condition, and results of operations, and could prevent us from realizing the full, or any, benefits of the Merger.

Market adoption of online learning solutions and generative AI are relatively new and may not grow, 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 of demand for online learning solutions. The market for online learning solutions is less mature than the market for in-person learning and training. It is difficult to predict learner, customer, or content creator demand to use or be on our platforms, their adoption and renewal rates, the rate at which they expand their engagement with our platforms, the size and growth rate of the market for our platforms, 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 its 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 the resulting increased demand for our online learning offerings may not materialize as expected or may take longer than anticipated. Generative AI technology may also make it significantly easier for new market entrants to develop and deliver competing educational and training content, increasing competitive pressure on our platforms. In addition, generative AI systems may reduce or eliminate the need for dedicated online learning solutions altogether by enabling organizations and individuals to use generative AI systems to perform skilled tasks directly, acquire skills through AI-assisted interaction, or generate their own educational and training content without relying on a dedicated learning platform.

Furthermore, even if educators and enterprises want to adopt an online learning solution, a full transition to this type of learning solution could require a substantial amount of time and resources or 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 platforms will also increase. If the market for online learning solutions does not grow as we expect, or our platforms do 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.

Changes to the economic or other terms of our relationships with content creators could materially and adversely affect our business, financial condition, and results of operations.

We collaborate with our content creators to deliver a broad portfolio of educational content and credentials on our platforms. For our Enterprise offerings and a significant portion of our Consumer offerings, we incur content costs in the form of fees paid to content creators. In addition, the portion of our Consumer revenue attributable to our degree programs is determined based on a percentage of the total tuition paid by students enrolled in degree programs. As a result, changes in university tuition rates, increases in content costs, or other changes in our content creator agreements could significantly impact our revenue, gross profit, and operating results. For example, starting in 2025, we updated our revenue share allocation arrangements to compensate our content creators based on the level of learner engagement their content generates, rather than learner enrollment rates. In addition, in 2026, we introduced a platform fee assessed on sales of Enterprise and Consumer offerings to help fund our ongoing investments in our platforms. We have experienced opposition to our content fee terms, and we anticipate similar challenges in the future. Further, we have in the past and may in the future 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 our content creators could impact whether content creators continue to partner with us and materially and adversely affect our business, financial condition, and results of operations.

Our offerings through the Udemy platform also rely on a large population of content creators who publish content as independent contractors and without any binding obligation to create, deliver or maintain content. These content creators can reduce their output, stop publishing new content, or leave our platforms at any time. Our ability to retain and attract these content creators depends on factors including the revenue share and other economic terms we offer, the volume and quality of learner demand we deliver to their courses, the tools and support we provide, and the competitive alternatives available to them. Changes we make to our platform policies, revenue share allocation, fee structures, or content standards may cause these content creators to reduce their engagement or leave the platform. The loss of a significant number of these content creators, or of content creators who produce our most popular or highest-rated content, could reduce the breadth, quality, and freshness of our content catalog, make our platforms less attractive to learners and enterprise customers, and materially and adversely affect our business, financial condition, and results of operations.

If we fail to establish, maintain, and expand our relationships with content creators and other strategic partners, our ability to grow our business and revenue will suffer.

The success of our business depends in large part on the development, maintenance, and volume of engaging educational content and credentialing programs in collaboration with our content creators. We have faced, and may continue to face challenges in establishing, maintaining, and expanding these relationships. For instance, our content creators may need to invest significant time and resources to modify or develop their content and credentialing programs to suit an online learning environment. Online degree programs delivered through academic institutions are not yet widely accepted. Administrators and faculty members may feel they have less control over the educational process and be concerned about the effectiveness of asynchronous learning, potential misuse of generative AI tools by learners to cheat, and the challenge of maintaining on-campus quality standards in an online format. There can be no assurance that online degree programs, such as those offered on our platform, will ever achieve significant market acceptance, and universities may therefore decline to engage with our platform. Further, if we were to lose a significant number of content creators, especially those who provide a significant portion of the content and programs on our platforms, or if we can no longer offer certain high-demand content or programs, our reputation, growth, and revenue would be materially and adversely impacted. The loss of or reduction in content and programs from content creators 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 content creators.

We also enter into strategic and commercial relationships with third parties that support the development, localization, marketing, distribution, integration, or delivery of our content, programs, products, and services, as well as our expansion into new markets and distribution channels. For example, we may partner with third-party platforms and technology providers, such as OpenAI/ChatGPT to make our learning content available directly through their products and services, including by embedding or integrating our content into third-party AI-powered experiences. These relationships may require significant investments of time and resources, may create dependencies on our partners' technology, platforms, policies, and business priorities, and may not generate the anticipated strategic, commercial, or operational benefits. Our partners may fail to perform as expected, modify or discontinue relevant products or integrations, change the terms or visibility afforded to our content, pursue competing relationships, experience financial, technical, regulatory, or operational difficulties, or terminate or decline to renew their arrangements with us. If we are unable to successfully establish, manage, maintain, or replace these relationships, we may experience disruptions in the availability or distribution of our content, increased costs, lost revenue or business opportunities, customer dissatisfaction, or reputational harm.

We leverage resellers and other strategic partners to sell and market our products, and their failure to perform effectively could harm our revenue and reputation.

We rely on resellers and other strategic partners to sell and market our products in certain geographies and expect these relationships to become an increasingly important part of our business. In some markets, we have granted exclusive distribution rights for Udemy Business to a single reseller. For example, Benesse is our exclusive Udemy Business reseller in Japan. As a result, our revenue in those markets depends on the performance and commitment of our reseller partners.

Identifying, negotiating with, and retaining effective partners requires substantial time and resources. Our growth could be impaired if we are unable to:

- negotiate partnership terms that provide sufficient incentives for partners to actively promote our products;
- enter into and maintain relationships with a sufficient number of qualified partners in each region where we sell products;
- prevent partners from prioritizing competitors' products over ours; or
- replace partners that we lose or that reduce their level of business with us.

Furthermore, our resellers operate independently, and we do not exercise control over their day-to-day operations or commercial practices. Any misconduct, ethical breach, or regulatory non-compliance by a partner—including violations of applicable laws, anti-corruption rules, or standard commercial practices—could disrupt the distribution of our platforms in affected markets, reduce platform usage, and damage our brand reputation. We may also face direct legal or regulatory liability as a result of a reseller's actions.

The loss of a reseller, a material reduction in a reseller's sales efforts, or a compliance failure by any partner could reduce our revenue in the affected geography or distribution channel and negatively affect our business, financial condition, and results of operations.

Our ability to grow and improve our financial performance depends heavily on our ability to attract and retain learners, including converting our freemium learners to paid learners.

Our revenue growth objectives depend on our ability to attract and retain paid learners. We aim to serve these learners' needs by providing compelling credentialing programs and high-demand content that is developed in collaboration with our content creators. We also dedicate a portion of our spend on marketing efforts to attract potential learners to our platforms. Many learners initially sign up for the freemium version of our platforms or free trials. If learners do not expand beyond our free offerings or certain use cases, our financial results may be adversely affected.

We also provide some offerings, such as certificates, at a substantial discount to learners who demonstrate financial need, which may harm our revenue growth. It is critical for our success that learners renew their subscriptions and expand their relationships with us. There is no obligation for our learners to renew, and they may choose not to do so, which could negatively impact our revenue.

The following factors, many of which are largely outside of our control, may prevent us from attracting, converting, upselling, and retaining learners in a cost-effective manner or at all:

- *Negative perceptions about online learning.* There is uncertainty regarding remote, online and asynchronous learning and training, as well as skills-based learning, compared to the traditional models of education and training. Online education programs may not be successful or operate efficiently, which could create the perception that online education in general is ineffective. Learners may also be reluctant to enroll in online programs due to concerns about the quality of the learning experience, potential employer hesitation to hire learners who received their education or credentials online, or reluctance from organizations granting professional licenses or certifications to grant them based on credentials, including degrees, earned through online education or training. Further, concerns about the potential misuse of generative AI tools by learners to generate their coursework may be heightened with respect to online programs.
- *Reduced support from content creators.* If content creators cease to maintain or offer new and compelling credentialing programs or content, including due to reduced funding, or limit our ability to promote their content or programs, learners may reduce or terminate their use of our platforms.
- *Harm to content creator reputation.* Our content creators' reputations may be impacted by factors that are beyond our control and can change over time, including their status or credibility (such as university academic performance or ranking among academic institutions), financial health, ethical practices, litigation or regulatory investigations, and their status and actual or perceived expertise with respect to specific degrees, certifications, or other credentialing programs.
- *Lack of interest in the offerings, features, services, certifications, degrees, or other credentials offered on our platforms.* 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. The increasing capabilities of generative AI tools may also reduce learner interest in certain offerings if learners or employers perceive that skills taught through our platforms can be performed by, or more efficiently acquired through, AI systems.
- *Learner dissatisfact*ion. Learner dissatisfaction can have a negative impact on learner retention. This dissatisfaction can stem from various factors, including the quality of the offerings, features, services, course content, and presentation. Changes to the availability or sequencing of course content or the course presenters can also contribute to dissatisfaction. Additionally, changing views of the value of our content creators' credentialing programs and content offered, as well as perceptions of employment prospects following completion of a program on our platforms, can influence learner satisfaction levels. Learner dissatisfaction that is shared through 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 and adult learning, career paths, our platforms, and our offerings, and we rely on advertising through a limited number of third-party internet advertising platforms 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 or changes in advertising practices or advertising spending fluctuations by our largest content creators have had, and may in the future have, an adverse impact on directing traffic to our offerings and recruiting new learners on a cost-effective basis. Any of the foregoing risks 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.* Developments that reduce the availability of financial aid for higher education or reduce disposable income for potential learners (including macroeconomic developments such as inflation, government shutdowns, tariffs, 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 platforms 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 adult learning 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 adult learning or workforce skilling opportunities for employees given a lack of employer need for enhanced skill sets or an inability to fund such programs. This could discourage learners from pursuing further 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. In addition, if current macroeconomic conditions persist or deteriorate, our ability to attract and retain paid learners in our Consumer segment, as well as current and prospective customers in our Enterprise segment, or to maintain and grow relationships with our content creators, could be adversely affected by reductions or resources, shifting priorities, or delays in decision-making.

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 content creators 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 adapt and respond effectively to rapidly changing technology, evolving industry standards, and changing customer needs or requirements, including our ability to build, deploy, and scale AI across our platforms, our market competitiveness and financial results could be adversely affected.

Our future success depends on our ability to adapt and enhance our platforms. To attract new learners, customers, and content creators and increase revenue from our existing base, we must continuously enhance and improve our offerings to meet evolving market demands at competitive price points. Such efforts require adding new functionality and responding to technological advancements, which may significantly increase our research and development as well as sales and marketing expenditures, including our efforts to develop a unified, next generation platform, code-named Project Helix. If we are unable to develop educational content that addresses learners' and customers' needs, or enhance and improve our platforms in a timely manner, or if we fail to provide adequate safeguards and quality assurance related to the use of new technological advancements, market adoption of our platforms may decline. Furthermore, some of our competitors possess substantially greater financial, technical and research and development resources,or may be acquired by larger enterprises capable of directing greater resources to research and development. If we cannot maintain adequate research and development resources or compete effectively against competitor innovation, our business could be harmed.

Additionally, our ability to grow depends on our ability to anticipate and effectively respond to threats and opportunities presented by disruptive technologies and developments. If new advancements, including AI-driven advancements, emerge that can discover or deliver educational programs more effectively, efficiently, conveniently, securely, or at lower costs, enhancing plagiarism prevention, learner identity validation, or content relevance, and if we, or our content creators, fail to adopt such technologies promptly, our competitiveness could suffer. Delayed technology adoption or competitor advances in cost-effective learning tools could adversely impact our operating results, growth, and financial condition.

A core component of our strategy is to develop, integrate, and scale AI-enabled features and capabilities across our platforms and offerings and to build an AI-native skills platform to deliver more personalized, effective, and measurable learning experiences for our learners and customers. In addition, we have, and may in the future, seek to accelerate our AI strategy through strategic investments, partnerships, and other collaborations. Our future competitiveness depends in significant part on our ability to successfully design, build, deploy, and scale these AI capabilities in a timely, reliable, and cost-effective manner. Developing and operationalizing AI is complex and resource-intensive, exposing us to technical, operational, and financial challenges, including costs related to high computing infrastructure and specialized talent, competition for specialized talent, dependence on third-party model providers and other AI technologies, including those developed by companies in which we make strategic investments, and the difficulty of integrating new capabilities with our existing platforms and legacy systems, and the need to continuously retrain, evaluate, and improve our models. In addition, our ability to realize the anticipated benefits of our strategic investments and partnerships depends on factors that may be outside of our control, including the successful execution of such relationships, the development and commercializations of technologies and products, the financial condition and operational performance of our strategic partners, and the effective integration of technologies and products into our platform. We may be unable to develop or deploy AI features on our planned timelines, at the scale our learners and customers expect, or at all.

Even if we successfully developed, licensed, integrated, or deployed AI-enabled features, including those from third parties, they may not perform as intended. They may produce inaccurate, biased, harmful, or otherwise objectionable outputs, may infringe third party intellectual property, may fail to achieve market or user acceptance, or may not deliver the efficiency, engagement, or learning outcomes we expect. Any failure, delay or perceived deficiency in our AI capabilities could cause user dissatisfaction, lost commercial opportunities, reputational harm, and increased costs, any of which could materially and adversely affect our business, results of operations, financial condition, and prospects. In addition, the deployment of AI subjects us to evolving global legal, regulatory, ethical, intellectual property, privacy, and security risks, which may constrain our product roadmap, increase our costs, and expose us to liability.

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

We have experienced growth and demand for our product offerings in both our Enterprise and Consumer segments. The expansion of our business, ecosystem, and offerings places a significant strain on our administrative and operational infrastructure, facilities, and other resources. Managing the future growth of our business will require us to effectively scale our operations, allocate resources, and control costs. This includes continuing to improve our sales and marketing efficiency, content development time and costs, and technology, finance, and administration teams support globally, as well as our infrastructure and platform capabilities to serve our growing learner base. We will also be required to refine our operational, financial, and management controls and reporting systems and procedures. We will need to continue to expand our relationships with businesses, government organizations, academic institutions, and other organizations, enhance our platforms and technology-enabled services, increase the volume of new educational content and credentialing programs developed by our content creators, attract a higher volume of learners and customers in a cost-effective manner, deploy preferred local payment methods and pricing models, satisfy our existing content creators' requirements, respond to competitive challenges, and otherwise execute our business plan. Although our business has experienced significant growth in past years, we cannot provide any assurance that our business or revenue will continue to grow at the same rate or at all in the future.

The scalability and flexibility of our platforms depend on the functionality of our technology and network infrastructure, as well as our ability to handle increased traffic and demand for bandwidth. The growth in the number of learners and customers using our platforms, coupled with the increase in educational content available through our platforms, has led to an increase in the amount of data and the number of requests that we process.

Our ability to effectively manage the 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 high-performing 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. We may be unable to effectively manage any future growth in an efficient, cost-effective, or timely manner, or at all, which could negatively affect our financial results and profit margins. Any failure to successfully implement systems enhancements and improvements could 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 platforms could suffer, which would negatively affect our reputation, results of operations, and overall business.

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

We have in the past, and expect that we may in the future, change our pricing models, subscription or contract length, which could impact our operating and financial results. From time to time, we adjust our pricing models, test pricing localization to account for market segmentation and conduct other pricing experiments. As the market for our learning platforms 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 learners or 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 access models for these offerings that appeal to learners and customers over time, and we may not be successful in doing so. Changes to the terms of our subscriptions or contracts, including pricing, or with respect to our free or discounted offerings or trials, 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 unfavorable contract terms, such as shorter contract durations. Our revenue and financial position may be adversely affected by any of the foregoing, and we may have increased difficulty achieving profitability.

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 United States. We have employees in various countries, with the largest employee populations in the U.S., India, Ireland, Canada, Turkey and the United Kingdom, 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 content creator 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, lead to escalating enforcement actions, and damage our reputation, including:

- the need to localize and adapt online credentialing programs for specific countries, including language translations and ensuring that these programs enable our content creators 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, levels of payment fraud, and non-payment from customers;
- 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 outside of the U.S., including legal and contractual rights, and differing expectations regarding ongoing contractual obligations in the face of changed circumstances;
- compliance and operational challenges related to the complexity of multiple, conflicting, and changing laws and regulations addressing, but not limited to, employment, tax, privacy, data protection, consumer protection, foreign investment restrictions or requirements, economic sanctions, export controls, advertising, 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;
- creation and distribution of content that may be misaligned with U.S. or foreign country interests, cultural norms, or regulations;
- 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, value added taxes, digital services taxes, and withholding taxes;
- 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 increases in anti-U.S. sentiment and 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 and unrest in Ukraine and the Middle East.

Further, as we continue to expand internationally, we may become more exposed to fluctuations in currency exchange rates. Future agreements with international learners, customers, and content creators may require payments to be denominated in local currencies. In such cases, fluctuations in the local currency value relative to the U.S. dollar could impact our operating results. When the U.S. dollar strengthens relative to foreign currencies, the real cost of our offerings increases for our international learners and customers to the extent we base the price of such offerings on the U.S. dollar. This could lead to the lengthening of our sales cycle or reduced demand for our offerings. Conversely, when the U.S. dollar weakens relative to the foreign currencies of our international subsidiaries, our operational costs increase for those locations. If we are unable to successfully hedge against these foreign currency risks, our financial condition and results of operations could be materially and adversely affected. To date, our foreign currency 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 and customers 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 customers, as well as increase their engagement with our platforms, depends on our ability to connect them with appropriate offerings and services. Part of our strategy is to offer them 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 and customers to easily and effectively identify the offerings and services that meet their needs, we may not grow our learner and customer 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 not achieve or maintain profitability in the future.

We incurred net losses of $25.6 million and $8.6 million in the three months ended September 30, 2026 and 2025, and we had an accumulated deficit of $1,037.7 million as of September 30, 2026. We may not achieve profitability in the future, and even if we do, 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 while controlling costs 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 platforms;
- 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 platforms, grow our learner and customer base, expand our sales and marketing efforts, and improve and scale our technology and operations, may 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 grow our revenue enough to offset our expenses. Restructuring and expense reduction initiatives, including the workforce reduction initiative announced in July 2026 (refer to Note 15, *Merger, integration, and restructuring related costs*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q), could negatively impact our business, our growth, and our operational performance if they do not achieve or sustain the targeted benefits, the benefits are not adequate to meet our long-term profitability and operational expectations, costs are materially higher than expected, management's attention is diverted, employee attrition is beyond our intended reduction in force or in key roles, we experience lower employee morale, or our reputation as an employer is damaged harming our ability to retain and attract talent. 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 stock price 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 platforms enable our content creators 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 may need to integrate our platforms with the various learner information and other operating systems our content creators use to manage functions within their institutions. In addition, our content development team must work closely with our content creators to produce engaging online course content, and we must commence learner acquisition activities. During the term of our content creator agreements, we are responsible for the costs associated with maintaining our platforms 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 a content creator, 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 content creators 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 Specializations, certifications, or degree 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 platforms, 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. 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 content creator ceasing or significantly curtailing a course offering or credentialing program before we generate any revenue therefrom. In addition, content creators generally do not grant us exclusive rights to their content, and any such arrangements are of limited duration. As such, content creators 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 their courses or programs on our platforms. In addition, if a content creator were to terminate an existing program, learners enrolled in that program may stop using our platforms, 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 content creator opportunities, we may forego more profitable opportunities, and our operating results and growth could be harmed.

Identifying educational content and credentialing programs that we believe will be a good fit for our learner and customer base and negotiating content creator agreements is complex and time-consuming. This can be due to the initial reluctance of some businesses, government organizations, academic institutions, and other organizations to embrace online delivery of education, training, and credentialing programs and the complicated approval process within some of these entities.

We, our content creators, and content production providers may devote significant effort and time to develop and launch new content or a credentialing program. We have spent, and may continue to spend, substantial effort and management resources to secure new content creators and to work with our existing content creators to develop, launch, and maintain content and credentialing programs without any assurance that our efforts will result in a successful launch or revenue generation that will exceed our costs. If we invest substantial resources pursuing opportunities that do not attract sufficient interest from learners and customers, 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 platforms.

Our ability to broaden our customer base, particularly our Enterprise customer base, and achieve broader market acceptance of our platforms, 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 relationships to drive revenue growth. Our marketing efforts include the use of search engine optimization, paid search, and custom website development and deployment.

We plan to continue investing in and expanding our Enterprise sales and marketing organization, 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), if our sales and marketing programs are not effective, or if expected sales and marketing programs by our content creators do not materialize or are not effective, our ability to broaden our customer base and achieve broader market acceptance of our platforms 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 content creators, 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 content creators. If we cannot quickly and efficiently scale our sales, marketing, and technology teams, which includes the hiring and training of new employees, we may not be successful in attracting potential learners and customers to our platforms, which would negatively impact our ability to generate revenue, and our content creators could lose confidence in us. If we cannot quickly and efficiently scale our technology and operations to handle increases in the volume and rate of learner enrollments and of new content or credentialing programs, our content creators', learners', and customers' experiences with our platforms may suffer, which in turn could damage our reputation. Our ability to effectively manage any significant increase in the rate or volume of learner enrollments and retention or in the volume of new content or programs will depend on a number of factors, including our ability to:

- assist our content creators in developing, launching, and maintaining an increased volume of engaging educational content that is accessible to a wide variety of learners;
- successfully introduce new features and enhancements on our platforms;
- maintain a high level of functionality, cross-functionality, and technological robustness of our platforms; and
- deliver high-quality professional services and support (including training, implementation, and consulting services) to our content creators, customers, and learners on our platforms.

Establishing new credentialing programs and content or expanding existing ones will require us to make investments in management and critical roles, increase capital expenditures, incur additional marketing expenses, and potentially reallocate other resources. If we are unable to scale our platforms, 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 content creators, learners, and customers could suffer, or our content creators could transition content hosted on our platforms 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 content creators, 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 content creators, 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, natural disasters, or other catastrophic events. 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 content creators, which could adversely affect our business operations and financial condition.

Our current and future 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 content creators, as well as in our AI-powered platforms innovations and features. The 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 platforms 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 content or information may be inaccurate or misleading, or not appropriately attribute authors or creators for their work (including if used in the context of 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 platforms 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 platforms 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 information 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 platforms 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, government organizations, academic institutions, and other organizations. These customers utilize our platforms to provide relevant training, skills, and credentialing programs to current and potential employees and citizens. 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 platforms 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. Changes to our pricing models could adversely affect our ability to attract and retain Enterprise customers, resulting in adverse impact to our revenue and financial condition. In addition, as the market for our learning platforms 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 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.

We generally recognize revenue from Enterprise customer subscriptions ratably over the subscription term of the underlying contract, which typically 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, increases in the average subscription term without a relative increase in the average contract value 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, certain Enterprise customers may require education and interactions with our sales team, which increases our upfront cost in the sales effort with no guarantee that our platforms will be used widely enough across their organization to justify our upfront cost. Similarly, we may also incur significant upfront costs for contracts that are not renewed, or for which the customer seeks to terminate early, even in the absence of a breach on our part or contractual terms permitting an early termination. From time to time, customers notify us that they wish to terminate early, 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 while mitigating the risks associated with serving our Enterprise customers, our business, financial condition, and results of operations will suffer.

In addition, sales to government customers may be subject to substantial legal requirements and lengthy and complex procurement processes, including technology and security assessments, budget approvals and competitive bidding requirements. Decreases or changes in national or local government funding for government organizations and academic institutions, including as a result of recent or future decreases in U.S. federal funding or federal agency organizational changes, as well as macroeconomic uncertainty or deterioration of economic conditions, could delay, decrease or otherwise negatively impact spending by such institutions or other Enterprise customers on our platforms, adversely impacting our business, financial condition and results of operations. Governmental entities may also require changes to our contract terms that differ from our standard arrangements and are less favorable than terms agreed with private sector customers, including terms that may allow a government to terminate without cause and provide for higher liability limits for certain losses. In addition, supporting government customers in their compliance with applicable laws or policies may require us to make adjustments to our product offerings or platform configurations to align with their requirements. The process of developing and maintaining these specialized configurations or offerings can result in increased engineering costs, a diversion of product development resources, and variations in functionality compared to our standard commercial offering.

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

Our success depends on our ability to provide learners and customers 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 content creators. We may be unable to provide learners and customers with the information and outcomes they seek if our content creators do not contribute content that is helpful and reliable, if they remove content, or if supplemental or derivative materials are not reliable. If content on our platforms 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 content creators 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 content creators, 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, customers, and content creators are dissatisfied with their experience on our platforms, 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, through 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 content creators perceive that our platforms lack an adequate learner audience, they may be less willing to place content on our platforms, and the learner experience could be negatively impacted. If we are unable to attract and retain learners, customers, and content creators who contribute to an active community, our growth prospects would be harmed, and our business could be adversely affected.

Competition from established companies, AI providers, and new entrants could divert content creators from our platform, create downward pressure on our pricing, reduce our market share, and reduce our revenue.

The ecosystem for global learning, including online education and broader skills development, is highly fragmented and rapidly evolving. We compete with online learning platforms, enterprise learning and talent management providers, online program managers, and large technology companies. We also compete with free and open educational resources, in-person learning, and online programs that universities and employers build in-house. Providers of generative AI tools, including large language models, increasingly offer education features such as self-paced learning, custom course creation, on-demand tutoring, and summaries of educational materials. Learners and customers may choose these alternatives over our paid offerings. We expect alternative modes of learning to continue to accelerate as existing players and new entrants in this industry introduce new and more competitive products, enhancements, and bundles.

Participants in the global learning ecosystem include, but are not limited to: 2U, Inc., including through its subsidiary edX Inc.; Accenture plc, including through its subsidiaries Udacity and Accenture LearnVantage; Alison (Capernaum Limited); Anthropic, including Claude; Cornerstone OnDemand, Inc.; DataCamp, Inc.; Degreed, Inc.; Docebo, Inc.; Eruditus Learning Solutions Pte. Ltd.; Global University Systems (dba FutureLearn); Go1 Pty Limited; Google LLC, including through YouTube, Gemini, Google Workspace for Education and NotebookLM; Great Learning PTE Ltd.; Khan Academy, Inc.; Microsoft Corporation, through LinkedIn Learning, Microsoft learn, and Microsoft Copilot; Noodle Partners, Inc.; OpenAI OpCo, LLC; OpenSesame Inc.; O'Reilly Media, Inc.; Pearson plc.; Pluralsight, Inc.; Risepoint (formerly known as Academic Partnerships); Simplilearn; Skillshare, Inc.; Skillsoft Corp.; Study.com, LLC; upGrad Education Private Limited; The Wikimedia Foundation, Inc.; Workday, Inc., including Workday Learning and Sana; in-person learning; internal online degree platforms developed in-house by universities; and providers of large language models, such as Anthropic and OpenAI.

Some of our current and potential competitors have significantly greater resources than we do. Competition may intensify as competitors raise capital, as established companies expand into our market segments and geographies, and as AI lowers barriers to entry. Competitors may also attract our content creators to their platforms, which could reduce the content those creators produce for ours.

Our ability to compete depends on many factors, including:

- the availability or development of alternative online education services that are, or are perceived to be, more compelling than ours;
- pricing policies and terms, both ours and our competitors';
- our ability to adapt to new technologies and changing requirements of our learners, customers, and content creators;
- learner and customer acquisition and retention costs;
- competitors' relationships with businesses, government organizations, academic institutions, and other organizations; and
- industry consolidation and the number and pace of new entrants.

Increased competition could lower the prices learners and customers will pay. It could raise the amounts our content creators charge us, make it harder to recruit and keep content creators, and reduce our market share. If we cannot compete successfully, our revenue, operating results, and ability to grow and achieve profitability could suffer.

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 government 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 offer credentialing programs 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 ("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 content creators or attract additional learners and customers for their programs. In addition, this perception or any further government 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 content creator 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 a limited number of acquisitions, 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 have made, and may continue to make, investments in private companies. A decline in the value of these investments could harm our results of operations and financial condition.

We make strategic investments in private companies from time to time. For example, in July 2026, we made a $100 million strategic equity investment in LearnVector, a privately-held AI-native learning company founded and led by Dr. Ng, our co-founder and Chairman of our Board, receiving in exchange a 33.33% ownership interest in LearnVector on a fully diluted basis as of the date of the investment. These investments carry risks, including:

- *Financial Risk and Impairment*. Private company investments are illiquid and valued using unobservable inputs. If an investment's value declines below its carrying amount, and the decline is other than temporary, we must record an impairment charge. An impairment charge, particularly a charge relating to the LearnVector investment, could materially harm our results of operations.
- *Failure to Realize Strategic Benefits*. We may make some investments in companies that are developing technologies that could provide future strategic benefits, including technological or commercial benefits, to our business. We may not realize these benefits. An investee may fail, or its strategy may diverge from ours, even if the investment does not lose value.
- *High-Risk Company Profiles*. Many of the companies we invest in are early-stage companies. They may have limited cash, unproven products, and unaudited financial statements. These traits increase the risk that we lose some or all of our investment.
- *Limited Ability to Exit*. We typically can readily sell these investments only in connection with a liquidity event, such as an initial public offering or an acquisition. These events may never occur, or may occur on terms that do not let us recover our investment.

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

Some of our directors are, or may in the future become, affiliated with other entities, including venture capital or private equity funds or businesses that may complement or compete with ours. Our directors and officers may also learn of investments, business opportunities, or information that would suit both us and other entities to which they owe fiduciary duties. As a result, they may face actual or perceived conflicts of interest in deciding which entity receives an opportunity or information. For example, a portfolio company of a director-affiliated venture fund could become our competitor or a potential strategic partner. Our growth strategy includes acquisitions, so a director-affiliated entity could also become an acquisition target or a competing bidder. If a director or officer directs an opportunity or information elsewhere, our ability to carry out our business plan and compete could suffer. Our directors also are not required to devote their time exclusively to our business, and they may face conflicts in dividing their time between us and other entities.

Transactions with director-affiliated entities may create further actual or perceived conflicts of interest. These include questions about whether we got terms as favorable as those available from an unaffiliated third party in an arm's-length negotiation. 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 our content sourcing agreement with DeepLearning.AI Corp. was entered into in the ordinary course of business and subject to standard commercial terms, there may nonetheless be a perception of a conflict of interest. In addition, in July 2026, we made a strategic equity Investment in LearnVector, a privately-held AI-native learning company founded and led by Dr. Ng. In light of Dr. Ng's affiliations with Coursera and LearnVector, our board established a special committee composed solely of directors that the board determined to be independent and disinterested, to evaluate the investment. The special committee unanimously approved the investment in LearnVector. Despite such measures, transactions with director-affiliated entities can attract heightened investor scrutiny, which could adversely affect our business and reputation.

We depend on our senior management and other key employees to grow and operate our business, and if we are unable to hire, retain and motivate our personnel, we may not be able to grow effectively.

Our future success is substantially dependent on our continued ability to identify, hire, develop, motivate, and retain highly skilled personnel, including senior management, engineers, sales, product managers, operations, and general and administrative functions. The expertise of our senior management team in negotiating with businesses, government organizations, academic institutions, and other organizations is critical in navigating the complex approval processes of these entities. We do not maintain key-person insurance on any of our employees, and our U.S. employees are generally employed on an at-will basis. There have been, and from time to time, there may continue to be, changes in our senior management team and key employees, which could disrupt our business. Some senior management members have been with us for a short period of time, and we continue to develop key functions within various aspects of our business. For example, Gregory Hart was appointed as our President, Chief Executive Officer, and Board member in February 2025 and Mike Foley was appointed as our Senior Vice President, Chief Financial Officer and Treasurer, on an interim basis, in November 2025, and thereafter on a permanent basis in March 2026. Moreover, in May 2026, following our acquisition of Udemy, we integrated certain members of Udemy's senior leadership team into our management structure. The loss of one or more of our senior management members or other key employees, or the failure of our senior management team to work together effectively, develop strategies, and execute our plans, could harm our business.

Our future success also depends heavily on the retention of our highly-qualified employees to continue to attract and retain learners and customers, thereby generating revenue for us. In particular, our technology and content development employees provide the technical expertise to innovate and support our platform offerings and programs, and our customer support employees assist our learners and customers. Competition for these employees is intense. We may be unable to attract or retain these key employees that are critical to our success, resulting in harm to our relationships with learners, customers, and content creators, loss of expertise or know-how, and unanticipated recruitment and training costs.

In addition, the rapid advancement and adoption of AI and other emerging technologies are changing the skills required across our workforce, and our future performance depends in part on our ability to develop, reskill, and upskill our employees to work effectively with these technologies. If we fail to invest adequately in employee training and skill development, or if our talent-development initiatives do not keep pace with technological change, our employees' skills may become outdated, our ability to develop, deploy, and scale artificial intelligence-enabled products and capabilities may be impaired, and we may experience increased attrition as employees seek roles elsewhere that they perceive to offer greater skill development, career advancement, or exposure to emerging technologies. Any resulting loss of talent, skills gaps, or diminished organizational capability could reduce our competitiveness, increase our recruiting and training costs, and adversely affect our business, financial condition, and results of operations.

In addition, we operate with a geographically distributed and substantially remote and hybrid workforce across multiple countries and time zones. While this model expands our access to talent, it also presents challenges relating to coordination, communication, collaboration, supervision, productivity, information security, maintaining our company culture, and preserving operational excellence across dispersed teams. If we are unable to manage the complexity of a distributed workforce effectively, coordinate work across locations and time zones, or maintain employee engagement and accountability in a remote and hybrid environment, our operational effectiveness, execution of strategic priorities, and ability to scale our business could be adversely affected.

In addition, any changes to our organizational or compensation structure or our workplace culture may be negatively perceived by current or prospective employees and may result in attrition or cause difficulty in the recruiting process. We may periodically implement business strategies that impact our employees, including changes to our organizational structure or workforce adjustments. Workforce reductions or restructurings, such as the workforce reduction initiative announced in July 2026 (refer to Note 15, *Merger, integration, and restructuring related costs*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q), could have an adverse effect on our business, including lowering employee morale, harming our reputation as an employer, making it difficult to retain and attract talent, losing key employees targeted for retention, and hindering our ability to meet operational targets due to loss of key employees. To the extent that our compensation and benefits programs are not viewed as competitive, our workplace culture does not resonate, or changes in our workforce or other initiatives are not viewed favorably, our ability to attract, retain, and motivate employees can be weakened, which could harm our operating results.

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 maintain and 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 platforms. 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.

If we fail to successfully or appropriately balance longer-term growth and short-term results, our results of operations could be negatively impacted, including in the near term.

We believe our long-term value as a company will be greater if we effectively 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, as well as research and development efforts to enhance our platforms and offerings, 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, our stock price would likely 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, 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, 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 ongoing Middle East military conflicts have resulted in and may further escalate regional instability and could disrupt our operations and business with our customers, content creators, and learners in the Middle East and North Africa regions, 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, pandemics or other public health crises could impact our business, key metrics, and results of operations. The emergence of a widespread health crisis could adversely impact our business if our employees, our content creators', or our 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. In addition, in the event of another widespread public health crisis, we may experience an adverse impact to our business and our stock price 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 headquarters is located near San Francisco, California, an earthquake-sensitive area and one that has been increasingly vulnerable to wildfires and floods, and damage to or total destruction resulting from such catastrophic events may disrupt our business operations, which may not be covered by insurance. If floods, earthquakes, fire, inclement weather including extreme rain, wind, heat, or cold, or other accidents 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, outbreaks 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 metrics or our market estimates to be accurate representations of our business, or if we discover material inaccuracies in such estimates, then our stock price 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 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, regulators, governments, investors, employees, 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. 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, customer, content creator, or stakeholder expectations and standards, particularly as these standards may diverge or conflict across the jurisdictions we operate in, could negatively impact our reputation, our results of operations, and our stock price.

New government regulations in the jurisdictions in which we operate 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, the U.S. federal government and several U.S. states have enacted or proposed "anti-ESG" policies or legislation. If certain investors do not agree with our practices or disclosures in this regard, such investors may not invest in the Company, which could negatively affect our stock price.

Our workforce primarily operates on a remote basis, which could have a negative impact on the execution of our business plans and operations and create productivity, connectivity, and oversight challenges.

We allow a significant portion of our employees to work remotely on an ongoing basis. This 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, widespread fire, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it may be difficult for us to continue components of our business for a period of time. 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 of managing, integrating, developing, training, and motivating our global workforce, transitioning knowledge, maintaining our company culture, and 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

Laws and regulations could have a negative impact on our business.

We are subject to complex and evolving laws and regulations worldwide that differ among jurisdictions and affect our operations in areas including, but not limited to: higher education, IP ownership and infringement, tax, import and export requirements, anti-corruption, data privacy, consumer protection, employment and labor, and accounting and financial reporting. Compliance with these requirements can be onerous and expensive and may negatively impact our business operations. For example, unfavorable legal or regulatory developments related to higher education, AI, or privacy may adversely impact our platforms, strategy, business, or operations. Legislative or regulatory developments, including U.S. Department of Education ("DOE") regulatory activities, may also adversely impact our current and prospective learners, customers, or content creators, which may in turn have an adverse impact on our business, results of operations, financial condition, and growth prospects.

Our development, deployment, and use of AI subject us to rapidly evolving and increasingly stringent laws, regulations, and ethical expectations globally. In March 2024, the European Commission adopted the Artificial Intelligence Act (the "AI Act"), which has rolling deadlines with full effect by 2027, will impose significant compliance obligations and fines on operators of AI systems, and may classify certain uses of AI in an educational context as high risk, substantially increasing our compliance burden and potentially limiting the feasibility of certain use cases. A growing body of U.S. federal and state measures likewise addresses AI, automated decision-making, transparency, and the use of copyrighted materials in AI training. These requirements are inconsistent across jurisdictions and subject to change and differing interpretation. AI systems also present governance and ethical risks relating to bias, inaccuracy, "hallucination," lack of transparency, and the generation of infringing, harmful, or otherwise objectionable outputs. If our AI governance and oversight practices are, or are perceived to be, inadequate, or if we fail, or are perceived to fail, to comply with applicable AI-related laws, regulations, or ethical expectations, we could be subject to enforcement actions, litigation, fines, restrictions on how we develop or deploy AI, increased costs, loss of trust, and reputational harm, any of which could materially and adversely affect our business, financial condition, and results of operations.

Our policies, controls, and procedures are designed to comply with applicable laws, but we cannot provide assurance that our employees, contractors, agents, or content creators will always follow them. Noncompliance may result in fines; criminal sanctions against us, our officers, or our employees; prohibitions on the conduct of our business; litigation; and damage to our reputation. The education technology industry is subject to media, political, and regulatory scrutiny, which can increase our exposure to regulatory investigations, legal actions, penalties, or reputational harm.

If we or our content creators 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 internationally. Numerous U.S. states require education providers to obtain regulatory approval or state authorization to enroll or market to in-state learners in online education programs. If we or any of our content creators were found to be non-compliant with any of the laws, regulations, standards, or policies related to state authorization, the content creator could lose its ability to operate in certain states. If such non-compliance extended to a material contingent of our content creators, and they lost the ability to operate in certain states, our revenue could decline.

Additionally, the vast majority of our U.S.-based university partners participate in the federal student financial assistance programs under Title IV of the Higher Education Act of 1965, as amended ("Title IV"), and are subject to extensive regulation by the 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 a DOE-recognized accrediting agency, and be certified by the DOE as an eligible institution.

Our university partners must comply with complex and frequently changing regulations, including accreditation, state and international authorization, and Title IV federal funding requirements. Changes or new interpretations of these laws may affect their ability to offer online learning programs or access federal funds. Some regulations were not designed for online learning and may be difficult to interpret or apply. Degrees, certifications, or other credentials earned in one jurisdiction may not be recognized in all jurisdictions, which could affect student employment prospects, eligibility for advanced education programs, and 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 content creators, 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, state, and accrediting agencies for new programs, and may also need state authorization. These approvals may be conditioned, delayed, or denied, which could impact our future growth. Similar regulatory approvals may be required for programs offered by our content creators outside the U.S. or in other countries.

We and our content creators, both U.S. and international, may also be required to obtain state authorization to offer, advertise, or recruit for online programs, depending on state and international laws. Many U.S.-based higher education institutions hold these authorizations or participate in reciprocity agreements, such as the State Authorization Reciprocity Agreement ("SARA"); however, some content creators are not traditional education institutions or operate outside of the U.S. and do not hold such authorizations. Notably, California higher education institutions currently do not participate in SARA. If a required authorization is lost or not obtained, we may be unable to deliver degree course content or fulfill the institution's obligations in that state, and affected institutions and learners may become ineligible for certain financial aid programs, diminish the attractiveness of the content creator's programs, and ultimately compromise our ability to generate revenue. Seeking state authorization can be time-consuming and costly.

We or our content creators may also be required to obtain approvals under international education laws and regulations. For example, a recent Indian regulation requires that online degree platforms utilized by Indian universities be approved by a technical committee of the Indian regulator. This approval process is new, complex and time-consuming, with uncertain timing and standards, and it is unclear if international platforms can apply. We may also lack the resources to pursue approval without support from our Indian university partners. International education laws and regulations may prohibit or restrict online education by foreign entities, or local policies may favor local providers. In 2023, India's Ministry of Education launched the National Digital University, which lets students combine credits from different higher education institutions. This program may negatively impact our ability to expand our degree programs in India.

If we or our content creators fail to obtain or maintain necessary authorizations or 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 university partners fail to maintain institutional or programmatic accreditation for their programs, our revenue could be materially adversely affected.

The loss or suspension of a university partner's accreditation or other adverse action by their institutional accreditor would render the institution or its programs ineligible for Title IV or similar government funding available to students enrolled in degree programs based in and outside of the U.S. and international degree programs. Such actions could prevent the university partner from offering certain educational programs, could prevent our degree students from accessing such funding, and prevent graduates from obtaining such degrees. If any of these results occur, 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 content creators, we are required to comply with certain education laws and regulations.

Our platforms and services are also subject to a range of accessibility and consumer protection requirements, including Title II and Title III of the Americans with Disabilities Act, Section 504 and Section 508 of the Rehabilitation Act of 1974, the Web Content Accessibility Guidelines 2.2. Failure to comply with these evolving statutory and regulatory standards could result in our offerings being less attractive to content creators, learners, and customers, and may expose us to legal claims, regulatory actions or other liabilities. As such, we expect to incur ongoing costs of compliance.

Our subscription plans charge learners on a recurring basis, requiring us to comply with complex international, federal, and state laws and regulations related to automatic renewal, unfair competition, false advertising, and accessibility. These laws require us to make clear and conspicuous disclosures at the point of purchase, obtain the learner's affirmative, express consent to recurring charges, provide a simple means to cancel subscriptions, and ensure our services are accessible to all users. Failure to comply with these requirements can result in significant penalties, including regulatory fines, third-party lawsuits, or other liabilities, and will require us to incur ongoing compliance costs.

Additionally, we have made, and will continue to make, certain contractual commitments to our content creators regarding legal and regulatory compliance, 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.

Changes in spending and staffing policies or budget priorities for government funding or taxation of academic institutions and other education providers could result in reduced or delayed content development for our platforms.

Many of our content creators, including academic institutions and education providers, rely on government funding. Reductions, delays, or changes in such funding —such as cuts to grants or changes in U.S. federal budget priorities, DOE policies, or the tax status of academic institutions—could reduce their use of our platforms or delay content development for our platforms, any of which could cause us to lose learners, customers, and revenue. In the U.S., pressures on and uncertainty regarding the U.S. federal government budget, changes in spending and staffing policies and budgetary priorities, including proposed or future changes to the DOE, reductions in federal funding of academic institutions, and changes in the tax status of academic institutions, including due to legislation or executive orders, could negatively impact our content creators' budgets or operations, and in turn, negatively impact our business, financial condition, and results of operations.

Our revenue-sharing arrangements with university partners rely on Department of Education guidance that is not codified in statute or regulation. If the guidance changes, or if regulators or courts find that our arrangements do not comply with it, we could lose revenue and need to restructure our degree business.

Most of our U.S. university partners, and some of our non-U.S. university partners, participate in federal student aid programs under Title IV. As a condition of participating, each institution agrees not to pay any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any person or entity engaged in student recruiting or admissions. We refer to this as the incentive compensation rule.

However, in March 2011, the DOE issued Dear Colleague Letter GEN-11-05 (the "DCL"), which allows an institution to share tuition with a third party that provides a bundle of services, including recruitment. This is known as the bundled services exception. We structure our degree program arrangements with Title IV-participating university partners to fit within this exception.

The DCL and the incentive compensation rules are ambiguous. DOE, a court, or a private whistleblower suing under the federal False Claims Act, could disagree with our interpretation. If our arrangements are determined not to qualify for the bundled services exception, we could be unable to collect revenue share that our university partners owe us, be required to refund amounts our university partners previously paid, and lose existing university partners or fail to attract new ones. Even unfounded claims could harm our reputation and cause us to incur significant defense costs.

The bundled services exceptions could also change. Because it exists only in agency guidance, DOE could revise or rescind it without prior notice or the formal procedures required for agency rulemaking. In addition, the U.S. Supreme Court held in *Loper Bright Enterprises v. Raimondo* (2024) that courts may no longer defer to an agency's interpretation of an ambiguous statute. A court could therefore read the statutory ban on incentive compensation on its own terms and conclude that tuition revenue sharing violates it, whatever the DCL says. DOE is also restructuring. It has reduced its workforce and moved some functions to other federal agencies through interagency agreements, including an agreement for the Department of the Treasury to review federal student aid functions that govern institutional eligibility, oversight, and enforcement. We cannot predict how these changes will affect the interpretation or enforcement of the DCL.

If Congress, DOE, or a court revises, rescinds, or invalidates the bundled services exception, we may need to:

- replace revenue sharing with fee-for-service or other pricing models;
- renegotiate our university degree agreements; or
- change our degree offerings.

Any of these outcomes could reduce our revenue and harm our business and results of operations.

State legislation could negatively affect our degree programs.

A perceived impairment in the DOE's ability or desire to regulate higher education could result in increasing state legislation. For example, in 2024, Minnesota enacted a law prohibiting their public universities from entering into revenue share arrangements for marketing and recruiting services for their online programs, and Ohio now requires Ohio universities to disclose the existence of OPM contracts and for OPM-employed student recruiters to identify themselves as such. Other states, such as California, Florida, and New Jersey, have considered similar legislation. As a result, our current degree programs may be negatively affected by such state legislation, and we may need to make changes to our business model and renegotiate the terms of our university partner agreements with public universities located in such states. If we are unable to comply with the terms of such state legislation or negotiate terms with public universities acceptable under such state legislation, we may have to terminate our degree programs in those states, and our ability to generate revenue may be adversely affected.

If our employees or agents make misleading statements about our university partners' programs, we could lose partner agreements, face potential fines, and owe indemnification costs.

Our contracts with U.S.-based university partners require us to comply with DOE regulations and similar state rules that govern how we market degree programs. These include the DOE's misrepresentation rule, which broadly prohibits institutions, and the companies they contract with, from making false or misleading statements about a university's programs, financial charges, or graduate employability. Because we market degree programs for our university programs, we must follow this rule. If our employees or agents violate it, the partner could face DOE sanctions, and we could face:

- termination of our partner agreement;
- potential fines, penalties, injunctions, or other adverse government actions (if we are found to be a "third party servicer" under DOE regulations);
- obligations to indemnify the partner against private claims or government investigations; and
- harm to our reputation with learners and current and prospective partners.

Any of these outcomes could have a material adverse effects on our business, financial condition, and results of operations.

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 and other education laws generally prohibit institutions 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 may disclose to us information subject to these laws. Through our service contracts with such institutions, we are indirectly subject to FERPA and similar requirements. If we violate FERPA, it could result in a material breach of our agreements with one or more of our content creators and Coursera for Campus customers, which could harm our reputation. Further, in the event that we disclose learner information in violation of FERPA, the DOE could require a content creator to suspend our access to 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, content creators, or learners for content on or accessible through our platforms.

Various articles or other third-party content may be posted to our platforms by customers, content creators, or learners. The laws governing the fair use of these third-party materials are imprecise and determined case by case, making it difficult to implement clear institutional policies. As a result, we could face liability 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 platforms. 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 liability insurance may not adequately cover these claims, and we may need to change or remove content, alter platform functionality, or pay monetary damages. Furthermore, if inappropriate, offensive, or unlawful content is posted on our platforms by customers, content creators, or learners, it could harm our reputation, lead to a loss of such users or creators, and potentially expose us to legal liability.

We rely on statutory and common-law frameworks and defenses, including the Digital Millennium Copyright Act of 1998 ("DMCA"), the Communications Decency Act of 1996 ("CDA"), and the fair-use doctrine in the U.S., as well as the Digital Services Act ("DSA"), the Digital Markets Act ("DMA"), and Article 17 of the EU Directive on Copyright in the Digital Single Market. However, differences between statutes, limitations on immunity, and evolving requirements in various jurisdictions may affect our ability to rely on these frameworks. Section 230 of the CDA, which provides certain legal protections to online platforms, has faced increasing litigation challenges and legislative proposals that may impact its scope. New regulatory regimes in the U.S., EU, and other jurisdictions may also increase potential liability for information or content available on our platforms, or impose additional obligations to monitor such information or content, which could increase our costs.

We are subject to government 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 compliance with applicable laws.

Our business activities are subject to U.S. export and import laws, including the U.S. Department of Commerce's Export Administration Regulations and economic and trade sanctions administered by the U.S. Treasury Department's Office of Foreign Assets Control. These laws restrict or prohibit transactions involving certain technology, goods, and services with embargoed or sanctioned countries, governments, persons, and entities. Other countries may also regulate the import of certain technology and may have or enact laws that limit our ability to provide learners and customers access to our platforms or could limit our learners' and customers' ability to access or use our services in those countries.

Although we take precautions to prevent our platforms from being provided in violation of such laws or economic sanctions, inadvertent violations may still occur. 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. Many countries regulate the import and export of encryption and other technology, which may limit our ability to distribute our platforms or could restrict our learners' access to our platforms in those countries. Changes in our platforms, export and import regulations, or the imposition of sanctions, such as those on Russian parties and decisions to suspend activities in Russia, may prevent our international learners from utilizing our platforms or, in some cases, prevent the export or import of our platforms 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 platforms by, or in our decreased ability to export or sell subscriptions to our platforms to, existing or potential learners internationally, or could restrict our ability to acquire technology, services, or content. Any decreased use of our platforms or limitation on our ability to export or sell our platforms would adversely affect our business, results of operations, and financial results.

We are also subject to 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, and anti-money laundering regulations. These laws and regulations generally prohibit companies, their employees, and their 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 and regulations, our exposure to violations 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 be subject to claims, lawsuits, government investigations, arbitrations, and other proceedings including IP, privacy, commercial, employment, class action, securities, whistleblower, accessibility, advertising and marketing, consumer protection, and other litigation and claims, and government and other regulatory investigations and proceedings. For example, we were party to a class action lawsuit alleging certain violations of the Video Privacy Protection Act ("VPPA") and have faced arbitration demands for alleged breach of the VPPA and other privacy laws. Additional allegations or litigation may arise against us in the future, including related to the VPPA and other privacy and consumer protection laws.

Litigation can be time-consuming, divert management's attention and resources, result in significant expenses or liability, or require changes to our business practices. In addition, litigation expenses 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 10, *Commitments and Contingencies*, included in Part I, Item 1 of this Form 10-Q for additional information.

Risks Related to Privacy, Cybersecurity, and Infrastructure

If personal, confidential, or otherwise sensitive information about our learners, customers, content creators, or their employees is disclosed, or if we, or our third-party providers, are subject to cyberattacks, use of our platforms could be curtailed, we may be exposed to liability, and our reputation could 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 payment processing services on our behalf. We also collect and store certain personal information provided by our customers, content creators, learners, and potential learners, such as names, email addresses, and other data pertaining to their activity on our platforms. 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 information. In an effort to protect personal, confidential, or otherwise 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 this information. In addition, hackers have become increasingly more active in scamming or phishing attempts such as impersonating company personnel, customers' personnel, or content creators' personnel, in an effort to obtain personal information from learners or otherwise make inappropriate use of our platforms, which could expose us to liability, reduce learner, customer, and content creator satisfaction with our platforms, or cause reputational damage. 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 platforms are 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 platforms, loss or unauthorized disclosure of personal, confidential, or otherwise 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. In addition, these risks can be inherited through acquisitions. For instance, in April 2026, prior to the closing of the Merger with Udemy, Udemy experienced a security incident initiated by a social engineering ("vishing") attack that resulted in temporary unauthorized access to certain business systems. While the incident did not result in material data loss and did not have a material impact on our financial results or operations, we have incurred, and may continue to incur, costs related to remediation and customer trust stabilization efforts. Any future security incident, whether affecting our legacy systems or those of an acquired business, could result in significant expenses, reputational harm, and customer concern, which could adversely affect our business and operating results.

Failure or perceived failure by us to comply with our privacy or data protection legal obligations, or any security breach that impacts personal, confidential, or otherwise sensitive information, may result in government enforcement actions, litigation, or negative publicity 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 content creators and customers, and our primary legal obligations, we are responsible for the costs of investigating and disclosing security breaches. In addition to costs associated with investigating and fully disclosing a security 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 personal, confidential, or otherwise sensitive information, our reputation and ability to maintain existing or attract new learners, customers, and content creators could be materially adversely affected. Learners could decline to enroll or stay enrolled in our content creators' programs, customers could terminate our agreements or stop paying for our services, and content creators could scale back their programs or elect to not renew their agreements. 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 learners, customers, or content creators.

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 our third-party service providers' employees or theft or loss of devices.

We expect to incur ongoing costs associated with the detection and prevention of security breaches and other security-related incidents. We may incur additional costs in the event of a 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, confidential, or otherwise sensitive information and delays in detecting or providing notice of any such compromise or loss could negatively impact us. These security breaches could, among other things, disrupt our operations, harm the perception of our security measures, damage our reputation, cause some learners or content creators to decrease or stop their use of our platforms 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 protection or cyber-related liabilities or loss of revenue if our platforms are 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 platforms could result in our content creators and learners becoming dissatisfied with our platforms and could harm our reputation.

The performance and reliability of our platforms and the underlying technology are critical to our operations, reputation, and ability to attract and retain learners, customers, and content creators. We must provide our learners with the ability to access our platforms on a frequent and reliable basis, and our content creators rely on the availability of our platforms to offer their content online. Our platforms are complex and rely on cloud infrastructure provided by third parties, primarily Amazon Web Services, and may contain defects, errors, or vulnerabilities, or may not perform as contemplated. These errors, defects, disruptions, breaches, or other performance problems with our platforms could damage our, or our content creators', reputations, decrease learner, customer, or content creator satisfaction and retention, negatively impact our ability to attract new learners, customers, and content creators, and could result in large indemnity payments to them for losses suffered or incurred in connection with any such defects or errors on our platforms, or other liabilities relating to or arising from our platforms. In addition, sustained or recurring disruptions in our platforms or their underlying technology could adversely affect our, or our content creators', compliance with applicable regulations and accrediting body standards.

Further, if we fail to accurately predict the rate or timing of our platform growth, 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 learners, customers, and content creators, our growth prospects, and our business could suffer.

From time to time, we have experienced and expect to continue experiencing interruptions, delays, and outages in service and availability due to a variety of factors. These factors include 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 platforms and prevent or inhibit our learners' ability to access or complete courses and programs on our platforms. Our technology infrastructure is currently hosted in third-party data centers, and our platforms and underlying technology is supported by multiple third-party providers. Any disruption in our third-parties' services or any failure of our third-party service providers to handle the demands of our platforms could significantly harm our business and damage our reputation. We do not have control over their operations or their facilities, 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. Data center hosting costs will also increase if and as our base of learners, content creators, and customers grows and our business, financial condition, and results of operations may be adversely affected if we are unable to grow our revenue faster than cost increases of third party data center providers. In addition, our third party data center providers may take actions beyond our control that could seriously harm our business, including discontinuing or limiting access to their services, increasing pricing terms, terminating our contract, establishing more favorable terms with one or more of our competitors, and modifying or interpreting its terms of service or other policies in a manner that impacts our ability to administer our business and operations.

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

A number of our customers integrate our learning management platforms 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 platforms depend, in part, on our ability to integrate our platforms with third-party applications and software. Third-party application and software providers may change their features, restrict our access, or alter their usage terms in ways that could negatively affect us. Such changes could functionally limit or terminate our ability to use them in conjunction with our platforms, which could negatively impact our offerings and harm our business. If we fail to integrate our platforms with new third-party applications and software that our learners, customers, and content creators 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 manage learner and certain customer payments on our platforms. These third-party service providers perform essential services such as card processing, currency exchange, identity verification, and fraud analysis. If these service providers do not perform adequately, terminate their relationships with us, refuse to renew their agreements on commercially reasonable terms, or impose additional requirements, we may need to find alternative payment processors. We 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, 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 platforms less convenient and attractive and harm our ability to attract and retain learners, customers, and content creators. In addition, if these providers increase the fees they charge us, our operating expenses could increase.

Payment-related laws and regulations are complex and vary across different jurisdictions in the U.S. and globally, requiring us to spend significant time and effort to comply. 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, result in liabilities, or force us to stop offering certain third-party payment services. In addition, as we grow our international learner and customer base, we believe we will need to accommodate more local payment methods. As we expand the availability of new payment methods in the future, 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 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 learners, customers, and content creators rely on access to the internet and mobile networks to access our platforms. Internet service providers may choose to disrupt or degrade access to our platforms 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. Most recently, on January 2, 2025, the U.S. Court of Appeals for the Sixth Circuit struck down a rule by the FCC attempting to reclassify broadband as a regulated "telecommunications service" subject to the net neutrality rule. If the absence of net neutrality regulations leads to difficulties for our learners, customers, or content creators to access our platforms, we can face increased costs, lose existing learners, customers, and content creators, face difficulties attracting new ones, and experience material and adverse impacts on our business and growth opportunities. 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, customers, and content creators are not effective, the use of our platforms could decline.

Learners and customers have been increasingly accessing our platforms through our mobile apps. The smaller screen size and reduced functionality associated with some mobile devices may make the use of our platforms more difficult or our customers and content creators may believe that online learning through such mobile devices is not effective. Learners accessing our network primarily on mobile devices may not enroll in our content or programs as often as those accessing our platforms through personal computers, which could result in less revenue for us. If we are not able to provide our customers and content creators 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 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 apps; 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 learners, customers, or content creators encounter difficulty accessing or using, or if they choose not to use, our mobile solutions, 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., where applicable, the California Consumer Privacy Act ("CCPA") grants California consumers rights to access, delete, and opt out of the sale of their personal information, while imposing operational requirements on businesses. The California Privacy Rights Act ("CPRA") amended the CCPA in 2023 and increased compliance obligations and associated costs for businesses. The CPRA introduced new obligations on businesses, including for handling sensitive personal information and offering opt-outs for cross-context behavioral advertising, and established a dedicated state agency for enforcement. Additionally, numerous other U.S. states have passed privacy laws, and there are a number of additional proposals for U.S. federal and state privacy laws that 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 security breach notifications 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.

Where applicable, the EU General Data Protection Regulation and the UK General Data Protection Regulation (together, "GDPR") impose stringent data protection requirements on businesses. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal information subject to the GDPR. These requirements include ensuring that lawful bases exist for all processing of personal information, providing information to individuals about these processing activities, implementing safeguards to protect the security of personal information, notifying data protection authorities and impacted individuals about security breaches impacting personal information in certain circumstances, and implementing certain measures (including contractual obligations) when engaging processors of personal information or implementing appropriate safeguards for certain cross-border transfers of personal information. The GDPR also provides individuals with various rights in respect of their personal information, 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. The European Commission issued an adequacy decision in respect of the EU-U.S. Data Privacy Framework (the "Framework") on July 10, 2023, permitting organizations certified under the Framework to transfer personal information from the EU to U.S. without additional transfer mechanisms. The Framework also applies to transfers from the UK to the U.S. as of October 12, 2023. While we are certified under the Framework, legal challenges to the validity of the Framework have been lodged in the EU, with further challenges expected.

Data privacy laws, rules, and regulations in other countries may also impact our business, such as laws in the People's Republic of China, Singapore, Brazil, and India.

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 government entities or private claims and litigation. For example, in 2023 a class action lawsuit alleging certain violations of the VPPA was filed against us, which was dismissed with prejudice after the parties agreed to a mutual release of claims without monetary settlement in January 2025. Any such action may subject us to substantial legal and other costs, may require substantial time and resources to defend, 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, state attorneys general, 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. Data protection authorities have shown a willingness to impose significant fines on businesses and issue orders preventing them from processing personal information. Individuals and consumer associations also have a right of action to lodge complaints with data protection 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 learner information is compromised, we may incur significant fines or other 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 platforms, particularly in certain foreign countries.

Our use of social media, emails, push notifications, and text messages in ways that do not comply with applicable laws and regulations, may lead to the loss or infringement of IP, result in unintended disclosure, 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 omnichannel marketing approach. As laws and regulations evolve to govern the use of these channels, the failure by us, our employees, our content creators, or third parties acting at our direction to comply with these laws and regulations could adversely affect our reputation or subject us to fines or other penalties. In addition, our employees, our content creators, 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, customers, content creators, or others. Information concerning us, our learners, customers, or content creators, 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 brands and could materially harm our business.

We rely on a combination of IP rights, contractual protections, and other practices to protect our brands, proprietary information, technologies, and processes. We primarily rely on patent, copyright, trademark, and trade secret laws to protect our proprietary technologies and processes, including key algorithms. Others may independently develop or acquire similar technologies or processes. Such independently developed similar technologies or processes may not be infringing technology, and we might not be able, or may decide not to, pursue enforcement action, which may allow third parties to provide a service similar to ours and could harm our competitive position. Our principal trademark assets include the registered trademark "Coursera," "Udemy," and associated logos and taglines. We also hold the rights to the "Coursera.org" and "Udemy.com" internet domain names and various related domain names, which are subject to global internet regulatory bodies and laws. 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. We cannot guarantee that pending patent applications will result in patents that provide effective protection. Even issued patents may be circumvented or challenged before the U.S. Patent and Trademark Office. In addition, we cannot assure you that every significant feature of our 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 be issued, and issued patents may not provide us with any competitive advantages. 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 or infringe on our patents, copyrights, trademarks, and other IP and proprietary rights owned or held by us. We may be required to spend significant resources to monitor and protect our IP rights, and our efforts may not be sufficient. Even if we do detect violations, enforcement, including litigation, could be time-consuming and expensive, diverting management's attention and potentially leading to defenses and counterclaims. 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.

In addition, the development of sophisticated AI technologies creates new avenues for potential infringement of our or our content creators' IP rights. There is a risk that third parties may use our content, data sets, or other proprietary materials without our authorization to "train" AI applications. Such unauthorized use could also create derivative works that may or may not infringe on our IP or that of our content creators. Conversely, we may face claims alleging that our own use of AI technologies infringes on the IP rights of others. Navigating this evolving legal landscape could be costly, divert significant management attention, or harm our business.

The IP status of content generated by AI is uncertain and continues to evolve. Works generated by, or with the assistance of, AI may not be eligible for copyright, patent, or other IP protection in the United States or other jurisdictions, or may be subject to disputed or unclear ownership, which could limit our ability to protect, enforce, or commercialize AI-generated features, content, or other outputs and could allow third parties to use or replicate them without restriction. In addition, the terms on which we license or access third-party AI models, tools, or training data may not afford us ownership of, or adequate rights in, the resulting outputs, and may impose restrictions or indemnification obligations that constrain how we develop, deploy, or monetize our AI-enabled offerings.

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 frequently face litigation for alleged infringement or other violations of IP rights. We periodically receive notices claiming we have infringed, misappropriated, or misused other parties' IP rights. As our public recognition grows, the risk of facing IP claims increases. 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 and significant resources to enforce 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 license, or we may decide to forgo litigation and seek a license to, 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 platforms 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. Our efforts to monitor use of OSS, including our use of third-party software that has incorporated certain types of OSS into the software we license from such third party without our knowledge, may not be successful for ensuring compliance with such OSS licenses. If an author or other third party that distributes OSS we use were to allege non-compliance with the license conditions, we may incur significant legal expenses defending against such allegations. We could also be required to disclose our proprietary code and could be subject to significant damages. This could include injunctions preventing us from offering our solutions that contain the OSS, or being required to comply with one or more license conditions, including paying substantial licensing fees for the continued use of such OSS. Any of these outcomes 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, be costly for us to defend, and have a negative effect on our operating results and financial condition.

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

Instructors and learners featured in video segments hosted on our platforms may claim that we did not obtain proper assignments, licenses, consents, and releases for using their likenesses, images, or other contributed content. Although our content creators are contractually required to secure these rights for their course material, we cannot be certain that they have done so. Moreover, the laws governing rights of publicity and privacy, and the laws governing instructor 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 instructors and learners could damage our reputation, regardless of whether such claims have merit.

Risks Related to Tax, Accounting, and Operations

We are subject to taxation in multiple jurisdictions.

We are a U.S.-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. Significant judgment is required in determining our global provision for income taxes, deferred tax assets or liabilities and in evaluating our tax positions on a worldwide basis. While we believe our tax positions are consistent with the tax laws in the jurisdictions in which we conduct our business, it is possible that these positions may be challenged by jurisdictional tax authorities, which may have a significant impact on our global provision for income taxes. In addition, we are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Although we believe our transfer pricing policies comply with applicable laws, tax authorities may disagree with our positions. If such tax authorities were to successfully challenge our transfer pricing procedures, they could require us to adjust our transfer prices, which could result in a higher overall tax liability to us and possibly interest and penalties. Further, we are subject to examination by tax authorities on income, employment, sales, and other tax matters. While we regularly assess the likelihood of adverse outcomes from such examinations and the adequacy of our provision for taxes, we cannot assure you that such provision is sufficient or that a determination by a tax authority would not have an adverse effect on our business, financial condition, and results of operations. An adverse resolution of one or more uncertain tax positions in any period could have a material impact on our results of operations for that period. In addition, we are subject to non-income taxes in multiple jurisdictions, including sales and use, value-added, goods and services, business, and gross receipts taxes. The application of these indirect taxes to our business is complex and evolving, and significant judgment is required to evaluate applicable obligations. As a result, amounts we record are estimates and are subject to adjustment. We do not collect and remit indirect taxes in all jurisdictions in which we operate, and certain of those jurisdictions may assert that such taxes are applicable, which could result in substantial tax liabilities, including for taxes on past sales, as well as penalties and interest. We re-examine and evaluate tax laws globally, and take into account new laws and interpretations of the laws for financial statement purposes in the quarter or year that they become applicable. We are also subject to evolving global tax initiatives, including the Organization for Economic Co-operation and Development's Pillar Two global minimum tax framework, which could increase our effective tax rate, tax liabilities, compliance costs, or administrative complexity. Tax authorities are increasingly scrutinizing the tax positions of companies. Tax rules in certain countries, including the United States, also require payors to report payments to unrelated parties and to withhold a percentage of certain payments for remittance to the applicable taxing authority. Failure to comply with these reporting and withholding obligations with respect to payments we make to our content creators could result in liabilities for under-withheld amounts, fines, and penalties. A tax authority could also assert that we should be withholding employment or other taxes from payments to certain of our content creators. Due to our large number of content creators and the amounts paid to each, process failures with respect to these obligations could result in financial liability and other consequences. These factors, and any related changes or increased scrutiny, could have a materially adverse impact on our business, results of operations, financial condition, and cash flows.

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. Additionally, one or more states, localities, or other taxing jurisdictions may seek to impose additional reporting, record-keeping, or indirect tax collection obligations on businesses like ours that do not currently exist. Compliance with any such new obligations could require us to incur substantial costs, including costs associated with tax calculation, collection, remittance, and audit requirements, and could decrease activity on our platforms.

Any amendment to existing tax laws, rules, or regulations, or the enactment of new tax laws, rules, or regulations are enacted, 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 learners, customers, or content creators, 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 and our acquired subsidiaries, including Udemy, 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, these limitations may negatively affect our ability to use our NOLs to offset 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. Our acquisition of Udemy constituted an ownership change of Udemy for purposes of Section 382, and as a result, the use of Udemy's pre-acquisition NOLs and other pre-change tax attributes is subject to an annual limitation. This limitation may substantially reduce the amount of Udemy's pre-acquisition NOLs that can be used to offset our taxable income in any given year, and a portion of those NOLs may expire before they can be utilized. 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, 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, our ability to use our NOL carryforwards, including any remaining NOLs attributable to Udemy's pre-acquisition periods may be further limited in offsetting future taxable income, if any. We have recorded a valuation allowance against deferred tax assets to the extent we believe it is more likely than not that such assets will not be realized.

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 effective date of the 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 financial position or results of operations.

If our goodwill or intangible assets become impaired, we may be required to record a significant charge against earnings.

We have recorded goodwill related to the closing of our Merger with Udemy, and a significant portion of the purchase price of any companies we acquire in the future may be allocated to acquired goodwill and other intangible assets. As of September 30, 2026, we had $182.7 million of goodwill, of which $113.9 million was assigned to our Enterprise reporting unit and $68.8 million to our Consumer reporting unit. Under accounting principles generally accepted in the United States, we review our intangible assets for impairment when events or changes in circumstances indicate the carrying value of our intangible assets may not be recoverable. Goodwill is required to be tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that it is more likely than not that the assets are impaired. Such triggering events potentially warranting an annual or interim goodwill impairment assessment include, among other factors, declines in historical or projected revenue, operating income or cash flows, and sustained decreases in our stock price or market capitalization. If our acquisitions do not yield expected returns, our stock price declines or any other adverse change in market conditions occurs, a change to the estimation of fair value could result.

Subsequent to September 30, 2026 and through the date of this filing, our stock price and market capitalization have declined. We did not identify any events or changes in circumstances requiring an interim goodwill impairment test during the nine months ended September 30, 2026. We will perform our annual goodwill impairment test during the fourth quarter of 2026, which will be the first annual test following the Merger. If our stock price and market capitalization do not recover or decline further, we may be required to perform a quantitative impairment test, and if the carrying amount of either of our reporting units exceeds its fair value, we would recognize a non-cash goodwill impairment charge. The fair value of our reporting units is determined using significant judgments and estimates, including forecasted financial information, discount rates, and market data of comparable companies, and changes in these assumptions could materially affect the outcome. Any such charge could be material to our results of operations and financial position, although it would not affect our cash flows. Refer to Critical Accounting Estimates in Part I, Item 2 of this Form 10-Q for additional information.

If we fail to maintain effective internal control over financial reporting and disclosure controls, including as we integrate Udemy, we may not report our financial results accurately or on time, and our stock price could decline.

Section 404 of the Sarbanes-Oxley Act of 2002 requires management to assess our internal control over financial reporting each year. It also requires our independent registered public accounting firm to attest to the effectiveness of our internal control over financial reporting. In addition, we must maintain effective disclosure controls and procedures. To meet these requirements, we document our controls, evaluate our systems and processes, and test our key controls on an ongoing basis. In addition, we must maintain effective disclosures and procedures in accordance with Section 302 of the Sarbanes-Oxley Act of 2002.

Our merger with Udemy makes this work more complex. Udemy operated as a separate public company, with its own financial systems, processes, personnel, and controls. As permitted by SEC staff guidance, we will omit Udemy from management's assessment of internal control over financial reporting as of December 31, 2026. However, we must include Udemy in our assessment no later than our annual report for the year ended as of December 31, 2027. Before then, we must align accounting policies, harmonize financial systems, and extend our controls to Udemy's operations. Employee turnover, competing integration priorities, and system changes during the integration could raise the risk of control failures.

If we or our independent registered public accounting firm identify a material weakness, or if we fail to comply with the Sarbanes-Oxley Act, we may be unable to report our financial results accurately, prevent or detect fraud, or file our quarterly and annual reports on time. We could also face restatements, an adverse auditor opinion, litigation, NYSE delisting proceedings, or SEC investigations or sanctions. Any of these could cause investors to lose confidence in our financial reporting and our stock price to 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 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, on committees of our Board, 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 financial reports filed with the SEC could cause our stock price to decline and could harm our business, financial condition, and results of operations.

Risks Related to Our Common Stock

Our stock price has been volatile in the past and may be volatile in the future, and you may lose all or part of your investment.

Our stock price has been volatile in the past and may be volatile in the future, and it has experienced declines in the past and may experience future declines. As a result, you may not be able to resell your shares at or above the price at which your shares were acquired. Our stock price and its trading volume 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-Q, 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 investor expectations;
- events or factors resulting from global health crises, 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;
- disruptions in our platforms due to hardware, software, 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 content creators 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 restructuring and expense reduction initiatives;
- 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, 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-Q.

In connection with the completion of our Merger with Udemy on May 11, 2026, we issued approximately 117 million shares of common stock to former Udemy stockholders and holders of certain Udemy equity awards. The issuance of these shares substantially diluted the voting power and economic interests of our stockholders who held shares before completion of the Merger. Sales of a significant number of these shares in the open market, or the perception that such sales may occur, could cause the market price of our common stock to decline.

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, our stock price could decline for reasons unrelated to our business, results of operations, or financial condition. Our stock price 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 our stock price, 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 their stock price 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, we grant equity awards to employees, directors, and other service providers pursuant to our equity incentive plans (refer to Note 12, *Employee Benefit Plans*, included in Part I, Item 1 of this Form 10-Q for details on shares of common stock issuable upon exercise of stock options or vesting of restricted and performance stock units). Eligible employees may purchase shares of common stock semi-annually at a discount under our employee stock purchase plan. Sales of stock by these equity holders, or the perception that such sales could occur, could negatively impact our stock price. Additionally, future issuances of common stock, convertible securities, or other equity could dilute current investors and potentially cause our stock price to decline. New investors in such issuances could also receive rights senior to those of existing common stockholders.

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 expectations for future performance as of the date of release. If given, this guidance, which will include forward-looking statements, will be based on management's projections. 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, our stock price 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.

We cannot guarantee that our Share Repurchase Program will be fully implemented or that it will enhance long-term stockholder value.

In May 2026, our Board approved the Repurchase Program, pursuant to which Coursera may repurchase up to a total of $500 million of our common stock, subject to certain limitations. As of September 30, 2026, we repurchased $191.9 million worth of shares of our common stock, inclusive of commissions, pursuant to the Repurchase Program. Between October 1, 2026 and November 4, 2026, we repurchased an additional 7.1 million in shares, pursuant to the Repurchase Program. We have funded all repurchases under this program with existing cash and cash equivalents, and expect to do so for future activity under this plan. Under the program, share repurchases may be made at our discretion from time to time through open market purchases, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act, in accordance with applicable securities laws and other restrictions. The program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares of our common stock. The timing and amount of repurchases under the program will be determined by our management based on its evaluation of market conditions and other factors. The program could affect the price of our common stock, increase volatility and diminish our cash reserves. Additionally, recent U.S. tax legislation imposes a 1% excise tax on share repurchases, which increases the costs associated with repurchasing shares of our common stock. The Repurchase Program has no expiration date and may be suspended or terminated at any time and, even if fully implemented, may not enhance long-term stockholder value. Refer to Part II, Item 2 of this Form 10-Q for additional information.

Anti-takeover provisions in our organizational documents and under Delaware law, as well as our status as a public benefit corporation, could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, and reduce our stock price.

Our certificate of incorporation and bylaws contain provisions that could delay or prevent a change of control or a change in our management. These provisions:

- authorize our Board to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our Board 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, the Chairman of our Board, 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;

- establish that our Board 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 and only by holders of at least 66 2/3% of the voting power of our outstanding capital stock;
- give our Board the exclusive right to set the number of directors and, unless otherwise required by law or resolution of our Board, to fill vacancies and newly created directorships, even if the remaining directors are less than a quorum; and
- require holders of at least 66 2/3% of the voting power of our outstanding capital stock to amend our bylaws or certain provisions of our certificate of incorporation, while our Board can amend our bylaws without a stockholder vote.

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, 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 public 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 hostile 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 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 or proceeding asserting a claim for breach of any fiduciary duty owed by any of our directors, officers, employees, agents, or stockholders to us or our stockholders, (iii) any action or proceeding arising or asserting a claim pursuant to any provision of the Delaware General Corporation Law ("DGCL") or any provision of our certificate of incorporation or our bylaws, (iv) any action or proceeding asserting a claim against one of our stockholders, or (v) any action or proceeding asserting a claim governed by the internal affairs doctrine, including, without limitation, any action to interpret, apply, enforce, or determine the validity of our certificate of incorporation or bylaws.

Our certificate of incorporation and 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 the resolution of 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 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.

Risks Relating to Our Existence as a Public Benefit Corporation

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

As a Delaware PBC, we must operate in a responsible and sustainable manner, balancing our stockholders' pecuniary interests, the best interests of those materially affected by our conduct, and the public benefit identified in our certificate of incorporation. However, there is no assurance that we will achieve our public benefit purpose or realize the expected positive impact. Failure to do so 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 performance in promoting our specific public benefit purpose and the best interests of those materially affected by our conduct and on our assessment of our success in achieving our specific public benefit purpose and in promoting those interests. 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.

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 directors of traditional Delaware corporations, who have a duty to focus exclusively on maximizing stockholder value, our directors have a duty to balance not only stockholders' pecuniary interests, but also the Company's specific public benefit and the best interests of those materially affected by our conduct. Therefore, we may take actions that we believe will advance our specific public benefit purpose or be in the best interests of those materially affected by our conduct, even if those actions do not maximize our financial results. While our public benefit designation aims to provide an overall net benefit to us, our learners, customers, and content creators, it may lead to decisions and actions that do not prioritize income generation, and hence may affect our stockholders' financial interests. 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 hostile takeover target than traditional companies 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 a duty to balance stockholders' pecuniary interests with the best interests of those materially affected by the corporation's conduct and the corporation's specific public benefit, and stockholders who meet certain minimum ownership requirements and satisfy other applicable rules may bring legal action to enforce this balancing obligation. Further, by requiring the boards of directors of PBCs to balance other considerations alongside the maximization of 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 stockholders.

Our directors have a duty to consider not only our stockholders' pecuniary interests, but also our specific public benefit and the best interests of those materially affected by our conduct. If a conflict among such interests arises, there is no guarantee such a conflict would be resolved in favor of our stockholders' pecuniary interests.

As a PBC, our directors have a duty to consider not only the stockholders' pecuniary interests, but also the company's specific public benefit and the best interests of those materially affected by the company's conduct. Under Delaware law, directors are deemed to satisfy these obligations if they make informed and disinterested decisions that are not such that no person of ordinary, sound judgment would approve. 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 best interests of those materially affected by our conduct. In the event of a conflict among the pecuniary interests of our stockholders, our specific public benefit or the best interests of those materially affected by our conduct, our directors must only make informed and disinterested decisions that are not such that no person of ordinary, sound judgment would approve; thus, there is no guarantee such a conflict would be resolved in favor of our stockholders' pecuniary interests, 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 directors' duty to balance the pecuniary interests of our stockholders, our specific public benefit, and the best interests of those materially affected by our conduct, including our learners, customers, content creators, 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 our stock price.

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 learners, customers, content creators, 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 balance the pecuniary interests of our stockholders, the best interests of those materially affected by our conduct, and our specific public benefit, 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 balancing the interests described above, potentially at the expense of short- or medium-term performance, may have a material adverse effect on our stock price, 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 aimed at balancing the interests described above—such as improving platform trust and safety, altering community support delivery, strengthening relationships with learners, customers, content creators, and employees, introducing new offerings and services, investing in social impact initiatives, and adapting to regulatory changes—may not yield the anticipated long-term benefits. If these initiatives do not deliver the expected outcomes, our business, results of operations, financial condition, and our stock price could be materially adversely affected.

As a PBC, we may be subject to increased litigation concerning our directors' duty to balance stockholders' pecuniary interests, the best interests of those materially affected by our conduct, and our specific public benefit, the occurrence of which may have an adverse impact on our financial condition and results of operations.

Stockholders of a PBC listed on a national securities exchange (if they, individually or collectively, own the lesser of (i) at least two percent of the company's outstanding shares, or (ii) shares with a market value of $2 million or more on the date the action is instituted) and who satisfy other applicable rules are entitled to file an action to enforce the balancing requirement imposed on our board of directors by the DGCL. Such actions would be subject to the exclusive forum provision in our certificate of incorporation and bylaws, requiring them to be heard in 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). This potential liability does not exist for traditional corporations. Therefore, we may be subject to the possibility of increased stockholder litigation, which would require management's attention, and, as a result, may adversely impact our management's ability to effectively execute our strategy. Additionally, any such 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 high-quality education that supports personal development, career advancement, and economic opportunity distinguish us from our competitors and promote a relationship founded on trust among our learners, customers, content creators, and employees. 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 for all of our employees;
- 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.

If we do not meet B Lab's new certification standards, or choose not to recertify, we could lose our B Corp certification, which could harm our reputation and business.

We are a Certified B Corporation™ ("B Corp"). B Lab grants this certification to companies that meet its standards for social and environmental performance, accountability, and transparency. We must recertify every three years to keep our certification. We last recertified in 2025, under B Lab's prior standards.

In April 2025, B Lab published new certification standards, and companies began certifying under them in 2026. The new standards replace the prior point-based score with minimum performance requirements across seven impact topics. They also require third-party audits and set mandatory improvement milestones three and five years after certification. We expect our next recertification to occur under the new standards. Meeting them could require us to change our policies and practices, raise our costs, and take more management time. We may not succeed.

We could lose our certification if we fail to meet B Lab's requirements, or we could choose not to recertify. Either outcome could lead learners, partners, enterprise customers, employees, and investors to view us as more focused on financial performance and less committed to our mission. Our reputation could also suffer if our B Corp performance appears to decline, or if we take actions that stakeholders view as inconsistent with B Corp values. Any of these outcomes could harm our brand, our ability to attract and retain employees and partners, and our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On May 15, 2026, our Board approved the Repurchase Program authorizing Coursera to purchase up to $500 million of our common stock without an expiration date. Under the Repurchase Program, Coursera may repurchase shares of common stock from time to time through open market purchases, 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 has no expiration date and continues unless otherwise suspended or discontinued. The Repurchase Program may be suspended or discontinued at any time and does not obligate us to acquire any amount of common stock. To date, we have utilized our existing cash and cash equivalents to fund repurchases under the Repurchase Program.

The following table presents details of our monthly share repurchases for the third quarter of 2026:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Approximate dollar value of shares that may yet be repurchased under the program
	(in millions)		(in millions)	(in millions)
July 1, 2026 - July 31, 2026	10.6	$ 5.65	10.6	$ 350.0
August 1, 2026 - August 31, 2026	2.8	$ 5.90	2.8	$ 333.6
September 1, 2026 - September 30, 2026	4.7	$ 5.27	4.7	$ 308.6
Total	18.1	$ 5.59	18.1	$ 308.6

Item 5. Other Information

Rule 10b5-1 Trading Arrangements

During the three months ended September 30, 2026, the following officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted Rule 10b5-1 trading arrangements, as defined in Item 408 of Regulation S-K, for the sale of our common stock. Shares in each Rule 10b5-1 trading arrangement that are subject to 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 Rule 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 September 15, 2026, Alan B. Cardenas, Senior Vice President, General Counsel, entered into a Rule 10b5-1 trading arrangement that provides for the sale of up to 58,057 shares of our common stock. This trading arrangement is scheduled to expire on November 19, 2027.

On September 14, 2026, Marcelo C. Modica, Senior Vice President, Chief People Officer, entered into a Rule 10b5-1 trading arrangement that provides for the sale of up to 69,907 shares of our common stock. This trading arrangement is scheduled to expire on August 27, 2027.

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 Exchange Act and in accordance with our policies regarding transactions in our securities.

During the three months ended September 30, 2026, no other director or officer (as defined in Rule 16a-1(f) of the Exchange Act) 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 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Coursera, Inc. (incorporated by reference from Exhibit 3.1 filed with the registrant's Quarterly Report on Form 10-Q filed August 13, 2021).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Coursera, Inc. (incorporated by reference from Exhibit 3.1 filed with the registrant's Current Form 8-K filed May 11, 2026).
3.3	Amended and Restated Bylaws of Coursera, Inc. (incorporated by reference from Exhibit 3.2 filed with the registrant's Quarterly Report on Form 10-Q filed August 13, 2021).
10.1*+	Offer Letter between Coursera, Inc. and Tom Savage, dated September 17, 2026.
19.1*	Insider Trading Policy.
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.
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).

* Filed herewith.
\+ 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 Quarterly Report on Form 10-Q 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.

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: November 5, 2026

By: /s/ Gregory M. Hart

Gregory M. Hart

President, Chief Executive Officer, and Director

(Principal Executive Officer)

Date: November 5, 2026

By: /s/ Michael Foley

Michael Foley

Senior Vice President, Chief Financial Officer, and Treasurer

(Principal Financial and Accounting Officer)