

Procore Technologies, Inc.
Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
<i>(in thousands, except share and per share amounts)</i>				
Revenue	\$ 101,891	\$ 131,990	\$ 290,781	\$ 368,718
Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾	18,063	22,693	52,589	68,545
Gross profit	83,828	109,297	238,192	300,173
Operating expenses:				
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	47,410	70,356	138,110	224,226
Research and development ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	34,504	53,447	89,255	176,619
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁵⁾	18,320	35,051	47,770	110,805
Total operating expenses	100,234	158,854	275,135	511,650
Loss from operations	(16,406)	(49,557)	(36,943)	(211,477)
Interest expense, net	(573)	(521)	(1,493)	(1,659)
Change in fair value of Series I redeemable convertible preferred stock warrant liability	1,002	—	(9,603)	—
Other income (expense), net	248	(653)	(229)	(880)
Loss before provision for income taxes	(15,729)	(50,731)	(48,268)	(214,016)
Provision for income taxes	224	11	468	177
Net loss	\$ (15,953)	\$ (50,742)	\$ (48,736)	\$ (214,193)
Less: Recognition of beneficial conversion feature on preferred stock as a deemed dividend	(547)	—	(547)	—
Net loss attributable to common stockholders	\$ (16,500)	\$ (50,742)	\$ (49,283)	\$ (214,193)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.58)	\$ (0.39)	\$ (1.80)	\$ (2.71)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	28,231,857	131,438,987	27,342,923	79,145,139

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
<i>(in thousands)</i>				
Cost of revenue	\$ 633	\$ 679	\$ 1,168	\$ 6,758
Sales and marketing	3,410	11,178	8,644	57,285
Research and development	2,898	15,064	6,747	69,627
General and administrative	3,074	11,262	5,782	52,259
Total stock-based compensation expense	\$ 10,015	\$ 38,183	\$ 22,341	\$ 185,929

(2) Includes amortization of acquired intangible assets as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(in thousands)			
Cost of revenue	\$ 761	\$ 1,086	\$ 2,283	\$ 3,258
Sales and marketing	404	404	1,212	1,349
Research and development	183	907	488	1,770
Total amortization of acquired intangible assets	\$ 1,348	\$ 2,397	\$ 3,983	\$ 6,377

(3) Includes employer payroll tax on employee stock transactions as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(in thousands)			
Cost of revenue	\$ —	\$ 66	\$ —	\$ 400
Sales and marketing	36	473	112	1,830
Research and development	8	386	43	2,208
General and administrative	58	170	85	885
Total employer payroll tax on employee stock transactions	\$ 102	\$ 1,095	\$ 240	\$ 5,323

(4) Includes acquisition-related expenses as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(in thousands)			
Sales and marketing	\$ —	\$ —	\$ —	\$ 110
Research and development	—	251	—	442
General and administrative	51	2,472	659	2,914
Total acquisition-related expenses	\$ 51	\$ 2,723	\$ 659	\$ 3,466

(5) Includes restructuring-related charges as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(in thousands)			
Cost of revenue	\$ 127	\$ —	\$ 127	\$ —
Sales and marketing	1,763	—	1,763	—
Research and development	1,681	—	1,681	—
General and administrative	801	—	801	—
Total restructuring-related charges	\$ 4,372	\$ —	\$ 4,372	\$ —

Procore Technologies, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

<i>(in thousands)</i>	December 31, 2020	September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 379,907	\$ 1,072,098
Accounts receivable, net	77,692	74,472
Contract cost asset, current	13,598	15,992
Prepaid expenses and other current assets	16,772	23,882
Total current assets	487,969	1,186,444
Capitalized software development costs, net	18,538	22,543
Property and equipment, net	30,252	32,989
Right of use assets - finance leases	42,108	40,298
Right of use assets - operating leases	49,756	44,307
Contract cost asset, non-current	19,454	23,787
Intangibles, net	33,241	41,189
Goodwill	125,966	137,375
Restricted cash, non-current	3,104	3,104
Other assets	10,379	9,027
Total assets	<u>\$ 820,767</u>	<u>\$ 1,541,063</u>
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' (Deficit) Equity		
Current liabilities		
Accounts payable	\$ 9,012	\$ 8,913
Accrued expenses	28,492	56,063
Deferred revenue, current	213,438	240,085
Other current liabilities	10,768	12,438
Total current liabilities	261,710	317,499
Deferred revenue, non-current	6,373	4,418
Finance lease liabilities, non-current	48,835	47,704
Operating lease liabilities, non-current	46,558	41,898
Other liabilities, non-current	1,919	7,959
Total liabilities	365,395	419,478
Redeemable convertible preferred stock	727,474	—
Stockholders' (deficit) equity		
Common stock	3	13
Additional paid-in capital	124,755	1,733,411
Accumulated other comprehensive income (loss)	187	(599)
Accumulated deficit	(397,047)	(611,240)
Total stockholders' (deficit) equity	(272,102)	1,121,585
Total liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity	<u>\$ 820,767</u>	<u>\$ 1,541,063</u>

Remaining performance obligation:

The remaining performance obligation was \$497.3 million as of September 30, 2021, approximately 72% of which is expected to be recognized as revenue within 12 months. The remaining performance obligation was \$387.9 million as of September 30, 2020, approximately 72% of which was expected to be recognized as revenue within 12 months.

Procore Technologies, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
Operating activities				
Net loss	\$ (15,953)	\$ (50,742)	\$ (48,736)	\$ (214,193)
Adjustments to reconcile net loss to net cash provided by operating activities				
Stock-based compensation	10,015	38,183	22,341	185,929
Depreciation and amortization	6,501	8,149	18,898	23,269
Change in fair value of Series I redeemable convertible preferred stock warrant liability	(1,002)	—	9,603	—
Abandonment of long-lived assets	1,885	—	2,851	554
Noncash lease expense	1,657	1,865	4,807	5,600
Unrealized foreign currency loss (gain), net	32	184	(338)	875
Deferred income taxes	(28)	192	(28)	93
Changes in operating assets and liabilities, net of effect of business combinations				
Accounts receivable	(3,121)	(7,730)	3,363	3,383
Deferred contract cost assets	(204)	(2,011)	592	(7,073)
Prepaid expenses and other assets	(1,430)	(2,032)	(1,553)	(7,755)
Accounts payable	(2,363)	2,780	(2,451)	(128)
Accrued expenses and other liabilities	12,599	14,149	1,101	28,684
Deferred revenue	4,113	13,876	3,337	24,721
Operating lease liabilities	(1,669)	(1,725)	(3,715)	(3,654)
Net cash flow provided by operating activities	11,032	15,138	10,072	40,305
Investing activities				
Purchases of property and equipment	(1,407)	(4,211)	(6,718)	(8,405)
Capitalized software development costs	(2,473)	(4,459)	(9,403)	(10,175)
Strategic investments	—	—	—	(3,450)
Acquisition of businesses, net of cash acquired	—	(8)	(3,325)	(19,990)
Net cash flow used in investing activities	(3,880)	(8,678)	(19,446)	(42,020)
Financing activities				
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	9,989	—	167,931	—
Proceeds from issuance of Series I redeemable convertible preferred stock warrant	—	—	11,923	—
Proceeds from initial public offering, net of underwriting commissions and discounts	—	—	—	665,129
Proceeds from stock option exercises	5,601	6,187	15,660	35,313
Payment of debt issuance costs	(13)	—	(93)	—
Payments of deferred offering costs	(64)	(319)	(2,280)	(3,846)
Payment of deferred business acquisition consideration	—	—	—	(475)
Principal payments under finance lease agreements, net of proceeds from lease incentives	(392)	(433)	(1,050)	(1,175)
Net cash flow provided by financing activities	15,121	5,435	192,091	694,946
Net increase in cash, cash equivalents and restricted cash	22,273	11,895	182,717	693,231
Effect of exchange rate changes on cash	51	(309)	387	(1,040)
Cash, cash equivalents and restricted cash, beginning of period	282,608	1,063,858	121,828	383,253
Cash, cash equivalents and restricted cash, end of period	\$ 304,932	\$ 1,075,444	\$ 304,932	\$ 1,075,444

Procore Technologies, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
(unaudited)

Reconciliation of gross profit and gross margin to non-GAAP gross profit and non-GAAP gross margin:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(dollars in thousands)			
Revenue	\$ 101,891	\$ 131,990	\$ 290,781	\$ 368,718
Gross profit	83,828	109,297	238,192	300,173
Stock-based compensation expense	633	679	1,168	6,758
Amortization of acquired technology intangible assets	761	1,086	2,283	3,258
Employer payroll tax on employee stock transactions	—	66	—	400
Restructuring-related charges	127	—	127	—
Non-GAAP gross profit	\$ 85,349	\$ 111,128	\$ 241,770	\$ 310,589
Gross margin	82%	83%	82%	81%
Non-GAAP gross margin	84%	84%	83%	84%

Reconciliation of operating expenses to non-GAAP operating expenses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(dollars in thousands)			
Revenue	\$ 101,891	\$ 131,990	\$ 290,781	\$ 368,718
GAAP sales and marketing	47,410	70,356	138,110	224,226
Stock-based compensation expense	(3,410)	(11,178)	(8,644)	(57,285)
Amortization of acquired intangible assets	(404)	(404)	(1,212)	(1,349)
Employer payroll tax on employee stock transactions	(36)	(473)	(112)	(1,830)
Acquisition-related expenses	—	—	—	(110)
Restructuring-related charges	(1,763)	—	(1,763)	—
Non-GAAP sales and marketing	\$ 41,797	\$ 58,301	\$ 126,379	\$ 163,652
GAAP sales and marketing as a percentage of revenue	47%	53%	47%	61%
Non-GAAP sales and marketing as a percentage of revenue	41%	44%	43%	44%
GAAP research and development	34,504	53,447	89,255	176,619
Stock-based compensation expense	(2,898)	(15,064)	(6,747)	(69,627)
Amortization of acquired intangible assets	(183)	(907)	(488)	(1,770)
Employer payroll tax on employee stock transactions	(8)	(386)	(43)	(2,208)
Acquisition-related expenses	—	(251)	—	(442)
Restructuring-related charges	(1,681)	—	(1,681)	—
Non-GAAP research and development	\$ 29,734	\$ 36,839	\$ 80,296	\$ 102,572
GAAP research and development as a percentage of revenue	34%	40%	31%	48%
Non-GAAP research and development as a percentage of revenue	29%	28%	28%	28%

GAAP general and administrative	18,320	35,051	47,770	110,805
Stock-based compensation expense	(3,074)	(11,262)	(5,782)	(52,259)
Employer payroll tax on employee stock transactions	(58)	(170)	(85)	(885)
Acquisition-related expenses	(51)	(2,472)	(659)	(2,914)
Restructuring-related charges	(801)	—	(801)	—
Non-GAAP general and administrative	<u>\$ 14,336</u>	<u>\$ 21,147</u>	<u>\$ 40,443</u>	<u>\$ 54,747</u>
GAAP general and administrative as a percentage of revenue	18%	27%	16%	30%
Non-GAAP general and administrative as a percentage of revenue	14%	16%	14%	15%

Reconciliation of loss from operations and operating margin to non-GAAP loss from operations and non-GAAP operating margin:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(dollars in thousands)			
Revenue	<u>\$ 101,891</u>	<u>\$ 131,990</u>	<u>\$ 290,781</u>	<u>\$ 368,718</u>
Loss from operations	(16,406)	(49,557)	(36,943)	(211,477)
Stock-based compensation expense	10,015	38,183	22,341	185,929
Amortization of acquired intangible assets	1,348	2,397	3,983	6,377
Employer payroll tax on employee stock transactions	102	1,095	240	5,323
Acquisition-related expenses	51	2,723	659	3,466
Restructuring-related charges	<u>4,372</u>	—	<u>4,372</u>	—
Non-GAAP loss from operations	<u>\$ (518)</u>	<u>\$ (5,159)</u>	<u>\$ (5,348)</u>	<u>\$ (10,382)</u>
Operating margin	(16%)	(38%)	(13%)	(57%)
Non-GAAP operating margin	(1%)	(4%)	(2%)	(3%)

Reconciliation of net loss and net loss per share to non-GAAP net loss and non-GAAP net loss per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(dollars in thousands)			
Revenue	\$ 101,891	\$ 131,990	\$ 290,781	\$ 368,718
Net loss	(15,953)	(50,742)	(48,736)	(214,193)
Stock-based compensation expense	10,015	38,183	22,341	185,929
Amortization of acquired intangible assets	1,348	2,397	3,983	6,377
Employer payroll tax on employee stock transactions	102	1,095	240	5,323
Acquisition-related expenses	51	2,723	659	3,466
Restructuring-related charges	4,372	—	4,372	—
Non-GAAP net loss	\$ (65)	\$ (6,344)	\$ (17,141)	\$ (13,098)
Numerator:				
Non-GAAP net loss	\$ (65)	\$ (6,344)	\$ (17,141)	\$ (13,098)
Less: Recognition of beneficial conversion feature on preferred stock as a deemed dividend	(547)	—	(547)	—
Non-GAAP net loss attributable to common stockholders	\$ (612)	\$ (6,344)	\$ (17,688)	\$ (13,098)
Denominator:				
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	28,231,857	131,438,987	27,342,923	79,145,139
GAAP net loss per share, basic and diluted	\$ (0.58)	\$ (0.39)	\$ (1.80)	\$ (2.71)
Non-GAAP net loss per share, basic and diluted	\$ (0.02)	\$ (0.05)	\$ (0.65)	\$ (0.17)

Computation of free cash flow:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(dollars in thousands)			
Net cash provided by operating activities	\$ 11,032	\$ 15,138	\$ 10,072	\$ 40,305
Purchases of property and equipment	(1,407)	(4,211)	(6,718)	(8,405)
Capitalized software development costs	(2,473)	(4,459)	(9,403)	(10,175)
Non-GAAP free cash flow	\$ 7,152	\$ 6,468	\$ (6,049)	\$ 21,725