

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

	Three Months Ended March 31,	
	2023	2022
	(dollars in thousands)	
Revenue	\$ 213,526	\$ 159,516
Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾	40,202	33,332
Gross profit	173,324	126,184
Operating expenses		
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	117,363	93,915
Research and development ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	80,036	60,254
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	45,188	43,152
Total operating expenses	242,587	197,321
Loss from operations	(69,263)	(71,137)
Interest income	4,948	74
Interest expense	(496)	(565)
Accretion income, net	1,632	—
Other (expense) income, net	(210)	543
Loss before provision for income taxes	(63,389)	(71,085)
Provision for income taxes	58	334
Net loss	\$ (63,447)	\$ (71,419)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.45)	\$ (0.53)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	139,646,465	134,530,010

- (1) Includes stock-based compensation expense and amortization of capitalized stock-based compensation as follows:

	Three Months Ended March 31,	
	2023	2022
	(in thousands)	
Cost of revenue	\$ 2,496	\$ 1,458
Sales and marketing	13,104	10,296
Research and development	19,781	13,008
General and administrative	10,475	12,447
Total stock-based compensation expense*	\$ 45,856	\$ 37,209

*Includes amortization of capitalized stock-based compensation of \$0.9 million for the three months ended March 31, 2023 which was initially capitalized as capitalized software and cloud-computing arrangement implementation costs.

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

	Three Months Ended March 31,	
	2023	2022
	(in thousands)	
Cost of revenue	\$ 5,493	\$ 5,654
Sales and marketing	3,107	3,106
Research and development	734	902
Total amortization of acquired intangible assets	\$ 9,334	\$ 9,662

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

	Three Months Ended March 31,	
	2023	2022
	(in thousands)	
Cost of revenue	\$ 167	\$ 81
Sales and marketing	999	608
Research and development	1,356	1,027
General and administrative	632	545
Total employer payroll tax on employee stock transactions	\$ 3,154	\$ 2,261

- (4) Includes acquisition-related expenses as follows:

	Three Months Ended March 31,	
	2023	2022
	(in thousands)	
Sales and marketing	\$ 906	\$ 207
Research and development	5,984	1,101
General and administrative	—	1,038
Total acquisition-related expenses	\$ 6,890	\$ 2,346

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

	March 31, 2023	December 31, 2022
(dollars in thousands)		
Assets		
Current assets		
Cash and cash equivalents	\$ 328,964	\$ 296,712
Marketable securities	273,845	285,493
Accounts receivable, net	106,188	148,683
Contract cost asset, current	24,220	23,600
Prepaid expenses and other current assets	41,777	44,731
Total current assets	774,994	799,219
Capitalized software development costs, net	64,734	58,577
Property and equipment, net	38,282	39,193
Right of use assets - finance leases	36,353	37,026
Right of use assets - operating leases	41,910	41,934
Contract cost asset, non-current	40,299	40,477
Intangible assets, net	153,622	162,953
Goodwill	539,129	539,128
Other assets	21,856	21,903
Total assets	\$ 1,711,179	\$ 1,740,410
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 19,451	\$ 14,282
Accrued expenses	69,625	99,182
Deferred revenue, current	403,012	396,535
Other current liabilities	22,598	21,639
Total current liabilities	514,686	531,638
Deferred revenue, non-current	5,536	5,278
Finance lease liabilities, non-current	45,130	45,578
Operating lease liabilities, non-current	37,230	38,087
Other liabilities, non-current	4,245	3,049
Total liabilities	606,827	623,630
Stockholders' equity		
Common stock	14	14
Additional paid-in capital	2,118,936	2,068,225
Accumulated other comprehensive loss	(2,008)	(2,316)
Accumulated deficit	(1,012,590)	(949,143)
Total stockholders' equity	1,104,352	1,116,780
Total liabilities and stockholders' equity	\$ 1,711,179	\$ 1,740,410

Remaining performance obligation:

The remaining performance obligation was \$805.5 million as of March 31, 2023, approximately 73% of which is expected to be recognized as revenue within 12 months. The remaining performance obligation was \$626.7 million as of March 31, 2022, approximately 71% of which was expected to be recognized as revenue within 12 months.

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

	Three Months Ended March 31,	
	2023	2022
	(in thousands)	
Operating activities		
Net loss	\$ (63,447)	\$ (71,419)
Adjustments to reconcile net loss to net cash provided by operating activities		
Stock-based compensation	44,938	37,209
Depreciation and amortization	16,874	15,147
Accretion of discounts on marketable debt securities, net	(1,632)	—
Abandonment of long-lived assets	441	—
Noncash operating lease expense	2,628	2,156
Unrealized foreign currency loss (gain), net	408	(477)
Deferred income taxes	2	(352)
Provision for (benefit from) credit losses	1,726	(98)
Increase in fair value of strategic investments	(36)	—
Changes in operating assets and liabilities		
Accounts receivable	42,948	34,473
Deferred contract cost assets	(460)	(4,066)
Prepaid expenses and other assets	4,549	(5,175)
Accounts payable	4,648	339
Accrued expenses and other liabilities	(28,181)	(4,357)
Deferred revenue	6,489	8,774
Operating lease liabilities	(2,620)	(1,870)
Net cash provided by operating activities	<u>29,275</u>	<u>10,284</u>
Investing activities		
Purchases of property and equipment	(2,173)	(7,525)
Capitalized software development costs	(7,951)	(7,632)
Purchases of strategic investments	(149)	(2,329)
Purchases of marketable securities	(89,996)	—
Maturities of marketable securities	103,909	—
Originations of materials financing	(9,077)	—
Customer repayments of materials financing	5,358	—
Settlement of post-close working capital adjustments from business combinations	—	1,291
Net cash used in investing activities	<u>(79)</u>	<u>(16,195)</u>
Financing activities		
Proceeds from stock option exercises	3,722	6,907
Principal payments under finance lease agreements, net of proceeds from lease incentives	(410)	(365)
Net cash provided by financing activities	<u>3,312</u>	<u>6,542</u>
Net increase in cash, cash equivalents and restricted cash	32,508	631
Effect of exchange rate changes on cash	(256)	175
Cash, cash equivalents and restricted cash, beginning of period	299,816	589,212
Cash, cash equivalents and restricted cash, end of period	<u>\$ 332,068</u>	<u>\$ 590,018</u>

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 March 31,	
	2023	2022
	(dollars in thousands)	
Revenue	\$ 213,526	\$ 159,516
Gross profit	173,324	126,184
Stock-based compensation expense	2,496	1,458
Amortization of acquired technology intangible assets	5,493	5,654
Employer payroll tax on employee stock transactions	167	81
Non-GAAP gross profit	\$ 181,480	\$ 133,377
Gross margin	81%	79%
Non-GAAP gross margin	85%	84%

Reconciliation of operating expenses to non-GAAP operating expenses:

	Three Months Ended March 31,	
	2023	2022
	(dollars in thousands)	
Revenue	\$ 213,526	\$ 159,516
GAAP sales and marketing	117,363	93,915
Stock-based compensation expense	(13,104)	(10,296)
Amortization of acquired intangible assets	(3,107)	(3,106)
Employer payroll tax on employee stock transactions	(999)	(608)
Acquisition-related expenses	(906)	(207)
Non-GAAP sales and marketing	\$ 99,247	\$ 79,698
GAAP sales and marketing as a percentage of revenue	55%	59%
Non-GAAP sales and marketing as a percentage of revenue	46%	50%
GAAP research and development	\$ 80,036	\$ 60,254
Stock-based compensation expense	(19,781)	(13,008)
Amortization of acquired intangible assets	(734)	(902)
Employer payroll tax on employee stock transactions	(1,356)	(1,027)
Acquisition-related expenses	(5,984)	(1,101)
Non-GAAP research and development	\$ 52,181	\$ 44,216
GAAP research and development as a percentage of revenue	37%	38%
Non-GAAP research and development as a percentage of revenue	24%	28%
GAAP general and administrative	\$ 45,188	\$ 43,152
Stock-based compensation expense	(10,475)	(12,447)
Employer payroll tax on employee stock transactions	(632)	(545)
Acquisition-related expenses	—	(1,038)
Non-GAAP general and administrative	\$ 34,081	\$ 29,122
GAAP general and administrative as a percentage of revenue	21%	27%
Non-GAAP general and administrative as a percentage of revenue	16%	18%

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

	Three Months Ended March 31,	
	2023	2022
	(dollars in thousands)	
Revenue	\$ 213,526	\$ 159,516
Loss from operations	(69,263)	(71,137)
Stock-based compensation expense	45,856	37,209
Amortization of acquired intangible assets	9,334	9,662
Employer payroll tax on employee stock transactions	3,154	2,261
Acquisition-related expenses	6,890	2,346
Non-GAAP loss from operations	\$ (4,029)	\$ (19,659)
Operating margin	(32%)	(45%)
Non-GAAP operating margin	(2%)	(12%)

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

	Three Months Ended March 31,	
	2023	2022
	(dollars in thousands)	
Revenue	\$ 213,526	\$ 159,516
Net loss	(63,447)	(71,419)
Stock-based compensation expense	45,856	37,209
Amortization of acquired intangible assets	9,334	9,662
Employer payroll tax on employee stock transactions	3,154	2,261
Acquisition-related expenses	6,890	2,346
Non-GAAP net income (loss)	\$ 1,787	\$ (19,941)
Numerator:		
Non-GAAP net income (loss)	\$ 1,787	\$ (19,941)
Denominator:		
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic	139,646,465	134,530,010
Effect of dilutive securities: Employee stock awards	6,707,822	—
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	146,354,287	134,530,010
GAAP net loss per share, basic	\$ (0.45)	\$ (0.53)
GAAP net loss per share, diluted	\$ (0.45)	\$ (0.53)
Non-GAAP net income (loss) per share, basic	\$ 0.01	\$ (0.15)
Non-GAAP net income (loss) per share, diluted	\$ 0.01	\$ (0.15)

Computation of free cash flow:

	Three Months Ended March 31,	
	2023	2022
	(in thousands)	
Net cash provided by operating activities	\$ 29,275	\$ 10,284
Purchases of property, plant, and equipment	(2,173)	(7,525)
Capitalized software development costs	(7,951)	(7,632)
Non-GAAP free cash flow	\$ 19,151	\$ (4,873)