

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

<i>(in thousands, except share and per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 172,205	\$ 122,790	\$ 331,721	\$ 236,728
Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾	36,735	25,493	70,067	45,852
Gross profit	135,470	97,297	261,654	190,876
Operating expenses:				
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	103,283	99,905	197,198	153,870
Research and development ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	63,822	88,627	124,076	123,172
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	40,667	57,827	83,819	75,754
Total operating expenses	207,772	246,359	405,093	352,796
Loss from operations	(72,302)	(149,062)	(143,439)	(161,920)
Interest income (expense), net	111	(576)	(380)	(1,138)
Other expense, net	(890)	(44)	(347)	(227)
Loss before provision for income taxes	(73,081)	(149,682)	(144,166)	(163,285)
Provision for income taxes	42	37	376	166
Net loss	\$ (73,123)	\$ (149,719)	\$ (144,542)	\$ (163,451)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.54)	\$ (2.04)	\$ (1.07)	\$ (3.11)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	135,927,677	73,539,568	135,232,404	52,564,840

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue	\$ 2,046	\$ 4,918	\$ 3,504	\$ 6,079
Sales and marketing	12,572	42,855	22,868	46,107
Research and development	13,144	51,317	26,152	54,563
General and administrative	6,133	38,353	18,580	40,997
Total stock-based compensation expense	\$ 33,895	\$ 137,443	\$ 71,104	\$ 147,746

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue	\$ 5,654	\$ 1,086	\$ 11,308	\$ 2,172
Sales and marketing	3,106	466	6,212	945
Research and development	895	680	1,797	863
Total amortization of acquired intangible assets	\$ 9,655	\$ 2,232	\$ 19,317	\$ 3,980

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue	\$ 68	\$ 330	\$ 149	\$ 334
Sales and marketing	317	1,215	925	1,357
Research and development	523	1,748	1,550	1,822
General and administrative	182	635	727	715
Total employer payroll tax on employee stock transactions	\$ 1,090	\$ 3,928	\$ 3,351	\$ 4,228

(4) Includes acquisition-related expenses as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Sales and marketing	\$ 208	\$ 110	\$ 415	\$ 110
Research and development	1,090	191	2,191	191
General and administrative	1,081	442	2,119	442
Total acquisition-related expenses	\$ 2,379	\$ 743	\$ 4,725	\$ 743

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

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 563,224	\$ 586,108
Accounts receivable, net	89,274	113,977
Contract cost asset, current	19,251	17,030
Prepaid expenses and other current assets	44,082	35,173
Total current assets	715,831	752,288
Capitalized software development costs, net	42,335	27,062
Property and equipment, net	41,035	36,837
Right of use assets - finance leases	38,291	39,623
Right of use assets - operating leases	48,410	44,052
Contract cost asset, non-current	30,398	25,889
Intangible assets, net	182,501	201,977
Goodwill	539,584	540,922
Other assets	23,569	22,007
Total assets	\$ 1,661,954	\$ 1,690,657
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 21,251	\$ 15,490
Accrued expenses	52,087	65,907
Deferred revenue, current	316,559	301,557
Other current liabilities	29,461	20,750
Total current liabilities	419,358	403,704
Deferred revenue, non-current	3,943	4,024
Finance lease liabilities, non-current	46,451	47,344
Operating lease liabilities, non-current	42,762	41,573
Other liabilities, non-current	3,445	4,723
Total liabilities	515,959	501,368
Stockholders' equity		
Common stock	14	13
Additional paid-in capital	1,953,764	1,852,071
Accumulated other comprehensive loss	(1,029)	(583)
Accumulated deficit	(806,754)	(662,212)
Total stockholders' equity	1,145,995	1,189,289
Total liabilities, redeemable convertible preferred stock and stockholders' equity	\$ 1,661,954	\$ 1,690,657

Remaining performance obligation:

The remaining performance obligation was \$653.9 million as of June 30, 2022, approximately 72% of which is expected to be recognized as revenue within 12 months. The remaining performance obligation was \$478.4 million as of June 30, 2021, 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating activities				
Net loss	\$ (73,123)	\$ (149,719)	\$ (144,542)	\$ (163,451)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities				
Stock-based compensation	33,895	137,443	71,104	147,746
Depreciation and amortization	15,403	7,819	30,550	15,120
Abandonment of long-lived assets	887	-	887	554
Noncash lease expense	2,652	1,869	4,808	3,735
Unrealized foreign currency loss, net	832	86	355	691
Deferred income taxes	(286)	(72)	(638)	(99)
Changes in operating assets and liabilities, net of effect of business combinations				
Accounts receivable	(9,788)	(9,610)	24,337	11,113
Deferred contract cost assets	(3,295)	(3,500)	(7,361)	(5,062)
Prepaid expenses and other assets	390	(1,122)	(4,535)	(5,723)
Accounts payable	5,587	608	5,926	(2,908)
Accrued expenses and other liabilities	(4,552)	9,420	(8,909)	14,535
Deferred revenue	6,932	4,206	15,706	10,845
Operating lease liabilities	(2,489)	(557)	(4,359)	(1,929)
Net cash flow (used in) provided by operating activities	(26,955)	(3,129)	(16,671)	25,167
Investing activities				
Purchases of property and equipment	(1,908)	(1,801)	(9,433)	(4,194)
Capitalized software development costs	(8,620)	(3,523)	(16,252)	(5,716)
Purchases of strategic investments	(689)	(3,450)	(3,018)	(3,450)
Originations of materials financing	(9,259)	-	(9,259)	-
Customer repayments of materials financing	6,261	-	6,261	-
Acquisition of a business, net of cash acquired	-	(19,982)	-	(19,982)
Settlement of post-close working capital adjustments from business combinations	-	-	1,291	-
Net cash flow used in investing activities	(14,215)	(28,756)	(30,410)	(33,342)
Financing activities				
Proceeds from initial public offering, net of underwriting commissions and discounts	-	665,129	-	665,129
Proceeds from stock option exercises	7,697	17,499	14,604	29,126
Payments of deferred offering costs	(270)	(2,987)	(270)	(3,527)
Proceeds from employee stock purchase plan	11,513	-	11,513	-
Payment of deferred business acquisition consideration	-	(475)	-	(475)
Principal payments under finance lease agreements, net of proceeds from lease incentives	(479)	(428)	(844)	(742)
Net cash flow provided by financing activities	18,461	678,738	25,003	689,511
Net (decrease) increase in cash, cash equivalents and restricted cash	(22,709)	646,853	(22,078)	681,336
Effect of exchange rate changes on cash	(981)	(102)	(806)	(731)
Cash, cash equivalents and restricted cash, beginning of period	590,018	417,107	589,212	383,253
Cash, cash equivalents and restricted cash, end of period	\$ 566,328	\$ 1,063,858	\$ 566,328	\$ 1,063,858

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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 172,205	\$ 122,790	\$ 331,721	\$ 236,728
Gross profit	135,470	97,297	261,654	190,876
Stock-based compensation expense	2,046	4,918	3,504	6,079
Amortization of acquired technology intangible assets	5,654	1,086	11,308	2,172
Employer payroll tax on employee stock transactions	68	330	149	334
Non-GAAP gross profit	\$ 143,238	\$ 103,631	\$ 276,615	\$ 199,461
Gross margin	79%	79%	79%	81%
Non-GAAP gross margin	83%	84%	83%	84%

Reconciliation of operating expenses to non-GAAP operating expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 172,205	\$ 122,790	\$ 331,721	\$ 236,728
GAAP sales and marketing	103,283	99,905	197,198	153,870
Stock-based compensation expense	(12,572)	(42,855)	(22,868)	(46,107)
Amortization of acquired intangible assets	(3,106)	(466)	(6,212)	(945)
Employer payroll tax on employee stock transactions	(317)	(1,215)	(925)	(1,357)
Acquisition-related expenses	(208)	(110)	(415)	(110)
Non-GAAP sales and marketing	\$ 87,080	\$ 55,259	\$ 166,778	\$ 105,351
GAAP sales and marketing as a percentage of revenue	60%	81%	59%	65%
Non-GAAP sales and marketing as a percentage of revenue	51%	45%	50%	45%
GAAP research and development	\$ 63,822	\$ 88,627	\$ 124,076	\$ 123,172
Stock-based compensation expense	(13,144)	(51,317)	(26,152)	(54,563)
Amortization of acquired intangible assets	(895)	(680)	(1,797)	(863)
Employer payroll tax on employee stock transactions	(523)	(1,748)	(1,550)	(1,822)
Acquisition-related expenses	(1,090)	(191)	(2,191)	(191)
Non-GAAP research and development	\$ 48,170	\$ 34,691	\$ 92,386	\$ 65,733
GAAP research and development as a percentage of revenue	37%	72%	37%	52%
Non-GAAP research and development as a percentage of revenue	28%	28%	28%	28%
GAAP general and administrative	\$ 40,667	\$ 57,827	\$ 83,819	\$ 75,754
Stock-based compensation expense	(6,133)	(38,353)	(18,580)	(40,997)
Employer payroll tax on employee stock transactions	(182)	(635)	(727)	(715)
Acquisition-related expenses	(1,081)	(442)	(2,119)	(442)
Non-GAAP general and administrative	\$ 33,271	\$ 18,397	\$ 62,393	\$ 33,600
GAAP general and administrative as a percentage of revenue	24%	47%	25%	32%
Non-GAAP general and administrative as a percentage of revenue	19%	15%	19%	14%

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 172,205	\$ 122,790	\$ 331,721	\$ 236,728
Loss from operations	(72,302)	(149,062)	(143,439)	(161,920)
Stock-based compensation expense	33,895	137,443	71,104	147,746
Amortization of acquired intangible assets	9,655	2,232	19,317	3,980
Employer payroll tax on employee stock transactions	1,090	3,928	3,351	4,228
Acquisition-related expenses	2,379	743	4,725	743
Non-GAAP loss from operations	\$ (25,283)	\$ (4,716)	\$ (44,942)	\$ (5,223)
Operating margin	(42%)	(121%)	(43%)	(68%)
Non-GAAP operating margin	(15%)	(4%)	(14%)	(2%)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 172,205	\$ 122,790	\$ 331,721	\$ 236,728
Net loss	(73,123)	(149,719)	(144,542)	(163,451)
Stock-based compensation expense	33,895	137,443	71,104	147,746
Amortization of acquired intangible assets	9,655	2,232	19,317	3,980
Employer payroll tax on employee stock transactions	1,090	3,928	3,351	4,228
Acquisition-related expenses	2,379	743	4,725	743
Income tax effect of non-GAAP items	110	-	110	-
Non-GAAP net loss	\$ (25,994)	\$ (5,373)	\$ (45,935)	\$ (6,754)

Numerator:

Non-GAAP net loss	\$ (25,994)	\$ (5,373)	\$ (45,935)	\$ (6,754)
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Denominator:

Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted

	135,927,677	73,539,568	135,232,404	52,564,840
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GAAP net loss per share, basic and diluted	\$ (0.54)	\$ (2.04)	\$ (1.07)	\$ (3.11)
Non-GAAP net loss per share, basic and diluted	\$ (0.19)	\$ (0.07)	\$ (0.34)	\$ (0.13)

Computation of free cash flow:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Net cash (used in) provided by operating activities	\$ (26,955)	\$ (3,129)	\$ (16,671)	\$ 25,167
Purchases of property and equipment	(1,908)	(1,801)	(9,433)	(4,194)
Capitalized software development costs	(8,620)	(3,523)	(16,252)	(5,716)
Non-GAAP free cash flow	\$ (37,483)	\$ (8,453)	\$ (42,356)	\$ 15,257