

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands, except share and per share amounts)			
Revenue	\$ 284,347	\$ 228,536	\$ 553,775	\$ 442,062
Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾	48,101	42,304	93,824	82,506
Gross profit	236,246	186,232	459,951	359,556
Operating expenses				
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	127,922	125,362	248,916	242,725
Research and development ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	72,308	73,216	142,907	153,252
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	50,792	46,383	101,810	91,571
Total operating expenses	251,022	244,961	493,633	487,548
Loss from operations	(14,776)	(58,729)	(33,682)	(127,992)
Interest income	5,814	4,943	11,752	9,891
Interest expense	(472)	(491)	(951)	(987)
Accretion income, net	3,761	2,031	6,849	3,663
Other expense, net	(148)	(313)	(492)	(523)
Loss before provision for income taxes	(5,821)	(52,559)	(16,524)	(115,948)
Provision for income taxes	490	322	753	380
Net loss	<u>\$ (6,311)</u>	<u>\$ (52,881)</u>	<u>\$ (17,277)</u>	<u>\$ (116,328)</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.37)</u>	<u>\$ (0.12)</u>	<u>\$ (0.83)</u>
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	<u>146,938,942</u>	<u>141,238,489</u>	<u>146,207,469</u>	<u>140,446,873</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Cost of revenue	\$ 3,683	\$ 2,880	\$ 6,868	\$ 5,376
Sales and marketing	15,671	14,470	28,691	27,574
Research and development	17,628	16,270	31,363	36,051
General and administrative	13,961	9,909	25,690	20,384
Total stock-based compensation expense*	<u>\$ 50,943</u>	<u>\$ 43,529</u>	<u>\$ 92,612</u>	<u>\$ 89,385</u>

*Includes amortization of capitalized stock-based compensation of \$1.7 million and \$1.0 million, respectively, for the three months ended June 30, 2024 and 2023; and \$3.3 million and \$2.0 million, respectively, for the six months ended June 30, 2024 and 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Cost of revenue	\$ 6,156	\$ 5,493	\$ 12,041	\$ 10,986
Sales and marketing	3,145	3,106	6,251	6,213
Research and development	665	675	1,340	1,409
Total amortization of acquired intangible assets	<u>\$ 9,966</u>	<u>\$ 9,274</u>	<u>\$ 19,632</u>	<u>\$ 18,608</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Cost of revenue	\$ 161	\$ 139	\$ 373	\$ 306
Sales and marketing	788	618	2,052	1,617
Research and development	900	891	2,568	2,247
General and administrative	494	503	1,539	1,135
Total employer payroll tax on employee stock transactions	<u>\$ 2,343</u>	<u>\$ 2,151</u>	<u>\$ 6,532</u>	<u>\$ 5,305</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Sales and marketing	\$ 1,000	\$ 548	\$ 1,448	\$ 1,454
Research and development	—	204	—	6,188
General and administrative	563	—	563	—
Total acquisition-related expenses	<u>\$ 1,563</u>	<u>\$ 752</u>	<u>\$ 2,011</u>	<u>\$ 7,642</u>

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

	June 30, 2024	December 31, 2023
(in thousands)		
Assets		
Current assets		
Cash and cash equivalents	\$ 356,239	\$ 357,790
Marketable securities, current	379,120	320,161
Accounts receivable, net	158,700	206,644
Contract cost asset, current	30,946	28,718
Prepaid expenses and other current assets	41,471	42,421
Total current assets	966,476	955,734
Marketable securities, non-current	45,430	—
Capitalized software development costs, net	95,763	83,045
Property and equipment, net	34,895	36,258
Right of use assets - finance leases	33,051	34,375
Right of use assets - operating leases	35,255	44,141
Contract cost asset, non-current	44,193	44,564
Intangible assets, net	142,293	137,546
Goodwill	550,363	539,354
Other assets	19,316	18,551
Total assets	<u>\$ 1,967,035</u>	<u>\$ 1,893,568</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 26,951	\$ 13,177
Accrued expenses	71,253	100,075
Deferred revenue, current	494,680	501,903
Other current liabilities	31,894	27,275
Total current liabilities	624,778	642,430
Deferred revenue, non-current	6,135	7,692
Finance lease liabilities, non-current	42,468	43,581
Operating lease liabilities, non-current	32,578	37,923
Other liabilities, non-current	5,278	6,332
Total liabilities	711,237	737,958
Stockholders' equity		
Common stock	15	15
Additional paid-in capital	2,414,224	2,295,807
Accumulated other comprehensive loss	(2,327)	(1,375)
Accumulated deficit	(1,156,114)	(1,138,837)
Total stockholders' equity	1,255,798	1,155,610
Total liabilities and stockholders' equity	<u>\$ 1,967,035</u>	<u>\$ 1,893,568</u>

Remaining performance obligation:

The following table presents our current and non-current RPO at the end of each period:

	June 30,		Change	
	2024	2023	Dollar	Percent
(dollars in thousands)				
Remaining performance obligations				
Current	\$ 724,832	\$ 622,639	\$ 102,193	16%
Non-current	310,381	226,877	83,504	37%
Total remaining performance obligations	<u>\$ 1,035,213</u>	<u>\$ 849,516</u>	<u>\$ 185,697</u>	<u>22%</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(in thousands)				
Operating activities				
Net loss	\$ (6,311)	\$ (52,881)	\$ (17,277)	\$ (116,328)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities				
Stock-based compensation	49,225	42,487	89,357	87,425
Depreciation and amortization	20,843	17,336	40,894	34,210
Accretion of discounts on marketable debt securities, net	(3,661)	(2,030)	(6,749)	(3,662)
Abandonment of long-lived assets	312	94	580	535
Noncash operating lease expense	2,259	2,604	4,993	5,232
Unrealized foreign currency loss, net	(365)	149	714	557
Deferred income taxes	1	3	2	5
Provision for credit losses	216	2,004	405	3,730
Increase (decrease) in fair value of strategic investments	118	42	(641)	6
Changes in operating assets and liabilities, net of effect of asset acquisitions and business combinations				
Accounts receivable	(19,019)	(19,371)	48,994	23,577
Deferred contract cost assets	(1,662)	(3,170)	(2,089)	(3,630)
Prepaid expenses and other assets	494	(2,848)	(190)	1,701
Accounts payable	10,124	(3,499)	13,279	1,149
Accrued expenses and other liabilities	3,707	(2,929)	(30,447)	(31,110)
Deferred revenue	3,231	13,093	(10,877)	19,582
Operating lease liabilities	(817)	(2,761)	(3,108)	(5,381)
Net cash provided by (used in) operating activities	<u>58,695</u>	<u>(11,677)</u>	<u>127,840</u>	<u>17,598</u>
Investing activities				
Purchases of property and equipment	(1,874)	(2,521)	(3,963)	(4,694)
Capitalized software development costs	(10,218)	(9,400)	(19,732)	(17,351)
Purchases of strategic investments	(862)	(293)	(1,072)	(442)
Purchases of marketable securities	(222,940)	(139,286)	(324,374)	(229,282)
Maturities of marketable securities	118,798	118,817	226,099	222,726
Sales of marketable securities	—	5,452	—	5,452
Originations of materials financing	—	(7,930)	—	(17,007)
Customer repayments of materials financing	202	7,638	1,483	12,996
Acquisition of a business, net of cash acquired	(25,945)	—	(25,945)	—
Asset acquisitions, net of cash acquired	(3,787)	—	(3,792)	—
Net cash used in investing activities	<u>(146,626)</u>	<u>(27,523)</u>	<u>(151,296)</u>	<u>(27,602)</u>
Financing activities				
Proceeds from stock option exercises	2,790	7,217	9,915	10,939
Proceeds from employee stock purchase plan	13,187	13,006	13,187	13,006
Principal payments under finance lease agreements, net of proceeds from lease incentives	(220)	(520)	(669)	(930)
Net cash provided by financing activities	<u>15,757</u>	<u>19,703</u>	<u>22,433</u>	<u>23,015</u>
Net increase in cash and cash equivalents	(72,174)	(19,497)	(1,023)	13,011
Effect of exchange rate changes on cash	757	(53)	(528)	(309)
Cash and cash equivalents, beginning of period	427,656	332,068	357,790	299,816
Cash and cash equivalents, end of period	<u>\$ 356,239</u>	<u>\$ 312,518</u>	<u>\$ 356,239</u>	<u>\$ 312,518</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:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(dollars in thousands)			
Revenue	\$ 284,347	\$ 228,536	\$ 553,775	\$ 442,062
Gross profit	236,246	186,232	459,951	359,556
Stock-based compensation expense	3,683	2,880	6,868	5,376
Amortization of acquired technology intangible assets	6,156	5,493	12,041	10,986
Employer payroll tax on employee stock transactions	161	139	373	306
Non-GAAP gross profit	\$ 246,246	\$ 194,744	\$ 479,233	\$ 376,224
Gross margin	83%	81%	83%	81%
Non-GAAP gross margin	87%	85%	87%	85%

Reconciliation of operating expenses to non-GAAP operating expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(dollars in thousands)			
Revenue	\$ 284,347	\$ 228,536	\$ 553,775	\$ 442,062
GAAP sales and marketing	127,922	125,362	248,916	242,725
Stock-based compensation expense	(15,671)	(14,470)	(28,691)	(27,574)
Amortization of acquired intangible assets	(3,145)	(3,106)	(6,251)	(6,213)
Employer payroll tax on employee stock transactions	(788)	(618)	(2,052)	(1,617)
Acquisition-related expenses	(1,000)	(548)	(1,448)	(1,454)
Non-GAAP sales and marketing	\$ 107,318	\$ 106,620	\$ 210,474	\$ 205,867
GAAP sales and marketing as a percentage of revenue	45%	55%	45%	55%
Non-GAAP sales and marketing as a percentage of revenue	38%	47%	38%	47%
GAAP research and development	\$ 72,308	\$ 73,216	\$ 142,907	\$ 153,252
Stock-based compensation expense	(17,628)	(16,270)	(31,363)	(36,051)
Amortization of acquired intangible assets	(665)	(675)	(1,340)	(1,409)
Employer payroll tax on employee stock transactions	(900)	(891)	(2,568)	(2,247)
Acquisition-related expenses	—	(204)	—	(6,188)
Non-GAAP research and development	\$ 53,115	\$ 55,176	\$ 107,636	\$ 107,357
GAAP research and development as a percentage of revenue	25%	32%	26%	35%
Non-GAAP research and development as a percentage of revenue	19%	24%	19%	24%
GAAP general and administrative	\$ 50,792	\$ 46,383	\$ 101,810	\$ 91,571
Stock-based compensation expense	(13,961)	(9,909)	(25,690)	(20,384)
Employer payroll tax on employee stock transactions	(494)	(503)	(1,539)	(1,135)
Acquisition-related expenses	(563)	—	(563)	—
Non-GAAP general and administrative	\$ 35,774	\$ 35,971	\$ 74,018	\$ 70,052
GAAP general and administrative as a percentage of revenue	18%	20%	18%	21%
Non-GAAP general and administrative as a percentage of revenue	13%	16%	13%	16%

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(dollars in thousands)			
Revenue	\$ 284,347	\$ 228,536	\$ 553,775	\$ 442,062
Loss from operations	(14,776)	(58,729)	(33,682)	(127,992)
Stock-based compensation expense	50,943	43,529	92,612	89,385
Amortization of acquired intangible assets	9,966	9,274	19,632	18,608
Employer payroll tax on employee stock transactions	2,343	2,151	6,532	5,305
Acquisition-related expenses	1,563	752	2,011	7,642
Non-GAAP income (loss) from operations	\$ 50,039	\$ (3,023)	\$ 87,105	\$ (7,052)
Operating margin	(5%)	(26%)	(6%)	(29%)
Non-GAAP operating margin	18%	(1%)	16%	(2%)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands, except share and per share amounts)			
Revenue	\$ 284,347	\$ 228,536	\$ 553,775	\$ 442,062
Net loss	(6,311)	(52,881)	(17,277)	(116,328)
Stock-based compensation expense	50,943	43,529	92,612	89,385
Amortization of acquired intangible assets	9,966	9,274	19,632	18,608
Employer payroll tax on employee stock transactions	2,343	2,151	6,532	5,305
Acquisition-related expenses	1,563	752	2,011	7,642
Non-GAAP net income	\$ 58,504	\$ 2,825	\$ 103,510	\$ 4,612

Numerator:

Non-GAAP net income	\$ 58,504	\$ 2,825	\$ 103,510	\$ 4,612
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Denominator:

Weighted-average shares used in computing net loss per share attributable to common stockholders, basic	146,938,942	141,238,489	146,207,469	140,446,873
Effect of dilutive securities: Employee stock awards	4,653,396	6,117,368	5,349,382	6,537,556
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	151,592,338	147,355,857	151,556,851	146,984,429
GAAP net loss per share, basic	\$ (0.04)	\$ (0.37)	\$ (0.12)	\$ (0.83)
GAAP net loss per share, diluted	\$ (0.04)	\$ (0.37)	\$ (0.12)	\$ (0.83)
Non-GAAP net income per share, basic	\$ 0.40	\$ 0.02	\$ 0.71	\$ 0.03
Non-GAAP net income per share, diluted	\$ 0.39	\$ 0.02	\$ 0.68	\$ 0.03

Computation of free cash flow:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Net cash provided by (used in) operating activities	\$ 58,695	\$ (11,677)	\$ 127,840	\$ 17,598
Purchases of property, plant, and equipment	(1,874)	(2,521)	(3,963)	(4,694)
Capitalized software development costs	(10,218)	(9,400)	(19,732)	(17,351)
Non-GAAP free cash flow	\$ 46,603	\$ (23,598)	\$ 104,145	\$ (4,447)