

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands, except share and per share amounts)			
Revenue	\$ 247,907	\$ 186,429	\$ 689,969	\$ 518,150
Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾	44,125	37,779	126,631	107,846
Gross profit	203,782	148,650	563,338	410,304
Operating expenses				
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	129,672	109,608	372,397	306,806
Research and development ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	72,708	71,493	225,960	195,569
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	51,753	39,362	143,324	123,181
Total operating expenses	254,133	220,463	741,681	625,556
Loss from operations	(50,351)	(71,813)	(178,343)	(215,252)
Interest income	4,721	1,922	14,612	2,674
Interest expense	(490)	(504)	(1,477)	(1,636)
Accretion income, net	2,952	666	6,615	666
Other expense, net	(486)	(1,143)	(1,009)	(1,490)
Loss before provision for income taxes	(43,654)	(70,872)	(159,602)	(215,038)
Provision for income taxes	193	333	573	709
Net loss	\$ (43,847)	\$ (71,205)	\$ (160,175)	\$ (215,747)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.31)	\$ (0.52)	\$ (1.13)	\$ (1.59)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	142,828,406	137,180,639	141,249,446	135,888,952

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Cost of revenue	\$ 2,981	\$ 1,835	\$ 8,357	\$ 5,339
Sales and marketing	14,390	15,483	41,964	38,351
Research and development	16,350	17,758	52,401	43,910
General and administrative	12,253	9,701	32,637	28,281
Total stock-based compensation expense*	\$ 45,974	\$ 44,777	\$ 135,359	\$ 115,881

*Includes amortization of capitalized stock-based compensation of \$1.2 million and \$3.1 million, respectively, for the three and nine months ended September 30, 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Cost of revenue	\$ 5,506	\$ 5,627	\$ 16,492	\$ 16,935
Sales and marketing	3,106	3,106	9,319	9,318
Research and development	678	877	2,087	2,674
Total amortization of acquired intangible assets	\$ 9,290	\$ 9,610	\$ 27,898	\$ 28,927

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Cost of revenue	\$ 133	\$ 99	\$ 439	\$ 248
Sales and marketing	766	682	2,383	1,607
Research and development	638	638	2,885	2,188
General and administrative	501	304	1,636	1,031
Total employer payroll tax on employee stock transactions	\$ 2,038	\$ 1,723	\$ 7,343	\$ 5,074

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Sales and marketing	\$ 548	\$ 655	\$ 2,002	\$ 1,070
Research and development	136	1,679	6,324	3,870
General and administrative	19	3	19	2,122
Total acquisition-related expenses	\$ 703	\$ 2,337	\$ 8,345	\$ 7,062

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

	September 30, 2023	December 31, 2022
(in thousands)		
Assets		
Current assets		
Cash and cash equivalents	\$ 318,318	\$ 296,712
Marketable securities	308,162	285,493
Accounts receivable, net	145,714	148,683
Contract cost asset, current	26,656	23,600
Prepaid expenses and other current assets	43,096	44,731
Total current assets	841,946	799,219
Capitalized software development costs, net	76,931	58,577
Property and equipment, net	37,381	39,193
Right of use assets - finance leases	35,013	37,026
Right of use assets - operating leases	47,481	41,934
Contract cost asset, non-current	42,232	40,477
Intangible assets, net	144,227	162,953
Goodwill	539,108	539,128
Other assets	18,682	21,903
Total assets	\$ 1,783,001	\$ 1,740,410
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 16,911	\$ 14,282
Accrued expenses	95,130	99,182
Deferred revenue, current	425,591	396,535
Other current liabilities	23,923	21,639
Total current liabilities	561,555	531,638
Deferred revenue, non-current	5,836	5,278
Finance lease liabilities, non-current	44,013	45,578
Operating lease liabilities, non-current	41,275	38,087
Other liabilities, non-current	6,571	3,049
Total liabilities	659,250	623,630
Stockholders' equity		
Common stock	14	14
Additional paid-in capital	2,235,480	2,068,225
Accumulated other comprehensive loss	(2,425)	(2,316)
Accumulated deficit	(1,109,318)	(949,143)
Total stockholders' equity	1,123,751	1,116,780
Total liabilities and stockholders' equity	\$ 1,783,001	\$ 1,740,410

Remaining performance obligation:

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

	September 30,		Change	
	2023	2022	Dollar	Percent
(dollars in thousands)				
Remaining performance obligations				
Current	\$ 635,000	\$ 501,400	\$ 133,600	27%
Non-current	255,381	213,600	41,781	20%
Total remaining performance obligations	\$ 890,381	\$ 715,000	\$ 175,381	25%

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
(in thousands)				
Operating activities				
Net loss	\$ (43,847)	\$ (71,205)	\$ (160,175)	\$ (215,747)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities				
Stock-based compensation	44,809	44,777	132,234	115,881
Depreciation and amortization	17,733	15,903	51,943	46,453
Accretion of discounts on marketable debt securities, net	(2,953)	(650)	(6,615)	(650)
Abandonment of long-lived assets	277	177	812	1,064
Noncash operating lease expense	2,700	2,751	7,932	7,559
Unrealized foreign currency loss, net	182	526	739	881
Deferred income taxes	2	288	7	(350)
Provision for credit losses	3,152	695	6,882	1,337
Decrease (increase) in fair value of strategic investments	149	45	155	(36)
Changes in operating assets and liabilities				
Accounts receivable	(20,433)	(17,978)	3,144	6,379
Deferred contract cost assets	(1,469)	(5,228)	(5,099)	(12,589)
Prepaid expenses and other assets	(3,579)	(3,094)	(1,878)	(8,210)
Accounts payable	1,109	(3,785)	2,258	2,141
Accrued expenses and other liabilities	29,135	31,973	(1,975)	23,064
Deferred revenue	9,498	14,143	29,080	29,849
Operating lease liabilities	(2,791)	(2,751)	(8,172)	(7,110)
Net cash provided by (used in) operating activities	<u>33,674</u>	<u>6,587</u>	<u>51,272</u>	<u>(10,084)</u>
Investing activities				
Purchases of property and equipment	(3,379)	(4,237)	(8,073)	(13,670)
Capitalized software development costs	(7,836)	(8,531)	(25,187)	(24,783)
Purchases of strategic investments	(84)	(635)	(526)	(3,653)
Purchases of marketable securities	(80,000)	(293,078)	(309,282)	(293,078)
Maturities of marketable securities	64,894	—	287,620	—
Sales of marketable securities	—	—	5,452	—
Originations of materials financing	(6,578)	(7,491)	(23,585)	(16,750)
Customer repayments of materials financing	8,057	5,736	21,053	11,997
Asset acquisition, net of cash acquired	(6,011)	—	(6,011)	—
Settlement of post-close working capital adjustments from business combinations	—	—	—	1,291
Net cash used in investing activities	<u>(30,937)</u>	<u>(308,236)</u>	<u>(58,539)</u>	<u>(338,646)</u>
Financing activities				
Proceeds from stock option exercises	4,155	4,741	15,094	19,345
Proceeds from employee stock purchase plan	—	—	13,006	11,513
Payments of deferred offering costs	—	—	—	(270)
Principal payments under finance lease agreements, net of proceeds from lease incentives	(520)	(486)	(1,450)	(1,330)
Net cash provided by financing activities	<u>3,635</u>	<u>4,255</u>	<u>26,650</u>	<u>29,258</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	6,372	(297,394)	19,383	(319,472)

Effect of exchange rate changes on cash	(572)	(1,208)	(881)	(2,014)
Cash, cash equivalents and restricted cash, beginning of period	312,518	566,328	299,816	589,212
Cash, cash equivalents and restricted cash, end of period	<u>\$ 318,318</u>	<u>\$ 267,726</u>	<u>\$ 318,318</u>	<u>\$ 267,726</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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
Revenue	\$ 247,907	\$ 186,429	\$ 689,969	\$ 518,150
Gross profit	203,782	148,650	563,338	410,304
Stock-based compensation expense	2,981	1,835	8,357	5,339
Amortization of acquired technology intangible assets	5,506	5,627	16,492	16,935
Employer payroll tax on employee stock transactions	133	99	439	248
Non-GAAP gross profit	\$ 212,402	\$ 156,211	\$ 588,626	\$ 432,826
Gross margin	82%	80%	82%	79%
Non-GAAP gross margin	86%	84%	85%	84%

Reconciliation of operating expenses to non-GAAP operating expenses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
Revenue	\$ 247,907	\$ 186,429	\$ 689,969	\$ 518,150
GAAP sales and marketing	129,672	109,608	372,397	306,806
Stock-based compensation expense	(14,390)	(15,483)	(41,964)	(38,351)
Amortization of acquired intangible assets	(3,106)	(3,106)	(9,319)	(9,318)
Employer payroll tax on employee stock transactions	(766)	(682)	(2,383)	(1,607)
Acquisition-related expenses	(548)	(655)	(2,002)	(1,070)
Non-GAAP sales and marketing	\$ 110,862	\$ 89,682	\$ 316,729	\$ 256,460
GAAP sales and marketing as a percentage of revenue	52%	59%	54%	59%
Non-GAAP sales and marketing as a percentage of revenue	45%	48%	46%	49%
GAAP research and development	\$ 72,708	\$ 71,493	\$ 225,960	\$ 195,569
Stock-based compensation expense	(16,350)	(17,758)	(52,401)	(43,910)
Amortization of acquired intangible assets	(678)	(877)	(2,087)	(2,674)
Employer payroll tax on employee stock transactions	(638)	(638)	(2,885)	(2,188)
Acquisition-related expenses	(136)	(1,679)	(6,324)	(3,870)
Non-GAAP research and development	\$ 54,906	\$ 50,541	\$ 162,263	\$ 142,927
GAAP research and development as a percentage of revenue	29%	38%	33%	38%
Non-GAAP research and development as a percentage of revenue	22%	27%	24%	28%
GAAP general and administrative	\$ 51,753	\$ 39,362	\$ 143,324	\$ 123,181
Stock-based compensation expense	(12,253)	(9,701)	(32,637)	(28,281)
Employer payroll tax on employee stock transactions	(501)	(304)	(1,636)	(1,031)
Acquisition-related expenses	(19)	(3)	(19)	(2,122)
Non-GAAP general and administrative	\$ 38,980	\$ 29,354	\$ 109,032	\$ 91,747
GAAP general and administrative as a percentage of revenue	21%	21%	21%	24%
Non-GAAP general and administrative as a percentage of revenue	16%	16%	16%	18%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(dollars in thousands)				
Revenue	\$ 247,907	\$ 186,429	\$ 689,969	\$ 518,150
Loss from operations	(50,351)	(71,813)	(178,343)	(215,252)
Stock-based compensation expense	45,974	44,777	135,359	115,881
Amortization of acquired intangible assets	9,290	9,610	27,898	28,927
Employer payroll tax on employee stock transactions	2,038	1,723	7,343	5,074
Acquisition-related expenses	703	2,337	8,345	7,062
Non-GAAP income (loss) from operations	\$ 7,654	\$ (13,366)	\$ 602	\$ (58,308)
Operating margin	(20%)	(39%)	(26%)	(42%)
Non-GAAP operating margin	3%	(7%)	0%	(11%)

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(in thousands, except share and per share amounts)				
Revenue	\$ 247,907	\$ 186,429	\$ 689,969	\$ 518,150
Net loss	(43,847)	(71,205)	(160,175)	(215,747)
Stock-based compensation expense	45,974	44,777	135,359	115,881
Amortization of acquired intangible assets	9,290	9,610	27,898	28,927
Employer payroll tax on employee stock transactions	2,038	1,723	7,343	5,074
Acquisition-related expenses	703	2,337	8,345	7,062
Income tax effect of non-GAAP items	—	(48)	—	62
Non-GAAP net income (loss)	\$ 14,158	\$ (12,806)	\$ 18,770	\$ (58,741)

Numerator:

Non-GAAP net income (loss)	\$ 14,158	\$ (12,806)	\$ 18,770	\$ (58,741)
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Denominator:

Weighted-average shares used in computing net loss per share attributable to common stockholders, basic	142,828,406	137,180,639	141,249,446	135,888,952
Effect of dilutive securities: Employee stock awards	6,285,767	—	6,672,063	—
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	149,114,173	137,180,639	147,921,509	135,888,952

GAAP net loss per share, basic	\$ (0.31)	\$ (0.52)	\$ (1.13)	\$ (1.59)
GAAP net loss per share, diluted	\$ (0.31)	\$ (0.52)	\$ (1.13)	\$ (1.59)
Non-GAAP net income (loss) per share, basic	\$ 0.10	\$ (0.09)	\$ 0.13	\$ (0.43)
Non-GAAP net income (loss) per share, diluted	\$ 0.09	\$ (0.09)	\$ 0.13	\$ (0.43)

Computation of free cash flow:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Net cash provided by (used in) operating activities	\$ 33,674	\$ 6,587	\$ 51,272	\$ (10,084)
Purchases of property, plant, and equipment	(3,379)	(4,237)	(8,073)	(13,670)
Capitalized software development costs	(7,836)	(8,531)	(25,187)	(24,783)
Non-GAAP free cash flow	\$ 22,459	\$ (6,181)	\$ 18,012	\$ (48,537)