

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(in thousands, except share and per share amounts)			
Revenue	\$ 228,536	\$ 172,205	\$ 442,062	\$ 331,721
Cost of revenue <sup>(1)(2)(3)</sup>	42,304	36,735	82,506	70,067
Gross profit	186,232	135,470	359,556	261,654
Operating expenses				
Sales and marketing <sup>(1)(2)(3)(4)</sup>	125,362	103,283	242,725	197,198
Research and development <sup>(1)(2)(3)(4)</sup>	73,216	63,822	153,252	124,076
General and administrative <sup>(1)(3)(4)</sup>	46,383	40,667	91,571	83,819
Total operating expenses	244,961	207,772	487,548	405,093
Loss from operations	(58,729)	(72,302)	(127,992)	(143,439)
Interest income	4,943	678	9,891	753
Interest expense	(491)	(567)	(987)	(1,133)
Accretion income, net	2,031	—	3,663	—
Other expense, net	(313)	(890)	(523)	(347)
Loss before provision for income taxes	(52,559)	(73,081)	(115,948)	(144,166)
Provision for income taxes	322	42	380	376
Net loss	\$ (52,881)	\$ (73,123)	\$ (116,328)	\$ (144,542)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.37)	\$ (0.54)	\$ (0.83)	\$ (1.07)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	141,238,489	135,927,677	140,446,873	135,232,404

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(in thousands)			
Cost of revenue	\$ 2,880	\$ 2,046	\$ 5,376	\$ 3,504
Sales and marketing	14,470	12,572	27,574	22,868
Research and development	16,270	13,144	36,051	26,152
General and administrative	9,909	6,133	20,384	18,580
Total stock-based compensation expense*	\$ 43,529	\$ 33,895	\$ 89,385	\$ 71,104

\*Includes amortization of capitalized stock-based compensation of \$1.0 million and \$2.0 million, respectively, for the three and six months ended June 30, 2023 which was initially capitalized as capitalized software and cloud-computing arrangement implementation costs.

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(in thousands)			
Cost of revenue	\$ 5,493	\$ 5,654	\$ 10,986	\$ 11,308
Sales and marketing	3,106	3,106	6,213	6,212
Research and development	675	895	1,409	1,797
Total amortization of acquired intangible assets	\$ 9,274	\$ 9,655	\$ 18,608	\$ 19,317

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(in thousands)			
Cost of revenue	\$ 139	\$ 68	\$ 306	\$ 149
Sales and marketing	618	317	1,617	925
Research and development	891	523	2,247	1,550
General and administrative	503	182	1,135	727
Total employer payroll tax on employee stock transactions	\$ 2,151	\$ 1,090	\$ 5,305	\$ 3,351

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(in thousands)			
Sales and marketing	\$ 548	\$ 208	\$ 1,454	\$ 415
Research and development	204	1,090	6,188	2,191
General and administrative	—	1,081	—	2,119
Total acquisition-related expenses	\$ 752	\$ 2,379	\$ 7,642	\$ 4,725

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
(in thousands)		
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 312,518	\$ 296,712
Marketable securities	290,445	285,493
Accounts receivable, net	125,577	148,683
Contract cost asset, current	25,655	23,600
Prepaid expenses and other current assets	43,711	44,731
Total current assets	797,906	799,219
Capitalized software development costs, net	70,397	58,577
Property and equipment, net	37,121	39,193
Right of use assets - finance leases	35,681	37,026
Right of use assets - operating leases	40,223	41,934
Contract cost asset, non-current	42,112	40,477
Intangible assets, net	144,517	162,953
Goodwill	539,355	539,128
Other assets	18,640	21,903
Total assets	<u>\$ 1,725,952</u>	<u>\$ 1,740,410</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 15,539	\$ 14,282
Accrued expenses	60,090	99,182
Deferred revenue, current	416,788	396,535
Other current liabilities	27,468	21,639
Total current liabilities	519,885	531,638
Deferred revenue, non-current	5,145	5,278
Finance lease liabilities, non-current	44,574	45,578
Operating lease liabilities, non-current	35,630	38,087
Other liabilities, non-current	4,283	3,049
Total liabilities	609,517	623,630
Stockholders' equity		
Common stock	14	14
Additional paid-in capital	2,183,893	2,068,225
Accumulated other comprehensive loss	(2,001)	(2,316)
Accumulated deficit	(1,065,471)	(949,143)
Total stockholders' equity	1,116,435	1,116,780
Total liabilities and stockholders' equity	<u>\$ 1,725,952</u>	<u>\$ 1,740,410</u>

**Remaining performance obligation:**

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

	<u>June 30,</u>		<u>Change</u>	
	<u>2023</u>	<u>2022</u>	<u>Dollar</u>	<u>Percent</u>
<b>(dollars in thousands)</b>				
<b>Remaining performance obligations</b>				
Current	\$ 622,639	\$ 469,341	\$ 153,298	33%
Non-current	226,877	184,593	42,284	23%
Total remaining performance obligations	<u>\$ 849,516</u>	<u>\$ 653,934</u>	<u>\$ 195,582</u>	<u>30%</u>

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
(in thousands)				
<b>Operating activities</b>				
Net loss	\$ (52,881)	\$ (73,123)	\$ (116,328)	\$ (144,542)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities				
Stock-based compensation	42,487	33,895	87,425	71,104
Depreciation and amortization	17,336	15,403	34,210	30,550
Accretion of discounts on marketable debt securities, net	(2,030)	—	(3,662)	—
Abandonment of long-lived assets	94	887	535	887
Noncash operating lease expense	2,604	2,652	5,232	4,808
Unrealized foreign currency loss, net	149	832	557	355
Deferred income taxes	3	(286)	5	(638)
Provision for credit losses	2,004	740	3,730	642
Increase (decrease) in fair value of strategic investments	43	(81)	6	(81)
Changes in operating assets and liabilities				
Accounts receivable	(19,371)	(10,116)	23,577	24,357
Deferred contract cost assets	(3,170)	(3,295)	(3,630)	(7,361)
Prepaid expenses and other assets	(2,847)	59	1,701	(5,116)
Accounts payable	(3,499)	5,587	1,149	5,926
Accrued expenses and other liabilities	(2,929)	(4,552)	(31,110)	(8,909)
Deferred revenue	13,093	6,932	19,582	15,706
Operating lease liabilities	(2,760)	(2,489)	(5,381)	(4,359)
Net cash (used in) provided by operating activities	<u>(11,674)</u>	<u>(26,955)</u>	<u>17,598</u>	<u>(16,671)</u>
<b>Investing activities</b>				
Purchases of property and equipment	(2,521)	(1,908)	(4,694)	(9,433)
Capitalized software development costs	(9,400)	(8,620)	(17,351)	(16,252)
Purchases of strategic investments	(294)	(689)	(442)	(3,018)
Purchases of marketable securities	(139,286)	—	(229,282)	—
Maturities of marketable securities	118,817	—	222,726	—
Sales of marketable securities	5,452	—	5,452	—
Originations of materials financing	(7,931)	(9,259)	(17,007)	(9,259)
Customer repayments of materials financing	7,638	6,261	12,996	6,261
Settlement of post-close working capital adjustments from business combinations	—	—	—	1,291
Net cash used in investing activities	<u>(27,525)</u>	<u>(14,215)</u>	<u>(27,602)</u>	<u>(30,410)</u>
<b>Financing activities</b>				
Proceeds from stock option exercises	7,217	7,697	10,939	14,604
Proceeds from employee stock purchase plan	13,006	11,513	13,006	11,513
Payments of deferred offering costs	—	(270)	—	(270)
Principal payments under finance lease agreements, net of proceeds from lease incentives	(520)	(479)	(930)	(844)
Net cash provided by financing activities	<u>19,703</u>	<u>18,461</u>	<u>23,015</u>	<u>25,003</u>
Net increase in cash, cash equivalents and restricted cash	<u>(19,496)</u>	<u>(22,709)</u>	<u>13,011</u>	<u>(22,078)</u>

Effect of exchange rate changes on cash	(55)	(981)	(309)	(806)
Cash, cash equivalents and restricted cash, beginning of period	<u>332,068</u>	<u>590,018</u>	<u>299,816</u>	<u>589,212</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 312,517</u>	<u>\$ 566,328</u>	<u>\$ 312,518</u>	<u>\$ 566,328</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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(dollars in thousands)			
Revenue	\$ 228,536	\$ 172,205	\$ 442,062	\$ 331,721
Gross profit	186,232	135,470	359,556	261,654
Stock-based compensation expense	2,880	2,046	5,376	3,504
Amortization of acquired technology intangible assets	5,493	5,654	10,986	11,308
Employer payroll tax on employee stock transactions	139	68	306	149
Non-GAAP gross profit	\$ 194,744	\$ 143,238	\$ 376,224	\$ 276,615
Gross margin	81%	79%	81%	79%
Non-GAAP gross margin	85%	83%	85%	83%

**Reconciliation of operating expenses to non-GAAP operating expenses:**

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(dollars in thousands)			
Revenue	\$ 228,536	\$ 172,205	\$ 442,062	\$ 331,721
GAAP sales and marketing	125,362	103,283	242,725	197,198
Stock-based compensation expense	(14,470)	(12,572)	(27,574)	(22,868)
Amortization of acquired intangible assets	(3,106)	(3,106)	(6,213)	(6,212)
Employer payroll tax on employee stock transactions	(618)	(317)	(1,617)	(925)
Acquisition-related expenses	(548)	(208)	(1,454)	(415)
Non-GAAP sales and marketing	\$ 106,620	\$ 87,080	\$ 205,867	\$ 166,778
GAAP sales and marketing as a percentage of revenue	55%	60%	55%	59%
Non-GAAP sales and marketing as a percentage of revenue	47%	51%	47%	50%
GAAP research and development	\$ 73,216	\$ 63,822	\$ 153,252	\$ 124,076
Stock-based compensation expense	(16,270)	(13,144)	(36,051)	(26,152)
Amortization of acquired intangible assets	(675)	(895)	(1,409)	(1,797)
Employer payroll tax on employee stock transactions	(891)	(523)	(2,247)	(1,550)
Acquisition-related expenses	(204)	(1,090)	(6,188)	(2,191)
Non-GAAP research and development	\$ 55,176	\$ 48,170	\$ 107,357	\$ 92,386
GAAP research and development as a percentage of revenue	32%	37%	35%	37%
Non-GAAP research and development as a percentage of revenue	24%	28%	24%	28%
GAAP general and administrative	\$ 46,383	\$ 40,667	\$ 91,571	\$ 83,819
Stock-based compensation expense	(9,909)	(6,133)	(20,384)	(18,580)
Employer payroll tax on employee stock transactions	(503)	(182)	(1,135)	(727)
Acquisition-related expenses	—	(1,081)	—	(2,119)
Non-GAAP general and administrative	\$ 35,971	\$ 33,271	\$ 70,052	\$ 62,393
GAAP general and administrative as a percentage of revenue	20%	24%	21%	25%
Non-GAAP general and administrative as a percentage of revenue	16%	19%	16%	19%

**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,	
	2023	2022	2023	2022
	(dollars in thousands)			
Revenue	\$ 228,536	\$ 172,205	\$ 442,062	\$ 331,721
Loss from operations	(58,729)	(72,302)	(127,992)	(143,439)
Stock-based compensation expense	43,529	33,895	89,385	71,104
Amortization of acquired intangible assets	9,274	9,655	18,608	19,317
Employer payroll tax on employee stock transactions	2,151	1,090	5,305	3,351
Acquisition-related expenses	752	2,379	7,642	4,725
Non-GAAP loss from operations	\$ (3,023)	\$ (25,283)	\$ (7,052)	\$ (44,942)
Operating margin	(26%)	(42%)	(29%)	(43%)
Non-GAAP operating margin	(1%)	(15%)	(2%)	(14%)

**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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands, except share and per share amounts)			
Revenue	\$ 228,536	\$ 172,205	\$ 442,062	\$ 331,721
Net loss	(52,881)	(73,123)	(116,328)	(144,542)
Stock-based compensation expense	43,529	33,895	89,385	71,104
Amortization of acquired intangible assets	9,274	9,655	18,608	19,317
Employer payroll tax on employee stock transactions	2,151	1,090	5,305	3,351
Acquisition-related expenses	752	2,379	7,642	4,725
Income tax effect of non-GAAP items	—	110	—	110
Non-GAAP net income (loss)	\$ 2,825	\$ (25,994)	\$ 4,612	\$ (45,935)

**Numerator:**

Non-GAAP net income (loss)	\$ 2,825	\$ (25,994)	\$ 4,612	\$ (45,935)
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**Denominator:**

Weighted-average shares used in computing net loss per share attributable to common stockholders, basic	141,238,489	135,927,677	140,446,873	135,232,404
Effect of dilutive securities: Employee stock awards	6,117,368	—	6,537,556	—
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	147,355,857	135,927,677	146,984,429	135,232,404

GAAP net loss per share, basic	\$ (0.37)	\$ (0.54)	\$ (0.83)	\$ (1.07)
GAAP net loss per share, diluted	\$ (0.37)	\$ (0.54)	\$ (0.83)	\$ (1.07)
Non-GAAP net income (loss) per share, basic	\$ 0.02	\$ (0.19)	\$ 0.03	\$ (0.34)
Non-GAAP net income (loss) per share, diluted	\$ 0.02	\$ (0.19)	\$ 0.03	\$ (0.34)

**Computation of free cash flow:**

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(in thousands)			
Net cash (used in) provided by operating activities	\$ (11,674)	\$ (26,955)	\$ 17,598	\$ (16,671)
Purchases of property, plant, and equipment	(2,521)	(1,908)	(4,694)	(9,433)
Capitalized software development costs	(9,400)	(8,620)	(17,351)	(16,252)
Non-GAAP free cash flow	<u>\$ (23,595)</u>	<u>\$ (37,483)</u>	<u>\$ (4,447)</u>	<u>\$ (42,356)</u>