

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

<i>(in thousands, except share and per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$ 186,429	\$ 131,990	\$ 518,150	\$ 368,718
Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾	37,779	22,693	107,846	68,545
Gross profit	148,650	109,297	410,304	300,173
Operating expenses:				
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	109,608	70,356	306,806	224,226
Research and development ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	71,493	53,447	195,569	176,619
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	39,362	35,051	123,181	110,805
Total operating expenses	220,463	158,854	625,556	511,650
Loss from operations	(71,813)	(49,557)	(215,252)	(211,477)
Interest income	2,143	51	2,895	100
Interest expense	(504)	(572)	(1,636)	(1,759)
Other expense, net	(698)	(653)	(1,045)	(880)
Loss before provision for income taxes	(70,872)	(50,731)	(215,038)	(214,016)
Provision for income taxes	333	11	709	177
Net loss	\$ (71,205)	\$ (50,742)	\$ (215,747)	\$ (214,193)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.52)	\$ (0.39)	\$ (1.59)	\$ (2.71)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	137,180,639	131,438,987	135,888,952	79,145,139

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue	\$ 1,835	\$ 679	\$ 5,339	\$ 6,758
Sales and marketing	15,483	11,178	38,351	57,285
Research and development	17,758	15,064	43,910	69,627
General and administrative	9,701	11,262	28,281	52,259
Total stock-based compensation expense	\$ 44,777	\$ 38,183	\$ 115,881	\$ 185,929

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue	\$ 5,627	\$ 1,086	\$ 16,935	\$ 3,258
Sales and marketing	3,106	404	9,318	1,349
Research and development	877	907	2,674	1,770
Total amortization of acquired intangible assets	\$ 9,610	\$ 2,397	\$ 28,927	\$ 6,377

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue	\$ 99	\$ 66	\$ 248	\$ 400
Sales and marketing	682	473	1,607	1,830
Research and development	638	386	2,188	2,208
General and administrative	304	170	1,031	885
Total employer payroll tax on employee stock transactions	\$ 1,723	\$ 1,095	\$ 5,074	\$ 5,323

(4) Includes acquisition-related expenses as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Sales and marketing	\$ 655	\$ -	\$ 1,070	\$ 110
Research and development	1,679	251	3,870	442
General and administrative	3	2,472	2,122	2,914
Total acquisition-related expenses	\$ 2,337	\$ 2,723	\$ 7,062	\$ 3,466

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

<i>(in thousands)</i>	September 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 264,622	\$ 586,108
Marketable securities	293,430	-
Accounts receivable, net	106,749	113,977
Contract cost asset, current	20,658	17,030
Prepaid expenses and other current assets	49,913	35,173
Total current assets	735,372	752,288
Capitalized software development costs, net	51,376	27,062
Property and equipment, net	40,666	36,837
Right of use assets - finance leases	37,459	39,623
Right of use assets - operating leases	45,494	44,052
Contract cost asset, non-current	33,528	25,889
Intangible assets, net	172,303	201,977
Goodwill	539,016	540,922
Other assets	22,090	22,007
Total assets	\$ 1,677,304	\$ 1,690,657
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 16,277	\$ 15,490
Accrued expenses	83,079	65,907
Deferred revenue, current	329,072	301,557
Other current liabilities	30,475	20,750
Total current liabilities	458,903	403,704
Deferred revenue, non-current	5,023	4,024
Finance lease liabilities, non-current	45,790	47,344
Operating lease liabilities, non-current	39,935	41,573
Other liabilities, non-current	3,352	4,723
Total liabilities	553,003	501,368
Stockholders' equity		
Common stock	14	13
Additional paid-in capital	2,004,995	1,852,071
Accumulated other comprehensive loss	(2,749)	(583)
Accumulated deficit	(877,959)	(662,212)
Total stockholders' equity	1,124,301	1,189,289
Total liabilities, redeemable convertible preferred stock and stockholders' equity	\$ 1,677,304	\$ 1,690,657

Remaining performance obligation:

The remaining performance obligation was \$714.9 million as of September 30, 2022, approximately 70% of which is expected to be recognized as revenue within 12 months. The remaining performance obligation was \$497.3 million as of September 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating activities				
Net loss	\$ (71,205)	\$ (50,742)	\$ (215,747)	\$ (214,193)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities				
Stock-based compensation	44,777	38,183	115,881	185,929
Depreciation and amortization	15,903	8,149	46,453	23,269
Accretion of discounts on marketable debt securities, net	(650)	-	(650)	-
Abandonment of long-lived assets	177	-	1,064	554
Noncash lease expense	2,751	1,865	7,559	5,600
Unrealized foreign currency loss, net	526	184	881	875
Deferred income taxes	288	192	(350)	93
Changes in operating assets and liabilities, net of effect of business combinations				
Accounts receivable	(17,611)	(7,730)	6,726	3,383
Deferred contract cost assets	(5,228)	(2,011)	(12,589)	(7,073)
Prepaid expenses and other assets	(2,721)	(2,032)	(7,256)	(7,755)
Accounts payable	(3,785)	2,780	2,141	(128)
Accrued expenses and other liabilities	31,973	14,149	23,064	28,684
Deferred revenue	14,143	13,876	29,849	24,721
Operating lease liabilities	(2,751)	(1,725)	(7,110)	(3,654)
Net cash flow provided by (used in) operating activities	6,587	15,138	(10,084)	40,305
Investing activities				
Purchases of property and equipment	(4,237)	(4,211)	(13,670)	(8,405)
Capitalized software development costs	(8,531)	(4,459)	(24,783)	(10,175)
Purchases of strategic investments	(635)	-	(3,653)	(3,450)
Purchases of marketable securities	(293,078)	-	(293,078)	-
Originations of materials financing	(7,491)	-	(16,750)	-
Customer repayments of materials financing	5,736	-	11,997	-
Acquisition of a business, net of cash acquired	-	(8)	-	(19,990)
Settlement of post-close working capital adjustments from business combinations	-	-	1,291	-
Net cash flow used in investing activities	(308,236)	(8,678)	(338,646)	(42,020)
Financing activities				
Proceeds from initial public offering, net of underwriting commissions and discounts	-	-	-	665,129
Proceeds from stock option exercises	4,741	6,187	19,345	35,313
Payments of deferred offering costs	-	(319)	(270)	(3,846)
Proceeds from employee stock purchase plan	-	-	11,513	-
Payment of deferred business acquisition consideration	-	-	-	(475)
Principal payments under finance lease agreements, net of proceeds from lease incentives	(486)	(433)	(1,330)	(1,175)
Net cash flow provided by financing activities	4,255	5,435	29,258	694,946
Net (decrease) increase in cash, cash equivalents and restricted cash	(297,394)	11,895	(319,472)	693,231
Effect of exchange rate changes on cash	(1,208)	(309)	(2,014)	(1,040)
Cash, cash equivalents and restricted cash, beginning of period	566,328	1,063,858	589,212	383,253
Cash, cash equivalents and restricted cash, end of period	\$ 267,726	\$ 1,075,444	\$ 267,726	\$ 1,075,444

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,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 186,429	\$ 131,990	\$ 518,150	\$ 368,718
Gross profit	148,650	109,297	410,304	300,173
Stock-based compensation expense	1,835	679	5,339	6,758
Amortization of acquired technology intangible assets	5,627	1,086	16,935	3,258
Employer payroll tax on employee stock transactions	99	66	248	400
Non-GAAP gross profit	<u>\$ 156,211</u>	<u>\$ 111,128</u>	<u>\$ 432,826</u>	<u>\$ 310,589</u>
Gross margin	80%	83%	79%	81%
Non-GAAP gross margin	84%	84%	84%	84%

Reconciliation of operating expenses to non-GAAP operating expenses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 186,429	\$ 131,990	\$ 518,150	\$ 368,718
GAAP sales and marketing	109,608	70,356	306,806	224,226
Stock-based compensation expense	(15,483)	(11,178)	(38,351)	(57,285)
Amortization of acquired intangible assets	(3,106)	(404)	(9,318)	(1,349)
Employer payroll tax on employee stock transactions	(682)	(473)	(1,607)	(1,830)
Acquisition-related expenses	(655)	-	(1,070)	(110)
Non-GAAP sales and marketing	<u>\$ 89,682</u>	<u>\$ 58,301</u>	<u>\$ 256,460</u>	<u>\$ 163,652</u>
GAAP sales and marketing as a percentage of revenue	59%	53%	59%	61%
Non-GAAP sales and marketing as a percentage of revenue	48%	44%	49%	44%
GAAP research and development	\$ 71,493	\$ 53,447	\$ 195,569	\$ 176,619
Stock-based compensation expense	(17,758)	(15,064)	(43,910)	(69,627)
Amortization of acquired intangible assets	(877)	(907)	(2,674)	(1,770)
Employer payroll tax on employee stock transactions	(638)	(386)	(2,188)	(2,208)
Acquisition-related expenses	(1,679)	(251)	(3,870)	(442)
Non-GAAP research and development	<u>\$ 50,541</u>	<u>\$ 36,839</u>	<u>\$ 142,927</u>	<u>\$ 102,572</u>
GAAP research and development as a percentage of revenue	38%	40%	38%	48%
Non-GAAP research and development as a percentage of revenue	27%	28%	28%	28%
GAAP general and administrative	\$ 39,362	\$ 35,051	\$ 123,181	\$ 110,805
Stock-based compensation expense	(9,701)	(11,262)	(28,281)	(52,259)
Employer payroll tax on employee stock transactions	(304)	(170)	(1,031)	(885)
Acquisition-related expenses	(3)	(2,472)	(2,122)	(2,914)
Non-GAAP general and administrative	<u>\$ 29,354</u>	<u>\$ 21,147</u>	<u>\$ 91,747</u>	<u>\$ 54,747</u>
GAAP general and administrative as a percentage of revenue	21%	27%	24%	30%
Non-GAAP general and administrative as a percentage of revenue	16%	16%	18%	15%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 186,429	\$ 131,990	\$ 518,150	\$ 368,718
Loss from operations	(71,813)	(49,557)	(215,252)	(211,477)
Stock-based compensation expense	44,777	38,183	115,881	185,929
Amortization of acquired intangible assets	9,610	2,397	28,927	6,377
Employer payroll tax on employee stock transactions	1,723	1,095	5,074	5,323
Acquisition-related expenses	2,337	2,723	7,062	3,466
Non-GAAP loss from operations	\$ (13,366)	\$ (5,159)	\$ (58,308)	\$ (10,382)
Operating margin	(39%)	(38%)	(42%)	(57%)
Non-GAAP operating margin	(7%)	(4%)	(11%)	(3%)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 186,429	\$ 131,990	\$ 518,150	\$ 368,718
Net loss	(71,205)	(50,742)	(215,747)	(214,193)
Stock-based compensation expense	44,777	38,183	115,881	185,929
Amortization of acquired intangible assets	9,610	2,397	28,927	6,377
Employer payroll tax on employee stock transactions	1,723	1,095	5,074	5,323
Acquisition-related expenses	2,337	2,723	7,062	3,466
Income tax effect of non-GAAP items	(48)	-	62	-
Non-GAAP net loss	\$ (12,806)	\$ (6,344)	\$ (58,741)	\$ (13,098)

Numerator:

Non-GAAP net loss	\$ (12,806)	\$ (6,344)	\$ (58,741)	\$ (13,098)
-------------------	-------------	------------	-------------	-------------

Denominator:

Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	137,180,639	131,438,987	135,888,952	79,145,139
GAAP net loss per share, basic and diluted	\$ (0.52)	\$ (0.39)	\$ (1.59)	\$ (2.71)
Non-GAAP net loss per share, basic and diluted	\$ (0.09)	\$ (0.05)	\$ (0.43)	\$ (0.17)

Computation of free cash flow:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Net cash provided by (used in) operating activities	\$ 6,587	\$ 15,138	\$ (10,084)	\$ 40,305
Purchases of property and equipment	(4,237)	(4,211)	(13,670)	(8,405)
Capitalized software development costs	(8,531)	(4,459)	(24,783)	(10,175)
Non-GAAP free cash flow	\$ (6,181)	\$ 6,468	\$ (48,537)	\$ 21,725