

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

<i>(in thousands, except share and per share amounts)</i>	Three Months Ended		Year Ended December 31,	
	December 31,		2022	2021
	2022	2021	2022	2021
Revenue	\$ 202,053	\$ 146,103	\$ 720,203	\$ 514,821
Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	40,570	29,767	148,416	98,312
Gross profit	161,483	116,336	571,787	416,509
Operating expenses:				
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	118,170	84,285	424,976	308,511
Research and development ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	75,413	60,671	270,982	237,290
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	43,102	45,830	166,283	156,635
Total operating expenses	236,685	190,786	862,241	702,436
Loss from operations	(75,202)	(74,450)	(290,454)	(285,927)
Interest income	4,966	74	7,861	175
Interest expense	(499)	(568)	(2,135)	(2,328)
Other (expense) income, net	(692)	37	(1,737)	(843)
Loss before (benefit from) provision for income taxes	(71,427)	(74,907)	(286,465)	(288,923)
(Benefit from) provision for income taxes	(243)	(23,935)	466	(23,758)
Net loss	\$ (71,184)	\$ (50,972)	\$ (286,931)	\$ (265,165)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.51)	\$ (0.38)	\$ (2.10)	\$ (2.86)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	138,415,280	132,892,072	136,525,728	92,673,453

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue	\$ 1,914	\$ 1,336	\$ 7,253	\$ 8,094
Sales and marketing	15,046	11,470	53,397	68,755
Research and development	19,352	15,413	63,262	85,040
General and administrative	10,693	13,013	38,974	65,272
Total stock-based compensation expense	\$ 47,005	\$ 41,232	\$ 162,886	\$ 227,161

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue	\$ 5,493	\$ 4,264	\$ 22,428	\$ 7,522
Sales and marketing	3,107	2,251	12,425	3,600
Research and development	854	904	3,528	2,674
Total amortization of acquired intangible assets	\$ 9,454	\$ 7,419	\$ 38,381	\$ 13,796

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue	\$ 60	\$ 57	\$ 308	\$ 457
Sales and marketing	348	495	1,955	2,325
Research and development	286	398	2,474	2,606
General and administrative	171	242	1,202	1,127
Total employer payroll tax on employee stock transactions	\$ 865	\$ 1,192	\$ 5,939	\$ 6,515

(4) Includes acquisition-related expenses as follows:

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue	\$ -	\$ 2	\$ -	\$ 2
Sales and marketing	655	378	1,725	488
Research and development	1,679	906	5,549	1,348
General and administrative	6	4,528	2,128	7,442
Total acquisition-related expenses	\$ 2,340	\$ 5,814	\$ 9,402	\$ 9,280

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

<i>(in thousands)</i>	December 31,	
	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 296,712	\$ 586,108
Marketable securities	285,493	-
Accounts receivable, net	148,683	113,977
Contract cost asset, current	23,600	17,030
Prepaid expenses and other current assets	44,731	35,173
Total current assets	799,219	752,288
Capitalized software development costs, net	58,577	27,062
Property and equipment, net	39,193	36,837
Right of use assets - finance leases	37,026	39,623
Right of use assets - operating leases	41,934	44,052
Contract cost asset, non-current	40,477	25,889
Intangible assets, net	162,953	201,977
Goodwill	539,128	540,922
Other assets	21,903	22,007
Total assets	\$ 1,740,410	\$ 1,690,657
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 14,282	\$ 15,490
Accrued expenses	99,182	65,907
Deferred revenue, current	396,535	301,557
Other current liabilities	21,639	20,750
Total current liabilities	531,638	403,704
Deferred revenue, non-current	5,278	4,024
Finance lease liabilities, non-current	45,578	47,344
Operating lease liabilities, non-current	38,087	41,573
Other liabilities, non-current	3,049	4,723
Total liabilities	623,630	501,368
Stockholders' equity		
Common stock	14	13
Additional paid-in capital	2,068,225	1,852,071
Accumulated other comprehensive loss	(2,316)	(583)
Accumulated deficit	(949,143)	(662,212)
Total stockholders' equity	1,116,780	1,189,289
Total liabilities and stockholders' equity	\$ 1,740,410	\$ 1,690,657

Remaining performance obligation:

The remaining performance obligation was \$797.5 million as of December 31, 2022, approximately 70% of which is expected to be recognized as revenue within 12 months. The remaining performance obligation was \$602.6 million as of December 31, 2021, approximately 70% 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 December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Operating activities				
Net loss	\$ (71,184)	\$ (50,972)	\$ (286,931)	\$ (265,165)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities				
Stock-based compensation	47,005	41,232	162,886	227,161
Depreciation and amortization	16,586	13,107	63,039	36,376
Accretion of discounts on marketable debt securities, net	(1,359)	-	(2,009)	-
Abandonment of long-lived assets	280	-	1,344	554
Noncash operating lease expense	2,611	1,969	10,170	7,569
Unrealized foreign currency (gain) loss, net	(1,232)	(190)	(351)	685
Deferred income taxes	67	(24,586)	(283)	(24,493)
Provision for credit losses	1,247	532	2,584	129
Decrease (increase) in fair value of strategic investments	519	-	483	(32)
Changes in operating assets and liabilities, net of effect of business combinations				
Accounts receivable	(42,196)	(37,970)	(35,817)	(34,184)
Deferred contract cost assets	(9,385)	(3,084)	(21,974)	(10,157)
Prepaid expenses and other assets	4,456	(9,088)	(3,754)	(16,811)
Accounts payable	(1,682)	4,082	459	3,954
Accrued expenses and other liabilities	11,559	9,492	34,623	38,176
Deferred revenue	67,180	53,950	97,029	78,671
Operating lease liabilities	(1,780)	(2,049)	(8,890)	(5,703)
Net cash provided by (used in) operating activities	22,692	(3,575)	12,608	36,730
Investing activities				
Purchases of property and equipment	(2,112)	(3,978)	(15,782)	(12,383)
Capitalized software development costs	(8,865)	(5,073)	(33,648)	(15,248)
Purchases of strategic investments	(306)	(850)	(3,959)	(4,300)
Purchases of marketable securities	(76,128)	-	(369,206)	-
Maturities of marketable securities	85,632	-	85,632	-
Originations of materials financing	(6,739)	-	(23,489)	-
Customer repayments of materials financing	6,688	-	18,685	-
Acquisition of businesses, net of cash acquired	-	(489,847)	-	(509,837)
Settlement of post-close working capital adjustments from business combinations	-	-	1,291	-
Net cash used in investing activities	(1,830)	(499,748)	(340,476)	(541,768)
Financing activities				
Proceeds from initial public offering	-	-	-	665,129
Proceeds from stock option exercises	3,019	7,773	22,364	43,086
Proceeds from employee stock purchase plan	10,620	9,475	22,133	9,475
Payments of deferred offering costs	-	(34)	(270)	(3,880)
Payments of deferred business acquisition consideration	(3,870)	-	(3,870)	(475)
Principal payments under finance lease agreements, net of proceeds from lease incentives	(375)	(334)	(1,705)	(1,509)
Net cash provided by financing activities	9,394	16,880	38,652	711,826
Net increase (decrease) in cash, cash equivalents and restricted cash	30,256	(486,443)	(289,216)	206,788
Effect of exchange rate changes on cash	1,834	211	(180)	(829)
Cash, cash equivalents and restricted cash, beginning of period	267,726	1,075,444	589,212	383,253
Cash, cash equivalents and restricted cash, end of period	\$ 299,816	\$ 589,212	\$ 299,816	\$ 589,212

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		Year Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 202,053	\$ 146,103	\$ 720,203	\$ 514,821
Gross profit	161,483	116,336	571,787	416,509
Stock-based compensation expense	1,914	1,336	7,253	8,094
Amortization of acquired technology intangible assets	5,493	4,264	22,428	7,522
Employer payroll tax on employee stock transactions	60	57	308	457
Acquisition-related expenses	-	2	-	2
Non-GAAP gross profit	<u>\$ 168,950</u>	<u>\$ 121,995</u>	<u>\$ 601,776</u>	<u>\$ 432,584</u>
Gross margin	80%	80%	79%	81%
Non-GAAP gross margin	84%	83%	84%	84%

Reconciliation of operating expenses to non-GAAP operating expenses:

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 202,053	\$ 146,103	\$ 720,203	\$ 514,821
GAAP sales and marketing	118,170	84,285	424,976	308,511
Stock-based compensation expense	(15,046)	(11,470)	(53,397)	(68,755)
Amortization of acquired intangible assets	(3,107)	(2,251)	(12,425)	(3,600)
Employer payroll tax on employee stock transactions	(348)	(495)	(1,955)	(2,325)
Acquisition-related expenses	(655)	(378)	(1,725)	(488)
Non-GAAP sales and marketing	<u>\$ 99,014</u>	<u>\$ 69,691</u>	<u>\$ 355,474</u>	<u>\$ 233,343</u>
GAAP sales and marketing as a percentage of revenue	58%	58%	59%	60%
Non-GAAP sales and marketing as a percentage of revenue	49%	48%	49%	45%
GAAP research and development	75,413	60,671	270,982	237,290
Stock-based compensation expense	(19,352)	(15,413)	(63,262)	(85,040)
Amortization of acquired intangible assets	(854)	(904)	(3,528)	(2,674)
Employer payroll tax on employee stock transactions	(286)	(398)	(2,474)	(2,606)
Acquisition-related expenses	(1,679)	(906)	(5,549)	(1,348)
Non-GAAP research and development	<u>\$ 53,242</u>	<u>\$ 43,050</u>	<u>\$ 196,169</u>	<u>\$ 145,622</u>
GAAP research and development as a percentage of revenue	37%	42%	38%	46%
Non-GAAP research and development as a percentage of revenue	26%	29%	27%	28%
GAAP general and administrative	43,102	45,830	166,283	156,635
Stock-based compensation expense	(10,693)	(13,013)	(38,974)	(65,272)
Employer payroll tax on employee stock transactions	(171)	(242)	(1,202)	(1,127)
Acquisition-related expenses	(6)	(4,528)	(2,128)	(7,442)
Non-GAAP general and administrative	<u>\$ 32,232</u>	<u>\$ 28,047</u>	<u>\$ 123,979</u>	<u>\$ 82,794</u>
GAAP general and administrative as a percentage of revenue	21%	31%	23%	30%
Non-GAAP general and administrative as a percentage of revenue	16%	19%	17%	16%

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 202,053	\$ 146,103	\$ 720,203	\$ 514,821
Loss from operations	(75,202)	(74,450)	(290,454)	(285,927)
Stock-based compensation expense	47,005	41,232	162,886	227,161
Amortization of acquired intangible assets	9,454	7,419	38,381	13,796
Employer payroll tax on employee stock transactions	865	1,192	5,939	6,515
Acquisition-related expenses	2,340	5,814	9,402	9,280
Non-GAAP loss from operations	\$ (15,538)	\$ (18,793)	\$ (73,846)	\$ (29,175)
Operating margin	(37%)	(51%)	(40%)	(56%)
Non-GAAP operating margin	(8%)	(13%)	(10%)	(6%)

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue	\$ 202,053	\$ 146,103	\$ 720,203	\$ 514,821
Net loss	(71,184)	(50,972)	(286,931)	(265,165)
Stock-based compensation expense	47,005	41,232	162,886	227,161
Amortization of acquired intangible assets	9,454	7,419	38,381	13,796
Employer payroll tax on employee stock transactions	865	1,192	5,939	6,515
Acquisition-related expenses	2,340	5,814	9,402	9,280
Income tax effect of non-GAAP items	-	(24,151)	62	(24,151)
Non-GAAP net loss	\$ (11,520)	\$ (19,466)	\$ (70,261)	\$ (32,564)

Numerator:

Non-GAAP net loss	\$ (11,520)	\$ (19,466)	\$ (70,261)	\$ (32,564)
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Denominator:

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

	138,415,280	132,892,072	136,525,728	92,673,453
GAAP net loss per share, basic and diluted	\$ (0.51)	\$ (0.38)	\$ (2.10)	\$ (2.86)
Non-GAAP net loss per share, basic and diluted	\$ (0.08)	\$ (0.15)	\$ (0.51)	\$ (0.35)

Computation of free cash flow:

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(dollars in thousands)			
Net cash provided by (used in) operating activities	\$ 22,692	\$ (3,575)	\$ 12,608	\$ 36,730
Purchases of property and equipment	(2,112)	(3,978)	(15,782)	(12,383)
Capitalized software development costs	(8,865)	(5,073)	(33,648)	(15,248)
Non-GAAP free cash flow	\$ 11,715	\$ (12,626)	\$ (36,822)	\$ 9,099