

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands, except share and per share amounts)			
Revenue	\$ 260,041	\$ 202,053	\$ 950,010	\$ 720,203
Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾	47,831	40,570	174,462	148,416
Gross profit	212,210	161,483	775,548	571,787
Operating expenses				
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	122,511	118,170	494,908	424,976
Research and development ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	74,611	75,413	300,571	270,982
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	52,422	43,102	195,746	166,283
Total operating expenses	249,544	236,685	991,225	862,241
Loss from operations	(37,334)	(75,202)	(215,677)	(290,454)
Interest income	5,167	3,152	19,779	5,826
Interest expense	(480)	(499)	(1,957)	(2,135)
Accretion income, net	3,179	1,369	9,794	2,035
Other income (expense), net	649	(247)	(360)	(1,737)
Loss before provision for (benefit from) income taxes	(28,819)	(71,427)	(188,421)	(286,465)
Provision for (benefit from) income taxes	700	(243)	1,273	466
Net loss	\$ (29,519)	\$ (71,184)	\$ (189,694)	\$ (286,931)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.20)	\$ (0.51)	\$ (1.34)	\$ (2.10)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	144,074,303	138,415,280	141,961,467	136,525,728

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)			
Cost of revenue	\$ 3,134	\$ 1,914	\$ 11,491	\$ 7,253
Sales and marketing	13,198	15,046	55,162	53,397
Research and development	15,874	19,352	68,275	63,262
General and administrative	11,769	10,693	44,406	38,974
Total stock-based compensation expense*	\$ 43,975	\$ 47,005	\$ 179,334	\$ 162,886

*Includes amortization of capitalized stock-based compensation of \$1.4 million and \$4.5 million, respectively, for the three and twelve months ended December 31, 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 December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)			
Cost of revenue	\$ 5,904	\$ 5,493	\$ 22,396	\$ 22,428
Sales and marketing	3,106	3,107	12,425	12,425
Research and development	670	854	2,757	3,528
Total amortization of acquired intangible assets	\$ 9,680	\$ 9,454	\$ 37,578	\$ 38,381

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)			
Cost of revenue	\$ 101	\$ 60	\$ 540	\$ 308
Sales and marketing	383	348	2,766	1,955
Research and development	332	286	3,217	2,474
General and administrative	274	171	1,910	1,202
Total employer payroll tax on employee stock transactions	\$ 1,090	\$ 865	\$ 8,433	\$ 5,939

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)			
Sales and marketing	\$ 481	\$ 655	\$ 2,483	\$ 1,725
Research and development	46	1,679	6,370	5,549
General and administrative	16	6	35	2,128
Total acquisition-related expenses	\$ 543	\$ 2,340	\$ 8,888	\$ 9,402

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

	December 31,	
	2023	2022
	(in thousands)	
Assets		
Current assets		
Cash and cash equivalents	\$ 357,790	\$ 296,712
Marketable securities	320,161	285,493
Accounts receivable, net	206,644	148,683
Contract cost asset, current	28,718	23,600
Prepaid expenses and other current assets	42,421	44,731
Total current assets	955,734	799,219
Capitalized software development costs, net	83,045	58,577
Property and equipment, net	36,258	39,193
Right of use assets - finance leases	34,375	37,026
Right of use assets - operating leases	44,141	41,934
Contract cost asset, non-current	44,564	40,477
Intangible assets, net	137,546	162,953
Goodwill	539,354	539,128
Other assets	18,551	21,903
Total assets	\$ 1,893,568	\$ 1,740,410
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 13,177	\$ 14,282
Accrued expenses	100,075	99,182
Deferred revenue, current	501,903	396,535
Other current liabilities	27,275	21,639
Total current liabilities	642,430	531,638
Deferred revenue, non-current	7,692	5,278
Finance lease liabilities, non-current	43,581	45,578
Operating lease liabilities, non-current	37,923	38,087
Other liabilities, non-current	6,332	3,049
Total liabilities	737,958	623,630
Stockholders' equity		
Common stock	15	14
Additional paid-in capital	2,295,807	2,068,225
Accumulated other comprehensive loss	(1,375)	(2,316)
Accumulated deficit	(1,138,837)	(949,143)
Total stockholders' equity	1,155,610	1,116,780
Total liabilities and stockholders' equity	\$ 1,893,568	\$ 1,740,410

Remaining performance obligation:

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

	December 31,		Change	
	2023	2022	Dollar	Percent
(dollars in thousands)				
Remaining performance obligations				
Current	\$ 698,284	\$ 561,200	\$ 137,084	24%
Non-current	302,215	236,300	65,915	28%
Total remaining performance obligations	\$ 1,000,499	\$ 797,500	\$ 202,999	25%

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
(in thousands)				
Operating activities				
Net loss	\$ (29,519)	\$ (71,184)	\$ (189,694)	\$ (286,931)
Adjustments to reconcile net loss to net cash provided by operating activities				
Stock-based compensation	42,601	47,005	174,835	162,886
Depreciation and amortization	19,690	16,586	71,633	63,039
Accretion of discounts on marketable debt securities, net	(3,175)	(1,359)	(9,790)	(2,009)
Abandonment of long-lived assets	676	280	1,488	1,344
Noncash operating lease expense	5,160	2,611	13,092	10,170
Unrealized foreign currency gain, net	(1,263)	(1,232)	(524)	(351)
Deferred income taxes	(776)	67	(769)	(283)
Provision for credit losses	1,170	1,247	8,052	2,584
Decrease in fair value of strategic investments	132	519	287	483
Changes in operating assets and liabilities, net of effect of asset acquisitions and business combinations				
Accounts receivable	(60,636)	(42,196)	(57,492)	(35,817)
Deferred contract cost assets	(4,207)	(9,385)	(9,306)	(21,974)
Prepaid expenses and other assets	(4,490)	4,456	(6,368)	(3,754)
Accounts payable	(3,196)	(1,682)	(938)	459
Accrued expenses and other liabilities	6,734	11,559	4,759	34,623
Deferred revenue	77,510	67,180	106,590	97,029
Operating lease liabilities	(5,668)	(1,780)	(13,840)	(8,890)
Net cash provided by operating activities	<u>40,743</u>	<u>22,692</u>	<u>92,015</u>	<u>12,608</u>
Investing activities				
Purchases of property and equipment	(2,252)	(2,112)	(10,325)	(15,782)
Capitalized software development costs	(9,498)	(8,865)	(34,685)	(33,648)
Purchases of strategic investments	(238)	(306)	(764)	(3,959)
Purchases of marketable securities	(93,142)	(76,128)	(402,424)	(369,206)
Maturities of marketable securities	84,620	85,632	372,240	85,632
Sales of marketable securities	—	—	5,452	—
Originations of materials financing	(387)	(6,739)	(23,972)	(23,489)
Customer repayments of materials financing	5,189	6,688	26,242	18,685
Asset acquisitions, net of cash acquired	(1,814)	—	(7,825)	—
Settlement of post-close working capital adjustments from business combinations	—	—	—	1,291
Net cash used in investing activities	<u>\$ (17,522)</u>	<u>\$ (1,830)</u>	<u>\$ (76,061)</u>	<u>\$ (340,476)</u>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
(in thousands)				
Financing activities				
Proceeds from stock option exercises	\$ 2,524	\$ 3,019	\$ 17,618	\$ 22,364
Proceeds from employee stock purchase plan	12,394	10,620	25,400	22,133
Payments of deferred offering costs	—	—	—	(270)
Payments of deferred business acquisition consideration	—	(3,870)	—	(3,870)
Principal payments under finance lease agreements, net of proceeds from lease incentives	(403)	(375)	(1,853)	(1,705)
Net cash provided by financing activities	14,515	9,394	41,165	38,652
Net increase (decrease) in cash, cash equivalents and restricted cash	37,736	30,256	57,119	(289,216)
Effect of exchange rate changes on cash	1,736	1,834	855	(180)
Cash, cash equivalents and restricted cash, beginning of period	318,318	267,726	299,816	589,212
Cash, cash equivalents and restricted cash, end of period	\$ 357,790	\$ 299,816	\$ 357,790	\$ 299,816

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 December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(dollars in thousands)			
Revenue	\$ 260,041	\$ 202,053	\$ 950,010	\$ 720,203
Gross profit	212,210	161,483	775,548	571,787
Stock-based compensation expense	3,134	1,914	11,491	7,253
Amortization of acquired technology intangible assets	5,904	5,493	22,396	22,428
Employer payroll tax on employee stock transactions	101	60	540	308
Non-GAAP gross profit	\$ 221,349	\$ 168,950	\$ 809,975	\$ 601,776
Gross margin	82%	80%	82%	79%
Non-GAAP gross margin	85%	84%	85%	84%

Reconciliation of operating expenses to non-GAAP operating expenses:

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(dollars in thousands)			
Revenue	\$ 260,041	\$ 202,053	\$ 950,010	\$ 720,203
GAAP sales and marketing	122,511	118,170	494,908	424,976
Stock-based compensation expense	(13,198)	(15,046)	(55,162)	(53,397)
Amortization of acquired intangible assets	(3,106)	(3,107)	(12,425)	(12,425)
Employer payroll tax on employee stock transactions	(383)	(348)	(2,766)	(1,955)
Acquisition-related expenses	(481)	(655)	(2,483)	(1,725)
Non-GAAP sales and marketing	\$ 105,343	\$ 99,014	\$ 422,072	\$ 355,474
GAAP sales and marketing as a percentage of revenue	47%	58%	52%	59%
Non-GAAP sales and marketing as a percentage of revenue	41%	49%	44%	49%
GAAP research and development	\$ 74,611	\$ 75,413	\$ 300,571	\$ 270,982
Stock-based compensation expense	(15,874)	(19,352)	(68,275)	(63,262)
Amortization of acquired intangible assets	(670)	(854)	(2,757)	(3,528)
Employer payroll tax on employee stock transactions	(332)	(286)	(3,217)	(2,474)
Acquisition-related expenses	(46)	(1,679)	(6,370)	(5,549)
Non-GAAP research and development	\$ 57,689	\$ 53,242	\$ 219,952	\$ 196,169
GAAP research and development as a percentage of revenue	29%	37%	32%	38%
Non-GAAP research and development as a percentage of revenue	22%	26%	23%	27%
GAAP general and administrative	\$ 52,422	\$ 43,102	\$ 195,746	\$ 166,283
Stock-based compensation expense	(11,769)	(10,693)	(44,406)	(38,974)
Employer payroll tax on employee stock transactions	(274)	(171)	(1,910)	(1,202)
Acquisition-related expenses	(16)	(6)	(35)	(2,128)
Non-GAAP general and administrative	\$ 40,363	\$ 32,232	\$ 149,395	\$ 123,979
GAAP general and administrative as a percentage of revenue	20%	21%	21%	23%
Non-GAAP general and administrative as a percentage of revenue	16%	16%	16%	17%

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(dollars in thousands)			
Revenue	\$ 260,041	\$ 202,053	\$ 950,010	\$ 720,203
Loss from operations	(37,334)	(75,202)	(215,677)	(290,454)
Stock-based compensation expense	43,975	47,005	179,334	162,886
Amortization of acquired intangible assets	9,680	9,454	37,578	38,381
Employer payroll tax on employee stock transactions	1,090	865	8,433	5,939
Acquisition-related expenses	543	2,340	8,888	9,402
Non-GAAP income (loss) from operations	\$ 17,954	\$ (15,538)	\$ 18,556	\$ (73,846)
Operating margin	(14%)	(37%)	(23%)	(40%)
Non-GAAP operating margin	7%	(8%)	2%	(10%)

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 December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands, except share and per share amounts)			
Revenue	\$ 260,041	\$ 202,053	\$ 950,010	\$ 720,203
Net loss	(29,519)	(71,184)	(189,694)	(286,931)
Stock-based compensation expense	43,975	47,005	179,334	162,886
Amortization of acquired intangible assets	9,680	9,454	37,578	38,381
Employer payroll tax on employee stock transactions	1,090	865	8,433	5,939
Acquisition-related expenses	543	2,340	8,888	9,402
Income tax effect of non-GAAP items	—	—	—	62
Non-GAAP net income (loss)	\$ 25,769	\$ (11,520)	\$ 44,539	\$ (70,261)

Numerator:

Non-GAAP net income (loss)	\$ 25,769	\$ (11,520)	\$ 44,539	\$ (70,261)
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Denominator:

Weighted-average shares used in computing net loss per share attributable to common stockholders, basic	144,074,303	138,415,280	141,961,467	136,525,728
Effect of dilutive securities: Employee stock awards	5,329,311	—	6,591,783	—
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	149,403,614	138,415,280	148,553,250	136,525,728
GAAP net loss per share, basic	\$ (0.20)	\$ (0.51)	\$ (1.34)	\$ (2.10)
GAAP net loss per share, diluted	\$ (0.20)	\$ (0.51)	\$ (1.34)	\$ (2.10)
Non-GAAP net income (loss) per share, basic	\$ 0.18	\$ (0.08)	\$ 0.31	\$ (0.51)
Non-GAAP net income (loss) per share, diluted	\$ 0.17	\$ (0.08)	\$ 0.30	\$ (0.51)

Computation of free cash flow:

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)			
Net cash provided by operating activities	\$ 40,743	\$ 22,692	\$ 92,015	\$ 12,608
Purchases of property, plant, and equipment	(2,252)	(2,112)	(10,325)	(15,782)
Capitalized software development costs	(9,498)	(8,865)	(34,685)	(33,648)
Non-GAAP free cash flow	\$ 28,993	\$ 11,715	\$ 47,005	\$ (36,822)