

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

o

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-40396

Procore Technologies, Inc.

(Exact name of Registrant as specified in its Charter)

|                                                                |                                      |
|----------------------------------------------------------------|--------------------------------------|
| Delaware                                                       | 73-1636261                           |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 6309 Carpinteria Avenue<br>Carpinteria, CA                     | 93013                                |
| (Address of principal executive offices)                       | (Zip Code)                           |

Registrant's telephone number, including area code: (866) 477-6267

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class              | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------------------|-------------------|-------------------------------------------|
| Common stock, \$0.0001 par value | PCOR              | The New York Stock Exchange               |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yeso No x

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |   |                           |   |
|-------------------------|---|---------------------------|---|
| Large accelerated filer | x | Accelerated filer         | o |
| Non-accelerated filer   | o | Smaller reporting company | o |
| Emerging growth company | o |                           |   |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes x No o

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. o

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The New York Stock Exchange on June 30, 2023, was \$5,751.7 million.

The number of shares of Registrant's Common Stock outstanding as of February 16, 2024 was 144,917,427.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement relating to the registrant's 2024 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's 2023 fiscal year ended December 31, 2023.



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#### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical fact contained in this Annual Report on Form 10-K are forward-looking statements regarding our future operating results and financial position, our business strategy and plans, market growth and trends, and our objectives for future operations. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would," or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our financial performance, including revenues, expenses, and margins, and our ability to achieve or maintain future profitability;
- our ability to effectively manage our growth;
- anticipated performance, trends, growth rates, and challenges in our business and in the markets in which we operate or anticipate entering into;
- economic and industry trends, in particular the rate of adoption of construction management software and digitization of the construction industry, inflation, and challenging macroeconomic and geopolitical conditions;
- our ability to attract new customers and retain and increase sales to existing customers;
- our ability to expand internationally;
- the effects of increased competition in our markets and our ability to compete effectively;
- our ability to develop new products, services, and features, and whether our customers and prospective customers will adopt these new products, services, and features;
- our ability to maintain, protect, and enhance our brand;
- the sufficiency of our cash to meet our cash needs for at least the next 12 months;
- future acquisitions, joint-ventures, or investments, including our strategic investments and investments in marketable securities;
- our ability to comply or remain in compliance with laws and regulations that currently apply or become applicable to our business in the United States ("U.S.") and internationally;
- our reliance on key personnel and our ability to attract, maintain, and retain management and skilled personnel;
- the future trading price of our common stock; and
- our ability to identify, assess, and manage cybersecurity threats and risks.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled "Risk Factors" and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe,” and similar statements, reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Annual Report on Form 10-K. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments.

Unless the context requires otherwise, references in this Annual Report on Form 10-K to the “Company,” “Procore,” “we,” “us,” and “our” refer to Procore Technologies, Inc. and its consolidated subsidiaries.

## RISK FACTORS SUMMARY

Investing in our common stock involves a high degree of risk. Below is a summary of factors material to our business that make an investment in our securities speculative or risky. Importantly, this summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, as well as other risks we face can be found under the heading “Risk Factors” in Part I of this Annual Report on Form 10-K.

Our business is subject to a number of risks of which you should be aware before making a decision to invest in our common stock. These risks include, among others, the following:

- we have experienced rapid growth in recent periods, and such growth may not be indicative of our future performance. If we fail to properly manage future growth, our business, financial condition, results of operations, and prospects could be materially adversely affected;
- we have a history of losses and may not be able to achieve or sustain profitability in the future;
- our business may be significantly impacted by changes in the economy and in spending across the construction industry;
- the construction management software industry is evolving rapidly and may not develop in ways we expect. If we fail to respond adequately to changes in the industry, our business, financial condition, results of operations, and prospects could be materially adversely affected;
- our business depends on a strong brand, and if we are not able to maintain and enhance our brand, our ability to retain and expand our customer base may be impaired, and our business may be harmed;
- our ability to increase our customer base, expand existing customers' use of our platform, and achieve broader market acceptance of our products, services, and platform will significantly depend on our ability to develop and expand our sales and marketing capabilities, the failure of which could materially adversely affect our business, financial condition, results of operations, and prospects;
- we are continuing to expand our operations outside the U.S., where we may be subject to increased business, regulatory, and economic risks (including fluctuations in currency exchange rates) that could materially adversely affect our business, financial condition, results of operations, and prospects;
- we operate in a competitive market, and we must continue to compete effectively;
- interruptions or performance issues associated with our products, services, and platform, including the interoperability of our platform across devices, operating systems, and third-party applications, could materially adversely affect our business, financial condition, results of operations, and prospects;
- if we lose key management personnel or if we are unable to retain or hire additional qualified personnel, we may not be able to achieve our strategic objectives and our business, financial condition, results of operations, and prospects could be materially adversely affected;
- if we cannot maintain our company culture as we grow, we could lose the innovation, teamwork, passion, and focus on execution that we believe contribute to our success;
- we are subject to stringent, changing, and potentially inconsistent laws, regulations, rules, policies, and obligations related to data privacy and security, both domestically and internationally, and our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits, loss of customers or sales, and other adverse consequences, any of which could materially adversely affect our business, financial condition, results of operations, and prospects;
- if our information technology (“IT”) systems or data, or those of third parties upon which we rely, are or were compromised, we could experience adverse consequences resulting from such compromise, including, but not limited to, regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits, loss of customers

or sales, and other adverse consequences, any of which could materially adversely affect our business, financial condition, results of operations, and prospects;

- our failure to protect our intellectual property rights and proprietary information could diminish our brand and other intangible assets and otherwise materially adversely affect our business, financial condition, results of operations, and prospects;
- we may be unsuccessful in making, integrating, and maintaining acquisitions, joint ventures, and strategic investments, which could materially adversely affect our business, financial condition, results of operations, and prospects; and
- if we fail to maintain an effective system of disclosure controls and internal control over our financial reporting, including our acquired companies, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired and our business, financial condition, results of operations, and prospects could be materially adversely affected.

## PART I

### Item 1. Business.

#### Overview

Our mission is to connect everyone in construction on a global platform.

We are the leading global provider of cloud-based construction management software, and are helping transform one of the oldest, largest, and least digitized industries in the world. We focus exclusively on connecting and empowering the construction industry's key stakeholders, such as owners, general contractors, specialty contractors, architects, and engineers, to collaborate and access our capabilities from any location on any internet-connected device. Our platform is modernizing and digitizing construction management by enabling real-time access to critical project information, simplifying complex workflows, and facilitating seamless communication among key stakeholders, all of which we believe positions us to serve as the system of record for the construction industry. We are also continuing to develop other programs and services to address related challenges faced by the construction industry's key stakeholders. Adoption of our products, services, and platform helps our customers increase productivity and efficiency, reduce rework and costly delays, improve safety and compliance, and enhance financial transparency and accountability.

In short, we build the software for the people that build the world.

We have established our leading market position by focusing on serving the unique needs of the construction industry. We work directly with stakeholders to develop the products and services they need and to provide high-quality support, available to all users at no additional charge. Our five integrated product categories—Preconstruction, Project Execution, Workforce Management, Financial Management, and Construction Intelligence—automate workflows, provide real-time visibility, offer advanced analytics, and support collaboration across key stages of the construction project lifecycle. Each of our products can be accessed from the office or the jobsite on computers, smartphones, and tablets, enabling users to work wherever the job requires. Our open application programming interfaces ("APIs") and our application marketplace ("App Marketplace") allow customers to integrate our products with their internal systems. We offer over 500 integrations, including accounting, document management, and scheduling software, which provide our users with choice and flexibility, and demonstrably increase the stickiness of our platform as we aim to become the construction industry's system of record. Our customers range from small businesses managing a few million dollars of annual construction volume to global enterprises managing billions of dollars of annual construction volume. Our core customers are owners, general contractors, and specialty contractors operating across the commercial, residential, industrial, and infrastructure segments of the construction industry. Our customers rely on our platform to help run their businesses more efficiently and safely, with enhanced collaboration and accountability among key stakeholders. We generate substantially all of our revenue from subscriptions to access our products. We primarily sell our products on a subscription basis for a fixed fee with pricing generally based on the number and mix of products a customer subscribes to and the fixed aggregate dollar volume of construction work contracted to run on our platform annually, which we refer to as annual construction volume. To help our customers address the variable nature of their construction volume, we offer (a) annual subscription contracts with construction volume over a one-year period; (b) multi-year subscription contracts with construction volume measured over successive one-year periods; and (c) pooled volume contracts with fixed flat annual fees based on construction volume measured over multiple years (typically, two- or three-year periods). As our customers subscribe to additional products or increase the annual construction volume contracted to run on our platform, we generate more revenue. We do not provide refunds for unused construction volume, or charge customers based on consumption or on a per project basis.

Our business model is designed to encourage rapid, widespread adoption of our products by allowing for unlimited users, meaning we do not charge a per-seat or per-user fee. Customers can invite all project participants to engage with our platform as part of a project team. Customers typically invite participants to join our platform, including their employees and collaborators, who are other project participants that engage with our platform but do not pay us for such use. Collaborators have access to relevant project information and product features for the duration of their involvement in a project and are incentivized to become customers, as collaborators do not control what information they get access to, may not be able to access project information after a job is complete, and cannot run their complete portfolio of projects on our platform. Once collaborators have used our platform, they may potentially become customers and evangelize Procore on future projects.



We are highly focused on continuing to acquire new customers and expand existing customers' use of our platform to support our long-term growth. We intend to efficiently drive new customer acquisitions by continuing to invest across our sales and marketing engine to engage our prospective customers, increase brand awareness, and drive adoption of our products, services, and platform. As of December 31, 2023, 2022, and 2021, the number of customers on our platform was 16,367, 14,488, and 12,193, respectively, reflecting year-over-year growth rates of 13% in 2023 and 19% in 2022. We intend to expand existing customers' use of our platform by capturing more projects, which increases annual construction volume, selling additional existing products and services, and offering new products and services that address additional customer needs. As a result of our focus on acquiring new customers and expansion of existing customers' use of our platform, we have also seen an increase in the number of customers that contributed more than \$100,000 of annual recurring revenue ("ARR"), which was 2,008, 1,576, and 1,111 as of December 31, 2023, 2022, and 2021, respectively, reflecting year-over-year growth rates of 27% in 2023 and 42% in 2022. Customers that contributed more than \$100,000 of ARR represented 60%, 57%, and 52% of total ARR in each of the annual periods ending December 31, 2023, 2022, and 2021, respectively. The number of customers that contributed more than \$1,000,000 of ARR was 62, 47, and 30 as of December 31, 2023, 2022, and 2021, respectively, reflecting year-over-year growth rates of 32% in 2023 and 57% in 2022. Customers that contributed more than \$1,000,000 of ARR represented 14%, 12%, and 10% of total ARR in each of the annual periods ending December 31, 2023, 2022, and 2021, respectively. All aforementioned customer counts exclude Express Lien, Inc. (d/b/a Levelset) ("Levelset") and Esticom, Inc. ("Esticom") customers that do not have standard Procore annual contracts. For a description of how we calculate ARR, see the sub-heading titled "Acquiring New Customers and Retaining and Expanding Existing Customers' Use of Our Platform," under the heading "Certain Factors Affecting Our Performance" in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our success in building our customer base, expanding usage for existing customers, and helping digitize the industry has allowed us to achieve significant growth. We generated revenue of \$514.8 million in 2021, \$720.2 million in 2022, and \$950.0 million in 2023, representing year-over-year growth of 40% in 2022 and 32% in 2023. We had net losses of \$265.2 million in 2021, \$286.9 million in 2022, and \$189.7 million in 2023.

### Our Industry

The construction ecosystem is highly fragmented and specialized.

The construction process relies on coordination among highly fragmented and specialized groups, including key stakeholders such as owners, general contractors, specialty contractors, architects, and engineers. These stakeholders engage in financing, budgeting, designing, building, and maintaining commercial, residential, industrial, and infrastructure projects while navigating varying responsibilities, risk profiles, and motives. Completing a project safely, on time, and within budget requires effective collaboration between stakeholders across workstreams, sharing information in a timely and effective manner, and navigating increasing contractual and regulatory complexity.

Key stakeholders in the construction ecosystem are:

- **Owners.** Owners initiate construction projects, secure financing, work with architects, engineers, and consultants on building design, hire general contractors to manage the construction process, and are the ultimate decision-makers throughout a project. Owners include corporations, universities, government entities, and commercial and residential real estate developers. Once a project is completed, owners are responsible for operating, leasing, or selling the structure, or outsourcing such processes to a third party.
- **General contractors.** General contractors coordinate the construction project and fulfill the demands of owners while simultaneously maintaining oversight and responsibility for specialty contractors and other vendors.
- **Specialty contractors.** Specialty contractors, commonly referred to as subcontractors, are hired by general contractors for their specialized skills, such as mechanical, electrical, plumbing, roofing, or concrete trades, and perform the vast majority of construction work, including sourcing materials.
- **Architects and engineers.** Architects and engineers work together to develop building plans and designs, collaborating directly with owners and general contractors. Typically, architects are

responsible for designing the aesthetic look and feel of a structure, while engineers focus on safety and functionality, materials, and structural design.

The construction industry has four defining characteristics:

- **Construction is a custom business.** Construction projects are typically custom and each project has a distinctive combination of dynamic variables, including unique project teams, design, materials, financing, terrain, regulations, and schedules.
- **The workforce is mobile and decentralized.** Construction happens on the jobsite, not at the office, which increases the importance of mobile access to project data. Construction workers often operate with out-of-date or incomplete project information and struggle to collaborate effectively with other stakeholders, leading to mistakes that may translate to costly rework and extended project timelines. Given mistakes not only impact the progress of the project but also expose workers to safety risks, the need for mobile collaboration solutions and real-time access to instructions, designs, documentation, and reporting is becoming increasingly critical for managing and optimizing a dispersed workforce.
- **Stakeholder dynamics are complex.** Construction projects require collaboration across a wide range of stakeholders who often have a different set of interests and lack familiarity and trust with one another, yet are all interdependent and ultimately share project risks. All project participants are adversely impacted when a project is delayed, runs over budget, or does not meet quality or safety requirements. For example, a concrete contractor may not be able to pour concrete on a project until the mechanical, electrical, and plumbing ("MEP") contractors complete their scope of work. If the MEP contractors fail to complete their tasks as scheduled and that delay is not properly communicated to all affected stakeholders, then not only could the project fall behind schedule but the concrete may still arrive at the jobsite as originally scheduled, become unusable, and need to be disposed of, driving up costs and impacting profit margins. In order to avoid related financial losses, stakeholders are often quick to redirect responsibility to other participants on a project and seek to resolve disputes in court.
- **Change is constant.** Construction project designs, schedules, and budgets are modified frequently. Construction teams typically run into unforeseen issues requiring a workaround, or the owner may decide to make a modification to the project. As a result, the design that teams set out to build rarely matches the finished product. An event as small as a delayed inspection that adjusts worker schedules, or as significant as discovering an unexpected boulder during excavation that requires special equipment to remove, can trigger costly changes to a project's schedule and require timely communication to teams on the ground to minimize or avoid mistakes.

### Our Approach

We believe that we are well-positioned to extend our leading market position, not only through promoting the rapid adoption of our products, services, and platform, but also through our dedicated efforts to invest in and positively impact the future success of the construction community. We believe that our success is driven by the quality of our products, services, and platform and our strong relationships with our customers and the broader construction industry. Our approach is based on two key elements:

- **We live and breathe construction.** Our products, services, and platform are focused on the construction industry, and we build them for the diverse requirements of industry stakeholders. We have deep domain expertise and an understanding of the construction industry's complex workflows, incentive structures, and the risks each stakeholder faces on a project. We also partner with the industry beyond providing software. Several of our initiatives, including Jobsite, our industry-focused blog site, Procore Community, our online user community forum, and Groundbreak, our annual construction industry conference, are designed to grow community engagement across our platform. We also offer additional resources to the construction community, including certified continuing education courses, training programs, online content libraries, and free software to universities, schools, trade unions, and nonprofits through our in-house social impact team, Procore.org.
- **We put our customers first.** We make our products intuitive and easy to use, whether from a computer, smartphone, or tablet, in the field or in the back office, so that everyone can adopt and benefit from the power of our products. A core part of our strategy is our user-centric development

culture. We engage with the construction community to understand its needs and work with our customers to develop, iterate, and improve our products and technology. Our customer support team provides live support to all users at no additional cost, as well as numerous online resources, because we believe that if all users are successful, then our customers will be successful.

### Our Platform

Our platform is built to be modern, intuitive, and open with a modular and extensible architecture that not only includes the breadth and depth of functionality of our own products, but also integrates with third-party applications and our customers' own customized applications. While we offer a broad set of products that we primarily monetize through subscriptions, our platform includes a wide range of technical services that are shared across our products and open APIs that enable us to extend the capabilities of our platform to the broader ecosystem of software that our customers use.

Our platform offers our customers and collaborators online and offline access to critical project information and capabilities that address a range of evolving needs throughout a project's lifecycle, including bidding, scheduling, building information modeling ("BIM"), labor tracking, financial management, and more. Our platform streamlines communication and facilitates compliance with safety and other regulatory standards, which helps increase productivity and efficiency, reduce rework and costly delays, improve safety and compliance, and enhance collaboration and accountability among key stakeholders.

### Product Categories

- **Preconstruction.** Selecting the right specialty contractors and vendors for a construction project is critical to the successful outcome of the project. The process is often manual, disorganized, time-consuming, and resource-intensive, requiring the collection of extensive documentation and multi-faceted bids that typically include sensitive information. Our Preconstruction products facilitate collaboration between internal and external stakeholders during the planning, budgeting, estimating, bidding, and partner selection phase of a construction project. Our products are designed to help reduce financial and operational risk across key stakeholders before construction begins.
- **Project Execution.** Construction teams struggle with poor communication between the field and office, time-consuming processes, and getting updated and accurate information to all project stakeholders. Teams often lack the ability to effectively collaborate on workflows, such as structure design, or changes to plans that become necessary in the field. Tracking project progress and ensuring procedures are in line with quality and safety standards is often manual or done using disparate point solutions. These dynamics lead to risky work environments, rework, training gaps, and strained relationships, often resulting in millions of dollars in cost overruns and litigation. Our Project Execution products connect entire construction project teams by ensuring project information is aggregated in a cloud-based platform, available to all project participants, and accurate so that work on the jobsite is completed correctly. Our products and platform enable real-time collaboration, information storage, design, BIM model clash detection, and regulation compliance for teams on the jobsite and in the back office.
- **Workforce Management.** Construction teams responsible for performing work on the jobsite are often unable to efficiently track labor productivity, which leads to schedule delays, inefficient use of time, margin loss, and rework. Our Workforce Management products help customers address these problems by allowing contractors to better schedule, track, and forecast labor productivity, improve time management, communicate more efficiently with their workforces, and better manage profitability on construction projects. By using our products, customers are also creating detailed productivity records that can be referenced during the bidding process.
- **Financial Management.** Managing construction financials is often a slow, expensive, and manual data entry process. Construction teams need to be able to monitor budgets on individual projects and across entire portfolios of projects in order to maximize project profitability and plan for the long-term. Teams lack real-time access to accurate financial data that is critical to managing changes that impact budgets or allow for efficient invoicing. Our Financial Management products provide customers with visibility into the financial health of their individual construction projects and portfolios, and facilitate untethered access to financial data, linking the field and the office in real-time. Our products improve cost management, invoice collection and review, payments, lien rights management, and budget

forecasting and tracking. Our platform also supports integrations with a majority of the industry's preferred accounting systems.

- **Construction Intelligence.** Construction Intelligence is a set of holistic products that offers advanced analytics and business intelligence capabilities, allowing customers to capture, manage, and learn from data for streamlined and robust project and portfolio reporting, analytics, and artificial intelligence ("AI")-guided workflows, as well as to monitor projects and drive more informed decision-making for their business needs. With Construction Intelligence, information and data collected during the course of construction using our products becomes a catalyst for creating a culture of data-driven analysis and decision-making at each level of a customer's organization. Our Construction Intelligence products provide access to 13 pre-built reports and over 160 pre-built report pages and the ability to build custom visualizations leveraging their enterprise data in Microsoft Power BI. Cross-tool reporting, configurable dashboards, and advanced data visualization all help turn project data into business insights.

#### **Procore App Marketplace**

Our platform gives customers the freedom to connect with third-party integrations currently in our App Marketplace. Our App Marketplace extends the functionality of our existing products, connecting critical business workflows and processes, and enabling customers to maintain a single system of record while being able to leverage software solutions providing an array of functionality. This ecosystem provides customers with support in analytics, accounting and finance, scheduling, insurance, compliance, and customer relationship management, among many other categories. While our customers may pay fees to certain third-party developers in order to use their applications that integrate with our platform, we do not earn any fees or commissions from either our customers or these third-party developers for accessing or using our App Marketplace.

Our App Marketplace represents a key competitive differentiator for us and has been widely adopted by our customers, providing significant value while demonstrably increasing the stickiness of our products and providing a future pipeline for potential acquisitions. Within the construction industry, integration of third-party applications with our platform and a presence in the App Marketplace are increasingly seen as requirements for adoption and usage by our customer base.

#### **Procore Shared Technology Services**

Our platform includes a number of shared services that underlie our products and enable us to launch new products and extend the capabilities of our existing products. The user directory, reporting, tasks, search, and other components of our platform are examples of the underlying shared services that our customers can use across our products. In order to create a centralized hub for construction project information, we have developed an open and extensible platform that connects our customers' business applications, people, devices, and data. We have also developed highly configurable forms, data fields, and workflows, enabling our customers to centralize their data on our platform. Our platform services are designed around four defining attributes that increase the breadth and depth of our offering, improve usability, and enable a unified experience. These include:

- **UI Customization.** Our platform is designed to be flexible and adaptable, providing native mobile and desktop user interfaces ("UI") to both our internal and third-party developers. This means developers can accelerate design and development efforts by accessing our core UI components and design guidelines, helping to ensure a consistent user experience. We also offer third-party developers the ability to create embedded applications, which we call Embedded Apps, a feature that allows developers to insert their apps directly into our UI. This creates an experience that reduces user friction and context switching between different applications, while providing our familiar UI to users when introducing new integrations.
- **Customizable Business Logic.** Our products are designed to work the way our users work. Customers can create designated workflows to match the approval sequence and processes that are appropriate for their businesses. Our platform offers configurable fields and forms, improving the degree of precision with which customers can track data and secure documentation. Additionally, our platform offers comprehensive user permission functionality. These permissions define who has access to certain project and company-level information. By default, we provide customers with

several role-based permission templates, and these permissions are configurable down to the tool access level by user.

- **APIs.** Our platform features developer-friendly open APIs and tools that are designed to empower our customers and third-party developers to build their own integrations or customized applications, thereby expanding the functionality of our products.
- **Data.** As data is generated on our platform, it is securely stored in centralized databases. Our platform enables our customers to search across their data, empowering real-time analytics and customizable reporting. Users have access to insights that can be derived from data generated by their account usage across our platform. Additionally, our platform allows us to collect aggregated, anonymized data that we can use to develop new products, services, and features, as well as better support our customers as they navigate challenging industry and market conditions. We are also developing risk modeling to price risk in offerings such as our insurance brokerage and utilize predictive data to tailor those offerings to fit our customers' needs. We have also begun leveraging data to build AI and machine learning functionality into our platform in order to provide customers with ways to automate repetitive tasks, uncover hidden information, and glean actionable insights to drive better outcomes on projects, in addition to other next-generation features. For example, we are developing an AI-powered assistant called Procure Copilot with the intent to provide contextual help and predictive experience layers across the platform.

Our platform typically serves as a system of record for our customers' projects, meaning that our customers are incentivized to continue to subscribe to our products even after the end of a construction project in order to leverage the benefits of Procure. As the number of projects and the construction volume managed on our platform grows, so does the amount of data that our platform captures. This enables our customers to analyze their data and derive insights to better operate their business, and enables us to develop products and services specifically tailored to the needs of the construction industry and its stakeholders.

### **Our Core Customer Stakeholders and the Benefits Provided by Our Products**

We serve customers ranging from small businesses managing a few million dollars of annual construction volume to global enterprises managing billions of dollars of annual construction volume. Our core customers are owners, general contractors, and specialty contractors operating across the commercial, residential, industrial, and infrastructure segments of the construction industry. For additional information on these core customers, see "Our Industry" above.

We believe that our ability to deliver products that address our customers' specific needs, including by enabling streamlined communication and real-time access to data, is essential to driving increased productivity and efficiency, reducing rework and costly delays, improving safety and compliance, and enhancing financial transparency and accountability.

#### **Owners**

Owners are the beneficiaries of the end result of a construction project, but if the project is over budget, or not completed on schedule, the owner can be responsible for funding the overage or incurring lost revenue. Owners need the ability to plan capital expenditures, accurately estimate project costs, source high-quality general contractors to manage construction work, and track project progress with a high degree of visibility. By reducing friction that hinders collaboration, our products can help owners track cost updates, project status, and change orders. We help owners save significant time and money by providing financial and operational visibility into their projects. It is critical for owners' bottom lines that they remain informed of what work has been completed, when it was completed, and what specifically was built or installed. Not only is this information crucial for ongoing projects, but it is also necessary for long-term asset management, as the underlying data allows for more efficient, effective, and predictive maintenance.

#### **General contractors**

General contractors operate under immense pressure, with little room for error, as they often manage their businesses with small profit margins. Inadequate information flows, such as not providing specialty contractors with the latest set of plans, can result in costly project delays, overages, and unfulfilled expectations. General contractors are also compelled to perform duplicate data entry in disparate systems and are accustomed to dealing with invoicing errors, information silos, and disconnected point solutions. For example, general

contractors must often collect and consolidate dozens of invoices from their specialty contractors each month before invoicing the owner. This process can require days or even weeks of effort, depending upon a project's complexity and the number of specialty contractors. With our platform, that process can be greatly condensed. We have developed a cloud-based platform to allow general contractors to manage their projects from a smart device in their hand, with the goal of facilitating exceptional teamwork, reducing costly rework, mitigating risk, and improving profit margins.

### **Specialty contractors**

For specialty contractors to be successful, it is imperative that they are able to effectively track and manage their crews, materials, and equipment. Specialty contractors have to get the right people to the right jobsite at the right time with the correct materials and equipment. However, specialty contractors often utilize disparate point software solutions or antiquated documentation systems, such as pen and paper and even physical whiteboards, which means they lack a consistent way to track labor production rates, monitor safety compliance and quality of work, ensure they are working off the latest set of plans and schedules, or document work completed as part of the invoicing process. Specialty contractors frequently experience delays and disruptions in work progress as a result of not having timely access to the most up-to-date information, such as when other stakeholders make changes to project plans or schedules and do not effectively communicate those changes to specialty contractors. For example, when a specialty contractor submits a change order, they typically cease work until the change order is approved by the owner and the decision is communicated back to the specialty contractor, which can take weeks. Our products feature intuitive, easy-to-use tools that allow specialty contractors to leverage accurate, real-time information, reduce unnecessary data entry, visualize productivity trends, document completed work, and get paid the correct amounts faster.

### **Our Business Model**

We generate substantially all of our revenue from subscriptions to access our products and have an unlimited user model that is designed to facilitate adoption and maximize usage of our platform by all project stakeholders. We primarily sell our products on a subscription basis for a fixed fee with pricing generally based on the number and mix of products and the annual construction volume contracted to run on our platform.

As we grow, we believe that the value of our business will increase across three key dimensions:

- **Network.** Our business model is designed to encourage rapid, widespread adoption by allowing for unlimited users, meaning that we do not charge a per-seat or per-user fee. Customers can invite all project participants to engage with our platform as part of a project team, including customers' employees and collaborators, who are other project participants who engage with our platform but do not pay us for such use. Thereafter, collaborators have an incentive to become customers so that they can manage their complete portfolio of projects on our platform, use our products to improve their business processes, and maintain ownership of project data.
- **Products.** We believe our expertise in construction and close relationship with our customers and collaborators enable us to deliver easy-to-use and feature-rich products, specifically tailored to solve the problems of the industry's key stakeholders and help them manage their businesses more effectively. Our products are offered à la carte and are integrated into our cloud-based platform.
- **Data.** Our platform captures extensive data across stakeholders and each stage of a project, which enables us to create a system of record for all stakeholders and to analyze project and industry trends. Our platform captures data encompassing bidding, safety, cost, quality, scheduling, materials, supplier information, and other types of data. We believe our unique access to data through our platform will allow our team to assess construction risk faster and more accurately than traditional methods, and our goal is to use such data to scale and automate our product offerings.

### **Our Growth Strategy**

We intend to leverage our existing products and industry presence to establish our products, services, and platform as the industry standard in construction, both domestically and internationally. The key elements of our strategy to accomplish these objectives are as follows:

- **Maintain and advance our technology leadership.** We believe that the investments we have made in research and development to build our technology have been core differentiators of our products

and platform. We plan to continue to invest in technology innovation and product development, and we believe that our customers will benefit from new features and products on our centralized platform.

- **Acquire new customers.** We believe the market for construction technology and collaboration tools is in its early phases of adoption. We plan to continue to expand our sales and marketing efforts to drive awareness of our products and services and grow our customer base, focusing on owners, general contractors, and specialty contractors. The portion of our current user base made up of collaborators invited to participate in our customers' projects represents a significant opportunity to increase our revenue. These users are incentivized to become customers in order to gain visibility and control across their projects with actionable insights from a single system. In the future, we have the potential to monetize additional adjacent stakeholders, including a broad set of industry participants who are potential customers of our existing products and services and those whom we plan to address with targeted new products and services over time. Such new products and services may allow us to attract new customers as well as expand existing customer relationships.
- **Increase and diversify spend within our customer base.** We plan to drive additional spend from existing customers by capturing more projects, selling them additional existing products and services, and offering new products and services that address additional customer needs.
- **Expand internationally.** We believe there is a global need for construction management software and that the global market is currently underpenetrated, representing a significant opportunity. We plan to hire sales and customer experience teams and expand our presence in certain countries where we already operate.
- **Extend our industry connectivity and our position as a trusted brand.** We believe there are powerful network effects to our business, and to capitalize on these effects we intend to focus on driving higher engagement with customers, collaborators, and the broader construction community. We will continue to invest in expanding our ecosystem, developing new partnerships, and supporting more integrations. In addition, we plan to continue to invest in growing our brand and expanding on our key community and user initiatives.
- **Pursue targeted acquisitions.** We have made, and may in the future make, select acquisitions to add innovative features and functionality to our platform, accelerate our end-to-end cloud-based platform strategy, and bring talent to our team. Our App Marketplace provides us with visibility into our customers' interactions with many third-party integrations. For example, in 2021, we acquired Levelset, a lien rights management solution, and LaborChart, Inc. ("LaborChart"), a labor management solution, both of which were existing App Marketplace partners. We also acquired Unearth Technologies, Inc. ("Unearth"), an existing App Marketplace partner, in 2023. Our existing integrations with App Marketplace partners like these streamline the integration of their solutions into our platform post-acquisition and allows us to quickly deliver a seamless customer experience across financial and project management workflows.

### Our Products

Our platform features five integrated product categories, allowing data and workflows to transparently cross the phases of a construction project. Our customers typically purchase subscriptions to access our products on a product-by-product basis.

#### Preconstruction

- **Estimating.** Procore Estimating offers quantity takeoff and estimating capabilities that streamline the takeoff, estimating, and bidding process, allowing customers to bid and win more projects in less time. Customers can quickly perform a digital quantity takeoff to determine materials, labor, and equipment required to complete a construction project based on relevant documents such as plans and specifications, add the associated costs, and markup and create a customer-facing proposal that can be approved and tracked all within a single application, reducing overhead and improving profitability.
- **Bid Management.** Procore Bid Management organizes the complex bidding process, from bid package creation to bid award, allowing customers to track and assess the significant volume of bids that are typically submitted to work on a given construction project. Bid Management also provides vendors with a single location to access bid package details, files, and communications to simplify the bid submission process.



- **Prequalification.** Procore Prequalification streamlines the process of selecting specialty contractors and vendors for construction projects. Customers can send out requests for documentation to potential partners, which are then collected, standardized, and aggregated within the Prequalification product. From there, customers can evaluate which partners have the capability, capacity, and resources to be hired for their project.

#### **Project Execution**

- **Project Management.** Procore Project Management provides every team member on a construction project with real-time access to the information they need via a single, accurate, up-to-date source. Project Management centralizes and facilitates collaboration on schedules, specifications, submittals, drawings, requests for information ("RFIs"), and outstanding tasks. Users have the ability to log critical information, track project progress, and escalate issues for approvals from the correct team members. Project Management is designed to increase transparency and accountability across the entire project team, reducing litigation risk and the shifting of responsibilities.
- **Quality & Safety.** Procore Quality & Safety allows field teams to continuously record, monitor, evaluate, and improve procedures in order to maximize compliance with safety regulations and quality specifications. Additionally, the product helps users identify, understand, and proactively resolve the causes of issues and risky behaviors before they result in an injury or accident.
- **Design Coordination and BIM.** Procore Design Coordination helps users identify and resolve design and constructability issues prior to construction, thereby minimizing the cost of RFIs, change orders, and rework. Our product allows users to coordinate documents and 3-D models, bringing stakeholders together in a collaborative tool to validate a project design and achieve predictable results in the field. Procore BIM enables all users in the field to view and collaborate on 3-D models, which allow project teams to more efficiently plan and construct their projects. Field workers can access project models in real-time, with an easy-to-use navigation interface that ties 3-D models to drawings. The product improves decision-making and reduces rework by ensuring that work is coordinated and installed correctly the first time.

#### **Workforce Management**

- **Field Productivity.** Procore Field Productivity enables contractors to manage their labor with real-time data for payroll, document out-of-scope work, as well as communicate, certify, forecast, and track productivity. This data deeply integrates into Procore Project Financials, powering critical labor cost analysis and change management workflows that maximize job profitability. In using Field Productivity, customers create a detailed record of historical productivity rates that allows them to more accurately bid and estimate future projects.
- **Workforce Planning.** Procore Workforce Planning is a construction workforce management solution that provides real-time insight into a workforce's availability and skillset with a centralized scheduling and communication hub. Workforce Planning is used by general and specialty contractors for construction rosters of varying sizes. Customers can utilize Workforce Planning for people and data management, planning and scheduling, workforce analytics, labor forecasting, and field-to-office communication.

#### **Financial Management**

- **Project Financials.** Procore Project Financials is a robust solution for managing the financial health of a construction project. Customers can track, forecast, and manage project costs, budgets, and change orders with reliable data drawn from the field. These real-time insights help customers facilitate more accurate communication, generate faster approvals, and reduce financial risk.
- **Invoice Management.** Procore Invoice Management expedites the invoice creation, collection, review, and approval process across stakeholders. Our products allow customers to automate the creation of invoices while helping to ensure accuracy and reduce delays in payment. By streamlining the payment process, Invoice Management helps to reduce schedule delays arising from disruptions in cash flow.
- **Accounting Integrations.** Procore Accounting Integrations integrates with our customers' accounting systems to minimize manual data entry and reduce errors created through double entry. Accounting



integrations sync project information between the field and office so that users can make informed decisions using up-to-date project and cost data.

- **Lien Rights Management.** In connection with our acquisition of Levelset, we acquired a lien rights management product that is designed to efficiently manage our customers' lien rights on construction projects and simplify complex compliance workflows and payment processes. Users can exchange and collaborate around payment documents such as lien waivers, payment applications, and preliminary notices, enabling contractors, suppliers, and other industry stakeholders to have better visibility, more streamlined documentation, and faster payments.
- **Procore Pay.** Procore Pay is a payment solution that handles all aspects of the payment process between general contractors and subcontractors. It combines functionality from Invoice Management and Lien Rights Management with money movement to streamline the payment process. Procore Pay provides users with a single system to engage in payment-related activities, provides visibility and transparency for tracking payment requirements, and automates the exchange of lien waivers.

### **Construction Intelligence**

- **Procore Analytics.** Our Procore Analytics product gives customers the ability to generate deep insights across data aggregated from across all projects, various products, and integrated accounting software. Customers can track trends and conduct analysis using pre-built reports, all of which are customizable to suit individual customer needs.

### **Sales and Marketing**

We primarily sell subscriptions to access our products through our direct sales team, which is specialized by stakeholder region, size, and type, and is serviced regionally by offices in the U.S., Canada, Australia, England, the United Arab Emirates ("UAE"), France, and Ireland, and by our focused sales and marketing efforts in Germany, where we do not maintain an office location. As a result of our international efforts, we support multiple languages and currencies. We combine an inside sales model with a field sales team targeting large accounts. Our install base team focuses on renewals and account expansion. Our construction volume-based pricing model and number of product offerings create multiple opportunities for expansion.

We focus our marketing efforts on product innovation and value, domain expertise, and community-building. We reach potential customers and generate leads for our sales team through a combination of content marketing, public relations, advertising, sponsorships, digital marketing, partner marketing, social media, community initiatives, and events. We deliver multi-touch marketing efforts across all stages of the customer journey, from awareness and consideration to purchase, retention, and advocacy. Marketing activities are connected to our sales pipeline, resulting in product demonstration requests and sales opportunities. As a key part of our brand-building efforts, we host industry events. Our engagement with these leading industry events affords us the ability to connect directly with our customers, collaborators, and the broader construction industry.

### **Research and Development**

Our research and development organization is responsible for the development and delivery of new features and products for our platform, and the continued improvement, maintenance, and support of our existing products, platform, and cloud infrastructure. We leverage our broad customer base, our engaged user communities, and our focus on user-driven innovation to aggregate feedback on features and functionality and consistently improve our products and platform. Our teams partner with our customers and collaborators to understand their needs through focus groups at our innovation labs, trade shows, and conferences, and with customers and collaborators on the jobsite.

Our research and development teams are largely based in our Carpinteria, California headquarters, and our Austin, Texas, New York, New York, Cairo, Egypt, and Toronto, Canada offices.

### Our Competition

The market for construction management software is competitive and rapidly evolving. We believe the market is in its early phases of maturity and technology adoption as many companies in the construction industry still rely on a combination of rudimentary workflows, including manual paper-based methods, email, fax, and spreadsheet-based processes. Where technology has been adopted, it has generally had a limited impact because of a lack of modern, cloud-based tools, limited breadth and depth of functionality, or a lack of integrations between point solutions.

We believe our competitors primarily exist across the following four categories:

- *aggregated construction management tools*, including products offered by Oracle, Autodesk, and Trimble. Some of these companies' products integrate with our platform and are available in our App Marketplace.
- *accounting software vendors*, including providers that offer accounting software and supplement their solutions with project management tools and other offerings, which are often bundled with their accounting solutions as lower-value add-ons.
- *point solution vendors* in various categories, including analytics, bidding, BIM, compliance, and scheduling, among others. Many of the point solutions these vendors provide integrate with our platform and are available in our App Marketplace.
- *in-house specialized tools* or processes built by or for existing or prospective customers.

### Our People and Our Values

Our people are our most vital asset in building and growing our business. We are proud to have been named among Glassdoor's Best Places to Work in multiple years. Based on employee reviews, this award is a significant vote of confidence by our employees and reflects their belief in our mission and vision, the strength of our company culture, and our commitment to putting people first. We are also proud to have been able to maintain our culture, which is based on three core values:

- **Openness.** We define openness as "a willingness to engage and express, as well as to consider, new information and ideas." We ask our employees to be honest without ego, meaning that employees can share critical opinions without fear of retribution and admit when they don't know something. We include different voices and points of view. We believe that diversity of thought makes us stronger and more innovative.
- **Ownership.** We define ownership as "a sense of having a personal stake in a project's or team's success and the feeling of empowerment and responsibility that goes with it." We ask our employees to take initiative and move forward, and in so doing, to vigorously advocate for our vision, volunteer for work that challenges and inspires them, and solicit feedback from leaders and colleagues. We also believe in providing equity incentives to our employees to foster an ownership mentality among them and align their interests with those of our stockholders.
- **Optimism.** We define optimism as "the ability to envision and pursue favorable outcomes, even in the face of challenges, and to believe in the capabilities and goodwill of oneself and others." We ask our employees to build toward the possible, which means that they assume positive intent in others, let themselves have a bad day, and pursue the rewards of hard work. We believe in embracing a growth mindset for continuous learning.

We believe that these three core values are foundational in building a high-performing, healthy company that scales. We also believe that having an open and inclusive work culture is integral to our ability to attract and retain exceptionally talented and motivated employees.

Our goal is to evolve a culture where diversity, equity, inclusion, and belonging ("DEIB") are embedded in our business. We strive to build a globally inclusive workplace to support growth and innovation with our entire workforce while advancing the construction industry through advocacy, education, and technology. Our DEIB initiatives are centered around three strategic pillars: inclusive workplace (building an inclusive culture that promotes ideas from all employees), global workforce (cultivating a global workforce at all levels that reflects our world), and community (engaging and co-creating an inclusive path forward for our industry).

We invest in our employees and provide a broad range of benefits and perks to help them grow and thrive. Our compensation and benefits programs are competitively designed to recruit, reward, and retain talented individuals to drive our business forward. Compensation may include base salary and annual bonus, commission, and equity awards. Benefits include medical and dental coverage, mental health, time-off benefits (including an annual wellness week), life and disability insurance, retirement plans, and an employee stock purchase plan; the benefits in each country vary based on local regulations and norms. We evaluate our compensation and benefits programs on a regular basis, adjusting as needed.

As of December 31, 2023, we had 3,694 full-time employees, with 3,119 based in the U.S. and 575 based in our international locations.

#### **Our Commitment to the Construction Industry and Our Communities**

We have taken steps to promote a more diverse and inclusive construction industry. Through our long-standing Women in Construction initiative, we advocate for improved gender equality. As part of this effort, we host webinars, curate a virtual community group, and attend events across the country to connect advocates for the increased presence of women in construction.

Through our in-house social impact team, Procore.org, we support the advancement of the construction industry by providing an array of resources, including certified continuing education courses, training programs, online content libraries, and in-kind donations of software and training to universities, K-12 school programs, training centers, trade associations, disadvantaged business enterprises, and nonprofits. Giving back to our communities is an essential element of our DNA, and we support employee volunteering by providing each employee with Volunteer Time Off annually. We also have a volunteer platform that gives employees easy access to a wide range of volunteer and giving opportunities.

#### **Our Intellectual Property**

We rely on trademarks, patents, copyrights, trade secrets, license agreements, intellectual property assignment agreements, confidentiality procedures, non-disclosure agreements, and employee invention assignment agreements to establish and protect our proprietary rights. As of December 31, 2023, we had 56 issued patents in the U.S. and 73 pending patent applications in the U.S. Additionally, we had 18 pending patent applications in foreign countries, as well as 10 pending international patent applications that preserve our right to file additional foreign patent applications in the future, as of such date. Our issued patents in the U.S. will expire between 2034 and 2042. We continually review our development efforts to assess the existence and patentability of new intellectual property.

We have trademark rights in our name, our logo, and other brand indicia, and have trademark registrations for select marks in the U.S. and many other jurisdictions around the world. We also have registered domain names for websites that we use in our business.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged. For additional information, see the section titled "Risk Factors—Risks Related to Our Intellectual Property—Our failure to protect our intellectual property rights and proprietary information could diminish our brand and other intangible assets and otherwise materially adversely affect our business, financial condition, results of operations, and prospects."

### **Corporate Information**

We were incorporated as Butterfly Lane, Inc. in California in January 2002, and changed our name to Procore Technologies, Inc. in May 2002. We reincorporated in Delaware in June 2014. Our principal executive offices are located at 6309 Carpinteria Avenue, Carpinteria, CA 93013. Our telephone number is (866) 477-6267. Our website address is <https://www.procore.com>. Information contained on, or that can be accessed through, our website is not incorporated by reference herein, and you should not consider information on our website to be part of this Annual Report on Form 10-K.

We make available, free of charge through the investor relations section of our website ([investors.procore.com](https://investors.procore.com)), our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Sections 13(a) or Section 15(d) of the Exchange Act, as soon as reasonably practicable after they have been electronically filed with, or furnished to, the Securities and Exchange Commission (the “SEC”).

The SEC maintains an internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

We announce material information to the public about us, our products and services and other matters through a variety of means, including our website, the investor relations section of our website, press releases, filings with the SEC, and public conference calls, in order to achieve broad distribution of information to the public. We encourage investors and others to review the information we make public in these locations, as such information could be deemed to be material information.

**Item 1A. Risk Factors.**

*Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes thereto, before making a decision to invest in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. If any of the following risks occur, our business, financial condition, results of operations, and prospects could be materially adversely affected. In that event, the price of our common stock could decline, and you could lose part or all of your investment.*

**Risks Related to Our Business and Industry**

***We have experienced rapid growth in recent periods, and such growth may not be indicative of our future performance. If we fail to properly manage future growth, our business, financial condition, results of operations, and prospects could be materially adversely affected.***

We have experienced rapid growth in recent periods. Our revenue was \$514.8 million in 2021, \$720.2 million in 2022, and \$950.0 million in 2023. Our results of operations may fluctuate significantly, which could make our future results difficult to predict and could cause our results of operations to fall below expectations. You should not rely on the revenue growth of any prior period as an indication of our future performance. Even if our revenue continues to increase, we expect that our revenue growth rate will decline in the future as a result of a variety of factors, including the maturation of our business. Our overall revenue growth and results of operations depend on a number of factors, including many that are out of our control. These factors include our ability to do the following: attract new customers and expand sales of subscriptions to our existing customers; increase sales to owners and specialty contractors, as well as monetize additional new stakeholders; develop new products and services, further improve our existing products, services, and platform, and expand our App Marketplace with additional integrations; provide our customers and collaborators with support that meets their needs; invest financial and operational resources to support future growth in our customer, collaborator, and third-party relationships; expand our operations domestically and internationally; and retain and motivate existing personnel, and attract, integrate, and retain new personnel, particularly to our sales and marketing and engineering and product development teams.

Our future growth also depends on changes in our customers' IT budgets, the timing and success of new products and services introduced by us or our competitors, the pace of development of the construction management software industry, regulatory and macroeconomic conditions, and economic conditions and business practices within the construction industry, including construction spending in the public and private sectors. If we are not able to maintain revenue growth or accurately forecast future growth, our business, financial condition, results of operations, and prospects could be materially adversely affected.

***We have a history of losses and may not be able to achieve or sustain profitability in the future.***

We have a history of losses, and we may not achieve or maintain profitability in the future. We incurred net losses of \$265.2 million in 2021, \$286.9 million in 2022, and \$189.7 million in 2023. As of December 31, 2023, we had an accumulated deficit of \$1.1 billion. We are not certain whether or when we will be able to achieve or sustain profitability in the future. We also expect our expenses to increase in future periods as we continue to invest in growth, which could negatively affect our future results of operations if our revenue does not correspondingly increase. In particular, we intend to continue to expend substantial financial and other resources on the following: expanding our sales and marketing and customer success teams to drive new subscriptions, increase the use of our products, services, and platform by existing customers, and support our international growth; developing our technology infrastructure, including systems architecture, scalability, availability, performance, and data security and privacy; and investing in our engineering and product development teams and developing new products, services, and platform functionality.

These expenditures may not result in increased revenue or profitable growth. Any failure to increase our revenue as we invest in our business, or to manage our costs, could prevent us from achieving or maintaining profitability or positive cash flow. We may also incur significant losses in the future for a number of reasons, including the other risks described in this Annual Report on Form 10-K, and unforeseen expenses, difficulties, complications, delays, and other unknown events. If we are unable to successfully address these risks and

challenges, our business, financial condition, results of operations, and prospects could be materially adversely affected.

***Our business may be significantly impacted by changes in the economy and in spending across the construction industry.***

Our business may be affected by changes in the economy, especially those affecting the construction industry. If the construction industry experiences a decrease in overall construction volume, the amount our customers pay for our products could be reduced as we generally price our products based on a customer's annual construction volume, which is the fixed aggregate dollar volume of construction work contracted to run on our platform annually. In times of unfavorable economic conditions, our revenue may decrease because customers may choose to purchase less construction software. Rising inflation may increase our vendor, employee, and facility costs, and further decrease demand for our products. Unfavorable or deteriorating market conditions, reductions in the rate of construction growth, reductions in government spending and funding of infrastructure or other construction projects, reduced demand for public projects, and any resulting effects on spending by our customers or prospective customers could also have an adverse impact on our business.

The construction industry as a whole may be negatively impacted by a wide range of factors, including economic slowdowns, tightening of economic policies, financial and credit market fluctuations, tariffs on imported goods, weakening exchange rates, rising inflation, rising interest rates, supply chain disruptions, labor shortages, commodity prices, and policies that reduce government spending. We cannot predict the timing, strength, or duration of any economic slowdown, instability, or recovery, generally or within any particular industry, or how any such event may impact our business. To the extent we do not effectively address these risks and challenges, our business, financial condition, results of operations, and prospects could be materially adversely affected.

***The construction management software industry is evolving rapidly and may not develop in ways we expect. If we fail to respond adequately to changes in the industry, our business, financial condition, results of operations, and prospects could be materially adversely affected.***

The construction management software industry is evolving rapidly. Widespread acceptance and use of construction management technology in general, and of our platform in particular, is critical to our future growth. While we believe that our construction management software addresses a significant market opportunity, a viable market for it may develop more slowly than we expect. If that happens, our business, financial condition, results of operations, and prospects could be materially adversely affected.

Demand for construction management software in general, and for our products in particular, is affected by a number of factors, some of which are beyond our control. Some of these factors include: general awareness of construction management software; availability, functionality, and pricing of products and services that compete with ours; ease of adoption and use; the reliability, performance, or perceived performance of our products and platform, including interruptions to the use of our products and platform; and the development and awareness of our brand. Even though we use internal data to assess the likelihood of success of introducing new products or changes to existing products, we may incorrectly calculate such risks or assume undue risks with respect to such offerings. Competitors may also develop and introduce new products or entirely new technologies to replace our existing products, which could make our platform obsolete or adversely affect our business. If our investments in engineering and product development do not accurately anticipate user demand or if we fail to develop our products, features, or capabilities in a manner that satisfies customer needs in a timely and cost-effective manner, we may fail to retain our existing customers or increase demand for our products, which could materially adversely affect our business, financial condition, results of operations, and prospects.

Furthermore, our ability to grow our customer base and increase revenue from customers depends on our ability to enhance and improve our platform in response to changes in the construction management software industry and customer demand. In response to such shifts, we may introduce changes to our existing offerings or introduce new offerings, which may require significant expenditures in research and development and customer support, which may harm our results of operations. While we have designed our existing products for easy adoption, our customers depend on our customer success teams to provide implementation, training, and support services, especially when it comes to new products and features. If we do not provide effective ongoing support, our ability to sell additional products to existing and prospective customers could be adversely affected.

Additionally, we may experience difficulties with software development, design, or marketing that could delay or prevent our development, introduction, or implementation of new products, features, or capabilities. We have in the past experienced delays in our internally planned release dates of new products, features, and capabilities, and there can be no assurance that new products, features, or capabilities will be released according to schedule. Any delays could result in adverse publicity, loss of revenue or market acceptance, or claims by customers brought against us, all of which could harm our business.

***Our business depends on a strong brand, and if we are not able to maintain and enhance our brand, our ability to retain and expand our customer base may be impaired, and our business may be harmed.***

We believe that our brand identity and awareness is critical to our sales and marketing efforts. We also believe that maintaining and enhancing our brand is critical to retaining and expanding our customer base and, in particular, conveying to customers and collaborators that our platform offers capabilities that address the needs of the construction ecosystem throughout the project lifecycle. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. If we experience difficulties with software development that negatively impact new or existing offerings, we may experience negative publicity or lose market acceptance. Any unfavorable publicity or negative perception of our products, services, or platform or the providers of construction management software generally, could adversely affect our reputation and our ability to attract and retain customers. If we fail to promote and maintain our brand, or if we incur increased expenses in this effort, our business, financial condition, results of operations, and prospects could be materially adversely affected.

***Our ability to increase our customer base, expand existing customers' use of our platform, and achieve broader market acceptance of our products, services, and platform will significantly depend on our ability to develop and expand our sales and marketing capabilities, the failure of which could materially adversely affect our business, financial condition, results of operations, and prospects.***

Continuing and increasing sales of subscriptions to access our products and of our services depend to a significant extent on our ability to expand our sales and marketing capabilities. It is difficult to predict customer demand, customer retention, and expansion rates, the size and growth rate of the market, the entry of competitive products and services, or the success of existing competitive products and services. Our sales efforts involve educating prospective customers about the uses and benefits of our products, services, and platform. We spend substantial time and resources on our sales efforts without any assurance that our efforts will result in a sale. We expect that we will continue to need intensive sales efforts to educate prospective customers about the uses and benefits of our construction management software and services, and we may have difficulty convincing prospective customers of the value of adopting our products and services. We plan to continue expanding our sales force, both domestically and internationally. Identifying, recruiting, and training qualified sales representatives is time-consuming and resource-intensive, and they may not be fully trained and productive for a significant amount of time following their hiring, if ever. In addition, the cost to acquire customers is high due to these considerable sales and marketing efforts. Our business will be harmed if our efforts do not generate a corresponding increase in revenue. Even if we are successful in convincing prospective customers of the value of our products and services, they may decide not to purchase our products and services for a variety of reasons, some of which are out of our control. The failure of our efforts to secure sales after investing resources in a lengthy sales process could materially adversely affect our business, financial condition, results of operations, and prospects.

***We are continuing to expand our operations outside the U.S., where we may be subject to increased business, regulatory, and economic risks (including fluctuations in currency exchange rates) that could materially adversely affect our business, financial condition, results of operations, and prospects.***

We had customers running projects in over 150 countries as of December 31, 2023, and 14% of our revenue in 2023 was generated from customers outside the U.S. We expect to continue to expand our international operations, which may include opening offices in new jurisdictions and providing our products, services, and platform in additional languages. Any new markets or countries into which we attempt to sell subscriptions to access our products may not be receptive to our efforts. For example, we may not be able to expand further our operations in some markets if we are not able to adapt our products, services, and platform to fit the needs of prospective customers in those markets or if we are unable to satisfy certain government- and industry-specific laws or regulations. In addition, our international operations and expansion efforts require considerable management attention and the investment of significant resources, while subjecting us to new risks and increasing certain risks that we already face, including risks associated with:

- providing our products, services, and platform in different languages and customizing them to support local requirements;
- compliance by us and our partners with applicable international laws and regulations, including laws and regulations with respect to anti-corruption, competition, import and export controls, tariffs, trade barriers, economic sanctions, employment, construction, privacy, data protection, consumer protection, and unsolicited email, and the risk of penalties and fines against us and individual members of management or employees if our practices are deemed to be out of compliance;
- recruiting and retaining talented and capable employees outside the U.S., including employees who speak multiple languages and come from a wide variety of different cultural backgrounds and customs, and managing an employee base in jurisdictions with differing employment regulations;
- operating in jurisdictions that do not protect intellectual property rights to the same extent as the U.S. and navigating the practical enforcement of such intellectual property rights outside of the U.S.;
- political and economic instability, including as a result of the Russia-Ukraine war;
- generally longer payment cycles and greater difficulty in collecting accounts receivable; and
- higher costs of doing business internationally, including increased accounting, tax, travel, infrastructure, and legal compliance costs, and costs associated with fluctuations in currency exchange rates.

Compliance with laws and regulations applicable to our global operations substantially increases our cost of doing business. We may be unable to keep current with changes in laws and regulations as they occur and there can be no assurance that we, our employees, contractors, partners, and agents will be able to maintain compliance. Any violations could result in enforcement actions, fines, civil and criminal penalties, damages, injunctions, or reputational harm. If we are unable to maintain compliance or manage the complexity of our global operations successfully, we may need to relocate or cease operations in certain foreign jurisdictions, which could materially adversely impact our business, financial condition, results of operations, and prospects.

Additionally, as we continue to expand our international operations, we will become more exposed to the effects of fluctuations in currency exchange rates. Although the majority of our cash generated from sales is denominated in U.S. Dollars, a small amount is denominated in foreign currencies, and our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations. Because we conduct business in currencies other than U.S. Dollars but report our results of operations in U.S. Dollars, we also face remeasurement exposure to fluctuations in currency exchange rates. Any of these risks could hinder our ability to predict our future results and earnings. In addition, we do not currently maintain a program to hedge exposures to non-U.S. Dollar currencies.



***We operate in a competitive market, and we must continue to compete effectively.***

The market for our products and services is highly competitive and rapidly changing. Certain features of our current platform compete with a wide variety of products, including aggregated construction management tools (some of which integrate with our platform), accounting software vendors, point solution vendors in various categories (many of which integrate with our platform and are available in our App Marketplace), and in-house specialized tools or processes built by or for existing or prospective customers.

With the introduction of new products, services, and technologies by competitors and the emergence of new market entrants in the construction management software industry, we expect competition to intensify. Many of our competitors have competitive advantages over us, such as better name recognition, longer operating histories, larger marketing budgets, existing or more established relationships, greater third-party integrations, access to larger customer bases, greater financial, technical, pricing, and marketing strategies, and other resources. Some of our competitors may make acquisitions or enter into strategic relationships with third parties to offer a broader range of products and services than we do; others may use sales and marketing strategies that enable them to acquire customers at a lower cost than we can. These combinations may make it more difficult for us to effectively compete. Additionally, as we introduce new products and services in the market, we may face new or different competitors who may similarly have competitive advantages over us. Such competitive pressures may erode our market share and may hinder or slow our expansion into new markets. We expect these competitive dynamics to continue as competitors attempt to strengthen or maintain their market positions.

Many factors affect our pricing strategies. For example, the quality of our products and services allows us to sell them at a premium as compared to some of our competitors. Certain competitors offer, or may in the future offer, lower-priced or free products or services that compete with our products or may bundle and offer a broader range of products or services. We may not be able to compete at such lower price points or with such product configurations. There can be no assurance that we will not be forced to engage in price-cutting initiatives or other discounts, or to increase our marketing and other expenses, in order to attract and retain customers in response to competitive pressures, any of which could materially adversely affect our business, financial condition, results of operations, and prospects.

***Interruptions or performance issues associated with our products, services, and platform, including the interoperability of our platform across devices, operating systems, and third-party applications, could materially adversely affect our business, financial condition, results of operations, and prospects.***

We have experienced, and may in the future experience, service interruptions and other performance issues. Our future growth depends in part on the ability of our existing and prospective customers to rely on access to our products, services, and platform.

Increasing numbers of users on our platform and increasing bandwidth requirements may degrade the performance of our products or platform due to capacity constraints and other internet infrastructure limitations. Frequent or persistent interruptions, including those from increased usage, could cause existing or prospective users to believe that our platform is unreliable, leading them to switch to our competitors, which could materially adversely affect our business, financial condition, results of operations, and prospects.

Certain of our customer agreements contain specifications regarding the availability and performance of our platform. If we are unable to meet these service level commitments or if we suffer extended periods of poor performance, we may be contractually obligated to provide affected customers with service credits against existing subscriptions or, in certain cases, refunds. Any such performance issues could negatively impact our renewal rates and harm our ability to attract new customers.

One of the most important features of our platform is its broad interoperability with a range of devices, web browsers, operating systems, and integrations. Accessibility across this range is oftentimes out of our control, including as a result of reliance on third-party service providers or applications. Integrations and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with such developments. In addition, some of our competitors may be able to disrupt the compatibility of our platform with their integrations, which some of our customers may rely upon. In other instances, the operability of our platform features relies on third-party service providers or partners that may be unable to accommodate our evolving service needs, choose to terminate or decline to renew agreements with us, or demand more favorable terms,

among other things, any of which may cause service changes, interruptions, or delays for our customers. If our platform has operability or interoperability challenges with any of our integrations, customers may not adopt our platform, and our App Marketplace may not be useful to customers, which could materially adversely affect our business, financial condition, results of operations, and prospects.

Additionally, our products, services, and platform are inherently complex and may contain material defects or errors, particularly when new products or features are released. We have in the past found defects or errors in our products, services, and platform, and we may detect new defects or errors in the future. Any real or perceived failures or vulnerabilities in our products, services, or platform could result in negative publicity or lead to data security, access, retention, or performance issues. In addition, the costs incurred in correcting such defects or errors may be substantial. Any of these risks could materially adversely affect our business, financial condition, results of operations, and prospects.

***We rely on third-party data centers, such as Amazon Web Services (“AWS”), to host and operate our platform, and any disruption of or interference with these resources may negatively affect our ability to maintain the performance and reliability of our platform, which could cause our business to suffer.***

Our customers depend on the continuous availability of our platform, which relies in large part on third-party data centers. We currently host our platform and serve our customers primarily using AWS. Consequently, we may be subject to service disruptions as well as failures to provide adequate support for reasons that are outside of our control, including: the performance and availability of AWS and other third-party providers of cloud infrastructure services with the necessary speed, data capacity, and security for providing reliable services; decisions by AWS and other owners and operators of the data centers where our cloud infrastructure is deployed to terminate our subscriptions, discontinue services to us, shut down operations or facilities, increase prices, change service levels, limit bandwidth, declare bankruptcy, or prioritize the traffic of other parties; and cyberattacks, including denial of service attacks, targeted at us, our data centers, or the infrastructure of the internet.

The adverse effects of any service interruptions on our reputation, results of operations, and financial condition may be disproportionately heightened due to the nature of our business and the fact that our customers have a low tolerance for interruptions of any duration.

To meet the performance and other requirements of our customers, we intend to continue to make significant investments to increase capacity and to develop and implement new technologies in our cloud infrastructure operations. Any renegotiation or renewal of our agreement with AWS, or a new agreement with another provider of cloud-based services, may be on terms that are significantly less favorable to us than our current agreement. Additionally, these new technologies, which include databases, application and server optimizations, network strategies, and automation, are often advanced, complex, new, and untested, and we may not be successful in developing or implementing these technologies. It takes a significant amount of time to plan, develop, and test improvements to our technologies and cloud infrastructure, and we may not be able to accurately forecast demand or predict the results we will realize from such improvements. To the extent that we do not effectively scale our infrastructure to meet the needs of our growing customer base and maintain performance as our customers expand their use of our products, or if our cloud-based server costs were to increase, our business, financial condition, results of operations, and prospects could be materially adversely affected.

#### **Risks Related to Our Employees and Culture**

***If we lose key management personnel or if we are unable to retain or hire additional qualified personnel, we may not be able to achieve our strategic objectives and our business, financial condition, results of operations, and prospects could be materially adversely affected.***

Our future success is substantially dependent on our ability to attract, retain, and motivate the members of our management team and other key personnel throughout our organization. In particular, we are highly dependent on the services of Craig F. Courtemanche, Jr., our founder, President, and Chief Executive Officer, who is critical to our ability to achieve our vision and strategic priorities. We rely on our management team in the areas of operations, security, research and development, sales and marketing, support, and general and administrative functions.

Our U.S. employees, including our executive officers, work for us on an “at-will” basis, which means they may terminate their employment with us at any time. If Mr. Courtemanche or one or more of our key personnel or members of our management team resigns or otherwise ceases to provide us with their services, our business, financial condition, results of operations, and prospects could be materially adversely affected.

Our continued success is also dependent on our ability to attract and retain other qualified personnel possessing a broad range of skills and expertise. There is significant competition for personnel with the skills and technical knowledge that we require. To continue to enhance our products, services, and platform, develop new products and services, and add new and innovative functionality, it will be critical for us to continue to grow our research and development teams. If we hire employees from competitors or other companies, their former employers may attempt to assert that we or these employees have breached the employee’s legal obligations, resulting in a diversion of our time and resources. If we fail to meet our hiring needs or successfully integrate our new hires, our efficiency and ability to meet our forecasts and our employee morale, productivity, and retention could all suffer. Any of these factors could materially adversely affect our business, financial condition, results of operations, and prospects.

***If we cannot maintain our company culture as we grow, we could lose the innovation, teamwork, passion, and focus on execution that we believe contribute to our success.***

We believe that our corporate culture fosters innovation, teamwork, passion, and focus on execution and has contributed to our success. As we grow, we may find it difficult to maintain our corporate culture. In addition, many of our employees work remotely and there is no guarantee that we will be able to maintain our corporate culture when much of our team is dispersed. Any failure to preserve our culture could harm our future success, including our ability to recruit and retain qualified personnel, innovate and operate effectively, and execute on our business strategies. In addition, from time to time, we carry out reductions in our workforce to ensure that our resources are aligned to our business strategy. If we experience any of these risks, our ability to attract new customers and retain existing customers and expand their use of our platform could be impaired, which could materially adversely affect our business, financial condition, results of operations, and prospects.

#### **Risks Related to Our Regulatory and Legal Environment**

***We are subject to stringent, changing, and potentially inconsistent laws, regulations, rules, policies, and obligations related to data privacy and security, both domestically and internationally, and our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits, loss of customers or sales, and other adverse consequences, any of which could materially adversely affect our business, financial condition, results of operations, and prospects.***

In the ordinary course of business, we collect, receive, store, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, “process”) proprietary, confidential, and sensitive information and data, including personal data, intellectual property, trade secrets, and sensitive third-party and customer data (collectively, “sensitive information”). For example, our customers store sensitive information on our platform, such as building plans and other information related to government works or projects for regulated industries, such as banks and healthcare facilities. Our data processing activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, internal and external privacy and security policies, contracts (including with our customers and other third parties), and other obligations that govern the processing of certain sensitive information by us and on our behalf.

In the U.S., federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). For example, in the past few years, numerous U.S. states, including California, have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal information. As applicable, such rights may include the right to access, correct, or delete certain personal information, and to opt out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. These state laws also allow for statutory fines for noncompliance. For example, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 (collectively, the “CCPA”) applies to personal information

of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights. The CCPA provides for administrative fines of up to \$7,500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Additionally, several states and localities have enacted measures related to the use of AI and machine learning in products and services. Moreover, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data. Our data processing practices are subject to increased challenges by class action plaintiffs. Our inability or failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands. Additional data privacy and security laws have also been proposed at the federal, state, and local levels in recent years, which could further complicate compliance efforts.

As we expand globally, our obligations related to data protection may increase. Outside the U.S., an increasing number of laws, regulations, and industry standards apply to data privacy and security. For example, the European Union's ("EU") General Data Protection Regulation (the "EU's GDPR") and the United Kingdom's ("U.K.") General Data Protection Regulation (the "U.K.'s GDPR") impose strict requirements for processing personal data. Under the EU's GDPR, government regulators may impose temporary or definitive bans on data processing, as well as fines of up to 20 million euros or 4% of annual global revenue, whichever is greater, for certain violations. Similarly, under the U.K.'s GDPR, government regulators may impose fines of up to 17.5 million pounds sterling or 4% of annual global turnover, whichever is greater, for certain violations. The application of the EU's GDPR alongside the U.K.'s GDPR exposes us to two parallel regimes, each of which potentially authorizes similar fines and other potentially divergent enforcement actions for certain violations. The relationship between the U.K. and the EU in relation to certain aspects of data protection law remains in flux. This may require investing in additional resources and more technology. In addition, individuals and consumer protection agencies (which are authorized by law to represent individuals' interests) may initiate litigation related to the processing of individuals' personal data. There are also stringent local data protection requirements in Germany and cloud-server initiatives in France which may impact our operations in these countries. In Europe, regulators have reached political agreement on the text of the Artificial Intelligence Act, which, when adopted and in force, will have a direct effect across all EU jurisdictions and could impose onerous obligations related to the use of AI-related systems. The act may also influence the approach taken to AI in other jurisdictions, including the U.S. and the U.K. We may have to change our business practices to comply with such obligations. Furthermore, as our business continues to expand and evolve, the EU's GDPR, the U.K.'s GDPR, and similar data protection regulations may apply additional obligations on us to further secure personal data, provide further rights to data subjects, and require additional reporting to regulators.

In Canada, the Personal Information Protection and Electronic Documents Act and various related provincial laws, as well as Canada's Anti-Spam Legislation, applies to our operations, as does Australia's Privacy Act 1988. We also have operations in Singapore and the UAE, which means that we may be subject to Singapore's Personal Data Protection Act and the UAE's Federal Data Protection Law No. 45 of 2021, respectively. In addition, Brazil's General Data Protection Law (Lei Geral de Proteção de Dados Pessoais) (Law No. 13,709/2018) (the "LGPD") may apply to our operations. The LGPD broadly regulates processing personal data of individuals in Brazil and imposes compliance obligations and penalties comparable to those of the EU's GDPR. Additionally, India's new privacy legislation, the Digital Personal Data Protection Act, may also apply to our operations.

Further, in certain limited applications or situations, we use generative AI in our products and services. In addition, our employees and personnel use generative AI technologies to perform their work. Several jurisdictions around the globe, including Europe and certain U.S. states, have proposed, enacted, or are considering laws governing AI, including the EU's AI Act, and we expect other jurisdictions will adopt similar laws. Additionally, certain privacy laws extend rights to consumers (such as the right to delete certain personal data) and regulate automated decision-making, which may be incompatible with our use of AI and may make it harder for us to conduct our business using AI, lead to regulatory fines or penalties, require us to change our business practices, retrain our AI, or prevent our use of AI. For example, the Federal Trade Commission has required other companies to turn over or disgorge valuable insights or trainings generated through the use of AI where they allege the company has violated privacy and consumer protection laws. Our use of this technology could also result in additional compliance costs, regulatory investigations and actions, and consumer lawsuits.

In the ordinary course of business, we may transfer personal data from Europe and other jurisdictions to the U.S. or other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area ("EEA") and the U.K. have significantly restricted the transfer of personal data to the U.S. and other countries whose privacy laws it generally believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and the U.K. to the U.S. in compliance with law, such as the EEA and U.K.'s standard contractual clauses, the U.K.'s International Data Transfer Agreement / Addendum, and the EU-U.S. Data Privacy Framework (which allows for transfers of personal data to relevant U.S.-based organizations that participate in and self-certify compliance with the framework), these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the U.S. If there is no lawful manner for us to transfer personal data from the EEA, the U.K., or other jurisdictions to the U.S., or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors, and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and the U.K. to other jurisdictions, particularly to the U.S., are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the cross-border data transfer limitations of the EU's GDPR. For example, in May 2023, the Irish Data Protection Commission determined that a major social media company's use of standard contractual clauses to transfer personal data from Europe to the U.S. was insufficient and levied a 1.2 billion euro fine against the company and prohibited it from transferring personal data to the U.S.

We are bound by contractual obligations and laws related to data privacy and security, and our efforts to comply with such obligations and laws may not be successful. For example, certain privacy laws, such as the EU's GDPR, the U.K.'s GDPR, and the CCPA, require our customers to impose specific contractual restrictions on their service providers. We also publish privacy policies, marketing materials, and other statements, such as compliance with certain certifications, standards, or self-regulatory principles, regarding data privacy and security. If any of these policies, materials, or statements are found by our customers or regulators to be overly broad, deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences.

In addition, privacy advocates and industry groups have proposed, and may further propose, standards with which we are legally or contractually bound to comply. For example, we are subject to the Payment Card Industry Data Security Standard (the "PCI DSS"). The PCI DSS requires companies to adopt certain measures to ensure the security of cardholder information, including using and maintaining firewalls, adopting proper password protections for certain devices and software, and restricting data access. Noncompliance with the PCI DSS can result in penalties ranging from \$5,000 to \$100,000 per month by credit card companies, litigation, damage to our reputation, and loss of revenue. We also rely on vendors to process payment card data who may also be subject to the PCI DSS, and our business may be negatively impacted if our vendors are fined or suffer other consequences as a result of noncompliance with the PCI DSS.

Our obligations related to data privacy and security are quickly changing in an increasingly stringent fashion, creating some uncertainty as to the effect of future legal frameworks. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires significant resources and may necessitate changes to our information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. In addition, these obligations may require us to change our business practices.

Although we endeavor to comply with all applicable data privacy and security obligations, we may at times fail, or be perceived to have failed, to do so. Moreover, despite our efforts, our personnel or third parties upon which we rely, such as vendors or developers, may fail to comply with such obligations, which could negatively impact our business operations and compliance posture. For example, any failure by a third-party processor to comply with applicable law, regulations, or contractual obligations could result in adverse consequences for us,

including our inability to, or interruption in our ability to, operate our business and proceedings against us by governmental entities or others.

If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with data privacy and security obligations, we could face significant consequences, including, but not limited to, government enforcement actions (e.g., investigations, audits, inspections, fines, and penalties), litigation (including class-related claims), additional reporting requirements and oversight, restrictions or bans on processing personal data, orders to destroy or not use personal data, the imprisonment of company officials, the inability to operate in certain jurisdictions, limited ability to develop or commercialize our products and services, loss of revenue or profits, loss of customers or sales (including a decline in customer subscription renewals), interruptions or stoppages in or modifications to our operations, negative publicity (including public statements against us by consumer advocacy groups or others), and reputational harm, any of which could materially adversely affect our business, financial condition, results of operations, and prospects.

***If our IT systems or data, or those of third parties upon which we rely, are or were compromised, we could experience adverse consequences resulting from such compromise, including, but not limited to, regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits, loss of customers or sales, and other adverse consequences, any of which could materially adversely affect our business, financial condition, results of operations, and prospects.***

In the ordinary course of business, we process substantial amounts of sensitive information.

Cyberattacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of such sensitive information and IT systems, and those of the third parties on which we rely. Cloud-based platform providers of products and services have been targeted by such activities and are expected to continue to be targeted. The threats posed by such activities are prevalent and continue to grow, are increasingly difficult to detect, and come from a variety of sources, including traditional computer “hackers,” threat actors, personnel (such as through theft or misuse), sophisticated nation-states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in cyberattacks including, without limitation, nation-states and nation-state-supported actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, the third parties upon which we rely, and our customers are subject to a variety of evolving threats, including, but not limited to, social-engineering attacks (including through deep fakes, which may be increasingly difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks (such as credential stuffing), credential harvesting, personnel misconduct or error, break-ins, ransomware attacks, supply chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other IT assets, adware, telecommunications failures, and other similar threats. Our products and services may also be subject to fraudulent usage and schemes, including from third parties accessing customer accounts or viewing data from our platform.

Severe ransomware attacks, including by organized criminal threat actors, nation-states, and nation-state-supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations, loss of data and income, reputational harm, and diversion of funds. While extortion payments have the potential to alleviate the negative impact of a ransomware attack, we may be unwilling or unable to make such payments for a variety of reasons, including, but not limited to, applicable laws or regulations prohibiting such payments.

Remote work has become more common and has increased risks to our IT systems and data, as more of our employees utilize network connections, computers, and devices outside our premises or network, including working at home, while in transit, and in public locations.

We rely upon third-party developers, service providers, and technologies to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, third-party providers of cloud-based infrastructure, encryption and authentication technology, employee email, and other functions. We may also rely on third-party developers, service providers, and technologies to provide other products or services to operate our business. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. We

may also share or receive sensitive information with or from third parties. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages or we may be unable to recover such award. In addition, supply chain attacks have increased in frequency and severity, and we cannot guarantee that third parties and infrastructure in our supply chain or our third-party partners' supply chains have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our IT systems (including our products, services, and platform) or the third-party IT systems that support us and our services.

While we have implemented security measures designed to help protect against security incidents, there can be no assurance that these measures will be effective. Although we take certain steps to detect, mitigate, and remediate various vulnerabilities in our IT systems (such as our hardware and/or software, including that of third parties upon which we rely, and those used to operate our products), doing so takes significant time and resources and we may not be able to detect and have not been able to remediate all vulnerabilities in our IT systems (including those that operate our products and those that are used to provide our services). For several reasons, including the introduction of new vulnerabilities, resource constraints, competing business demands, dependence on third parties, and technological challenges, a large number of high and critical unremediated vulnerabilities exist in our IT systems and will exist until our remediation efforts are completed. We have taken, and are taking, steps designed to mitigate these vulnerabilities in a prioritized manner based on our assessment of the risk posed by such vulnerabilities. Despite our efforts, there can be no assurance that these vulnerability mitigation measures will be effective. Moreover, we may also experience delays in developing and deploying remedial measures and patches designed to address any identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident.

Any of the previously identified or similar threats could cause a security incident or other interruption. A security incident or other interruption could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to sensitive information. A security incident or other interruption could disrupt our ability, and that of third parties upon which we rely, to provide our products and services. Our current security measures may be insufficient to prevent or deter such incidents or interruptions. We may expend significant resources or modify our business activities to try to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain security measures or industry-standard or reasonable security measures to protect our IT systems and sensitive information.

In addition, business transactions, such as acquisitions or integrations, have exposed us to these same or additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our IT environment and security program.

Applicable data privacy and security obligations, including data breach laws and contractual obligations to various customers, may require us to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents. Such disclosures are costly, and the disclosures, or the failure to comply with such requirements, could lead to adverse consequences.

If we or third parties upon which we rely experience a security incident or are perceived to have experienced a security incident, we could experience significant consequences, including, but not limited to, government enforcement actions (e.g., investigations, audits, inspections, fines, and penalties), litigation (including class-related claims), additional reporting requirements and oversight, restrictions or bans on processing sensitive information (including personal data and sensitive third-party and customer data), loss of revenue or profits, loss of customers or sales, interruptions or stoppages in or modifications to our operations (including availability of data), indemnification obligations, negative publicity, and reputational harm. Security incidents and attendant consequences may also cause customers to stop using our products, services, and platform (including by declining to renew their subscriptions), deter new customers from using our products, services, and platform, and negatively impact our ability to grow and operate our business. In addition, security incidents experienced by others, such as our competitors or customers, may lead to widespread negative publicity for us, our customers, or the construction software industry generally.



Our contracts may not contain indemnification, limitations of liability, or other protective provisions. Even where they do, there can be no assurance that indemnification clauses, limitations of liability, or other protective provisions in our contracts are applicable, enforceable, or sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our general liability insurance coverage and coverage for cyber liability or errors or omissions will be adequate or sufficient to protect us from, or to mitigate liabilities arising out of, our data privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could materially adversely affect our business, financial condition, results of operations, and prospects.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage. Furthermore, sensitive information of our company or our customers could be leaked, disclosed, or revealed as a result of, or in connection with, our employees', personnel's, or vendors' use of generative AI technologies.

Our business depends upon the appropriate and successful implementation of our products by our customers. If our customers fail to use our products according to our specifications, our customers may suffer a security incident on their own systems or other adverse consequences. Even if such an incident is unrelated to our security practices, it could result in our incurring significant economic and operational costs in investigating, remediating, and implementing additional measures to further protect our customers from their own vulnerabilities and could result in reputational harm.

To the extent we do not effectively address these risks, our business, financial condition, results of operations, and prospects could be materially adversely affected.

***Our business is subject to a wide range of laws and regulations, many of which are evolving, and our failure to comply with such laws and regulations could materially adversely affect our business, financial condition, results of operations, and prospects.***

We are subject to a number of laws and regulations that apply generally to businesses, including laws and regulations governing the internet and the marketing, sale, and delivery of goods and services over the internet. These laws and regulations, which continue to evolve, cover, among other things, taxation, tariffs, data protection and privacy, data security, data governance, pricing, content, copyrights, distribution, mobile and other communications, advertising practices, electronic contracts, sales procedures, automatic subscription renewals, credit card processing procedures, consumer protection, consumer financial protection, payment regulation, payment processing and settlement services, domestic and cross-border money transmission, foreign currency exchange, anti-money laundering, fraud detection, economic and trade sanctions, the design and operation of websites, and the characteristics and quality of products that are offered online. We cannot guarantee that we have been or will in the future be fully compliant with such laws and regulations in every jurisdiction, as it is not entirely clear in every jurisdiction how existing laws and regulations governing such areas apply or will be enforced. Moreover, as the regulatory landscape continues to evolve, increasing regulation and enforcement efforts by federal, state, and foreign authorities, and the prospects for private litigation claims, become more likely. In addition, the adoption of new laws or regulations, or the imposition of other legal requirements, that adversely affect our ability to market or sell our products and services could harm our ability to offer, or customer demand for, our products and services, which could impact our revenue, impair our ability to expand our product and service offerings, and make us more vulnerable to competition. Future regulations, or changes in laws and regulations or their existing interpretations or applications, could also require us to change our business practices and raise compliance costs or other costs of doing business. For example, the Federal Communications Commission (the "FCC") has proposed to re-adopt "network neutrality" rules in the U.S. If the FCC adopts those rules, it could affect the services we and our customers use by restricting the offerings made by internet service providers or reducing their incentives to invest in their networks. After a federal court judge denied a request for an injunction against California's state-specific network neutrality law, California began enforcing that law on March 25, 2021. Other states could begin to enforce existing laws or adopt new network neutrality requirements. For example, a temporary injunction preventing implementation of a similar law in Vermont expired on April 20, 2022, although the challenge to that law remains pending and has been suspended until an appeal in another case addressing state powers to adopt internet regulation is resolved.



Additionally, various federal, state, and foreign labor laws govern our relationships with our employees and affect operating costs. These laws include employee classifications as exempt or non-exempt, minimum wage requirements, unemployment tax rates, workers' compensation rates, overtime, family leave, workplace health and safety standards, payroll taxes, citizenship requirements, and other laws and regulations.

In certain instances, we rely on third-party service providers or partners to facilitate certain features of our platform or products that are subject to laws and regulations that may be complex, wide-ranging, and evolving, and whose compliance practices and licensure we are unable to control. If such third parties or partners are unable to effectively manage their compliance and licensure obligations in connection with the services they provide to us, or choose not to renew agreements with us because of the costs or burden of compliance with such obligations or for any other reason, our users may experience service changes, interruptions, or delays. Furthermore, we may be unable to find new service providers or partners, or may need to obtain replacement services on less favorable terms. For example, we rely on a payment partner to facilitate payments through Procore Pay. Our payment partner may be subject to extensive compliance obligations as well as enforcement actions, fines, and litigation if found to violate any legal or regulatory requirements that apply to it. Our payment partner may choose not to renew its agreement with us for this or any other reason, or may seek to involve us in enforcement actions, fines, or litigation related to the services they provide.

Any claim, lawsuit, proceeding, investigation, inquiry, or request under any of the foregoing could: result in reputational harm, criminal sanctions, consent decrees, and orders preventing us from offering certain features, functionalities, products, or services; limit our access to credit; result in a modification or suspension of our business practices; require us to develop non-infringing or otherwise altered products or technologies; prompt ancillary claims, lawsuits, proceedings, investigations, inquiries, or requests; consume financial and other resources which may otherwise be utilized for other purposes, such as advancing other products and services on our platform; cause a breach or cancellation of certain contracts; or result in a loss of customers, investors, or partners. Any of the foregoing, or any significant additional laws or regulations, or our failure to comply with any laws and regulations that now or in the future could apply to our business, could materially adversely affect our business, financial condition, results of operations, and prospects.

***We may become involved in litigation that could materially adversely affect our business, financial condition, results of operations, and prospects.***

As we face increasing competition and gain a higher profile, the possibility that we become a party to litigation and disputes related to our intellectual property, business or employment practices, regulatory compliance (including securities law compliance), products, services, or platform grows. Some companies that have experienced volatility in the trading price of their shares have also been the subject of securities class action litigation. Declines in stock price, which we have experienced and may experience from time to time, can increase the risk of such litigation. Such litigation can be costly and time-consuming, divert the attention of management and key personnel from our business operations, and dissuade prospective customers from subscribing to our products or services.

Certain of our platform features and products are subject to complex and evolving laws and regulations, which vary across U.S. and foreign jurisdictions, and we may face increased litigation risk as a result of offering these platform features and products, including the assessment of significant actual damages or statutory damages or penalties (including treble damages in some instances) and plaintiffs' attorneys' fees. For example, we offer payment processing services through Procore Pay. We rely on a payment partner to facilitate these services. Any significant disruption in the services provided through Procore Pay could prevent transactions from being processed in a timely manner or at all. If we or our payment partner experience delays or disruptions in services or other issues, including in networks or systems that result in the inability to process payment in a timely manner or at all, we could become involved in enforcement actions, fines, or litigation.

We may need to settle disputes on terms that are unfavorable to us, or we may be subject to an unfavorable judgment requiring us to cease some or all of our operations or pay out substantial amounts of money. In addition, our customer agreements generally require us to indemnify our customers against liabilities if our products infringe a third-party's intellectual property rights, and we have negotiated additional specific indemnities with certain of our customers. With respect to any intellectual property rights claim, we may have to seek a license to continue practices found to be in violation of third-party rights, which may not be available to us on reasonable terms or may not be available to us at all. Any of the above could increase our operating expenses, and materially adversely affect our business, financial condition, results of operations, and prospects.

Additionally, during the course of any litigation or dispute, we may make announcements regarding the results of hearings and motions and other interim developments. If securities analysts and investors consider these announcements negative, our stock price may decline. Any of the above could increase our operating expenses, and materially adversely affect our business, financial condition, results of operations, and prospects.

***Increased government scrutiny of the technology industry could negatively affect our business.***

The technology industry is subject to intense media, political, and regulatory scrutiny, which may expose us to government investigations, legal actions, and penalties. Various regulatory agencies, including competition, consumer protection, and privacy authorities, have active proceedings and investigations concerning technology companies, some of which have offerings, like app marketplaces and collaboration tools, that are similar to services and features we offer. If proceedings or investigations targeted at other companies result in determinations that certain practices are unlawful, we could be required to change our products and services or alter our business operations, which could harm our business. Legislators and regulators also have proposed new laws and regulations intended to restrain the activities of some technology companies. If such laws or regulations are enacted, they could adversely impact us, even if they are not intended to affect our company. The increased scrutiny of acquisitions in the technology industry also could affect our ability to enter into strategic transactions or to acquire other businesses. Compliance with new or modified laws and regulations could increase the cost of conducting business, limit opportunities to increase our revenues, or prevent us from offering products or services.

In addition, the introduction of new products and services, expansion of our activities in certain jurisdictions, or other actions we may take may subject us to additional laws, rules, and regulations, or other government scrutiny. We may not always be able to accurately predict the scope or applicability of certain laws, rules, or regulations to our business, particularly as we expand into new areas of operations, such as Procore Pay, which could negatively affect our business and our ability to pursue future plans. In addition, any perceived or actual breach by us of applicable laws, rules, and regulations could have a significant impact on our reputation as a trusted brand and could cause us to lose customers in existing and emerging lines of business, prevent us from acquiring new customers, require us to expend significant resources to remedy issues caused by such breaches and to avert further breaches, and expose us to legal risk and potential liability.

Our liability for third-party content on our platform, such as content posted by customers and other users, currently is limited by Section 230 of the Communications Decency Act (the "CDA"). There have been various U.S. Congressional and Executive branch efforts to remove or restrict the scope of the protections available to online platforms under Section 230 of the CDA. For example, the CDA was amended in 2018, and the U.S. Congress and the Executive branch have proposed further changes or amendments each year since 2019, including, among other things, proposals that would narrow CDA immunity, expand government enforcement power relating to content moderation concerns, or repeal the CDA altogether. In addition, some states have passed, and others may adopt, laws intended to limit the protection afforded by Section 230 of the CDA. Laws passed by Florida and Texas are the subject of judicial appeals, but those laws have been stayed by federal courts. On September 29, 2023, the U.S. Supreme Court announced that it would review both the Florida and Texas decisions, and a decision is expected during the first half of 2024. Any changes to the protection afforded by Section 230 of the CDA could decrease or change our protections from liability for third-party content in the U.S. There are other cases pending before the judiciary that may result in changes to the protections Section 230 of the CDA affords to internet platforms. We could incur significant costs investigating and defending such claims and, if we are found liable, significant damages or license costs. We could also face fines or orders restricting or blocking our services in particular geographies as a result of content hosted on our services. If any of these events occur, we may incur significant costs or be required to make significant changes to our products, services, business practices, or operations and our business could be seriously harmed. We also could be harmed by government investigations, litigation, or changes in laws and regulations directed at our business partners or suppliers in the technology industry that have the effect of limiting our ability to do business with those entities. For example, the U.S. government recently has taken action against companies operating in China intended to limit their ability to do business in the U.S. or with U.S. companies.

There can be no assurance that our business will not be materially adversely affected, individually or in the aggregate, by the outcomes of such investigations, litigation, or changes to laws and regulations in the future.

***We are subject to governmental export and import controls that could impair our ability to compete in international markets and subject us to liability if we are not in compliance with applicable laws.***

Our products, services, and platform are subject to various restrictions under U.S. export control and sanctions laws and regulations, including the U.S. Department of Commerce's Export Administration Regulations, and various economic and trade sanctions regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control. The U.S. export control laws and U.S. economic sanctions laws include restrictions or prohibitions on the sale or supply of certain products and services to embargoed or sanctioned countries, governments, persons, and entities, identified by the U.S., and also require authorization for the export of certain encryption items. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain cloud-based solutions to countries, governments, and persons targeted by U.S. sanctions. In addition, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted or could enact laws that could limit our ability to make available or implement our platform in those countries. While we have implemented certain procedures to facilitate compliance with applicable laws and regulations in connection with the collection of this information, we cannot assure you that these procedures have been effective or that we, or third parties, many of whom we do not control, have complied with all laws or regulations in this regard. Failure by our customers, employees, representatives, contractors, partners, agents, intermediaries, or other third parties to comply with applicable laws and regulations in the collection of this information also could have negative consequences to us, including reputational harm, government investigations, and penalties.

Although we take precautions to prevent our information collection practices from being in violation of such laws, our information collection practices may have been in the past, and could in the future be, in violation of such laws. If we or our employees, representatives, contractors, partners, agents, intermediaries, or other third parties fail to comply with these laws and regulations, we could be subject to civil or criminal penalties, including the possible loss of export privileges and fines and penalties. We may also be adversely affected through other penalties, reputational harm, loss of access to certain countries, or otherwise. Obtaining the necessary authorizations, including any required license, for a particular transaction may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities. While we are working to implement additional controls designed to prevent similar activity from occurring in the future, these controls may not be fully effective.

Changes in our platform, or changes in sanctions and import and export laws, may delay the introduction and sale of subscriptions to access our products or services internationally, prevent our customers with international operations from using our platform, or in some cases, prevent the access or use of our platform to and from certain countries, governments, persons, or entities altogether. Further, any change in export or import regulations, economic sanctions, or related laws, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons, or technologies targeted by such regulations could result in decreased use of our platform or in our decreased ability to export or sell subscriptions to use our platform to existing or prospective customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell subscriptions to use our platform could materially adversely affect our business, financial condition, results of operations, and prospects.

We are also subject to the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"), the U.K. Bribery Act 2010 (the "Bribery Act"), and other anti-corruption, sanctions, anti-bribery, anti-money laundering, and similar laws in the U.S. and other countries in which we conduct activities. Anti-corruption and anti-bribery laws, which have been enforced aggressively and are interpreted broadly, prohibit companies and their employees, agents, intermediaries, and other third parties from promising, authorizing, making, or offering improper payments or other benefits to government officials and others in the private sector. In the future, we may leverage third parties, including intermediaries, agents, and partners, to conduct our business in the U.S. and abroad and to sell subscriptions. We and these third parties may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities, and we may be held liable for the corrupt or other illegal activities of these third-party partners and intermediaries, our employees, representatives, contractors, partners, agents, intermediaries, and other third parties, even if we do not explicitly authorize such activities. While we have policies and procedures to facilitate compliance with the FCPA, the Bribery Act, and other anti-corruption, sanctions, anti-bribery, anti-money laundering, and similar laws, we cannot assure you that they will be effective, or that all of our employees, representatives, contractors, partners, agents, intermediaries, or other third parties have taken, or will not take actions, in violation of our policies and procedures and applicable law, for which we may be ultimately held responsible. As we increase our

international sales and business, our risks under these laws may increase. Noncompliance with these laws could subject us to investigations, severe criminal or civil sanctions, settlements, prosecution, loss of export privileges, suspension or debarment from U.S. government contracts, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, whistleblower complaints, adverse media coverage, and other consequences. Any investigations, actions, or sanctions could materially adversely affect our business, financial condition, results of operations, and prospects.

***Certain of our services subject us to complex and evolving laws and regulations regarding the unauthorized practice of law (“UPL”).***

UPL generally refers to a person or entity that is not licensed to practice law but that gives legal advice or advertises its services as the practice of law. As a result of our acquisition of Levelset in November 2021, certain lien rights management services that we now offer involve activities that could represent an alternative to traditional legal services and, as a result, may potentially subject us to UPL allegations. Our lien rights management business model includes the provision of document-processing services in connection with the filing of mechanic's liens. In the past, various aspects of Levelset's lien rights management offering have been subject to claims of UPL. We currently face, and may in the future, continue to face, similar claims, actions, or proceedings.

The laws and regulations that define UPL, and the governing bodies that enforce UPL rules, differ among the various jurisdictions in which we operate, and the scope of these laws and regulations is often vague, broad, and evolving. As a result, the application and interpretation of these laws and regulations can be uncertain and conflicting. For example, regulation of legal document processing, a component of our lien rights management offering, varies among the jurisdictions in which we conduct business. Compliance with these disparate laws and regulations may require us to structure our business and services differently in certain jurisdictions, which could lead to operating inefficiencies. Maintaining compliance with UPL rules across various jurisdictions may cause us to incur significant expenses and may require that we dedicate significant management time to dealing with UPL issues, which could divert management's attention from other matters.

As we continue to support our lien rights management offering or expand into new jurisdictions, we may face increased scrutiny and risk of additional UPL claims, actions, or proceedings. Any failure or perceived failure by us to comply with applicable UPL laws and regulations may subject us to regulatory inquiries, actions, lawsuits, or proceedings. Levelset has incurred in the past, and we expect to incur in the future, costs associated with responding to, defending, resolving, and settling UPL claims, actions, and proceedings. We can give no assurance that we will prevail in any such matters on commercially reasonable terms or at all. Responding to, defending, and settling regulatory inquiries, action, lawsuits, and proceedings may be time-consuming and divert management and financial resources or have other adverse effects on our business. A negative outcome in any of these proceedings may result in claims, actions, changes to or discontinuance of some of our services, potential liabilities, and additional costs that could materially adversely affect our business, financial condition, results of operations, and prospects.

**Risks Related to Our Intellectual Property**

***Our failure to protect our intellectual property rights and proprietary information could diminish our brand and other intangible assets and otherwise materially adversely affect our business, financial condition, results of operations, and prospects.***

We primarily rely and expect to continue to rely on a combination of patent, copyright, trademark, and trade secret laws, as well as confidentiality procedures, licenses, and contractual restrictions, to establish and protect our intellectual property rights and proprietary information, all of which provide only limited protection. As of December 31, 2023, we had 56 issued patents in the U.S. and 73 pending patent applications in the U.S. Additionally, we had 18 pending patent applications in foreign countries, as well as 10 pending international patent applications that preserve our right to file additional foreign patent applications in the future. Our issued patents in the U.S. will expire between 2034 and 2042. We continually review our development efforts to assess the existence and patentability of new intellectual property.

We have devoted substantial resources to the development of our proprietary technologies and related processes. We make business decisions about when to seek patent protection for a particular technology and when to rely upon copyright or trade secret protection, and the approach we select may ultimately prove to be

inadequate. Even when we seek patent protection, there is no assurance that the resulting patents will effectively protect every significant feature of our products, services, or platform. In addition, we believe that the protection of our trademark rights is an important factor in product recognition, protecting our brand, and maintaining goodwill. If we do not adequately protect our rights in our trademarks from infringement, misappropriation, and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business. In order to protect our proprietary technologies and processes, we rely in part on trade secret laws and confidentiality agreements with our employees, consultants, and third parties. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of such information.

Third parties may knowingly or unknowingly infringe our proprietary rights, or may challenge our proprietary rights, and we may not be able to prevent infringement without incurring substantial expenses. Others may independently discover our trade secrets, in which case we would not be able to assert trade secret rights, or develop similar technologies and processes. Additionally, pending and future patent, trademark, and copyright applications may not be approved, and our issued patents may be contested, circumvented, found unenforceable, or invalidated. Further, laws in certain jurisdictions may afford little or no trade secret protection, and any changes in, or unexpected interpretations of, the intellectual property laws in any country in which we operate may compromise our ability to enforce our intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. If the protection of our proprietary rights is inadequate to prevent use or appropriation by third parties, the value of our products, services, platform, brand, and other intangible assets may be diminished, and competitors may be able to more effectively replicate our platform and its features. Any of these events could materially adversely affect our business, financial condition, results of operations, and prospects.

***We license technology from third parties and our inability to maintain those licenses could materially adversely affect our business, financial condition, results of operations, and prospects.***

We currently incorporate, and will in the future incorporate, technology that we license from third parties into our products, services, and platform. We cannot be certain that our licensors do not or will not infringe on the intellectual property rights of third parties or that our licensors have or will have sufficient rights to the licensed intellectual property in all jurisdictions where we may sell subscriptions to use our products, services, or platform. Some of our agreements with our licensors may be terminated by them for convenience or otherwise provide for a limited term. If we are unable to continue our license agreements or enter into new licenses on commercially reasonable terms, our ability to develop and sell subscriptions to use products or services containing that technology would be limited, and our business could be harmed. For example, if we are unable to license technology from third parties, such as technology that helps enable our products, services, or platform, we may be forced to acquire or develop alternative technology, which we may be unable to do in a commercially feasible manner or at all, which may require us to use alternative technology of lower quality or performance standards. This could limit or delay our ability to offer certain existing, new, or competitive products or services and may increase our costs. As a result, our business, financial condition, and results of operations could be materially adversely affected.

Our use of third-party open source software could negatively affect our ability to sell subscriptions to access our products and subject us to possible litigation.

We use third-party open source software. From time to time, companies that use third-party open source software have faced claims challenging the use of such open source software and compliance with the open source software license terms. Accordingly, we may be subject to lawsuits by parties claiming ownership of what we believe to be open source software or claiming non-compliance with the applicable open source licensing terms. Some open source software licenses require end-users, who distribute or make available across a network software and services that include open source software, to make publicly available or to license all or part of such software (which in some circumstances could include valuable proprietary code, such as modifications or derivative works created, based upon, incorporating, or using the open source software) under the terms of the particular open source license. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and protect our valuable proprietary source code, we may inadvertently use third-party open source software in a manner that exposes us to claims of non-compliance with the terms of the applicable license, including claims of intellectual property rights infringement or for breach of contract. Furthermore, there exists today an increasing number of types of open source software licenses, almost none of which have been tested in courts of law to provide clarity on their proper legal interpretation. If

we were to receive a claim of non-compliance with the terms of any of these open source licenses, we may be required to publicly release certain portions of our proprietary source code. We could also be required to expend substantial time and resources to re-engineer some or all of our software. Any of the foregoing could materially adversely affect our business, financial condition, results of operations, and prospects.

In addition, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software because open source licensors generally do not provide warranties or controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our platform. Any of the foregoing could materially adversely affect our business, financial condition, results of operations, and prospects, and could help our competitors develop products and services that are similar to or better than ours.

***Our customers' and other users' violations of our policies or other misuse of our platform to transmit unauthorized, offensive, or illegal messages, spam, phishing scams, and website links to harmful applications or for other fraudulent or illegal activity could damage our reputation, and we may face a risk of litigation and liability for illegal activities on our platform and unauthorized, inaccurate, or fraudulent information distributed via our platform.***

Despite our ongoing and substantial efforts to limit such use, certain customers or other users may use our platform to transmit unauthorized, offensive, or illegal messages, calls, spam, phishing scams, and website links to harmful applications, reproduce and distribute copyrighted material or the trademarks of others without permission, and report inaccurate or fraudulent data or information. These actions are in violation of our policies. Our efforts to defeat spamming attacks, illegal robocalls, and other fraudulent activity will not prevent all such attacks and activity. Such use of our platform could damage our reputation and we could face claims for damages, regulatory enforcement, copyright or trademark infringement, defamation, negligence, or fraud. Moreover, our customers' and other users' promotion of their products and services through our platform might not comply with federal, state, and foreign laws. We rely on contractual representations made to us by our customers that their use of our platform will comply with our policies and applicable law. Although we retain the right to verify that customers and other users are abiding by our policies, our customers and other users are ultimately responsible for compliance with our policies, and we do not systematically audit our customers or other users to confirm compliance with our policies. Although Section 230 of the CDA currently limits liability for third-party content posted on internet platforms, we cannot predict whether that protection will remain in effect. See the risk factor titled "Increased government scrutiny of the technology industry could negatively affect our business."

#### **Risks Related to Our Acquisitions**

***We may be unsuccessful in making, integrating, and maintaining acquisitions, joint ventures, and strategic investments, which could materially adversely affect our business, financial condition, results of operations, and prospects.***

We expect to evaluate and complete a wide array of potential strategic transactions, including acquisitions of businesses, joint ventures, new technologies, services, products, and other assets, and other strategic investments. Any of these transactions could be material to our business, financial condition, results of operations, and prospects. However, we may not be able to find suitable acquisition, joint venture, and strategic investment candidates, transactions may be subject to regulatory scrutiny, and we may not be able to complete transactions on favorable terms or at all.

Even if we are able to complete these transactions, we may not be able to realize the anticipated benefits of such transactions in the time frame expected or at all. In particular, if we are unable to successfully operate as a combined business after the completion of such transactions, including in respect of the Levelset acquisition, to achieve shared growth opportunities or combine reporting or other processes within the expected time frame, such delay may materially and adversely affect the benefits that we expect to achieve as a result of any such acquisition. For example, in October 2023, we ceased originations under our materials financing program, which we assumed pursuant to the Levelset acquisition. Such transactions may not ultimately strengthen our competitive position or achieve our strategic goals and may disrupt our ongoing business, increase our expenses, and otherwise present risks not contemplated at the time of the transaction. Valuations supporting our acquisitions and strategic investments could change rapidly. Following any such transaction, we could determine that such valuations have experienced impairments or other-than-temporary declines in fair

value which could materially adversely affect our business, financial condition, operating results, and prospects through the write-off of goodwill and other impairment charges.

To finance such transactions, we may have to pay cash, incur debt, or issue securities, including equity-based securities, each of which could affect our financial condition or the value of our capital stock. The sale of equity to finance any such transaction could result in dilution to our stockholders. If we incur debt in connection with such a transaction, it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to flexibly operate our business. Any of these factors could materially adversely affect our ability to consummate a transaction, and our business, financial condition, results of operations, and prospects.

#### **Risks Related to Tax Matters**

***We could be required to collect additional sales and use, value added, goods and services, business, gross receipts, and other indirect tax liabilities in various jurisdictions, which could materially adversely affect our business, financial condition, results of operations, and prospects.***

We currently collect and remit applicable indirect taxes in jurisdictions where we, through our employees or economic activity, have a presence and where we have determined, based on applicable legal precedents, that sales of subscriptions to access our products, services, and platform are taxable. We do not currently collect and remit indirect taxes, including state and local excise, utility user, and ad valorem taxes, fees, and surcharges in jurisdictions where we believe we do not have sufficient "nexus." There is uncertainty as to what constitutes sufficient nexus for a state or local jurisdiction to levy taxes, fees, and surcharges on sales made over the internet, and there is also uncertainty as to whether our characterization of our products, services, and platform as not taxable in certain jurisdictions will be accepted by state and local tax authorities.

Tax authorities may challenge our position that we do not have sufficient nexus in a taxing jurisdiction or that our products, services, and platform are not taxable in such jurisdiction and may decide to audit our business and operations with respect to indirect taxes, which could result in significant tax liabilities (including related penalties and interest) for us or our customers, which could materially adversely affect our business, financial condition, results of operations, and prospects.

The application of indirect taxes, such as sales and use, value added, goods and services, business, and gross receipts taxes, to businesses that transact online, such as ours, is a complex and evolving area. Following the 2018 U.S. Supreme Court decision in *South Dakota v. Wayfair, Inc.*, states and local jurisdictions in certain circumstances may levy sales and use taxes on sales of goods and services based on "economic nexus," regardless of whether the seller has a physical presence in such jurisdiction. A number of states have already begun, or have positioned themselves to begin, requiring collection of sales and use taxes by online sellers. The details and effective dates of these collection requirements vary from state to state. As a result, it may be necessary for us to reevaluate whether our activities give rise to sales, use, and other indirect taxes as a result of any nexus in those states in which we are not currently registered to collect and remit taxes. Additionally, we may need to assess our potential tax collection and remittance obligations based on the requirements of existing or future economic nexus laws. There have been, and will continue to be, substantial ongoing costs associated with complying with the various indirect tax requirements in the numerous jurisdictions in which we conduct or may conduct business. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such obligations. The application of existing, or future indirect tax laws, whether in the U.S. or internationally, or the failure to collect and remit such taxes, could materially adversely affect our business, financial condition, results of operations, and prospects.

***Our corporate structure and intercompany arrangements cause us to be subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which could materially adversely affect our business, financial condition, results of operations, and prospects.***

We are expanding our international operations and personnel to support our business internationally. We generally conduct our international operations through wholly-owned subsidiaries and are or may be required to report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by tax authorities in various jurisdictions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of such jurisdictions, including the U.S., to our international business activities, changes in tax rates, new or revised tax laws, or interpretations of existing tax laws and policies, and our ability



to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions, which are generally required to be computed on an arm's-length basis pursuant to intercompany arrangements, or may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations.

We are subject to federal, state, and local income, sales, and other taxes in the U.S. and income, withholding, transaction, and other taxes in numerous foreign jurisdictions. Evaluating our tax positions and our worldwide provision for taxes is complicated and requires the exercise of significant judgment. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. We may be audited in various jurisdictions, and such jurisdictions may assess additional taxes against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could differ materially from our historical tax provisions and accruals, which could have an adverse effect on our results of operations or cash flows in the period or periods for which a determination is made.

***Our business could be materially adversely affected by changes to tax laws.***

The tax regimes we are subject to or operate under, including income and non-income taxes, are unsettled and may be subject to significant change. Changes in tax laws, regulations, or rulings, or changes in interpretations of existing laws and regulations, could materially adversely affect our business, financial condition, results of operations, and prospects. For example, the Tax Cuts and Jobs Act (the "TCJA"), the Coronavirus Aid, Relief and Economic Security Act, and the Inflation Reduction Act (the "IRA") made many significant changes to the U.S. tax laws. Beginning in 2022, the TCJA requires taxpayers to capitalize and amortize certain research and development expenditures over five years if incurred in the U.S. and 15 years if incurred in foreign jurisdictions, rather than deducting them currently. Although there have been legislative proposals to repeal or defer the research and development expenditure capitalization requirement to later years, there can be no assurance that the provision will be repealed or otherwise modified. As another example, the IRA includes provisions that will impact the U.S. federal income taxation of certain corporations, including imposing a minimum tax on the book income of certain large corporations and an excise tax on certain corporate stock repurchases that would be imposed on the corporation repurchasing such stock. Regulatory or accounting guidance with respect to existing or future tax laws could materially affect our tax obligations and effective tax rate.

It is uncertain if, and to what extent, various states will conform to current federal law or any newly enacted federal tax legislation. In addition, many countries in Europe, as well as a number of other countries and organizations (including the Organization for Economic Cooperation and Development (the "OECD") and the European Commission), have recently proposed, recommended, or (in the case of certain countries) enacted, or are in the process of enacting, changes to existing tax laws or new tax laws that could significantly increase our tax obligations in the countries where we do business or require us to change the manner in which we operate our business. In particular, the OECD is working on a two-pillar solution to address the tax challenges arising from the digitalization of the economy, commonly referred to as BEPS 2.0, which, if implemented, would make important changes to the international tax system by allocating taxing rights in respect of certain profits of multinational enterprises above a fixed profit margin to the jurisdictions within which they carry on business (subject to certain revenue threshold rules which we do not currently meet but may meet in the future), referred to as the Pillar One proposal, and imposing a minimum effective tax rate on certain multinational enterprises, referred to as the Pillar Two proposal. A number of countries within which we carry on our business have implemented, or are currently expected to implement, core elements of the Pillar Two proposal, with effect from the start of 2024. Based on our current understanding of the minimum revenue thresholds contained in the proposed Pillar Two rules, we are likely to be within their scope. The OECD has issued administrative guidance providing transition and safe harbor rules in relation to the implementation of the Pillar Two proposal. We are monitoring developments and evaluating the potential impacts of these new rules, including on our effective tax rates, and considering our eligibility to qualify for these safe harbor rules. Any of the foregoing could materially adversely affect our business, financial condition, results of operations, and prospects, and we may be required to incur additional material costs and expenditure to ensure compliance with any such rules in each of the relevant jurisdictions within which we carry on our business.



***Our ability to use our net operating loss carryforwards ("NOL carryforwards") and certain other tax attributes may be limited.***

As of December 31, 2023, we had \$866.7 million of U.S. federal and \$626.4 million of state NOL carryforwards available to reduce taxable income that we may have in the future. It is possible that we will not generate taxable income sufficient to use certain of these NOL carryforwards. Under current law, our U.S. federal NOLs incurred in taxable years beginning after December 31, 2017 may be carried forward indefinitely, but the ability to utilize such federal NOL carryforwards to offset taxable income is limited to 80% of the current-year taxable income. In addition, federal NOL carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the Internal Revenue Code (the "IRC"), respectively. Under those sections of the IRC, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income or taxes may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period. We have experienced ownership changes in the past, and may experience additional ownership changes in the future as a result of shifts in our stock ownership, some of which may be outside of our control. Our ability to utilize our NOL carryforwards is conditioned upon generating future U.S. federal taxable income, and we do not know whether or when we will do so. Therefore, our NOL carryforwards generated prior to 2018 could expire unused. State NOL carryforwards and other state tax credits may be subject to similar limitations under state tax laws, and there may be periods during which the use of state NOL carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. If our ability to use our NOL carryforwards and tax credits is limited, or if our ability to utilize NOL carryforwards and certain tax credits is otherwise restricted by law, our business, financial condition, results of operations, and prospects could be materially adversely affected.

**Risks Related to Capital Requirements, Our Marketable Securities Portfolio, and Liquidity**

***We may need to raise additional capital to grow our business, and such capital may not be available on terms acceptable to us, or at all, which could reduce our ability to compete and could materially adversely affect our business, financial condition, results of operations, and prospects.***

We expect that our existing cash and cash equivalents will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. To support our business and operations, we will need sufficient capital to continue to make significant investments, and we may need to raise additional capital through equity or debt financings to fund such efforts. However, many factors, including recent economic volatility and interest rate increases, could adversely impact our ability to access additional capital. If such financing is not available on terms acceptable to us or at all, we may be unable to fund our growth or develop new business at the rate desired and our operating results may suffer. Debt financing increases expenses, may contain covenants that restrict the operation of our business, and must be repaid regardless of operating results. Equity financing, or debt financing that is convertible into equity, could result in dilution to our existing stockholders and a decline in our stock price.

Our inability to obtain adequate capital resources, whether in the form of equity or debt, to fund our future growth may require us to delay, scale back, or eliminate some or all of our operations or the expansion of our business, which could materially adversely affect our business, financial condition, results of operations, and prospects.

***Our marketable securities portfolio is subject to credit, liquidity, market, and interest rate risks that could cause its value to decline significantly and materially adversely affect our business, financial condition, results of operations, and prospects.***

We maintain a portfolio of marketable securities through a professional investment advisor. The investments in our portfolio are subject to our corporate investment policy, which focuses on preserving principal, maintaining liquidity, avoiding inappropriate concentration and credit risk, and capturing a market rate of return in accordance with the investment guidelines in the corporate investment policy. These investments are subject to general credit, liquidity, market, and interest rate risks. In particular, the value of our portfolio may decline due to changes in interest rates, instability in the global financial markets that reduces the liquidity of securities in our portfolio, and other factors, including unexpected or unprecedented events such as the COVID-19 pandemic. As a result, we may experience a significant decline in value or loss of liquidity of our investments, which could materially adversely affect our business, financial condition, results of operations, and

prospects. We attempt to mitigate these risks through diversification of our investments and continuous monitoring of our portfolio's overall risk profile, but the value of our investments may nevertheless decline. To the extent that we increase the amount of our security investments in the future, these risks could be exacerbated.

***Adverse developments affecting the financial services industry, such as events or concerns involving the liquidity of, or defaults or non-performance by, financial institutions, could materially adversely affect our business, financial conditions, results of operations, and prospects.***

Adverse events involving the liquidity of, defaults or non-performance by, or other adverse developments involving, financial institutions, transactional counterparties, other companies in the financial services industry, or the financial services industry generally, or concerns or rumors about any such events or developments, or other similar risks, have in the past and may in the future lead to market-wide liquidity problems and may lead to liquidity constraints for us. We maintain our cash, cash equivalents, and marketable securities with financial institutions, and our account balances with any such institutions typically exceed the individual account limit of \$250,000 insured by the Federal Deposit Insurance Corporation ("FDIC"). There is a possibility that we may not be able to access a portion of our existing cash, cash equivalents, and marketable securities, or that all or part of our balances may be at risk, due to market conditions affecting such financial institutions or the financial services industry. In the event of a bank failure or liquidity crisis, there can be no assurance that our deposits in excess of FDIC insurance limits, or other comparable insurance limits, if any, would be backstopped by the U.S. or applicable foreign governments, or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks or governmental institutions or be acquired. If other banks and financial institutions enter receivership or become insolvent in the future in response to market conditions affecting the financial services industry, our ability to access our cash, cash equivalents, and marketable securities may be threatened or compromised, which could materially adversely affect our business, financial condition, results of operations, and prospects.

#### **General Risks Related to Our Business and Investing in Our Common Stock**

***If we fail to maintain an effective system of disclosure controls and internal control over our financial reporting, including our acquired companies, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired and our business, financial condition, results of operations, and prospects could be materially adversely affected.***

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the rules and regulations of the applicable listing standards of the New York Stock Exchange. Our management and other personnel devote a substantial amount of time to compliance with these requirements. We expect that the requirements of these laws, rules, and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more complex, time-consuming, and costly, and place significant strain on our personnel, systems, and resources. We cannot predict or estimate the totality of additional costs we incur as a public company or the specific timing of such costs.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. Failure to maintain effective disclosure controls could cause us to be required to revise our financial statements, result in material misstatements in our financial statements, and cause us to fail to timely meet our periodic reporting obligations, among other outcomes. In addition, we are required, pursuant to Section 404 of the Sarbanes-Oxley Act ("Section 404") to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting. Our continuing compliance with Section 404 will require that we incur substantial expenses and expend significant management efforts. We may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

Our current disclosure controls and procedures and internal control over financial reporting, and any new controls that we develop, may become inadequate because of changes in conditions in our business, including our acquisitions. In addition, changes in accounting principles or interpretations could also challenge our controls and require that we establish new business processes, systems, and controls to accommodate such

changes. If our current and new systems, controls, or standards and any associated process changes do not give rise to the benefits that we expect or do not operate as intended, our financial reporting systems and processes, our ability to produce timely and accurate financial reports or disclosures, or the effectiveness of our internal control over financial reporting could be adversely affected. Moreover, our business may be harmed if we experience problems with any new systems or controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise. Our ability to manage our operations and growth through, for example, the integration of recently acquired businesses, the adoption of new accounting principles and tax laws, and our back office systems that, for example, support our revenue recognition processes, will require us to further develop our controls and reporting systems and implement or amend new or existing controls and reporting systems in those areas where the implementation and integration is still ongoing. All of these changes to our financial systems and the implementation and integration of acquisitions create an increased risk of deficiencies in our disclosure controls and procedures or internal controls over financial reporting.

During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our disclosure controls and procedures and internal control over financial reporting, we will be unable to certify that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain effective disclosure controls and procedures or internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines that we have a material weakness in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weaknesses or to maintain effective disclosure controls and internal control over financial reporting could adversely affect investor confidence in our company, causing a decline in our stock price, as well as restrict our future access to capital markets. Such failure could also materially adversely affect our business, financial condition, results of operations, and prospects.

***Because we recognize revenue from subscriptions to access our products over the term of the subscription, downturns or upturns in new business will not be immediately reflected in our results of operations.***

We generate substantially all of our revenue from subscriptions to access our products. We recognize revenue ratably over the term of the subscription, beginning on the date that access to our products is made available to our customer. Our subscriptions generally have annual or multi-year terms. As a result, the significant majority of our revenue is generated from subscriptions entered into during prior periods. Consequently, a decline in new or renewed subscriptions in any one quarter may not significantly reduce our revenue for that quarter, but could negatively affect our revenue in future periods. Accordingly, the effect of downturns or upturns in new sales and potential changes in our rate of renewals may not be fully reflected in our results of operations until future periods. Our revenue recognition model also makes it difficult for us to rapidly increase our revenue through new subscriptions in any period.

Our ability to recognize revenue may also be affected by the length and unpredictability of the sales cycle for our products, especially with respect to larger enterprises and owners. Such customers typically undertake a significant evaluation and negotiation process due to their leverage, size, organizational structure, and approval requirements, all of which can lengthen our sales cycle. We may spend substantial time, effort, and money on sales efforts to such customers without any assurance that our efforts will produce any sales or that these customers will deploy our platform widely enough across their business to justify our substantial upfront investment. As a result, we anticipate increased sales to large enterprises will lead to higher upfront sales costs and greater unpredictability, which could materially adversely affect our business, results of operations, financial condition, and prospects.

In addition, as required by the recent revenue recognition standard under Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, we disclose the transaction price allocated to remaining performance obligations ("RPO"). It is possible that analysts and investors could misinterpret our disclosure or that the terms of our customer subscriptions or other circumstances could cause our methods for

calculating this disclosure to differ significantly from others, which could lead to inaccurate or unfavorable forecasts by analysts and investors.

***If we experience excessive fraudulent activity or cannot meet evolving credit card association merchant standards, we could incur substantial costs and lose the right to accept credit cards for payment, which could cause our customer base to decline significantly and could materially adversely affect our business, financial condition, results of operations, and prospects.***

Substantial losses due to fraud or our inability to accept credit card payments could cause our customer base to significantly decrease and would harm our business.

A significant portion of our customers authorize us to bill their credit card accounts directly for our products, and certain of our customers purchase from us directly and are required to keep their payment methods current for monthly billing purposes. Our customers provide us with credit card billing information online or over the phone, and we do not review the physical credit cards used in these transactions, which increases our risk of exposure to fraudulent activity. We have incurred charges, which we refer to as chargebacks, from credit card companies for claims that the customer did not authorize the credit card transaction for our products. We may be required to pay for unauthorized credit charges and expenses with no reimbursement from the customer. If the number of claims of unauthorized credit card transactions becomes excessive, we could be assessed substantial fines for excess chargebacks, and we could lose the right to accept credit cards for payment. Although we implement multiple fraud prevention and detection controls, we cannot assure you that these controls will be adequate to protect against fraud.

In addition, credit card issuers may change merchant standards, including data protection and documentation standards, required to utilize their services from time to time. If we fail to comply with such standards, the credit card associations could fine us or terminate their agreements with us, and we would be unable to accept credit cards as payment for our products.

***Our business could be disrupted by macroeconomic and geopolitical events or catastrophic occurrences.***

Our platform and the infrastructure on which our platform relies are vulnerable to damage or interruption from macroeconomic and geopolitical events, including military conflict or war (such as the Russia-Ukraine war), disease (such as the COVID-19 pandemic), trends within the commercial construction industry, inflation and responses by governments to address it, supply chain disruptions, and bank failures, or catastrophic occurrences, including earthquakes, floods, fires, other natural disasters, power loss, telecommunication failures, terrorist attacks, criminal acts, sabotage, and other intentional acts of vandalism and misconduct, or other similar events, each of which could materially adversely affect our business, financial condition, results of operations, and prospects, or the business of our customers, partners, vendors, or the economy as a whole. For example, our corporate headquarters are located near Santa Barbara, California, a region known for seismic activity and severe fires, and a catastrophic event in this region could materially adversely affect our business, financial condition, results of operations, and prospects. The impact of climate change could result in an increase in the frequency or severity of such events. Climate-related events have the potential to disrupt our business, our third-party suppliers, and the business of our customers, may cause us to experience higher attrition, losses, and additional costs to maintain and resume operations, and may subject us to increased regulations, reporting requirements, standards, or expectations regarding the environmental impacts of our business.

Although we maintain incident management and disaster response plans, in the event of a major disruption, we may be unable to continue our operations and may experience system interruptions and reputational harm. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate.

***The market price of our common stock may be volatile, and you could lose all or part of your investment.***

The market price of our common stock has in the past been volatile, and is likely to be volatile again in the future. In light of recent macroeconomic factors such as trends within the commercial construction industry, inflation, interest rate changes, bank failures, and the COVID-19 pandemic, geopolitical events such as the Russia-Ukraine war, and the market for technology companies in particular, the stock market in general has

experienced extreme volatility, which has often been unrelated to the operating performance of particular companies. The market price for our common stock may also be influenced by the following factors: actual or anticipated changes or fluctuations in our results of operations; the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections; announcements by us or our competitors of new products or new or terminated significant contracts, commercial relationships, or capital commitments; changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular; and actual or anticipated developments in our business, our competitors' businesses, or the competitive landscape generally. In addition, the limited public float of our common stock may tend to increase the volatility of the trading price of our common stock. As a result of this volatility, you may not be able to sell your common stock at or above the price you paid for your shares. Additionally, the foregoing factors, along with other market and industry factors, may cause the market price and demand for our common stock to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from selling their shares at or above the price paid for the shares and may otherwise negatively affect the liquidity of our common stock.

***Concentration of ownership of our common stock among our existing executive officers, directors, and principal stockholders may prevent new investors from influencing significant corporate decisions, including mergers, consolidations, or the sale of us or all or substantially all of our assets.***

Our executive officers, directors, and stockholders who own more than 5% of our outstanding common stock, beneficially own, in the aggregate, a significant percentage of our outstanding common stock. Furthermore, several of our current directors were appointed by our principal stockholders. As a result, such persons or their appointees to our board of directors of the Company (our "Board"), acting together, will have the ability to control or significantly influence all matters submitted to our Board or stockholders for approval, including the appointment of our management, the election and removal of directors, and the approval of any significant transactions, as well as our management and business affairs. If these persons choose to act together, they may be able to significantly influence all matters requiring stockholder approval, including the election and removal of directors and the approval of any merger, consolidation, or sale of all or substantially all of our assets. In addition, if any of our executive officers, directors, and stockholders who own more than 5% of our outstanding common stock purchase shares, or if any of our other current investors purchase shares, such that they own more than 5% of our outstanding common stock as a result, the ability of such persons, acting together, to control or significantly influence such matters will increase. This concentration of ownership may have the effect of delaying, deferring, or preventing a change in control, impeding a merger, consolidation, takeover, or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other stockholders. Likewise, it may result in the management of our company in ways with which other stockholders disagree.

***Certain provisions in our organizational documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove members of our Board or current management, and adversely affect our stock price.***

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our Board or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified Board with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our Board;
- the denial of any right of our stockholders to remove members of our Board except for cause and, in addition to any other vote required by law, upon the approval of not less than two-thirds of the total voting power of all our outstanding voting stock then entitled to vote in the election of directors;
- the ability of our Board to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our Board to elect a director to fill a vacancy created by the expansion of our Board or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our Board;

- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairperson of our Board, chief executive officer, president, or by our Board acting pursuant to a resolution adopted by a majority of our Board, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement to obtain approval of two-thirds of the then-outstanding voting power of our capital stock in order to make certain amendments to our amended and restated certificate of incorporation; and
- advance notice procedures with which stockholders must comply to nominate candidates to our Board or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time.

***Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the U.S. as the exclusive forums for certain disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.***

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty or other wrongdoing by any of our directors, officers, employees, or agents to us or our stockholders, (3) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws, (4) any action to interpret, apply, enforce, or determine the validity of our amended and restated certificate of incorporation or amended and restated bylaws, or (5) any action asserting a claim that is governed by the internal affairs doctrine (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. This provision would not apply to lawsuits brought to enforce a duty or liability created by the Securities Act, the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction.

In addition, to prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation provides that the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. However, as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all lawsuits brought to enforce any duty or liability created by the Securities Act, and an investor cannot waive compliance with the federal securities laws and the rules and regulations thereunder, there is uncertainty as to whether a court would enforce this provision. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such an instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If a court were to find either exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 1C. Cybersecurity.**

***Risk management and strategy***

We have implemented and maintain information security processes designed to identify, assess, and manage material risks from cybersecurity threats to our critical networks, third-party hosted services, communications systems, hardware, software, and data, including intellectual property and confidential, proprietary, or sensitive information, such as customer data ("Information Systems and Data").

Our President, Product and Technology ("President of P&T"), Chief Data Officer ("CDO"), Chief Security Officer ("CSO"), and others in our cybersecurity and audit functions, help identify, assess, and manage cybersecurity threats and risks that may impact us or our business and operations. We identify and assess risks from cybersecurity threats by monitoring and evaluating our threat environment using various methods, including using manual and automated tools, subscribing to reports and services that identify cybersecurity threats, analyzing reports of threats and threat actors, conducting scans of the threat environment, evaluating threats reported to us, coordinating with law enforcement, conducting audits and threat and vulnerability assessments, using external intelligence feeds, conducting table top exercises, and operating a bug bounty program.

Depending on the environment, we implement and maintain various technical, physical, and organizational measures designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including appropriate measures suggested by security standards, an incident response plan, incident detection and response, vulnerability management process, disaster recovery/business continuity plans, risk assessments, data encryption, network security controls, access controls, physical security, vendor risk management program, employee training, penetration tests, cybersecurity insurance, and dedicated cybersecurity staff.

Our assessment and management of material risks from cybersecurity threats are integrated into our overall enterprise risk management processes and consider principles from recognized frameworks established by the National Institute of Standards and Technology, the International Organization for Standardization, and other applicable industry standards. In general, we seek to address cybersecurity risks through a cross-functional approach that is designed to preserve the confidentiality, security, and availability of the information that we collect and store by identifying, preventing, and mitigating cybersecurity incidents when they occur.

From time to time, we use third-party providers to assist us with identifying, assessing, and managing material risks from cybersecurity threats, including professional services firms, threat intelligence service providers, cybersecurity consultants, penetration testing firms, and forensic investigators.

We use third-party providers for various aspects of our business, such as data-hosting companies. We have a third-party risk management program to manage cybersecurity risks associated with our use of these providers, which includes vendor risk assessments, questionnaires, review of the vendor's security program, and contractual obligations for vendors, depending on the nature of the services provided, the sensitivity of the Information Systems and Data at issue, and the identity of the provider.

For a description of the risks from cybersecurity threats that may materially affect us, see our risk factors under the heading "Risk Factors" in Part I of this Annual Report on Form 10-K, including the risk factor titled "If our IT systems or data, or those of third parties upon which we rely, are or were compromised, we could experience adverse consequences resulting from such compromise, including, but not limited to, regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits, loss of customers or sales, and other adverse consequences, any of which could materially adversely affect our business, financial condition, results of operations, and prospects."



## **Governance**

Our Board oversees our enterprise risk management program, including the management of risks arising from cybersecurity threats. The audit committee of our Board (the “Audit Committee”) is responsible for overseeing our cybersecurity risk management processes, including oversight and mitigation of risks from cybersecurity threats. A cross-functional cybersecurity committee (the “Cybersecurity Committee”), which is comprised of members of our management team, reports to the Audit Committee.

Our cybersecurity risk assessment and management processes are implemented and maintained by certain members of our management team, including our President of P&T, CDO, and CSO. Our President of P&T has over 25 years of experience in senior executive roles that involved ownership of, and accountability for, cybersecurity matters, including Chief Information Officer, Chief Technology Officer, and Senior Vice President / General Manager. Our CDO has over 15 years of experience in IT and previously served as the Chief Information and Digital Experience Officer for a home automation company. Prior to that, she held various leadership roles at a computer software company. Our CSO has over 30 years of experience in computer science and engineering disciplines, and served as the Chief Information Security Officer at various companies prior to joining Procore.

Members of our management team, including our President of P&T, CDO, and CSO, are responsible for hiring appropriate personnel, approving budgets, helping to integrate cybersecurity considerations into our risk management strategy, communicating key priorities, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security-related reports. We provide regular training for personnel regarding cybersecurity threats, which are intended to equip them with tools to address cybersecurity threats, and to communicate our evolving information security policies, standards, processes, and practices.

Our cybersecurity incident response and vulnerability management processes are designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including to our President of P&T, CDO, and CSO. Our President of P&T, CDO, and CSO work with our incident response team to help us mitigate and remediate cybersecurity incidents, as applicable. Our incident response and vulnerability management processes include reporting to the Audit Committee and the Cybersecurity Committee, as appropriate.

The Audit Committee receives periodic reports from management concerning our significant cybersecurity threats and risks and the processes we have implemented to address them. The Cybersecurity Committee receives periodic reports from members of our cybersecurity team regarding such threats, risks, and processes. The Audit Committee and the Cybersecurity Committee also receive various reports, summaries, and presentations related to cybersecurity threats, risk, and mitigation.

## **Item 2. Properties.**

Our corporate headquarters are located in Carpinteria, California, where we lease approximately 176,000 square feet of office space pursuant to operating and finance leases that expire between September 2026 and March 2027, with options to renew through March 2037. In addition, we maintain additional offices in the U.S. in Austin, Texas; New York, New York; Portland, Oregon; Willmar, Minnesota; Tampa, Florida; New Orleans, Louisiana; and internationally in Sydney, Australia; Toronto, Canada; London, England; Cairo, Egypt; Singapore, Republic of Singapore; Paris, France; Dublin, Ireland; and Dubai, UAE. We believe our facilities are adequate and suitable for our current needs, and that should it be needed, suitable additional or alternative space will be available to accommodate our operations.

## **Item 3. Legal Proceedings.**

From time to time, we may become involved in legal proceedings arising in the ordinary course of business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together reasonably be expected to have a material adverse effect on our business, results of operations, financial condition, or cash flow.

## **Item 4. Mine Safety Disclosures.**

Not applicable.



## **PART II**

### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

#### **Market Information for Common Stock**

Our common stock is listed and traded on the NYSE under the symbol "PCOR."

#### **Dividend Policy**

We have never declared or paid any cash dividends on our common stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our Board and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our Board may deem relevant. In addition, our ability to pay dividends may be restricted by agreements we may enter into in the future.

#### **Holders of Record**

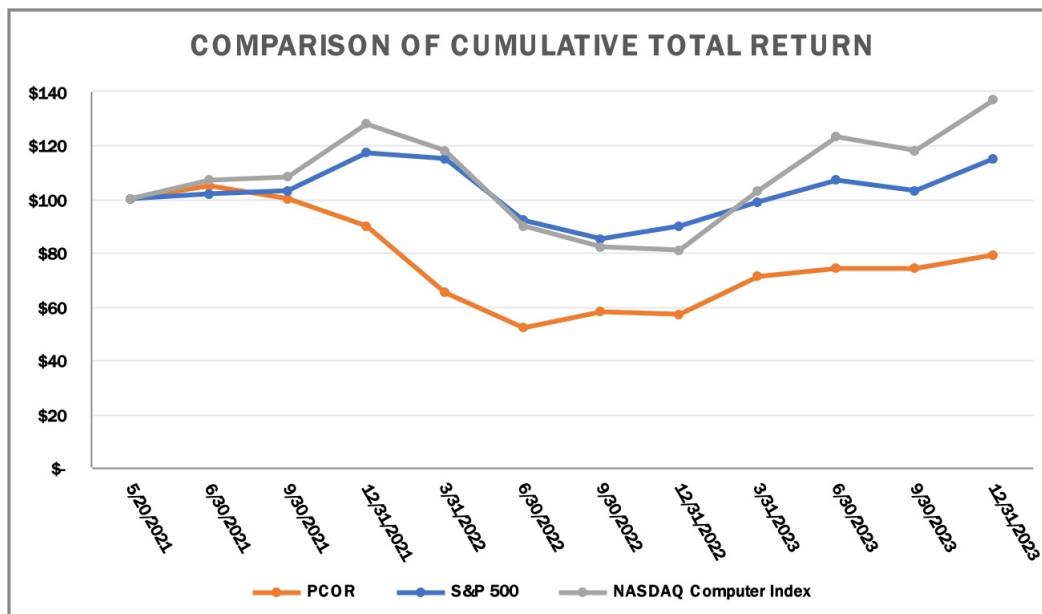
As of February 16, 2024, there were 54 registered stockholders of record of our common stock. We believe a substantially greater number of beneficial owners hold shares through brokers, banks, or other nominees.

### Stock Performance Graph

This performance graph shall not be deemed “soliciting material” or “filed” with the SEC or subject to Regulation 14A or 14C under the Exchange Act or for purposes of Section 18 of the Exchange Act or incorporated by reference into any of our filings under the Securities Act.

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the S&P 500 Index and the NASDAQ Computer Index. The graph assumes \$100 was invested in our common stock at the market close on May 20, 2021, which was our initial trading day. Data for the S&P 500 Index and the NASDAQ Computer Index assume reinvestment of dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



### Unregistered Sales of Equity Securities

None.

### Use of Proceeds

None.

### Issuer Purchases of Equity Securities

None.

Item 6. [Reserved.]

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report on Form 10-K. You should review the disclosure under Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. These statements, like all statements in this report, speak only as of their date (unless another date is indicated), and we undertake no obligation to update or revise these statements in light of future developments, except as required by law. A discussion of our financial condition and results of operations for the fiscal year ended December 31, 2023 compared to the fiscal year ended December 31, 2022 is presented below. A discussion of our financial condition and results of operations for the fiscal year ended December 31, 2022 compared to the year ended December 31, 2021 has been reported previously under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 1, 2023.*

### **Overview**

Our mission is to connect everyone in construction on a global platform.

We are the leading global provider of cloud-based construction management software, and are helping transform one of the oldest, largest, and least digitized industries in the world. We focus exclusively on connecting and empowering the construction industry's key stakeholders, such as owners, general contractors, specialty contractors, architects, and engineers, to collaborate and access our capabilities from any location, on any internet-connected device. Our platform is modernizing and digitizing construction management by enabling real-time access to critical project information, simplifying complex workflows, and facilitating seamless communication among key stakeholders, all of which we believe positions us to serve as the system of record for the construction industry. We are also continuing to develop other programs and services to address related challenges faced by the construction industry's key stakeholders. Adoption of our products, services, and platform helps our customers increase productivity and efficiency, reduce rework and costly delays, improve safety and compliance, and enhance financial transparency and accountability.

In short, we build the software for the people that build the world.

We serve customers ranging from small businesses managing a few million dollars of annual construction volume to global enterprises managing billions of dollars of annual construction volume. Our core customers are owners, general contractors, and specialty contractors operating across the commercial, residential, industrial, and infrastructure segments of the construction industry. We primarily sell subscriptions to access our products through our direct sales team, which is specialized by stakeholder, region, size, and type.

Our products are offered on our cloud-based platform and are designed to be easy to configure and deploy. Our users can access our products on computers, smartphones, and tablets through any web browser or from our mobile application available for both the iOS and Android platforms.

We generate substantially all of our revenue from subscriptions to access our products and have an unlimited user model that is designed to facilitate adoption and maximize usage of our platform by all project stakeholders. We primarily sell our products on a subscription basis for a fixed fee with pricing generally based on the number and mix of products to which a customer subscribes and the fixed aggregate dollar volume of construction work contracted to run on our platform annually, which we refer to as annual construction volume. As our customers subscribe to additional products or increase the annual construction volume contracted to run on our platform, we generate more revenue. We do not provide refunds for unused construction volume, or charge customers based on consumption or on a per project basis. Subscriptions to access our products include customer support and allow for unlimited users as we do not charge a per-seat or per-user fee. Customers can invite all project participants to engage with our platform as part of a project team, including customers' employees and collaborators, who are other project participants who engage with our platform but do not pay us for such use. Further, multiple stakeholders can be customers on the same project and retain access to project information for the duration of their subscription.

## Certain Factors Affecting Our Performance

### ***Acquiring New Customers and Retaining and Expanding Existing Customers' Use of Our Platform***

We are highly focused on continuing to acquire new customers and expand existing customers' use of our platform to support our long-term growth. We intend to efficiently drive new customer acquisitions by continuing to invest across our sales and marketing engine to engage our prospective customers, increase brand awareness, and drive adoption of our products, services, and platform. As of December 31, 2023, 2022, and 2021, the number of customers on our platform was 16,367, 14,488, and 12,193, respectively, reflecting year-over-year growth rates of 13% in 2023 and 19% in 2022. We intend to expand existing customers' use of our platform by capturing more projects, which increases annual construction volume, selling additional existing products and services, and offering new products and services that address additional customer needs. As a result of our focus on acquiring new customers and expansion of existing customers' use of our platform, we have also seen an increase in the number of customers that contributed more than \$100,000 of ARR, which was 2,008, 1,576, and 1,111 as of December 31, 2023, 2022, and 2021, respectively, reflecting year-over-year growth rates of 27% in 2023 and 42% in 2022. Customers that contributed more than \$100,000 of ARR represented 60%, 57%, and 52% of total ARR in each of the annual periods ending December 31, 2023, 2022, and 2021, respectively. The number of customers that contributed more than \$1,000,000 of ARR was 62, 47, and 30 as of December 31, 2023, 2022, and 2021, respectively, reflecting year-over-year growth rates of 32% in 2023 and 57% in 2022. Customers that contributed more than \$1,000,000 of ARR represented 14%, 12%, and 10% of total ARR in each of the annual periods ending December 31, 2023, 2022, and 2021, respectively. All aforementioned customer counts exclude Levelset and Esticom customers that do not have standard Procore annual contracts.

We define ARR at the end of a particular period as the annualized dollar value of our subscriptions from customers as of such period end date. For multi-year subscriptions, ARR at the end of a particular period is measured by using the stated contractual subscription fees as of the period end date on which ARR is measured. For example, if ARR is measured during the first year of a multi-year contract, the first-year subscription fees are used to calculate ARR. ARR at the end of a particular period includes the annualized dollar value of subscriptions for which the term has not ended, and subscriptions for which we are negotiating a subscription renewal. ARR should be viewed independently of revenue determined in accordance with accounting principles generally accepted in the U.S. ("GAAP" or "U.S. GAAP") and does not represent our U.S. GAAP revenue on an annualized basis. ARR is not intended to be a replacement or forecast of revenue.

We consider gross retention rate ("GRR") to be a key metric and indication of our ability to retain our customer base and to evaluate whether our products and platform are addressing our customers' needs throughout the year. Our GRR reflects only customer losses and does not reflect customer expansion or contraction. We believe our high GRR demonstrates that we serve a vital role in our customers' operations, as the vast majority of our customers continue to use our products and platform and to renew their subscriptions.

To calculate GRR at the end of a particular period, we first calculate our ARR from the cohort of active customers at the end of the period 12 months prior to the end of the period selected. We then calculate the value of ARR from any customers whose subscriptions terminated and were not renewed during the 12 months preceding the end of the period selected, which we refer to as cancellations. We then divide (a) the total prior period ARR minus cancellations by (b) the total prior period ARR to calculate GRR. Our GRR was 95% as of December 31, 2023, 2022, and 2021.

Net retention rate ("NRR") compares ARR from existing customers on a trailing 12-month basis. To calculate NRR at the end of a particular period, we first calculate ARR from the cohort of active customers at the end of the period 12 months prior to the end of the period selected. We then calculate the value of ARR from the same cohort of customers at the end of the current period selected, giving effect to expansion, contraction, or cancellations from this group of customers over the 12 months preceding the end of the period selected. We then divide (a) the total current period ARR by (b) the total prior period ARR to calculate NRR. Our NRR was 114% and 117%, as of December 31, 2023 and 2022, respectively. However, as further described below, we do not believe NRR is a key metric due to the impact of pooled volume contracts.

To help our customers address the variable nature of their construction volume, we offer (a) annual subscription contracts with construction volume over a one-year period; (b) multi-year subscription contracts with construction volume measured annually over successive one-year periods; and (c) pooled volume

contracts with fixed flat annual fees based on anticipated construction volume measured over multiple years (typically, two- or three-year periods).

Pooled volume contracts are most commonly purchased by customers whose project portfolios include large-scale, multi-year construction projects (typically larger customers) because pooled volume contracts give these customers the flexibility to deploy construction volume as the needs within their project portfolios change. Pooled volume contracts allow our customers to avoid defining their construction volume commitments in a given year and the attendant risk of their construction volume usage exceeding their contracted-for amount. With pooled volume contracts, our customers can benefit from paying the same amount over multi-year periods regardless of any changes in their project portfolios. Pooled volume contracts may also help these customers secure volume-based price discounts from us at contract inception, as well as allow us to secure larger up-front commitments from these customers.

In pooled volume contracts, NRR does not capture a customer's increase in construction volume usage because the fixed annual fees in these arrangements result in 100% NRR. Pooled volume contracts generally result in lower NRR than what would have been reflected had those customers signed annual subscription contracts with construction volume measured over a one-year period or multi-year subscription contracts measured over successive one-year periods, as customers tend to increase usage of our platform year-over-year. Because NRR does not properly capture our customers' actual construction volume usage under the pool volume model, we do not believe NRR is the best indicator of our ability to retain and grow our customer base.

Our ability to continue to grow our business and serve the broader needs of the construction industry depends on acquiring new customers, customers purchasing new products or signing up for new services, customers renewing and expanding their use of existing products and services, and maintaining or increasing the price of our existing products and services.

### **Remaining Performance Obligations**

Our subscriptions typically have a term of one to three years. The transaction price allocated to RPO under our subscriptions represents the contracted transaction price that has not yet been recognized as revenue, which includes deferred revenue and amounts under non-cancelable subscriptions that will be invoiced and recognized as revenue in future periods. Our current RPO ("cRPO") represents future revenue under existing contracts that is expected to be recognized as revenue in the next 12 months.

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

|                 | Year Ended December 31, |            |            | % Growth Year Ended December 31, |      |
|-----------------|-------------------------|------------|------------|----------------------------------|------|
|                 | 2023                    | 2022       | 2021       | 2023                             | 2022 |
|                 | (dollars in thousands)  |            |            |                                  |      |
| cRPO            | \$ 698,284              | \$ 561,200 | \$ 418,800 | 24 %                             | 34 % |
| Non-current RPO | 302,215                 | 236,300    | 183,800    | 28 %                             | 29 % |
| Total RPO       | \$ 1,000,499            | \$ 797,500 | \$ 602,600 | 25 %                             | 32 % |

We believe that cRPO is a key metric to track our ability to win fixed revenue commitments from new customers and to expand and retain existing customers. cRPO increased by \$137.1 million in 2023 and \$142.4 million in 2022, representing a year-over-year growth rate of 24% in 2023 and 34% in 2022. We believe that macroeconomic factors have resulted in cautious customer spending, contributing to a decline in the cRPO annual growth rate. During 2023, approximately 34% of the increase was attributable to existing customers and 66% was attributable to new customers acquired during the year. During 2022, approximately 48% of the increase was attributable to existing customers and 52% was attributable to new customers acquired during the year. We expect RPO to change from period to period primarily due to the size, timing, and duration of new customer contracts and customer renewals.

### ***Continued Technology Innovation and Strategic Expansion of Our Products and Services***

We plan to continue to invest in technology innovation and product development to enhance the capabilities of our platform. Additional features and products will also enable customers and collaborators to manage new workflows on our platform and allow us to attract a broader set of stakeholders. We have introduced new products and services developed in-house and through our acquisitions of Zimfly, Inc., Honest Buildings, Inc., Construction BI, LLC, Esticom, LaborChart, Levelset, and Uneath.

We intend to continue to invest in building additional products, offerings, features, and functionality that expand our capabilities and facilitate the extension of our platform. For example, in March 2023, we launched Procore Risk Advisors, a modern construction brokerage that offers insurance and surety solutions; in September 2023, we launched Procore Pay, a payment solution that handles all aspects of the payment processes between general contractors and subcontractors; and in September 2023, we acquired Uneath, a geographic information systems asset management platform that helps general contractors and infrastructure providers connect assets, data, and field teams. We also intend to continue to evaluate strategic acquisitions and investments in businesses and technologies to drive product and market expansion. While the impact of these developments, including Procore Pay, is not yet material to our business, our future success is dependent on our ability to successfully develop or acquire, market, and sell existing and new products and services to both new and existing customers.

### ***International Growth***

We see international expansion as a major, and largely greenfield, opportunity for growth as we look to capture a larger part of the worldwide construction market. We have been growing our presence internationally with sales and marketing offices in Sydney, Australia; Toronto, Canada; London, England; Paris, France; Dublin, Ireland; and Dubai, UAE. We have also developed focused sales and marketing efforts in Germany, where we do not maintain an office location. As a result of our international efforts, we support multiple languages and currencies. Non-U.S. revenue as a percentage of our total revenue was 14% for the years ended December 31, 2023 and 2022, respectively. We determine the percentage of non-U.S. revenue based on the billing location of each customer. Fluctuations in foreign currencies may positively or negatively impact the amount of revenue that we report for our foreign subsidiaries upon the translation of these amounts into U.S. Dollars.

Furthermore, we believe global demand for our products, services, and platform will continue to increase as we expand our international sales and marketing efforts, and the awareness of our products, services, and platform grows. However, our ability to conduct our operations internationally will require considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, currencies, cultures, customs, legal, tax and regulatory systems, alternative dispute systems, and commercial markets. We have made, and plan to continue to make, significant investments in international markets. While these investments may adversely affect our operating results in the near term, we believe they will contribute to our long-term growth.

### ***Macroeconomic Factors***

Macroeconomic and geopolitical factors such as trends within the commercial construction industry, rising inflation, rising interest rates, volatility in capital markets, bank failures, fluctuations in foreign exchange rates, global pandemics (such as the COVID-19 pandemic), and wars and other conflicts (such as the Russia-Ukraine war) may impact our customers' spending as well as our operating expenses and cash flows. We believe that macroeconomic factors have resulted in cautious customer spending, contributing to a decline in the cRPO annual growth rate. However, as they develop, we continue to monitor the ways in which such factors may directly or indirectly impact our business, results of operations, and financial condition. See the section titled "Risk Factors" in Part I of this Annual Report on Form 10-K for further discussion.

## Components of Results of Operations

### **Revenue**

We generate substantially all of our revenue from subscriptions to access our products and related support. Subscriptions are sold for a fixed fee and revenue is recognized ratably over the term of the subscription. Our subscriptions generally have annual or multi-year terms, are typically subject to renewal at the end of the subscription term, and are non-cancelable. To the extent we invoice our customers in advance of revenue recognition, we record deferred revenue. Consequently, a portion of the revenue that we report each period is attributable to the recognition of revenue previously deferred related to subscriptions that we entered into during previous periods.

### **Cost of Revenue**

Cost of revenue primarily consists of personnel-related compensation expenses for our customer support team, including salaries, benefits, stock-based compensation, payroll taxes, commissions, and bonuses. Additionally, cost of revenue includes non-personnel-related expenses, such as third-party hosting costs, amortization of acquired technology intangible assets, amortization of capitalized software development costs related to our platform, software license fees, and allocated overhead. We expect our cost of revenue to increase on an absolute dollar basis as our revenue and acquisition activities increase. We intend to continue to invest additional resources in platform hosting, customer support, and software development as we grow our business and to ensure that our customers are realizing the full benefit of our products. The level and timing of investment in these areas could affect our cost of revenue in the future.

Costs related to the development of internal-use software for new products and major platform enhancements are capitalized until the software is substantially complete and ready for its intended use. Capitalized software development costs are amortized on a straight-line basis over the developed software's estimated useful life of two years and the amortization is recorded in cost of revenue.

### **Operating Expenses**

Our operating expenses consist of sales and marketing, research and development, and general and administrative expenses. For each of these categories of expense, personnel-related compensation expenses are the most significant component, which include salaries, stock-based compensation, commissions, benefits, payroll taxes, and bonuses. To support the growth of our business, we also increased our headcount in each of these categories.

#### *Sales and Marketing*

Sales and marketing expenses primarily consist of personnel-related compensation expenses for our sales and marketing organizations. Additionally, sales and marketing expenses include non-personnel-related expenses, such as advertising costs, marketing events, travel, trade shows, and other marketing activities; amortization of acquired customer relationship intangible assets; contractor costs to supplement our staff levels; consulting services; and allocated overhead. We expense advertising and other promotional expenditures as incurred. We expect sales and marketing expenses to increase on an absolute dollar basis and vary from period to period as a percentage of revenue, as we increase our investment in sales and marketing efforts over the foreseeable future, primarily from increased headcount in sales and marketing as well as investment in marketing to drive customer growth.

#### *Research and Development*

Research and development expenses primarily consist of personnel-related compensation expenses for our engineering, product, and design teams. Additionally, research and development expenses include non-personnel-related expenses, such as contractor costs to supplement our staff levels, consulting services, amortization of certain acquired intangible assets used in research and development activities, and allocated overhead. We expect research and development expenses to increase on an absolute dollar basis and vary from period to period as a percentage of revenue for the foreseeable future as we continue to invest in headcount to build, enhance, maintain, and scale our products, services, and platform.

*General and Administrative*

General and administrative expenses primarily consist of personnel-related compensation expenses for our human resources, IT, finance, legal, executive, and other administrative functions. Additionally, general and administrative expenses include non-personnel-related expenses, such as professional fees for audit, legal, tax, and other external consulting services, including acquisition-related transaction expenses; costs associated with operating as a public company, including insurance costs, professional services, investor relations, and other compliance costs; property and use taxes; licenses, travel and entertainment costs; and allocated overhead. We expect general and administrative expenses to increase on an absolute dollar basis and vary from period to period as a percentage of revenue, as we continue to increase the size of our general and administrative functions to support the growth of our business, including our international expansion.

**Interest Income**

Interest income consists primarily of interest income earned on our marketable securities, money market funds, and cash savings accounts.

**Interest Expense**

Interest expense consists primarily of costs associated with our finance leases.

**Accretion Income, Net**

Accretion income, net consists of accretion of discounts, net of amortization of premiums, related to our available-for-sale marketable debt securities.

**Other Expense, Net**

Other expense, net primarily consists of gains or losses on foreign currency transactions, unrealized gains or losses on equity securities, and miscellaneous other income and expenses.

**Provision for Income Taxes**

Provision for income taxes consists primarily of income taxes of U.S. state franchise taxes and certain foreign jurisdictions in which we conduct business. As we expand our international operations, we expect to incur increased foreign tax expenses. We have a full valuation allowance for net U.S. deferred tax assets. The U.S. valuation allowance primarily includes NOL carryforwards and tax credits related primarily to research and development for our operations in the U.S. We expect to maintain this full valuation allowance for our net U.S. deferred tax assets for the foreseeable future.



## Results of Operations

The following tables set forth our consolidated statements of operations data and such data as a percentage of revenue for each of the periods indicated. Certain percentages below may not sum due to rounding.

|                                                       | Year Ended December 31, |              |              |
|-------------------------------------------------------|-------------------------|--------------|--------------|
|                                                       | 2023                    | 2022         | 2021         |
|                                                       | (in thousands)          |              |              |
| Revenue                                               | \$ 950,010              | \$ 720,203   | \$ 514,821   |
| Cost of revenue <sup>(1)(2)(3)(4)</sup>               | 174,462                 | 148,416      | 98,312       |
| Gross profit                                          | 775,548                 | 571,787      | 416,509      |
| Operating expenses                                    |                         |              |              |
| Sales and marketing <sup>(1)(2)(3)(4)</sup>           | 494,908                 | 424,976      | 308,511      |
| Research and development <sup>(1)(2)(3)(4)</sup>      | 300,571                 | 270,982      | 237,290      |
| General and administrative <sup>(1)(3)(4)</sup>       | 195,746                 | 166,283      | 156,635      |
| Total operating expenses                              | 991,225                 | 862,241      | 702,436      |
| Loss from operations                                  | (215,677)               | (290,454)    | (285,927)    |
| Interest income                                       | 19,779                  | 5,826        | 175          |
| Interest expense                                      | (1,957)                 | (2,135)      | (2,328)      |
| Accretion income, net                                 | 9,794                   | 2,035        | —            |
| Other expense, net                                    | (360)                   | (1,737)      | (843)        |
| Loss before provision for (benefit from) income taxes | (188,421)               | (286,465)    | (288,923)    |
| Provision for (benefit from) income taxes             | 1,273                   | 466          | (23,758)     |
| Net loss                                              | \$ (189,694)            | \$ (286,931) | \$ (265,165) |

|                                                       | Year Ended December 31,      |        |        |
|-------------------------------------------------------|------------------------------|--------|--------|
|                                                       | 2023                         | 2022   | 2021   |
|                                                       | (as a percentage of revenue) |        |        |
| Revenue                                               | 100 %                        | 100 %  | 100 %  |
| Cost of revenue <sup>(1)(2)(3)(4)</sup>               | 18 %                         | 21 %   | 19 %   |
| Gross profit                                          | 82 %                         | 79 %   | 81 %   |
| Operating expenses                                    |                              |        |        |
| Sales and marketing <sup>(1)(2)(3)(4)</sup>           | 52 %                         | 59 %   | 60 %   |
| Research and development <sup>(1)(2)(3)(4)</sup>      | 32 %                         | 38 %   | 46 %   |
| General and administrative <sup>(1)(3)(4)</sup>       | 21 %                         | 23 %   | 30 %   |
| Total operating expenses                              | 104 %                        | 120 %  | 136 %  |
| Loss from operations                                  | (23 %)                       | (40 %) | (56 %) |
| Interest income                                       | 2 %                          | 1 %    | 0 %    |
| Interest expense                                      | 0 %                          | 0 %    | 0 %    |
| Accretion income, net                                 | 1 %                          | 0 %    | 0 %    |
| Other expense, net                                    | 0 %                          | 0 %    | 0 %    |
| Loss before provision for (benefit from) income taxes | (20 %)                       | (40 %) | (56 %) |
| Provision for (benefit from) income taxes             | 0 %                          | 0 %    | (5 %)  |
| Net loss                                              | (20 %)                       | (40 %) | (52 %) |

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

|                                         | Year Ended December 31, |            |            |
|-----------------------------------------|-------------------------|------------|------------|
|                                         | 2023                    | 2022       | 2021       |
|                                         | (in thousands)          |            |            |
| Cost of revenue                         | \$ 11,491               | \$ 7,253   | \$ 8,094   |
| Sales and marketing                     | 55,162                  | 53,397     | 68,755     |
| Research and development                | 68,275                  | 63,262     | 85,040     |
| General and administrative              | 44,406                  | 38,974     | 65,272     |
| Total stock-based compensation expense* | \$ 179,334              | \$ 162,886 | \$ 227,161 |

\* Includes amortization of capitalized stock-based compensation of \$4.5 million for the year 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:

|                                                  | Year Ended December 31, |           |           |
|--------------------------------------------------|-------------------------|-----------|-----------|
|                                                  | 2023                    | 2022      | 2021      |
|                                                  | (in thousands)          |           |           |
| Cost of revenue                                  | \$ 22,396               | \$ 22,428 | \$ 7,522  |
| Sales and marketing                              | 12,425                  | 12,425    | 3,600     |
| Research and development                         | 2,757                   | 3,528     | 2,674     |
| Total amortization of acquired intangible assets | \$ 37,578               | \$ 38,381 | \$ 13,796 |

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

|                                                           | Year Ended December 31, |          |          |
|-----------------------------------------------------------|-------------------------|----------|----------|
|                                                           | 2023                    | 2022     | 2021     |
|                                                           | (in thousands)          |          |          |
| Cost of revenue                                           | \$ 540                  | \$ 308   | \$ 457   |
| Sales and marketing                                       | 2,766                   | 1,955    | 2,325    |
| Research and development                                  | 3,217                   | 2,474    | 2,606    |
| General and administrative                                | 1,910                   | 1,202    | 1,127    |
| Total employer payroll tax on employee stock transactions | \$ 8,433                | \$ 5,939 | \$ 6,515 |

(4) Includes acquisition-related expenses as follows:

|                                    | Year Ended December 31, |          |          |
|------------------------------------|-------------------------|----------|----------|
|                                    | 2023                    | 2022     | 2021     |
|                                    | (in thousands)          |          |          |
| Cost of revenue                    | \$ —                    | \$ —     | \$ 2     |
| Sales and marketing                | 2,483                   | 1,725    | 488      |
| Research and development           | 6,370                   | 5,549    | 1,348    |
| General and administrative         | 35                      | 2,128    | 7,442    |
| Total acquisition-related expenses | \$ 8,888                | \$ 9,402 | \$ 9,280 |

## Comparison of the Years Ended December 31, 2023 and 2022

### Revenue

|         | Year Ended December 31, |            | Change     |         |
|---------|-------------------------|------------|------------|---------|
|         | 2023                    | 2022       | Dollar     | Percent |
|         | (dollars in thousands)  |            |            |         |
| Revenue | \$ 950,010              | \$ 720,203 | \$ 229,807 | 32 %    |

In 2023, our revenue increased by \$229.8 million, or 32%, compared to 2022, of which approximately 68% was attributable to revenue from existing customers and approximately 32% was attributable to revenue from new customers acquired during 2023. The increase in revenue from existing customers includes the net benefit of a full year of subscription revenue in 2023 from customers that were newly acquired in 2022 and continued their subscriptions in 2023, and customers that expanded their subscriptions in 2023 through the purchase of additional construction volume or products and services.

### Cost of Revenue, Gross Profit, and Gross Margin

|                 | Year Ended December 31, |            | Change    |         |
|-----------------|-------------------------|------------|-----------|---------|
|                 | 2023                    | 2022       | Dollar    | Percent |
|                 | (dollars in thousands)  |            |           |         |
| Cost of revenue | \$ 174,462              | \$ 148,416 | \$ 26,046 | 18 %    |
| Gross profit    | 775,548                 | 571,787    | 203,761   | 36 %    |
| Gross margin    | 82 %                    | 79 %       |           |         |

The increase in cost of revenue during 2023 was primarily attributable to an increase of \$11.2 million in personnel-related expenses, including an increase of \$10.8 million in salaries and wages driven by headcount and merit increases. The increase in cost of revenue was also attributable to a \$7.4 million increase in amortization of capitalized software development costs, and a \$6.8 million increase in third-party cloud hosting and related services as we grow our customer base. We increased our cost of revenue headcount by 2% since December 31, 2022, as we operate more efficiently with less headcount growth than in prior years, compared to revenue growth.

### Operating Expenses

|                     | Year Ended December 31, |            | Change    |         |
|---------------------|-------------------------|------------|-----------|---------|
|                     | 2023                    | 2022       | Dollar    | Percent |
|                     | (dollars in thousands)  |            |           |         |
| Sales and marketing | \$ 494,908              | \$ 424,976 | \$ 69,932 | 16 %    |

The increase in sales and marketing expenses during 2023 was primarily attributable to an increase of \$61.0 million in personnel-related expenses, including increases of \$58.7 million in salaries and wages and \$1.5 million in stock-based compensation expense driven by headcount and merit increases. The increase in sales and marketing expenses was also attributable to a \$5.9 million increase in marketing events and expenses to drive customer growth, and a \$1.4 million increase in computer software expenses. The increase in sales and marketing expenses was partially offset by a decrease of \$3.5 million in professional fees primarily due to the transition of certain contractors to full-time employees. We increased our sales and marketing headcount by 2% since December 31, 2022 as we operate more efficiently with less headcount growth than in prior years, compared to revenue growth.

|                          | Year Ended December 31, |            | Change    |         |
|--------------------------|-------------------------|------------|-----------|---------|
|                          | 2023                    | 2022       | Dollar    | Percent |
|                          | (dollars in thousands)  |            |           |         |
| Research and development | \$ 300,571              | \$ 270,982 | \$ 29,589 | 11 %    |

The increase in research and development expenses during 2023 was primarily attributable to an increase of \$25.0 million in personnel-related expenses, including increases of \$19.3 million in salaries and wages and \$5.0 million in stock-based compensation expense driven by headcount and merit increases. The increase in research and development expenses was also attributable to a \$4.7 million increase in computer software expenses. We increased our research and development headcount by 2% since December 31, 2022 as we operate more efficiently with less headcount growth than in prior years, compared to revenue growth.

|                            | Year Ended December 31, |            | Change    |         |
|----------------------------|-------------------------|------------|-----------|---------|
|                            | 2023                    | 2022       | Dollar    | Percent |
|                            | (dollars in thousands)  |            |           |         |
| General and administrative | \$ 195,746              | \$ 166,283 | \$ 29,463 | 18 %    |

The increase in general and administrative expenses during 2023 was primarily attributable to a \$23.4 million increase in personnel-related expenses, including increases of \$17.4 million in salaries and wages and \$5.3 million in stock-based compensation expense driven by headcount and merit increases. The increase in general and administrative expenses was also attributable to a \$7.0 million increase in bad debt expenses relating to our materials financing receivables, which we do not expect to collect. The increase in general and administrative expenses was partially offset by a decrease of \$2.1 million in acquisition-related expenses. We increased our general and administrative headcount by 14% since December 31, 2022 in order to continue to support the efficiency of other departments and the growth of our business.

*Interest Income, Interest Expense, Accretion Income, Net, Other Expense, Net, and Provision for Income Taxes*

|                            | Year Ended December 31, |          | Change    |         |
|----------------------------|-------------------------|----------|-----------|---------|
|                            | 2023                    | 2022     | Dollar    | Percent |
|                            | (dollars in thousands)  |          |           |         |
| Interest income            | \$ 19,779               | \$ 5,826 | \$ 13,953 | *       |
| Interest expense           | 1,957                   | 2,135    | (178)     | (8 %)   |
| Accretion income, net      | 9,794                   | 2,035    | 7,759     | *       |
| Other expense, net         | 360                     | 1,737    | (1,377)   | (79 %)  |
| Provision for income taxes | 1,273                   | 466      | 807       | *       |

\* Percentage not meaningful

During 2023, our interest income increased by \$7.3 million due to an increase in interest rates on our money market funds and cash savings accounts and by \$6.6 million due to interest earned as a result of our purchases of marketable securities, which began in the third quarter of 2022.

During 2023, accretion income, net increased by \$7.8 million due to accretion income in excess of amortization of premiums as a result of our purchases of marketable securities, which began in the third quarter of 2022.

**Non-GAAP Financial Measures**

In addition to our results determined in accordance with U.S. GAAP, we believe certain non-GAAP measures, as described below, are useful in evaluating our operating performance. We use this non-GAAP financial information, collectively, to evaluate our ongoing operations as well as for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, is helpful to investors because it provides consistency and comparability with past financial performance, and may assist in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results.

The non-GAAP financial information is presented for supplemental informational purposes only. Non-GAAP financial measures should not be considered a substitute for financial information presented in accordance with GAAP. There are limitations in using non-GAAP financial measures because non-GAAP financial measures are not prepared in accordance with GAAP, non-GAAP financial measures may be different from similarly-titled non-GAAP measures used by other companies since other companies may calculate such non-GAAP financial measures differently, and non-GAAP financial measures exclude expenses that may have a material impact on our reported financial results. The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures. Investors should not rely on any single financial measure to evaluate our business.

**Non-GAAP Gross Profit, Non-GAAP Gross Margin, Non-GAAP Operating Expenses, Non-GAAP Income (Loss) from Operations, and Non-GAAP Operating Margin**

We define these non-GAAP financial measures as the respective GAAP measures, excluding stock-based compensation expense, amortization of acquired intangible assets, employer payroll tax related to employee stock transactions, and acquisition-related expenses. Stock-based compensation expense includes the net effects of capitalization and amortization of stock-based compensation expense related to capitalized software and cloud-computing arrangement implementation costs. Stock-based compensation expense has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of the compensation provided to our employees. Because of varying available valuation methodologies, subjective assumptions, and the variety of equity instruments that can impact a company's non-cash expenses, we believe that providing non-GAAP financial measures that exclude stock-based compensation expense allow for meaningful comparisons between our operating results from period to period. The expense related to amortization of acquired intangible assets is dependent upon estimates and assumptions, which can vary significantly and are unique to each asset acquired; therefore, we believe that non-GAAP measures that adjust for the amortization of acquired intangible assets provide investors a consistent basis for comparison across accounting periods. The amount of employer payroll tax-related items on employee stock transactions is dependent on restricted stock unit ("RSU") settlements, option exercises, related stock price, and other factors that are beyond our control and that do not correlate to the operation of our business. When evaluating the performance of our business and making operating plans, we do not consider these items (for example, when considering the impact of equity award grants, we place a greater emphasis on overall stockholder dilution than the accounting charges associated with such grants). Acquisition-related expenses include external and incremental transaction costs, such as legal and due diligence costs, and retention payments. These expenses are unpredictable and generally would not have otherwise been incurred in the periods presented as part of our continuing operations. In addition, the size and complexity of an acquisition, which often drives the magnitude of acquisition-related expenses, may not be indicative of such future costs. We believe excluding acquisition-related expenses facilitates the comparison of our financial results to our historical operating results and to other companies in our industry. Overall, we believe it is useful to exclude these expenses in order to better understand the long-term performance of our core business and to facilitate comparison of our results period-over-period and to those of peer companies.

The following tables present reconciliations of our GAAP financial measures to our non-GAAP financial measures for the periods presented:

**Reconciliation of gross profit and gross margin to non-GAAP gross profit and non-GAAP gross margin:**

|                                                       | Year Ended December 31, |            |            |
|-------------------------------------------------------|-------------------------|------------|------------|
|                                                       | 2023                    | 2022       | 2021       |
|                                                       | (dollars in thousands)  |            |            |
| Revenue                                               | \$ 950,010              | \$ 720,203 | \$ 514,821 |
| Gross profit                                          | 775,548                 | 571,787    | 416,509    |
| Stock-based compensation expense                      | 11,491                  | 7,253      | 8,094      |
| Amortization of acquired technology intangible assets | 22,396                  | 22,428     | 7,522      |
| Employer payroll tax on employee stock transactions   | 540                     | 308        | 457        |
| Acquisition-related expenses                          | —                       | —          | 2          |
| Non-GAAP gross profit                                 | \$ 809,975              | \$ 601,776 | \$ 432,584 |
| Gross margin                                          | 82 %                    | 79 %       | 81 %       |
| Non-GAAP gross margin                                 | 85 %                    | 84 %       | 84 %       |

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

|                                                                | Year Ended December 31, |            |            |
|----------------------------------------------------------------|-------------------------|------------|------------|
|                                                                | 2023                    | 2022       | 2021       |
|                                                                | (dollars in thousands)  |            |            |
| Revenue                                                        | \$ 950,010              | \$ 720,203 | \$ 514,821 |
| GAAP sales and marketing                                       | 494,908                 | 424,976    | 308,511    |
| Stock-based compensation expense                               | (55,162)                | (53,397)   | (68,755)   |
| Amortization of acquired intangible assets                     | (12,425)                | (12,425)   | (3,600)    |
| Employer payroll tax on employee stock transactions            | (2,766)                 | (1,955)    | (2,325)    |
| Acquisition-related expenses                                   | (2,483)                 | (1,725)    | (488)      |
| Non-GAAP sales and marketing                                   | \$ 422,072              | \$ 355,474 | \$ 233,343 |
| GAAP sales and marketing as a percentage of revenue            | 52 %                    | 59 %       | 60 %       |
| Non-GAAP sales and marketing as a percentage of revenue        | 44 %                    | 49 %       | 45 %       |
| GAAP research and development                                  | \$ 300,571              | \$ 270,982 | \$ 237,290 |
| Stock-based compensation expense                               | (68,275)                | (63,262)   | (85,040)   |
| Amortization of acquired intangible assets                     | (2,757)                 | (3,528)    | (2,674)    |
| Employer payroll tax on employee stock transactions            | (3,217)                 | (2,474)    | (2,606)    |
| Acquisition-related expenses                                   | (6,370)                 | (5,549)    | (1,348)    |
| Non-GAAP research and development                              | \$ 219,952              | \$ 196,169 | \$ 145,622 |
| GAAP research and development as a percentage of revenue       | 32 %                    | 38 %       | 46 %       |
| Non-GAAP research and development as a percentage of revenue   | 23 %                    | 27 %       | 28 %       |
| GAAP general and administrative                                | \$ 195,746              | \$ 166,283 | \$ 156,635 |
| Stock-based compensation expense                               | (44,406)                | (38,974)   | (65,272)   |
| Employer payroll tax on employee stock transactions            | (1,910)                 | (1,202)    | (1,127)    |
| Acquisition-related expenses                                   | (35)                    | (2,128)    | (7,442)    |
| Non-GAAP general and administrative                            | \$ 149,395              | \$ 123,979 | \$ 82,794  |
| GAAP general and administrative as a percentage of revenue     | 21 %                    | 23 %       | 30 %       |
| Non-GAAP general and administrative as a percentage of revenue | 16 %                    | 17 %       | 16 %       |

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

|                                                     | Year Ended December 31, |             |             |
|-----------------------------------------------------|-------------------------|-------------|-------------|
|                                                     | 2023                    | 2022        | 2021        |
|                                                     | (dollars in thousands)  |             |             |
| Revenue                                             | \$ 950,010              | \$ 720,203  | \$ 514,821  |
| Loss from operations                                | (215,677)               | (290,454)   | (285,927)   |
| Stock-based compensation expense                    | 179,334                 | 162,886     | 227,161     |
| Amortization of acquired intangible assets          | 37,578                  | 38,381      | 13,796      |
| Employer payroll tax on employee stock transactions | 8,433                   | 5,939       | 6,515       |
| Acquisition-related expenses                        | 8,888                   | 9,402       | 9,280       |
| Non-GAAP income (loss) from operations              | \$ 18,556               | \$ (73,846) | \$ (29,175) |
| Operating margin                                    | (23 %)                  | (40 %)      | (56 %)      |
| Non-GAAP operating margin                           | 2 %                     | (10 %)      | (6 %)       |

**Liquidity and Capital Resources**

As of December 31, 2023, our principal sources of liquidity were cash, cash equivalents, and marketable securities totaling \$678.0 million, which were held in money market funds, U.S. treasury securities, corporate notes and obligations, time deposits, commercial paper, checking accounts, and savings accounts. Our investments in marketable securities are exposed to interest rate risk; however, due to the short-term nature of our investments, we do not anticipate being exposed to material risks due to changes in interest rates.

As of December 31, 2023, we had outstanding letters of credit on an unsecured basis totaling approximately \$5.6 million to secure various leased office facilities in the U.S. and Australia.

Our cash sources primarily consist of cash generated from sales to our customers, maturities of our marketable securities, proceeds from employees through stock option exercises and our employee stock purchase plan ("ESPP"), and interest income on our marketable securities, money market funds, and savings account balances.

Our cash requirements are primarily for operating expenses, which include personnel-related costs, purchase obligations primarily for hosting and software license and other services, lease obligations, and capital expenditures for our employees and offices. We also fund investments which help drive our strategic business growth through acquisitions and investments in equity securities and limited partnership funds.

In the next 12 months, we have contractual commitments consisting of operating lease obligations of \$12.0 million, finance lease obligations of \$3.9 million, and non-cancelable purchase commitments of \$37.5 million, as disclosed in Note 6 and Note 11 of the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. We believe our existing cash, cash equivalents, and marketable securities will be sufficient to meet our needs for at least the next 12 months. While we have generated positive cash flows from operations in recent years, we have continued to generate losses from operations, as reflected in our accumulated deficit of \$1.1 billion as of December 31, 2023. We may not achieve profitability in the foreseeable future and may require additional capital resources to execute strategic initiatives to grow our business.

This assessment is a forward-looking statement and involves risks and uncertainties. Beyond the next 12 months, we have contractual commitments that we are reasonably likely to incur consisting of operating lease obligations of \$41.1 million, finance lease obligations of \$56.4 million, and non-cancelable purchase commitments of \$22.5 million, as disclosed in Note 6 and Note 11 of the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. Our additional future capital requirements will depend on many factors, including our revenue growth rate, new customer acquisition and subscription renewal activity, timing of billing activities, our ability to integrate the companies or technologies we acquire and realize strategic and financial benefits from our investments and acquisitions, other strategic transactions or investments we may enter into, the timing and extent of spending to support further sales and marketing and



research and development efforts, general and administrative expenses to support our growth, including international expansion and inflation. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights. We may be required to seek additional equity or debt financing to fund these activities. If we are unable to raise additional capital when desired, or on acceptable terms, our business, results of operations, and financial condition could be materially adversely affected.

Further, as of December 31, 2023, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

The following table summarizes our cash flows for the periods presented:

|                                           | Year Ended December 31, |           |           |
|-------------------------------------------|-------------------------|-----------|-----------|
|                                           | 2023                    | 2022      | 2021      |
|                                           | (dollars in thousands)  |           |           |
| Net cash provided by operating activities | \$ 92,015               | \$ 12,608 | \$ 36,730 |
| Net cash used in investing activities     | (76,061)                | (340,476) | (541,768) |
| Net cash provided by financing activities | 41,165                  | 38,652    | 711,826   |

### Operating Activities

Our largest source of cash from operating activities is collections from the sales of subscriptions to our customers. Our primary uses of cash from operating activities are for personnel expenses, marketing expenses, hosting and software license expenses, and overhead.

Net cash provided by operating activities was \$92.0 million in 2023 which resulted from a net loss of \$189.7 million, adjusted for non-cash charges of \$258.3 million and a net cash inflow of \$23.4 million from changes in operating expenses and liabilities. The \$23.4 million of net cash inflows provided as a result of changes in our operating assets and liabilities primarily reflected the following:

- a \$106.6 million increase in deferred revenue primarily due to the growth of our business and timing of billings; and
- a \$4.8 million increase in accrued expenses and other liabilities primarily due to the size of bonus and payroll accruals, and cash payments to our vendors.

These changes in our operating assets and liabilities were partially offset by the following:

- a \$57.5 million increase in accounts receivable primarily due to the growth of our business and timing of billings and cash receipts from customers;
- a \$13.8 million decrease in operating lease liabilities related to lease payments;
- a \$9.3 million increase in deferred contract cost assets related to commissions as a result of additional customer contracts closed during the period; and
- a \$6.4 million increase in prepaid expenses and other current assets primarily due to timing of cash payments to our vendors.

Net cash provided by operating activities was \$12.6 million in 2022, which resulted from a net loss of \$286.9 million, adjusted for non-cash charges of \$237.8 million and a net cash inflow of \$61.7 million from changes in operating assets and liabilities. The \$61.7 million of net cash inflows provided as a result of changes in our operating assets and liabilities primarily reflected the following:

- a \$97.0 million increase in deferred revenue primarily due to the growth of our business and timing of billings; and
- a \$34.6 million increase in accrued expenses and other liabilities primarily due to personnel-related expenses and timing of cash payments to our vendors.

These changes in our operating assets and liabilities were partially offset by the following:

- a \$35.8 million increase in accounts receivable primarily due to timing of billings and cash receipts from customers from the growth of our business;
- a \$22.0 million increase in deferred contract cost assets related to commissions as a result of additional customer contracts closed during the period;
- an \$8.9 million decrease in operating lease liabilities related to lease payments; and
- a \$3.8 million increase in prepaid expenses and other assets primarily due to timing of cash payments to our vendors.

### ***Investing Activities***

Net cash used in investing activities of \$76.1 million in 2023 consisted of cash outflows for purchases of marketable securities of \$402.4 million, capitalized software development costs of \$34.7 million, originations for materials financing of \$24.0 million, purchases of property and equipment of \$10.3 million primarily related to improvements to our leased office spaces and computer equipment purchases, and asset acquisitions of \$7.8 million. Such outflows were partially offset by \$372.2 million in maturities of marketable securities, \$26.2 million of customer repayments for materials financing, and \$5.5 million in sales of marketable securities.

Net cash used in investing activities of \$340.5 million in 2022 consisted of purchases of marketable securities of \$369.2 million, capitalized software development costs of \$33.6 million, originations for materials financing of \$23.5 million, purchases of property and equipment of \$15.8 million, and purchases of strategic investments of \$4.0 million. Such outflows were partially offset by \$85.6 million of maturities of marketable securities, \$18.7 million of customer repayments for materials financing, and \$1.3 million in cash receipts from the settlement of post-close working capital adjustments related to our acquisitions of Levelset and LaborChart in the fourth quarter of 2021.

### ***Financing Activities***

Net cash provided by financing activities of \$41.2 million in 2023 consisted of \$25.4 million in proceeds from employee purchases under the ESPP and \$17.6 million in proceeds from stock option exercises, partially offset by \$1.8 million in payments on our finance lease obligations.

Net cash provided by financing activities was \$38.7 million in 2022, which primarily consisted of \$22.4 million in proceeds from stock option exercises and \$22.1 million in proceeds from our ESPP, partially offset by \$3.9 million in deferred payments related to our acquisition of Indus.ai Inc. in 2021, and \$1.7 million in payments on our finance lease obligations.

### **Critical Accounting Policies and Estimates**

Critical accounting policies and estimates are those accounting policies and estimates that are both the most important to the portrayal of our net assets and results of operations and require the most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These estimates are developed based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Critical accounting estimates are accounting estimates where the nature of the estimates is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change and the impact of the estimates on financial condition or operating performance is material.

The critical accounting policies and estimates, assumptions, and judgments that we believe have the most significant impact on our audited consolidated financial statements are described below.

#### ***Revenue Recognition***

We recognize revenue when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration that we expect to receive in exchange for these services.

We determine revenue recognition through the following steps:

- identification of the contract, or contracts, with the customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of the revenue when, or as, we satisfy a performance obligation.

We execute a signed contract with the customer that specifies the services to be provided, the payment amounts and terms, and the period of service, among other terms. The transaction price is determined by the stated fixed fees in the contract, excluding any sales related taxes.

Our subscriptions often include promises to transfer multiple services. Determining whether services are considered distinct performance obligations that should be accounted for separately or together may require judgment. Our subscriptions include access to our products and customer support over the subscription period. Access to the products and customer support represents a series of distinct services as we fulfill our obligation to the customer and the customer receives and consumes the benefits of the products and support over the subscription term. The series of distinct services represents a single performance obligation.

We recognize revenue ratably over the term of the subscription beginning on the date that service is made available to the customer.

#### ***Stock-Based Compensation***

Stock-based compensation expense related to stock awards is recognized based on the fair value of the awards granted. The fair value of RSUs, performance-based restricted stock units ("PSUs"), and restricted stock awards is based on the estimated fair value of our common stock on the grant date. The fair value of each option award and ESPP purchase right is estimated on the grant date using the Black-Scholes option pricing model. The primary input in determining the fair value of the stock-based awards is the value of our common stock. The determination of the grant date fair value using the Black-Scholes option-pricing model is affected by volatility, expected term, dividend yield, and risk-free rate. These assumptions represent management's best estimates and if different assumptions had been used, our stock-based compensation expense could have been materially different.

For awards that vest solely based on continued service, the grant date fair value is recognized as compensation expense on a straight-line basis over the requisite service period of the awards, which is generally four years. For awards that contain both performance and service vesting conditions, the grant date fair value is recognized as compensation expense using a graded vesting attribution model. No expense is

recognized for awards with performance conditions until that condition is probable of being met. We account for forfeitures as they occur instead of estimating the number of awards expected to be forfeited.

Prior to our initial public offering ("IPO"), we had granted RSUs to certain employees and non-employee consultants that contained both liquidity- and service-based vesting conditions. Upon the effective date of the registration statement for our IPO in May 2021, the liquidity-based condition for all RSUs granted was satisfied and we recognized a cumulative catch-up stock-based compensation adjustment in our consolidated statement of operations and comprehensive loss for the portion of the service period satisfied from the grant date through the effective date of the registration statement. Substantially all awards granted subsequent to the IPO vest based on continued service, which is generally over four years.

In 2022 and 2023 we granted PSUs to certain employees, which vest based on the achievement of certain operating performance targets. Such awards also require the employees' continued service through the date the related shares vest. We recognize compensation expense for such awards on a graded vesting basis, through the expected vest date, beginning in the period in which it becomes probable that the performance target will be achieved. Management reassesses the probability of achievement for such awards each reporting period. The portion of expense recognized in any period may fluctuate depending on changing estimates of the achievement of the performance conditions.

### ***Business Combinations***

We account for business combinations using the acquisition method of accounting. We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Accounting for business combinations requires us to make estimates primarily relating to the valuation of intangible assets. Intangible assets consist primarily of acquired developed technology and acquired customer relationships. Valuations of acquired intangible assets require us to make judgments about the selection of valuation methodologies and also significant estimates and assumptions, including, but not limited to, (1) the estimated level of effort and related costs of reproducing or replacing the assets acquired, (2) future expected cash flows from using the acquired customer relationships and technology, including future expected revenue, the rate of customer non-renewals of subscriptions, and operating expenses to deliver such expected revenue, (3) discount rates, (4) estimated royalty rate specifically used to value the acquired technology, and (5) selection of comparable companies. Fair value estimates are based on the assumptions management believes a market participant would use in valuing the asset or liability. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition, as additional information about conditions existing at the acquisition date becomes available.

### **Recent Accounting Pronouncements**

See "Summary of Significant Accounting Policies" in Note 2 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a description of recently issued accounting pronouncements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.*****Foreign Currency and Exchange Risk***

The vast majority of our cash generated from revenue is denominated in U.S. Dollars, with the remainder denominated in Australian Dollars, Canadian Dollars, Great British Pounds, Euros, Singapore Dollars, and UAE Dirham. Our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations, which are primarily in the U.S., Australia, Canada, England, Mexico, Egypt, Singapore, France, Ireland, and the UAE. Our results of current and future operations and cash flows are, therefore, subject to the risk of fluctuations in foreign currency exchange rates. This exposure is the result of selling in multiple currencies and payment of personnel-related expenses and other operating expenses in countries where the functional currency is the local currency. Changes in foreign currency exchange rates could have an adverse impact on our financial results and cash flow. These exposures may change over time as business practices evolve and economic conditions change. As the impact of foreign currency exchange rates has not been material to our historical operating results, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency becomes more significant.

***Interest Rate Risk***

We had cash, cash equivalents, and marketable securities of \$678.0 million as of December 31, 2023. Cash, cash equivalents, and marketable securities consist of money market funds, U.S. treasury securities, corporate notes and obligations, time deposits, commercial paper, checking accounts, and savings accounts. The cash and cash equivalents are held for working capital and general corporate purposes. Interest-earning instruments carry a degree of interest rate risk. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. As of December 31, 2023, a hypothetical 100 basis points increase or decrease in interest rates would not have a material impact on the fair market value of our portfolio. We therefore do not expect our results of operations or cash flows to be materially affected by a sudden change in market interest rates.

***Inflation Risk***

Inflation can have a positive impact on our pricing since increased construction costs may increase construction volume purchased by customers. However, supply chain challenges and labor shortages can result in delayed construction project starts, which may negatively impact construction volume purchased. Inflation can also result in higher personnel-related costs. We do not believe that inflation has had a material effect on our business, results of operations, or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs. Our inability or failure to do so could harm our business, results of operations, or financial condition.

**Item 8. Financial Statements and Supplementary Data.**

**Index to Consolidated Financial Statements**

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## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of Procore Technologies, Inc.

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Procore Technologies, Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive loss, of redeemable convertible preferred stock and stockholders' equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized

acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Critical Audit Matters**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### **Revenue Recognition**

As described in Note 2 to the consolidated financial statements, the Company's consolidated revenue was \$950.0 million for the year ended December 31, 2023. The Company generates substantially all of its revenue from subscriptions for access to its software products and related support. Access to software products and support represents a series of distinct services as the Company fulfills its obligation to the customer and the customer receives and consumes the benefits of the software products and support over the subscription term. The series of distinct services represents a single performance obligation. The transaction price is determined by the stated fixed fees in the contract and revenue is recognized ratably over the term of the subscription agreement.

The principal consideration for our determination that performing procedures relating to revenue recognition is a critical audit matter is a high degree of auditor effort in performing procedures related to revenue recognized.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls related to the revenue recognition process, including controls over the revenue recognized. These procedures also included, among others (i) evaluating the revenue recognized on a test basis by (a) obtaining and inspecting source documents, such as contracts and cash receipts from customers and (b) recalculating revenue recognized based on the terms of the related contract, and (ii) evaluating occurrence and accuracy of revenue on a test basis, by examining valid contracts and other supporting documents, as applicable.

/s/ PricewaterhouseCoopers LLP  
Los Angeles, California  
February 26, 2024

We have served as the Company's auditor since 2015.



**Procore Technologies, Inc.**  
**Consolidated Balance Sheets**

|                                                                                                                                                                                                       | December 31,        |                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                                                                                                                       | 2023                | 2022                |
| <i>(in thousands, except number of shares and par value)</i>                                                                                                                                          |                     |                     |
| <b>Assets</b>                                                                                                                                                                                         |                     |                     |
| Current assets                                                                                                                                                                                        |                     |                     |
| Cash and cash equivalents                                                                                                                                                                             | \$ 357,790          | \$ 296,712          |
| Marketable securities (amortized cost of \$320,166 and \$286,001 at December 31, 2023 and 2022, respectively)                                                                                         | 320,161             | 285,493             |
| Accounts receivable, net of allowance for credit losses of \$4,791 and \$4,113 at December 31, 2023 and 2022, respectively                                                                            | 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                                                                                                                                                                                          | <u>\$ 1,893,568</u> | <u>\$ 1,740,410</u> |
| <b>Liabilities and Stockholders' Equity</b>                                                                                                                                                           |                     |                     |
| 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             |
| Commitments and contingencies (Note 11)                                                                                                                                                               |                     |                     |
| Stockholders' equity                                                                                                                                                                                  |                     |                     |
| Preferred stock, \$0.0001 par value, 100,000,000 shares authorized at December 31, 2023 and 2022; 0 shares issued and outstanding at December 31, 2023 and 2022.                                      | —                   | —                   |
| Common stock, 0.0001 par value, 1,000,000,000 shares authorized at December 31, 2023 and 2022; 144,806,464 and 139,159,534 shares issued and outstanding at December 31, 2023 and 2022, respectively. | 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                                                                                                                                                            | <u>\$ 1,893,568</u> | <u>\$ 1,740,410</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

**Procore Technologies, Inc.**  
**Consolidated Statements of Operations and Comprehensive Loss**

| (in thousands, except share and per share amounts)                                                                  | Year Ended December 31, |              |              |
|---------------------------------------------------------------------------------------------------------------------|-------------------------|--------------|--------------|
|                                                                                                                     | 2023                    | 2022         | 2021         |
| Revenue                                                                                                             | \$ 950,010              | \$ 720,203   | \$ 514,821   |
| Cost of revenue                                                                                                     | 174,462                 | 148,416      | 98,312       |
| Gross profit                                                                                                        | 775,548                 | 571,787      | 416,509      |
| Operating expenses                                                                                                  |                         |              |              |
| Sales and marketing                                                                                                 | 494,908                 | 424,976      | 308,511      |
| Research and development                                                                                            | 300,571                 | 270,982      | 237,290      |
| General and administrative                                                                                          | 195,746                 | 166,283      | 156,635      |
| Total operating expenses                                                                                            | 991,225                 | 862,241      | 702,436      |
| Loss from operations                                                                                                | (215,677)               | (290,454)    | (285,927)    |
| Interest income                                                                                                     | 19,779                  | 5,826        | 175          |
| Interest expense                                                                                                    | (1,957)                 | (2,135)      | (2,328)      |
| Accretion income, net                                                                                               | 9,794                   | 2,035        | —            |
| Other expense, net                                                                                                  | (360)                   | (1,737)      | (843)        |
| Loss before provision for (benefit from) income taxes                                                               | (188,421)               | (286,465)    | (288,923)    |
| Provision for (benefit from) income taxes                                                                           | 1,273                   | 466          | (23,758)     |
| Net loss                                                                                                            | \$ (189,694)            | \$ (286,931) | \$ (265,165) |
| Net loss per share attributable to common stockholders, basic and diluted                                           | \$ (1.34)               | \$ (2.10)    | \$ (2.86)    |
| Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted | 141,961,467             | 136,525,728  | 92,673,453   |
| Other comprehensive income (loss)                                                                                   |                         |              |              |
| Foreign currency translation adjustment, net of tax                                                                 | \$ 437                  | \$ (1,355)   | \$ (770)     |
| Unrealized income (loss) on available-for-sale debt and marketable securities, net of tax                           | 504                     | (378)        | -            |
| Total other comprehensive income (loss)                                                                             | 941                     | (1,733)      | (770)        |
| Comprehensive loss                                                                                                  | \$ (188,753)            | \$ (288,664) | \$ (265,935) |

*The accompanying notes are an integral part of these consolidated financial statements.*

**Procore Technologies, Inc.**  
**Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)**

| (in thousands, except share amounts)                                                                               | Redeemable Convertible Preferred Stock |            | Common Stock |        | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|--------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------|--------------|--------|----------------------------|-----------------------------------------------|---------------------|--------------------------------------|
|                                                                                                                    | Shares                                 | Amount     | Shares       | Amount |                            |                                               |                     |                                      |
| Balance as of December 31, 2020                                                                                    | 85,331,278                             | \$ 727,474 | 30,707,113   | \$ 3   | \$ 124,755                 | \$ 187                                        | \$ (397,047)        | \$ (272,102)                         |
| Exercise of stock options                                                                                          | —                                      | —          | 4,083,461    | —      | 42,321                     | —                                             | —                   | 42,321                               |
| Stock-based compensation                                                                                           | —                                      | 901        | —            | —      | 231,507                    | —                                             | —                   | 231,507                              |
| Conversion of redeemable convertible preferred stock to common stock upon initial public offering                  | (85,331,278)                           | (728,375)  | 85,331,278   | 9      | 728,366                    | —                                             | —                   | 728,375                              |
| Issuance of common stock upon initial public offering, net of underwriting discounts and offering costs            | —                                      | —          | 10,410,000   | 1      | 657,634                    | —                                             | —                   | 657,635                              |
| Issuance of common stock, net of common stock withheld for tax liability upon settlement of restricted stock units | —                                      | —          | 2,538,535    | —      | (15)                       | —                                             | —                   | (15)                                 |
| Issuance of common stock for employee stock purchase plan                                                          | —                                      | —          | 166,370      | —      | 9,475                      | —                                             | —                   | 9,475                                |
| Issuance of common stock for business combination                                                                  | —                                      | —          | 610,499      | —      | 58,028                     | —                                             | —                   | 58,028                               |
| Issuance of restricted stock awards                                                                                | —                                      | —          | 199,670      | —      | —                          | —                                             | —                   | —                                    |
| Other comprehensive loss                                                                                           | —                                      | —          | —            | —      | —                          | (770)                                         | —                   | (770)                                |
| Net loss                                                                                                           | —                                      | —          | —            | —      | —                          | —                                             | (265,165)           | (265,165)                            |
| Balance as of December 31, 2021                                                                                    | —                                      | \$ —       | 134,046,926  | \$ 13  | \$ 1,852,071               | \$ (583)                                      | \$ (662,212)        | \$ 1,189,289                         |
| Exercise of stock options                                                                                          | —                                      | —          | 1,716,286    | —      | 22,317                     | —                                             | —                   | 22,317                               |
| Stock-based compensation                                                                                           | —                                      | —          | —            | —      | 171,704                    | —                                             | —                   | 171,704                              |
| Issuance of common stock upon settlement of restricted stock units                                                 | —                                      | —          | 2,845,174    | 1      | —                          | —                                             | —                   | 1                                    |
| Issuance of common stock for employee stock purchase plan                                                          | —                                      | —          | 551,753      | —      | 22,133                     | —                                             | —                   | 22,133                               |
| Adjustment of holdback shares released for business combination                                                    | —                                      | —          | (605)        | —      | —                          | —                                             | —                   | —                                    |
| Other comprehensive loss                                                                                           | —                                      | —          | —            | —      | —                          | (1,733)                                       | —                   | (1,733)                              |
| Net loss                                                                                                           | —                                      | —          | —            | —      | —                          | —                                             | (286,931)           | (286,931)                            |
| Balance as of December 31, 2022                                                                                    | —                                      | \$ —       | 139,159,534  | \$ 14  | \$ 2,068,225               | \$ (2,316)                                    | \$ (949,143)        | \$ 1,116,780                         |
| Exercise of stock options                                                                                          | —                                      | —          | 1,371,834    | —      | 17,630                     | —                                             | —                   | 17,630                               |
| Stock-based compensation                                                                                           | —                                      | —          | —            | —      | 184,552                    | —                                             | —                   | 184,552                              |
| Issuance of common stock upon settlement of restricted stock units                                                 | —                                      | —          | 3,699,168    | 1      | —                          | —                                             | —                   | 1                                    |
| Issuance of common stock for employee stock purchase plan                                                          | —                                      | —          | 575,928      | —      | 25,400                     | —                                             | —                   | 25,400                               |
| Other comprehensive income                                                                                         | —                                      | —          | —            | —      | —                          | 941                                           | —                   | 941                                  |
| Net loss                                                                                                           | —                                      | —          | —            | —      | —                          | —                                             | (189,694)           | (189,694)                            |
| Balance as of December 31, 2023                                                                                    | —                                      | \$ —       | 144,806,464  | \$ 15  | \$ 2,295,807               | \$ (1,375)                                    | \$ (1,138,837)      | \$ 1,155,610                         |

The accompanying notes are an integral part of these consolidated financial statements.

**Procore Technologies, Inc.**  
**Consolidated Statements of Cash Flows**

| (in thousands)                                                                                             | Year Ended December 31, |              |              |
|------------------------------------------------------------------------------------------------------------|-------------------------|--------------|--------------|
|                                                                                                            | 2023                    | 2022         | 2021         |
| <b>Operating activities</b>                                                                                |                         |              |              |
| Net loss                                                                                                   | \$ (189,694)            | \$ (286,931) | \$ (265,165) |
| Adjustments to reconcile net loss to net cash provided by operating activities                             |                         |              |              |
| Stock-based compensation                                                                                   | 174,835                 | 162,886      | 227,161      |
| Depreciation and amortization                                                                              | 71,633                  | 63,039       | 36,376       |
| Accretion of discounts on marketable debt securities, net                                                  | (9,790)                 | (2,009)      | —            |
| Abandonment of long-lived assets                                                                           | 1,488                   | 1,344        | 554          |
| Noncash operating lease expense                                                                            | 13,092                  | 10,170       | 7,569        |
| Unrealized foreign currency (gain) loss, net                                                               | (524)                   | (351)        | 685          |
| Deferred income taxes                                                                                      | (769)                   | (283)        | (24,493)     |
| Provision for credit losses                                                                                | 8,052                   | 2,584        | 129          |
| Decrease (increase) in fair value of strategic investments                                                 | 287                     | 483          | (32)         |
| Changes in operating assets and liabilities, net of effect of asset acquisitions and business combinations |                         |              |              |
| Accounts receivable                                                                                        | (57,492)                | (35,817)     | (34,184)     |
| Deferred contract cost assets                                                                              | (9,306)                 | (21,974)     | (10,157)     |
| Prepaid expenses and other assets                                                                          | (6,368)                 | (3,754)      | (16,811)     |
| Accounts payable                                                                                           | (938)                   | 459          | 3,954        |
| Accrued expenses and other liabilities                                                                     | 4,759                   | 34,623       | 38,176       |
| Deferred revenue                                                                                           | 106,590                 | 97,029       | 78,671       |
| Operating lease liabilities                                                                                | (13,840)                | (8,890)      | (5,703)      |
| Net cash provided by operating activities                                                                  | 92,015                  | 12,608       | 36,730       |
| <b>Investing activities</b>                                                                                |                         |              |              |
| Purchases of property and equipment                                                                        | (10,325)                | (15,782)     | (12,383)     |
| Capitalized software development costs                                                                     | (34,685)                | (33,648)     | (15,248)     |
| Purchases of strategic investments                                                                         | (764)                   | (3,959)      | (4,300)      |
| Purchases of marketable securities                                                                         | (402,424)               | (369,206)    | —            |
| Maturities of marketable securities                                                                        | 372,240                 | 85,632       | —            |
| Sales of marketable securities                                                                             | 5,452                   | —            | —            |
| Originations of materials financing                                                                        | (23,972)                | (23,489)     | —            |
| Customer repayments of materials financing                                                                 | 26,242                  | 18,685       | —            |
| Asset acquisitions, net of cash acquired                                                                   | (7,825)                 | —            | —            |
| Acquisition of businesses, net of cash acquired                                                            | —                       | —            | (509,837)    |
| Settlement of post-close working capital adjustments from business combinations                            | —                       | 1,291        | —            |
| Net cash used in investing activities                                                                      | \$ (76,061)             | \$ (340,476) | \$ (541,768) |

*The accompanying notes are an integral part of these consolidated financial statements.*

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

| (in thousands)                                                                                                           | Year Ended December 31, |            |            |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|------------|------------|
|                                                                                                                          | 2023                    | 2022       | 2021       |
| <b>Financing activities</b>                                                                                              |                         |            |            |
| Proceeds from initial public offering                                                                                    | \$ —                    | \$ —       | \$ 665,129 |
| Proceeds from stock option exercises                                                                                     | 17,618                  | 22,364     | 43,086     |
| Proceeds from employee stock purchase plan                                                                               | 25,400                  | 22,133     | 9,475      |
| Payments of deferred offering costs                                                                                      | —                       | (270)      | (3,880)    |
| Payments of deferred business acquisition consideration                                                                  | —                       | (3,870)    | (475)      |
| Principal payments under finance lease agreements, net of proceeds from lease incentives                                 | (1,853)                 | (1,705)    | (1,509)    |
| Net cash provided by financing activities                                                                                | 41,165                  | 38,652     | 711,826    |
| Net increase (decrease) in cash, cash equivalents and restricted cash                                                    | 57,119                  | (289,216)  | 206,788    |
| Effect of exchange rate changes on cash                                                                                  | 855                     | (180)      | (829)      |
| Cash, cash equivalents and restricted cash, beginning of period                                                          | 299,816                 | 589,212    | 383,253    |
| Cash, cash equivalents and restricted cash, end of period                                                                | \$ 357,790              | \$ 299,816 | \$ 589,212 |
| <b>Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets</b>                   |                         |            |            |
| Cash and cash equivalents at end of period                                                                               | \$ 357,790              | \$ 296,712 | \$ 586,108 |
| Restricted cash, non-current at end of period included in other assets                                                   | —                       | 3,104      | 3,104      |
| Total cash, cash equivalents and restricted cash at end of period shown in the consolidated statements of cash flows     | \$ 357,790              | \$ 299,816 | \$ 589,212 |
| <b>Supplemental disclosure of cash flow information</b>                                                                  |                         |            |            |
| Cash paid for interest other than finance leases                                                                         | \$ 4                    | \$ 94      | \$ 186     |
| Cash paid for income taxes, net of refunds received                                                                      | 859                     | 700        | 419        |
| Stock-based compensation capitalized for cloud-computing arrangement costs                                               | 296                     | 256        | 346        |
| Cash received for lease incentives                                                                                       | 789                     | 2,024      | 1,490      |
| Cash paid for amounts included in the measurement of lease liabilities:                                                  |                         |            |            |
| Operating cash flows from finance leases                                                                                 | 1,953                   | 2,017      | 2,076      |
| Operating cash flows from operating leases                                                                               | 15,971                  | 12,092     | 8,346      |
| Financing cash flows from finance leases                                                                                 | 2,054                   | 1,906      | 1,710      |
| <b>Noncash investing and financing activities</b>                                                                        |                         |            |            |
| Purchases of property and equipment included in accounts payable and accrued expenses at year end                        | 754                     | 1,472      | 2,758      |
| Capitalized software development costs included in accounts payable and accrued expenses at year end                     | 1,905                   | 1,645      | 1,287      |
| Deferred offering costs included in accounts payable and accrued expenses at year end                                    | —                       | —          | 270        |
| Indemnity holdback consideration associated with business combinations included in other current liabilities at year end | —                       | —          | 4,050      |
| Deferred asset acquisition payment included in other non-current liabilities at year end                                 | 1,405                   | —          | —          |
| Issuance of common stock as consideration in business combinations                                                       | —                       | —          | 58,028     |
| Stock-based compensation capitalized for software development                                                            | 9,421                   | 8,562      | 4,901      |
| Conversion of available-for-sale debt securities into equity securities                                                  | —                       | 3,680      | —          |
| Conversion of redeemable convertible preferred stock to common stock upon initial public offering                        | —                       | —          | 728,375    |
| Right of use assets obtained in exchange for operating lease liabilities                                                 | 15,385                  | 10,198     | 1,857      |
| Noncash net change due to operating lease remeasurement                                                                  | (115)                   | (1,642)    | 9          |

*The accompanying notes are an integral part of these consolidated financial statements.*

**Procore Technologies, Inc.**  
**Notes to Consolidated Financial Statements**

**1. ORGANIZATION AND DESCRIPTION OF BUSINESS**

***Description of business***

Procore Technologies, Inc. (together with its subsidiaries, "Procore" or the "Company") provides a cloud-based construction management platform and related products and services that allow the construction industry's key stakeholders, such as owners, general contractors, specialty contractors, architects, and engineers, to collaborate on construction projects.

The Company was incorporated in California in 2002 and re-incorporated in Delaware in 2014. The Company is headquartered in Carpinteria, California, and has operations globally.

***Initial Public Offering***

The Company's registration statement on Form S-1 related to its initial public offering ("IPO") was declared effective on May 19, 2021, and the Company's common stock began trading on the New York Stock Exchange on May 20, 2021. On May 24, 2021, the Company completed its IPO, in which it issued and sold 10,410,000 shares of common stock at a price of \$ 67.00 per share, including 940,000 shares of common stock pursuant to the exercise in full of the underwriters' option to purchase additional shares. The Company received \$665.1 million in net proceeds, after deducting underwriting discounts and commissions of \$32.3 million and before other offering costs of \$ 7.5 million. At the closing of the IPO, all outstanding shares of redeemable convertible preferred stock were automatically converted into an aggregate of 85,331,278 shares of common stock on a one-for-one basis.

Upon the effectiveness date of the registration statement for the IPO, the performance vesting condition of restricted stock units ("RSUs") was met, and the Company recognized \$115.3 million of stock-based compensation expense in its consolidated statement of operations and comprehensive loss, for the portion of the service period completed by employees and non-employees from the grant date through the effectiveness date of the registration statement for the IPO.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of presentation***

The accompanying consolidated financial statements include the financial statements of Procore Technologies, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Certain balances have been reclassified to conform to current year presentation.

***Use of estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management periodically evaluates its estimates and assumptions for continued reasonableness, primarily with respect to revenue recognition, the period of benefit of contract cost assets, the fair value of assets acquired and liabilities assumed in a business combination or asset acquisition, stock-based compensation expense, the recoverability of goodwill and long-lived assets, useful lives of long-lived assets, capitalization of software development costs, income taxes, including related reserves and allowances, provision for credit losses, incremental borrowing rates and estimation of lease terms applied in lease accounting, and self-insurance reserve estimates. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. Management bases its estimates on historical experience and on various other assumptions that management believes to be reasonable. Actual results could differ from the Company's estimates.

**Procore Technologies, Inc.**  
**Notes to Consolidated Financial Statements**

**Segments**

The Company operates as a single operating segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker ("CODM"), in deciding how to allocate resources and assess performance. The Company's CODM is its Chief Executive Officer. In recent years, the Company has completed a number of acquisitions which have allowed it to expand its platform capabilities and related product and service offerings.

While the Company provides different product and service offerings, including as a result of its acquisitions, its business operates as one operating segment because its CODM evaluates the Company's financial information for purposes of assessing financial performance and allocating resources on a consolidated basis.

**Concentrations of credit risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, restricted cash, investments in marketable securities, accounts receivable, and materials financing receivables.

The Company maintains its cash, cash equivalents, and restricted cash balances with major financial institutions that may at times exceed federally insured limits. However, the Company believes that these financial institutions are financially sound with minimal credit risk. During the years ended December 31, 2023 and 2022, there were no credit losses recorded on cash, cash equivalents, or restricted cash.

Investments in marketable securities consist primarily of investment-grade securities and the Company's investment policy limits the amount of credit exposure to any individual issuer. The Company periodically assesses its portfolio of marketable securities for impairment due to credit losses. The Company evaluates each investment in an unrealized loss position to determine if any portion of the unrealized loss is related to credit losses. In determining whether a credit loss may exist, the Company considers the extent of the unrealized loss position, any adverse conditions specifically related to the security or the issuer's operating environment, the pay structure of the security, the issuer's payment history, and any changes in the issuer's credit rating. Unrealized losses on marketable securities due to expected credit losses are recognized in other expense, net in the accompanying consolidated statements of operations and comprehensive loss. During the years ended December 31, 2023 and 2022, there were no credit losses recorded on marketable securities.

Accounts receivable are recorded at the invoiced amounts, do not require collateral or bear interest, and mainly result from subscriptions to access the Company's software products. The Company regularly assesses the need for allowances for expected losses from these accounts receivable. Each reporting period, the Company evaluates the collectability of its accounts receivable based on a number of factors such as the age of the receivables, credit quality, historical experience, and current and future economic conditions that may affect a customer's ability to pay. As of December 31, 2023 and 2022, the Company's allowance for expected credit losses was \$4.8 million and \$4.1 million, respectively. No customer represented 10% or more of the consolidated accounts receivable balance as of December 31, 2023 and 2022. No single customer accounted for 10% or more of total revenue for the years ended December 31, 2023, 2022, and 2021.

The Company also has receivables related to its materials financing program that financed customers' purchases of construction materials on deferred payment terms. The related allowance recorded on the Company's materials financing receivables is primarily based on expectations of credit losses based on a number of factors, such as the age of the receivables, historical loss data, and macroeconomic conditions that may affect a customer's ability to pay.

**Procore Technologies, Inc.**  
**Notes to Consolidated Financial Statements**

***Cash, cash equivalents, and restricted cash***

The Company classifies all investments that are readily convertible to known amounts of cash and have maturities of three months or less from the date of purchase as cash equivalents, which are carried at fair value. Cash includes cash held in checking and savings accounts. As of December 31, 2023 and 2022, cash equivalents comprised money market funds that were recorded at fair value which approximates amortized cost.

From time to time, the Company may post cash collateral to satisfy certain contractual arrangements that arise in the normal course of business and that is contractually restricted as to use. The Company held no restricted cash as of December 31, 2023 and \$ 3.1 million of restricted cash as of December 31, 2022. Restricted cash as of December 31, 2022 was included in other assets on the accompanying consolidated balance sheet and consisted of funds required to secure certain corporate credit card accounts. The cash was released from restriction during 2023.

***Marketable securities***

Investments with stated maturities of greater than three months are classified as marketable securities, which consist of United States ("U.S.") treasury securities, commercial paper, corporate notes and obligations, and time deposits. All marketable securities held as of December 31, 2023 and 2022 are classified as short-term available-for-sale debt securities, which are recorded at fair value. The Company's marketable securities are classified as either short-term or long-term in the accompanying consolidated balance sheets based on the security's contractual maturity at balance sheet date. The Company re-evaluates such classification at each balance sheet date.

Any unrealized gains and losses, net of tax, that are not due to expected credit losses are included in accumulated other comprehensive loss, a component of stockholders' equity in the accompanying consolidated financial statements. Interest recorded on marketable securities is recorded in interest income, with accretion of discounts, net of amortization of premiums, recorded in accretion income, net, on the accompanying consolidated statements of operations and comprehensive loss. Refer to Note 3 for further details on the Company's marketable securities portfolio.

***Materials financing revenues and receivables***

In connection with its acquisition of Express Lien, Inc. (d/b/a Levelset) ("Levelset"), in November 2021, the Company assumed a materials financing program to help facilitate the purchase of construction materials from fulfillment partners (the Company's suppliers) on behalf of its customers, allowing such customers to finance their materials purchases from the Company on deferred payment terms. Prior to the Company ceasing originations under its materials financing program in October 2023, the fulfillment partner was primarily responsible for fulfilling the materials purchases and the Company did not have control over such materials. The Company earned revenues from origination fees and finance charges on the amounts it has financed for customers on deferred payment terms, which were typically 120 days. Such fees earned were computed and recognized based on the effective interest method and are presented net of any related reserves and amortization of deferred origination costs. During the years ended December 31, 2023 and 2022, the Company incurred credit losses of \$8.1 million and \$1.8 million, respectively, related to its materials financing program, which are recorded in general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss.

As of December 31, 2023 and 2022, gross receivables outstanding from customers under the materials financing program were \$ 5.7 million and \$13.6 million, respectively, and the related allowance for expected credit losses was \$ 3.8 million and \$2.1 million, respectively. Materials financing receivables, net of allowances, are recorded within prepaid expenses and other current assets on the accompanying consolidated balance sheets.

***Foreign currency transactions and translation***

The functional currency of the Company's foreign subsidiaries in Australia, Canada, and England is the local currency of such countries, and the functional currency of the Company's subsidiaries in Mexico, Egypt, Singapore, United Arab Emirates, France, Ireland, and Germany is U.S. Dollars. For foreign subsidiaries where



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**Notes to Consolidated Financial Statements**

the functional currency is the local currency of such countries, assets and liabilities are translated into U.S. Dollars at exchange rates in effect at the balance sheet date, stockholders' equity is translated at the applicable historical exchange rate, and revenue and expenses are translated using the average exchange rates during the period. The effect of exchange rate changes resulting from the translation of the foreign subsidiary financial statements is accounted for as a component of accumulated other comprehensive loss.

In addition, the Company incurs foreign currency transaction gains and losses, including those related to intercompany agreements among the Company and its subsidiaries, which are recorded in other expense, net in the accompanying consolidated statements of operations and comprehensive loss. Foreign currency gains and losses were not material for the years ended December 31, 2023, 2022, and 2021.

**Property and equipment, net**

Property and equipment are stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are expensed as incurred, while renewals and betterments are capitalized. Depreciation expense is computed on a straight-line basis over the estimated lives of the assets as follows:

| <b>Asset Classification</b> | <b>Estimated Useful Life</b>     |
|-----------------------------|----------------------------------|
| Leasehold improvements      | Lesser of 15 years or lease term |
| Building improvements       | Lesser of 20 years or lease term |
| Furniture and fixtures      | 5 years                          |
| Computers and equipment     | 3 years                          |
| Purchased software          | Contractual term                 |

**Leases**

The Company determines an arrangement is a lease at inception if it is both able to identify an asset and conclude it has the right to control the identified asset. Leases are classified as finance or operating based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is comprised of amortization of the right of use ("ROU") asset and interest expense recognized based on an effective interest method for finance leases, or as a single lease cost recognized on a straight-line basis over the term of the lease for operating leases. Leases are included in ROU assets, other current liabilities, and long-term finance and operating lease liabilities within the accompanying consolidated balance sheets. Leases with expected terms of 12 months or less are not recorded on the accompanying consolidated balance sheets. Certain leases contain provisions that allow the Company to be reimbursed by the landlord for specified tenant improvements that are subject to final approval prior to being paid. The Company estimates the likelihood that it will incur and be reimbursed for such costs at the commencement of the lease and reduce the ROU liability for the discounted future cash receipt, with a corresponding offset to the ROU asset.

ROU assets represent the Company's right to control an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the expected lease term. The Company's leases do not provide an implicit rate, therefore the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the discount rate used to calculate the present value of minimum lease payments. The incremental borrowing rate used is estimated based on what the Company would be required to pay for a collateralized loan over a similar term. The Company's leases do not include any residual value guarantees, bargain purchase options, or asset retirement obligations.

The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component. The Company's agreements may contain variable lease payments. The Company includes variable lease payments that depend on an index or a rate in the calculation of the ROU lease liabilities and exclude those which depend on facts or circumstances occurring after the commencement date, other than the passage of time.

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**Self-insurance reserves**

In January 2022, the Company elected to partially self-fund its health insurance plan. To reduce its risk related to high-dollar claims, the Company maintains individual stop-loss insurance. The Company estimates its exposure for claims incurred at the end of each reporting period, including claims not yet reported, with the assistance of an independent third-party actuary. As of December 31, 2023 and 2022, the Company's self-insurance accrual was \$3.3 million and \$1.9 million, respectively, included within other current liabilities on the accompanying consolidated balance sheets.

**Strategic investments***Investments in equity securities*

The Company holds investments in equity securities of certain privately held companies, which do not have readily determinable fair values. The Company does not have a controlling interest or significant influence in these companies. The Company has elected to measure the non-marketable equity securities at cost, with remeasurements to fair value only upon the occurrence of observable price changes in orderly transactions for the identical or similar securities of the same issuer, or in the event of any impairment. This election is reassessed each reporting period to determine whether a non-marketable equity security has a readily determinable fair value, in which case the security would no longer be eligible for this election. All gains and losses on such equity securities, realized and unrealized, are recorded in other expense, net on the accompanying consolidated statements of operations and comprehensive loss. The Company evaluates its non-marketable equity securities for impairment at each reporting period based on a qualitative assessment that considers various potential impairment indicators. If an impairment exists, a loss is recognized in the accompanying consolidated statements of operations and comprehensive loss for the amount by which the carrying value exceeds the fair value of the investment.

*Investments in limited partnership funds*

The Company also holds investments in certain limited partnership funds. The Company does not hold a controlling interest or significant influence in these limited partnerships. The fair value of such investments is valued using the Net Asset Value ("NAV") provided by the fund administrator as a practical expedient.

*Available-for-sale debt securities*

The Company also holds certain investments in debt securities of privately held companies, which are classified as available-for-sale debt securities. Such available-for-sale debt securities are recorded at fair value with changes in fair value recorded in other comprehensive income or loss. The Company periodically reviews its available-for-sale debt securities to determine if there has been an other-than-temporary decline in fair value. If the impairment is deemed other-than-temporary, the portion of the impairment related to credit losses is recognized in other expense, net in the accompanying consolidated statements of operations and comprehensive loss, and the portion related to non-credit related losses is recognized as a component of comprehensive loss.

**Business combinations**

The Company assesses whether an acquisition is a business combination or an asset acquisition. If substantially all of the gross assets acquired are concentrated in a single asset or group of similar assets, then the acquisition is accounted for as an asset acquisition, where the purchase consideration is allocated on a relative fair value basis to the assets acquired. Goodwill is not recorded in an asset acquisition. If the gross assets are not concentrated in a single asset or group of similar assets, then the Company determines if the set of assets acquired represents a business. A business is an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return. Depending on the nature of the acquisition, judgment may be required to determine if the set of assets acquired is a business combination or not.

The Company applies the acquisition method of accounting for a business combination. Under this method of accounting, assets acquired and liabilities assumed are recorded at their respective fair values at the date of the acquisition. Any excess of the purchase price over the fair value of the net assets acquired is

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**Notes to Consolidated Financial Statements**

recognized as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company adjusts the provisional amounts of assets acquired and liabilities assumed with the corresponding offset to goodwill to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded within the Company's consolidated statements of operations and comprehensive loss.

Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to estimated level of effort and related costs of reproducing or replacing the assets acquired, future cash inflows and outflows, and discount rates, among other items. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market participants are assumed to be buyers and sellers in the principal (most advantageous) market for the asset or liability. Additionally, fair value measurements for an asset assume the highest and best use of that asset by market participants. As a result, the Company may be required to value the acquired assets at fair value measures that do not reflect its intended use of those assets. Use of different estimates and judgments could yield different results.

Although the Company believes the assumptions and estimates it has made are reasonable and appropriate, they are based in part on historical experience and information that may be obtained from management of the acquired company and are inherently uncertain.

***Intangible assets and goodwill***

All of the Company's finite-lived intangible assets are amortized using the straight-line method over their estimated period of benefit, ranging from three to 10 years. The Company evaluates the recoverability of its finite-lived intangible assets periodically by considering events or changes in circumstances that may warrant revised estimates of useful lives or that indicate the asset may be impaired.

The Company has an in-process research and development ("IPR&D") intangible asset, which is considered indefinite-lived and is assessed annually for impairment. Upon completion of the project, the IPR&D intangible asset would be considered a finite-lived intangible asset and amortized over its estimated useful life. If the project were to be abandoned, the IPR&D would be considered fully impaired and recognized in research and development expenses within the accompanying consolidated statements of operations and comprehensive loss.

Goodwill is tested for impairment at the reporting unit level (i.e., the operating segment or one level below an operating segment). The Company has one reporting unit and tests goodwill impairment on an annual basis during the fourth quarter of the Company's fiscal year, and between annual tests if an event occurs or circumstances change that indicate that goodwill may be impaired. In assessing impairment, the Company has the option to first assess qualitative factors to determine whether or not a reporting unit is more likely than not impaired. Alternatively, the Company may perform a quantitative impairment assessment or if the qualitative assessment indicates that it is more likely than not that the reporting unit's fair value is less than its carrying amount, a quantitative analysis is required. The quantitative analysis compares the estimated fair value of the reporting unit with its respective carrying amount, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying amount, including goodwill, goodwill is considered not to be impaired. If the fair value is less than the carrying amount, including goodwill, then a goodwill impairment charge is recorded by the amount that the carrying value exceeds the fair value, up to the carrying amount of goodwill.

***Capitalized software development costs***

The Company capitalizes certain development costs incurred in connection with the development of internal-use software. Costs incurred in the preliminary stages of development are expensed as incurred. Once the preliminary stage is complete, internal and external direct costs are capitalized until the developed software is substantially complete and ready for its intended use. Costs incurred for post-implementation activities, training, maintenance, and minor upgrades and enhancements without adding additional functionality are

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expensed as incurred. Capitalized internal-use software costs primarily relate to the development of and major enhancements to the Company's cloud-based software as a service ("SaaS") construction management platform and related software products. Capitalized software development costs related to the Company's platform are amortized on a straight-line basis over the developed software's estimated useful life of two years and the related amortization expense is recorded in cost of revenue within the accompanying consolidated statements of operations and comprehensive loss.

The Company also capitalizes certain software development costs which are used internally, rather than developments to the Company's platform. Such costs are amortized on a straight-line basis over the developed software's estimated useful life, which is generally three to five years, and the related amortization expense is recorded in operating expenses within the accompanying consolidated statements of operations and comprehensive loss. Abandonments of software development costs have been immaterial in all periods presented.

***Cloud computing arrangements***

The Company capitalizes qualifying implementation costs related to hosting arrangements that are service contracts (cloud computing arrangements). Such costs are amortized on a straight-line basis over the software's estimated useful life, which is generally the term of the hosting relationship, and ranges from three to five years. The related amortization expense is recorded in operating expenses within the accompanying consolidated statements of operations and comprehensive loss. As of December 31, 2023 and 2022, the Company's gross capitalized costs were \$10.3 million and \$7.2 million, respectively, and the related accumulated amortization was \$ 2.9 million and \$1.3 million, respectively. Capitalized amounts are included in prepaid expenses and other current assets and other assets on the accompanying consolidated balance sheets.

***Fair value measurements***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value measurements are based on a fair value hierarchy using three levels of inputs, of which the first two are considered observable and the last is considered unobservable, as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Quoted prices for identical or similar assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical or similar assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of December 31, 2023 and 2022, the carrying value of the Company's financial instruments included in current assets and current liabilities (including accounts receivable, accounts payable, and accrued expenses) approximate fair value due to the short-term nature of such items. The Company measures its cash held in money market funds, marketable securities, and investments in available-for-sale debt securities at fair value each reporting period. The estimation of fair value for available-for-sale debt securities in private companies requires the use of significant unobservable inputs, and as a result, the Company classifies these assets as Level 3 within the fair value hierarchy.

The Company's investments in equity securities of privately held companies are recorded at fair value on a non-recurring basis. For investments without a readily determinable fair value, the Company looks to observable transactions, such as the issuance of new equity by an investee, as indicators of investee enterprise value and uses them to estimate the fair value of the investments. The Company's investments in limited partnerships are valued using NAV as a practical expedient and therefore excluded from the fair value hierarchy.

**Procore Technologies, Inc.**  
**Notes to Consolidated Financial Statements**

***Impairment and abandonment of long-lived assets***

The Company evaluates long-lived assets, including finite-lived intangible assets, property and equipment, leases, capitalized software development costs, and cloud computing arrangements, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Impairment testing is performed at an asset level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities, or an asset group. Recoverability of asset groups to be held and used is measured by comparison of the carrying value of the asset group to the estimated undiscounted future cash flows expected to be generated from the use of such assets. If the undiscounted future cash flows are less than the carrying value of the asset group, an impairment is recognized based on the amount by which the carrying value exceeds the estimated fair value of the asset group. Assets to be abandoned with no remaining future service potential are written down to amounts expected to be recovered.

***Revenue recognition***

The Company generates substantially all of its revenue from subscriptions for access to its software products and related support. The software products are hosted on its cloud-based SaaS construction management platform. Subscriptions are sold for a fixed fee and revenue is recognized ratably over the term of the subscription. The Company's subscription agreements generally have annual or multi-year terms, are typically subject to renewal at the end of the subscription term, are generally non-cancelable, and do not provide for refunds to customers or any other right of return. The Company generally invoices its customers at the beginning of each annual subscription period, and to a lesser extent, on a semi-annual or quarterly basis. To the extent the Company invoices its customers in advance of revenue recognition, it records deferred revenue. Consequently, a portion of the revenue that is reported each period is attributable to the recognition of revenue previously deferred and related to subscriptions that the Company entered into during previous periods. Subscription fees are generally due and payable upon receipt of invoice by the Company's customers or within 30 days of the stated billing date. The Company does not provide the customer with the right to take possession of its software products at any time.

The Company determines revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company executes a signed contract with the customer that specifies services to be provided, the payment amounts and terms, and the period of service, among other terms.

The Company's contracts with customers often include promises to perform multiple services. Determining whether services are considered distinct performance obligations that should be accounted for separately or together may require judgment. The contracts with customers include access to the Company's products and support over the subscription period. Access to software products and support represents a series of distinct services as the Company fulfills its obligation to the customer and the customer receives and consumes the benefits of the software products and support over the subscription term. The series of distinct services represents a single performance obligation.

The transaction price is determined by the stated fixed fees in the contract, excluding any related sales tax. None of the Company's contracts include a significant financing component.

The Company recognizes revenue ratably over the term of the subscription agreement beginning on the date that access to its products is made available to the customer.

**Procore Technologies, Inc.**  
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**Deferred revenue**

Contract liabilities consist of revenue that is deferred when the Company has the contractual right to invoice in advance of transferring services to its customers. Substantially all deferred revenue at the beginning of 2023, 2022, and 2021 was recognized as revenue within the following 12-month period.

**Remaining performance obligations**

The transaction price allocated to remaining performance obligations ("RPO") represents the contracted transaction price that has not yet been recognized as revenue, which includes deferred revenue and amounts under non-cancelable contracts that will be invoiced and recognized as revenue in future periods. The Company's current RPO represents future revenue under existing contracts that is expected to be recognized as revenue in the next 12 months. As of December 31, 2023, the aggregate amount of the transaction price allocated to RPO was \$1.0 billion, of which the Company expects to recognize approximately \$698.3 million, or 70%, as revenue in the next 12 months and substantially all of the remaining \$ 302.2 million between 12 and 36 months thereafter.

**Assets recognized from the costs to obtain a contract with a customer**

The Company recognizes an asset for the incremental and recoverable costs of obtaining a contract with a customer if the Company expects the benefit of those costs to be one year or longer. The Company elected the practical expedient that allows an entity to expense incremental contract costs as incurred if the amortization period of the assets would have otherwise been recognized in one year or less. The Company has determined that sales commissions paid for new contracts, including certain incremental sales to existing customers, meet the requirements to be capitalized as contract acquisition costs. The contract cost assets are deferred and then recognized in sales and marketing expense on a straight-line basis over the expected period of benefit, which the Company has determined to be four years. Sales commissions and bonuses for renewal contracts are not considered commensurate with sales commissions for new contracts, and therefore, the expected period of benefit for costs capitalized for initial contracts extends beyond the term of the initial contract. Judgment is required to determine the expected period of benefit, for which the Company considers estimates of customer lives and SaaS product technology life in making this determination. Write-offs of such costs have historically been immaterial.

The following table presents the changes in contract cost assets (in thousands):

|                   | Year Ended December 31, |           |           |
|-------------------|-------------------------|-----------|-----------|
|                   | 2023                    | 2022      | 2021      |
| Beginning balance | \$ 64,077               | \$ 42,919 | \$ 33,052 |
| Additions         | 37,243                  | 41,750    | 25,978    |
| Amortization      | (28,038)                | (20,592)  | (16,111)  |
| Ending balance    | \$ 73,282               | \$ 64,077 | \$ 42,919 |

**Cost of revenue**

Cost of revenue primarily consists of personnel-related compensation expenses for the Company's customer support team, including salaries, benefits, stock-based compensation, payroll taxes, commissions, and bonuses. Additionally, cost of revenue includes non-personnel-related expenses, such as third-party hosting costs, amortization of acquired technology intangible assets, amortization of capitalized software development costs related to the Company's platform, software license fees, and allocated overhead.

**Operating expenses**

The Company's operating expenses consist of sales and marketing, research and development, and general and administrative expenses. For each of these categories of expense, personnel-related compensation expenses are the most significant component, which include salaries, stock-based compensation, commissions, benefits, payroll taxes, and bonuses.

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*Sales and marketing*

Sales and marketing expenses primarily consist of personnel-related compensation expenses for the Company's sales and marketing organizations. Additionally, sales and marketing expenses include non-personnel-related expenses, such as advertising costs, marketing events, travel, trade shows, and other marketing activities; amortization of acquired customer relationship intangible assets; contractor costs to supplement the Company's staff levels; consulting services; and allocated overhead. Advertising costs are expensed as incurred. During the years ended December 31, 2023, 2022, and 2021, the Company incurred advertising costs of \$43.1 million, \$37.2 million, and \$27.2 million, respectively.

*Research and development*

Research and development expenses primarily consist of personnel-related compensation expenses for the Company's engineering, product, and design teams. Additionally, research and development expenses include non-personnel-related expenses, such as contractor costs to supplement the Company's staff levels, consulting services, amortization of certain acquired intangible assets used in research and development activities, and allocated overhead.

*General and administrative*

General and administrative expenses primarily consist of personnel-related compensation expenses for the Company's human resources, information technology, finance, legal, executive, and other administrative functions. Additionally, general and administrative expenses include non-personnel-related expenses, such as professional fees for audit, legal, tax, and other external consulting services, including acquisition-related transaction expenses; costs associated with operating as a public company, including insurance costs, professional services, investor relations, and other compliance costs; property and use taxes; licenses, travel and entertainment costs; and allocated overhead.

**Stock-based compensation**

The Company recognizes stock-based compensation cost equal to the grant date fair value of stock-based awards. Stock-based awards include stock options, RSUs, employee stock purchase plan ("ESPP"), performance-based restricted stock units ("PSUs"), and restricted stock awards ("RSAs").

The fair value of RSUs, PSUs, and RSAs is based on the estimated fair value of the Company's common stock on the grant date. The fair value of stock options and ESPP purchase rights is estimated on the grant date using the Black-Scholes option pricing model. For awards that vest solely based on continued service, the grant date fair value is recognized as compensation expense on a straight-line basis over the requisite service period of the awards, which is generally four years. For awards that contain both performance and service vesting conditions, the grant date fair value is recognized as compensation expense using a graded vesting attribution model. No expense is recognized for awards with performance conditions until that condition is probable of being met, therefore the portion of expense recognized in any period may fluctuate depending on changing estimates of the achievement of the performance conditions. Forfeitures are recorded when they occur.

**Income taxes**

The Company accounts for income taxes for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based on the differences between the carrying amounts for financial reporting purposes and the tax bases of assets and liabilities. Deferred income tax assets and liabilities are measured using enacted tax rates anticipated to be in effect when those tax assets and liabilities are expected to be realized or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the accompanying consolidated statements of operations and comprehensive loss in the period that includes the enactment date.

A valuation allowance is established if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risk associated with estimates of

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future taxable income in assessing the need for a valuation allowance. Significant judgment is required in determining the provision for (benefit from) income taxes and deferred tax assets and liabilities.

The Company recognizes a tax benefit from an uncertain position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on its technical merits. If this threshold is met, the Company measures the tax benefit as the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement.

The Company recognizes penalties and interest accrued with respect to uncertain tax positions, if any, in the provision for (benefit from) income taxes in the accompanying consolidated statements of operations and comprehensive loss. Accrued penalties and interest related to uncertain tax positions were not material to any period presented.

**Recently issued accounting pronouncements - not yet adopted**

**Improvements to Reportable Segment Disclosures**

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, *Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). The new amendment updates and improves reportable segment disclosure requirements through enhanced disclosures about significant segment expenses by requiring disclosure of incremental segment information on an annual and interim basis to enable investors to develop more decision-useful financial analysis. ASU 2023-07 is effective for public business entities for fiscal years beginning after December 31, 2023 and for interim periods within fiscal years beginning after December 31, 2024, with early adoption permitted. Upon adoption, public entities should apply the amendments retrospectively to all periods presented in the financial statements. As the Company operates as a single operating segment, the adoption of ASU 2023-07 is not expected to have a material impact on its consolidated financial statements, including disclosures.

**Improvements to Income Tax Disclosure**

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740) – Improvements to Income Tax Disclosures* ("ASU 2023-09"). The new amendment enhances transparency and usefulness of income tax disclosures by expanding disclosures in an entity's income tax rate reconciliation table and income taxes paid. ASU 2023-09 is effective for public business entities for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the impact of the adoption of ASU 2023-09 on its consolidated financial statements and disclosures.

**3. INVESTMENTS**

**Marketable securities**

Marketable securities consisted of the following as of December 31, 2023 (in thousands):

|                                 | Amortized Cost    | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value        |
|---------------------------------|-------------------|------------------------------|-------------------------------|-------------------|
| U.S. treasury securities        | \$ 128,479        | \$ 124                       | \$ (27)                       | \$ 128,576        |
| Commercial paper                | 47,415            | 1                            | (35)                          | 47,381            |
| Corporate notes and obligations | 139,747           | 61                           | (128)                         | 139,680           |
| Time deposits                   | 4,525             | —                            | (1)                           | 4,524             |
| Total marketable securities     | <u>\$ 320,166</u> | <u>\$ 186</u>                | <u>\$ (191)</u>               | <u>\$ 320,161</u> |



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Marketable securities consisted of the following as of December 31, 2022 (in thousands):

|                                 | Amortized Cost    | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value        |
|---------------------------------|-------------------|------------------------------|-------------------------------|-------------------|
| U.S. treasury securities        | \$ 86,666         | 7                            | \$ (196)                      | \$ 86,477         |
| Commercial paper                | 73,234            | 6                            | (326)                         | 72,914            |
| Corporate notes and obligations | 65,150            | —                            | —                             | 65,150            |
| Time deposits                   | 60,951            | 1                            | —                             | 60,952            |
| Total marketable securities     | <u>\$ 286,001</u> | <u>\$ 14</u>                 | <u>\$ (522)</u>               | <u>\$ 285,493</u> |

All marketable securities held as of December 31, 2023 and 2022 had a contractual maturity of less than one year. During the year ended December 31, 2023, there were maturities and sales of marketable securities of \$372.2 million and \$5.5 million, respectively. During the year ended December 31, 2022, there were maturities of marketable securities of \$85.6 million. There were no sales of marketable securities during the year ended December 31, 2022. Realized losses on the sale of marketable securities are recorded in other expense, net on the accompanying consolidated statements of operations and comprehensive loss. Such losses were immaterial during the year ended December 31, 2023. There were no impairments of marketable securities in any period presented.

**Strategic investments**

Strategic investment activity during the year ended December 31, 2023 is summarized as follows (in thousands):

|                                    | Equity Securities | Limited<br>Partnerships | Available-for-Sale<br>Debt<br>Securities | Total            |
|------------------------------------|-------------------|-------------------------|------------------------------------------|------------------|
| Balance as of December 31, 2022    | \$ 7,286          | \$ 3,402                | \$ 355                                   | \$ 11,043        |
| Interest accrued                   | —                 | —                       | 7                                        | 7                |
| Purchases of strategic investments | —                 | 764                     | —                                        | 764              |
| Unrealized gains (losses)          | 68                | (180)                   | —                                        | (112)            |
| Impairment losses                  | (175)             | —                       | —                                        | (175)            |
| Balance as of December 31, 2023    | <u>\$ 7,179</u>   | <u>\$ 3,986</u>         | <u>\$ 362</u>                            | <u>\$ 11,527</u> |

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In connection with the acquisition of Levelset in November 2021, which is further discussed in Note 7, the Company acquired a convertible promissory note ("Convertible Note") in a privately held company. At the acquisition date, the fair value of the Convertible Note was \$3.0 million. The Convertible Note was classified as an available-for-sale debt security at the acquisition date and was converted to an equity security in 2022. Strategic investment activity during the year ended December 31, 2022 is summarized as follows (in thousands):

|                                                                         | Equity Securities | Limited Partnerships | Available-for-Sale Debt Securities | Total     |
|-------------------------------------------------------------------------|-------------------|----------------------|------------------------------------|-----------|
| Balance as of December 31, 2021                                         | \$ 3,882          | \$ —                 | \$ 3,450                           | \$ 7,332  |
| Interest accrued                                                        | —                 | —                    | 105                                | 105       |
| Purchases of strategic investments                                      | —                 | 3,609                | 350                                | 3,959     |
| Conversion of available-for-sale debt securities into equity securities | 3,680             | —                    | (3,680)                            | —         |
| Unrealized (losses) gains                                               | (139)             | (207)                | 130                                | (216)     |
| Impairment losses                                                       | (137)             | —                    | —                                  | (137)     |
| Balance as of December 31, 2022                                         | \$ 7,286          | \$ 3,402             | \$ 355                             | \$ 11,043 |

Strategic investments are recorded in other assets in the accompanying consolidated balance sheets. As of December 31, 2023, in connection with the Company's investments in limited partnerships, it has a contractual obligation to provide additional investment funding of up to \$5.6 million at the option of the investees.

#### 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets measured at fair value on a recurring basis within the fair value hierarchy are summarized as follows (in thousands):

|                                                   | December 31, 2023 |            |         | Total      |
|---------------------------------------------------|-------------------|------------|---------|------------|
|                                                   | Level 1           | Level 2    | Level 3 |            |
| <b>Cash equivalents:</b>                          |                   |            |         |            |
| Money market funds                                | \$ 303,452        | \$ —       | \$ —    | \$ 303,452 |
| <b>Marketable securities:</b>                     |                   |            |         |            |
| U.S. treasury securities                          | 128,576           | —          | —       | 128,576    |
| Commercial paper                                  | —                 | 47,381     | —       | 47,381     |
| Corporate notes and obligations                   | —                 | 139,680    | —       | 139,680    |
| Time deposits                                     | —                 | 4,524      | —       | 4,524      |
| <b>Strategic investments:</b>                     |                   |            |         |            |
| Investments in available-for-sale debt securities | —                 | —          | 362     | 362        |
| Total                                             | \$ 432,028        | \$ 191,585 | \$ 362  | \$ 623,975 |

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**Notes to Consolidated Financial Statements**

|                                                   | December 31, 2022 |                   |               |                   |
|---------------------------------------------------|-------------------|-------------------|---------------|-------------------|
|                                                   | Level 1           | Level 2           | Level 3       | Total             |
| <b>Cash equivalents:</b>                          |                   |                   |               |                   |
| Money market funds                                | \$ 30,200         | \$ —              | \$ —          | \$ 30,200         |
| <b>Marketable securities:</b>                     |                   |                   |               |                   |
| U.S. treasury securities                          | 86,477            | —                 | —             | 86,477            |
| Commercial paper                                  | —                 | 72,914            | —             | 72,914            |
| Corporate notes and obligations                   | —                 | 65,150            | —             | 65,150            |
| Time deposits                                     | —                 | 60,952            | —             | 60,952            |
| <b>Strategic investments:</b>                     |                   |                   |               |                   |
| Investments in available-for-sale debt securities | —                 | —                 | 355           | 355               |
| Total                                             | <u>\$ 116,677</u> | <u>\$ 199,016</u> | <u>\$ 355</u> | <u>\$ 316,048</u> |

## 5. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following (in thousands):

|                                                 | December 31,     |                  |
|-------------------------------------------------|------------------|------------------|
|                                                 | 2023             | 2022             |
| Leasehold improvements                          | \$ 29,681        | \$ 28,023        |
| Building improvements                           | 6,311            | 6,311            |
| Furniture and fixtures                          | 12,146           | 11,679           |
| Computers and equipment                         | 22,177           | 18,264           |
| Purchased software                              | 928              | 859              |
| Property and equipment                          | 71,243           | 65,136           |
| Less: accumulated depreciation and amortization | (34,985)         | (25,943)         |
| Property and equipment, net                     | <u>\$ 36,258</u> | <u>\$ 39,193</u> |

Depreciation and amortization expense was \$11.8 million, \$11.1 million, and \$7.8 million for the years ended December 31, 2023, 2022, and 2021, respectively.

## 6. LEASES

The Company has primarily entered into lease arrangements for office space, in addition to other miscellaneous equipment. The Company's leases have initial non-cancelable lease terms ranging from one to 10 years. Some of the Company's lease arrangements include options to extend the term of the leases for up to 10 years. However, the lessor does not have the option to cancel any of the Company's leases prior to the end of the remaining contractual term. Judgment is required when determining the minimum non-cancelable term of the lease. The Company includes options to extend or terminate the lease term that are reasonably certain of exercise. If facts and circumstances regarding those judgments change in future periods, the Company reassesses its initial estimate of the term. The Company's corporate headquarters offices have initial lease terms expiring in 2027, and a 10-year renewal option that the Company is reasonably certain it will exercise. The Company determined that the present value of lease payments represents substantially all of the fair value of the underlying leased asset and therefore recognizes its corporate headquarters as a finance lease.

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The components of lease expense were as follows (in thousands):

|                                     | Year Ended December 31, |                  |                  |
|-------------------------------------|-------------------------|------------------|------------------|
|                                     | 2023                    | 2022             | 2021             |
| Finance lease cost:                 |                         |                  |                  |
| Amortization of right of use assets | \$ 2,672                | \$ 2,705         | \$ 2,683         |
| Interest on lease liabilities       | 1,953                   | 2,017            | 2,076            |
| Operating lease cost                | 14,620                  | 11,526           | 8,943            |
| Short-term lease cost               | 1,344                   | 674              | 47               |
| Variable lease cost                 | 4,821                   | 5,667            | 4,370            |
| Total lease cost                    | <u>\$ 25,410</u>        | <u>\$ 22,589</u> | <u>\$ 18,119</u> |

Supplemental information related to leases is as follows (in thousands):

|                                                  | December 31,     |                  |
|--------------------------------------------------|------------------|------------------|
|                                                  | 2023             | 2022             |
| <b>Operating Leases</b>                          |                  |                  |
| Operating right of use assets                    | \$ 44,141        | \$ 41,934        |
| Amount included within other current liabilities | 10,399           | 8,801            |
| Operating lease liabilities, non-current         | 37,923           | 38,087           |
| Total operating lease liabilities                | <u>\$ 48,322</u> | <u>\$ 46,888</u> |
| <b>Finance Leases</b>                            |                  |                  |
| Finance right of use assets                      | \$ 34,375        | \$ 37,026        |
| Amount included within other current liabilities | 2,019            | 1,854            |
| Finance lease liabilities, non-current           | 43,581           | 45,578           |
| Total finance lease liabilities                  | <u>\$ 45,600</u> | <u>\$ 47,432</u> |

|                                                  | December 31, |        |        |
|--------------------------------------------------|--------------|--------|--------|
|                                                  | 2023         | 2022   | 2021   |
| Weighted-average remaining lease term (in years) |              |        |        |
| Finance leases                                   | 13.2         | 14.2   | 15.2   |
| Operating leases                                 | 5.5          | 6.6    | 7.8    |
| Weighted-average discount rate                   |              |        |        |
| Finance leases                                   | 4.21 %       | 4.20 % | 4.20 % |
| Operating leases                                 | 3.58 %       | 2.89 % | 2.76 % |

**Procore Technologies, Inc.**  
**Notes to Consolidated Financial Statements**

Maturities of lease payments for leases where the lease commencement date commenced on or prior to December 31, 2023 are as follows (in thousands):

| <b>Years Ending December 31,</b> | <b>Operating</b> | <b>Finance</b> | <b>Total</b> |
|----------------------------------|------------------|----------------|--------------|
| 2024                             | \$ 11,950        | \$ 3,893       | \$ 15,843    |
| 2025                             | 9,982            | 4,013          | 13,995       |
| 2026                             | 8,221            | 4,126          | 12,347       |
| 2027                             | 7,165            | 4,288          | 11,453       |
| 2028                             | 6,303            | 4,426          | 10,729       |
| Thereafter                       | 9,450            | 39,533         | 48,983       |
| Total lease payments             | \$ 53,071        | \$ 60,279      | \$ 113,350   |
| Less imputed interest            | (4,749)          | (14,679)       | (19,428)     |
| Total                            | \$ 48,322        | \$ 45,600      | \$ 93,922    |

As of December 31, 2023, operating lease payments for leases greater than one month, but less than 12 months in duration were not significant. As of December 31, 2023, the Company had outstanding letters of credit totaling approximately \$5.6 million on an unsecured basis to secure various leased office facilities in the U.S. and Australia.

## **7. BUSINESS COMBINATIONS**

### ***Levelset***

On November 2, 2021, the Company completed the acquisition of all outstanding equity of Levelset, a lien rights management company. The purpose of this acquisition is to add lien rights management to the Procore platform, enabling Procore to manage complex workflows and improve the payment process in construction. The acquisition was accounted for as a business combination.

The purchase consideration totaled \$484.1 million, which consisted of the following (in thousands):

|                              |                   |
|------------------------------|-------------------|
| Cash consideration           | \$ 426,076        |
| Fair value of common stock   | 58,028            |
| Total purchase consideration | <u>\$ 484,104</u> |

At closing, the Company issued 610,499 shares of common stock valued at \$95.05 per share for aggregate purchase consideration of \$58.0 million. The fair value of the common stock of \$95.05 per share was determined using the closing stock price of the Company's common stock on the acquisition date.

Of the total purchase consideration, \$35.0 million of cash was placed in an escrow account held by a third party for potential breaches of representations and warranties. The escrow amount, net of any claims for such indemnifiable matters, was scheduled to be released from escrow to shareholders of Levelset 18 months after the acquisition date. In May 2023, the \$35.0 million of cash held in escrow, net of indemnification claims, was released.

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The purchase consideration was allocated to the following assets and liabilities (in thousands):

|                                           | Fair value        | Useful life |
|-------------------------------------------|-------------------|-------------|
| <b>Assets acquired</b>                    |                   |             |
| Cash and cash equivalents                 | \$ 10,951         |             |
| Accounts receivable                       | 1,250             |             |
| Prepaid expenses and other current assets | 5,289             |             |
| Other non-current assets                  | 5,740             |             |
| Developed technology intangible asset     | 105,500           | 7 years     |
| Customer relationships intangible asset   | 38,800            | 4 years     |
| Goodwill                                  | 348,318           |             |
| Total assets acquired                     | \$ 515,848        |             |
| <b>Liabilities assumed</b>                |                   |             |
| Accounts payable                          | \$ (1,037)        |             |
| Accrued expenses                          | (1,945)           |             |
| Deferred revenue, current                 | (5,426)           |             |
| Other current liabilities                 | (2,437)           |             |
| Other non-current liabilities             | (1,639)           |             |
| Net deferred tax liabilities              | (19,260)          |             |
| Total liabilities assumed                 | \$ (31,744)       |             |
| <b>Net assets acquired</b>                | <u>\$ 484,104</u> |             |

The purchase price accounting for this acquisition is final.

Developed technology intangible asset represents the fair value of the Levelset's technology, which was valued considering both the cost to rebuild and relief from royalty methods. Key assumptions under the cost to rebuild method include the estimated level of effort and related costs of reproducing or replacing the acquired technology. Key assumptions under the relief from royalty method include forecasted revenue to be generated from the developed technology, an estimated royalty rate applicable to the technology, and a discount rate. Developed technology is amortized on a straight-line basis, which approximates the pattern in which the economic benefits of the technology are consumed, over its estimated useful life of seven years. The amortization expense is recorded in cost of revenue in the accompanying consolidated statements of operations and comprehensive loss.

Customer relationships represent the fair value of the underlying relationships with Levelset's existing customers, which were valued using the avoided loss of income method, which quantifies the acquiree's loss of income if it loses the right to existing customers. Key assumptions under the avoided loss of income method include forecasted revenue to be generated from and expenses to service the customer relationships, customer cancellation rate, and a discount rate. The customer relationship intangible asset is amortized on a straight-line basis, which approximates the pattern in which the economic benefits of the customer relationships are consumed, over its estimated useful life of four years. The amortization expense is recorded in sales and marketing expenses in the accompanying consolidated statements of operations and comprehensive loss.

The \$348.3 million goodwill balance is primarily attributable to synergies and expanded market opportunities that are expected to be achieved from the integration of Levelset with the Company's offerings and assembled workforce. The goodwill balance is not deductible for income taxes purposes.

To retain certain Levelset employees, the Company issued 199,670 RSAs which vest based on their continued employment over two years, further discussed in Note 12. The total grant date fair value of shares issued of \$19.0 million was excluded from the purchase consideration and was recognized as post-combination expense over the service period on a straight-line basis, unless the employees were terminated without cause.

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As of December 31, 2023, all RSAs have vested and all stock-based compensation has been recognized, including \$ 5.5 million of expense related to RSAs whose vesting was accelerated during 2023 upon the departure of certain employees.

In addition to issuing the RSAs discussed above, the Company also paid \$ 11.0 million of cash retention payments that vest based on continued employment, at the close of the acquisition. The cash retention payments vest quarterly over a two-year service period and were subject to clawback if the employee was terminated for cause before the service vesting condition was met. The related compensation was recognized as post-combination expense over the service period on a straight-line basis. As of December 31, 2023, all expenses related to cash retention payments have been recognized, including \$3.4 million of such expense which was accelerated during 2023 upon the departure of certain employees.

The acquisition-related transaction costs incurred by the Company of \$ 5.0 million were expensed as incurred in the consolidated statements of operations and comprehensive loss. Levelset's results of operations have been included in the Company's consolidated financial statements from the acquisition date. The Company has not separately presented the revenue and operating losses of Levelset for the period from the acquisition date through December 31, 2021 as the impacts were not material to the consolidated financial statements.

The following unaudited pro forma financial information combines the results of operations for Procore and Levelset as if the closing of the acquisition had occurred on January 1, 2020 and adjusts for amortization of acquired intangible assets, transaction costs associated with the acquisition, compensation expense assuming the retention payments discussed above vested, stock-based compensation expense for RSUs granted to continuing employees discussed in Note 12 and the 199,670 shares of RSAs issued to certain key Levelset employees as discussed above, and tax benefits recorded as a result of the acquisition. The unaudited pro forma results do not reflect any cost saving synergies from operating efficiencies or the effect of the incremental costs incurred from integrating these companies. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations of the combined company would have been if the acquisitions had occurred at the beginning of 2020, nor are they indicative of future results of operations (in thousands):

|          | <b>Year Ended December 31,</b> |           |
|----------|--------------------------------|-----------|
|          | <b>2021</b>                    |           |
| Revenue  | \$                             | 532,690   |
| Net Loss | \$                             | (355,612) |

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**LaborChart**

On October 21, 2021, the Company completed the acquisition of all outstanding equity of LaborChart, Inc. ("LaborChart") for \$ 76.2 million in cash purchase consideration. LaborChart is a labor management solution that facilitates labor scheduling, forecasting, office-to-field communications, certification tracking, data management, and labor analysis. The purpose of this acquisition is to enhance Procore's existing labor management solution. The acquisition was accounted for as a business combination.

The purchase consideration was allocated to the following assets and liabilities (in thousands):

|                                           | Fair value       | Useful life |
|-------------------------------------------|------------------|-------------|
| <b>Assets acquired</b>                    |                  |             |
| Cash and cash equivalents                 | \$ 2,149         |             |
| Accounts receivable                       | 730              |             |
| Prepaid expenses and other current assets | 737              |             |
| Other non-current assets                  | 417              |             |
| Developed technology intangible asset     | 12,800           | 4 years     |
| Customer relationships intangible asset   | 11,100           | 10 years    |
| Goodwill                                  | 55,700           |             |
| Total assets acquired                     | \$ 83,633        |             |
| <b>Liabilities assumed</b>                |                  |             |
| Accrued expenses                          | \$ (120)         |             |
| Deferred revenue, current                 | (1,704)          |             |
| Other current and non-current liabilities | (690)            |             |
| Net deferred tax liabilities              | (4,891)          |             |
| Total liabilities assumed                 | \$ (7,405)       |             |
| <b>Net assets acquired</b>                | <b>\$ 76,228</b> |             |

The purchase price accounting for this acquisition is final.

Developed technology intangible asset represents the fair value of LaborChart's technology, which was valued considering both the cost to rebuild and relief from royalty methods. Key assumptions under the cost to rebuild method include the estimated level of effort and related costs of reproducing or replacing the acquired technology. Key assumptions under the relief from royalty method include forecasted revenue to be generated from the developed technology, an estimated royalty rate applicable to the technology, and a discount rate. Developed technology is amortized on a straight-line basis, which approximates the pattern in which the economic benefits of the technology are consumed, over its estimated useful life of four years. The amortization expense is recorded in cost of revenue in the accompanying consolidated statements of operations and comprehensive loss.

Customer relationships represent the fair value of the underlying relationships with LaborChart's existing customers, which were valued using the multi-period excess earnings method. Key assumptions under the multi-period excess earnings method include estimated future revenues, costs, cash flows, and a discount rate. The customer relationship intangible asset is amortized on a straight-line basis, which approximates the pattern in which the economic benefits of the customer relationships are consumed, over its estimated useful life of ten years. The amortization expense is recorded in sales and marketing expenses in the accompanying consolidated statements of operations and comprehensive loss.

The Company recorded goodwill, which represents the excess of the purchase consideration over the tangible and intangible assets acquired and liabilities assumed, of \$55.7 million relating to the acquisition. The goodwill balance is primarily attributed to the synergies and expanded market opportunities that are expected to



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be achieved from the integration of LaborChart with the Company's offerings and assembled workforce. Goodwill is not deductible for income tax purposes.

To retain certain LaborChart employees, the Company held back \$ 9.0 million of the cash purchase price, which will vest based on continued employment over a three-year period. The cash holdback amount was excluded from the purchase consideration and is recorded as post-combination expense over the service period on a straight-line basis. During the years ended December 31, 2023 and 2022, the Company recorded \$4.2 million and \$3.0 million of expense, respectively, for the portion of the balance which vested in the respective year. The \$ 4.2 million recorded during the year ended December 31, 2023 includes \$2.1 million of expense that was accelerated in February 2023 due to the departure of a certain LaborChart employee.

The Company has not separately presented pro forma results reflecting the acquisition of LaborChart, or revenue and operating losses of LaborChart for the period from the acquisition date through December 31, 2021 as the impacts were not material to the consolidated financial statements. The acquisition-related transaction costs were not material, and were expensed as incurred in the accompanying consolidated statements of operations and comprehensive loss.

***Indus.ai Inc.***

On May 3, 2021, the Company completed the acquisition of Indus.ai Inc. ("Indus"), a Canada-based privately held company that offers an artificial intelligence ("AI")-powered analytics platform to provide actionable insights for the construction industry, by acquiring 100% of the outstanding voting interests in Indus for purchase consideration of \$24.3 million in cash. Of the total purchase consideration, \$ 4.1 million was held back to secure certain indemnification obligations ("Holdback Consideration") in accordance with the stock purchase agreement, which was scheduled to be paid, subject to any indemnification claims, on the 18-month anniversary of the acquisition. In November 2022, the Company paid \$ 3.9 million in cash for the Holdback Consideration, net of indemnification claims. The purpose of this acquisition is to accelerate the development of the Company's AI and machine learning solutions.

The purchase consideration was primarily allocated to the developed technology intangible asset with an estimated fair value of \$ 14.8 million at the acquisition date, which was valued using the cost to rebuild method. Key assumptions under the cost to rebuild method include the estimated level of effort and related costs of reproducing or replacing the acquired technology. The fair value of the remaining acquired tangible and intangible net assets was immaterial. The Company also recorded a deferred tax liability of \$2.0 million as a result of the acquisition. The Company recorded goodwill, which represents the excess of the purchase consideration over the tangible and intangible assets acquired and liabilities assumed, of \$11.5 million relating to the acquisition. The goodwill balance is primarily attributed to the synergies expected and the skilled workforce acquired. Goodwill is not deductible for income tax purposes. The purchase price accounting for this acquisition is final.

Developed technology acquired is amortized on a straight-line basis, which approximates the pattern in which the economic benefits of the technology are expected to be consumed, over its estimated useful life of five years. The amortization expense is recorded in research and development in the accompanying consolidated statements of operations and comprehensive loss, as the acquired developed technology will be used to improve the Company's internal research and development capabilities.

The Company has not separately presented pro forma results reflecting the acquisition of Indus, or revenue and operating losses of Indus for the period from the acquisition date through December 31, 2021 as the impacts were not material to the consolidated financial statements. The transaction costs associated with the acquisition were not material, and were expensed as incurred as general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss.

**Procore Technologies, Inc.**  
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**8. INTANGIBLE ASSETS AND GOODWILL**

***Intangible assets***

On September 15, 2023, the Company completed the acquisition of all outstanding equity of Uneath Technologies Inc. This acquisition was accounted for as an asset acquisition as substantially all of the fair value of the gross assets acquired were concentrated in a single identifiable asset. The total value of developed technology acquired was \$9.2 million, which is comprised of \$6.8 million in cash paid, \$2.3 million as a result of the tax consequences of the transaction, and capitalized transaction expenses, which were immaterial. The acquired developed technology has an estimated useful life of five years, and the amortization expense is recorded in cost of revenue on the accompanying consolidated statements of operations and comprehensive loss.

During the year ended December 31, 2023, the Company also acquired a \$ 2.8 million IPR&D intangible asset, which was capitalized as an indefinite-lived intangible asset and recorded in intangible assets within the accompanying consolidated balance sheet. No impairments of IPR&D were recorded during the year ended December 31, 2023

The Company's finite-lived and indefinite-lived intangible assets are summarized as follows (dollars in thousands):

| December 31, 2023                    |                             |                             |                           |                                                      |
|--------------------------------------|-----------------------------|-----------------------------|---------------------------|------------------------------------------------------|
|                                      | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Net<br>Carrying<br>Amount | Weighted-Average<br>Remaining Useful Life<br>(Years) |
| Developed technology                 | \$ 166,453                  | \$ (67,221)                 | \$ 99,232                 | 4.3                                                  |
| Customer relationships               | 66,350                      | (30,884)                    | 35,466                    | 4.2                                                  |
| Total finite-lived intangible assets | 232,803                     | (98,105)                    | 134,698                   | 4.3                                                  |
| In-process research and development  | 2,848                       | —                           | 2,848                     |                                                      |
| Total intangible assets              | <u>\$ 235,651</u>           | <u>\$ (98,105)</u>          | <u>\$ 137,546</u>         |                                                      |

| December 31, 2022      |                             |                             |                           |                                                      |
|------------------------|-----------------------------|-----------------------------|---------------------------|------------------------------------------------------|
|                        | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Net<br>Carrying<br>Amount | Weighted-Average<br>Remaining Useful Life<br>(Years) |
| Developed technology   | \$ 157,130                  | \$ (41,968)                 | \$ 115,162                | 5.1                                                  |
| Customer relationships | 66,350                      | (18,559)                    | 47,791                    | 4.9                                                  |
| Total                  | <u>\$ 223,480</u>           | <u>\$ (60,527)</u>          | <u>\$ 162,953</u>         | 5.1                                                  |

The Company held no indefinite-lived intangible assets as of December 31, 2022.

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The Company estimates that there is no significant residual value related to its finite-lived intangible assets. Amortization expense recorded on the Company's finite-lived intangible assets is summarized as follows (in thousands):

|                                                               | Year Ended December 31, |                  |                  |
|---------------------------------------------------------------|-------------------------|------------------|------------------|
|                                                               | 2023                    | 2022             | 2021             |
| Cost of revenue                                               | \$ 22,396               | \$ 22,428        | \$ 7,522         |
| Sales and marketing                                           | 12,425                  | 12,425           | 3,600            |
| Research and development                                      | 2,757                   | 3,528            | 2,674            |
| Total amortization of acquired finite-lived intangible assets | <u>\$ 37,578</u>        | <u>\$ 38,381</u> | <u>\$ 13,796</u> |

The following table outlines the estimated future amortization expense related to finite-lived intangible assets (in thousands):

**Years Ending December 31,**

|            |                   |
|------------|-------------------|
| 2024       | \$ 38,710         |
| 2025       | 35,267            |
| 2026       | 20,547            |
| 2027       | 19,631            |
| 2028       | 16,557            |
| Thereafter | 3,986             |
| Total      | <u>\$ 134,698</u> |

**Goodwill**

The following table presents the changes in carrying amount of goodwill (in thousands):

|                                       | Year Ended December 31, |                   |
|---------------------------------------|-------------------------|-------------------|
|                                       | 2023                    | 2022              |
| Beginning balance                     | \$ 539,128              | \$ 540,922        |
| Other adjustments, net <sup>(1)</sup> | 226                     | (1,794)           |
| Ending balance                        | <u>\$ 539,354</u>       | <u>\$ 539,128</u> |

(1) Includes post-closing working capital adjustments and the effect of foreign currency translation.

There was no impairment of goodwill during any period presented.

**9. CAPITALIZED SOFTWARE DEVELOPMENT COSTS**

The Company's capitalized software development costs are summarized as follows (in thousands):

|                                               | December 31,     |                  |
|-----------------------------------------------|------------------|------------------|
|                                               | 2023             | 2022             |
| Gross carrying amount                         | \$ 143,403       | \$ 100,431       |
| Accumulated amortization                      | (60,358)         | (41,854)         |
| Net capitalized software costs <sup>(1)</sup> | <u>\$ 83,045</u> | <u>\$ 58,577</u> |

(1) As of December 31, 2023 and 2022, the above balances include \$12.5 million and \$7.8 million, respectively, of capitalized software costs developed by the Company for internal use.

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Amortization of capitalized software related to the Company's SaaS platform was \$ 17.6 million, \$10.6 million, and \$12.0 million for the years ended December 31, 2023, 2022, and 2021, respectively, and is recorded in cost of revenue within the accompanying consolidated statements of operations and comprehensive loss. Amortization of capitalized software related to software used internally was \$1.7 million and \$0.3 million for the years ended December 31, 2023 and 2022, respectively, and is recorded in operating expenses within the accompanying consolidated statements of operations and comprehensive loss.

During 2023, 2022, and 2021, the Company recorded expense for certain software development costs of \$ 0.4 million, \$0.3 million, and \$0.6 million, respectively, within research and development expense in the accompanying consolidated statements of operations and comprehensive loss, relating to development projects the Company decided to abandon prior to completion.

The estimated amortization is comprised of (i) amortization of completed software and (ii) the expected amortization for software that is not yet complete based on its estimated economic lives and projected completion dates. The following table presents the remaining estimated amortization of capitalized software development costs as of December 31, 2023 (in thousands):

**Years Ending December 31,**

|            |    |               |
|------------|----|---------------|
| 2024       | \$ | 31,796        |
| 2025       |    | 31,928        |
| 2026       |    | 15,728        |
| 2027       |    | 2,675         |
| 2028       |    | 815           |
| Thereafter |    | 103           |
| Total      | \$ | <u>83,045</u> |

**10. ACCRUED EXPENSES**

The following represents the components of accrued expenses contained within the Company's consolidated balance sheets at the end of each period (in thousands):

|                                                               | December 31,      |                  |
|---------------------------------------------------------------|-------------------|------------------|
|                                                               | 2023              | 2022             |
| Accrued bonuses                                               | \$ 31,786         | \$ 28,357        |
| Accrued commissions                                           | 16,494            | 20,389           |
| Accrued salary, payroll tax, and employee benefit liabilities | 36,171            | 34,113           |
| Other accrued expenses                                        | 15,624            | 16,323           |
| Total accrued expenses                                        | <u>\$ 100,075</u> | <u>\$ 99,182</u> |

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## **11. COMMITMENTS AND CONTINGENCIES**

### ***Purchase commitments***

As of December 31, 2023, future minimum payments under our non-cancellable purchase commitments for software service subscriptions and other services were as follows (in thousands):

#### **Years Ending December 31,**

|       |    |               |
|-------|----|---------------|
| 2024  | \$ | 37,492        |
| 2025  |    | 12,517        |
| 2026  |    | 4,239         |
| 2027  |    | 3,200         |
| 2028  |    | 2,500         |
| Total | \$ | <u>59,948</u> |

### ***Litigation***

From time to time, the Company may be subject to various litigation matters arising in the ordinary course of business. However, the Company is not aware of any currently pending legal matters or claims that could have a material adverse effect on its financial position, results of operations, or cash flows should such litigation be resolved unfavorably.

### ***Indemnifications***

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to customers, vendors, investors, directors, and officers with respect to certain matters, including, but not limited to, losses arising out of its breach of agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. These indemnification provisions may survive termination of the underlying agreement, and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is indeterminable.

The Company has never paid a material claim, nor has the Company been sued in connection with these indemnification arrangements. To date, the Company has not accrued a liability for these guarantees because the likelihood of incurring a payment obligation, if any, in connection with these guarantees is not probable or reasonably estimable.

## **12. STOCK-BASED COMPENSATION**

### ***Equity Incentive Plans***

In May 2021, the board of directors of the Company (the "Board") adopted, and the stockholders approved, the 2021 Equity Incentive Plan (the "2021 Plan") with the purpose of granting stock-based awards, including stock options, stock appreciation rights, RSAs, RSUs, PSUs, and other forms of awards, to employees, directors, and consultants. As of December 31, 2022, a total of 37,664,961 shares of common stock were authorized for issuance under the 2021 Plan. The number of shares of the Company's common stock reserved for issuance under the 2021 Plan automatically increases on January 1 of each calendar year, starting on January 1, 2022 through January 1, 2031, in an amount equal to (i) 5% of the total number of shares of the Company's common stock outstanding on December 31 of the fiscal year before the date of each automatic increase, or (ii) a lesser number of shares determined by the Board prior to the applicable January 1. Accordingly, on January 1, 2023, the number of shares of common stock that may be issued under the 2021 Plan increased by an additional 6,957,976 shares. As a result, as of December 31, 2023, a total of 44,622,937 shares of common stock are authorized for issuance under the 2021 Plan. As of December 31, 2023, a total of 30,314,052 shares of common stock were available for issuance under the 2021 Plan. No stock options have been issued under the 2021 Plan.

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**Stock options**

No stock options were granted during the periods presented.

The following table summarizes the stock option activity during the year ended December 31, 2023 (aggregate intrinsic value in thousands):

|                                  | Number<br>of Shares | Weighted-<br>Average<br>Exercise<br>Price | Weighted-<br>Average<br>Remaining<br>Contractual<br>Life | Aggregate<br>Intrinsic<br>Value |
|----------------------------------|---------------------|-------------------------------------------|----------------------------------------------------------|---------------------------------|
| Outstanding at December 31, 2022 | 5,723,772           | \$ 12.65                                  | 5.2                                                      | \$ 197,620                      |
| Exercised                        | (1,371,834)         | 12.85                                     |                                                          |                                 |
| Canceled/Forfeited               | (11,886)            | 22.08                                     |                                                          |                                 |
| Outstanding at December 31, 2023 | 4,340,052           | 12.57                                     | 4.1                                                      | 245,884                         |
| Exercisable at December 31, 2023 | 4,340,052           | \$ 12.57                                  | 4.1                                                      | \$ 245,884                      |

The intrinsic value of options exercised during the years ended December 31, 2023, 2022, and 2021 was \$ 66.7 million, \$75.1 million, and \$262.4 million, respectively. As of December 31, 2023, there is no unrecognized stock-based compensation cost for stock options previously granted by the Company.

**Restricted stock units**

In 2018, the Company began issuing RSUs to certain employees, officers, directors, and consultants. The awards granted prior to the Company's IPO vested upon the satisfaction of both a service and a performance condition, if both conditions are met before the award's expiration date. For certain awards, the performance condition was satisfied solely on the effective date of a registration statement for the Company's IPO, and for other awards, the performance condition was satisfied on the earlier of either the effective date of a registration statement for the Company's IPO or a change in control. Awards granted with service vesting conditions generally vest over four years on either a quarterly or annual vesting schedule.

Prior to its IPO, given the Company's common stock was not publicly traded, the grant date fair value of RSUs was determined based upon the fair value of the Company's common stock. The Board exercised significant judgment in determining the fair value of the Company's common stock with input from management, based on several objective and subjective factors. Factors considered by the Board included the price paid by investors for the Company's common and preferred stock, actual and forecasted operating and financial performance, market conditions, performance of comparable publicly traded companies and transactions of comparable companies, developments and milestones within the Company, the rights, preferences, and privileges of its common and preferred stock, the likelihood of achieving a liquidating event, and the results of contemporaneous third-party valuations. The fair value was determined in accordance with applicable elements of the practice aid issued by the American Institute of Certified Public Accountants, Valuation of Privately Held Company Equity Securities Issued as Compensation.

**Service-based restricted stock units**

Subsequent to the completion of the Company's IPO in May 2021, the fair value of RSUs was determined based on the trading price of its publicly traded common stock. The grant date fair value of RSUs granted during 2023, 2022, and 2021 was \$238.8 million, \$323.0 million, and \$350.6 million, respectively.

Prior to the effective date of the registration statement for the Company's IPO, achievement of the performance conditions was not probable. Upon the effective date of the registration statement for the Company's IPO, the performance vesting condition for all RSUs granted was satisfied and the Company recognized on a graded vesting basis a cumulative catch-up stock-based compensation adjustment of \$115.3 million in its consolidated statement of operations and comprehensive loss for the portion of the service period satisfied from the grant date through the effective date of the registration statement. Substantially all of the

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RSUs granted subsequent to the Company's IPO vest based solely on continued service, which is generally over four years. The intrinsic value of RSUs vested during the years ended December 31, 2023, 2022, and 2021 was \$221.9 million, \$156.4 million, and \$187.7 million, respectively.

As of December 31, 2023, the total unrecognized stock-based compensation cost for all RSUs outstanding at that date was \$ 387.1 million, which is expected to be recognized over a weighted-average vesting period of 2.5 years.

The following table summarizes the RSU activity during the year ended December 31, 2023:

|                               | Number of<br>Shares | Weighted-<br>Average Grant<br>Date Fair Value |
|-------------------------------|---------------------|-----------------------------------------------|
| Unvested at December 31, 2022 | 8,436,671           | \$ 57.99                                      |
| Granted                       | 3,977,470           | 60.05                                         |
| Vested                        | (3,688,075)         | 54.86                                         |
| Canceled/Forfeited            | (1,343,993)         | 65.20                                         |
| Unvested at December 31, 2023 | <u>7,382,073</u>    | <u>\$ 59.35</u>                               |

*Performance-based restricted stock units*

During 2022 and 2023, the Company granted PSUs to certain non-executive employees, which vest based on the achievement of certain operating performance targets. Such PSUs are valued based on the trading price of its publicly traded common stock and require the employee's continued service through the date the related shares vest. The Company recognizes compensation expense for such awards on a graded vesting basis through the expected vest date, beginning in the period in which it becomes probable that the performance target will be achieved. Management reassesses the probability of achievement for PSUs each reporting period.

As of December 31, 2023, the Company has granted 98,572 PSUs to certain non-executive employees at a weighted-average grant date fair value of \$54.58 per share. During the years ended December 31, 2023 and 2022, the Company recognized stock-based compensation expense of \$ 0.9 million and \$0.9 million, respectively, relating to these shares.

**Restricted stock awards**

In November 2021, the Company issued 199,670 RSAs to certain key employees in connection with the acquisition of Levelset that vest based on their continued service over a two-year period. The fair value of the RSAs issued was \$ 95.05 per share, which was the closing trading stock price of the Company's common stock on the acquisition date. These shares are released from restriction quarterly over a two-year period assuming the continued service of the employees. As of December 31, 2023, all shares have vested. As of December 31, 2022, 99,833 shares had vested. During the years ended December 31, 2023, 2022, and 2021, the Company recognized stock-based compensation expense of \$7.8 million, \$9.5 million, and \$1.6 million, respectively, relating to these shares.

In July 2019, the Company issued 205,464 restricted Series H-1 redeemable convertible preferred stock awards ("Series H-1 RSAs") to certain employees at a grant date fair value of \$26.75 in connection with the acquisition of Honest Buildings, Inc. These shares were released from restriction 50% on the first anniversary and 50% on the second anniversary of the acquisition date based on the continued service of the employees. Upon the closing of the Company's IPO, the Series H-1 RSAs automatically converted into shares of restricted common stock on a one-for-one basis. As of December 31, 2021, all of the Series H-1 RSAs were fully vested. During the year ended December 31, 2021, the Company recognized stock-based compensation expense of \$1.6 million for these shares.

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**Employee Stock Purchase Plan**

In May 2021, the Board adopted, and the stockholders approved, the ESPP, which became effective immediately prior to the effective date of the Company's IPO. As of December 31, 2022, a total of 3,940,469 shares of common stock had been reserved for issuance under the ESPP. The number of shares of the Company's common stock reserved for issuance under the ESPP automatically increases on January 1 of each year for a period of ten years, beginning on January 1, 2022 and continuing through January 1, 2031, by the lesser of (i) 1% of the total number of shares of the Company's common stock outstanding on December 31 of the immediately preceding year; and (ii) 3,900,000 shares, except before the date of any such increase, the Board may determine that such increase will be less than the amount set forth in clauses (i) and (ii). Accordingly, on January 1, 2023, the number of shares of common stock reserved under the ESPP increased by an additional 1,391,595 shares.

The offering periods are scheduled to start in May and November of each year. The first offering period commenced on the Company's first day of trading on May 20, 2021 and comprised three purchase periods of approximately six months in length. The ESPP provides for consecutive offering periods that will typically have a duration of 12 months in length and comprise two purchase periods of six months in length, subject to reset and rollover provisions.

The ESPP provides eligible employees with an opportunity to purchase shares of the Company's common stock through payroll deductions of up to 15% of their eligible compensation, subject to a maximum of \$ 25,000 of stock per calendar year. A participant may purchase a maximum of 2,500 shares of common stock during a purchase period. Amounts deducted and accumulated by the participant are used to purchase shares of common stock at the end of each six-month purchase period. The purchase price of the shares shall be 85% of the lower of the fair market value of the common stock on (i) the first trading day of the applicable offering period and (ii) the last trading day of each purchase period in the related offering period. However, in the event the fair value of the common stock on the purchase date is lower than the fair value on the first trading day of the offering period, the offering period is terminated immediately following the purchase and a new offering period begins the following day. Participants may end their participation at any time prior to the last 15 days of a purchase period and will be repaid their accrued contributions that have not yet been used to purchase shares of common stock. Participation ends automatically upon termination of employment.

The fair value of the ESPP purchase rights on the date of grant using the Black-Scholes option pricing model was estimated using the following assumptions:

|                                       | <b>December 31,</b> |                  |                  |
|---------------------------------------|---------------------|------------------|------------------|
|                                       | <b>2023</b>         | <b>2022</b>      | <b>2021</b>      |
| Risk-free interest rate               | 4.68% to 5.33%      | 1.47% to 4.55%   | 0.03% to 0.18%   |
| Expected term (in years)              | 0.5 to 1.0          | 0.5 to 1.0       | 0.5 to 1.5       |
| Estimated dividend yield              | 0.00%               | 0.00%            | 0.00%            |
| Estimated weighted-average volatility | 46.29% to 64.76%    | 61.14% to 72.69% | 44.81% to 69.39% |

The term for the ESPP purchase rights is the offering period. Beginning in the fourth quarter of 2023, the Company estimates volatility for ESPP purchase rights based on the historical volatility of its own common stock price. Prior to that, given the Company's limited trading history, the Company estimated volatility using the historical volatilities of a group of public companies in a similar industry and stage of life cycle, selected by management, in addition to considering the Company's own historical volatility, for a period commensurate with the term of the ESPP purchase rights. The interest rate is derived from government bonds with a similar term to the ESPP purchase right granted. The Company has not declared, nor does it expect to declare, dividends in the foreseeable future. Consequently, an expected dividend yield of zero was utilized. The fair value of the Company's common stock used to value ESPP purchase rights is based on the trading price of its publicly traded common stock.



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Employee payroll contributions accrued in connection with the ESPP were \$ 5.0 million and \$4.7 million as of December 31, 2023 and 2022, respectively, and are included within accrued expenses in the accompanying consolidated balance sheets. Employee payroll contributions ultimately used to purchase shares will be reclassified to stockholders' equity on the purchase date. Stock-based compensation expense related to the ESPP is recognized on a straight-line basis over the offering period. During the years ended December 31, 2023, 2022, and 2021, the Company recognized stock-based compensation of \$10.7 million, \$15.0 million, and \$8.5 million, respectively, in connection with the ESPP. During the years ended December 31, 2023, 2022, and 2021, 575,928, 551,753, and 166,370 shares of the Company's common stock were purchased under the ESPP, respectively.

As of December 31, 2023, unrecognized stock-based compensation expense related to the ESPP was \$ 4.7 million, which is expected to be recognized over a weighted-average period of 0.4 years.

**Sales of common stock**

During the year ended December 31, 2021, certain of the Company's investors acquired outstanding common stock from the Company's employees. For the shares acquired at a price in excess of the estimated fair value of the Company's common stock, the Company recorded stock-based compensation expense of \$5.5 million for the period from January 1, 2021 through the Company's IPO on May 20, 2021 for the difference between the price paid by the investors and the estimated fair value on the date of the transactions.

**Stock-based compensation**

The Company recorded total stock-based compensation cost from stock options, RSUs, PSUs, ESPP, RSAs, and sales of stock by employees in excess of fair value as follows (in thousands):

|                                                                                                                    | Year Ended December 31, |            |            |
|--------------------------------------------------------------------------------------------------------------------|-------------------------|------------|------------|
|                                                                                                                    | 2023                    | 2022       | 2021       |
| Cost of revenue                                                                                                    | \$ 7,388                | \$ 7,253   | \$ 8,094   |
| Sales and marketing                                                                                                | 54,901                  | 53,397     | 68,755     |
| Research and development                                                                                           | 68,265                  | 63,262     | 85,040     |
| General and administrative                                                                                         | 44,281                  | 38,974     | 65,272     |
| Total stock-based compensation expense                                                                             | \$ 174,835              | \$ 162,886 | \$ 227,161 |
| Stock-based compensation capitalized for software development and cloud-computing arrangement implementation costs | 9,717                   | 8,818      | 5,247      |
| Total stock-based compensation cost                                                                                | \$ 184,552              | \$ 171,704 | \$ 232,408 |

There were no net tax benefits recognized in the accompanying consolidated statements of operations and comprehensive loss for stock-based compensation arrangements for the years ended December 31, 2023, 2022, and 2021 due to the Company having a full valuation allowance against its deferred tax assets.

**13. INCOME TAXES**

The domestic and foreign components of loss before provision for (benefit from) income taxes consisted of the following (in thousands):

|          | Year Ended December 31, |              |              |
|----------|-------------------------|--------------|--------------|
|          | 2023                    | 2022         | 2021         |
| Domestic | \$ (191,132)            | \$ (287,569) | \$ (289,187) |
| Foreign  | 2,711                   | 1,104        | 264          |
| Total    | \$ (188,421)            | \$ (286,465) | \$ (288,923) |

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The provision for (benefit from) income taxes is comprised of the following (in thousands):

|                                           | Year Ended December 31, |        |             |
|-------------------------------------------|-------------------------|--------|-------------|
|                                           | 2023                    | 2022   | 2021        |
| <b>Current:</b>                           |                         |        |             |
| State                                     | \$ 709                  | \$ 442 | \$ 480      |
| Foreign                                   | 1,333                   | 307    | 255         |
| Total                                     | 2,042                   | 749    | 735         |
| <b>Deferred:</b>                          |                         |        |             |
| Federal                                   | 4                       | (34)   | (17,841)    |
| State                                     | 6                       | 93     | (6,301)     |
| Foreign                                   | (779)                   | (342)  | (351)       |
| Total                                     | (769)                   | (283)  | (24,493)    |
| Provision for (benefit from) income taxes | \$ 1,273                | \$ 466 | \$ (23,758) |

The following table provides a reconciliation between income taxes computed at the U.S. federal statutory rate and the Company's provision for (benefit from) income taxes (in thousands):

|                                                        | Year Ended December 31, |             |             |
|--------------------------------------------------------|-------------------------|-------------|-------------|
|                                                        | 2023                    | 2022        | 2021        |
| Computed expected income tax benefit                   | \$ (39,568)             | \$ (60,120) | \$ (60,674) |
| State income taxes - net of federal income tax benefit | (6,175)                 | (10,197)    | (17,171)    |
| Change in valuation allowance                          | 42,855                  | 81,251      | 94,062      |
| Non-deductible expenses                                | 4,489                   | 2,687       | 2,623       |
| Non-deductible base erosion expenses                   | 11,403                  | —           | —           |
| Non-deductible officers' compensation                  | 12,775                  | 3,648       | 8,345       |
| Stock-based compensation                               | (9,678)                 | 135         | (30,523)    |
| Tax credits (federal and state)                        | (18,226)                | (16,863)    | (16,957)    |
| Foreign rate differential                              | 40                      | 35          | 35          |
| Other                                                  | 3,358                   | (110)       | (3,498)     |
| Provision for (benefit from) income taxes              | \$ 1,273                | \$ 466      | \$ (23,758) |

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**Notes to Consolidated Financial Statements**

Significant components of the Company's deferred tax assets and liabilities are presented below (in thousands):

|                                  | <b>December 31,</b> |                   |
|----------------------------------|---------------------|-------------------|
|                                  | <b>2023</b>         | <b>2022</b>       |
| <b>Deferred tax assets:</b>      |                     |                   |
| Net operating loss               | \$ 215,915          | \$ 209,795        |
| Tax credits                      | 76,504              | 58,724            |
| Lease liabilities                | 20,213              | 23,203            |
| Stock-based compensation         | 14,899              | 22,181            |
| Capitalized software cost        | 59,487              | 39,582            |
| Other                            | 5,531               | 5,013             |
| Total deferred tax assets        | 392,549             | 358,498           |
| Valuation allowance              | (324,422)           | (282,337)         |
| Total deferred tax assets, net   | 68,127              | 76,161            |
| <b>Deferred tax liabilities:</b> |                     |                   |
| Lease assets                     | (16,376)            | (19,296)          |
| Acquired intangible assets       | (32,120)            | (39,497)          |
| Contract cost asset              | (16,868)            | (15,324)          |
| Prepaid and accrued expenses     | (3,184)             | (2,897)           |
| Other                            | (1,201)             | (1,522)           |
| Total deferred tax liabilities   | (69,749)            | (78,536)          |
| <b>Total</b>                     | <b>\$ (1,622)</b>   | <b>\$ (2,375)</b> |

In assessing the realizability of deferred tax assets, management considers whether it is "more likely than not" that some portion or all of the deferred tax assets will be realized. Realization of future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. Based on all available objective evidence management believes it is "more likely than not" that the net deferred tax assets will not be fully realizable in the U.S. as of December 31, 2023 and 2022. Accordingly, the Company's U.S. net deferred tax assets have been fully offset by a valuation allowance. The Company periodically evaluates the recoverability of the deferred tax assets and when it is determined to be "more likely than not" that the deferred tax assets are realizable, the valuation allowance is reduced. The net deferred tax liability position at December 31, 2023 and 2022 was primarily related to the Company's Australia and Canada tax jurisdictions.

The following table summarizes the activity related to the valuation allowance (in thousands):

|                                                                                                         | <b>Year Ended December 31,</b> |                   |                   |
|---------------------------------------------------------------------------------------------------------|--------------------------------|-------------------|-------------------|
|                                                                                                         | <b>2023</b>                    | <b>2022</b>       | <b>2021</b>       |
| Beginning balance                                                                                       | \$ 282,337                     | \$ 204,182        | \$ 112,389        |
| Current year change                                                                                     | 40,810                         | 78,155            | 114,639           |
| Increase (decrease) in valuation allowance as a result of purchase accounting for business combinations | 1,275                          | —                 | (22,846)          |
| Ending balance                                                                                          | <b>\$ 324,422</b>              | <b>\$ 282,337</b> | <b>\$ 204,182</b> |

At the date of acquisition of Levelset and LaborChart in 2021, each entity was in a net deferred tax liability position, primarily as a result of acquired intangible assets. These net deferred tax liabilities are an available source of income to realize the Company's deferred tax assets. Accordingly, the Company released \$24.2

**Procore Technologies, Inc.**  
**Notes to Consolidated Financial Statements**

million of valuation allowance which resulted in an income tax benefit in the consolidated statements of operations and comprehensive loss for 2021. The Company did not provide for U.S. income taxes on the undistributed earnings and other outside temporary differences of foreign subsidiaries as they are considered indefinitely reinvested outside the U.S. At December 31, 2023 and 2022, the amount of temporary differences related to undistributed earnings and other outside temporary differences upon which U.S. income taxes have not been provided is immaterial to these consolidated financial statements.

As of December 31, 2023, the Company had federal net operating loss carryforwards ("NOL carryforwards") of \$ 866.7 million, which are comprised of definite and indefinite net operating losses. At December 31, 2023, the Company had federal NOL carryforwards of approximately \$119.4 million, which expire at various intervals from the years 2035 through 2037 and had NOL carryforwards of \$747.3 million which do not expire. As of December 31, 2023, the Company has state net operating losses of \$626.4 million, which will begin to expire in 2029. The Internal Revenue Code (the "IRC") of 1986, as amended, imposes restrictions on the utilization of net operating losses and credits when a Company experiences a cumulative change in ownership of more than 50% over a three-year period. The Company has identified a portion of net operating losses and credit carryovers are subject to annual limitations, which the Company has also determined that it should be able to fully utilize these net operating losses and credit carryovers before they expire, provided the Company generates sufficient taxable income.

As of December 31, 2023, the Company had credits for research activities available for carryforward for federal income tax purposes of \$ 73.8 million and for state income tax purposes of \$33.2 million, which are available to offset future income tax in those jurisdictions and which began to expire in 2023 for federal and have no expiration for state.

The following table summarizes the activity related to unrecognized tax benefits (in thousands):

|                                                         | Year Ended December 31, |                  |                  |
|---------------------------------------------------------|-------------------------|------------------|------------------|
|                                                         | 2023                    | 2022             | 2021             |
| Beginning balance                                       | \$ 21,727               | \$ 17,010        | \$ 8,369         |
| Increases related to current period positions           | 7,513                   | 5,915            | 7,158            |
| (Decreases) increases related to prior period positions | (199)                   | (1,198)          | 1,483            |
| Ending balance                                          | <u>\$ 29,041</u>        | <u>\$ 21,727</u> | <u>\$ 17,010</u> |

Due to the Company's full valuation allowance on federal and state taxes, none of the unrecognized tax benefits would affect the Company's effective tax rate, if recognized. The Company does not anticipate any significant increases or decreases to its unrecognized tax positions within the next 12 months. The Company's practice is to recognize interest and penalties related to income tax matters in income tax expense. As of December 31, 2023 and 2022, accrued interest and penalties related to income tax positions were immaterial.

The Company files U.S. federal, various state, and foreign income tax returns. In the normal course of business, the Company is subject to examination by taxing authorities. The tax years from 2003 forward remain subject to examination for federal purposes. Generally, state and foreign tax authorities may examine the Company's tax returns for four years and five years, respectively, from the date an income tax return is filed. However, the taxing authorities may continue to examine the Company's federal and state NOL carryforwards until the statute of limitations closes on the tax years in which the federal and state net operating losses are utilized. At December 31, 2023, tax years 2016 to 2020 were under examination by the Egyptian Taxing Authority. Our foreign operations in Egypt represent an immaterial portion of our overall business.

#### 14. NET LOSS PER SHARE

Basic and diluted net loss per share is presented in conformity with the two-class method required for participating securities. The Company's redeemable convertible preferred stock were participating securities as the holders of the redeemable convertible preferred stock were entitled to participate in dividends with common stock. The Company's common stock, which was converted from redeemable convertible preferred stock upon

**Procore Technologies, Inc.**  
**Notes to Consolidated Financial Statements**

the closing of its IPO, is weighted based on the period of time the common stock was outstanding after conversion in 2021.

Net losses were not allocated to the redeemable convertible preferred stock as the holders of the redeemable convertible preferred stock did not have a contractual obligation to share in any losses. Basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period.

As the Company has reported net losses attributable to common stockholders for all periods presented, all potentially dilutive securities are antidilutive and accordingly, basic net loss per share attributable to common stockholders equals diluted net loss per share attributable to common stockholders.

The following weighted-average potentially dilutive shares are excluded from the calculation of diluted earnings per share as they are anti-dilutive:

|                                                                                           | Year Ended December 31, |            |            |
|-------------------------------------------------------------------------------------------|-------------------------|------------|------------|
|                                                                                           | 2023                    | 2022       | 2021       |
| Shares of common stock issuable upon conversion of redeemable convertible preferred stock | —                       | —          | 33,431,158 |
| RSUs, PSUs, and RSAs subject to future vesting                                            | 8,489,902               | 8,189,247  | 6,155,387  |
| Shares issuable pursuant to the ESPP                                                      | 495,554                 | 627,698    | 326,819    |
| Shares of common stock issuable from stock options                                        | 4,979,813               | 6,450,019  | 9,618,882  |
| Total                                                                                     | 13,965,269              | 15,266,964 | 49,532,246 |

#### 15. EMPLOYEE BENEFIT PLANS

The Company has a defined-contribution plan in the U.S. intended to qualify under Section 401 of the IRC (the "401(k) Plan"). The 401(k) Plan covers substantially all U.S. employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. The Company makes contributions to the plan up to 4% of the participating employee's W-2 earnings and wages. Matching contributions to the 401(k) Plan totaled \$17.2 million, \$14.7 million, and \$9.6 million for the years ended December 31, 2023, 2022, and 2021, respectively.

The Company also has defined-contribution plans in certain other countries. The Company made matching contributions to these plans totaling \$3.6 million, \$2.8 million, and \$1.8 million for the years ended December 31, 2023, 2022, and 2021, respectively.

#### 16. GEOGRAPHIC INFORMATION

The following table sets forth the Company's revenues by geographic region, which is determined based on the billing location of the customer (in thousands):

|                                            | Year Ended December 31, |            |            |
|--------------------------------------------|-------------------------|------------|------------|
|                                            | 2023                    | 2022       | 2021       |
| Revenue by geographic region               |                         |            |            |
| U.S.                                       | \$ 815,773              | \$ 616,654 | \$ 439,871 |
| Rest of the world                          | 134,237                 | 103,549    | 74,950     |
| Total revenue                              | \$ 950,010              | \$ 720,203 | \$ 514,821 |
| Percentage of revenue by geographic region |                         |            |            |
| U.S.                                       | 86 %                    | 86 %       | 85 %       |
| Rest of the world                          | 14 %                    | 14 %       | 15 %       |

**Procore Technologies, Inc.**  
**Notes to Consolidated Financial Statements**

The following table sets forth the total of property and equipment, net, and ROU lease assets by geographic region (in thousands):

|                   | December 31,      |                   |
|-------------------|-------------------|-------------------|
|                   | 2023              | 2022              |
| U.S.              | \$ 97,936         | \$ 108,884        |
| Rest of the world | 16,838            | 9,269             |
| Total             | <u>\$ 114,774</u> | <u>\$ 118,153</u> |

**17. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through February 26, 2024, the date these consolidated financial statements were available to be issued, and has identified the following subsequent event.

On January 30, 2024, the Company executed a reduction of approximately 4% of its global workforce as part of its ongoing evaluation of its operations to ensure alignment of its workforce with, and to enable greater investment in, key growth opportunities. The Company estimates that it will incur charges of approximately \$4.6 million related to severance and employee benefits, which is expected to be substantially incurred in the first quarter of fiscal year 2024, and will consist primarily of cash expenditures.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

**(a) Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 31, 2023, the end of the period covered by this report.

Based on the Company's evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are designed to, and are effective to, provide assurance at a reasonable level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures.

**(b) Management's Report on Internal Control Over Financial Reporting.**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including the chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP. Based on the results of our evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included in Part II, Item 8 of this Annual Report on Form 10-K.

**(c) Changes in Internal Control Over Financial Reporting.**

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter. There have not been any changes in internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**(d) Limitations on Effectiveness of Controls and Procedures**

Our management, including our chief executive officer and chief financial officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of

controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## Item 9B. Other Information.

### Insider Trading Arrangements

During the quarterly period ended December 31, 2023, our directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated the contracts, instructions, or written plans for the purchase or sale of our securities as set forth in the table below.

| Name and Position           | Action   | Adoption/Termination Date | Type of Trading Arrangement |                   | Total Shares of Common Stock to be Sold*** | Expiration Date |
|-----------------------------|----------|---------------------------|-----------------------------|-------------------|--------------------------------------------|-----------------|
|                             |          |                           | Rule 10b5-1*                | Non-Rule 10b5-1** |                                            |                 |
| Kevin J. O'Connor, Director | Adoption | November 27, 2023         | x                           |                   | 250,000                                    | March 14, 2025  |

\* Contract, instruction, or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

\*\* "Non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K under the Exchange Act.

\*\*\*Represents the maximum number of shares that may be sold pursuant to the 10b5-1 arrangement. The number of shares actually sold may be lower and will depend on the satisfaction of certain conditions as set forth in the written plan.

## Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections.

Not applicable.



### **PART III**

Certain information required by Part III is incorporated herein by reference to our definitive proxy statement for our 2024 Annual Meeting of Stockholders ("Proxy Statement"), which will be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

#### **Item 10. Directors, Executive Officers, and Corporate Governance.**

We have adopted a Code of Business Conduct and Ethics that applies to all officers, directors, and employees, which is available on our website at [investors.procore.com](http://investors.procore.com) under "Governance."

We intend to satisfy any disclosure requirements under the applicable rules of the SEC or NYSE regarding an amendment to, or waiver from, a provision of this Code of Business Conduct and Ethics by posting such information on our website, at the Internet address and location specified above.

The remaining information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference.

#### **Item 11. Executive Compensation.**

The information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference.

#### **Item 14. Principal Accountant Fees and Services.**

The information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as a part of this Annual Report on Form 10-K:

(1) Financial Statements.

Our Consolidated Financial Statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules.

All financial statement schedules have been omitted, as the information is not applicable or is not required under the related instructions, or because the information required is already included in the financial statements or the notes thereto.

(3) Exhibits.

We have filed the exhibits listed on the accompanying Exhibit Index, which is incorporated herein by reference.

### Exhibit Index

| Exhibit Number | Description of Exhibit                                                                                                                                                                                                                               | Incorporated by Reference |             |         |                   |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------|---------|-------------------|
|                |                                                                                                                                                                                                                                                      | Form                      | File Number | Exhibit | Filing Date       |
| 2.1†           | <a href="#">Agreement and Plan of Merger, dated as of September 20, 2021, by and among Procore Technologies, Inc., Lucky Strike Merger Sub, Inc., Express Lien, Inc., and Shareholder Representative Services LLC, as Stockholder Representative</a> | 10-Q                      | 001-40396   | 2.1     | November 5, 2021  |
| 3.1†           | <a href="#">Amended and Restated Certificate of Incorporation of the Registrant</a>                                                                                                                                                                  | 8-K                       | 001-40396   | 3.1     | May 24, 2021      |
| 3.2†           | <a href="#">Amended and Restated Bylaws of the Registrant</a>                                                                                                                                                                                        | 8-K                       | 001-40396   | 3.2     | May 24, 2021      |
| 4.1†           | <a href="#">Form of common stock certificate of the Registrant</a>                                                                                                                                                                                   | S-1/A                     | 333-236789  | 4.1     | May 6, 2021       |
| 4.2†           | <a href="#">Sixth Amended and Restated Investors' Rights Agreement by and among the Registrant and certain of its stockholders, dated September 24, 2019</a>                                                                                         | S-1/A                     | 333-236789  | 4.2     | February 28, 2020 |
| 4.3†           | <a href="#">Description of Registrant's Securities</a>                                                                                                                                                                                               | 10-K                      | 001-40396   | 4.3     | March 4, 2022     |
| 10.1†+         | <a href="#">Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers</a>                                                                                                                     | S-1/A                     | 333-236789  | 10.1    | May 6, 2021       |
| 10.2†+         | <a href="#">Procore Technologies, Inc. 2014 Equity Incentive Plan and related form agreements</a>                                                                                                                                                    | S-1/A                     | 333-236789  | 10.2    | February 28, 2020 |
| 10.3*+         | <a href="#">Procore Technologies, Inc. 2021 Equity Incentive Plan, as amended, and related form agreements</a>                                                                                                                                       |                           |             |         |                   |
| 10.4†+         | <a href="#">Procore Technologies, Inc. 2021 Employee Stock Purchase Plan</a>                                                                                                                                                                         | S-1/A                     | 333-236789  | 10.4    | May 10, 2021      |
| 10.5†          | <a href="#">Lease by and between Carp Two, LLC, and the Registrant, dated as of August 13, 2013, as amended</a>                                                                                                                                      | S-1                       | 333-236789  | 10.4    | February 28, 2020 |
| 10.6†          | <a href="#">Lease by and between Carp Two, LLC, and the Registrant, dated as of January 1, 2014, as amended</a>                                                                                                                                      | S-1                       | 333-236789  | 10.5    | February 28, 2020 |
| 10.7†          | <a href="#">Lease by and between 6267 Carp Ave, LLC, and the Registrant, dated as of November 1, 2017</a>                                                                                                                                            | S-1                       | 333-236789  | 10.6    | February 28, 2020 |
| 10.8†          | <a href="#">Lease by and between 6303 Carpinteria Avenue, LLC, and the Registrant, dated as of October 5, 2015, as amended</a>                                                                                                                       | S-1                       | 333-236789  | 10.7    | February 28, 2020 |
| 10.9†          | <a href="#">Lease by and between 6303 Carpinteria Avenue, LLC, and the Registrant, dated as of May 25, 2016</a>                                                                                                                                      | S-1                       | 333-236789  | 10.8    | February 28, 2020 |
| 10.12†+        | <a href="#">Cash Incentive Bonus Plan</a>                                                                                                                                                                                                            | S-1/A                     | 333-236789  | 10.10   | February 28, 2020 |
| 10.13†+        | <a href="#">Non-Employee Director Compensation Policy</a>                                                                                                                                                                                            | 10-K                      | 001-40396   | 10.13   | March 4, 2022     |
| 10.14†+        | <a href="#">Offer Letter by and between Craig F. Courtemanche and the Registrant, dated as of April 30, 2021</a>                                                                                                                                     | S-1/A                     | 333-236789  | 10.11   | May 6, 2021       |
| 10.15†+        | <a href="#">Offer Letter by and between Benjamin Singer and the Registrant, dated as of April 30, 2021</a>                                                                                                                                           | S-1/A                     | 333-236789  | 10.14   | May 6, 2021       |
| 10.16†+        | <a href="#">Offer Letter by and between Joy Driscoll Durling and the Registrant, dated as of July 27, 2022</a>                                                                                                                                       | 10-Q                      | 001-40396   | 10.1    | August 5, 2022    |
| 10.17†+        | <a href="#">Offer Letter by and between Steven Scott Davis and the Registrant, dated as of October 6, 2022</a>                                                                                                                                       | 10-Q                      | 001-40396   | 10.1    | November 4, 2022  |
| 10.18†+        | <a href="#">Offer Letter by and between Howard Fu and the Registrant, dated as of May 8, 2023</a>                                                                                                                                                    | 8-K                       | 001-40396   | 10.10   | May 8, 2023       |

|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |       |            |       |             |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------------|-------|-------------|
| 10.19†+  | <a href="#">Form of Executive Severance Agreement between the Registrant and each of its executive officers</a>                                                                                                                                                                                                                                                                                                                                                                                                | S-1/A | 333-236789 | 10.17 | May 6, 2021 |
| 21.1*    | <a href="#">List of subsidiaries of the Registrant</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |       |            |       |             |
| 23.1*    | <a href="#">Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm</a>                                                                                                                                                                                                                                                                                                                                                                                                           |       |            |       |             |
| 24.1*    | <a href="#">Power of Attorney (included on signature page)</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |       |            |       |             |
| 31.1*    | <a href="#">Section 302 Certification of Principal Executive Officer</a>                                                                                                                                                                                                                                                                                                                                                                                                                                       |       |            |       |             |
| 31.2*    | <a href="#">Section 302 Certification of Principal Financial Officer</a>                                                                                                                                                                                                                                                                                                                                                                                                                                       |       |            |       |             |
| 32.1*#   | <a href="#">Section 906 Certification of Principal Executive Officer</a>                                                                                                                                                                                                                                                                                                                                                                                                                                       |       |            |       |             |
| 32.2*#   | <a href="#">Section 906 Certification of Principal Financial Officer</a>                                                                                                                                                                                                                                                                                                                                                                                                                                       |       |            |       |             |
| 97.1*    | <a href="#">Incentive Compensation Recoupment Policy</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |       |            |       |             |
| 101.INS  | Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.                                                                                                                                                                                                                                                                                                                                           |       |            |       |             |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |       |            |       |             |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                                                                                                                                                                                                                                                                                                                                                                   |       |            |       |             |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document                                                                                                                                                                                                                                                                                                                                                                                                                                                    |       |            |       |             |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document                                                                                                                                                                                                                                                                                                                                                                                                                                                         |       |            |       |             |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document                                                                                                                                                                                                                                                                                                                                                                                                                                                  |       |            |       |             |
| 104      | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)                                                                                                                                                                                                                                                                                                                                                                                                                       |       |            |       |             |
| *        | Filed herewith.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |       |            |       |             |
| †        | Previously filed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |       |            |       |             |
| +        | Indicates management contract or compensatory plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |       |            |       |             |
| #        | The certifications attached as Exhibit 32.1 and Exhibit 32.2 accompany this Annual Report on Form 10-K pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Registrant for purposes of Section 18 of the Exchange Act, and are not to be incorporated by reference into any of the Registrant’s filings under the Securities Act, irrespective of any general incorporation language contained in any such filing. |       |            |       |             |

**Item 16. Form 10-K Summary.**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Procore Technologies, Inc.

Date: February 26, 2024

By: /s/ Craig F. Courtemanche, Jr.

**Craig F. Courtemanche, Jr.**  
**President and Chief Executive Officer**

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Craig F. Courtemanche, Jr. and Howard Fu, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such individual in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or the individual's substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature                                                           | Title                                                                             | Date              |
|---------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------|
| <u>/s/ Craig F. Courtemanche, Jr.</u><br>Craig F. Courtemanche, Jr. | President, Chief Executive Officer, and Director<br>(Principal Executive Officer) | February 26, 2024 |
| <u>/s/ Howard Fu</u><br>Howard Fu                                   | Chief Financial Officer and Treasurer<br>(Principal Financial Officer)            | February 26, 2024 |
| <u>/s/ William F. Fleming, Jr.</u><br>William F. Fleming, Jr.       | Senior Vice President, Corporate Controller<br>(Principal Accounting Officer)     | February 26, 2024 |
| <u>/s/ Nanci E. Caldwell</u><br>Nanci E. Caldwell                   | Director                                                                          | February 26, 2024 |
| <u>/s/ Erin M. Chapple</u><br>Erin M. Chapple                       | Director                                                                          | February 26, 2024 |
| <u>/s/ Brian Feinstein</u><br>Brian Feinstein                       | Director                                                                          | February 26, 2024 |
| <u>/s/ William J.G. Griffith IV</u><br>William J.G. Griffith IV     | Director                                                                          | February 26, 2024 |
| <u>/s/ Kevin J. O'Connor</u><br>Kevin J. O'Connor                   | Director                                                                          | February 26, 2024 |
| <u>/s/ Graham V. Smith</u><br>Graham V. Smith                       | Director                                                                          | February 26, 2024 |
| <u>/s/ Elisa A. Steele</u><br>Elisa A. Steele                       | Director                                                                          | February 26, 2024 |
| <u>/s/ Kathryn A. Bueker</u><br>Kathryn A. Bueker                   | Director                                                                          | February 26, 2024 |

**Procore Technologies, Inc.  
2021 Equity Incentive Plan**

**Adopted by the Board of Directors: May 9, 2021  
Approved by the Stockholders: May 9, 2021  
Amended: November 9, 2023**

**1. General.**

(a) **Successor to and Continuation of Prior Plan.** The Plan is the successor to and continuation of the Prior Plan. As of the Effective Date, (i) no additional awards may be granted under the Prior Plan; (ii) the Prior Plan's Available Reserve (plus any Returning Shares) will become available for issuance pursuant to Awards granted under this Plan; and (iii) all outstanding awards granted under the Prior Plan will remain subject to the terms of the Prior Plan (except to the extent such outstanding awards result in Returning Shares that become available for issuance pursuant to Awards granted under this Plan). All Awards granted under this Plan will be subject to the terms of this Plan.

(b) **Plan Purpose.** The Company, by means of the Plan, seeks to secure and retain the services of Employees, Directors and Consultants, to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and to provide a means by which such persons may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Awards.

(c) **Available Awards.** The Plan provides for the grant of the following Awards: (i) Incentive Stock Options; (ii) Nonstatutory Stock Options; (iii) SARs; (iv) Restricted Stock Awards; (v) RSU Awards; (vi) Performance Awards; and (vii) Other Awards.

(d) **Adoption Date; Effective Date.** The Plan will come into existence on the Adoption Date, but no Award may be granted prior to the Effective Date.

**2. Shares Subject to the Plan.**

(a) **Share Reserve.** Subject to adjustment in accordance with Section 2(c) and any adjustments as necessary to implement any Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Awards will not exceed 30,962,615 shares, which number is the sum of: (i) 13,000,000 new shares, plus (ii) a number of shares of Common Stock equal to the Prior Plan's Available Reserve, plus (iii) a number of shares of Common Stock equal to the number of Returning Shares, if any, as such shares become available from time to time. In addition, subject to any adjustments as necessary to implement any Capitalization Adjustments, such aggregate number of shares of Common Stock will automatically increase on January 1 of each year for a period of ten years commencing on January 1, 2022 and ending on (and including) January 1, 2031, in an amount equal to five percent (5%) of the total number of shares of Common Stock outstanding on December 31 of the preceding calendar year; provided, however, that the Board may act prior to January 1<sup>st</sup> of a given calendar year to provide that the increase for such year will be a lesser number of shares of Common Stock.

(b) **Aggregate Incentive Stock Option Limit.** Notwithstanding anything to the contrary in Section 2(a) and subject to any adjustments as necessary to implement any Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is 92,887,845 shares.

(c) **Share Reserve Operation.**

(i) **Limit Applies to Common Stock Issued Pursuant to Awards.** For clarity, the Share Reserve is a limit on the number of shares of Common Stock that may be issued pursuant to Awards and does not limit the granting of Awards, except that the Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy its obligations to issue shares pursuant to such Awards. Shares may be issued in connection with a merger or acquisition as

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permitted by, as applicable, Nasdaq Listing Rule 5635(c), NYSE Listed Company Manual Section 303A.08, NYSE American Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

**(ii) Actions that Do Not Constitute Issuance of Common Stock and Do Not Reduce Share Reserve.** The following actions do not result in an issuance of shares under the Plan and accordingly do not reduce the number of shares subject to the Share Reserve and available for issuance under the Plan: (1) the expiration or termination of any portion of an Award without the shares covered by such portion of the Award having been issued, (2) the settlement of any portion of an Award in cash (i.e., the Participant receives cash rather than Common Stock), (3) the withholding of shares that would otherwise be issued by the Company to satisfy the exercise, strike or purchase price of an Award, or (4) the withholding of shares that would otherwise be issued by the Company to satisfy a tax withholding obligation in connection with an Award.

**(iii) Reversion of Previously Issued Shares of Common Stock to Share Reserve.** The following shares of Common Stock previously issued pursuant to an Award and accordingly initially deducted from the Share Reserve will be added back to the Share Reserve and again become available for issuance under the Plan: (1) any shares that are forfeited back to or repurchased by the Company because of a failure to meet a contingency or condition required for the vesting of such shares, (2) any shares that are reacquired by the Company to satisfy the exercise, strike or purchase price of an Award, and (3) any shares that are reacquired by the Company to satisfy a tax withholding obligation in connection with an Award.

### **3. Eligibility and Limitations.**

**(a) Eligible Award Recipients.** Subject to the terms of the Plan, Employees, Directors and Consultants are eligible to receive Awards.

#### **(b) Specific Award Limitations.**

**(i) Limitations on Incentive Stock Option Recipients.** Incentive Stock Options may be granted only to Employees of the Company or a "parent corporation" or "subsidiary corporation" thereof (as such terms are defined in Sections 424(e) and (f) of the Code).

**(ii) Incentive Stock Option \$100,000 Limitation.** To the extent that the aggregate Fair Market Value (determined at the time of grant) of the shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any "parent corporation" or "subsidiary corporation" thereof, as such terms are defined in Sections 424(e) and (f) of the Code) exceeds \$100,000 (or such other limit established in the Code), or any Incentive Stock Options otherwise do not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

**(iii) Limitations on Incentive Stock Options Granted to Ten Percent Stockholders.** A Ten Percent Stockholder may not be granted an Incentive Stock Option unless (i) the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant of such Option and (ii) the Option is not exercisable after the expiration of five years from the date of grant of such Option.

**(iv) Limitations on Nonstatutory Stock Options and SARs.** Nonstatutory Stock Options and SARs may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any "parent" of the Company (as such term is defined in Rule 405) unless the stock underlying such Awards is treated as "service recipient stock" under Section 409A because the Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Awards otherwise comply with the distribution requirements of Section 409A.

(c) **Aggregate Incentive Stock Option Limit.** The aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is the number of shares specified in Section 2(b).

(d) **Non-Employee Director Compensation Limit.** The aggregate value of all compensation granted or paid, as applicable, to any individual for service as a Non-Employee Director with respect to any fiscal year, including Awards granted and cash fees paid by the Company to such Non-Employee Director for his or her service as a Non-Employee Director, will not exceed (i) \$750,000 in total value or (ii) in the event such Non-Employee Director is first appointed or elected to the Board during a fiscal year, \$1,000,000 in total value, in each case calculating the value of any equity awards based on the grant date fair value of such equity awards for financial reporting purposes. The limitations in this Section 3(d) shall apply commencing with the first fiscal year that begins following the Effective Date.

#### 4. Options and Stock Appreciation Rights.

Each Option and SAR will have such terms and conditions as determined by the Board. Each Option will be designated in writing as an Incentive Stock Option or Nonstatutory Stock Option at the time of grant; provided, however, that if an Option is not so designated, then such Option will be a Nonstatutory Stock Option, and the shares purchased upon exercise of each type of Option will be separately accounted for. Each SAR will be denominated in shares of Common Stock equivalents. The terms and conditions of separate Options and SARs need not be identical; provided, however, that each Option Agreement and SAR Agreement will conform (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(a) **Term.** Subject to Section 3(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten years from the date of grant of such Award or such shorter period specified in the Award Agreement.

(b) **Exercise or Strike Price.** Subject to Section 3(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will not be less than 100% of the Fair Market Value on the date of grant of such Award. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value on the date of grant of such Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Sections 409A and, if applicable, 424(a) of the Code.

(c) **Exercise Procedure and Payment of Exercise Price for Options.** In order to exercise an Option, the Participant must provide notice of exercise to the Plan Administrator in accordance with the procedures specified in the Option Agreement or otherwise provided by the Company. The Board has the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The exercise price of an Option may be paid, to the extent permitted by Applicable Law and as determined by the Board, by one or more of the following methods of payment to the extent set forth in the Option Agreement:

(i) by cash or check, bank draft, electronic funds transfer or money order payable to the Company;

(ii) pursuant to a "cashless exercise" program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the Common Stock subject to the Option, results in either the receipt of cash (or check or other cash equivalent) by the Company or the receipt of irrevocable instructions to pay the exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock that are already owned by the Participant free and clear of any liens, claims, encumbrances or security interests, with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) at the time of exercise the Common Stock is publicly traded, (2) any



remaining balance of the exercise price not satisfied by such delivery is paid by the Participant in cash or other permitted form of payment, (3) such delivery would not violate any Applicable Law or agreement restricting the redemption of the Common Stock, (4) any certificated shares are endorsed or accompanied by an executed assignment separate from certificate, and (5) such shares have been held by the Participant for any minimum period necessary to avoid adverse accounting treatment as a result of such delivery;

(iv) if the Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest number of shares with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) such shares used to pay the exercise price will not be exercisable thereafter and (2) any remaining balance of the exercise price not satisfied by such net exercise is paid by the Participant in cash or other permitted form of payment; or

(v) in any other form of consideration that may be acceptable to the Board and permissible under Applicable Law.

(d) **Exercise Procedure and Payment of Appreciation Distribution for SARs.** In order to exercise any SAR, the Participant must provide notice of exercise to the Plan Administrator in accordance with the SAR Agreement. The appreciation distribution payable to a Participant upon the exercise of a SAR will not be greater than an amount equal to the excess of (i) the aggregate Fair Market Value on the date of exercise of a number of shares of Common Stock equal to the number of Common Stock equivalents that are vested and being exercised under such SAR, over (ii) the strike price of such SAR. Such appreciation distribution may be paid to the Participant in the form of Common Stock or cash (or any combination of Common Stock and cash) or in any other form of payment, as determined by the Board and specified in the SAR Agreement.

(e) **Vesting.** The Board may impose such restrictions on or conditions to the vesting and/or exercisability of an Option or SAR as determined by the Board. Except as otherwise provided in the applicable Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Options and SARs will cease upon termination of the Participant's Continuous Service.

(f) **Termination of Continuous Service for Cause.** Except as explicitly otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service is terminated for Cause, the Participant's Options and SARs will terminate and be forfeited immediately upon such termination of Continuous Service, and the Participant will be prohibited from exercising any portion (including any vested portion) of such Awards on and after the date of such termination of Continuous Service and the Participant will have no further right, title or interest in such forfeited Award, the shares of Common Stock subject to the forfeited Award, or any consideration in respect of the forfeited Award.

(g) **Post-Termination Exercise Period Following Termination of Continuous Service for Reasons Other than Cause.** Subject to Section 4(h), if a Participant's Continuous Service terminates for any reason other than for Cause, the Participant may exercise his or her Option or SAR to the extent vested, but only within the following period of time or, if applicable, such other period of time provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate; provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)):

(i) three months following the date of such termination if such termination is a termination without Cause (other than any termination due to the Participant's Disability or death);

(ii) 12 months following the date of such termination if such termination is due to the Participant's Disability;

(iii) 18 months following the date of such termination if such termination is due to the Participant's death; or

(iv) 18 months following the date of the Participant's death if such death occurs following the date of such termination but during the period such Award is otherwise exercisable (as provided in (i) or (ii) above).

Following the date of such termination, to the extent the Participant does not exercise such Award within the applicable Post-Termination Exercise Period (or, if earlier, prior to the expiration of the maximum term of such Award), such unexercised portion of the Award will terminate, and the Participant will have no further right, title or interest in the terminated Award, the shares of Common Stock subject to the terminated Award, or any consideration in respect of the terminated Award.

(h) **Restrictions on Exercise; Extension of Exercisability.** A Participant may not exercise an Option or SAR at any time that the issuance of shares of Common Stock upon such exercise would violate Applicable Law. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason other than for Cause and, at any time during the last thirty days of the applicable Post-Termination Exercise Period, the exercise of the Participant's Option or SAR would be prohibited solely because (i) the issuance of shares of Common Stock upon such exercise would violate Applicable Law, or (ii) the immediate sale of any shares of Common Stock issued upon such exercise would violate the Company's Trading Policy, then the applicable Post-Termination Exercise Period will be extended to the last day of the calendar month that commences following the date the Award would otherwise expire, with an additional extension of the exercise period to the last day of the next calendar month to apply if any of the foregoing restrictions apply at any time during such extended exercise period, generally without limitation as to the maximum permitted number of extensions; provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)).

(i) **Non-Exempt Employees.** No Option or SAR, whether or not vested, granted to an Employee who is a non-exempt employee for purposes of the U.S. Fair Labor Standards Act of 1938, as amended, will be first exercisable for any shares of Common Stock until at least six months following the date of grant of such Award. Notwithstanding the foregoing, in accordance with the provisions of the Worker Economic Opportunity Act, any vested portion of such Award may be exercised earlier than six months following the date of grant of such Award in the event of (i) such Participant's death or Disability, (ii) a Corporate Transaction in which such Award is not assumed, continued or substituted, (iii) a Change in Control, or (iv) such Participant's retirement (as such term may be defined in the Award Agreement or another applicable agreement or, in the absence of any such definition, in accordance with the Company's then current employment policies and guidelines). This Section 4(i) is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

## **5. Awards Other Than Options and Stock Appreciation Rights.**

(a) **Restricted Stock Awards and RSU Awards.** Each Restricted Stock Award and RSU Award will have such terms and conditions as determined by the Board; provided, however, that each Restricted Stock Award Agreement and RSU Award Agreement will conform (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

### **(i) Form of Award.**

(1) RSAs: To the extent consistent with the Company's Bylaws, at the Board's election, shares of Common Stock subject to a Restricted Stock Award may be (i) held in book entry form subject to the Company's instructions until such shares become vested or any other restrictions lapse, or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. Unless otherwise determined by the Board, a Participant will have voting and

other rights as a stockholder of the Company with respect to any shares subject to a Restricted Stock Award.

**(2)** RSUs: A RSU Award represents a Participant's right to be issued on a future date the number of shares of Common Stock that is equal to the number of restricted stock units subject to the RSU Award. As a holder of a RSU Award, a Participant is an unsecured creditor of the Company with respect to the Company's unfunded obligation, if any, to issue shares of Common Stock in settlement of such Award and nothing contained in the Plan or any RSU Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between a Participant and the Company or an Affiliate or any other person. A Participant will not have voting or any other rights as a stockholder of the Company with respect to any RSU Award (unless and until shares are actually issued in settlement of a vested RSU Award).

**(ii) Consideration.**

**(1)** RSA: A Restricted Stock Award may be granted in consideration for (A) cash or check, bank draft, electronic funds transfer or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of consideration (including future services) as the Board may determine and permissible under Applicable Law.

**(2)** RSU: Unless otherwise determined by the Board at the time of grant, a RSU Award will be granted in consideration for the Participant's services to the Company or an Affiliate, such that the Participant will not be required to make any payment to the Company (other than such services) with respect to the grant or vesting of the RSU Award, or the issuance of any shares of Common Stock pursuant to the RSU Award. If, at the time of grant, the Board determines that any consideration must be paid by the Participant (in a form other than the Participant's services to the Company or an Affiliate) upon the issuance of any shares of Common Stock in settlement of the RSU Award, such consideration may be paid in any form of consideration as the Board may determine and permissible under Applicable Law.

**(iii) Vesting.** The Board may impose such restrictions on or conditions to the vesting of a Restricted Stock Award or RSU Award as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Restricted Stock Awards and RSU Awards will cease upon termination of the Participant's Continuous Service.

**(iv) Termination of Continuous Service.** Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason, (i) the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant under his or her Restricted Stock Award that have not vested as of the date of such termination as set forth in the Restricted Stock Award Agreement and (ii) any portion of his or her RSU Award that has not vested will be forfeited upon such termination and the Participant will have no further right, title or interest in the RSU Award, the shares of Common Stock issuable pursuant to the RSU Award, or any consideration in respect of the RSU Award.

**(v) Dividends and Dividend Equivalents.** Dividends or dividend equivalents may be paid or credited, as applicable, with respect to any shares of Common Stock subject to a Restricted Stock Award or RSU Award, as determined by the Board and specified in the Award Agreement.

**(vi) Settlement of RSU Awards .** A RSU Award may be settled by the issuance of shares of Common Stock or cash (or any combination thereof) or in any other form of payment, as determined by the Board and specified in the RSU Award Agreement. At the time of grant, the Board may determine to impose such restrictions or conditions that delay such delivery to a date following the vesting of the RSU Award.

**(b) Performance Awards** . With respect to any Performance Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, the other terms and conditions of such Award, and the measure of whether and to what degree such Performance Goals have been attained will be determined by the Board.

**(c) Other Awards** . Other Awards may be granted either alone or in addition to Awards provided for under Section 4 and the preceding provisions of this Section 5. Subject to the provisions of the Plan, the Board will have sole and complete discretion to determine the persons to whom and the time or times at which such Other Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Awards and all other terms and conditions of such Other Awards.

## **6. Adjustments upon Changes in Common Stock; Other Corporate Events.**

**(a) Capitalization Adjustments** . In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of shares of Common Stock subject to the Plan and the maximum number of shares by which the Share Reserve may annually increase pursuant to Section 2(a), (ii) the class(es) and maximum number of shares that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 2(b), and (iii) the class(es) and number of securities and exercise price, strike price or purchase price of Common Stock subject to outstanding Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. Notwithstanding the foregoing, no fractional shares or rights for fractional shares of Common Stock shall be created in order to implement any Capitalization Adjustment. The Board shall determine an appropriate equivalent benefit, if any, for any fractional shares or rights to fractional shares that might be created by the adjustments referred to in the preceding provisions of this Section.

**(b) Dissolution or Liquidation** . Except as otherwise provided in the Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Awards (other than Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Award is providing Continuous Service, provided, however, that the Board may determine to cause some or all Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

**(c) Corporate Transaction.** The following provisions will apply to Awards in the event of a Corporate Transaction except as set forth in Section 11, and unless otherwise provided in the instrument evidencing the Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of an Award.

**(i) Awards May Be Assumed.** In the event of a Corporate Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue any or all Awards outstanding under the Plan or may substitute similar awards for Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), and any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to Awards may be assigned by the Company to the successor of the Company (or the successor's parent company, if any), in connection with such Corporate Transaction. A surviving corporation or acquiring corporation (or its parent) may choose to assume or continue only a portion of an Award or substitute a similar award for only a portion of an Award, or may choose to assume, continue, or substitute the Awards held by some, but not all Participants. The terms of any assumption, continuation or substitution will be set by the Board.

**(ii) Awards Held by Current Participants.** In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with

respect to Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Corporate Transaction (referred to as the “ **Current Participants** ”), the vesting of such Awards (and, with respect to Options and SARs, the time when such Awards may be exercised) will be accelerated in full to a date prior to the effective time of such Corporate Transaction (contingent upon the effectiveness of the Corporate Transaction) as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective time of the Corporate Transaction), and such Awards will terminate if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction, and any reacquisition or repurchase rights held by the Company with respect to such Awards will lapse (contingent upon the effectiveness of the Corporate Transaction). With respect to the vesting of Performance Awards that will accelerate upon the occurrence of a Corporate Transaction pursuant to this subsection (ii) and that have multiple vesting levels depending on the level of performance, unless otherwise provided in the Award Agreement, the vesting of such Performance Awards will accelerate at 100% of the target level upon the occurrence of the Corporate Transaction. With respect to the vesting of Awards that will accelerate upon the occurrence of a Corporate Transaction pursuant to this subsection (ii) and are settled in the form of a cash payment, such cash payment will be made no later than 30 days following the occurrence of the Corporate Transaction.

**(iii) Awards Held by Persons other than Current Participants.** In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by persons other than Current Participants, such Awards will terminate if not exercised (if applicable) prior to the occurrence of the Corporate Transaction; provided, however, that any reacquisition or repurchase rights held by the Company with respect to such Awards will not terminate and may continue to be exercised notwithstanding the Corporate Transaction.

**(iv) Payment for Awards in Lieu of Exercise.** Notwithstanding the foregoing, in the event an Award will terminate if not exercised prior to the effective time of a Corporate Transaction, the Board may provide, in its sole discretion, that the holder of such Award may not exercise such Award but will receive a payment, in such form as may be determined by the Board, equal in value, at the effective time, to the excess, if any, of (1) the value of the property the Participant would have received upon the exercise of the Award (including, at the discretion of the Board, any unvested portion of such Award), over (2) any exercise price payable by such holder in connection with such exercise.

**(d) Appointment of Stockholder Representative.** As a condition to the receipt of an Award under this Plan, a Participant will be deemed to have agreed that the Award will be subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on the Participant's behalf with respect to any escrow, indemnities and any contingent consideration.

**(e) No Restriction on Right to Undertake Transactions.** The grant of any Award under the Plan and the issuance of shares pursuant to any Award does not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, rights or options to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

## **7. Administration.**

**(a) Administration by Board.** The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in subsection (c) below.

**(b) Powers of Board.** The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

**(i)** To determine from time to time: (1) which of the persons eligible under the Plan will be granted Awards; (2) when and how each Award will be granted; (3) what type or combination of types of Award will be granted; (4) the provisions of each Award granted (which need not be identical), including the time or times when a person will be permitted to receive an issuance of Common Stock or other payment pursuant to an Award; (5) the number of shares of Common Stock or cash equivalent with respect to which an Award will be granted to each such person; (6) the Fair Market Value applicable to an Award; and (7) the terms of any Performance Award that is not valued in whole or in part by reference to, or otherwise based on, the Common Stock, including the amount of cash payment or other property that may be earned and the timing of payment.

**(ii)** To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it deems necessary or expedient to make the Plan or Award fully effective.

**(iii)** To settle all controversies regarding the Plan and Awards granted under it.

**(iv)** To accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest, notwithstanding the provisions in the Award Agreement stating the time at which it may first be exercised or the time during which it will vest.

**(v)** To prohibit the exercise of any Option, SAR or other exercisable Award during a period of up to 30 days prior to the consummation of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock (including, but not limited to, any Corporate Transaction), for reasons of administrative convenience.

**(vi)** To suspend or terminate the Plan at any time; provided, however that suspension or termination of the Plan will not materially impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

**(vii)** To amend the Plan in any respect the Board deems necessary or advisable; provided, however, that stockholder approval will be required for any amendment to the extent required by Applicable Law. Except as provided above, rights under any Award granted before amendment of the Plan will not be materially impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

**(viii)** To the extent required by Applicable Law, to submit any amendment to the Plan for stockholder approval.

**(ix)** To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; provided however, that, a Participant's rights under any Award will not be materially impaired by any such amendment unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

**(x)** Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

**(xi)** To adopt or amend such procedures, sub-plans and addenda as are necessary or appropriate to accommodate the specific requirements of local laws, procedures and practices, permit and facilitate participation in the Plan by, or take advantage of specific tax treatment for Awards granted

to, Employees, Directors or Consultants who are non-U.S. nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement to ensure or facilitate compliance with the laws of the relevant non-U.S. jurisdiction).

(xii) To effect, at any time and from time to time, subject to the consent of any Participant whose Award is Materially Impaired by such action, (1) the reduction of the exercise price (or strike price) of any outstanding Option or SAR; (2) the cancellation of any outstanding Option or SAR and the grant in substitution therefor of (A) a new Option, SAR, Restricted Stock Award, RSU Award or Other Award, under the Plan or another equity plan of the Company, covering the same or a different number of shares of Common Stock, (B) cash and/or (C) other valuable consideration (as determined by the Board); or (3) any other action that is treated as a repricing under generally accepted accounting principles.

**(c) Delegation to Committee.**

(i) **General.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to another Committee or a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Each Committee may retain the authority to concurrently administer the Plan with the Committee or subcommittee to which it has delegated its authority hereunder and may, at any time, revert in such Committee some or all of the powers previously delegated. The Board may retain the authority to concurrently administer the Plan with any Committee and may, at any time, revert in the Board some or all of the powers previously delegated.

(ii) **Rule 16b-3 Compliance.** To the extent an Award is intended to qualify for the exemption from Section 16(b) of the Exchange Act that is available under Rule 16b-3 of the Exchange Act, the Award will be granted by the Board or a Committee that consists solely of two or more Non-Employee Directors, as determined under Rule 16b-3(b)(3) of the Exchange Act and thereafter any action establishing or modifying the terms of the Award will be approved by the Board or a Committee meeting such requirements to the extent necessary for such exemption to remain available.

(d) **Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board or any Committee in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

(e) **Delegation to an Officer.** The Board or any Committee may delegate to one or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by Applicable Law, other types of Awards) and, to the extent permitted by Applicable Law, the terms thereof, and (ii) determine the number of shares of Common Stock to be subject to such Awards granted to such Employees; provided, however, that the resolutions or charter adopted by the Board or any Committee evidencing such delegation will specify the total number of shares of Common Stock that may be subject to the Awards granted by such Officer and that such Officer may not grant an Award to himself or herself. Any such Awards will be granted on the applicable form of Award Agreement most recently approved for use by the Board or the Committee, unless otherwise provided in the resolutions approving the delegation authority. Notwithstanding anything to the contrary herein, neither the Board nor any Committee may delegate to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) the authority to determine the Fair Market Value.

**8. Tax Withholding**

(a) **Withholding Authorization.** As a condition to acceptance of any Award under the Plan, a Participant authorizes withholding from payroll and any other amounts payable to such Participant, and

otherwise agrees to make adequate provision for, any sums required to satisfy any U.S. and non-U.S. federal, state, local tax and/or social insurance contribution withholding obligations or rights of the Company or an Affiliate, if any, which arise in connection with the grant, vesting, exercise, or settlement of such Award, as applicable. Accordingly, a Participant may not be able to exercise an Award even though the Award is vested, and the Company shall have no obligation to issue shares of Common Stock subject to an Award, unless and until such obligations are satisfied.

**(b) Satisfaction of Withholding Obligation.** To the extent permitted by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any U.S. and non-U.S. federal, state, local tax and/or social insurance contribution withholding obligation or right relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; (v) by allowing or requiring a Participant to effectuate a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board; or (vi) by such other method as may be set forth in the Award Agreement.

**(c) No Obligation to Notify or Minimize Taxes; No Liability to Claims.** Except as required by Applicable Law, the Company has no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Award. Furthermore, the Company has no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award and will not be liable to any holder of an Award for any adverse tax consequences to such holder in connection with an Award. As a condition to accepting an Award under the Plan, each Participant (i) agrees to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from such Award or other Company compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax consequences of the Award and has either done so or knowingly and voluntarily declined to do so. Additionally, each Participant acknowledges any Option or SAR granted under the Plan is exempt from Section 409A only if the exercise or strike price is at least equal to the "fair market value" of the Common Stock on the date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Award. Additionally, as a condition to accepting an Option or SAR granted under the Plan, each Participant agrees not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise price or strike price is less than the "fair market value" of the Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

**(d) Withholding Indemnification.** As a condition to accepting an Award under the Plan, in the event that the amount of the Company's and/or its Affiliate's withholding obligation or right in connection with such Award was greater than the amount actually withheld by the Company and/or its Affiliates, each Participant agrees to indemnify and hold the Company and/or its Affiliates harmless from any failure by the Company and/or its Affiliates to withhold the proper amount.

## **9. Miscellaneous.**

**(a) Source of Shares.** The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

**(b) Use of Proceeds from Sales of Common Stock.** Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

**(c) Corporate Action Constituting Grant of Awards.** Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the



Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action approving the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

**(d) Stockholder Rights.** No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Award unless and until (i) such Participant has satisfied all requirements for exercise of the Award pursuant to its terms, if applicable, and (ii) the issuance of the Common Stock subject to such Award is reflected in the records of the Company.

**(e) Non-Transferability.** Awards may not be transferred, except by will or by the laws of descent and distribution, pursuant to beneficiary designation procedures approved by the Company and valid under Applicable Law or, to the extent expressly permitted in the Award Agreement, to the Participant's family members, a trust or entity established by the Participant for estate planning purposes or a charitable organization designated by the holder, in each case, without consideration, provided, however, that Awards may not be transferred pursuant to a domestic relations order and that a Participant's ex-spouse may not become a Participant under the Plan. Except to the extent permitted by the foregoing sentence or the Award Agreement, each Option or SAR may be exercised during the Participant's lifetime only by the Participant or the Participant's legal representative, agent or similar person. Except as permitted by the second preceding sentence, no Award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any Award, such Award and all rights thereunder shall immediately become null and void. If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of being transferred.

**(f) No Employment or Other Service Rights.** Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or affect the right of the Company or an Affiliate to terminate at will and without regard to any future vesting opportunity that a Participant may have with respect to any Award (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the U.S. state or non-U.S. jurisdiction in which the Company or the Affiliate is incorporated, as the case may be. Further, nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award will constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or service or confer any right or benefit under the Award or the Plan unless such right or benefit has specifically accrued under the terms of the Award Agreement and/or Plan.

**(g) Change in Time Commitment .** In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board may determine, to the extent permitted by Applicable Law, to (i) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction or extension, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

**(h) Execution of Additional Documents.** As a condition to accepting an Award under the Plan, the Participant agrees to execute any additional documents or instruments necessary or desirable, as

determined in the Plan Administrator's sole discretion, to carry out the purposes or intent of the Award, or facilitate compliance with securities and/or other regulatory requirements, in each case at the Plan Administrator's request.

**(i) Electronic Delivery and Participation** . Any reference herein or in an Award Agreement to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at [www.sec.gov](http://www.sec.gov) (or any successor website thereto) or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access). By accepting any Award, the Participant consents to receive documents by electronic delivery and to participate in the Plan through any on-line electronic system established and maintained by the Plan Administrator or another third party selected by the Plan Administrator. The form of delivery of any Common Stock (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

**(j) Clawback/Recovery** . All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Law and any clawback policy that the Company otherwise adopts, to the extent applicable and permissible under Applicable Law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a Participant's right to voluntarily terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company or an Affiliate.

**(k) Securities Law Compliance.** A Participant will not be issued any shares in respect of an Award unless either (i) the shares are registered under the Securities Act; or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Each Award also must comply with other Applicable Law governing the Award, and a Participant will not receive such shares if the Company determines that such receipt would not be in material compliance with Applicable Law.

**(l) Transfer or Assignment of Awards; Issued Shares.** Except as expressly provided in the Plan or the form of Award Agreement, Awards granted under the Plan may not be transferred or assigned by the Participant. After the vested shares subject to an Award have been issued, or in the case of a Restricted Stock Award and similar awards, after the issued shares have vested, the holder of such shares is free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein, the terms of the Trading Policy and Applicable Law.

**(m) Effect on Other Employee Benefit Plans.** The value of any Award granted under the Plan, as determined upon grant, vesting or settlement, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating any Participant's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

**(n) Deferrals.** To the extent permitted by Applicable Law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may also establish programs and procedures for deferral elections to be made by Participants. Deferrals will be made in accordance with the requirements of Section 409A.

**(o) Section 409A.** Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A, and, to the extent not so exempt, in

compliance with the requirements of Section 409A. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A is a "specified employee" for purposes of Section 409A, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A without regard to alternative definitions thereunder) will be issued or paid before the date that is six months and one day following the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(p) **Choice of Law.** This Plan and any controversy arising out of or relating to this Plan shall be governed exclusively by, and construed in accordance with, the internal laws of the State of Delaware, without regard to conflict of law principles that would result in any application of any law other than the law of the State of Delaware.

#### 10. Covenants of the Company.

(a) **Compliance with Law.** The Company will seek to obtain from each regulatory commission or agency, as may be deemed necessary, having jurisdiction over the Plan such authority as may be required to grant Awards and to issue and sell shares of Common Stock upon exercise or vesting of the Awards; provided, however, that this undertaking will not require the Company to register under the Securities Act the Plan, any Award or any Common Stock issued or issuable pursuant to any such Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary or advisable for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise or vesting of such Awards unless and until such authority is obtained. A Participant is not eligible for the grant of an Award or the subsequent issuance of Common Stock pursuant to the Award if such grant or issuance would be in violation of any Applicable Law.

#### 11. Additional Rules for Awards Subject to Section 409A.

(a) **Application.** Unless the provisions of this Section of the Plan are expressly superseded by the provisions in the form of Award Agreement, the provisions of this Section shall apply and shall supersede anything to the contrary set forth in the Award Agreement for a Non-Exempt Award.

(b) **Non-Exempt Awards Subject to Non-Exempt Severance Arrangements.** To the extent a Non-Exempt Award is subject to Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions of this subsection (b) apply.

(i) If the Non-Exempt Award vests in the ordinary course during the Participant's Continuous Service in accordance with the vesting schedule set forth in the Award Agreement, and does not accelerate vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares be issued in respect of such Non-Exempt Award any later than the later of: (i) December 31<sup>st</sup> of the calendar year that includes the applicable vesting date, or (ii) the 60<sup>th</sup> day that follows the applicable vesting date.

(ii) If vesting of the Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with the Participant's Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Non-Exempt Award and, therefore, are part of the terms of such Non-Exempt Award as of the date of grant, then the shares will be earlier issued in settlement of such Non-Exempt Award upon the Participant's Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the

60<sup>th</sup> day that follows the date of the Participant's Separation from Service. However, if at the time the shares would otherwise be issued the Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of such Participant's Separation from Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iii) If vesting of a Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with a Participant's Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Non-Exempt Award and, therefore, are not a part of the terms of such Non-Exempt Award on the date of grant, then such acceleration of vesting of the Non-Exempt Award shall not accelerate the issuance date of the shares, but the shares shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course during the Participant's Continuous Service, notwithstanding the vesting acceleration of the Non-Exempt Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) **Treatment of Non-Exempt Awards Upon a Corporate Transaction for Employees and Consultants.** The provisions of this subsection (c) shall apply and shall supersede anything to the contrary set forth in the Plan with respect to the permitted treatment of any Non-Exempt Award in connection with a Corporate Transaction if the Participant was either an Employee or Consultant upon the applicable date of grant of the Non-Exempt Award.

(i) **Vested Non-Exempt Awards.** The following provisions shall apply to any Vested Non-Exempt Award in connection with a Corporate Transaction:

(1) If the Corporate Transaction is also a Section 409A Change in Control, then the Acquiring Entity may not assume, continue or substitute the Vested Non-Exempt Award. Upon the Section 409A Change in Control, the settlement of the Vested Non-Exempt Award will automatically be accelerated and the shares will be immediately issued in respect of the Vested Non-Exempt Award. Alternatively, the Company may instead provide that the Participant will receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control.

(2) If the Corporate Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute each Vested Non-Exempt Award. The shares to be issued in respect of the Vested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of the Fair Market Value of the shares made on the date of the Corporate Transaction.

(ii) **Unvested Non-Exempt Awards.** The following provisions shall apply to any Unvested Non-Exempt Award unless otherwise determined by the Board pursuant to subsection (e) of this Section.

(1) In the event of a Corporate Transaction, the Acquiring Entity shall assume, continue or substitute any Unvested Non-Exempt Award. Unless otherwise determined by the Board, any Unvested Non-Exempt Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Corporate Transaction. The shares to be issued in respect of any Unvested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the

Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value of the shares made on the date of the Corporate Transaction.

(2) If the Acquiring Entity will not assume, substitute or continue any Unvested Non-Exempt Award in connection with a Corporate Transaction, then such Award shall automatically terminate and be forfeited upon the Corporate Transaction with no consideration payable to any Participant in respect of such forfeited Unvested Non-Exempt Award. Notwithstanding the foregoing, to the extent permitted and in compliance with the requirements of Section 409A, the Board may in its discretion determine to elect to accelerate the vesting and settlement of the Unvested Non-Exempt Award upon the Corporate Transaction, or instead substitute a cash payment equal to the Fair Market Value of such shares that would otherwise be issued to the Participant, as further provided in subsection (e)(ii) below. In the absence of such discretionary election by the Board, any Unvested Non-Exempt Award shall be forfeited without payment of any consideration to the affected Participants if the Acquiring Entity will not assume, substitute or continue the Unvested Non-Exempt Awards in connection with the Corporate Transaction.

(3) The foregoing treatment shall apply with respect to all Unvested Non-Exempt Awards upon any Corporate Transaction, and regardless of whether or not such Corporate Transaction is also a Section 409A Change in Control.

(d) **Treatment of Non-Exempt Awards Upon a Corporate Transaction for Non-Employee Directors.** The following provisions of this subsection (d) shall apply and shall supersede anything to the contrary that may be set forth in the Plan with respect to the permitted treatment of a Non-Exempt Director Award in connection with a Corporate Transaction.

(i) If the Corporate Transaction is also a Section 409A Change in Control, then the Acquiring Entity may not assume, continue or substitute the Non-Exempt Director Award. Upon the Section 409A Change in Control, the vesting and settlement of any Non-Exempt Director Award will automatically be accelerated and the shares will be immediately issued to the Participant in respect of the Non-Exempt Director Award. Alternatively, the Company may provide that the Participant will instead receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control pursuant to the preceding provision.

(ii) If the Corporate Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute the Non-Exempt Director Award. Unless otherwise determined by the Board, the Non-Exempt Director Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Corporate Transaction. The shares to be issued in respect of the Non-Exempt Director Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value made on the date of the Corporate Transaction.

(e) If the RSU Award is a Non-Exempt Award, then the provisions in this Section 11(e) shall apply and supersede anything to the contrary that may be set forth in the Plan or the Award Agreement with respect to the permitted treatment of such Non-Exempt Award:

(i) Any exercise by the Board of discretion to accelerate the vesting of a Non-Exempt Award shall not result in any acceleration of the scheduled issuance dates for the shares in respect of the Non-Exempt Award unless earlier issuance of the shares upon the applicable vesting dates would be in compliance with the requirements of Section 409A.

(ii) The Company explicitly reserves the right to earlier settle any Non-Exempt Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(iii) To the extent the terms of any Non-Exempt Award provide that it will be settled upon a Change in Control or Corporate Transaction, to the extent it is required for compliance with the requirements of Section 409A, the Change in Control or Corporate Transaction event triggering settlement must also constitute a Section 409A Change in Control. To the extent the terms of a Non-Exempt Award provides that it will be settled upon a termination of employment or termination of Continuous Service, to the extent it is required for compliance with the requirements of Section 409A, the termination event triggering settlement must also constitute a Separation From Service. However, if at the time the shares would otherwise be issued to a Participant in connection with a "separation from service" such Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of the Participant's Separation From Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iv) The provisions in this subsection (e) for delivery of the shares in respect of the settlement of a RSU Award that is a Non-Exempt Award are intended to comply with the requirements of Section 409A so that the delivery of the shares to the Participant in respect of such Non-Exempt Award will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

## **12. Severability.**

If all or any part of the Plan or any Award Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of the Plan or such Award Agreement not declared to be unlawful or invalid. Any Section of the Plan or any Award Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

## **13. Termination of the Plan.**

The Board may suspend or terminate the Plan at any time. No Incentive Stock Options may be granted after the tenth anniversary of the earlier of: (i) the Adoption Date, or (ii) the date the Plan is approved by the Company's stockholders. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

## **14. Definitions.**

As used in the Plan, the following definitions apply to the capitalized terms indicated below:

(a) "**Acquiring Entity**" means the surviving or acquiring corporation (or its parent company) in connection with a Corporate Transaction.

(b) "**Adoption Date**" means the date the Plan is first approved by the Board or Compensation Committee.

(c) "**Affiliate**" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board may determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(d) "**Applicable Law**" means the Code and any applicable U.S. or non-U.S. securities, federal, state, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or

requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (including under the authority of any applicable self-regulating organization such as the Nasdaq Stock Market, New York Stock Exchange, or the Financial Industry Regulatory Authority).

(e) “**Award**” means any right to receive Common Stock, cash or other property granted under the Plan (including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a RSU Award, a SAR, a Performance Award or any Other Award).

(f) “**Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award. The Award Agreement generally consists of the Grant Notice and the agreement containing the written summary of the general terms and conditions applicable to the Award and which is provided to a Participant along with the Grant Notice.

(g) “**Board**” means the board of directors of the Company (or its designee). Any decision or determination made by the Board shall be a decision or determination that is made in the sole discretion of the Board (or its designee), and such decision or determination shall be final and binding on all Participants.

(h) “**Capitalization Adjustment**” means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(i) “**Cause**” has the meaning ascribed to such term in any written agreement between the Participant and the Company or an Affiliate defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty against the Company or an Affiliate; (ii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company or an Affiliate, or of any statutory duty owed to the Company or an Affiliate, or of the Company's Code of Conduct or a material policy of the Company or an Affiliate; (iii) such Participant's unauthorized use or disclosure of the Company's or any of its Affiliate's confidential information or trade secrets; or (iv) such Participant's gross misconduct. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause will be made by the Board with respect to Participants who are executive officers of the Company and by a representative of the Company's Legal, Regulatory, and Compliance department with respect to Participants who are not executive officers of the Company. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or an Affiliate or such Participant for any other purpose.

(j) “**Change in Control**” or “**Change of Control**” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events; provided, however, to the extent necessary to avoid adverse personal income tax consequences to the Participant in connection with an Award, such event or events, as the case may be, also constitute a Section 409A Change in Control:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that

acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the "**Subject Person**") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(iv) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; provided, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(k) "**Code**" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(l) "**Committee**" means the Compensation Committee and any other committee of one or more Directors to whom authority has been delegated by the Board or Compensation Committee in accordance with the Plan.

(m) "**Common Stock**" means the common stock of the Company.

(n) "**Company**" means Procore Technologies, Inc., a Delaware corporation, and any successor thereto.

(o) "**Compensation Committee**" means the Compensation Committee of the Board.



(p) “ **Consultant** ” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, which may include individuals who are employed or engaged by a third party agency but who provide services to the Company or an Affiliate, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding any other provision of this definition, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

(q) “ **Continuous Service** ” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. However, where an Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, such Participant’s Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. To the extent permitted by Applicable Law, the Board or the chief executive officer of the Company, or such other officer to whom authority may be delegated by the Board, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of any leave of absence approved by the Board or chief executive officer or such other officer to whom authority may be delegated by the Board,. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company’s leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by Applicable Law. In addition, to the extent required for exemption from or compliance with Section 409A, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of “separation from service” as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

(r) “ **Corporate Transaction** ” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(s) “ **Director** ” means a member of the Board.

(t) “ **determine** ” or “ **determined** ” means as determined by the Board or the Committee (or its designee) in its sole discretion.

(u) “ **Disability** ” means, with respect to a Participant, such Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment

which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Section 22(e)(3) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(v) “**Effective Date**” means the IPO Date, provided this Plan is approved by the Company’s stockholders prior to the IPO Date.

(w) “**Employee**” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(x) “**Employer**” means the Company or the Affiliate that employs the Participant.

(y) “**Entity**” means a corporation, partnership, limited liability company or other entity.

(z) “**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(aa) “**Exchange Act Person**” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(ab) “**Fair Market Value**” means, as of any date, unless otherwise determined by the Board, the value of the Common Stock (as determined on a per share or aggregate basis, as applicable) determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) If there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, or if otherwise determined by the Board, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(ac) “**Governmental Body**” means any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) U.S. federal, state, local, municipal, non-U.S. or other government; (iii) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal, and for the avoidance of doubt, any Tax authority) or other body exercising similar powers or authority; or (iv) self-regulatory organization (including the Nasdaq Stock Market, New York Stock Exchange, and the Financial Industry Regulatory Authority).

(ad) “ **Grant Notice** ” means the notice provided to a Participant that he or she has been granted an Award under the Plan and which includes the name of the Participant, the type of Award, the date of grant of the Award, number of shares of Common Stock subject to the Award or potential cash payment right, (if any), the vesting schedule for the Award (if any) and other key terms applicable to the Award.

(ae) “ **Incentive Stock Option** ” means an option granted pursuant to Section 4 of the Plan that is intended to be, and qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code.

(af) “ **IPO Date** ” means the date of execution of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

(ag) “ **Materially Impair** ” means any amendment to the terms of the Award that materially adversely affects the Participant’s rights under the Award. A Participant’s rights under an Award will not be deemed to have been Materially Impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant’s rights. For example, the following types of amendments to the terms of an Award do not Materially Impair the Participant’s rights under the Award: (i) imposition of reasonable restrictions on the minimum number of shares subject to an Option that may be exercised, (ii) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iii) to change the terms of an Incentive Stock Option in a manner that disqualifies, impairs or otherwise affects the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iv) to clarify the manner of exemption from, or to bring the Award into compliance with or qualify it for an exemption from, Section 409A; or (v) to comply with other Applicable Law.

(ah) “ **Non-Employee Director** ” means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“ **Regulation S-K** ”)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(ai) “ **Non-Exempt Award** ” means any Award that is subject to, and not exempt from, Section 409A, including as the result of (i) a deferral of the issuance of the shares subject to the Award which is elected by the Participant or imposed by the Company or (ii) the terms of any Non-Exempt Severance Agreement.

(aj) “ **Non-Exempt Director Award** ” means a Non-Exempt Award granted to a Participant who was a Director but not an Employee on the applicable grant date.

(ak) “ **Non-Exempt Severance Arrangement** ” means a severance arrangement or other agreement between the Participant and the Company that provides for acceleration of vesting of an Award and issuance of the shares in respect of such Award upon the Participant’s termination of employment or separation from service (as such term is defined in Section 409A(a)(2)(A) (i) of the Code (and without regard to any alternative definition thereunder) (“ **Separation from Service** ”)) and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4), 1.409A-1(b)(9) or otherwise.

(al) “ **Nonstatutory Stock Option** ” means any option granted pursuant to Section 4 of the Plan that does not qualify as an Incentive Stock Option.

(am) “ **Officer** ” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(an) “ **Option** ” means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(ao) “ **Option Agreement** ” means a written agreement between the Company and the Optionholder evidencing the terms and conditions of the Option grant. The Option Agreement includes the Grant Notice for the Option and the agreement containing the written summary of the general terms and conditions applicable to the Option and which is provided to a Participant along with the Grant Notice. Each Option Agreement will be subject to the terms and conditions of the Plan.

(ap) “ **Optionholder** ” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(aq) “ **Other Award** ” means an award valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value at the time of grant), that is not an Incentive Stock Option, Nonstatutory Stock Option, SAR, Restricted Stock Award, RSU Award or Performance Award.

(ar) “ **Other Award Agreement** ” means a written agreement between the Company and a holder of an Other Award evidencing the terms and conditions of an Other Award grant. Each Other Award Agreement will be subject to the terms and conditions of the Plan.

(as) “ **Own**, ” “ **Owned**, ” “ **Owner**, ” “ **Ownership** ” means that a person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(at) “ **Participant** ” means an Employee, Director or Consultant to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

(au) “ **Performance Award** ” means an Award that may vest or may be exercised or a cash award that may vest or become earned and paid contingent upon the attainment during a Performance Period of certain Performance Goals and which is granted under the terms and conditions of Section 5(b) pursuant to such terms as are approved by the Board. In addition, to the extent permitted by Applicable Law and set forth in the applicable Award Agreement, the Board may determine that cash or other property may be used in payment of Performance Awards. Performance Awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, the Common Stock.

(av) “ **Performance Criteria** ” means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: earnings (including earnings per share and net earnings); earnings before interest, taxes and depreciation; earnings before interest, taxes, depreciation and amortization; total stockholder return; return on equity or average stockholder's equity; return on assets, investment, or capital employed; stock price; margin (including gross margin); income (before or after taxes); operating income; operating income after taxes; pre-tax profit; operating cash flow; sales or revenue targets; increases in revenue or product revenue; expenses and cost reduction goals; improvement in or attainment of working capital levels; economic value added (or an equivalent metric); market share; cash flow; cash flow per share; share price performance; debt reduction; customer satisfaction; net promoter score; stockholders' equity; capital expenditures; debt levels; operating profit or net operating profit; workforce diversity; growth of net income or operating income; billings; financing; regulatory milestones; stockholder liquidity; corporate governance and compliance; intellectual property; personnel matters; progress of internal research; progress of partnered programs; partner satisfaction; budget management; partner or collaborator achievements; internal controls, including those related to the Sarbanes-Oxley Act of 2002; investor relations, analysts and communication; implementation or completion of projects or processes; employee retention; number of users, including unique users; strategic partnerships or

transactions (including in-licensing and out-licensing of intellectual property); establishing relationships with respect to the marketing, distribution and sale of the Company's products or services; supply chain achievements; co-development, co-marketing, profit sharing, joint venture or other similar arrangements; individual performance goals; corporate development and planning goals; customer retention goals; employee satisfaction goals; and other measures of performance selected by the Board or Committee.

(aw) “ **Performance Goals** ” means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are “unusual” in nature or occur “infrequently” as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Award Agreement.

(ax) “ **Performance Period** ” means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to vesting or exercise of an Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(ay) “ **Plan** ” means this Procore Technologies, Inc. 2021 Equity Incentive Plan, as amended from time to time.

(az) “ **Plan Administrator** ” means the person, persons, and/or third-party administrator designated by the Company to administer the day to day operations of the Plan and the Company's other equity incentive programs.

(ba) “ **Post-Termination Exercise Period** ” means the period following termination of a Participant's Continuous Service within which an Option or SAR is exercisable, as specified in Section 4(g).

(bb) “ **Prior Plan's Available Reserve** ” means the number of shares available for the grant of new awards under the Prior Plan as of immediately prior to the Effective Date.

(bc) “ **Prior Plan** ” means the Company's 2014 Equity Incentive Plan, as amended and restated.

(bd) “ **Restricted Stock Award** ” or “ **RSA** ” means an Award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(be) “ **Restricted Stock Award Agreement** ” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. The Restricted Stock Award Agreement includes the Grant Notice for the Restricted Stock Award and the agreement containing the written summary of the general terms and conditions applicable to the Restricted Stock Award and which is provided to a Participant along with the Grant Notice. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(bf) “ **Returning Shares** ” means shares subject to outstanding stock awards granted under the Prior Plan and that following the Effective Date: (i) are not issued because such stock award or any portion thereof expires or otherwise terminates without all of the shares covered by such stock award having been issued; (ii) are not issued because such stock award or any portion thereof is settled in cash; (iii) are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required for the vesting of such shares; (iv) are withheld or reacquired to satisfy the exercise, strike or purchase price; or (v) are withheld or reacquired to satisfy a tax withholding obligation.

(bg) “ **RSU Award** ” or “ **RSU** ” means an Award of restricted stock units representing the right to receive an issuance of shares of Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(bh) “ **RSU Award Agreement** ” means a written agreement between the Company and a holder of a RSU Award evidencing the terms and conditions of a RSU Award. The RSU Award Agreement includes the Grant Notice for the RSU Award and the agreement containing the written summary of the general terms and conditions applicable to the RSU Award and which is provided to a Participant along with the Grant Notice. Each RSU Award Agreement will be subject to the terms and conditions of the Plan.

(bi) “ **Rule 16b-3** ” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(bj) “ **Rule 405** ” means Rule 405 promulgated under the Securities Act.

(bk) “ **Section 409A** ” means Section 409A of the Code and the regulations and other guidance thereunder.

(bl) “ **Section 409A Change in Control** ” means a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company's assets, as provided in Section 409A(a)(2)(A)(v) of the Code and Treasury Regulations Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

(bm) “ **Securities Act** ” means the U.S. Securities Act of 1933, as amended.

(bn) “ **Share Reserve** ” means the number of shares available for issuance under the Plan as set forth in Section 2(a).

(bo) “ **Stock Appreciation Right** ” or “ **SAR** ” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 4.

(bp) “ **SAR Agreement** ” means a written agreement between the Company and a holder of a SAR evidencing the terms and conditions of a SAR grant. The SAR Agreement includes the Grant Notice for the SAR and the agreement containing the written summary of the general terms and conditions applicable to the SAR and which is provided to a Participant along with the Grant Notice. Each SAR Agreement will be subject to the terms and conditions of the Plan.

(bq) “ **Subsidiary** ” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is

at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(br) “ **Ten Percent Stockholder** ” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

(bs) “ **Trading Policy** ” means the Company’s policy permitting certain individuals to sell Company shares only during certain “window” periods and/or otherwise restricts the ability of certain individuals to transfer or encumber Company shares, as in effect from time to time.

(bt) “ **Unvested Non-Exempt Award** ” means the portion of any Non-Exempt Award that had not vested in accordance with its terms upon or prior to the date of any Corporate Transaction.

(bu) “ **Vested Non-Exempt Award** ” means the portion of any Non-Exempt Award that had vested in accordance with its terms upon or prior to the date of a Corporate Transaction.

**Procore Technologies, Inc.  
Global RSU Award Grant Notice  
(2021 Equity Incentive Plan)**

Procore Technologies, Inc. (the "**Company**") has awarded to you (the "**Participant**") the number of restricted stock units specified and on the terms set forth below (the "**RSU Award**"). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company's 2021 Equity Incentive Plan (the "**Plan**") and the Global RSU Award Agreement, including any additional terms and conditions for your country set forth in an appendix thereto (the "**Appendix**" and, together with the Global RSU Award Agreement, the "**Agreement**"), all of which are incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement, as applicable.

Participant: \_\_\_\_\_

Date of Grant: \_\_\_\_\_

Vesting Commencement Date: \_\_\_\_\_

Number of Restricted Stock Units: \_\_\_\_\_

**Vesting Schedule :** \_\_\_\_\_

**Issuance Schedule:** One share of Common Stock will be issued for each RSU which vests at the time set forth in Section 5 of the Agreement.

**Participant Acknowledgements:** By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The RSU Award is governed by this Global RSU Award Grant Notice (the "**Grant Notice**"), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan and the Agreement, this Grant Notice and the Agreement (together, the "**RSU Award Agreement**") may not be modified, amended or revised except in a writing signed by you and a duly authorized Officer.
- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company or an Affiliate and you in each case that specifies the terms that should govern the RSU Award.



**P**ROCORE **T**ECHNOLOGIES , I NC .

**P**ARTICIPANT :

By: \_\_\_\_\_  
Signature  
Name & Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

**Procore Technologies, Inc.  
2021 Equity Incentive Plan**

**Global RSU Award Agreement**

As reflected by your Global RSU Award Grant Notice (“**Grant Notice**”), Procore Technologies, Inc. (the “**Company**”) has granted you a RSU Award under its 2021 Equity Incentive Plan (the “**Plan**”) for the number of restricted stock units as indicated in your Grant Notice (the “**RSU Award**”). The terms of your RSU Award as specified in this Global RSU Award Agreement for your RSU Award, including any additional terms and conditions for your country set forth in an appendix thereto (the “**Appendix**” and, together with the Global RSU Award Agreement, the “**Agreement**”) and the Grant Notice constitute your “**RSU Award Agreement**.” Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

- 1. Governing Plan Document.** Your RSU Award is subject to all the provisions of the Plan. Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.
- 2. Grant and Vesting of the RSU Award.**
  - a.** The RSU Award represents the Company's promise to issue to you on a future date the number of shares of the Company's Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the “**Restricted Stock Units**”). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.
  - b.** Subject to the limitations contained in this Agreement, your RSU Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice. Vesting will cease upon the termination of your Continuous Service, except if termination is by reason of death or Disability, in which case, unless otherwise determined by the Compensation Committee or its delegate, vesting will accelerate as described in the Grant Notice (and subject to any other acceleration provided for in the Plan).
  - c.** For purposes of the RSU Award, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are providing service or the terms of your employment or other service agreement, if any), and such date and will not be extended by any notice period (e.g., your period of Continuous Service will not include any contractual notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you are providing

service or the terms of your employment or other service agreement, if any). The Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence). On the date of termination of your Continuous Service (for any reason other than death or Disability), the Restricted Stock Units that were not vested on the date of such termination (and are not accelerated pursuant to any acceleration provided for in the Plan) will be forfeited and returned to the Company at no cost to the Company and you will have no further right, title or interest in or to such Restricted Stock Units or the underlying shares of Common Stock. For the avoidance of doubt, Continuous Service during only a period prior to a vesting date (but where Continuous Service has terminated prior to the vesting date for any reason except death or Disability) does not entitle you to vest in a pro-rata portion of the Restricted Stock Units on such date.

**3. Dividends.** You shall receive no benefit or adjustment to your RSU Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment as provided in the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your RSU Award after such shares have been delivered to you.

**4. Responsibility for Taxes.**

- a.** Regardless of any action taken by the Company or, if different, the Affiliate or other local employer to which you provide Continuous Service (the “**Service Recipient**”) with respect to any income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to your participation in the Plan and legally applicable or deemed applicable to you (the “**Tax Liability**”), you hereby acknowledge and agree that the Tax Liability is your ultimate responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. You further acknowledge that the Company and the Service Recipient (i) make no representations or undertakings regarding any Tax Liability in connection with any aspect of the RSU Award, including, but not limited to, the grant or vesting of the RSU Award, the issuance of Common Stock pursuant to such vesting, the subsequent sale of shares of Common Stock, and the payment of any dividends on the shares; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSU Award to reduce or eliminate your Tax Liability or achieve a particular tax result. Further, if you are subject to Tax Liability in more than one jurisdiction, you acknowledge that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax Liability in more than one jurisdiction.
- b.** Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy any Tax Liability. As further provided in Section 8 of the Plan, you hereby authorize the Company and any applicable Service Recipient to satisfy any applicable withholding obligations with regard to the Tax Liability by one or a combination of the following methods: (i) causing you to pay any portion of the Tax Liability in cash or cash equivalent in a form acceptable to the Company and/or the Service Recipient; (ii) withholding from any compensation otherwise payable to you by the Company or the Service Recipient; (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the RSU Award; *provided*, however,

that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Compensation Committee; (iv) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "**FINRA Dealer**"), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares of Common Stock to be delivered in connection with your Restricted Stock Units to satisfy the Tax Liability and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Tax Liability directly to the Company or the Service Recipient; and/or (v) any other method determined by the Company to be in compliance with Applicable Law. Furthermore, you agree to pay or reimburse the Company or the Service Recipient any amount the Company or the Service Recipient may be required to withhold, collect or pay as a result of your participation in the Plan or that cannot be satisfied by the means previously described. In the event it is determined that the amount of the Tax Liability was greater than the amount withheld by the Company and/or the Service Recipient (as applicable), you agree to indemnify and hold the Company and/or the Service Recipient (as applicable) harmless from any failure by the Company or the applicable Service Recipient to withhold the proper amount.

- c. The Company and/or the Service Recipient may withhold or account for your Tax Liability by considering statutory withholding amounts or other withholding rates applicable in your jurisdiction(s), including maximum rates applicable in your jurisdiction(s). In the event of over-withholding, you may receive a refund of any over-withheld amount in cash from the Company or the Service Recipient (with no entitlement to the Common Stock equivalent), or if not refunded, you may seek a refund from the local tax authorities. In the event of under-withholding, you may be required to pay any Tax Liability directly to the applicable tax authority or to the Company and/or the Service Recipient. If the withholding obligation for the Tax Liability is satisfied by withholding shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested portion of the RSU Award, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying such Tax Liability.
- d. You acknowledge that you may not participate in the Plan and the Company shall have no obligation to issue or deliver shares of Common Stock until you have fully satisfied any applicable Tax Liability, as determined by the Company. Unless any withholding obligation for the Tax Liability is satisfied, the Company shall have no obligation to issue or deliver to you any Common Stock in respect of the RSU Award.

## 5. Date of Issuance.

- a. The issuance of shares in respect of the Restricted Stock Units is intended to comply with U.S. Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the withholding obligation for the Tax Liability, if any, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each vested Restricted Stock Unit on the applicable vesting date. Each issuance date determined by this paragraph is referred to as an "**Original Issuance Date**."

- b. If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:
- i. the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Arrangement**”)), and
  - ii. either (1) a withholding obligation for any Tax Liability does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the withholding obligation for the Tax Liability by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a “same day sale” commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Tax Liability in cash, then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with U.S. Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of U.S. Treasury Regulations Section 1.409A-1(d).

**6. Nature of Grant.** In accepting the RSU Award, you acknowledge, understand and agree that:

- a. the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- b. the grant of the RSU Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units or other equity awards have been granted in the past;
- c. all decisions with respect to future RSU Awards or other grants, if any, will be at the sole discretion of the Company;
- d. the RSU Award and your participation in the Plan shall not create a right to employment or other service relationship with the Company;
- e. the RSU Award and your participation in the Plan shall not be interpreted as forming or amending an employment or service contract with the Company or the

Service Recipient, and shall not interfere with the ability of the Company or the Service Recipient, as applicable, to terminate your Continuous Service (if any);

- f. you are voluntarily participating in the Plan;
  - g. the RSU Award and the shares of Common Stock subject to the RSU Award, and the income from and value of same, are not intended to replace any pension rights or compensation;
  - h. the RSU Award and the shares of Common Stock subject to the RSU Award, and the income from and value of same, are not part of normal or expected compensation for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
  - i. unless otherwise agreed with the Company in writing, the RSU Award and the shares of Common Stock subject to the RSU Award, and the income from and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of an Affiliate;
  - j. the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;
  - k. no claim or entitlement to compensation or damages shall arise from forfeiture of the RSU Award or the recovery by the Company of any shares of Common Stock resulting from (i) the termination of your Continuous Service (for any reason other than death or Disability, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are providing service or the terms of your employment or other service agreement, if any) and/or (ii) the application of any clawback or recovery policy as described in Section 9(j) of the Plan or Section 18 of this Agreement; and
  - l. neither the Company, the Service Recipient or any other Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to you pursuant to the settlement of the RSU Award or the subsequent sale of any shares of Common Stock acquired upon settlement of the RSU Award.
7. **Transferability.** Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution
8. **Corporate Transaction.** Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.
9. **No Liability for Taxes.** As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to any Tax Liability arising from the RSU Award and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

- 10. No Advice Regarding Grant .** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.
- 11. Governing Law and Venue.** The RSU Award and the provisions of this Agreement are governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the conflict of law principles that would result in any application of any law other than the law of the State of Delaware. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of the State of Delaware, and no other courts, where this grant is made and/or to be performed.
- 12. Severability .** If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.
- 13. Compliance with Law.** Notwithstanding any other provision of the Plan or this Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Company shall not be required to deliver any shares issuable upon settlement of the Restricted Stock Units prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, you agree that the Company shall have unilateral authority to amend the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Common Stock.
- 14. Language.** You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in the English language, so as to enable you to understand the terms and conditions of this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.
- 15. Electronic Delivery and Participation .** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

**16. Appendix.** Notwithstanding any provisions of this Global RSU Award Agreement, the RSU Award shall be subject to any additional terms and conditions set forth in any Appendix for your country attached hereto. Moreover, if you transfer residence and/or service to another country included in the Appendix, the additional terms and conditions for such country will apply to you, to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

**17. Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the RSU Award and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**18. RSU Award Subject to Clawback.** As an additional condition of receiving the RSU Award, and without limiting the application of Section 9(j) of the Plan, you agree that the RSU Award and any shares of Common Stock or other benefits or proceeds therefrom you may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required (i) to comply with any requirements imposed under applicable laws and/or the rules and regulations of the securities exchange or inter-dealer quotation system on which the shares of Common Stock are listed or quoted, including, without limitation, pursuant to Section 10D of the Exchange Act, Rule 10D-1 thereunder, and Section 303A.14 of the New York Stock Exchange Listed Company Manual, as may be reflected in a recovery or "clawback" policy adopted by the Company, as may be amended from time to time, or otherwise, and (ii) under the terms of any policy adopted by the Company, as may be amended from time to time, to facilitate the Company's objectives related to eliminating or reducing fraud, misconduct, wrongdoing or violations of law by an employee or other service provider or related to improving the Company's governance practices or similar considerations (and the provisions contained in a policy contemplated under sub-clause (i) and (ii) shall be deemed incorporated into this Agreement without your additional or separate consent). Further, if you receive any amount in excess of what you should have received under the terms of the RSU Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or administrative error), all as determined by the Board or Compensation Committee, then you shall be required to promptly repay any such excess amount to the Company.

In order to satisfy any recoupment obligation arising under this Section 18, you expressly and explicitly authorize the Company to issue instructions, on your behalf, to any brokerage firm or stock plan service provider engaged by the Company to hold any shares of Common Stock or other amounts acquired pursuant to the RSU Award to re-convey, transfer or otherwise return the shares of Common Stock and/or other amounts to the Company upon the Company's enforcement of any clawback or recovery policy.

**19. Waiver.** You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

**20. Insider Trading/Market Abuse.** You acknowledge that, depending on your or your broker's country or where the Company shares are listed, you may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions, including the United States, your country and the designated broker's country, which may affect your ability to accept,



acquire, sell or otherwise dispose of shares of Common Stock, rights to shares (e.g. , Restricted Stock Units) or rights linked to the value of shares ( e.g. , phantom awards, futures) during such times you are considered to have “inside information” regarding the Company as defined in the laws or regulations in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Keep in mind third parties includes fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You are responsible for complying with any restrictions and should speak to your personal advisor on this matter.

- 21. Exchange Control, Foreign Asset/Account and/or Tax Reporting.** Depending upon the country to which laws you are subject, you may have certain foreign asset/account and/or tax reporting requirements that may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside your country of residence. Your country may require that you report such accounts, assets or transactions to the applicable authorities in your country. You also may be required to repatriate cash received from participating in the Plan to your country within a certain period of time after receipt. You are responsible for knowledge of and compliance with any such regulations and should speak with your personal tax, legal and financial advisors regarding same.
- 22. Other Documents.** You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.
- 23. Questions.** If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

**Procore Technologies, Inc.  
2021 Equity Incentive Plan**

**Appendix  
To Global RSU Award Agreement**

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Procore Technologies, Inc. 2021 Equity Incentive Plan (the “**Plan**”), the Global RSU Award Grant Notice, and/or the Global RSU Award Agreement.

**Terms and Conditions**

This Appendix includes additional terms and conditions that govern the RSU Award granted to you under the Plan if you reside and/or work in one of the jurisdictions listed below.

If you are a citizen or resident (or are considered as such for local law purposes) of a country other than the country in which you are currently residing and/or working, or if you transfer employment and/or residency to another country after the grant of the RSU Award, the Company shall, in its discretion, determine to what extent the additional terms and conditions contained herein shall be applicable to you.

**Notifications**

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to participation in the Plan. The information is provided solely for your convenience and is based on the securities, exchange control and other laws in effect in the respective countries as of October 2023. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in the RSU Award, acquire shares of Common Stock or sell shares of Common Stock acquired under the Plan.

In addition, the information contained below is general in nature, may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the applicable laws in your country may apply to your situation.

If you are a citizen or resident (or are considered as such for local law purposes) of a country other than the country in which you are currently residing and/or working, or if you transfer employment and/or residency to another country after the grant of the RSU Award, the notifications herein may not apply to you in the same manner.

## Additional Terms and Conditions for All Non-U.S. Participants

### Data Privacy Notice and Consent

1. **Data Collection and Usage** . The Company and the Service Recipient collect, process and use certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor (" Data "), for the purposes of implementing, administering and managing your participation in the Plan. The legal basis, where required, for the processing of Data is your consent.
2. **Stock Plan Administration Service Providers** . The Company transfers Data to E\*TRADE from Morgan Stanley and certain of its affiliated companies (the " *Designated Broker* "), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other provider serving in a similar manner. You may be asked to agree on separate terms and data processing practices with the Designated Broker or other service providers, with such agreement being a condition to the ability to participate in the Plan. The Company and the Designated Broker are based in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. The Company's legal basis, where required, for the transfer of Data is your consent.
3. **Data Retention** . The Company will hold and use the Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with Applicable law, exercise or defense of legal rights, and archiving, back-up and deletion processes. This period may extend beyond your period of Continuous Service.
4. **Voluntariness and Consequences of Consent Denial or Withdrawal** . Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your salary from or employment or other service with the Service Recipient will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant Restricted Stock Units or other equity awards to you or administer or maintain such awards.
5. **Data Subject Rights** . You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you can contact your local human resources representative.

### AUSTRALIA

#### *Notifications*

**Securities Notification** . This offer of the RSU Award is being made under Division 1A Part 7.12 of the Australian Corporations Act 2001 (Cth). If you offer shares of Common Stock acquired under the Plan for sale to a person or entity resident in Australia, your offer may be subject to disclosure requirements under Australian law. You should obtain legal advice on any disclosure obligations prior to making any such offer.

**Tax Notification** . Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the RSU Award granted under the Plan, such that the RSU Award is intended to be subject to deferred taxation.

**Exchange Control Notification** . Exchange control reporting is required for cash transactions exceeding AUD 10,000 and for international fund transfers. You understand that if an Australian bank is assisting with the transaction, the bank will file the report on your behalf. You further understand if there is no Australian bank involved in the transfer, you will have to file the exchange control report.

## **CANADA**

### ***Terms and Conditions***

**Settlement of Restricted Stock Units** . Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary and without prejudice to Section 4 of the Agreement, Restricted Stock Units will be settled in shares of Common Stock only, not in cash.

**Termination** . The following provision replaces Section 2(c) of the Agreement in its entirety:

For purposes of the RSU Award, your Continuous Service will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are providing service or the terms of your employment or other service agreement, if any) as of the date that is the earliest of (i) the date of termination of your Continuous Service, (ii) the date on which you receive notice of termination of your Continuous Service, and (iii) the date on which you cease to be providing services to the Company, the Service Recipient or any other Affiliate, which date shall not be extended by any notice period or period of pay in lieu of such notice mandated under the employment laws of the jurisdiction in which you are providing service or the terms of your employment or other service agreement, if any. The Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued vesting during a statutory notice period, your right to vest in the RSU Award, if any, will terminate effective upon the expiry of the minimum statutory notice period, but you will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the statutory notice period, nor will you be entitled to any compensation for lost vesting;

*The following terms and conditions apply to Participants resident in Quebec:*

**Data Privacy** . This provision supplements the Data Privacy Section of this Appendix:

You hereby authorize the Company or any Affiliate, including the Service Recipient, and any agents or representatives to (i) discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration and operation of the Plan, and (ii) disclose and discuss any and all information relevant to the Plan with their

advisors. You further authorize the Company or any Affiliate, including the Service Recipient, and any agents or representatives to record such information and to keep such information in your employee file.

#### ***Notifications***

**Securities Law Notification** . You are permitted to sell shares of Common Stock acquired under the Plan through the Designated Broker appointed under the Plan, if any, provided the resale of shares of Common Stock acquired under the Plan takes place outside Canada through the facilities of the exchange on which the shares of Common Stock are then listed.

**Foreign Asset/Account Reporting Notification** . Canadian residents are required to report any foreign specified property held outside Canada (including RSU Awards and shares of Common Stock acquired under the Plan) annually on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds CAD 100,000 at any time during the year. Thus, if the CAD 100,000 cost threshold is exceeded by other foreign specified property held by the individual, RSU Awards must be reported (generally at a nil cost). For purposes of such reporting, shares of Common Stock acquired under the Plan may be reported at their adjusted cost basis. The adjusted cost basis of a share is generally equal to the fair market value of such share at the time of acquisition; however, if you own other shares of Common Stock (e.g. , acquired under other circumstances or at another time), the adjusted cost basis may have to be averaged with the adjusted cost bases of the other shares of Common Stock. *You should consult with your personal legal advisor to ensure compliance with applicable reporting obligations.*

#### **CZECH REPUBLIC**

##### ***Notifications***

**Exchange Control Notification** . You may be required to notify the Czech National Bank that you acquired shares of Common Stock under the Plan and/or that you maintain a foreign account. Such notification will be required if the aggregate value of your foreign direct investments is CZK 2,500,000 or more, you have a certain threshold of foreign financial assets, or you are specifically requested to do so by the Czech National Bank. *You should consult with your personal financial advisor regarding your reporting requirements.*

#### **EGYPT**

##### ***Notifications***

**Exchange Control Notification** . If you are an Egyptian resident and you transfer funds into Egypt in connection with the sale of shares of Common Stock or the receipt of any dividends, you are required to do so through a registered bank in Egypt.

#### **FRANCE**

##### ***Terms and Conditions***

**Language Consent** . By accepting this grant of Restricted Stock Units, you confirm having read and understood the Plan and this Agreement, which were provided in the English language. You accept the terms of the documents accordingly.

*En acceptant cet octroi d'unités d'actions restreintes, vous confirmez avoir lu et compris le plan et le présent accord, qui ont été fournis en anglais. Vous acceptez les termes des documents en conséquence.*

#### **Notifications**

**Tax Information** . The Restricted Stock Units are not intended to qualify for special tax or social security treatment in France.

#### **GERMANY**

##### **Notifications**

**Exchange Control Information** . Cross-border payments in excess of €12,500 must be reported to the German Federal Bank ( *Bundesbank* ). If you make or receive a payment in excess of this amount (including if you acquire shares of Common Stock with a value in excess of this amount under the Plan or sell shares of Common Stock via a foreign broker, bank or service provider and receive proceeds in excess of this amount) and/or if the Company withholds or sells shares of Common Stock with a value in excess of this amount to cover Tax Liability, you must report the payment and/or the value of the shares of Common Stock withheld or sold to Bundesbank. Such reports must be made either electronically using the "General Statistics Reporting Portal" ( " *Allgemeines Meldeportal Statistik* " ) available via Bundesbank's website (www.bundesbank.de) or via such other method ( e.g ., by email or telephone) as is permitted or required by Bundesbank. The report must be submitted monthly or within other such timing as is permitted or required by Bundesbank. You should consult a personal legal advisor to ensure compliance with applicable reporting requirements.

#### **INDIA**

##### **Notifications**

**Exchange Control Notification** . You understand that you must repatriate any dividends, as well as any proceeds from the sale of shares of Common Stock acquired under the Plan within such period of time as may be required under applicable regulations. You will receive a foreign inward remittance certificate ( " **FIRC** " ) from the bank where you deposit the foreign currency, and you must maintain the FIRC as proof of repatriation of funds in the event that the Reserve Bank of India or your Service Recipient requests proof of repatriation. It is your responsibility to comply with these requirements. You may be required to provide information regarding funds received from participation in the Plan to the Company and/or your Service Recipient to enable them to comply with their filing requirements under exchange control laws in India.

#### **MEXICO**

##### **Terms and Conditions**

**Plan Document Acknowledgement** . By accepting the RSU Award, you acknowledge that you have received a copy of the Plan and the RSU Award Agreement, which you have reviewed. You acknowledge further that you accept all the provisions of the Plan and the RSU Award Agreement. You also acknowledge that you have read and specifically and expressly approves the terms and conditions set forth in Section 6 of the Agreement ( Nature of Grant ), which clearly provides as follows:

- (1) Your participation in the Plan does not constitute an acquired right;
- (2) The Plan and your participation in it are offered by the Company on a wholly discretionary basis;
- (3) Your participation in the Plan is voluntary; and
- (4) None of the Company, the Service Recipient nor any other Affiliate are responsible for any decrease in the value of any shares of Common Stock acquired at vesting of the RSU Award.

**Labor Law Policy and Acknowledgment** . The following provision supplements Section 6 of the Agreement (Nature of Grant):

By accepting the RSU Award, you expressly recognize that the Company, with its principal operating offices at 6309 Carpinteria Avenue, Carpinteria, CA 93013 U.S.A., is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of shares of Common Stock under the Plan do not constitute an employment relationship or other service contract between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is a Mexican Affiliate of the Company. Based on the foregoing, you expressly recognize that the Plan and the benefits that you may derive from participating in the Plan do not establish any rights between you and the Service Recipient and do not form part of the conditions and/or benefits provided by the Service Recipient for your Continuous Service and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your Continuous Service.

You further understand that your participation in the Plan is as a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue your participation in the Plan at any time without any liability to you.

Finally, you hereby declare that you do not reserve to yourself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grants a full and broad release to the Company, and its subsidiaries, affiliates, branches, representation offices, shareholders, trustees, directors, officers, employees, agents, or legal representatives with respect to any such claim that may arise.

**Reconocimiento del Documento del Plan** . *Al aceptar la concesión de RSU, reconoce que ha recibido una copia del plan y el acuerdo de concesión de RSU, que ha revisado. Además, reconoce que acepta todas las disposiciones del Plan y el Acuerdo de adjudicación de RSU. También reconoce que ha leído y aprueba específica y expresamente los términos y condiciones establecidos en la Sección 6 del Acuerdo (Naturaleza de la concesión), que establece claramente lo siguiente:*

- (1) *La participación del youe en el Plan no constituye un derecho adquirido;*
- (2) *El Plan y la participación del youe en el Plan se ofrecen por la Compañía de manera totalmente discrecional;*
- (3) *La participación del youe en el Plan es voluntaria; y*
- (4) *Ninguna parte de la Compañía, el Destinatario del Servicio ni ningún otro Afiliado son responsables de cualquier disminución en el valor de las acciones ordinarias adquiridas en el momento de la adjudicación del Premio RSU.*

**Política Laboral y Reconocimiento** . Esta disposición suplementa la Sección 6 del Convenio ( Naturaleza del Otorgamiento ):

*Al aceptar el Premio RSU, usted reconoce expresamente que la Compañía, con sus principales oficinas operativas en 6309 Carpinteria Avenue, Carpinteria, CA 93013 USA, es la única responsable de la administración del Plan y que su participación en el Plan y adquisición de acciones de Las Acciones Comunes bajo el Plan no constituyen una relación laboral u otro contrato de servicio entre usted y la Compañía ya que usted participa en el Plan sobre una base totalmente comercial y su único empleador es un Afiliado mexicano de la Compañía. Con base en lo anterior, usted reconoce expresamente que el Plan y los beneficios que pueda derivar de su participación en el Plan no establecen ningún derecho entre usted y el Destinatario del Servicio y no forman parte de las condiciones y / o beneficios proporcionados por el Servicio. Destinatario de su Servicio Continuo y cualquier modificación del Plan o su terminación no constituirán un cambio o menoscabo de los términos y condiciones de su Servicio Continuo.*

*Asimismo, el youe reconoce que su participación en el Plan es resultado de una decisión unilateral y discrecional de la Compañía; por lo tanto, la Compañía se reserva el derecho absoluto de modificar y/o discontinuar la participación del youe en cualquier momento y sin responsabilidad alguna frente el youe.*

*Finalmente, el youe por este medio declara que no se reserva derecho o acción alguna en contra de la Compañía por cualquier compensación o daños y perjuicios en relación con cualquier disposición del Plan o de los beneficios derivados del Plan y, por lo tanto, el youe otorga el más amplio finiquito que en derecho proceda a favor de la Compañía, y sus afiliadas, sucursales, oficinas de representación, accionistas, fiduciarios, directores, funcionarios, empleados, agentes o representantes legales en relación con cualquier demanda o reclamación que pudiera surgir.*

#### **Notifications**

**Securities Law Notification** . The RSU Award and the shares of Common Stock offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the RSU Award Agreement and any other document relating to the RSU Award may not be publicly distributed in Mexico. These materials are addressed to you only because of your existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are providing service to the Company or one of its Affiliates made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred .

#### **SINGAPORE**

##### **Terms and Conditions**

**Restriction on Sale of Shares** . The RSU Award is subject to section 257 of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“**SFA** ”) and you will not be able to make any subsequent offer to sell or sale of the shares of Common Stock in Singapore, unless such offer or sale is made (1) after six (6) months from the Date of Grant; (2) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA; or (3) pursuant to and in accordance with any the conditions of any applicable provision of the SFA.

#### **Notifications**



**Securities Law Notification** . The offer of the Plan, the RSU Award, and the issuance of the underlying shares of Common Stock at vesting are being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the SFA. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

**Director Notification Obligation** . You acknowledge that if you are a director, associate director or shadow director of a Singapore Affiliate, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Affiliate in writing when you receive an interest (e.g., RSU Award or shares of Common Stock) in the Company or any Affiliate within two business days of (i) its acquisition or disposal, (ii) any change in previously disclosed interest ( e.g. , when the shares of Common Stock are sold), or (iii) becoming a director, associate director or shadow director.

## **SPAIN**

### ***Terms and Conditions***

**Labor Law Acknowledgement** . The following provision supplements Section 6 of the Global RSU Award Agreement:

By accepting the Restricted Stock Units granted hereunder, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan.

You understand that the Company has unilaterally, gratuitously and in its sole discretion decided to grant Restricted Stock Units under the Plan to individuals throughout the world. The decision is a limited decision, which is entered into upon the express assumption and condition that any RSU Awards granted will not economically or otherwise bind the Company or any of its Affiliates on an ongoing basis, other than as expressly set forth in the Agreement, including this Appendix. Consequently, you understand that the RSU Awards granted hereunder are given on the assumption and condition that they shall not become a part of any employment contract and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, you understand and freely accept that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant of RSU Awards since the future value of the Restricted Stock Units and the underlying shares of Common Stock are unknown and unpredictable. In addition, you understand that any Restricted Stock Units granted hereunder would not be made but for the assumptions and conditions referred to above; thus, you understand, acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of Restricted Stock Units or right to Restricted Stock Units shall be null and void.

Further, the vesting of the Restricted Stock Unit is expressly conditioned on your continued and active rendering of service to the Company, the Service Recipient or any Affiliate, such that if service terminates for any reason whatsoever (except by reason of death or Disability), the Restricted Stock Units may cease vesting immediately, in whole or in part, effective on the date of your termination (unless otherwise specifically provided in the Agreement). This will be the case, for example, even if (1) you are considered to be unfairly dismissed without good cause ( i.e. , subject to a “despido improcedente”); (2) you are dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) you terminate service due to a change of work location, duties or any other employment or contractual condition; (4) you terminate service due to a unilateral breach of contract by the Service Recipient; or (5) you terminate for any other reason whatsoever. Consequently, upon termination for any of the above reasons, you may automatically lose any rights to Restricted Stock Units that were not vested on the date of your termination, as described in the Plan and the Agreement.

You acknowledge that you have read and specifically accept the conditions referred to in Section 6 of the Global RSU Award Agreement.

### ***Notifications***

**Securities Law Notification** . No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including this Appendix) has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

**Exchange Control Notification** . If you acquire shares of Common Stock under the Plan, you must declare the acquisition to the *Dirección General de Comercio e Inversiones* (the “**DGCI**”). If you acquire the shares of Common Stock through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGCI for you; otherwise, you will be required to make the declaration by filing a D-6 form. You must declare ownership of any shares of Common Stock with the DGCI each January while the shares of Common Stock are owned and must also report, in January, any sale of shares of Common Stock that occurred in the previous year for which the report is being made, unless the sale proceeds exceed the applicable threshold, in which case the report is due within one (1) month of the sale.

## **UNITED ARAB EMIRATES**

### ***Notifications***

**Securities Law Notification** . The Agreement, the Plan, and other incidental communication materials related to the Restricted Stock Units are intended for distribution only to individuals providing service to the Company or one of its Affiliates for the purposes of an incentive scheme.

The Emirates Securities and Commodities Authority and the Central Bank have no responsibility for reviewing or verifying any documents in connection with this statement. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved this statement nor taken steps to verify the information set out in it, and have no responsibility for it.

The securities to which this statement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities.

*If you do not understand the contents of the RSU Award Agreement or the Plan, you should consult an authorized financial adviser.*

## **UNITED KINGDOM**

### ***Terms and Conditions***

**Withholding Obligations** . This provision supplements Section 4 of the Agreement:

Without limitation to Section 4 of the Agreement, you hereby agree that you are liable for any Tax Liability related to your participation in the Plan and hereby covenant to pay such Tax Liability, as and when requested by the Company or (if different) the Service Recipient or by H.M. Revenue & Customs (“**HMRC**”) (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and (if different) the Service Recipient against any Tax Liability that they are required to pay or

withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on your behalf.

Notwithstanding the indemnification provision in Section 4 of the Agreement, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), you understand that you may not be able to indemnify the Company for the amount of any Tax-Liability as it may be considered to be a loan. In this case, the amount of any income tax due but not collected from or paid by you within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the withholding obligation occurs may constitute an additional benefit to you on which additional income tax and National Insurance Contributions (" **NICs** ") may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company and/or the Service Recipient the amount of any employee NICs due on this additional benefit, which the Company and/or the Service Recipient may recover at any time thereafter by any of the means referred to in Section 4 of this Agreement.

# Subsidiaries of the Registrant

| <u>Subsidiary Name</u>                            | <u>Jurisdiction of Incorporation or Organization</u> |
|---------------------------------------------------|------------------------------------------------------|
| Procore Insurance Services, Inc.                  | Delaware                                             |
| Procore Technologies Canada Inc.                  | Canada                                               |
| Procore Technologies France SAS                   | France                                               |
| Procore Technologies FZ-LLC                       | United Arab Emirates                                 |
| Procore Technologies GmbH                         | Germany                                              |
| Procore Technologies Pty Ltd.                     | Australia                                            |
| Procore Technologies PTE. LTD.                    | Singapore                                            |
| Procore UK Ltd                                    | United Kingdom                                       |
| Procore Technologies Mexico, S. de R.L. de C.V.   | Mexico                                               |
| Procore International, Inc.                       | Delaware                                             |
| Procore Technologies Construction Private Limited | India                                                |
| Esticom, Inc.                                     | Delaware                                             |
| LaborChart, Inc.                                  | Delaware                                             |
| Express Lien, Inc. d/b/a Levelset, Inc.           | Delaware                                             |
| Zlabs Software Co., L.L.C.                        | Egypt                                                |
| Level Supply, LLC                                 | Delaware                                             |
| Unearth Technologies, Inc.                        | Delaware                                             |
| Procore Payment Services Holding, LLC             | Delaware                                             |
| Procore Payment Services, Inc.                    | Delaware                                             |

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos.333-256312, 333-256313, 333-263320, and 333-270158) of Procore Technologies, Inc. of our reports dated February 26, 2024 relating to the financial statements and the effectiveness of internal control over financial reporting, which appear in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
Los Angeles, California  
February 26, 2024

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY  
ACT OF 2002**

I, Craig F. Courtemanche, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K of Procore Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2024

By: /s/ Craig F. Courtemanche, Jr.  
**Craig F. Courtemanche, Jr.**  
**President and Chief Executive Officer**  
**( Principal Executive Officer)**

## CERTIFICATION OF CHIEF FINANCIAL OFFICER

## PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Howard Fu, certify that:

1. I have reviewed this Annual Report on Form 10-K of Procore Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2024

By:

/s/ Howard Fu

**Howard Fu**  
**Chief Financial Officer**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Craig F. Courtemanche, Jr., President and Chief Executive Officer of Procore Technologies, Inc. (the "Company"), hereby certifies that, to the best of his knowledge:

1. The Company's Annual Report on Form 10-K for the period ended December 31, 2023, to which this Certification is attached as Exhibit 32.1 (the "Annual Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2024

By: /s/ Craig F. Courtemanche, Jr.

**Craig F. Courtemanche, Jr.**  
**President and Chief Executive Officer**

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Procore Technologies, Inc. under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.



By: /s/ Howard Fu  
**Howard Fu**  
**Chief Financial Officer**

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Procore Technologies, Inc. under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

## Procore Technologies, Inc.

## INCENTIVE COMPENSATION RECOUPMENT POLICY

(Effective December 1, 2023)

**A. Introduction**

The Compensation Committee (the “**Compensation Committee**”) of the Board of Directors (the “**Board**”) of Procore Technologies, Inc., a Delaware corporation (the “**Company**”), has determined that it is in the best interests of the Company and its stockholders to adopt this Incentive Compensation Recoupment Policy (this “**Policy**”) providing for the Company’s recoupment of Recoverable Incentive Compensation that is received by Covered Officers of the Company under certain circumstances. Certain capitalized terms used in this Policy have the meanings given to such terms in Section C below.

This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder (“**Rule 10D-1**”) and Section 303A.14 of the New York Stock Exchange Listed Company Manual (the “**Listing Standards**”).

**B. Effective Date**

This Policy shall apply to all Incentive Compensation that is received by a Covered Officer on or after October 2, 2023 (the “**Effective Date**”). Incentive Compensation is deemed “**received**” in the Company’s fiscal period in which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of that period.

**C. Definitions**

“**Accounting Restatement**” means an accounting restatement that the Company is required to prepare due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Accounting Restatement Date**” means the earlier to occur of (1) the date that the Board, a committee of the Board authorized to take such action, or the officer(s) of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (2) the date that a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

“**Administrator**” means the Compensation Committee or, in the absence of such committee, the Board.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

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“ **Covered Officer** ” means each current and former Executive Officer. “ **Exchange** ” means the New York Stock Exchange.

“ **Exchange Act** ” means the U.S. Securities Exchange Act of 1934, as amended.

“ **Executive Officer** ” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policymaking function, or any other person who performs similar policymaking functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policymaking functions for the Company. Policymaking function is not intended to include policymaking functions that are not significant. Identification of an executive officer for purposes of this Policy would include at a minimum executive officers identified pursuant to Item 401(b) of Regulation S-K promulgated under the Exchange Act.

“ **Financial Reporting Measures** ” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures, including Company stock price and total stockholder return (“ **TSR** ”). A measure need not be presented in the Company’s financial statements or included in a filing with the SEC in order to be a Financial Reporting Measure.

“ **Incentive Compensation** ” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

“ **Lookback Period** ” means the three completed fiscal years immediately preceding the Accounting Restatement Date, as well as any transition period (resulting from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period of at least nine months shall count as a completed fiscal year). Notwithstanding the foregoing, the Lookback Period shall not include fiscal years completed prior to the Effective Date.

“ **Recoverable Incentive Compensation** ” means Incentive Compensation received by a Covered Officer during the Lookback Period that exceeds the amount of Incentive Compensation that would have been received had such amount been determined based on the Accounting Restatement, computed without regard to any taxes paid ( *i.e.* , on a gross basis without regard to tax withholdings and other deductions). For any compensation plans or programs that take into account Incentive Compensation, the amount of Recoverable Incentive Compensation for purposes of this Policy shall include, without limitation, the amount contributed to any notional account based on Recoverable Incentive Compensation and any earnings to date on that notional amount. For any Incentive Compensation that is based on stock price or TSR, where the Recoverable Incentive Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the Administrator will determine the amount of Recoverable Incentive Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive Compensation was received. The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange in accordance with the Listing Standards.

“ **SEC** ” means the U.S. Securities and Exchange Commission.

#### **D. Recoupment**

- (1) **Applicability of Policy.** This Policy applies to Incentive Compensation received by a

Covered Officer (i) after beginning services as an Executive Officer, (ii) who served as an Executive Officer at any time during the performance period for such Incentive Compensation, (iii) while the Company had a class of securities listed on a national securities exchange or a national securities association, and (iv) during the Lookback Period.

(2) **Recoupment Generally.** Pursuant to the provisions of this Policy, if there is an Accounting Restatement, the Company must reasonably promptly recoup the full amount of the Recoverable Incentive Compensation, unless the conditions of one or more subsections of Section D(3) of this Policy are met and the Compensation Committee, or, if at such time, the Compensation Committee does not consist solely of independent directors, a majority of the independent directors serving on the Board, has made a determination that recoupment would be impracticable. Recoupment is required regardless of whether the Covered Officer engaged in any misconduct and regardless of fault, and the Company's obligation to recoup Recoverable Incentive Compensation is not dependent on whether or when any restated financial statements are filed.

(3) **Impracticability of Recovery.** Recoupment may be determined to be impracticable if, and only if:

(i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of the applicable Recoverable Incentive Compensation; provided that, before concluding that it would be impracticable to recover any amount of Recoverable Incentive Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Recoverable Incentive Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange in accordance with the Listing Standards; or

(ii) recoupment of the applicable Recoverable Incentive Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Code Section 401(a)(13) or Code Section 411(a) and regulations thereunder.

(4) **Sources of Recoupment.** To the extent permitted by applicable law, the Administrator shall, in its sole discretion, determine the timing and method for recouping Recoverable Incentive Compensation hereunder, provided that such recoupment is undertaken reasonably promptly. The Administrator may, in its discretion, seek recoupment from a Covered Officer from any of the following sources or a combination thereof, whether the applicable compensation was approved, awarded, granted, payable, or paid to the Covered Officer prior to, on or after the Effective Date: (i) direct repayment of Recoverable Incentive Compensation previously paid to the Covered Officer; (ii) canceling prior cash or equity-based awards (whether vested or unvested and whether paid or unpaid); (iii) canceling or offsetting against any planned future cash or equity-based awards; (iv) forfeiture of deferred compensation, subject to compliance with Code Section 409A; and (v) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may effectuate recoupment under this Policy from any amount otherwise payable to the Covered Officer, including amounts payable to such individual under any otherwise applicable Company plan or program, e.g., base salary, bonuses, or commissions and compensation previously deferred by the Covered Officer. The Administrator need not utilize the same method of recovery for all Covered Officers or with respect to all types of Recoverable Incentive Compensation.

(5) **No Indemnification of Covered Officers.** Notwithstanding any indemnification agreement, applicable insurance policy, or any other agreement or provision of the Company's certificate of incorporation or bylaws to the contrary, no Covered Officer shall be entitled to indemnification or advancement of expenses in connection with any enforcement of this Policy by the Company, including

paying or reimbursing such Covered Officer for insurance premiums to cover potential obligations to the Company under this Policy.

(6) **Indemnification of Administrator.** Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination, or interpretation made with respect to this Policy and shall be indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination, or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

(7) **No "Good Reason" for Covered Officers.** Any action by the Company to recoup, or any recoupment of, Recoverable Incentive Compensation under this Policy from a Covered Officer shall not be deemed (i) "good reason" for resignation or to serve as a basis for a claim of constructive termination under any benefits or compensation arrangement applicable to such Covered Officer or (ii) to constitute a breach of a contract or other arrangement to which such Covered Officer is party.

#### **E. Administration**

Except as specifically set forth herein, this Policy shall be administered by the Administrator. The Administrator shall have full and final authority to make any and all determinations required under this Policy. Any determination by the Administrator with respect to this Policy shall be final, conclusive, and binding on all interested parties and need not be uniform with respect to each individual covered by this Policy. In carrying out the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board as may be necessary or appropriate as to matters within the scope of such other committee's responsibility and authority. Subject to applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions that the Administrator, in its sole discretion, deems necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

#### **F. Severability**

If any provision of this Policy or the application of any such provision to a Covered Officer shall be adjudicated to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal, or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

#### **G. No Impairment of Other Remedies**

Nothing contained in this Policy, and no recoupment or recovery as contemplated herein, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Officer arising out of or resulting from any actions or omissions by the Covered Officer. This Policy does not preclude the Company from taking any other action to enforce a Covered Officer's obligations to the Company, including, without limitation, termination of employment and/or institution of civil proceedings. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 (" **SOX 304** ") that are applicable to the Company's Chief Executive Officer and Chief Financial Officer and to any other compensation recoupment policy and/or similar provisions in any employment, equity plan, equity award, or other individual agreement, to which the Company is a party or which the Company has adopted or may adopt and maintain from time to time; provided, however, that compensation recouped pursuant to this Policy shall not be duplicative of compensation recouped

pursuant to SOX 304 or any such compensation recoupment policy and/or similar provisions in any such employment, equity plan, equity award, or other individual agreement except as may be required by law.

#### **H. Amendment; Termination**

The Administrator may amend, terminate, or replace this Policy or any portion of this Policy at any time and from time to time in its sole discretion. The Administrator shall amend this Policy as it deems necessary to comply with applicable law or any Listing Standard.

#### **I. Successors**

This Policy shall be binding and enforceable against all Covered Officers and, to the extent required by Rule 10D-1 and/or the applicable Listing Standards, their beneficiaries, heirs, executors, administrators, or other legal representatives.

#### **J. Required Filings**

The Company shall make any disclosures and filings with respect to this Policy that are required by law, including as required by the SEC.

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**Procore Technologies, Inc.**  
**Incentive Compensation Recoupment Policy**  
**Form of Executive Acknowledgment**

I, the undersigned, agree and acknowledge that I am bound by, and subject to, the Procore Technologies, Inc. (the “ **Company** ”) Incentive Compensation Recoupment Policy, as may be amended, restated, supplemented, or otherwise modified from time to time (the “ **Policy** ”). In the event of any inconsistency between the Policy and the terms of any employment agreement, offer letter, or other individual agreement with the Company to which I am a party, or the terms of any compensation plan, program, or agreement, whether or not written, under which any compensation has been granted, awarded, earned, or paid to me, the terms of the Policy shall govern.

In the event that the Administrator (as defined in the Policy) determines that any compensation granted, awarded, earned, or paid to me must be forfeited or reimbursed to the Company pursuant to the Policy, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. I further agree and acknowledge that I am not entitled to indemnification, and hereby waive any right to advancement of expenses, in connection with any enforcement of the Policy by the Company.

**Agreed and Acknowledged:**

Name: \_\_\_\_ Title: \_\_\_\_ Date: \_\_\_\_