Procore Technologies (NYSE: PCOR)

Position: ***SHORT***

Price as of March 12th: *$57.03*

Price Target: *$41.87 (26.58% upside)*

Timeline: 24 Months

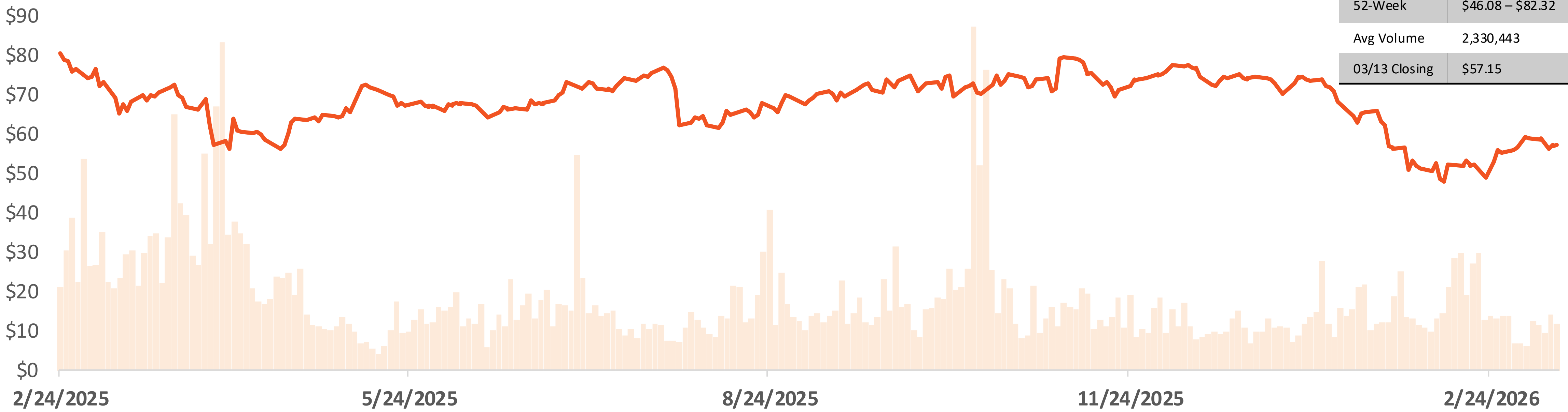
Team Peacore

Team Members:
Nguyen Phan Anh Vu
Trang Pham
Willem Young

Executive Summary

PROCORE

Market Cap	$10.95B
52-Week	$46.08 – $82.32
Avg Volume	2,330,443
03/13 Closing	$57.15



Revenue Growth is Everything

We initiated our research process by examining the common ground of **newly IPO SaaS** companies like Procore and find out: With young software companies that have consistent **Net Loss**, heavy expense on **Research & Development** and **Sales & Marketing**, **Revenue Growth** is the strongest indicator of their health. Once the Revenue Growth **decelerates,** their investors should be worried. As the easiest construction customers are already won, **Net Retention Rate** (NRR) will **decline**, meaning the existing base is shrinking its contribution to growth just as **new logo acquisition** gets **harder** and **more expensive**.

Procore Difference

Unlike their competitors (Autodesk, Bentley, Salesforce, Trimble), pricing their customers based on **seats** or **user counts**, Procore's pricing model is based on **Annual Construction Volume (ACV).** This will outperform the peers in a **bullish** construction market and be hit harder in a **bearish** environment.

Business Overview

PROCORE

Software Products

Preconstruction
- Estimating
- Bid Management 2D/3D Takeoff
- Design Coordination
- Prequalification

Project Execution
- Project Management
- Safety,
- Field Scheduling
- Closeout

Resource Management
- Workforce Planning
- Equipment Management
- Materials Management

Financial Management
- Project Financials
- Accounting Integrations
- Procore Pay

Core business – built exclusively for construction

Vertical SaaS platform

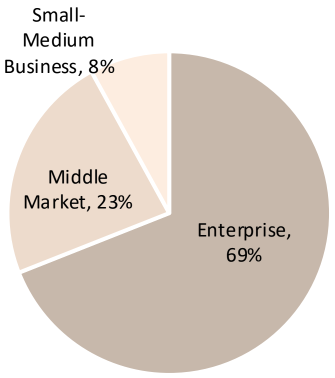
- **Connect [Owners] + [General contractors] + [Specialty contractors]**
- **Manage workflows, share data, and collaborate from any connected device across the full project lifecycle.**

%-of-ACV Subscription model

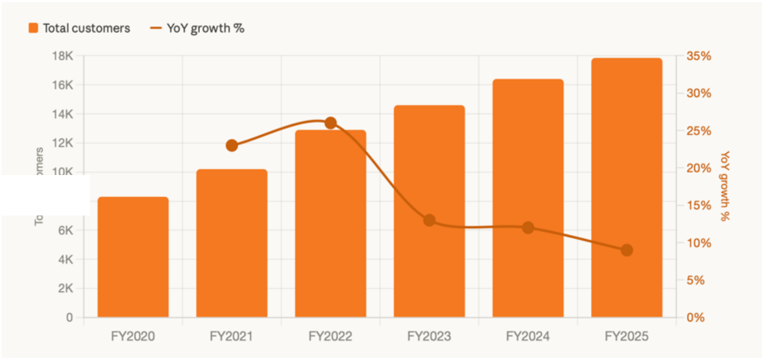
- **Procore generates all revenue from subscriptions**
- **Subscription model tied to annual construction volume (ACV)**
- **Unlimited-user model (customers can invite employees, subcontractors, or any person to participate in workflow)**

Customers

ACV Commitment by Customer Type



Customer Growth



Stickiness

It is deeply embedded across workflows and stakeholders, making switching costly

78% Total ARR use **4+** products

52% Total ARR use **6+** products

106% Net Revenue Retention

95% Gross Retention

$100K+ ARR customers: **2,710**
66% of total ARR

$1M+ ARR customers: **115**
20% of total ARR

17,850 Total Customers + **2M** Users

Market Overview

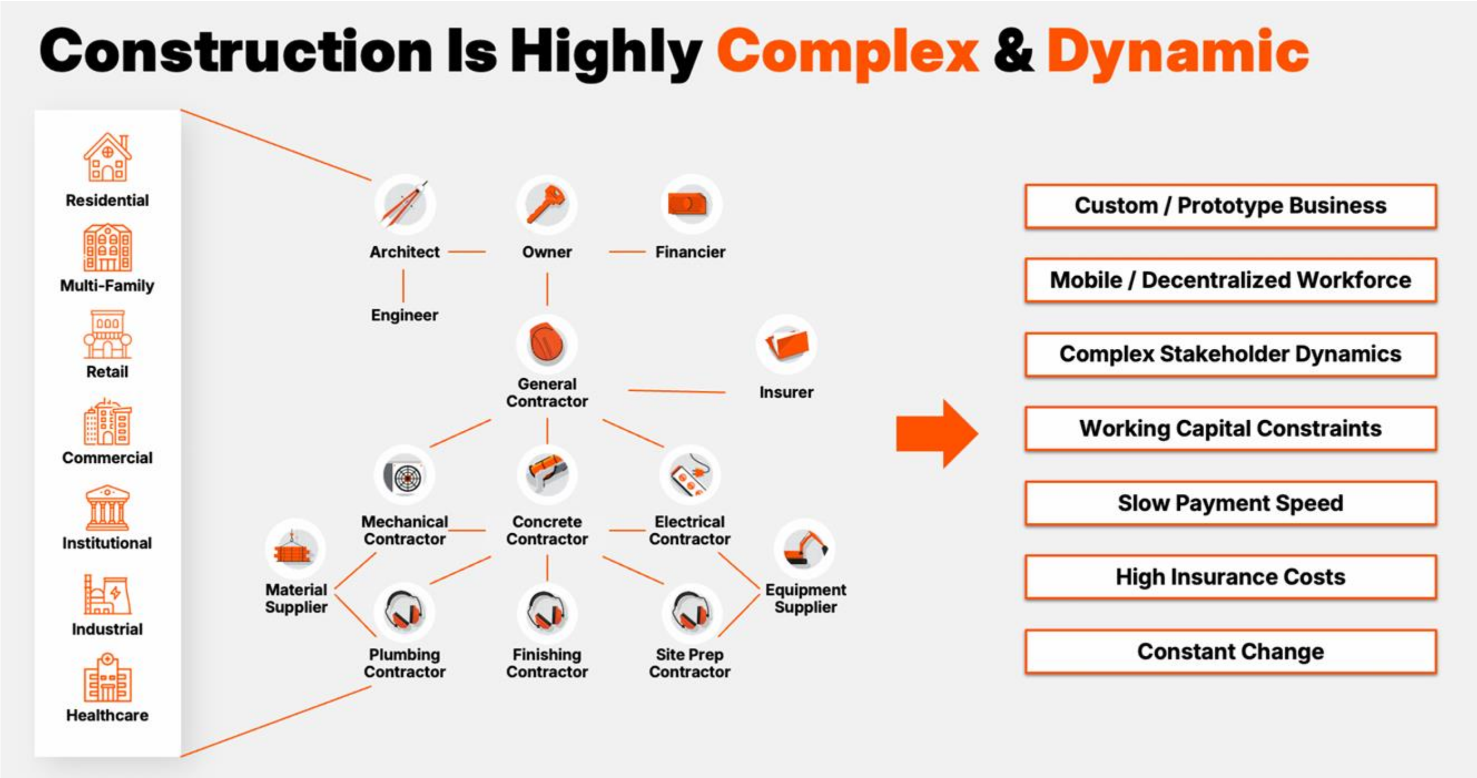
PROCORE

Management in Q4'25 call: *Procore sees a "clear path to drive durable growth, meaningfully expand margins, and compound free cash flow per share over the long term."*

Management's Opportunity

$15T	$10T	$1T+
2030 global construction spend	"Triple TAM" across three stakeholders	Committed annual construction volume on Procore

- **Construction** remains **highly fragmented** and **under-digitized**, which supports demand for a shared system across owners, GCs, and specialty contractors.
- **Procore** is positioned as the only **fully integrated construction** software connecting owners, general contractors, and subcontractors across the project lifecycle.
- **Management** argues this network creates a **system-of-record** advantage (entire workflow is tracked) that competitors cannot replicate, due to focusing on one job within the pyramid on the right (eg: Trimble's focus: design).



Procore is the biggest player in providing vertical construction management software, a super dynamic, complex, and fragmented market

Thesis Overview

PROCORE

Rabbit Hole

Construction-volume tied pricing is a macro trap on slower construction growth

Limited AI Runway

Management preaches AI as a differentiator, despite limited adoption and regulatory concerns

False Growth

Backlog of contracts will eventually run out, tanking cRPO and revenue growth as a result

Current Price: $57.15

SELL

UPSIDE 26.58%

Target: $41.87

What the Market Is Missing

PROCORE

Thesis	Market View	Our View	Time Horizon
%-of-ACV Pricing	The market expects the construction market to **rebounce** coming years due to the **increase** of **Total Construction Spending**	Total Construction Spending seems to rebounce because of **high cost inflation** -> **Real** growth is **negative**	**1Q26-4Q27: Total Construction Spending real growth <0, affecting ACV growth => Revenue growth < Consensus (13%)**
AI Adoption	Market sees **AI** as a **real opportunity**: (1) PCOR is the **pioneer** (2) AI **facilitates** tasks in construction projects	After 1 year of launching, only **2.2%** of Procore users use **Procore AI**. Construction is the industry has **lowest digitization index**	**FY25-FY28: PCOR's margin will be hit by keep investing in AI without generating revenue**
cRPO as Growth Proxy	The market leans on **22% cRPO** growth and the "biggest bookings quarter ever" as **evidence** that **revenue** can **reaccelerate**.	**Spike** in **cRPO** comes from **longer** contract **durations** (customers shift to pooled contract), **not** organic growth	**Q3-Q4'26: cRPO growth should be normalized back to revenue growth level -> Revenue growth will keep decelerating**

Short PCOR with Price Target of $41.07 (upside 26.58%)

No Matter How Many Users You Have…

PROCORE

Procore doesn't disclose their **ACV,** so we estimate from **Revenue** using their **Pricing Model** for Different Customers

ENTERPRISE
>$1M ARR Customers

201 customers (Q4'25)

Avg ARR: **$1.70M** per customer per year

Pricing Rate: **0.08%** of ACV

Q4'25 Rev = 201 x $1.70M / 4 = **$85.4M**
Implied ACV = $85.4M / 0.08% = **$106,781M**

MID-MARKET
$100K–$1M ARR Customers

2,448 customers

Avg ARR: **$0.21M** ($210K)

Pricing Rate: **0.12%** of ACV

Q4'25 Rev = 2,448 x $0.21M / 4 = **$128.5M**
Implied ACV = $128.5M / 0.12% = **$107,100M**

SMB
<$100K ARR Customers

14,531 customers

Avg ARR: **$0.03M** ($30K)

Pricing Rate: **0.20%** of ACV

Q4'25 Rev = 14,531 x $0.03M / 4 = **$109.0M**
Implied ACV = $109.0M / 0.20% = **$54,491M**

STEP 1: Estimate Revenue Per Tier

Revtier,q = **N**tier,q x **ARR**tier / 4

STEP 2: Reverse-Engineer ACV

ACVtier,q = **Rev**tier,q / ***r***tier

STEP 3: Aggregate Total ACV

ACVtotal = **ACV**>1M + **ACV**mid + **ACV**smb

N = customer count (from PCOR 10-K/10-Q) **ARR** = avg annual revenue per customer (estimated)
r = revenue as % of ACV (the pricing rate, estimated from disclosed concentration data)

TOTAL IMPLIED ACV: Q4 2025 WALKTHROUGH

$106.8B Enterprise (40%)	$107.1B Mid-Market (40%)	$54.5B SMB (20%)

TOTAL IMPLIED ACV = **$268,373M** ($268.4 Billion)

BLENDED PRICING RATE

r blended = **Actual Revenue** / **Total ACV**
= $349.1M / $268,373M = **0.130%**

Construction Spending is Still Declining

PROCORE

Construction Market will **shrink** FY**26**-FY**27**, **questioning** the ability to meet **Revenue growth Guidance**

%-of-ACV Based Pricing (Procore)

- Customers commonly pay 0.08-0.20% of their ACV for software access.
- **Pros:** No user limit encourages further digital collaboration across contractors, subcontractors, and project stakeholders for customer.
- **Cons:** Revenue is directly tied to construction activity, leaving revenue more at risk to macroeconomic headwinds.

Total Construction Spending will increase next year?

- Market expects Construction Market to rebounce coming years
- **AIA Consensus** forecast 1% growth for FY26 and 2.2% growth for FY27
- **Weighted average PPI (WAPPI)** for construction shows high materials' cost inflation. The **consensus** growth has **not** backed out the **inflation**

→ **Real Construction Spending (TCS)** will shrink **-2.15%** FY26 and **-2.37%** FY27

$$\text{Real Growth of Total Construction Spending}_t = \left(\frac{TCS_t / WAPPI_t}{TCS_{t-1} / WAPPI_{t-1}} \right) - 1$$

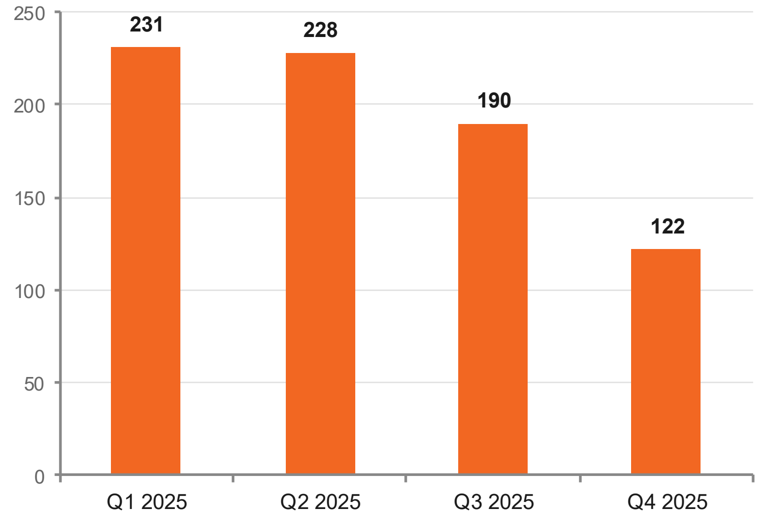
Customer Additions Already Declining

- Organic enterprise **customer additions** have **declined 47% YoY** (231 to 122) and have declined every quarter since Q4 2024.
- **Management** stated in Q4 earnings call that **customer adds** is too influenced by **small-medium businesses** (9% of revenue), so they no longer disclose it.

Revenue Growth is not what Management said

- 4Q25 Earnings **guided** FY26 Revenue Growth as **13%**
- Shrinking Construction Market will affect the PCOR's ACV -> We model **FY26 Revenue Growth = 11.1%**
- The market is pricing by Guidance Growth, supporting our **Short** Thesis for PCOR

Enterprise Customer Additions (Q1-Q4 2025)



"Data Center" - Investors Hope or Nope?

PROCORE

The Setup: Data Centers Are the Only Bright Spot

- Data Center construction is the **only segment** expecting strong growth. AIA Consensus forecasts **+26.3% YoY** for FY26 — far outpacing every other category.
- Investors see this as a potential lifeline for the construction market, and management **knows it.** Over the past 5 years, mentions of "data center" in earnings calls have surged from **0 to 9 per quarter.**

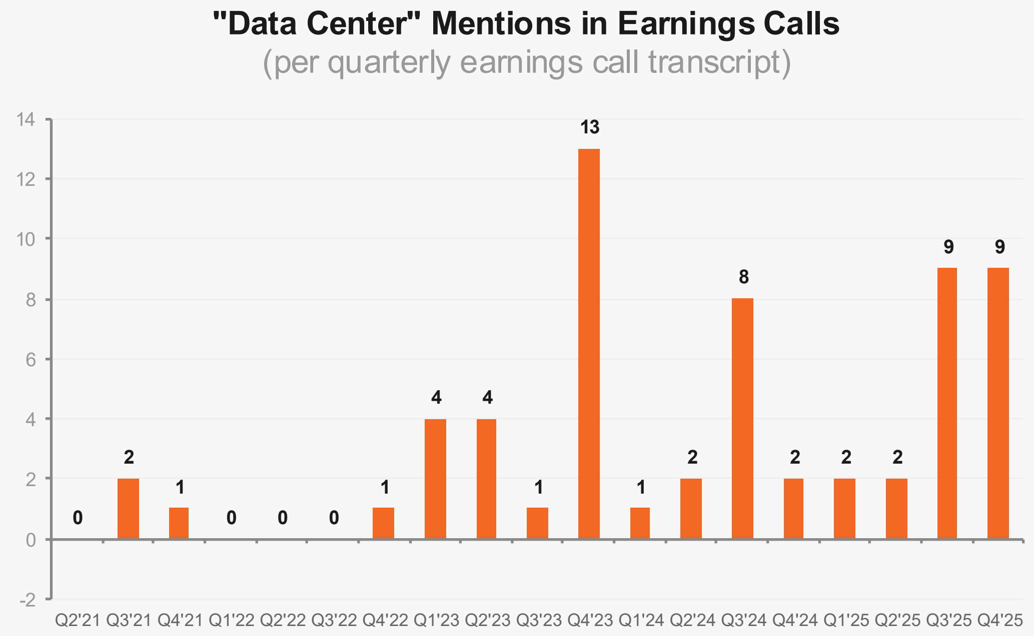
The Reality: It Doesn't Move the Needle

2% **of US Construction Spending** is Data Center construction. Even a 50% surge adds only ~1% to total construction spending.

Small *"It's just **one piece** of an extremely large opportunity for us across all segments of construction" - CEO*

JPMorgan Research: Data center construction specialists **prefer Autodesk and Bentley** over Procore for their robust features and reliability in design. Procore was viewed as **lacking in customer service and integration** — the exact capabilities needed for complex data center builds.

The Disconnect: Management mentions "data center" 9 times per call for a segment that is **2%** of the market and a **small portion** of their own business. They are feeding the narrative investors want to hear.



Trend: Mentions surged from 0 (2021) to 9+ per call (2025) — a clear escalation timed with investor focus on data center infrastructure.

Data center hype does not translate to Procore revenue. The segment is too small (2% of CS), Procore lacks competitive positioning (JPM), and management's own words confirm it's immaterial. The narrative is noise, not signal.

Can We Really Trust AI in Building Home?

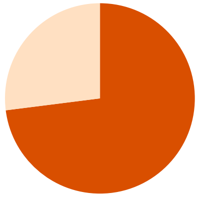
PROCORE®

AI Adoption Reality: Professionals Refuse

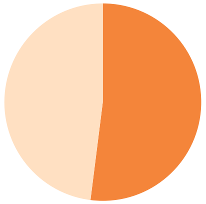
2.2% Procore AI adoption rate since 2024

66,000 active AI users out of **3 million** total platform users

73% professionals DON'T use AI*

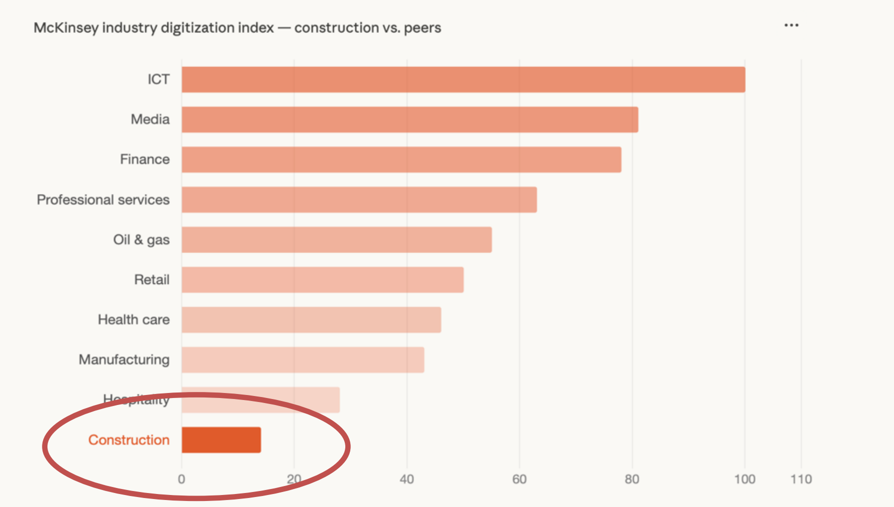


52% professionals use **paper** for design*



Bluebeam's 2026 AEC Technology Outlook press release of **1000** technology decision-makers

Construction still has a LONG way to adopt AI

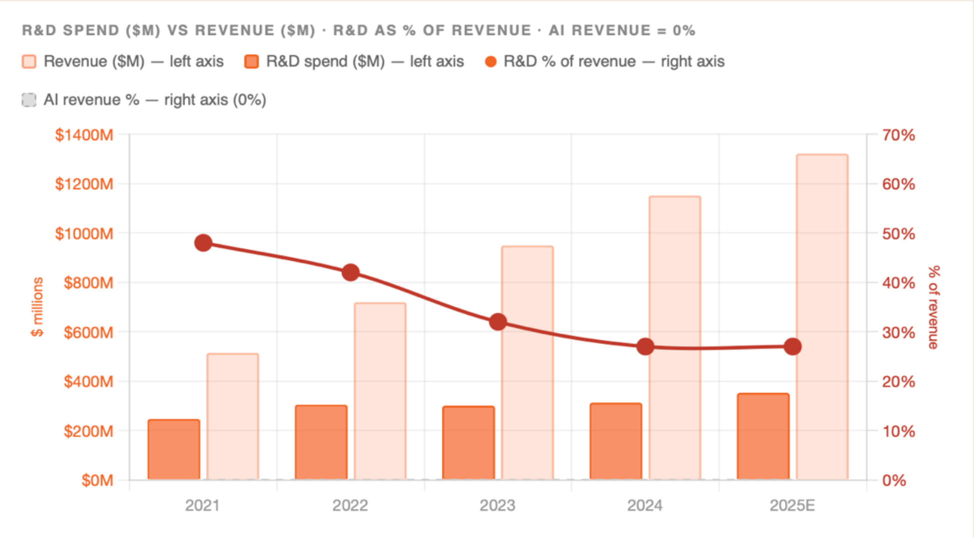


AI adoption requires devices on site
→ consistent connectivity
→ digital workflows
→ data literacy
→ AI trust
=> Construction is between **phase 1 and 2**

Construction: **lowest McKinsey Digitization Index**

Thesis 2

Company will continue investing in R&D and S&M because **AI is their primary lever** for the go-to market strategy. This will **hurt Procore's margins** because **AI will not contribute to revenue** until estimated 2028 while $1.52B in cumulative R&D has already been spent with zero material top-line AI contribution (confirmed by the CFO on the Q4 2025).



AI REVENUE:

$0

The market is paying today for AI revenue that will not arrive until at least 3 years

Procore is spending ~$350M/year on R&D, using **AI as justification** for its premium valuation multiple. While the CFO confirms AI contributes **zero revenue** meaning investors are paying a growth premium for a cost center.

cRPO Growth Will Not Last Long…

PROCORE

What is cRPO?

Current remaining performance obligation: Contracted revenue that is expected to convert within the next 12 months. Investors use it as an outlook on revenue, especially in SaaS companies where growth is so fast.

Why is cRPO Misleading for Procore?

- **cRPO** can increase for **2 reasons**: stronger demand **or** longer contract duration. Procore reported 22% YoY cRPO growth in Q4 2025, while only reporting 15.6% revenue growth, **indicating backlog growth exceeded revenue growth.**
- Multi-year contracts increase the amount of **revenue recognized as backlog** upfront, artificially **inflating** near-term cRPO growth even if project **pipelines remain unchanged.**
- Revenue growth has already decelerated from **28.7%** in Q4 2023 to **16.2%** in Q4 2024 and **15.6%** in Q4 2025, suggesting underlying demand is slowing **despite elevated cRPO growth.**

28.7% → **16.2%** → **15.6%** Revenue YoY deceleration (Q4'23 → Q4'24 → Q4'25)

What Actually Drives cRPO Growth

- Procore increasingly signs **multi-year enterprise agreements**, which expand backlog even when **new construction volume remains flat.**
- Procore has **2,710 customers generating >$100K ARR**, representing **66% of total ARR**, meaning contract structure changes among large customers can materially impact cRPO growth.
- Management described Q4 2025 as the **"largest bookings quarter ever"**, but noted the strength was driven by **contract structure and duration effects** rather than a step-change in demand. (**Booking**: the total value of contracts signed during a period, including future revenue.)

2,710 customers at >$100K ARR = **66% of total ARR** Contract shifts here spiking the cRPO

cRPO example → **1-year** contract → **cRPO: $100k** Revenue: $100k → Renew with **3-year pooled** contract → cRPO: **$300k** Revenue: $100k

Procore can thus **inflate cRPO** by negotiating longer pooled contracts, without having any noticeable change in demand

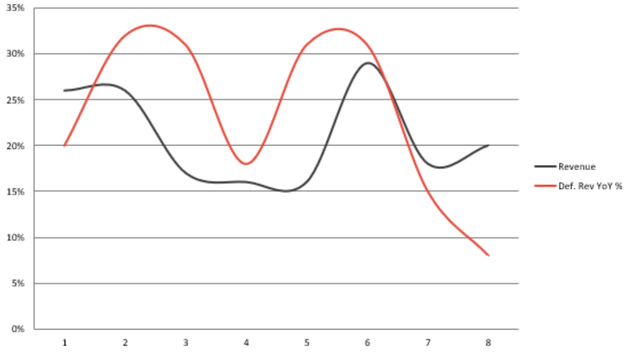
cRPO growth can be manipulated by contract duration and enterprise deal structure. Therefore, it may **overstate underlying demand** and **future revenue growth.**

…Especially When Backlog Runs Out

PROCORE

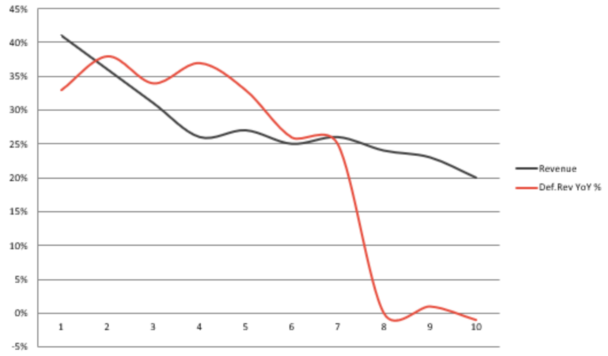
When historical SaaS firms cRPOs lead revenue, it would self-correct in no more than 6 quarters after the backlog ran out.

Veeva Systems Deferred Revenue vs. Revenue (Q4'18 to Q4'22)



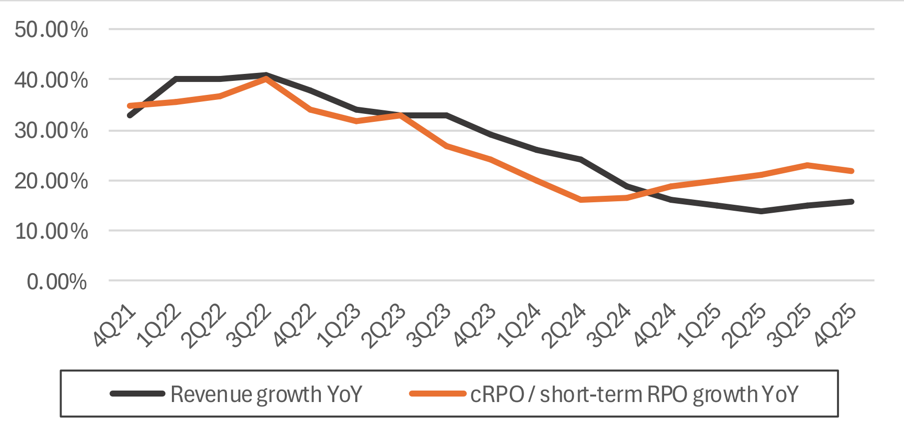
- Veeva's transition from **annual to multi-year** Commercial Cloud contracts temporarily **inflated cRPO growth by ~8–10pts** above revenue growth as future revenue was pulled forward into backlog.
- Once the contract transition lapped, **cRPO growth fell ~9pts in a single quarter**, converging with revenue growth and triggering a ~15% stock selloff despite revenue meeting guidance.

HubSpot Deferred Revenue vs. Revenue (Q1'22 to Q2'24)



- HubSpot **pushed customers toward 2-year contracts**, causing **cRPO growth** to **exceed revenue growth** by 8–11pts between Q3'22 - Q1'23 as backlog expanded from longer contracts.
- By Q3'23 (7), cRPO growth fell to 25%, roughly matching 26% revenue growth, after which **cRPO growth tanked** to **0%** from **Q4'23 (8) – Q2'24 (10)**

Procore is next…



- Procore's **cRPO growth** is **currently 22%,** whereas its **revenue growth** is only **15%**, **leaving** a sizeable **7% gap.**
- Given that **management noted** the **growth** in **cRPO** was mostly due to **contract durations increasing**, it is likely that Procore will follow the **same pattern** as HubSpot or Veeva.
- The **only way** for Procore to **avoid cRPO growth decreasing** is from an **increase** in **construction volumes**, which is **unlikely** considering that planning is down 4-7% MoM.

Risks, Mitigants, and Catalysts

PROCORE

Despite potential upside risks, upcoming catalysts and weakening fundamentals support the likelihood of a repricing in Procore's valuation.

Risks and Mitigants:

Pooled contracts masking genuine expansion: 22% cRPO growth could represent at least some increase in demand, net the pooled contracts.

→ **Mitigant:** Peer SaaS firm historical shows cRPO-revenue divergences self-correct within 2-4 quarters as backlog conversion runs out and growth reverts.

Faster AI adoption than expected: Widespread AI adoption in construction industry could improve margins.

→ **Mitigant:** After 2+ years as a feature, usage sits at just 2.2% amid a low-skilled workforce (70% of users less than HS educated), supporting low near-term adoption.

Construction rebounds or adoption persists: Volume recovery or sticky ACV pricing could sustain growth despite macro softening.

→ **Mitigant:** Net customer additions have already collapsed 47% YoY (231 to 122), exemplifying how saturation hit before any cycle rebound could materialize.

Even if adoption or **macro conditions improve** modestly, **Procore's valuation** already reflects **sustained high growth**, leaving limited upside and **asymmetric downside** if growth expectations normalize.

Catalysts:

1: Revenue Growth Deceleration Becomes Visible: As construction activity slows, Procore's ACV-based pricing links revenue to project volume. With commercial construction already declining 7.2% M/M and institutional down 4.4% M/M, revenue growth is likely to slow down.

2: cRPO Growth Normalizes: Much of PCOR's 22% cRPO growth comes from increasing contract durations, which inflates cRPO. As the backlog runs out, cRPO will likely fall below revenue growth, like with SaaS peers, signaling weaker demand than the market expected.

3: Construction Planning Continuing to Decline: If the Dodge Consensus continues to decline, it would signal that Procore's end market is deteriorating faster than market expectations.

Valuation

PROCORE

Equity Value per Share:

g	WACC 10.00%	11.00%	12.00%	14.00%	16.00%	18.00%	20.00%
1.00%	$14.12	$12.97	$12.04	$10.63	$9.61	$8.86	$8.28
1.50%	$14.70	$13.43	$12.41	$10.88	$9.79	$8.99	$8.38
2.00%	$15.35	$13.93	$12.81	$11.14	$9.98	$9.13	$8.48
2.50%	$16.08	$14.49	$13.25	$11.44	$10.19	$9.28	$8.60
3.00%	$16.92	$15.13	$13.74	**$11.76**	$10.41	$9.44	$8.72
3.50%	$17.89	$15.84	$14.29	$12.10	$10.64	$9.61	$8.84
4.00%	$19.02	$16.67	$14.91	$12.49	$10.90	$9.79	$8.98

Comparative-Based Valuation:

Ticker	EV/Rev (NTM)	EV/Rev (LTM)	EV/EBITDA	Rev Growth	Gross Margin
PCOR	8.5x	9.2x	*N/A*	14.5%	80.7%
GTM	5.2x	5.8x	45.0x	22.0%	78.0%
PEGA	9.0x	9.5x	55.0x	15.0%	78.0%
MNDY	14.0x	15.5x	150.0x	27.0%	89.0%
ESTC	8.0x	9.0x	80.0x	18.0%	75.0%
QXO	3.5x	4.0x	25.0x	12.0%	45.0%
DAY	11.0x	12.0x	90.0x	20.0%	82.0%
TRMB	6.5x	7.0x	22.0x	10.0%	65.0%
Median (ex-PCOR)	8.0x	9.0x			
Mean (ex-PCOR)	8.2x	9.0x			

Valuation Methodology

We use a 30/70 blended valuation between a DCF and 1-Year Forward EV/Revenue for our price target of **$41.76.** The heavier weighting on comps reflects pricing in forward revenue and growth metrics, but we believe the market is not valuing macro/sustaining growth risk for Procore.

Why is DCF valuation so low?

- Consensus WACC is 14.3%, which is higher than our base-case of 14%. Sell-side does not typically use a DCF to evaluate Procore.
- Our model's revenue projections are also lower than consensus, reflected in expected lower construction spending, stemming from 4-7% decline in construction planning spending. Lower volumes for firms means less revenue for Procore as a result.

Why should multiples compress?

- **Cyclicality Mispriced**: Unlike SaaS peers, Procore's ACV pricing model ties revenue directly to construction volume, introducing macro cyclicality.
- **Backlog Quality:** 22% cRPO growth is driven by longer contracts, pulling forward backlog rather than increasing demand.
- **Limited Pricing Power:** Peers like Autodesk and Trimble price on users, which fuel revenue through seat growth/price increase as opposed to macro factors.

Conclusion - SELL

DCF: $11.76 + **Comps:** $54.76 × **30% DCF, 70% Comps** = **Target: $41.76**

Appendix

SHORT Procore Technologies (NYSE: PCOR)

Price as of March 12th: *$57.03*

Price Target: *$41.87 (26.58% upside)*

Timeline: 24 Months

Team Peacore

Team Members:
Nguyen Phan Anh Vu
Trang Pham
Willem Young

Appendix: Revenue Forecast

PROCORE®

in millions of dollars	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Historical Actual Revenue ($M)																		
Actual Quarterly Revenue	132.0	146.1	159.5	172.2	186.4	202.1	213.5	228.5	247.9	260.0	269.4	284.3	295.9	302.0	310.6	323.9	338.9	349.1
Rev YoY Growth					41.2%	38.3%	33.9%	32.7%	33.0%	28.7%	26.2%	24.4%	19.4%	16.2%	15.3%	13.9%	14.5%	15.6%

ACV-Driven Revenue:

Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	Q1 2028	Q2 2028	Q3 2028	Q4 2028	Q1 2029	Q2 2029	Q3 2029	Q4 2029
369.4	385.2	402.9	415.1	434.1	452.6	473.5	487.8	509.2	531.0	555.5	572.3	596.5	622.0	650.6	670.3
18.9%				17.5%				17.3%				17.1%			

cRPO-driven Revenue:

Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	Q1 2028	Q2 2028	Q3 2028	Q4 2028	Q1 2029	Q2 2029	Q3 2029	Q4 2029
353.7	364.6	377.0	383.9	384.4	392.4	404.1	409.9	408.8	415.6	426.4	430.7	427.8	433.2	442.6	445.3
13.9%	12.6%	11.3%	10.0%	8.7%	7.6%	7.2%	6.8%	6.3%	5.9%	5.5%	5.1%	4.7%	4.2%	3.8%	3.4%

Blended Revenue:

Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	Q1 2028	Q2 2028	Q3 2028	Q4 2028	Q1 2029	Q2 2029	Q3 2029	Q4 2029
355.3	366.7	379.6	387.0	389.3	398.4	411.1	417.7	418.8	427.2	439.3	444.9	444.7	452.1	463.4	467.8
14.4%	13.2%	12.0% *FY2026*		9.6%	8.7%	8.3% *FY2027*		7.6%	7.2%	6.9% *FY2028*		6.2%	5.8%	5.5% *FY2029*	

Appendix: ACV Breakdown

PROCORE

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Customer Data																		
Customers >$1M ARR	20	25	30	35	40	50	58	68	82	97	108	122	137	155	163	174	186	201
Customers >$100K ARR	1,225	1,377	1,461	1,553	1,645	1,755	1,821	1,907	2,009	2,119	2,175	2,248	2,318	2,404	2,458	2,516	2,581	2,649
Total Customers	12,462	13,156	13,549	14,012	14,574	15,017	15,469	16,067	16,548	16,977	16,915	16,890	17,034	17,028	17,150	17,090	17,220	17,180
Mid-Market (>$100K, <$1M)	1,205	1,352	1,431	1,518	1,605	1,705	1,763	1,839	1,927	2,022	2,067	2,126	2,181	2,249	2,295	2,342	2,395	2,448
SMB Customers	11,237	11,779	12,088	12,459	12,929	13,262	13,648	14,160	14,539	14,858	14,740	14,642	14,716	14,624	14,692	14,574	14,639	14,531

ACV Pricing Rates	
Rate: >$1M ARR	0.08%
Rate: >$100K ARR	0.12%
Rate: SMB	0.20%
Avg ARR per Customer ($M, ann.)	
Avg ARR >$1M Customer	1.7
Avg ARR Mid-Market	0.210
Avg ARR SMB	0.030

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Revenue Allocation by Tier ($M)																		
Revenue from >$1M Tier	8.5	10.6	12.8	14.9	17.0	21.3	24.7	28.9	34.9	41.2	45.9	51.9	58.2	65.9	69.3	74.0	79.1	85.4
Revenue from Mid-Market	63.3	71.0	75.1	79.7	84.3	89.5	92.6	96.5	101.2	106.2	108.5	111.6	114.5	118.1	120.5	123.0	125.7	128.5
Revenue from SMB	84.3	88.3	90.7	93.4	97.0	99.5	102.4	106.2	109.0	111.4	110.6	109.8	110.4	109.7	110.2	109.3	109.8	109.0
Total Estimated Revenue	156.0	169.9	178.5	188.0	198.2	210.2	219.6	231.6	245.1	258.8	265.0	273.3	283.1	293.6	300.0	306.2	314.6	322.9
Actual Revenue	132.0	146.1	159.5	172.2	186.4	202.1	213.5	228.5	247.9	260.0	269.4	284.3	295.9	302.0	310.6	323.9	338.9	349.1
Implied ACV by Tier ($M)																		
ACV >$1M Tier	10,625	13,281	15,938	18,594	21,250	26,563	30,813	36,125	43,563	51,531	57,375	64,813	72,781	82,344	86,594	92,438	98,813	106,781
ACV Mid-Market	52,719	59,150	62,606	66,413	70,219	74,594	77,131	80,456	84,306	88,463	90,431	93,013	95,419	98,394	100,406	102,463	104,781	107,100
ACV SMB	42,139	44,171	45,330	46,721	48,484	49,733	51,180	53,100	54,521	55,718	55,275	54,908	55,185	54,840	55,095	54,653	54,896	54,491
Total ACV	105,483	116,603	123,874	131,728	139,953	150,889	159,124	169,681	182,390	195,711	203,081	212,733	223,385	235,578	242,095	249,553	258,490	268,373
Blended ACV Rate	0.125%	0.125%	0.129%	0.131%	0.133%	0.134%	0.134%	0.135%	0.136%	0.133%	0.133%	0.134%	0.132%	0.128%	0.128%	0.130%	0.131%	0.130%
ACV Growth & Real CS Growth																		
ACV YoY Growth					32.7%	29.4%	28.5%	28.8%	30.3%	29.7%	27.6%	25.4%	22.5%	20.4%	19.2%	17.3%	15.7%	13.9%
Real CS YoY Growth (Annual)																		

Appendix: WACC/DCF Calculations

PROCORE®

WACC CALCULATION — Procore Technologies (PCOR)

COST OF EQUITY (CAPM)	Value
Risk-Free Rate (Rf)	4.28%
Equity Risk Premium (ERP)	6.85%
Beta (Levered)	1.42
Cost of Equity (Ke)	**14.01%**

COST OF DEBT	
Annual Interest Expense ($M)	1.2
Total Debt Outstanding ($M)	46.2
Pre-Tax Cost of Debt (Kd)	2.50%
Marginal Tax Rate	21.00%
After-Tax Cost of Debt	**1.97%**

CAPITAL STRUCTURE	
Market Cap ($M)	10,116
Total Debt ($M)	46
Enterprise Value (E+D)	10,162
Equity Weight (E/V)	99.55%
Debt Weight (D/V)	0.45%

WACC	
WACC = E/V × Ke + D/V × Kd(1-t)	**13.95%**

WACC COMPONENT BREAKDOWN	
Equity Contribution	13.94%
Debt Contribution	0.01%

DCF VALUATION — Procore Technologies (PCOR)

KEY INPUTS	
WACC	13.95%
Terminal Growth Rate	3.00%
Diluted Shares Outstanding (M)	177.0
Net Debt ($M) = Debt - Cash	(434.5)
Current Share Price ($)	$57.15

UNLEVERED FREE CASH FLOW	FY2026	FY2027	FY2028	FY2029	Terminal
Revenue	1,488.6	1,616.5	1,730.1	1,828.0	
EBIT (Operating Income)	(124.3)	(89.8)	(47.7)	0.7	
Tax on EBIT (if positive)	-	-	-	0.0	
NOPAT	(124.3)	(89.8)	(47.7)	0.7	
+ D&A	68.9	74.8	80.0	84.6	
+ SBC (non-cash)	255.1	257.7	255.1	247.6	
- CapEx + Cap Software	133.2	144.6	154.8	163.6	
- Change in NWC	(58.7)	(38.3)	(33.9)	(28.6)	
Unlevered Free Cash Flow (UFCF)	**125.2**	**136.3**	**166.5**	**197.9**	

Terminal Year UFCF (FY2029)	197.9
Terminal Value (Gordon Growth)	1,861

DCF VALUATION					
Discount Period	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**Terminal**
Period (mid-year)	0.5	1.5	2.5	3.5	3.5
Cash Flow	125.2	136.3	166.5	197.9	1,861
Discount Factor	0.937	0.822	0.721	0.633	0.633
Present Value	**117.3**	**112.0**	**120.1**	**125.3**	**1,178.3**

Sum PV of FCFs	**474.7**
PV of Terminal Value	**1,178.3**
Enterprise Value (DCF)	**1,653**
Equity Value = EV - Net Debt	**2,087**
DCF Price per Share ($)	**$11.79**
Upside/(Downside) vs Current	**-79.4%**

Appendix: Construction Spending Consensus Assumptions

PROCORE

Consensus

- Dodge Construction Network
- S&P Global, Market Intelligence
- Moody's Analytics
- FMI
- ConstructConnect
- Associated Builders and Contractors
- Wells Fargo Securities
- Markstein Advisors
- Piedmont Crescent Capital

	Actual $ 2025	Forecast % Change 2026	Forecast % Change 2027
Nonresidential Total	–	1.0	2.2
Commercial Total	–	3.0	3.5
Office	–	6.0	3.9
Data Centers	–	26.3	16.5
Retail & Other Commercial	–	0.2	2.8
Hotel	–	3.2	5.3
Warehouse	–	-2.2	2.8
Manufacturing	–	-3.9	-0.9
Institutional Total	–	2.7	2.8
Health	–	4.6	4.0
Education	–	1.5	1.1
Amusement & Recreation	–	1.3	1.6

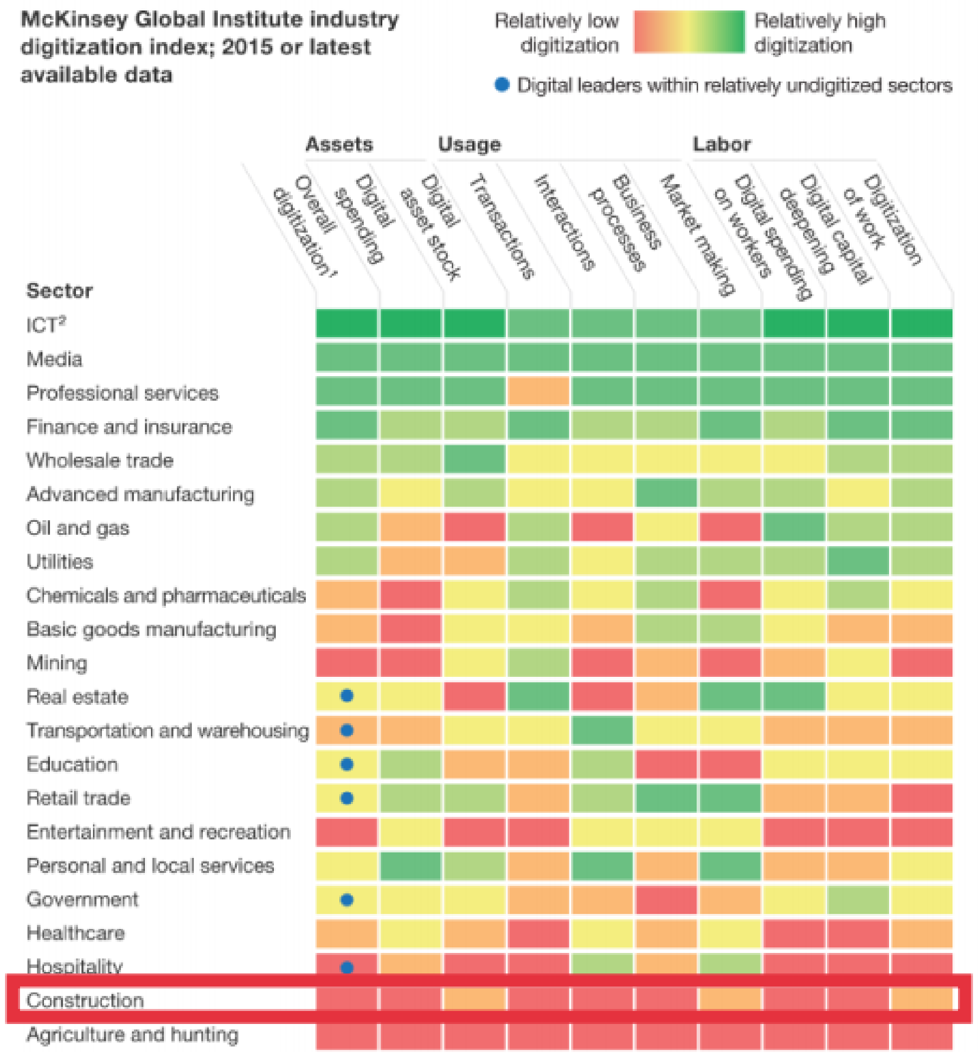
Notes:

All summissions are for construction spending put-in-place in billions of $ (not adjusted for inflation) as benchmarked to U.S. Census Bureau releases.

The AIA Consensus Forecast is computed as an average of the forecasts provided by the panelists that submit forecasts for each of the included building categories.

Source: AIA Consensus

Appendix: McKinsey digitization index



CONSTRUCTION IS ONE OF THE LEAST DIGITIZED SECTORS

Construction is towards the bottom when it comes to digitization, with only agriculture and hunting falling beneath it. Many of these areas are less complex and could reduce the cost of services if automated (eg., transactions, business processes, etc.).

Source: McKinsey

Appendix: AI SURVEY

PASADENA, Calif. – Oct. 28, 2025, Bluebeam, a leading developer of solutions and services for architecture, engineering, and construction (AEC) professionals worldwide and part of the Nemetschek Group, today released its 2026 *Building the Future: Bluebeam AEC Technology Outlook* report. Based on a global survey of over 1,000 AEC professionals, this year's report reveals:

- **AI adoption remains limited:** Only 27% of AEC firms use AI for automation, problem-solving, or decision-making, citing risk, cost, and integration challenges.

Source: Bluebeam