



Pega continues accelerated growth through Q3 2021

- **Total ACV grows 22 percent, powered by Pega Cloud Choice**
- **Pega subscription revenue grows 32 percent year over year**
- **Total Backlog increases 23 percent year over year**

CAMBRIDGE, Mass. — October 27, 2021 — [Pegasystems Inc.](#) (NASDAQ: PEGA), the software company that crushes business complexity, released its financial results for the third quarter of 2021.

“Sophisticated organizations are pursuing digital transformation with great energy,” said Alan Treffler, founder and CEO, Pegasystems. “Organizations know they must adapt for today’s needs while preparing for the inevitable changes that will come tomorrow. In an unpredictable world, we help our clients crush business complexity with solutions built on a low-code platform and an outcome-centric approach to workflow that helps them work smarter, simpler, and faster. I’m excited about how Pega is meeting their needs with our highly differentiated offering.”

“It’s great to see total ACV growth of 22 percent year-over-year in Q3 2021 – once again powered by Pega Cloud Choice,” said Ken Stillwell, COO and CFO, Pegasystems. “Our cumulative results through the first three quarters of this year demonstrate that digital transformation continues to be a top priority for our clients around the world.”

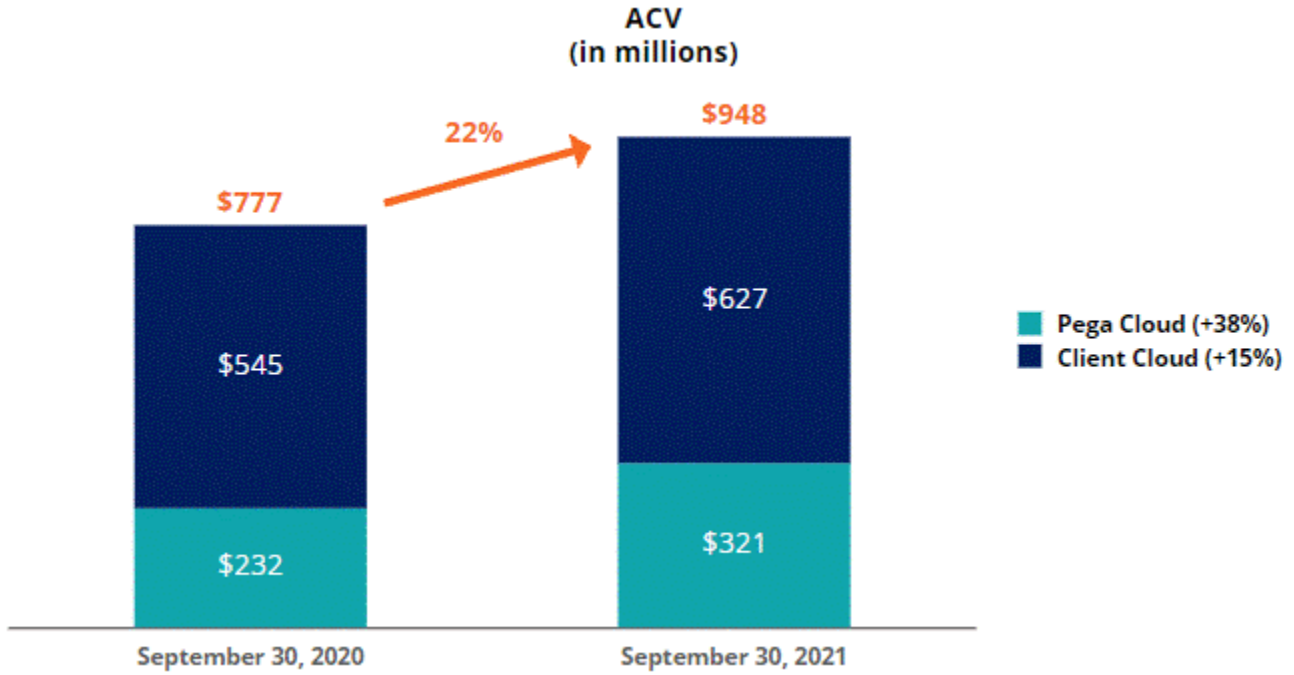
Financial and performance metrics ⁽¹⁾

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|-------------------------------------|-------------|--------|------------------------------------|-------------|--------|
| | 2021 | 2020 | Change | 2021 | 2020 | Change |
| <i>(Dollars in thousands, except per share amounts)</i> | | | | | | |
| Total revenue | \$ 256,268 | \$ 225,951 | 13 % | \$ 895,469 | \$ 718,917 | 25 % |
| Net (loss) - GAAP | \$ (56,468) | \$ (19,267) | (193)% | \$ (25,794) | \$ (65,379) | 61 % |
| Net (loss) income - Non-GAAP | \$ (32,860) | \$ (26,701) | (23)% | \$ 9,196 | \$ (44,905) | * |
| Diluted (loss) per share - GAAP | \$ (0.69) | \$ (0.24) | (188)% | \$ (0.32) | \$ (0.82) | 61 % |
| Diluted (loss) earnings per share - Non-GAAP | \$ (0.40) | \$ (0.33) | (21)% | \$ 0.11 | \$ (0.56) | * |

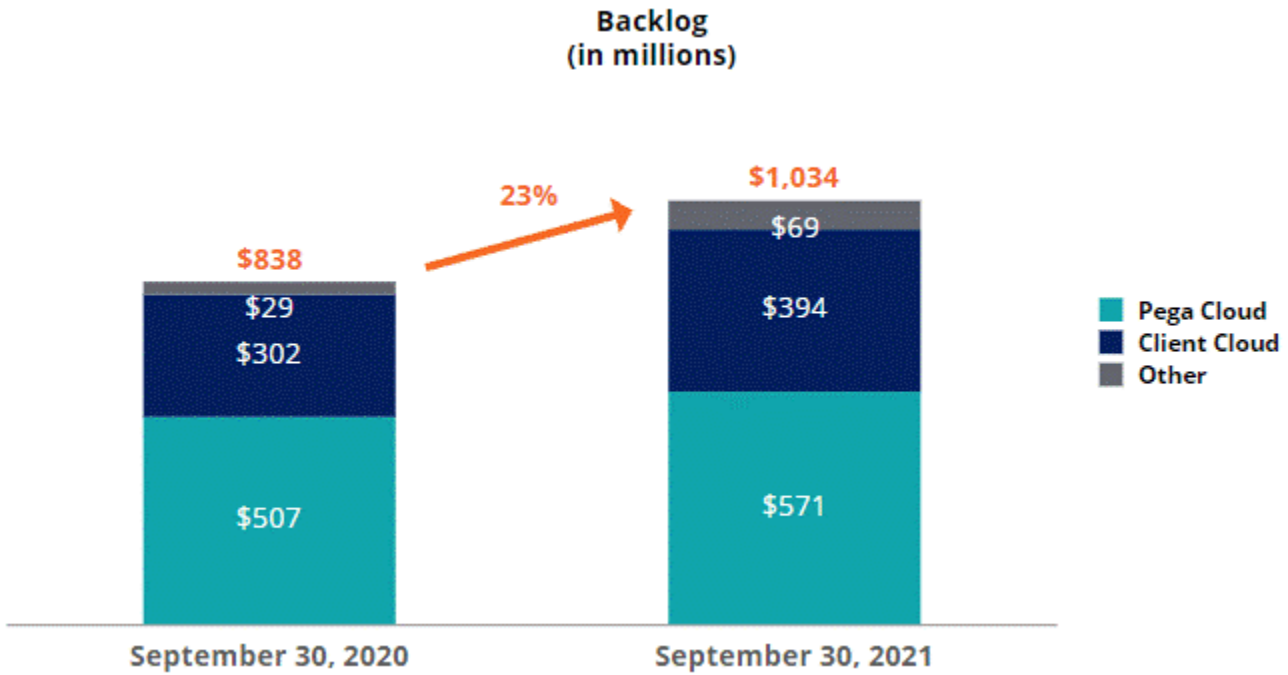
* not meaningful.

| | Three Months Ended September 30, | | | | | | Nine Months Ended September 30, | | | | | |
|-------------------------------|-------------------------------------|-------|------------|-------|-----------|-------|------------------------------------|-------|------------|-------|------------|------|
| | 2021 | | 2020 | | Change | | 2021 | | 2020 | | Change | |
| <i>(Dollars in thousands)</i> | | | | | | | | | | | | |
| Pega Cloud | \$ 78,369 | 31 % | \$ 54,776 | 24 % | \$ 23,593 | 43 % | \$ 219,520 | 25 % | \$ 147,080 | 20 % | \$ 72,440 | 49 % |
| Client Cloud | 118,609 | 46 % | 110,602 | 49 % | 8,007 | 7 % | 488,757 | 54 % | 391,042 | 55 % | 97,715 | 25 % |
| Cloud subscription | \$ 196,978 | 77 % | \$ 165,378 | 73 % | \$ 31,600 | 19 % | \$ 708,277 | 79 % | \$ 538,122 | 75 % | \$ 170,155 | 32 % |
| Perpetual license | 2,874 | 1 % | 3,852 | 2 % | (978) | (25)% | 20,922 | 2 % | 16,568 | 2 % | 4,354 | 26 % |
| Consulting | 56,416 | 22 % | 56,721 | 25 % | (305) | (1)% | 166,270 | 19 % | 164,227 | 23 % | 2,043 | 1 % |
| Total revenue | \$ 256,268 | 100 % | \$ 225,951 | 100 % | \$ 30,317 | 13 % | \$ 895,469 | 100 % | \$ 718,917 | 100 % | \$ 176,552 | 25 % |

¹⁰ See the [Schedules](#) at the end of this release for additional information, including a reconciliation of our Non-GAAP and GAAP measures.



Note: Foreign currency exchange rate changes contributed 1-2% to total ACV growth in 2021.



Pegasystems Q3 2021 backlog (in millions)

Quarterly conference call

A conference call and audio-only webcast will be conducted at 5:00 p.m. EDT on October 27, 2021.

Members of the public and investors are invited to join the call and participate in the question and answer session by dialing 1-866-548-4713 (domestic), 1-323-794-2093 (international), or via [webcast](#) (<http://public.viavid.com/index.php?id=146749>) by logging onto www.pega.com at least five minutes prior to the event's broadcast and clicking on the [webcast](#) icon in the [Investors](#) section.

A replay of the call will also be available on www.pega.com by clicking the Earnings Calls link in the [Investors](#) section.

Discussion of Non-GAAP financial measures

We believe that non-GAAP financial measures help investors understand our core operating results and prospects, consistent with how management measures and forecasts the Company's performance without the effect of often one-time charges and other items outside our normal operations. The supplementary non-GAAP financial measures are not meant to be superior to, or a substitute for, results of operations prepared under U.S. GAAP.

A reconciliation of our Non-GAAP and GAAP measures is at the end of this release.

Forward-looking statements

Certain statements in this press release may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995.

Words such as expects, anticipates, intends, plans, believes, will, could, should, estimates, may, targets, strategies, projects, forecasts, guidance, likely, and usually, or variations of such words and other similar expressions identify forward-looking statements, which are based on current expectations and assumptions.

Forward-looking statements deal with future events and are subject to risks and uncertainties that are difficult to predict, including, but not limited to:

- our future financial performance and business plans;
- the adequacy of our liquidity and capital resources;
- the continued payment of our quarterly dividends;
- the timing of revenue recognition;
- management of our transition to a more subscription-based business model;
- variation in demand for our products and services, including among clients in the public sector;
- the impact of actual or threatened public health emergencies, such as the Coronavirus ("COVID-19");
- reliance on third-party service providers;
- compliance with our debt obligations and covenants;
- the potential impact of our convertible senior notes and Capped Call Transactions;
- reliance on key personnel;
- the relocation of our corporate headquarters;
- the continued uncertainties in the global economy;
- foreign currency exchange rates;
- the potential legal and financial liabilities and reputation damage due to cyber-attacks;
- security breaches and security flaws;
- our ability to protect our intellectual property rights and costs associated with defending such rights;

- our client retention rate; and
- management of our growth.

These risks and others that may cause actual results to differ materially from those expressed in such forward-looking statements are described further in Part I of our Annual Report on Form 10-K for the year ended December 31, 2020, and other filings we make with the U.S. Securities and Exchange Commission (“SEC”). Except as required by applicable law, we do not undertake and expressly disclaim any obligation to update or revise these forward-looking statements publicly, whether from new information, future events, or otherwise.

The forward-looking statements in this press release represent our views as of October 27, 2021.

About Pegasystems

Pega delivers innovative software that crushes business complexity so our clients can make better decisions and get work done. We help the world’s leading brands solve their biggest business challenges: maximizing customer lifetime value, streamlining customer service, and boosting operational efficiency. Pega technology is powered by real-time AI and intelligent automation, while our scalable architecture and low-code platform help enterprises adapt to rapid change and transform for tomorrow. For more information, please visit www.pegacom.com.

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PEGASYSTEMS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-------------|------------------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue | | | | |
| Pega Cloud | \$ 78,369 | \$ 54,776 | \$ 219,520 | \$ 147,080 |
| Maintenance | 83,188 | 74,670 | 237,531 | 220,587 |
| Software license | 38,295 | 39,784 | 272,148 | 187,023 |
| Consulting | 56,416 | 56,721 | 166,270 | 164,227 |
| Total revenue | 256,268 | 225,951 | 895,469 | 718,917 |
| Cost of revenue | | | | |
| Pega Cloud | 25,524 | 19,717 | 72,132 | 56,238 |
| Maintenance | 5,293 | 5,478 | 16,074 | 16,645 |
| Software license | 656 | 691 | 1,962 | 2,354 |
| Consulting | 52,749 | 51,913 | 161,032 | 158,781 |
| Total cost of revenue | 84,222 | 77,799 | 251,200 | 234,018 |
| Gross profit | 172,046 | 148,152 | 644,269 | 484,899 |
| Operating expenses | | | | |
| Selling and marketing | 152,479 | 132,053 | 457,641 | 395,684 |
| Research and development | 64,728 | 60,024 | 191,565 | 177,620 |
| General and administrative | 20,176 | 17,907 | 57,607 | 49,192 |
| Total operating expenses | 237,383 | 209,984 | 706,813 | 622,496 |
| (Loss) from operations | (65,337) | (61,832) | (62,544) | (137,597) |
| Foreign currency transaction gain (loss) | 518 | 4,236 | (4,983) | 2,545 |
| Interest income | 166 | 243 | 555 | 1,092 |
| Interest expense | (1,908) | (5,956) | (5,747) | (13,791) |
| (Loss) income on capped call transactions | (14,735) | 18,989 | (7,543) | 19,816 |
| Other income, net | 2 | — | 108 | 1,374 |
| (Loss) before (benefit from) income taxes | (81,294) | (44,320) | (80,154) | (126,561) |
| (Benefit from) income taxes | (24,826) | (25,053) | (54,360) | (61,182) |
| Net (loss) | \$ (56,468) | \$ (19,267) | \$ (25,794) | \$ (65,379) |
| (Loss) per share | | | | |
| Basic | \$ (0.69) | \$ (0.24) | \$ (0.32) | \$ (0.82) |
| Diluted | \$ (0.69) | \$ (0.24) | \$ (0.32) | \$ (0.82) |
| Weighted-average number of common shares outstanding | | | | |
| Basic | 81,526 | 80,537 | 81,284 | 80,191 |
| Diluted | 81,526 | 80,537 | 81,284 | 80,191 |

PEGASYSTEMS INC.

UNAUDITED RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES ⁽¹⁾

(in thousands, except percentages and per share amounts)

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|--|-------------------------------------|--------------------|--------|------------------------------------|--------------------|--------|
| | 2021 | 2020 | Change | 2021 | 2020 | Change |
| Net (loss) - GAAP | \$ (56,468) | \$ (19,267) | (193)% | \$ (25,794) | \$ (65,379) | 61 % |
| Stock-based compensation ⁽²⁾ | 28,695 | 27,925 | | 89,483 | 76,755 | |
| Capped call transactions | 14,735 | (18,989) | | 7,543 | (19,816) | |
| Convertible senior notes | 677 | 4,372 | | 2,025 | 10,405 | |
| Headquarters lease | (5,428) | — | | (15,111) | — | |
| Amortization of intangible assets | 1,002 | 1,018 | | 3,006 | 3,051 | |
| Foreign currency transaction (gain) loss | (518) | (4,236) | | 4,983 | (2,545) | |
| Other | 3 | — | | 15 | 1,141 | |
| Income tax effects ⁽³⁾ | (15,558) | (17,524) | | (56,954) | (48,517) | |
| Net (loss) income - Non-GAAP | <u>\$ (32,860)</u> | <u>\$ (26,701)</u> | (23)% | <u>\$ 9,196</u> | <u>\$ (44,905)</u> | * |
| Diluted (loss) per share - GAAP | \$ (0.69) | \$ (0.24) | (188)% | \$ (0.32) | \$ (0.82) | 61 % |
| Non-GAAP adjustments | 0.29 | (0.09) | | 0.43 | 0.26 | |
| Diluted (loss) earnings per share - Non-GAAP | <u>\$ (0.40)</u> | <u>\$ (0.33)</u> | (21)% | <u>\$ 0.11</u> | <u>\$ (0.56)</u> | * |
| Diluted weighted-average number of common shares outstanding - GAAP | 81,526 | 80,537 | 1 % | 81,284 | 80,191 | 1 % |
| Non-GAAP Adjustments | — | — | | 4,718 | — | |
| Diluted weighted-average number of common shares outstanding - Non-GAAP | <u>81,526</u> | <u>80,537</u> | 1 % | <u>86,002</u> | <u>80,191</u> | 7 % |

* not meaningful

(1) We believe that non-GAAP financial measures help investors understand our core operating results and prospects, consistent with how management measures and forecasts the Company's performance without the effect of often one-time charges and other items outside our normal operations. The supplementary non-GAAP financial measures are not meant to be superior to, or a substitute for, results of operations prepared under U.S. GAAP.

Our Non-GAAP financial measures reflect the following adjustments:

- **Stock-based compensation:** We have excluded stock-based compensation from our Non-GAAP operating expenses and profitability measures. Although stock-based compensation is a key incentive offered to our employees, and we believe such compensation contributed to our revenues recognized during the periods presented and is expected to contribute to our future revenues, we continue to evaluate our business performance excluding stock-based compensation.
- **Capped call transactions:** We have excluded gains and losses related to our capped call transactions held at fair value under U.S. GAAP. The capped call transactions are expected to reduce common stock dilution and/or offset any potential cash payments the Company must make, other than for principal and interest, upon conversion of the Notes. We believe excluding these amounts from our non-GAAP financial measures is useful to investors as the types of events giving rise to them are not representative of our core business operations and ongoing operating performance. In addition, we reflect the effect of the capped call transactions on the weighted-average number of common shares outstanding in our non-GAAP financial measures as we believe it provides investors with useful information in evaluating our financial performance on a per-share basis.

- **Convertible senior notes:** In February 2020, we issued convertible senior notes with an aggregate principal amount of \$600 million, due March 1, 2025, in a private placement. Under U.S. GAAP in 2020, the conversion feature was recorded as a reduction of the debt instrument's book value which was amortized over the debt's life. After our adoption of Accounting Standards Update 2020-06 on January 1, 2021, the conversion feature is no longer recorded as a reduction of the debt instrument's book value which is amortized over the debt's life. See "Note 2. New Accounting Pronouncements" and "Note 8. Debt" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 for additional information. In both periods, debt issuance costs reduce the debt instrument's book value and are amortized over the debt's life. We believe excluding the amortization of debt discount and issuance costs provide a useful comparison of our operational performance in different periods.
- **Headquarters lease:** In February 2021, the Company agreed to accelerate its exit from its Cambridge, Massachusetts headquarters to October 1, 2021, in exchange for a one-time payment from the Company's landlord of \$18 million which was paid in October 2021. We believe excluding the impact from our non-GAAP financial measures is useful to investors as the modified lease, including the \$18 million payment, is not representative of our core business operations and ongoing operating performance.
- **Amortization of intangible assets:** We have excluded the amortization of intangible assets from our Non-GAAP operating expenses and profitability measures. Amortization of intangible assets fluctuates in amount and frequency and is significantly affected by the timing and size of acquisitions. Investors should note that the use of intangible assets contributed to our revenues recognized during the periods presented and is expected to contribute to future revenues. Amortization of intangible assets is likely to recur in future periods.
- **Foreign currency transaction (gain) loss:** We have excluded foreign currency transaction gains and losses from our Non-GAAP profitability measures. Foreign currency transaction gains and losses fluctuate in amount and frequency and are significantly affected by foreign exchange market rates. Foreign currency transaction gains and losses are likely to recur in future periods.
- **Other:** We have excluded gains and losses on our venture investments and incremental fees incurred due to the cancellation of in-person sales and marketing events due to the COVID-19 pandemic, including the live event portion of our 2020 PegaWorld conference. We believe excluding these amounts from our non-GAAP financial measures is useful to investors as the types of events giving rise to them are not representative of our core business operations and ongoing operating performance.

(2) Stock-based compensation:

| <i>(in thousands)</i> | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------------------------|-------------------------------------|------------------|------------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Cost of revenue | \$ 5,114 | \$ 5,100 | \$ 16,889 | \$ 15,636 |
| Selling and marketing | 13,376 | 12,658 | 41,844 | 33,968 |
| Research and development | 6,231 | 5,765 | 19,343 | 17,066 |
| General and administrative | 3,974 | 4,402 | 11,407 | 10,085 |
| | <u>\$ 28,695</u> | <u>\$ 27,925</u> | <u>\$ 89,483</u> | <u>\$ 76,755</u> |
| Income tax benefit | \$ (5,845) | \$ (5,604) | \$ (18,028) | \$ (15,293) |

(3) Effective income tax rates:

| | Nine Months Ended September 30, | |
|----------|------------------------------------|------|
| | 2021 | 2020 |
| GAAP | 68 % | 48 % |
| Non-GAAP | 22 % | 22 % |

Our GAAP effective income tax rate is subject to significant fluctuations due to various factors, including excess tax benefits generated by our stock-based compensation plans, gains and losses on our capped call transactions, tax credits for stock-based compensation awards to research and development employees, and unfavorable foreign stock-based compensation adjustments. We determine our Non-GAAP income tax rate by using applicable rates in taxing jurisdictions and assessing certain factors, including our historical and forecasted earnings by jurisdiction, discrete items, and our ability to realize tax assets. We believe it is beneficial for our management to review our Non-GAAP results consistent with our annual plan's effective income tax rate as established at the beginning of each year, given this tax rate volatility.

PEGASYSTEMS INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

| | <u>September 30, 2021</u> | <u>December 31, 2020</u> |
|---|---------------------------|--------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 116,411 | \$ 171,899 |
| Marketable securities | 235,437 | 293,269 |
| Total cash, cash equivalents, and marketable securities | 351,848 | 465,168 |
| Accounts receivable | 143,445 | 215,827 |
| Unbilled receivables | 239,774 | 207,155 |
| Other current assets | 93,819 | 88,760 |
| Total current assets | 828,886 | 976,910 |
| Unbilled receivables | 132,147 | 113,278 |
| Goodwill | 81,954 | 79,231 |
| Other long-term assets | 512,410 | 434,843 |
| Total assets | <u>\$ 1,555,397</u> | <u>\$ 1,604,262</u> |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 25,604 | \$ 24,028 |
| Accrued expenses | 46,583 | 59,261 |
| Accrued compensation and related expenses | 86,018 | 123,012 |
| Deferred revenue | 229,103 | 232,865 |
| Other current liabilities | 13,118 | 20,969 |
| Total current liabilities | 400,426 | 460,135 |
| Convertible senior notes, net | 589,769 | 518,203 |
| Operating lease liabilities | 87,088 | 59,053 |
| Other long-term liabilities | 18,482 | 24,699 |
| Total liabilities | 1,095,765 | 1,062,090 |
| Total stockholders' equity | 459,632 | 542,172 |
| Total liabilities and stockholders' equity | <u>\$ 1,555,397</u> | <u>\$ 1,604,262</u> |

PEGASYSTEMS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | Nine Months Ended September 30, | |
|--|------------------------------------|-------------|
| | 2021 | 2020 |
| Net (loss) | \$ (25,794) | \$ (65,379) |
| Adjustments to reconcile net (loss) to cash (used in) operating activities | | |
| Non-cash items | 100,309 | 72,797 |
| Change in operating assets and liabilities, net | (79,836) | (33,675) |
| Cash (used in) operating activities | (5,321) | (26,257) |
| Cash provided by (used in) investing activities | 42,730 | (210,701) |
| Cash (used in) provided by financing activities | (91,431) | 449,630 |
| Effect of exchange rate changes on cash and cash equivalents | (1,466) | 183 |
| Net (decrease) increase in cash and cash equivalents | (55,488) | 212,855 |
| Cash and cash equivalents, beginning of period | 171,899 | 68,363 |
| Cash and cash equivalents, end of period | \$ 116,411 | \$ 281,218 |

PEGASYSTEMS INC.
REVENUE DETAIL
(in thousands, except percentages)

| <i>(Dollars in thousands)</i> | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | | | | | |
|------------------------------------|-------------------------------------|--------------|-------------------|--------------|------------------------------------|-------------|-------------------|--------------|-------------------|--------------|-------------------|-------------|
| | 2021 | | 2020 | | Change | | 2021 | | 2020 | | Change | |
| Pega Cloud | \$ 78,369 | 31 % | \$ 54,776 | 24 % | \$ 23,593 | 43 % | \$ 219,520 | 25 % | \$ 147,080 | 20 % | \$ 72,440 | 49 % |
| <u>Client Cloud ⁽¹⁾</u> | <u>\$ 118,609</u> | <u>46 %</u> | <u>\$ 110,602</u> | <u>49 %</u> | <u>\$ 8,007</u> | <u>7 %</u> | <u>\$ 488,757</u> | <u>54 %</u> | <u>\$ 391,042</u> | <u>55 %</u> | <u>\$ 97,715</u> | <u>25 %</u> |
| Maintenance | 83,188 | 32% | 74,670 | 33% | 8,518 | 11% | 237,531 | 26% | 220,587 | 31% | 16,944 | 8% |
| Term license | 35,421 | 14% | 35,932 | 16% | (511) | (1)% | 251,226 | 28% | 170,455 | 24% | 80,771 | 47% |
| Subscription ⁽²⁾ | \$ 196,978 | 77 % | \$ 165,378 | 73 % | \$ 31,600 | 19 % | \$ 708,277 | 79 % | \$ 538,122 | 75 % | \$ 170,155 | 32 % |
| Perpetual license | 2,874 | 1 % | 3,852 | 2 % | (978) | (25)% | 20,922 | 2 % | 16,568 | 2 % | 4,354 | 26 % |
| Consulting | 56,416 | 22 % | 56,721 | 25 % | (305) | (1)% | 166,270 | 19 % | 164,227 | 23 % | 2,043 | 1 % |
| | <u>\$ 256,268</u> | <u>100 %</u> | <u>\$ 225,951</u> | <u>100 %</u> | <u>\$ 30,317</u> | <u>13 %</u> | <u>\$ 895,469</u> | <u>100 %</u> | <u>\$ 718,917</u> | <u>100 %</u> | <u>\$ 176,552</u> | <u>25 %</u> |

(1) Composed of maintenance and term revenue.

(2) Reflects client arrangements subject to renewal (Pega Cloud, maintenance, and term license).

PEGASYSTEMS INC.
ANNUAL CONTRACT VALUE (“ACV”)
(in thousands, except percentages)

Annual contract value (“ACV”) ⁽¹⁾ - ACV represents the annualized value of our active contracts as of the measurement date. The contract's total value is divided by its duration in years to calculate ACV for term license and Pega Cloud contracts. Maintenance revenue for the quarter then ended is multiplied by four to calculate ACV for maintenance. Client Cloud ACV is composed of maintenance ACV and term license ACV. ACV is a performance measure that we believe provides useful information to our management and investors, particularly during our Cloud Transition.

| | September 30, 2021 | September 30, 2020 | Change | |
|--------------|--------------------|--------------------|-------------------|-------------|
| Pega Cloud | \$ 320,653 | \$ 232,176 | \$ 88,477 | 38 % |
| Client Cloud | \$ 627,072 | \$ 544,575 | \$ 82,497 | 15 % |
| Total | \$ 947,725 | \$ 776,751 | \$ 170,974 | 22 % |

(1) Foreign currency exchange rate changes contributed 1-2% to total ACV growth in 2021.

PEGASYSTEMS INC.
BACKLOG
(in thousands, except percentages)

Remaining performance obligations (“Backlog”) - Backlog represents expected future revenue from existing non-cancellable contracts.

As of September 30, 2021:

| <i>(Dollars in thousands)</i> | Pega Cloud | Client Cloud | | | Perpetual license | Consulting | Total | |
|-------------------------------|-------------------|-------------------|------------------|------------------|-------------------|---------------------|--------------|--|
| | | Maintenance | Term license | | | | | |
| 1 year or less | \$ 284,359 | \$ 196,667 | \$ 49,265 | \$ 15,686 | \$ 31,673 | \$ 577,650 | 56 % | |
| 1-2 years | 177,214 | 59,360 | 16,872 | 1,064 | 6,561 | 261,071 | 25 % | |
| 2-3 years | 79,775 | 37,734 | 420 | 4,094 | 5,165 | 127,188 | 12 % | |
| Greater than 3 years | 30,113 | 33,935 | 245 | 2,127 | 1,697 | 68,117 | 7 % | |
| | <u>\$ 571,461</u> | <u>\$ 327,696</u> | <u>\$ 66,802</u> | <u>\$ 22,971</u> | <u>\$ 45,096</u> | <u>\$ 1,034,026</u> | <u>100 %</u> | |

Change in Backlog Since September 30, 2020

| | | | | | | | |
|--|-----------|-----------|----------|-----------|-----------|------------|--|
| | \$ 64,654 | \$ 88,548 | \$ 3,617 | \$ 12,563 | \$ 26,654 | \$ 196,036 | |
| | 13 % | 37 % | 6 % | 121 % | 145 % | 23 % | |

As of September 30, 2020:

| <i>(Dollars in thousands)</i> | Pega Cloud | Client Cloud | | | Perpetual | Consulting | Total | |
|-------------------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|--------------|--|
| | | Maintenanc | Term license | | | | | |
| 1 year or less | \$ 211,661 | \$ 170,643 | \$ 50,788 | \$ 8,708 | \$ 14,977 | \$ 456,777 | 54 % | |
| 1-2 years | 157,500 | 40,631 | 5,341 | 1,700 | 2,042 | 207,214 | 25 % | |
| 2-3 years | 93,283 | 18,277 | 7,052 | — | 770 | 119,382 | 14 % | |
| Greater than 3 years | 44,363 | 9,597 | 4 | — | 653 | 54,617 | 7 % | |
| | <u>\$ 506,807</u> | <u>\$ 239,148</u> | <u>\$ 63,185</u> | <u>\$ 10,408</u> | <u>\$ 18,442</u> | <u>\$ 837,990</u> | <u>100 %</u> | |