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Factors that could cause the Company's results to differ materially from those expressed in forward-looking statements are contained in the Company's press release announcing its Q2 2022 earnings and in the Company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2021 and other recent filings with the SEC. Investors are cautioned not to place undue reliance on such forward-looking statements and there are no assurances that the results contained in such statements will be achieved. Although subsequent events may cause our view to change, except as required by applicable law, we do not undertake and specifically disclaim any obligation to publicly update or revise these forward-looking statements whether as the result of new information, future events, or otherwise.

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OUR VISION
To change the way the world builds software.

OUR MISSION
To deliver innovative software that crushes business complexity so our clients can solve problems today and transform for tomorrow.
Our patented Situational Layer Cake® transcends channels and internal data silos and manages variations for maximum reuse and enterprise scale.
Leading Digital Transformation

**Founded:** 1983  
**HQ:** Cambridge, MA  
**Employees:** 6,000+

<table>
<thead>
<tr>
<th>19%</th>
<th>30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACV Growth constant currency*</td>
<td>1H 2022 Pega Cloud Growth Y/Y Revenue Growth</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$651M</th>
<th>80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H 2022 Revenue</td>
<td>1H 2022 Subscription Revenue as % of Total</td>
</tr>
</tbody>
</table>

*Foreign currency exchange rate changes were a 4% to 5% headwind to ACV growth since June 30, 2021.*
And trusted by the world’s leading brands

- 10 of the top 10 healthcare payers
- 7 of the top 10 insurance companies
- 18 of the top 25 global banks
- 9 of the top 10 telecommunications companies
Corporate Social Responsibility at Pega

**E**
**ENVIRONMENTAL**
We are committed to reducing the environmental impact of our operations on air, land, and water

**S**
**SOCIAL**
We strive to be a responsible corporate citizen and active contributor in communities where our employees, partners, and clients’ work

**G**
**GOVERNANCE**
We believe that corporate governance is important to ensure that Pega is managed for the long-term benefit of all our stakeholders

Key Investment Highlights

- Rapidly growing enterprise software company, with a view towards a $50B+ digital transformation market opportunity
- Large enterprise client base in key verticals: financial services, insurance, telecommunications, health care, manufacturing, and public sector
- A proven technology leader in customer engagement and intelligent automation
- Mission critical to our clients
- Transition to a subscription business model underway
- Strong business driving to Rule of 40 effectiveness
Solution Overview
What are the Business Problems We Solve?

Pega drives better business outcomes by...

Making Decisions
Delivering 1:1 customer engagement powered by real-time, omni-channel AI

Getting work done
Making customer and employee-facing processes more efficient through end-to-end automation & robotics

...and very often we do both
For example, in the context of Customer Service or KYC/CLM, when customer interactions involve processing work to resolve a request.
Pega Infinity™

1:1 Customer Engagement
Customer Service
Intelligent Automation

MAKE DECISIONS
GET WORK DONE

REAL-TIME, OMNI-CHANNEL AI
END-TO-END AUTOMATION & ROBOTICS
MICROJOURNEY-CENTRIC RAPID DELIVERY
SITUATIONAL LAYER CAKE™
SOFTWARE THAT WRITES YOUR SOFTWARE
CLOUD CHOICE

Industry-leading technology
Start fast and scale
Future proof your investment

PEGA DX ARCHITECTURE™

1:1 Customer Engagement
Customer Service
Intelligent Automation

MAKE DECISIONS
GET WORK DONE

REAL-TIME, OMNI-CHANNEL AI
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SITUATIONAL LAYER CAKE™
SOFTWARE THAT WRITES YOUR SOFTWARE
CLOUD CHOICE

Industry-leading technology
Start fast and scale
Future proof your investment

PEGA DX ARCHITECTURE™

© Pegasystems Inc. 12
Crushing business complexity
Solving the problems no one else can. Delivering value, fast.

<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One-to-one customer engagement</strong> Maximize customer lifetime value</td>
</tr>
<tr>
<td><strong>Customer service</strong> Simplify service and reduce costs</td>
</tr>
<tr>
<td><strong>Intelligent automation</strong> Boost efficiency</td>
</tr>
</tbody>
</table>
So how do we do it?

Our software can handle quick fixes, lasting transformation, and everything in between.
Together, we’re redefining the technology industry

Unified, market-leading technology

Changing the way organizations work and engage

We’ve built the

#1 real-time interaction management

#1 digital decisioning

#1 digital process automation

#1 intelligent business process management
Business Overview
WHY PEGA WINS

Differentiated Architecture

Ease of Integration

Depth of Platform Functionality

Strong Team

Deep Vertical Expertise

Robust ROI
## Selling High-Value Use Cases to Some of the World’s Largest Companies

<table>
<thead>
<tr>
<th>BUYER</th>
<th>OFFERING</th>
<th>VALUE PROPOSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert</td>
<td>1:1 Customer Engagement</td>
<td><strong>Maximize top-line growth</strong> with a centralized, real-time AI-powered customer decision hub that delivers next-best-actions at every customer interaction, across various channels.</td>
</tr>
<tr>
<td>Chief Customer Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teresa</td>
<td>Customer Service</td>
<td><strong>Reduce cost and streamline service</strong> experiences for customers and employees with a state-of-the-art customer service application and out-of-the-box, industry-specific microjourneys.</td>
</tr>
<tr>
<td>SVP, Customer Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chen</td>
<td>Intelligent Automation</td>
<td><strong>Make customer and employee-facing processes more efficient</strong> through intelligent automation powered by end-to-end robotics and case management.</td>
</tr>
<tr>
<td>SVP, Operations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# How Do Our Clients Drive Value Using Pega?

<table>
<thead>
<tr>
<th>CLIENT</th>
<th>ILLUSTRATIVE USE CASE</th>
<th>IMPACT AND RESULT</th>
</tr>
</thead>
</table>
| 1:1 Customer Engagement | Retain customers | • 50 million next best action conversations delivered across 18 channels  
• +12 lead in NPS over the competition  
[Read more](https://www.pega.com/customers/cba-marketing) |
| Customer Service | Inquire into account info | • Tripled customer satisfaction  
• Increased cardmember spend by 10%  
• Lowered card attrition 4x  
[Read more](https://www.pega.com/customers/american-express) |
| Intelligent Automation | Streamline processes & reduce costs | • Reduced process cycle time by 60%  
• 65% decrease in customer onboarding time  
• 80% of common business processes standardized  
[Read more](https://www.pega.com/customers/siemens) |
Financial Details
Financial Highlights

- Massive Market Opportunity
- Transition to Cloud Underway
- High Growth, Recurring Revenue Model
- Scale to Drive Margin Expansion
Pursuing a Massive Market Opportunity in Platform & CRM

FY 21
$65B+

FY 25
$110B+
Transition to Subscription Well Underway

From...
- Perpetual
- Less Predictable
- Lagging Growth & Margins

To...
- Recurring
- More Predictable
- Rule of 40

SUBSCRIPTION TRANSITION TIMELINE

2017 TODAY 2023
High Growth, Recurring Subscription Model

ACV Growth is the Best Indicator of Growth During the Subscription Transition

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 subscription license and Pega Cloud contracts. Maintenance revenue for the quarter then ended is multiplied by four to calculate ACV for maintenance. ACV is a performance measure that we believe provides useful information to our management and investors, particularly during our subscription transition. Constant currency measures are calculated by applying foreign exchange rates for the earliest period shown to all periods. The above constant currency measures reflect foreign exchange rates applicable as of Q2 2021.
Remaining Performance Obligation (RPO) / Backlog is Growing
Total RPO/Backlog Up 9% as Reported (15% Constant Currency)

Note: Constant currency measures are calculated by applying foreign exchange rates for the earliest period shown to all periods. The above constant currency measures reflect foreign exchange results applicable as of Q2 2021.
What Does this All Mean?
Strive to build a growing, recurring business to drive increased value

- Sustain higher growth
- Through transition to recurring
- To drive shareholder value

With a view towards:

- Capitalizing on high-growth markets
- Continuing our technology leadership
- Increasing sales capacity
- Driving ACV growth
- Leveraging Cloud Choice differentiation
- Balancing growth & margin
- “Rule of 40”
High Growth, Recurring Revenue Model

ACV Growth is the Best Indicator of Growth During the Subscription Transition

<table>
<thead>
<tr>
<th>Year</th>
<th>Pega Cloud</th>
<th>Client Cloud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 19</td>
<td>$591M</td>
<td>$129M</td>
</tr>
<tr>
<td>Q2 19</td>
<td>$613M</td>
<td>$136M</td>
</tr>
<tr>
<td>Q3 19</td>
<td>$634M</td>
<td>$146M</td>
</tr>
<tr>
<td>Q4 19</td>
<td>$693M</td>
<td>$169M</td>
</tr>
<tr>
<td>Q1 20</td>
<td>$711M</td>
<td>$182M</td>
</tr>
<tr>
<td>Q2 20</td>
<td>$738M</td>
<td>$211M</td>
</tr>
<tr>
<td>Q3 20</td>
<td>$777M</td>
<td>$232M</td>
</tr>
<tr>
<td>Q4 20</td>
<td>$835M</td>
<td>$267M</td>
</tr>
<tr>
<td>Q1 21</td>
<td>$853M</td>
<td>$282M</td>
</tr>
<tr>
<td>Q2 21</td>
<td>$899M</td>
<td>$307M</td>
</tr>
<tr>
<td>Q3 21</td>
<td>$948M</td>
<td>$321M</td>
</tr>
<tr>
<td>Q4 21</td>
<td>$1,003M</td>
<td>$364M</td>
</tr>
<tr>
<td>Q1 22</td>
<td>$1,034M</td>
<td>$402M</td>
</tr>
<tr>
<td>Q2 22</td>
<td>$1,028M</td>
<td>$404M</td>
</tr>
</tbody>
</table>

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Fastest Growing Revenue Stream is Pega Cloud

Trailing 12 Months Pega GAAP Pega Cloud Revenue

Q4 17: $51M
Q1 18: $56M
Q2 18: $64M
Q3 18: $73M
Q4 18: $83M
Q1 19: $95M
Q2 19: $106M
Q3 19: $119M
Q4 19: $134M
Q1 20: $149M
Q2 20: $167M
Q3 20: $186M
Q4 20: $208M
Q1 21: $233M
Q2 21: $257M
Q3 21: $281M
Q4 21: $301M
Q1 22: $323M
Q2 22: $344M

Cloud Transition Begins

($)M
Gross Profit Dollars: Client Cloud vs Pega Cloud
Client Cloud and Pega Cloud deals generate similar gross profit dollars in a timeless illustrative model

Client Cloud
3-Year Deal; ACV = $1M

Revenue: $3.00M
Gross Profit\(^1\): $2.85M

Pega Cloud
3-Year Deal; ACV = $1.25M

Revenue: $3.75M
Gross Profit\(^2\): $2.81M

1. In a timeless model, we assume an average license and maintenance gross margin of 95%

2. In a timeless model, we assume a 75% gross margin for Pega Cloud