Safe Harbor Statement

Certain statements in this presentation 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, intends to, projects, forecasts, guidance, likely, and usually or variations of such words and other similar expressions identify forward-looking statements, which speak only as of the date the statement was made and are based on current expectations and assumptions. 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 Q3 2023 results 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, 2022 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 included 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 expressly disclaim any obligation to publicly update or revise these forward-looking statements whether as the result of new information, future events, or otherwise. Any forward-looking statements in this presentation represent our views as of October 25, 2023.

Non-GAAP Financial Measures

Our non-GAAP financial measures should only be read in conjunction with our consolidated financial statements prepared in accordance with GAAP. We believe that these measures help investors understand our core operating results and prospects, consistent with how management measures and forecasts our performance without the effect of often one-time charges and other items outside our normal operations. They are not a substitute for financial measures prepared under U.S. GAAP. Constant currency measures are calculated by applying the Q3 2022 foreign exchange rates to all periods shown. Reconciliations of GAAP and non-GAAP measures are in the Company's press release announcing its Q3 2023 results and at the end of this presentation.

Additional Notes

This presentation may contain industry market data, industry forecasts, and other statistical information. Such information was obtained from publicly available information, industry publications, and other third-party sources, and the Company makes no representations as to the accuracy of such information. The Company has not independently verified any such information. Certain information in this presentation is based upon management forecasts and reflects prevailing conditions and management's views as of the date of this presentation, all of which are subject to change.
Pega Overview
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.
Intelligent technology
Our Pega Infinity™ portfolio of software, all built on our open, cloud-native platform, with AI embedded everywhere, drives smarter, more intuitive workflows, and customer and employee experiences.

Scalable architecture
Our patented Situational Layer Cake® transcends channels and internal data silos and manages variations for maximum reuse and enterprise scale.

Rapid Innovation
Pega Express™ design-thinking best practices are built right into our low-code platform, so you can design and deploy mission-critical workflows and experiences quickly and collaboratively.

Client-centricity
Our clients have a lot at stake, and we don’t let them down. Ever. Together with our world-class partners and highly skilled Client Success teams, we keep our promises every step of your journey.
Leading Digital Transformation

Q3 2023

10% ACV Growth (1)

13% Free Cash Flow Margin (2)

14% Pega Cloud ACV Growth (1)

$335M Revenue

(1) Constant currency change since September 30, 2022.
(2) For the Nine Months Ended September 30, 2023. Starting in the third quarter of 2023, the Company has calculated free cash flow as cash provided by (used in) operating activities less investments in property and equipment. To ensure comparability, previously disclosed amounts have been updated. For more information, refer to the reconciliation included later in this investor presentation.
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 $78B+ 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
• Strong business driving to Rule of 40 effectiveness
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™
Crushing business complexity
Solving the problems no one else can. Delivering value, fast.

One-to-one customer engagement
Maximize customer lifetime value

Customer service
Simplify service and reduce costs

Intelligent automation
Boost efficiency

489% ROI < 6 months payback
298% ROI < 6 months payback
186% – 598% ROI < 3 - 12 months payback

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

**BUYER**

Robert  
Chief Customer Officer

Teresa  
SVP, Customer Service

Chen  
SVP, Operations

**OFFERING**

1:1 Customer Engagement  
Customer Service  
Intelligent Automation

**VALUE PROPOSITION**

Maximize top-line growth with a centralized, real-time AI-powered customer decision hub that delivers next-best-actions at every customer interaction, across various channels.

Reduce cost and streamline service experiences for customers and employees with a state-of-the-art customer service application and out-of-the-box, industry-specific microjourneys.

Make customer and employee-facing processes more efficient through intelligent automation powered by end-to-end robotics and case management.
## 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>
<tbody>
<tr>
<td>1:1 Customer Engagement</td>
<td>Retain customers</td>
<td>• 50 million next best action conversations delivered across 18 channels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• +12 lead in NPS over the competition</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Read more</td>
</tr>
<tr>
<td>Customer Service</td>
<td>Inquire into account info</td>
<td>• Tripled customer satisfaction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increased cardmember spend by 10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lowered card attrition 4x</td>
</tr>
<tr>
<td>Intelligent Automation</td>
<td>Streamline processes &amp; reduce costs</td>
<td>• 11-point increase in NPS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 3-minute drop in average handling time (AHT)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 100 processes automated</td>
</tr>
</tbody>
</table>
Financial Outlook

- Massive Market Opportunity
- Subscription Journey
- Recurring Model
- Margin Expansion Opportunities
Pursuing a Massive Market Opportunity in Platform & CRM

Source: IDC Worldwide ICT Spending Guide (Feb. 2023)
Subscription Journey

From...

- Perpetual
- Less Predictable
- Lagging Growth & Margins

To...

- Recurring
- More Predictable
- Rule of 40 Driven
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. ACV is a performance measure that we believe provides useful information to our management and investors.

In 2023, the Company revised its ACV methodology for maintenance and all contracts less than 12 months as its overall client renewal rate exceeds 90%. The impact of the change was $3 million and 0.3% of Total ACV or less for all quarters in 2022. Previously disclosed ACV amounts have been updated to allow for comparability.

Growth since Q3 2022
ACV Reported: 12%
ACV Constant Currency: 10%
Cash Flow Growth

Note: Starting in the third quarter of 2023, the Company has calculated free cash flow as cash provided by (used in) operating activities less investments in property and equipment. To ensure comparability, previously disclosed amounts have been updated. For additional information refer to explanatory notes on slide 32.
**Backlog**

Total Backlog Up 10% as Reported (7% Constant Currency)
What Does this All Mean?
Strive to build a growing, recurring business to drive increased value

With a view towards:

- Continuing our technology leadership
- Improving sales productivity
- Executing our target organization go-to-market strategy

- Driving ACV growth
- Leveraging Cloud Choice differentiation

- Balancing growth & margin
- “Rule of 40”
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. ACV is a performance measure that we believe provides useful information to our management and investors.

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Pega Cloud Revenue
Trailing 12 Months

Cloud Transition Begins

$51M
$56M
$64M
$73M
$83M
$95M
$106M
$119M
$134M
$149M
$167M
$186M
$208M
$233M
$257M
$281M
$301M
$323M
$344M
$363M
$384M
$402M
$423M
$444M

Q4 2017
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Pega Cloud Gross Margin

At or above a 75% gross margin, Pega Cloud generates higher gross profit dollars than Client Cloud in a timeless illustrative model.

75% = Gross Profit Dollars Breakeven Between Pega Cloud and Client Cloud
Operating and Free Cash Flow Reconciliation (1)

Nine Months Ended September 30, 2023, 2022, and 2021

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>Margin (2)</th>
<th>2022</th>
<th>Margin (2)</th>
<th>2021</th>
<th>Margin (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in) operating activities</td>
<td>$137,920</td>
<td>14 %</td>
<td>$(13,446)</td>
<td>(1) %</td>
<td>$(5,321)</td>
<td>(1) %</td>
</tr>
<tr>
<td>Investment in property and equipment</td>
<td>(14,271)</td>
<td></td>
<td>(22,285)</td>
<td></td>
<td>(7,089)</td>
<td></td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$123,649</td>
<td>13 %</td>
<td>$(35,731)</td>
<td>(4) %</td>
<td>$(12,410)</td>
<td>(1) %</td>
</tr>
</tbody>
</table>

Additional information (3)

- Legal fees: Includes legal and related fees arising from proceedings outside the ordinary course of business.
- Restructuring: Restructuring fluctuates in amount and frequency and is significantly affected by the timing and size of our restructuring activities.
- Interest on convertible senior notes: In February 2020, we issued convertible senior notes, due March 1, 2025, in a private placement. The Notes accrue interest at an annual rate of 0.75%, payable semi-annually in arrears on March 1 and September 1, beginning September 1, 2020.
- Other: Includes fees related to capital advisory services, canceled in-person sales and marketing events, and incremental costs incurred integrating acquisitions.

31,577

Operating and Free Cash Flow Margin are calculated by comparing the respective cash flow to Total Revenue.

(1) Our non-GAAP free cash flow is defined as cash provided by (used in) operating activities less investment in property and equipment. Investment in property and equipment fluctuates in amount and frequency and are significantly affected by the timing and size of investments in our facilities. We provide information on free cash flow to enable investors to assess our ability to generate cash without incurring additional external financings. This information is not a substitute for financial measures prepared under U.S. GAAP. Starting in the third quarter of 2023, the Company has calculated free cash flow as cash provided by (used in) operating activities less investments in property and equipment. To ensure comparability, previously disclosed amounts have been updated.

(2) Operating and Free Cash Flow Margin are calculated by comparing the respective cash flow to Total Revenue.

(3) The additional information discloses items that affect our cash flows and are considered by management not to be representative of our core business operations and ongoing operational performance.
## Operating and Free Cash Flow Reconciliation

**Nine Months Ended September 30, 2023**

*(in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 31, 2023</td>
<td>June 30, 2023</td>
</tr>
<tr>
<td>Cash provided by operating activities</td>
<td>$68,107</td>
<td>$45,645</td>
</tr>
<tr>
<td>Investment in property and equipment</td>
<td>(11,487)</td>
<td>(2,446)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>$56,620</td>
<td>$43,199</td>
</tr>
<tr>
<td>Additional information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal fees</td>
<td>$1,515</td>
<td>$1,435</td>
</tr>
<tr>
<td>Restructuring</td>
<td>14,458</td>
<td>3,063</td>
</tr>
<tr>
<td>Interest on convertible senior notes</td>
<td>2,250</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$18,223</td>
<td>$4,498</td>
</tr>
</tbody>
</table>

*Note: For additional information refer to explanatory notes on slide 32.*

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# GAAP to Non-GAAP Reconciliation

## Trailing 12 Months

**Gross Margin - GAAP**  
Stock-Based Compensation  
**Gross Margin - Non-GAAP**

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal Year</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30, 2023</td>
<td></td>
<td>September 30, 2022</td>
</tr>
<tr>
<td><strong>Gross Margin - GAAP</strong></td>
<td></td>
<td>72 %</td>
<td>71 %</td>
</tr>
<tr>
<td>Stock-Based Compensation</td>
<td></td>
<td>2 %</td>
<td>2 %</td>
</tr>
<tr>
<td><strong>Gross Margin - Non-GAAP</strong></td>
<td></td>
<td>74 %</td>
<td>73 %</td>
</tr>
<tr>
<td><strong>Pega Cloud Gross Margin - GAAP</strong></td>
<td></td>
<td>73 %</td>
<td>69 %</td>
</tr>
<tr>
<td><strong>Pega Cloud Gross Margin - Non-GAAP</strong></td>
<td></td>
<td>73 %</td>
<td>69 %</td>
</tr>
<tr>
<td><strong>Sales and Marketing as % of Revenue - GAAP</strong></td>
<td></td>
<td>43 %</td>
<td>52 %</td>
</tr>
<tr>
<td>Stock-Based Compensation</td>
<td></td>
<td>(5) %</td>
<td>(5) %</td>
</tr>
<tr>
<td><strong>Sales and Marketing as % of Revenue - Non-GAAP</strong></td>
<td></td>
<td>38 %</td>
<td>47 %</td>
</tr>
<tr>
<td><strong>Research and Development as % of Revenue - GAAP</strong></td>
<td></td>
<td>22 %</td>
<td>23 %</td>
</tr>
<tr>
<td>Stock-Based Compensation</td>
<td></td>
<td>(2) %</td>
<td>(2) %</td>
</tr>
<tr>
<td><strong>Research and Development as % of Revenue - Non-GAAP</strong></td>
<td></td>
<td>20 %</td>
<td>21 %</td>
</tr>
</tbody>
</table>

---

The non-GAAP measures reflect the following adjustment:  
- 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.