UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 2, 2025

PEGASYSTEMS INC.
(Exact name of Registrant as specified in its charter)

Massachusetts	**1-11859**	**04-2787865**
(State or other jurisdiction of incorporation)	*(Commission File Number)*	*(IRS Employer Identification No.)*

225 Wyman Street , Waltham , MA 02451
(Address of principal executive offices, including zip code)

(617) 374-9600
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, $.01 par value per share	**PEGA**	**NASDAQ Global Select Market**

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company ☐

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. ☐

ITEM 7.01 REGULATION FD DISCLOSURE

On June 2, 2025, Pegasystems Inc. (the "Company") will present to investors. A copy of the financial information to be presented is attached as Exhibit 99.1.

The information in this Form 8-K and the Exhibit attached hereto are furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

Exhibit No.	Description
99.1	Investor Presentation
104	Cover Page Interactive Data File (formatted as Inline XBRL)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pegasystems Inc.

Dated:	June 2, 2025	By:	/s/ KENNETH STILLWELL
			Kenneth Stillwell
			Chief Operating Officer and Chief Financial Officer
			(Principal Financial Officer)

Investor Session 2025

June 2, 2025

KEN STILLWELL
COO & CFO

PETER WELBURN
VP, Corporate Development & Investor Relations

KEN STILLWELL | COO & CFO

Financial Update

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. These statements represent our views 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 Q1 2025 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, 2024 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 June 2, 2025.

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, which is 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 foreign exchange rates from the prior comparative period rather than the actual foreign exchange rate in effect during the respective period. Reconciliations of GAAP and non-GAAP measures are in the Company's press release announcing its Q1 2025 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.

To Ask a Question...

in the ROOM

1 **Raise your hand**

2 **Wait for the microphone**

3 **Please state your name and the firm you are with**

on the PHONE

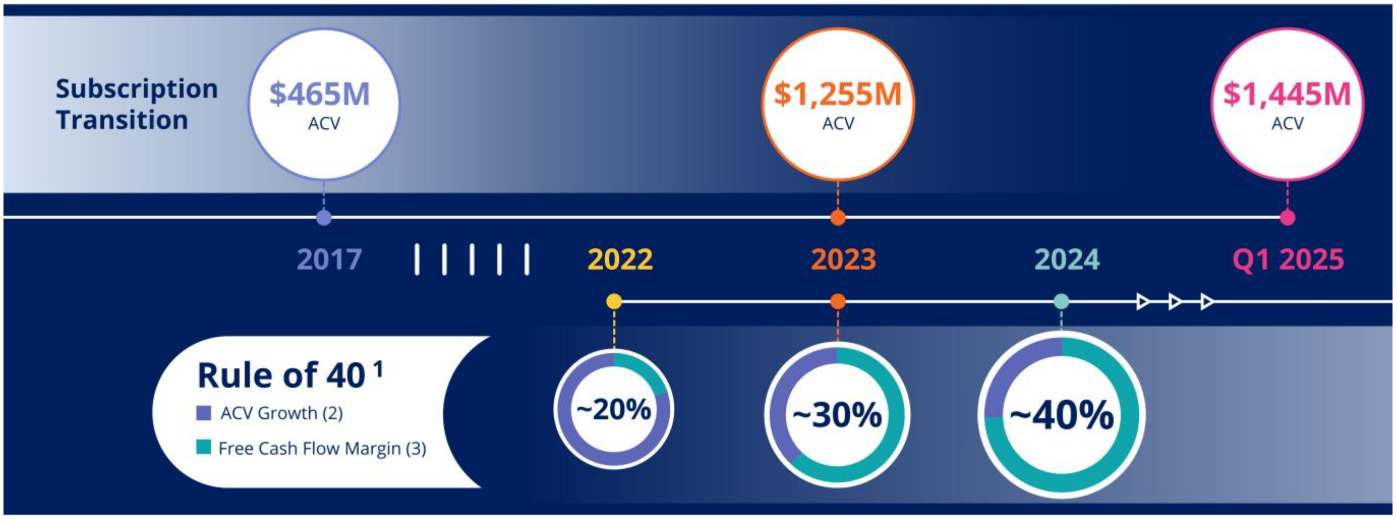
Email

pegainvestorrelations@pega.com

peter.welburn@pega.com

We’ve Transformed Our Business Model...

Completed Multi-Year Subscription Transition & Achieved Rule of 40 to Balance Growth & Profit



(1) Rule of 40 is a performance metric calculated by adding the annual contract value (“ACV”) growth rate and the free cash flow margin. We also provide a table of supplemental information of other items that affected our cash flows and Rule of 40 achievement in the appendix to this presentation.
(2) 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.
(3) Our free cash flow is defined as cash provided by operating activities less investment in property and equipment. Investment in property and commitment fluctuates in amount and frequency and is 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. A reconciliation of cash provided by operating activities to free cash flow is in the appendix to this presentation. Free cash flow margin is free cash flow divided by total revenue.

Pega Cloud is the Biggest Driver of Our ACV Growth

As Reported

Pega Cloud ACV Grew from **$50M** in Q1 2017 to **$700M** in Q1 2025

Our ACV Growth is Durable

ACV Increased 13 Percent Year Over Year from 3/31/24 to 3/31/25 (as reported)

High Retention Rates, Strong Customer Loyalty

Big Market Opportunity

Enterprise clients moving to the cloud to digitally transform mission critical-use cases in key verticals

Technology Leadership

Pega GenAI Blueprint™

Best-in-class solutions

Usage-Based Pricing Model

Case-based pricing approach – expands with usage


We Have Several Levers to Accelerate ACV Growth
Significant Expansion Opportunity
Cross-sell & upsell into the base
Pega Cloud Migrations
Move existing clients to Pega Cloud
New Logos
Win new clients with partner Blueprints and legacy transformation
A
B
C
Pega GenAI Blueprint
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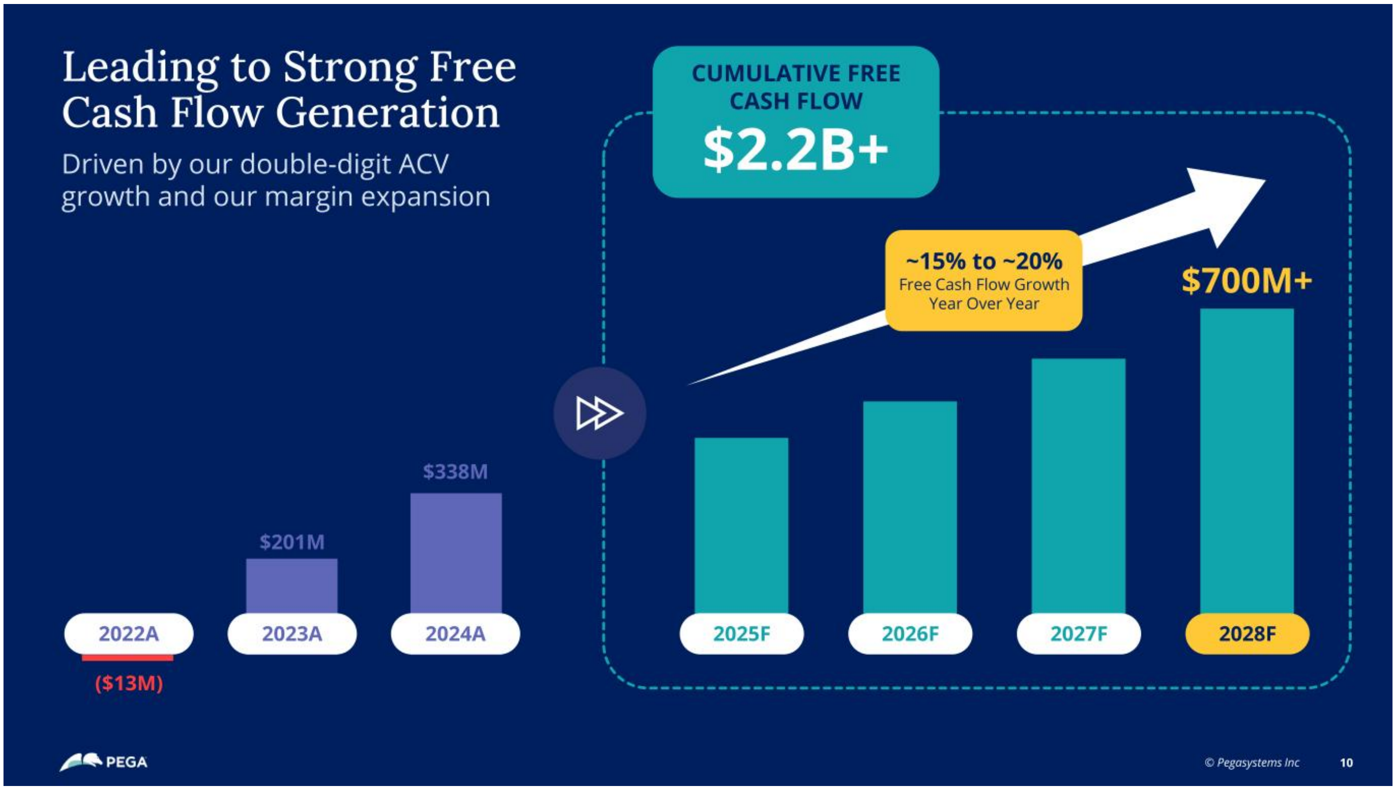
And Our Margins Have Been Improving Over Time

Long-term financial model (progress since last year)

% of revenue	From...			To
LONG-TERM MODEL TIMELINE	2022	2023	2024	2027/ 2028 Target
Gross Margin [1]	74%	76%	76%	80%
Sales & Marketing [1]	43%	35%	32%	30%
Research & Development [1]	20%	18%	18%	17%

(1) Financial metrics (other than revenue) presented are non-GAAP. For additional information, including a reconciliation of GAAP and non-GAAP measures, refer to the schedules at the end of this document.



Leading to Strong Free Cash Flow Generation
Driven by our double-digit ACV growth and our margin expansion
CUMULATIVE FREE CASH FLOW
$2.2B+
~15% to ~20%
Free Cash Flow Growth Year Over Year
$700M+
$338M
$201M
2022A
2023A
2024A
($13M)
2025F
2026F
2027F
2028F
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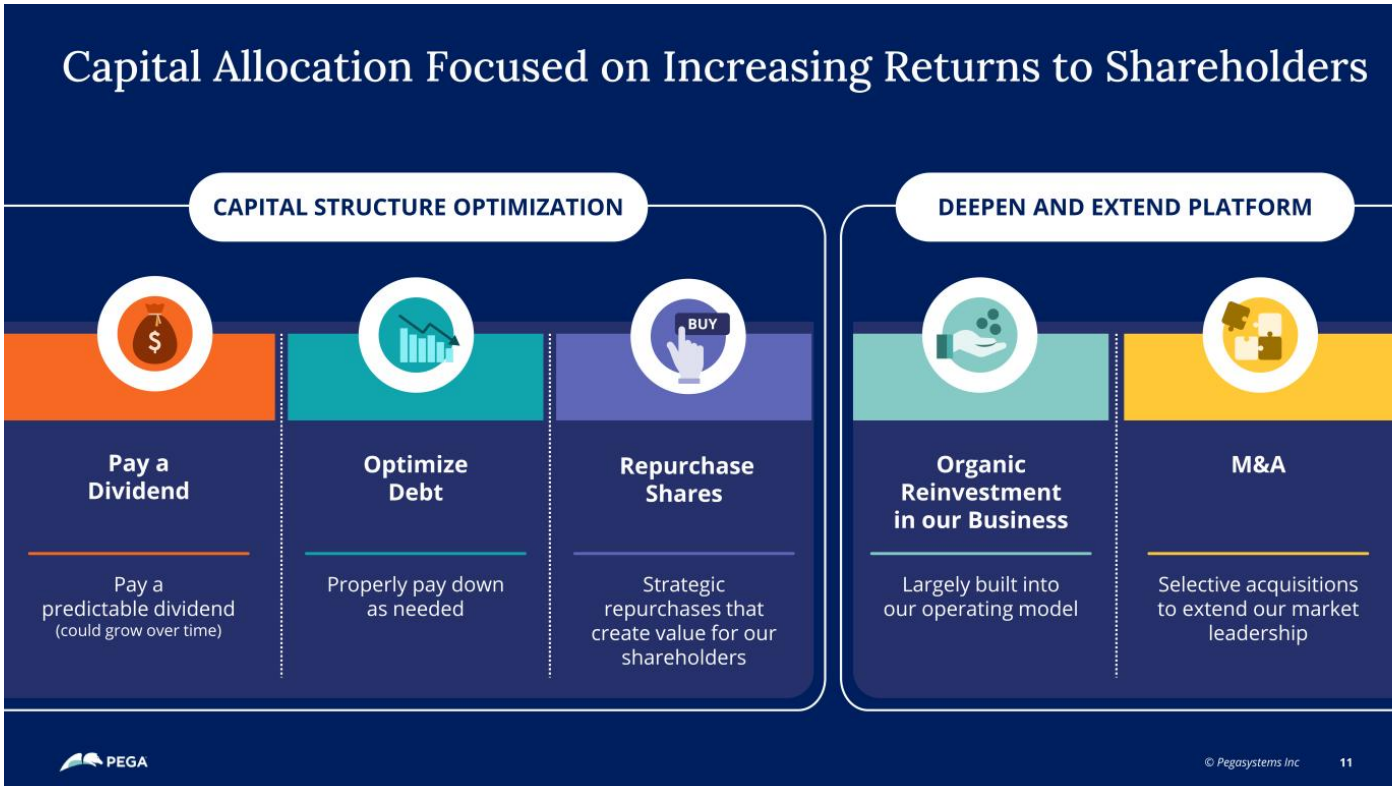
Capital Allocation Focused on Increasing Returns to Shareholders
CAPITAL STRUCTURE OPTIMIZATION
DEEPEN AND EXTEND PLATFORM
BUY
Pay a Dividend
Pay a predictable dividend (could grow over time)
Optimize Debt
Properly pay down as needed
Repurchase Shares
Strategic repurchases that create value for our shareholders
Organic Reinvestment in our Business
Largely built into our operating model
M&A
Selective acquisitions to extend our market leadership
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Q1 2023 thru Q1 2025
$23M
~$600M
$198M
CAPITAL STRUCTURE OPTIMIZATION
Paying Dividend
Paying Down Debt
BUY
Buying Back Stock
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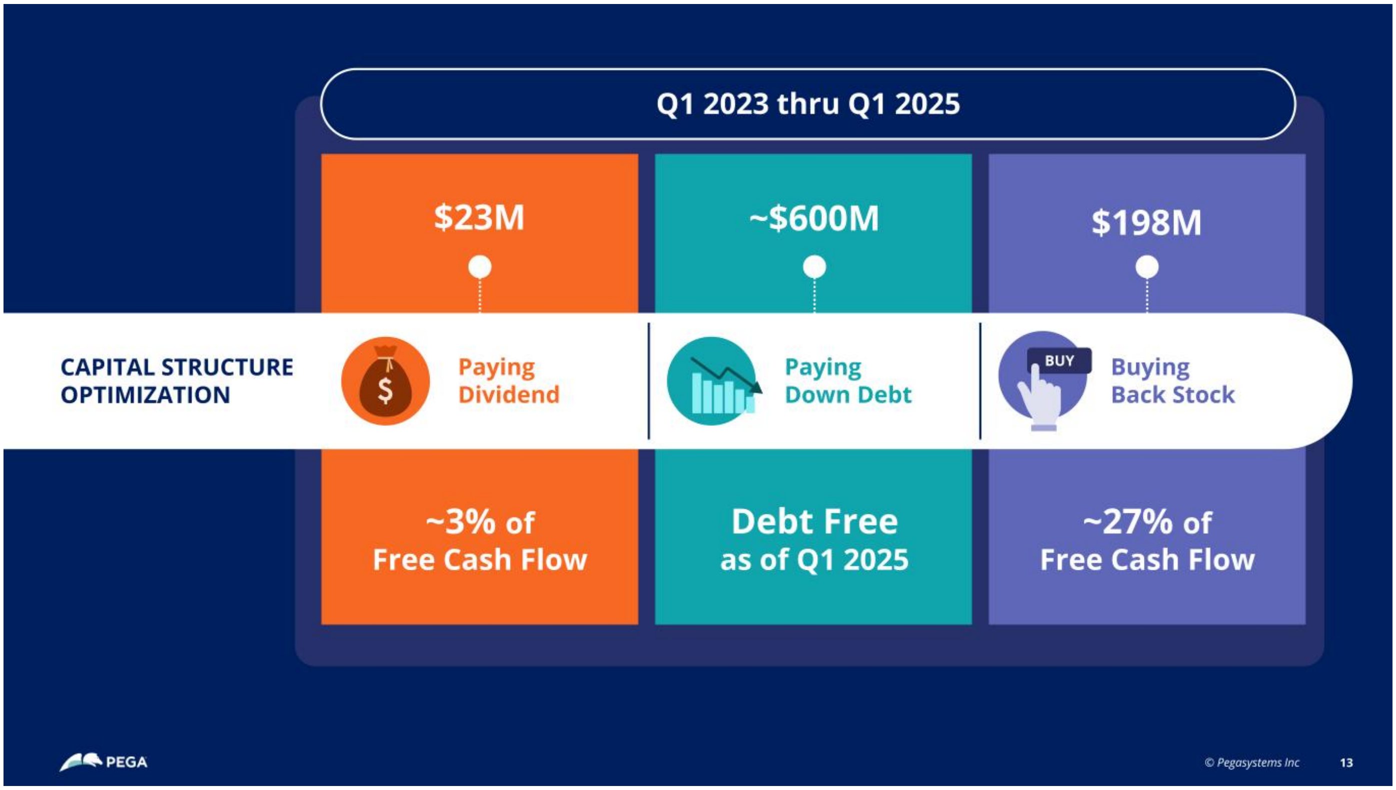
Q1 2023 thru Q1 2025
$23M
~$600M
$198M
CAPITAL STRUCTURE OPTIMIZATION
Paying Dividend
Paying Down Debt
BUY
Buying Back Stock
~3% of Free Cash Flow
Debt Free as of Q1 2025
~27% of Free Cash Flow
PEGA
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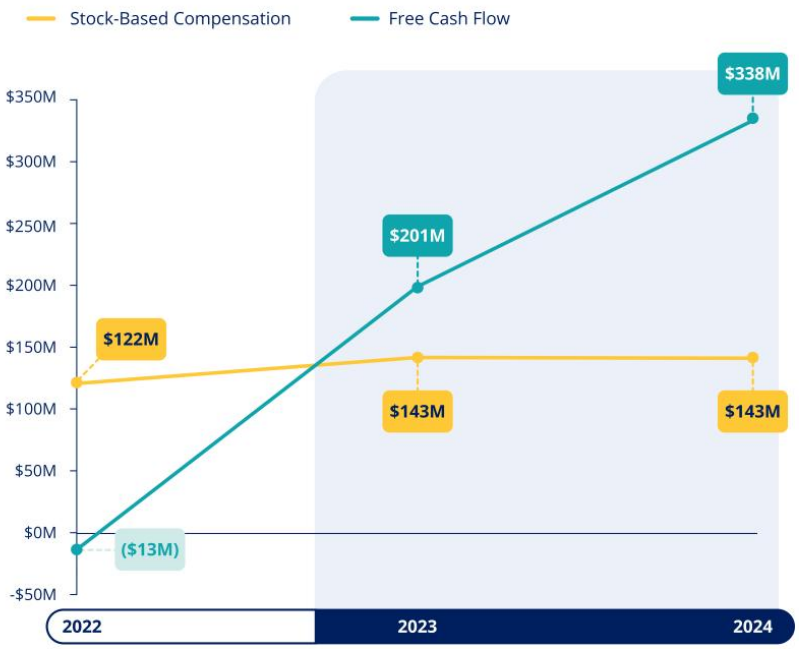
An Opportunity: Offset Dilution & Reduce Share Count



Keys to Driving Long-Term Value Creation

A durable ACV growth rate, operating leverage, and a strategic approach to capital allocation

Key Takeaways

1

Pega's GenAI Blueprint™ momentum, coupled with a large and expanding market and robust ACV growth, reinforces the **durability of Pega's growth story.**

2

The completion of the subscription transition and disciplined operational management put Pega on a **strong trajectory toward sustained profitability.**

3

A continued focus on generating free cash flow and a strategic approach to capital allocation further support **long-term valuation creation.**

Full-Year 2025 Update

(in millions, except per share amounts)

	Original 2025	Updated 2025
Revenue (GAAP and Non-GAAP)	**$ 1,600**	**$ 1,700**
Net Income - GAAP	**$ 149**	**$ 224**
Stock-based compensation	147	147
Legal Fees	25	25
Income Taxes	(32)	(29)
Net Income - Non-GAAP	$ 289	$ 367
Diluted earnings per share - GAAP	**$ 1.60**	**$ 2.41**
Non-GAAP adjustments	1.50	1.53
Diluted earnings per share - Non-GAAP	$ 3.10	$ 3.94
Diluted weighted-average number of common shares outstanding (GAAP and Non-GAAP)	**93.1**	**93.1**

Q&A

To Ask a Question...

in the
ROOM

1 **Raise your hand**

2 **Wait for the microphone**

3 **Please state your name and the firm you are with**

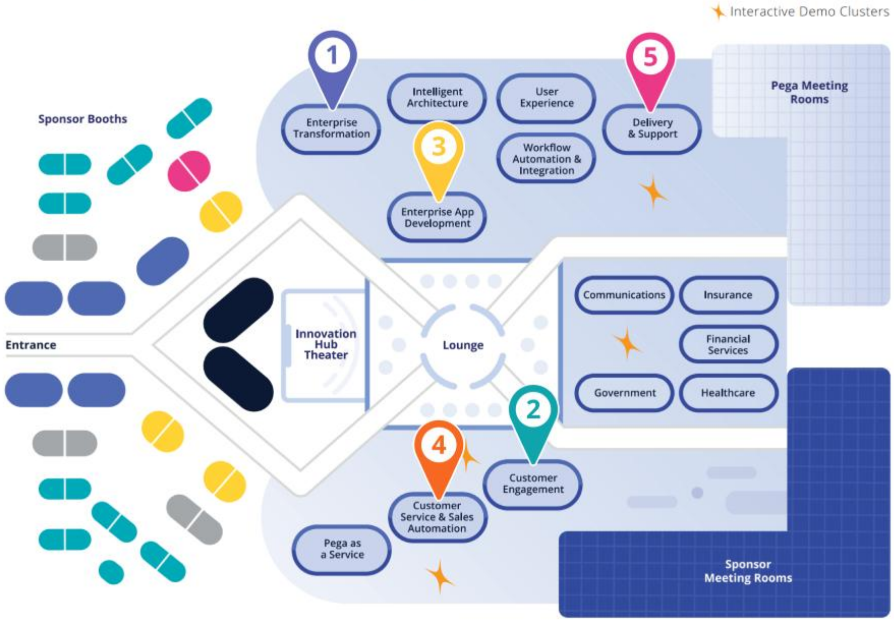
on the
PHONE

Email

pegainvestorrelations@pega.com

peter.welburn@pega.com

Innovation Hub Map



HOURS OPEN

MONDAY June 2	TUESDAY June 3
11:00 AM – 6:00 PM	11:00 AM – 6:30 PM

TOP 5 MUST-SEE ATTRACTIONS

1. **Pega Blueprint™**
Watch apps build themselves with natural language prompts.

2. **1:1 Customer Engagement Blueprint™**
Experience AI that recommends the next-best action-instantly.

3. **Infinity 25**
Test-drive the latest and smartest version of the Pega platform (experience predictable AI agents.)

4. **Customer Service Simulator**
Jump into a mock call center powered by real-time automation.

5. **Socrates AI**
Meet the assistant that helps teams think, learn, and act faster.


Definitions & Non-GAAP Reconciliations
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Appendix - Definitions

1. Rule of 40: A performance metric calculated by adding the annual contract value ("ACV") growth rate and the free cash flow margin. We also provide a table of supplemental information of other items that affected our cash flows and Rule of 40 achievement within the appendix of this presentation.
2. Supplemental Information:
   a. Litigation settlement, net of recoveries: Cost to settle litigation, net of insurance recoveries, arising from proceedings outside the ordinary course of business. See "Note 20. Commitments And Contingencies" in Item 8 of our Annual Report filed on Form 10-K for the year ended December 31, 2024 and our other SEC filings for further information;
   b. Restructuring: Restructuring fluctuates in amount and frequency and is significantly affected by the timing and size of our restructuring activities;
   c. Legal fees: Legal and related fees arising from proceedings outside the ordinary course of business;
   d. Interest on convertible senior notes: In February 2020, we issued convertible senior notes (the "Notes"), due March 1, 2025, in a private placement. The Notes accrued interest at an annual rate of 0.75%, paid semi-annually in arrears on March 1 and September 1. The outstanding Notes were repaid in their entirety at maturity;
   e. Other: Fees related to capital advisory services, canceled in-person sales and marketing events, and incremental costs incurred integrating acquisitions;
   f. Income taxes: Direct income taxes paid net of refunds received.
3. Annual Contract Value ("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.
4. Free Cash Flow: is defined as cash provided by operating activities less investment in property and equipment. Investment in property and commitment fluctuates in amount and frequency and is 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. A reconciliation of cash provided by operating activities to free cash flow is within the appendix of this presentation.
5. Free Cash Flow Margin: is calculated by comparing the respective free cash flow to total revenue.
6. Non-GAAP Gross Margin: is defined as GAAP gross margin less the impacts of stock-based compensation. 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.
7. Non-GAAP Sales and Marketing Expense: is defined as GAAP sales and marketing expense less the impact of stock-based compensation. 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. The related margin is expressed as a percentage of total revenue for the respective periods.
8. Non-GAAP Research and Development Expense: is defined as GAAP research and development expense less the impact of stock-based compensation. 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. The related margin is expressed as a percentage of total revenue for the respective periods.

GAAP to Non-GAAP Margin Reconciliation

	Year Ended December 31, 2022	2023	2024	Target 2027/2028
Gross Margin % - GAAP	**72%**	**74%**	**74%**	**77%**
Stock-Based Compensation	2%	2%	2%	3%
Gross Margin % - Non-GAAP	**74%**	**76%**	**76%**	**80%**
Sales and Marketing % - GAAP	**47%**	**39%**	**36%**	**34%**
Stock-Based Compensation	(4)%	(4)%	(4)%	(4)%
Sales and Marketing % - Non-GAAP	**43%**	**35%**	**32%**	**30%**
Research and Development % - GAAP	**22%**	**21%**	**20%**	**19%**
Stock-Based Compensation	(2)%	(3)%	(2)%	(2)%
Research and Development % - Non-GAAP	**20%**	**18%**	**18%**	**17%**

Free Cash Flow Reconciliation

(in millions, except percentages)	Year Ended December 31, 2022	2023	2024	Target 2028
Cash flows provided by operating activities	$ 22	$ 218	$ 346	$ 715
Investment in property and equipment	(35)	(17)	(8)	(15)
Free Cash Flow	$ (13)	$ 201	$ 338	$ 700
Margin, as a percentage of Total Revenue:				
Operating Cash Flow Margin	2%	15%	23%	
Investment in property and equipment	(3)%	(1)%	—%	
Free Cash Flow Margin	(1)%	14%	23%	

Rule of 40 Reconciliation

(in millions, except percentages)	2022			2023			2024		
			Growth			**Growth**			**Growth**
ACV (Constant Currency)	$	1,153	15%	$	1,244	11%	$	1,395	11%
			Margin			**Margin**			**Margin**
Free Cash Flow	$	(13)	(1)%	$	201	14%	$	338	23%
Supplemental Information									
Litigation settlement, net of recoveries	$	—		$	—		$	32	
Restructuring		—			29			5	
Legal fees		42			15			16	
Interest on convertible senior notes		5			4			4	
Other		7			1			—	
Income taxes		8			12			82	
	$	61		$	60		$	140	
Effect of supplemental information to Rule of 40 achievement			5 %			4 %			9 %
Rule of 40 achievement			**19%**			**29%**			**43%**

Table column header "Year Ended December 31," spans 2022–2024.

Reconciliation of ACV and ACV (Constant Currency)

(in millions)	December 31, 2022		December 31, 2023		December 31, 2024	
ACV (As Reported)	**$**	**1,126**	**$**	**1,255**	**$**	**1,372**
Impact of changes in foreign exchange rates		27		(11)		23
ACV (Constant Currency)	**$**	**1,153**	**$**	**1,244**	**$**	**1,395**