

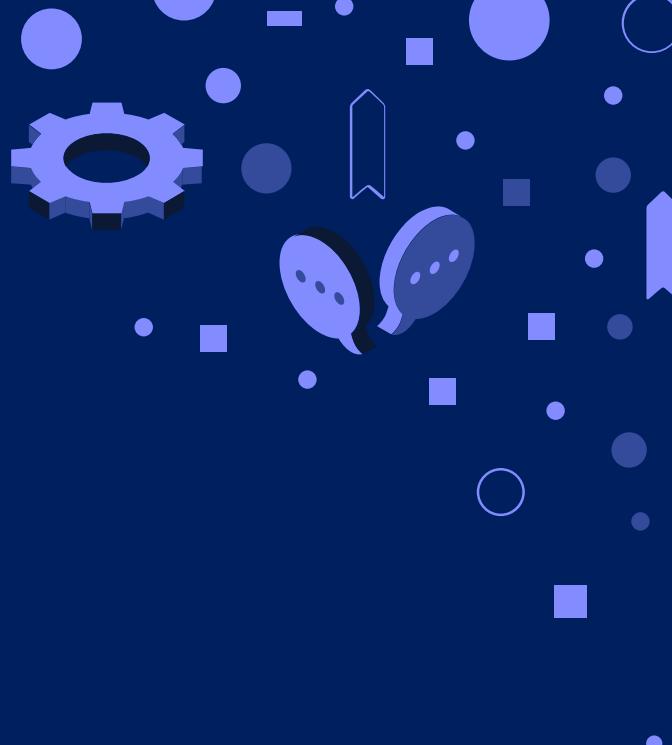


# Pegasystems Investor Presentation Q4 2025

NASDAQ: PEGA

[pegainvestorrelations@pega.com](mailto:pegainvestorrelations@pega.com)

February 10, 2026



## Safe Harbor Statement

Certain statements in this presentation may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, including the size of the current and future market opportunity, growth of the business, and our 2026 guidance. Words such as expects, anticipates, intends, plans, believes, will, could, should, estimates, may, targets, strategies, intends to, projects, positions, 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 our results to differ materially from those expressed in forward-looking statements include unanticipated changes in the market for the our products and services, our future financial performance and business plans, the successful execution of investments in artificial intelligence, variation in demand for our products and services, reliance on key personnel, our client retention rate, the timing of revenue recognition, management of our growth, and other factors listed in our press release announcing our Q4 2025 results and in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2025 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 February 10, 2026.

## 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. Management uses these measures to assess the performance of the company's operations and establish operational goals and incentives. They are not a substitute for financial measures prepared under U.S. GAAP. Constant currency measures are calculated by applying the December 31, 2024 foreign exchange rates to current period shown. Reconciliations of GAAP and non-GAAP measures are in our press release announcing our Q4 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 we make no representations as to the accuracy of such information. We have 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

# The future belongs to the Autonomous Enterprise

## Our vision

To change the way the world builds software to reimagine AI transformation

## Our software

AI-powered platform that accelerates enterprise transformation

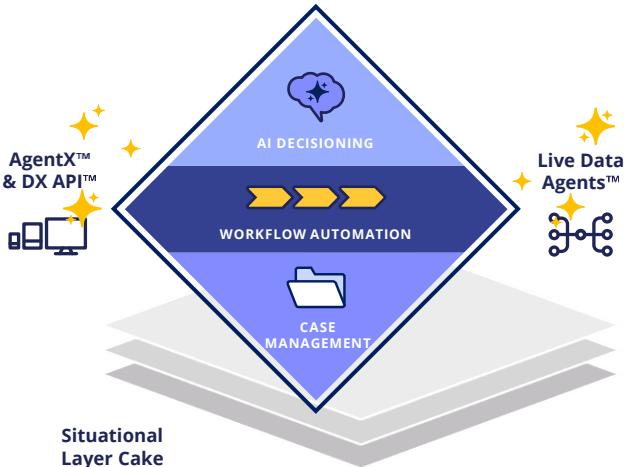
## What we do

Accelerate transformation with Pega Blueprint™ and Predictable AI™



# Pega Infinity™

Software built on a Center-out® agent architecture



## Industry solutions



## Business solution

### 1:1 Customer Engagement

Drive more growth and retention with real-time AI to deliver next-best actions, orchestrate customer journeys, and optimize engagement across channels to improve outcomes and maximize enterprise value.

Pega Customer Decision Hub™

### Customer Service

Enhance customer satisfaction and reduce costs with AI-powered case management automation and journey orchestration to streamline processes, improve responsive, and drive efficient resolutions.

Pega Customer Service™  
Pega Sales Automation™

### Workflow Automation

Increase operational efficiency and reduce costs by automating workflows end-to-end with AI-powered orchestration, low-code tools, and unified data to streamline processes, improve agility, and drive fast deployment.

Pega Platform™  
Pega RPA™

### Legacy Transformation

Accelerate enterprise modernization and eliminate costs by retiring legacy systems fast with AI-driven analysis and low-code automation to redesign workflows, integrate operations, and deploy cloud solutions.

Pega Platform™  
Pega Blueprint™

Pega Blueprint™

Pega Cloud®



# The world's leading enterprise-scale organizations

They are using Pega to connect workflows and interactions across the customer lifecycle



## Communications service providers

- 1:1 customer engagement
- Customer service
- Order management
- Network operations
- Shared services
- Sales management



## Financial services

- 1:1 customer engagement
- Onboarding & KYC
- Lending
- Customer service
- Operations
- Payment exceptions
- Financial crime



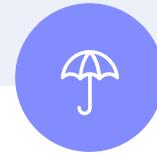
## Government

- Acquisition & supply chain modernization
- Citizen service
- Enterprise modernization
- Investigative case management
- Grants & financial management
- Licensing
- Customer engagement



## Healthcare

- Customer engagement
- Onboarding & enrollment
- Customer service
- Claims
- Operations
- Care management services



## Insurance

- Personalized engagement
- High performing sales
- Carrier distribution management
- Underwriting automation
- Service excellence
- Claims optimization

# Driving growth and free cash flow



**Founded:** 1983  
**HQ:** Waltham, MA  
**Employees:** 5,000+

## Q4 2025

**14%**

ACV Growth  
(in constant currency)<sup>(1)</sup>

**28%**

Pega Cloud ACV Growth  
(in constant currency)<sup>(1)</sup>

**\$491M**

FY25  
Free Cash Flow <sup>(2)</sup>

(1) Constant currency change since December 31, 2024.

(2) Our non-GAAP free cash flow is defined as cash provided by operating activities less investment in property and equipment. Investment in property and equipment fluctuates in amount and frequency and is significantly affected by the timing and size of investments in our facilities and equipment. 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.

# Key investment highlights

- Growing enterprise software company, with a view towards a **\$150B+ market opportunity**
- **Large enterprise client base in key verticals:** Communications service providers, financial services, government, healthcare, and insurance
- A proven **technology leader** in AI decisioning and business orchestration and automation
- **Mission critical** to our clients
- Managing the business with a **Rule of 40** mindset



# Solution overview

# Enterprises accelerate their transformation with Pega Blueprint™ and Predictable AI™

Reimagine and replace brittle technology on a pragmatic, powerful platform architected for AI, agents, and automation

## TRANSFORM **Legacy**

Cut costs, reduce risk, unlock data & innovation



**GO-LIVE in 40 HOURS**

## TRANSFORM **Operations**

Boost efficiency 45%+



**FROM 1 DAY to <3 SECs**

## TRANSFORM **Service & Sales**

Save \$10Ms & raise satisfaction



**30%+ NPS GAINS**

## TRANSFORM **Personalization**

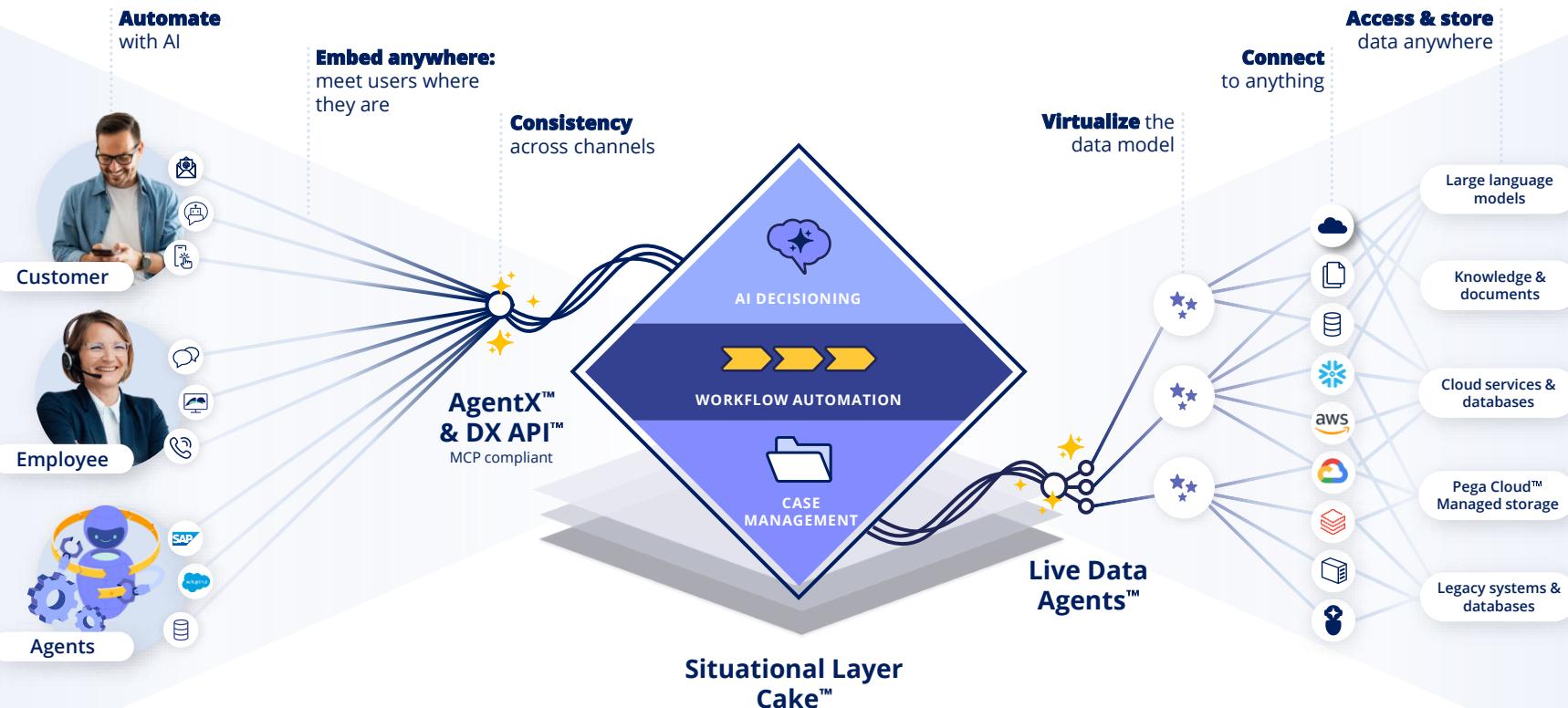
Generate \$200M incremental revenue yearly



**10x CONVERSION**

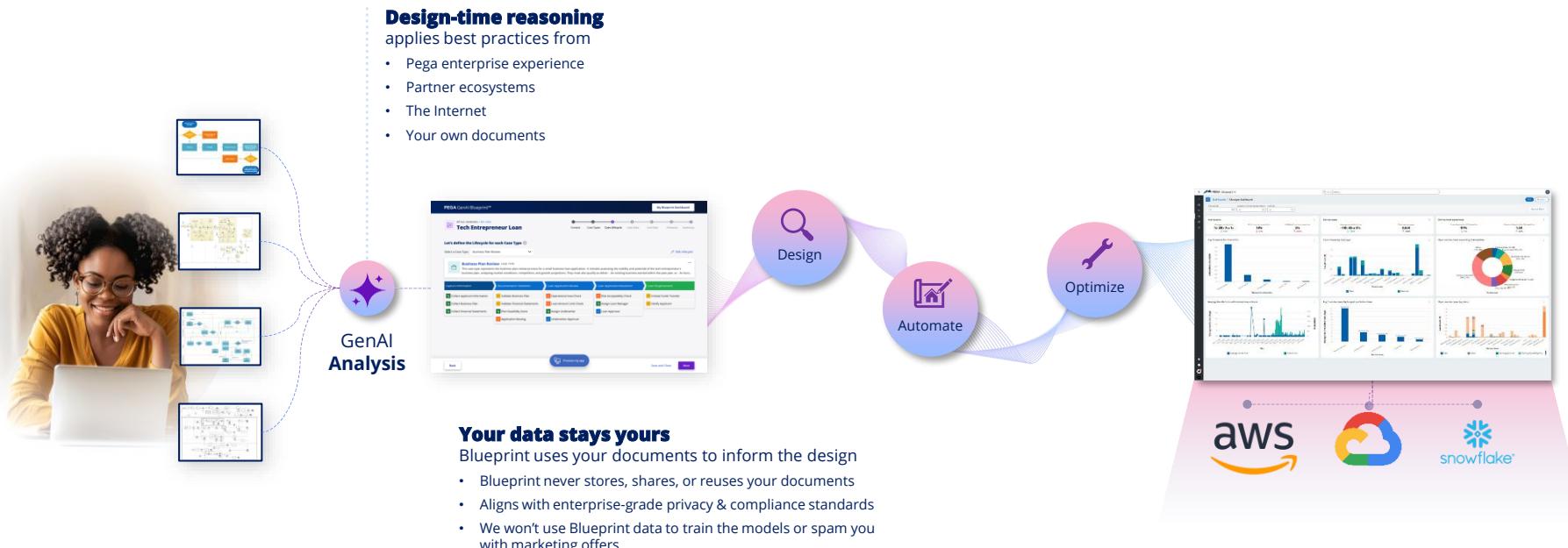
# Center-out® Agent Architecture

Orchestrate AI agents, workflows, and decisions to accelerate enterprise transformation



## Reimagine your AI transformation journey with a Blueprint

Securely build smarter, more automated workflows – all integrated with best-practices



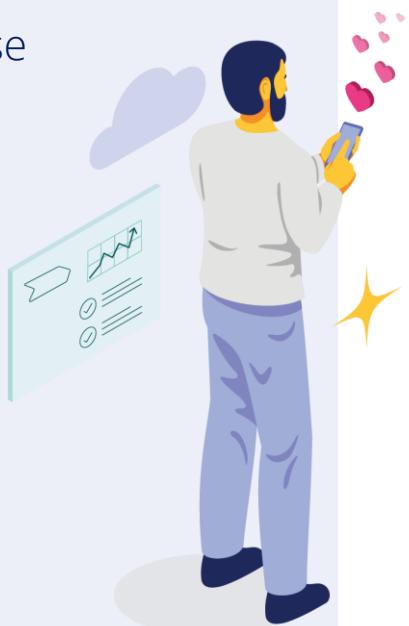
## Rapid discovery

## Optimize workflows, fast

## Unlock data to the cloud

# Analyst firms recognize Pega as a leader

for our AI-powered  
platform for enterprise  
transformation



**The Forrester Wave™**  
AI Decisioning Platforms, Q2 2025

**The Forrester Wave™**  
Real-Time Interaction Management, Q4 2025

**The Forrester Wave™**  
CRM Software, Q1 2025

**2025 Gartner® Magic Quadrant™**  
for Business Orchestration and Automation  
Technologies

**2025 Gartner® Magic Quadrant™**  
for Process Mining Platforms

**The Forrester Wave™**  
Digital Process Automation Software, Q3 2025

# 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 the world's largest enterprises

## Legacy transformation

CIO / IT Leaders

**Reduce maintenance costs, improve resiliency, innovate for better efficiency & experiences** with an AI-led approach to legacy transformation that enables clients to retire legacy apps – reimaging business processes as modern, cloud-native workflow applications + moving data to the cloud.

Modernization | Integration | Scale Total Cost of Ownership (TCO)

## Workflow automation

COO / Operations Leaders

**Enhance efficiency, improve customer experience & boost employee productivity** with intelligent automation that transforms workflows into streamlined, automated processes that are connected and orchestrated end-to-end.

Efficiency | Cost reduction  
Speed | Resilience | Risk

## Customer service

CXO / Contact Center Leaders

**Deliver efficient, personalized experiences** with end-to-end workflow automation that drives consistency and empowers customers to self-solve – implementing incrementally from one low-code platform.

Net Promoter Score | AHT  
Cost reduction | Self-service

## Customer engagement

CMO / Marketing Leaders

**Optimize Customer Lifetime Value (CLV)** with an *always-on brain* for the business that unifies data, analytics, and channels into a single connected experience – to build meaningful customer centricity into how they engage while also driving growth.

Personalization | Growth  
Retention | Acquisition

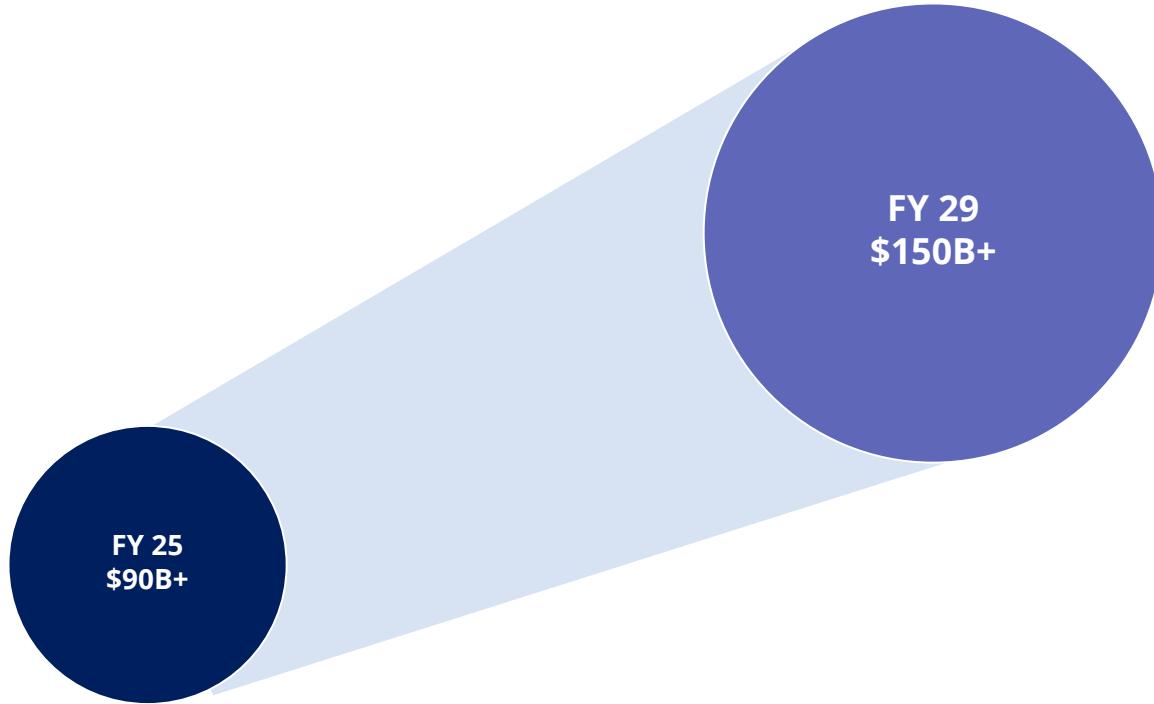
# Financial details

# Financial outlook

- Massive market opportunity
- Subscription journey
- Recurring model
- Margin expansion opportunities



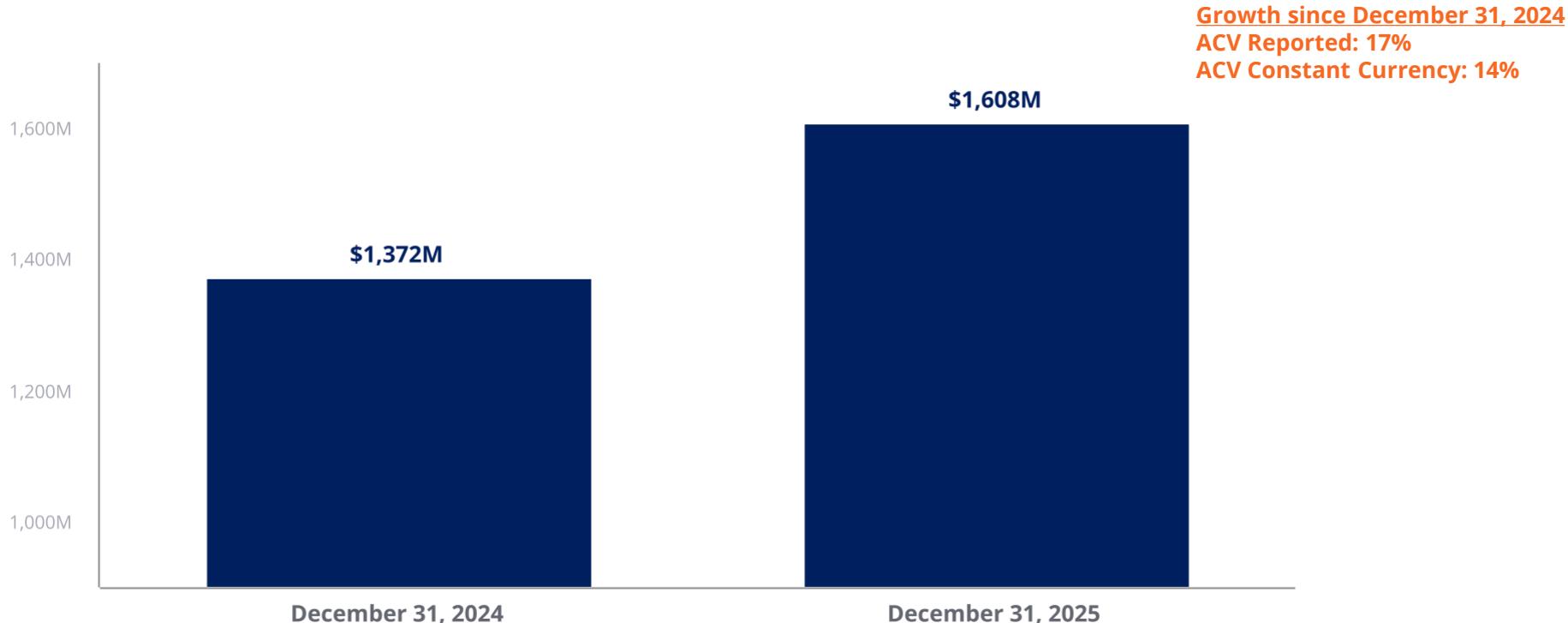
# Pursuing a massive market opportunity in platform & CRM



# Evolution of our subscription journey

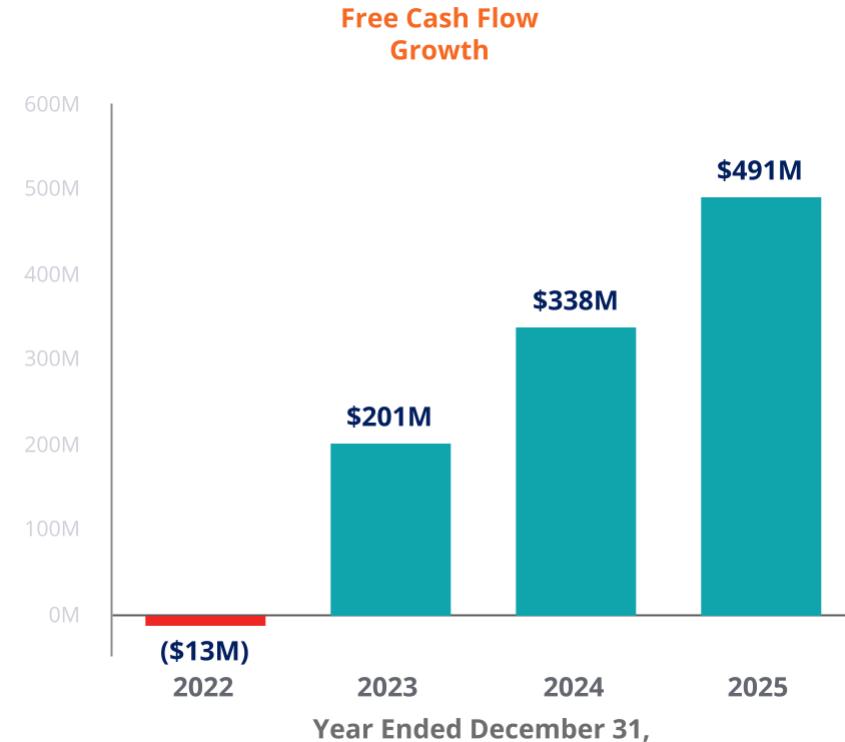
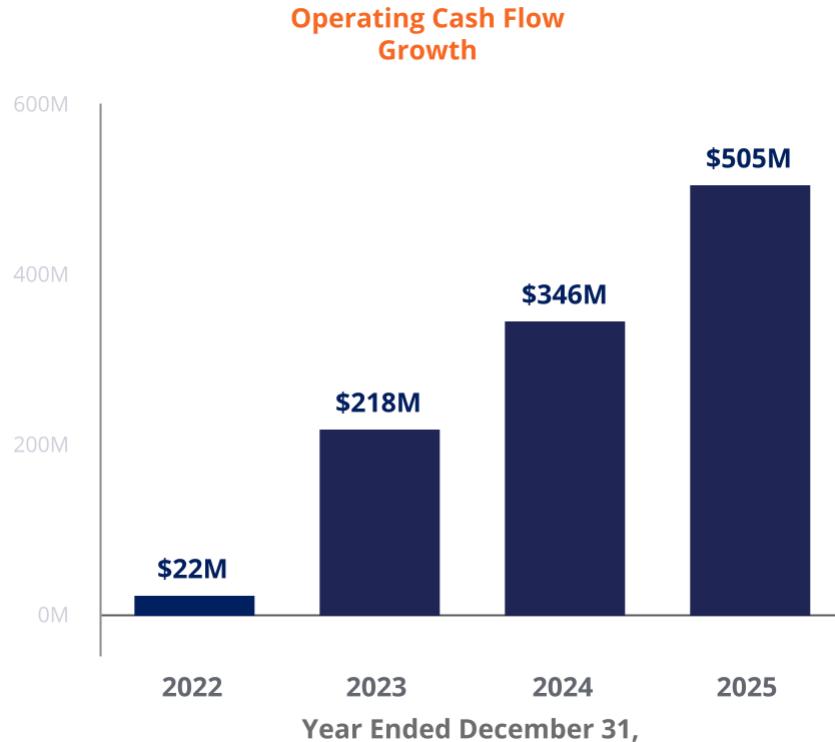


# Recurring subscription model: Annual Contract Value (ACV) as reported



*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.*

# Cash flow growth



Note: For additional information refer to explanatory notes on slide [37](#)

# 2026 guidance

As of February 10, 2026, we are providing the following guidance:

Year Ended December 31, 2026	
Annual contract value growth	15%

Year Ended December 31, 2026		
	GAAP	Non-GAAP
Revenue	\$2.0 Billion	\$2.0 Billion
Diluted earnings per share	\$1.87	\$2.75

Year Ended December 31, 2026	
Cash provided by operating activities	\$595 Million
Free cash flow	\$575 Million

*Note: See a reconciliation of our GAAP to Non-GAAP guidance on slide [38](#)*

# What this all means

Striving to build a growing, recurring business to drive increased value

Sustain growth

While expanding margins

And increasing cash flow

To drive shareholder value

## With a view towards:

- Continuing our technology leadership
- Improving sales productivity
- Executing our target organization go-to-market strategy
- Driving ACV growth
- Leveraging Pega Cloud
- Rule of 40 driven
- Balancing growth & margin
- Returning capital to shareholders



# 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

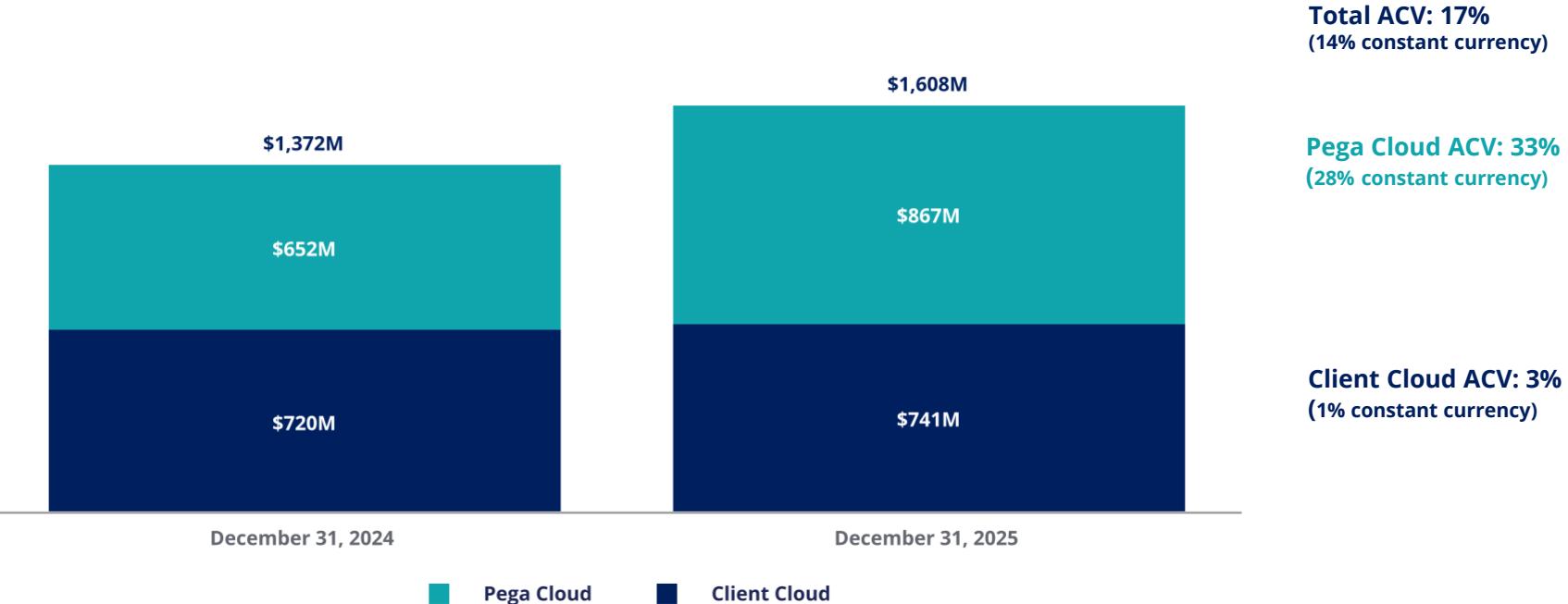


<https://www.pegacom/corporate-social-responsibility>

# Reported ACV:

Pega Cloud ACV up 33% as reported

Growth since December 31, 2024

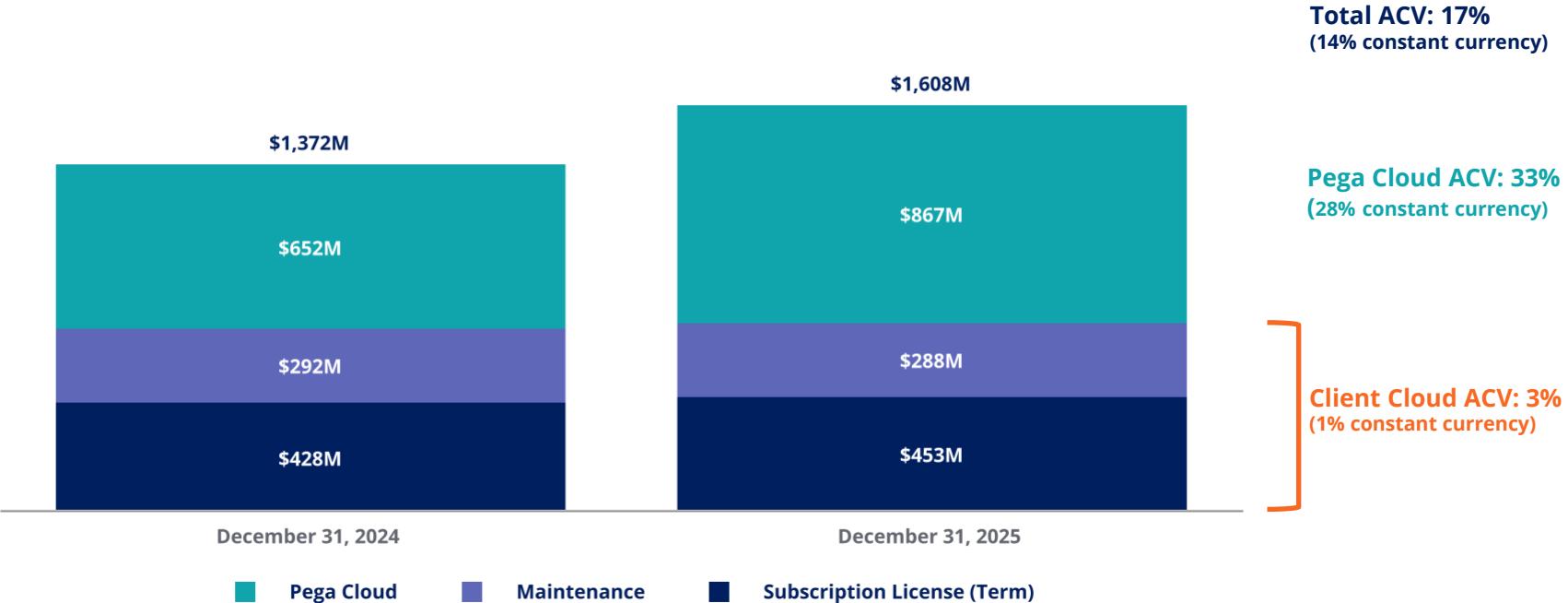


*ACV represents the annualized value of our active contracts as of the measurement date. The contract's total value is divided by its duration in years to calculate ACV. ACV is a performance measure that we believe provides useful information to our management and investors.*

# Reported ACV:

Pega Cloud, maintenance, and subscription license (term) as reported

Growth since December 31, 2024

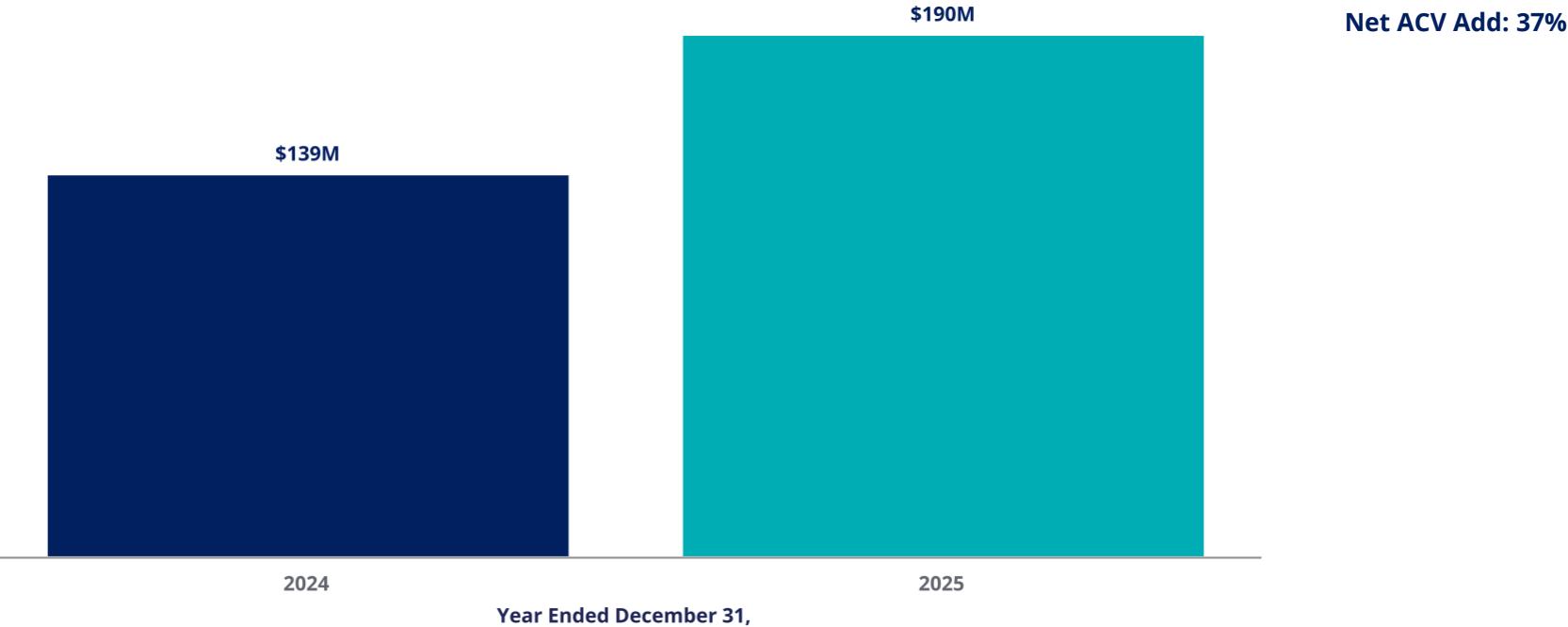


ACV represents the annualized value of our active contracts as of the measurement date. The contract's total value is divided by its duration in years to calculate ACV. ACV is a performance measure that we believe provides useful information to our management and investors.

# 2025 net ACV add is \$190M, an increase of 37% over 2024

Constant currency ACV using December 31, 2024 rates

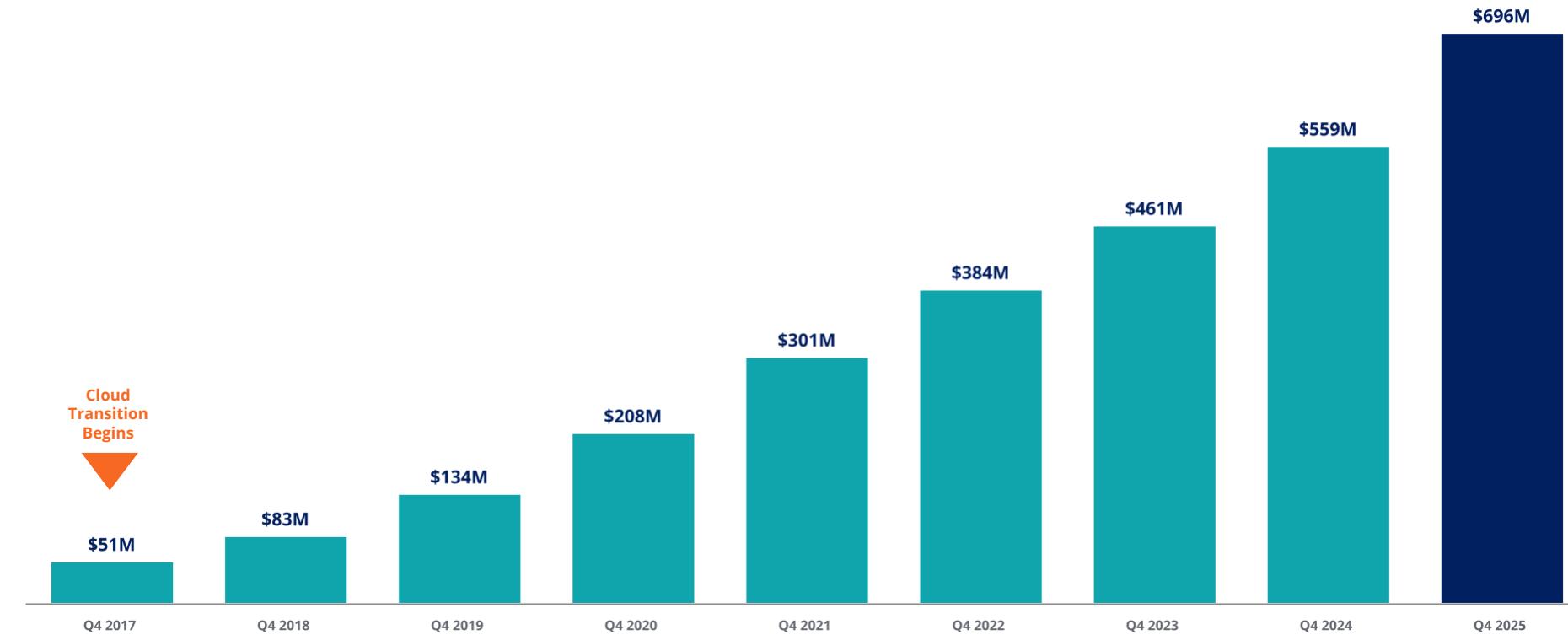
Growth since December 31, 2024:



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.

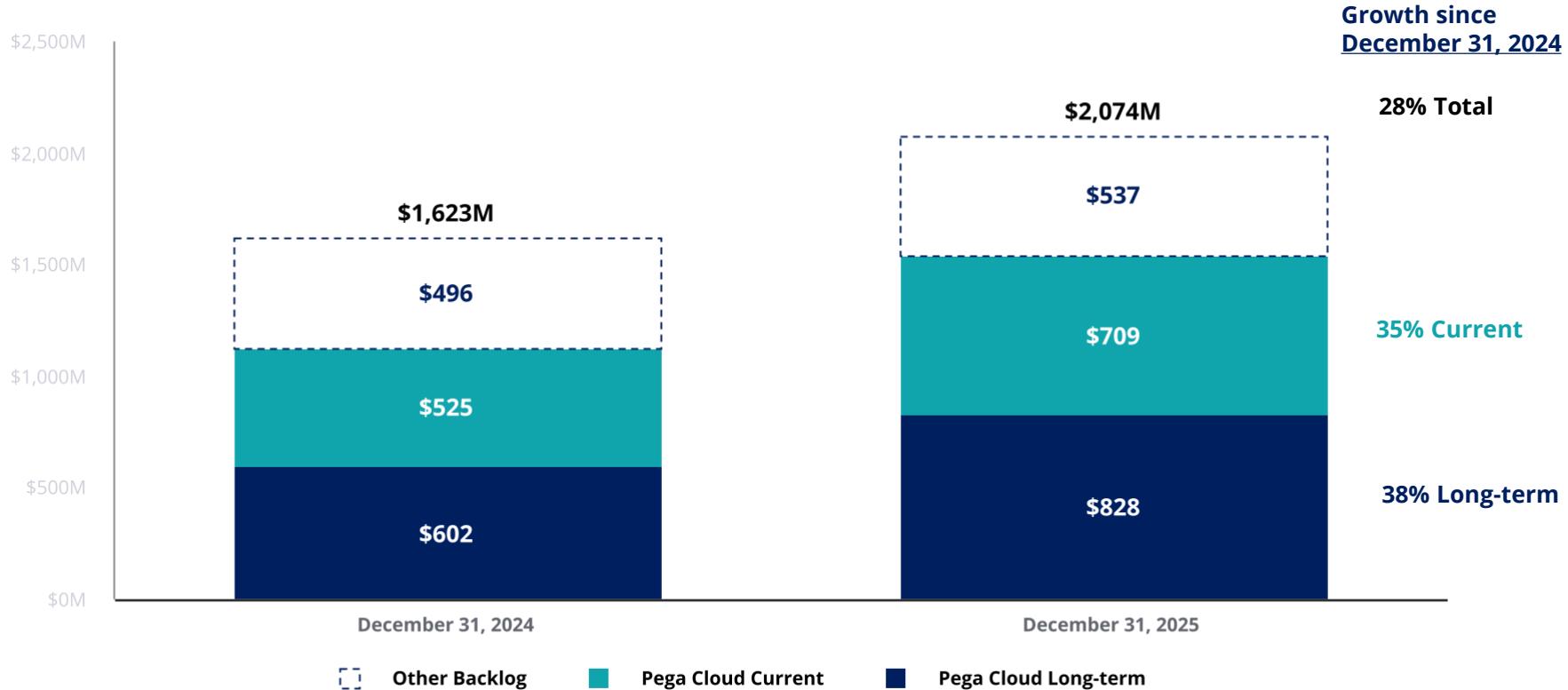
# Pega Cloud revenue

Trailing 12 months



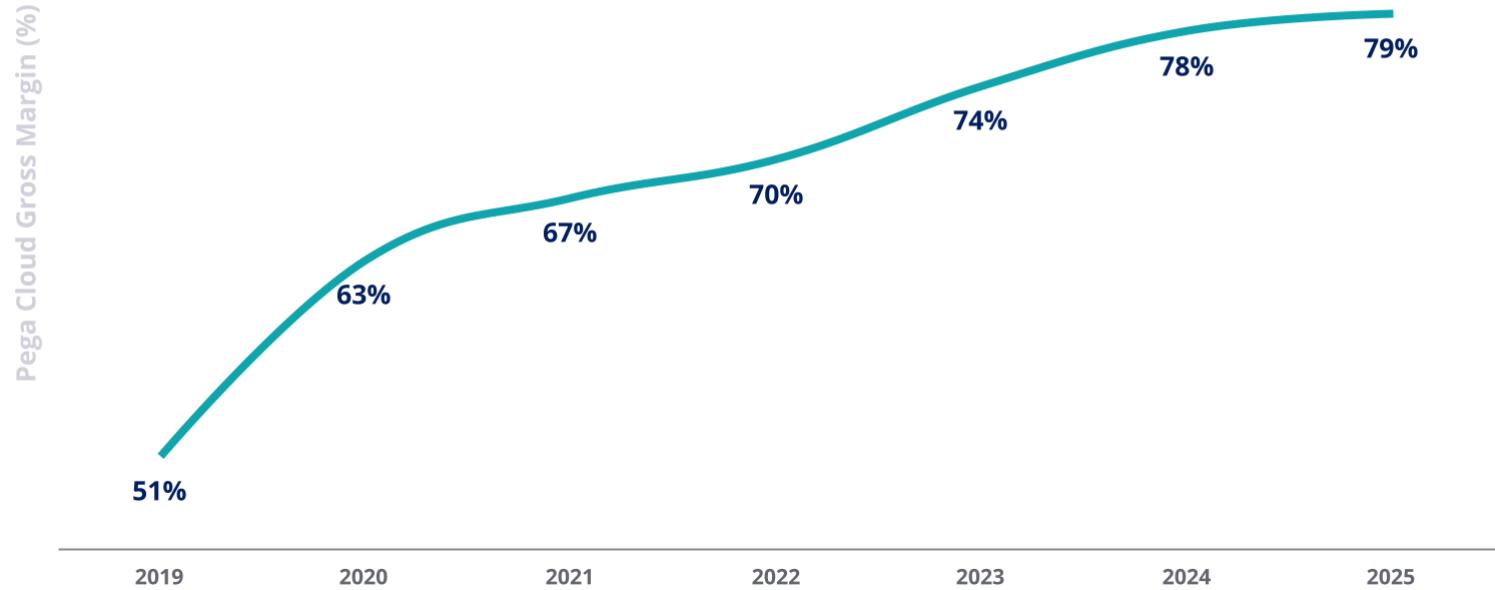
# Pega backlog:

Pega Cloud backlog up 36% & represents 74% of total backlog as reported



# Pega Cloud gross margin

Pega Cloud gross margin has improved over time



# Operating and free cash flow reconciliation

(dollars in thousands)

## Cash provided by operating activities

Investment in property and equipment

Free cash flow <sup>(1)</sup>

	Year Ended December 31,			
	2025	2024	2023	2022
\$ 505,227	\$ 345,926	\$ 217,785	\$ 22,336	
(14,504)	(7,712)	(16,781)	(35,379)	
<b>\$ 490,723</b>	<b>\$ 338,214</b>	<b>\$ 201,004</b>	<b>\$ (13,043)</b>	

## Supplemental information <sup>(2)</sup>

Litigation settlement, net of recoveries

\$ — \$ 32,403

Legal fees

35,484 16,197

Restructuring

2,056 5,252

Interest paid on convertible senior notes

1,754 3,810

Income taxes, net of refunds

21,630 82,317

\$ 60,924 \$ 139,979

(1) Our non-GAAP free cash flow is defined as cash provided by operating activities less investment in property and equipment. Investment in property and equipment fluctuates in amount and frequency and is significantly affected by the timing and size of investments in our facilities and equipment. 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.

(2) The supplemental 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.

- **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, 2025 and prior filings for further information.
- **Legal fees:** 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 (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.
- **Income taxes, net of refunds:** Direct income taxes paid net of refunds received.

# Net income and EPS guidance reconciliation

(in millions, except per share amounts)

## Net Income - GAAP

	<b>2026</b>
	<b>\$</b>
Stock-based compensation	344
Legal fees	158
Income taxes	30
	<hr/>
Net Income - Non-GAAP	(26)
	<hr/>
	<b>\$</b>
	<b>506</b>

## Diluted earnings per share - GAAP

	<b>1.87</b>
	<b>\$</b>
Non-GAAP adjustments	0.88
	<hr/>
Diluted earnings per share - non-GAAP	2.75
	<hr/>

## Diluted weighted-average number of common shares outstanding (GAAP and Non-GAAP)

184

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.
- Legal fees: Legal and related fees arising from proceedings outside the ordinary course of business. 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 operational performance.
- Income taxes: Our GAAP effective income tax rate is subject to significant fluctuations due to several factors, including our stock-based compensation plans, and research and development tax credits. We determine our non-GAAP income tax rate using applicable rates in taxing jurisdictions and assessing certain factors, including historical and forecasted earnings by jurisdiction, discrete items, and 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 tax rate volatility.

# Free cash flow guidance reconciliation

(in millions)

Cash provided by operating activities  
Investment in property and equipment  
Free cash flow

	<b>2026</b>
Cash provided by operating activities	\$ 595
Investment in property and equipment	(20)
<b>Free cash flow</b>	<b>\$ 575</b>

*Supplemental information*

Legal fees  
Restructuring  
Litigation settlement, net of recoveries  
Income taxes <sup>(1)</sup>

Legal fees	\$ 30
Restructuring	12
Litigation settlement, net of recoveries	10
Income taxes <sup>(1)</sup>	63
<b>(1) Evolving U.S. tax legislation may impact the amount of tax payments.</b>	<b>\$ 115</b>