



Investor Session

2026

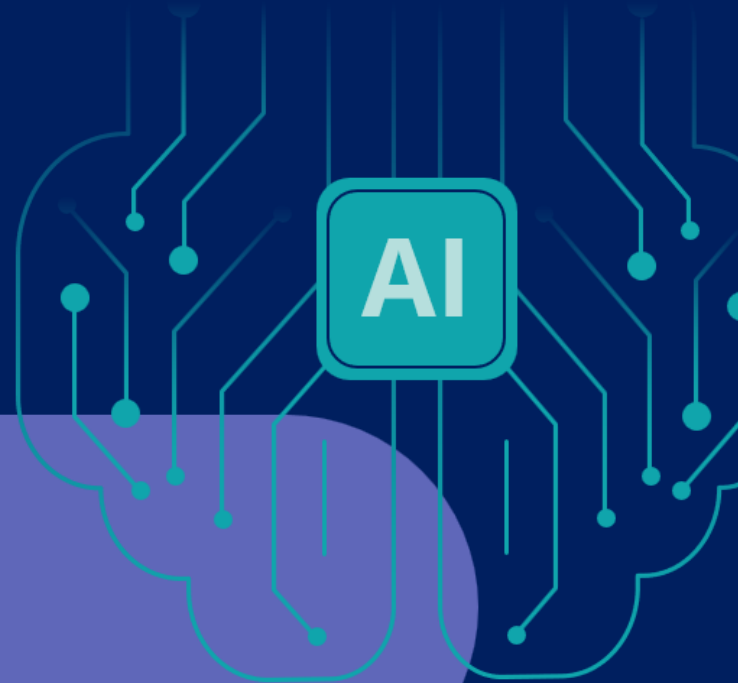
June 8, 2026

KEN STILLWELL

COO & CFO

PETER WELBURN

VP, Corporate Development &
Investor Relations



KEN STILLWELL | COO & CFO

Financial Update

Blueprint long-term momentum in free cash flow

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, opportunities, targets, strategies, intends to, projects, forecasts, guidance, likely, and usually or variations of such words and other similar expressions identify forward-looking statements, including the projections of future free cash flow, ACV growth, and capital return contained in this presentation. 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 include our ability to execute on our strategy, the success of our investments in our technology and business including artificial intelligence, competitive pressures, our ability to grow our business and revenues, and the factors described in the Company's press release announcing its Q1 2026 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, 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 June 8, 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. They are not a substitute for financial measures prepared under U.S. GAAP. Constant currency measures are calculated by applying the Q1 2025 foreign exchange rates to all periods shown. Reconciliations of GAAP and non-GAAP measures are in the Company's press release announcing its Q1 2026 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.



in the
ROOM

To Ask a Question...

on the
PHONE



- 1 Raise your hand
- 2 Wait for the microphone
- 3 Please state your name and the firm you are with

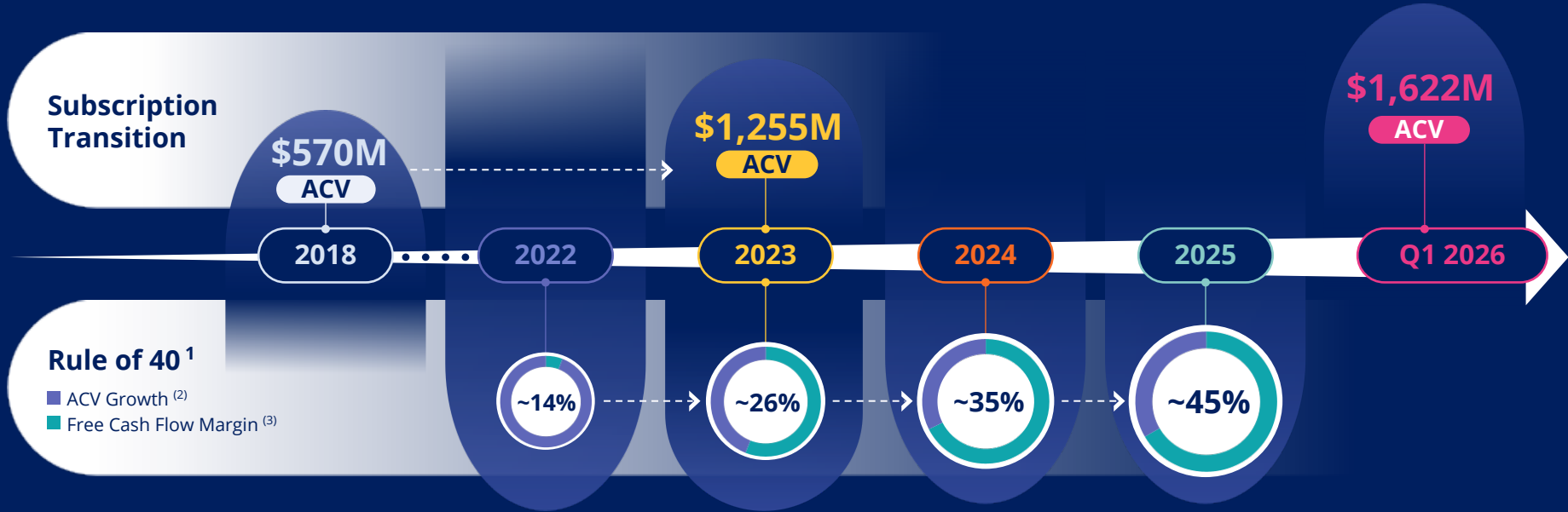
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We've Transformed Our Business Model

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.

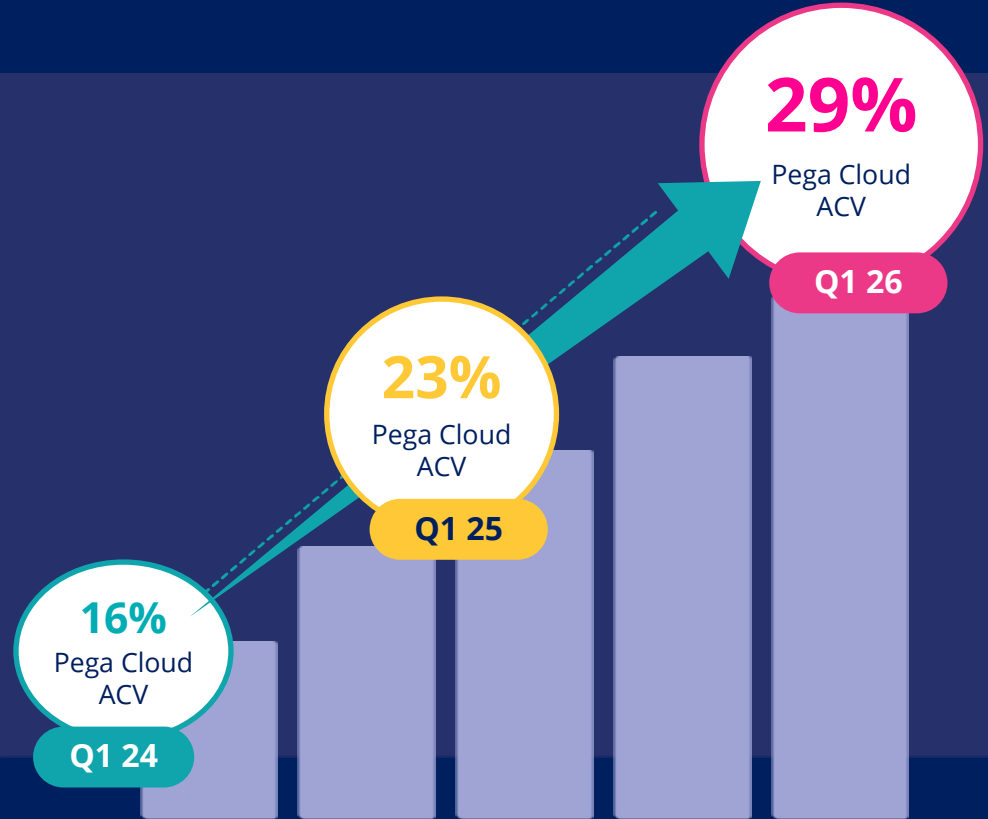
(2) ACV represents the annualized value of our active contracts as of the measurement date. The contract's total value is divided by its duration in years to calculate ACV. ACV is a performance measure that we believe provides useful information to our management and investors.

(3) Our free cash flow is defined as cash provided by operating activities less investment in property and equipment. Investment in property and equipment 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 ACV in constant currency.

ACV Growth Driven by Pega Cloud

As reported

Pega Cloud ACV Growth Accelerated from **16%** in Q1 of 2024 to **29%** in Q1 of 2026 year over year



We Have Several
Levers to Deliver
Durable ACV Growth

Pega Blueprint AI

A

Significant Expansion Opportunity

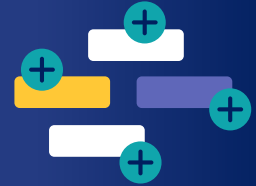
Cross-sell & upsell into the base



B

New Logos

Win new clients with Blueprint



C

Pega Cloud Growth Acceleration

Capturing new workloads & new logos



Trending Pipeline Data

Total Pipeline (\$M)



Year-over-year growth in
TOTAL PIPELINE



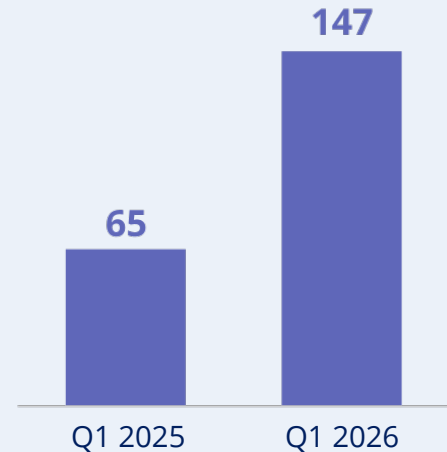
New Logos Pipeline (\$M)



Year-over-year growth in
NEW LOGOS



of New Logos with Pipeline



A Mission-Critical Platform with Competitive Advantages

Superior Product Features

Facilitating thousands of mission-critical workflows

01

Trust & Governance by Design

Enables auditability and policy enforcement required in regulated industries

02

Built for Change

Clients evolve workflows and decisioning over time without costly re-platforming

03

Deep Industry Specialization

Purpose built for highly regulated industries

04

System of Coordination for AI

Controls processes, data, and agents across the enterprise

05



And Our Margins Have Been Improving Over Time

Progress against long-term financial model

% of revenue

Gross Margin



80%

74%

76%

76%

77%

Sales & Marketing



30%

43%

35%

32%

30%

Research & Development



17%

20%

18%

18%

16%

Operating Margin



6%

19%

22%

28%

TARGETS for 2027/2028

Targets announced in 2023

2022

2023

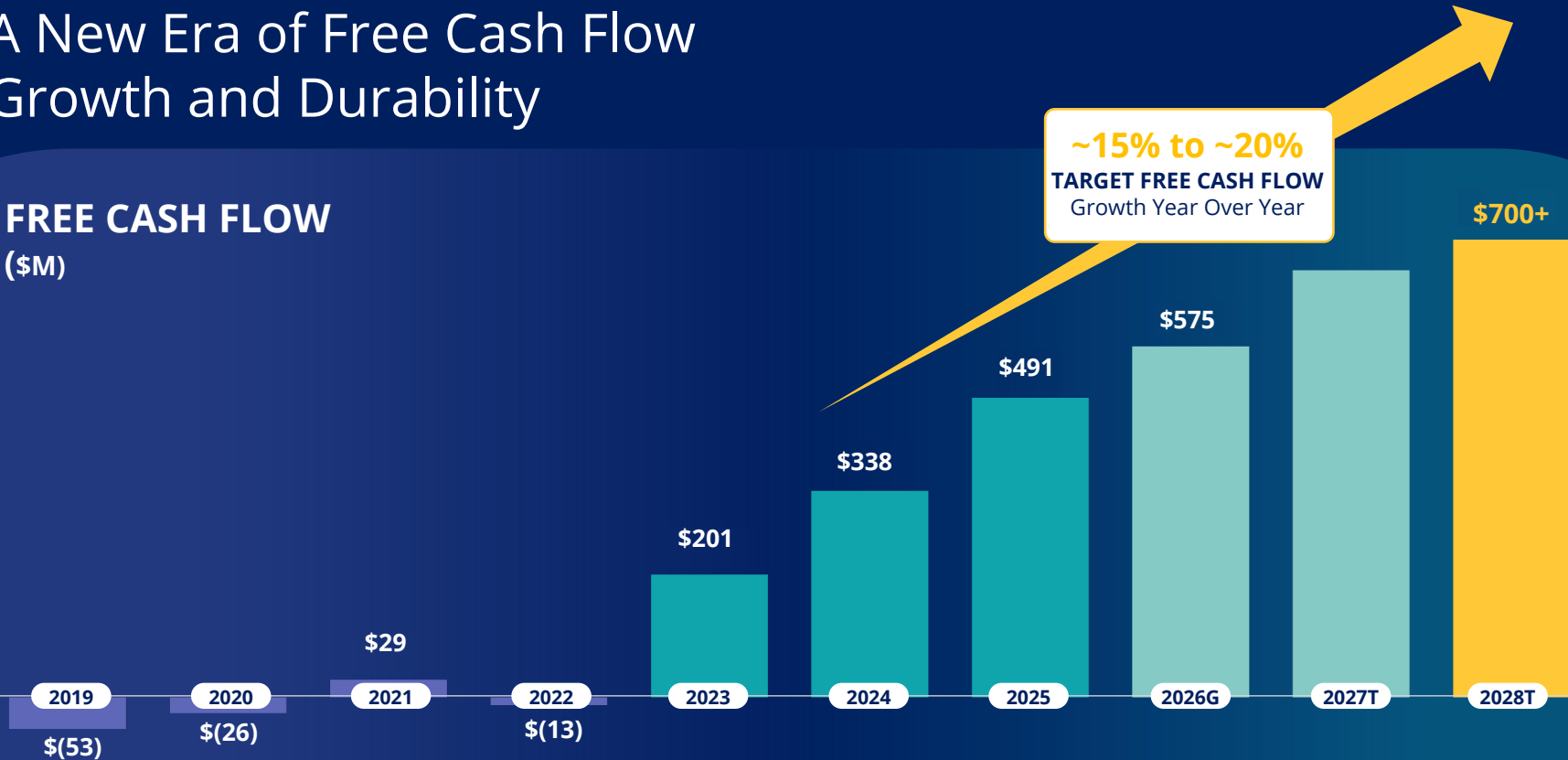
2024

2025

LONG-TERM MODEL TIMELINE

A New Era of Free Cash Flow Growth and Durability

FREE CASH FLOW (\$M)



SUBSCRIPTION TRANSITION

DURABLE CASH FLOW: Defining Pega's Next Chapter

Capital Allocation Strategy Focused on Increasing Returns to Shareholders



Pay a Dividend

Pay a consistent and growing dividend



Optimize Debt

Properly pay down debt as needed (currently debt free)

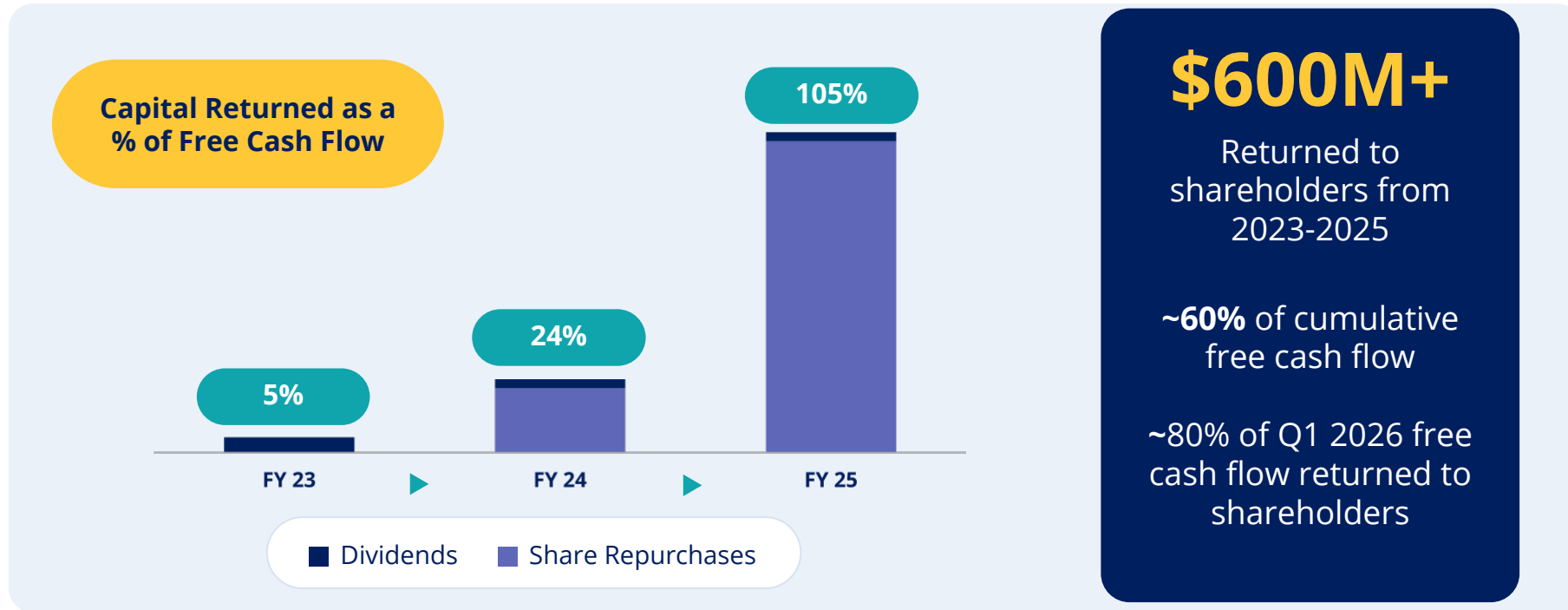


Repurchase Shares

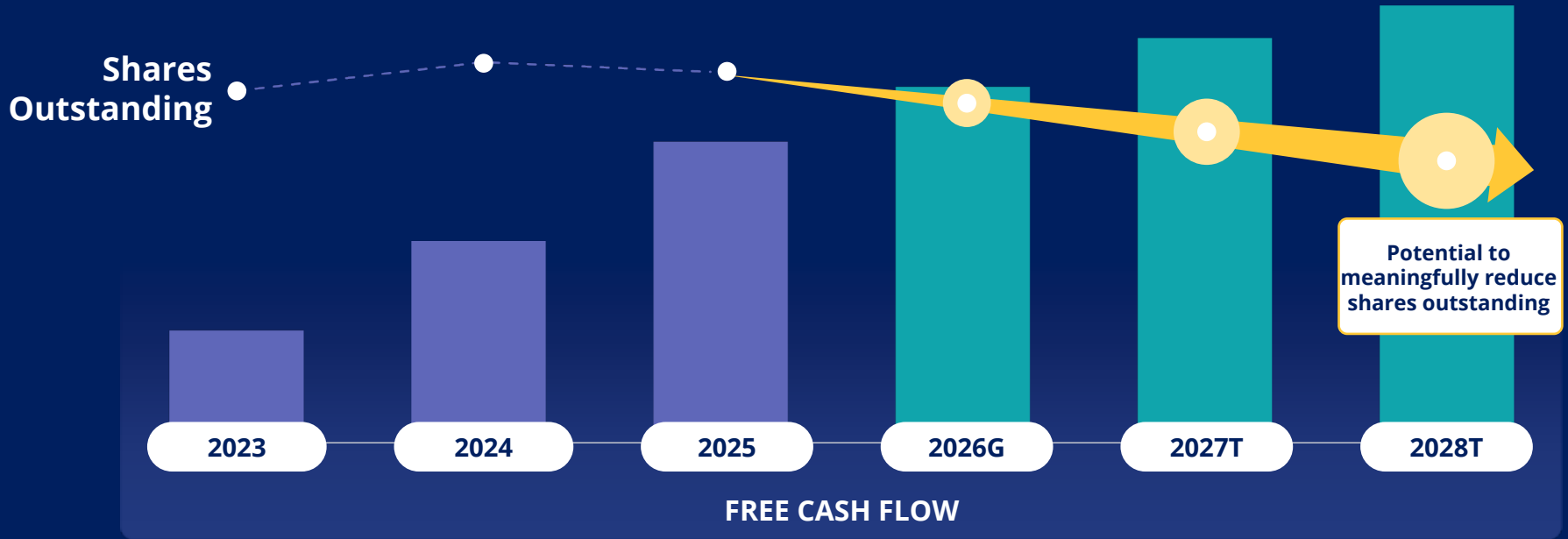
Use a substantial portion of available free cash flow for opportunistic buybacks

Strong Cash Flow Supporting Meaningful Shareholder Returns

Capital returned to shareholders increased materially with more than \$600M returned from 2023-25



Opportunity to Drive Meaningful Per-Share Value Accretion



Stock-Based Compensation Philosophy

Balancing talent investment with shareholder value protection



Stock-Based Compensation as a Percentage of ANNUAL REVENUE

10% or lower

is disciplined for a mid-cap software company

10.0%



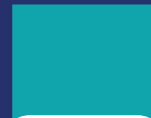
2023

9.6%



2024

8.9%



2025



Stock-Based Compensation as a Percentage of MARKET CAPITALIZATION

1.5% to 2.5%

is a healthy range for mid-cap software company

3.5%



2023

1.8%



2024

1.5%



2025

A DISCIPLINED APPROACH TO EQUITY COMPENSATION & DILUTION

Leading with Strength. Investing with Purpose. Delivering Value.



PEGA CLOUD ACV

Pega Cloud ACV growth will drive overall ACV growth

75%+
of total ACV in a
timeless model



OPERATING MARGIN

Outstanding momentum has led to expanding operating margins

Continue
margin expansion



FREE CASH FLOW

Robust ACV growth and improving margins expected to result in improving free cash flow

35% to 40%+
free cash flow margins
in timeless model



CAPITAL RETURN

Consistent and growing dividend and share reduction

\$600M+ returned
from 2023 to 2025

Key Takeaways

1

Pega Blueprint AI, strong existing client relationships, and a large addressable market create foundation for **durable long-term growth & free cash flow.**

2

Completion of the subscription transition and disciplined execution put Pega on a **strong trajectory toward sustained profitability.**

3

Strong free cash flow and disciplined capital allocation support **long-term valuation creation.**

Q&A

To Ask a Question...

in the
ROOM



on the
PHONE



- 1 **Raise your hand**
- 2 **Wait for the microphone**
- 3 **Please state your name and the firm you are with**

Email

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Innovation Hub Map



HOURS OPEN



MONDAY
June 8

11:00 AM – 6:00 PM

TUESDAY
June 9

11:00 AM – 6:30 PM

TOP 5 MUST-SEE ATTRACTIONS

- 
1 New: Infinity Studio
 Test-drive the latest and smartest version of the Pega platform featuring new Blueprint-like experience for creating applications
- 
2 Pega Blueprint™
 Watch apps build themselves with natural language prompts.
- 
3 Pega Customer Service
 Experience self-service agents that autonomously solve a wide range of customer service issues
- 
4 Get Hands on with Pega
 Truly experience the power and differentiation of multiple Pega applications
- 
5 Legacy Transformation
 See how Pega can help clients modernize legacy applications



Definitions & Non-GAAP Reconciliations

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 Rule of 40 achievement within the appendix of this presentation.
2. 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.
3. 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. 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.
4. Free Cash Flow Margin: is calculated by comparing the respective free cash flow to total ACV in constant currency.
5. 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.
6. Non-GAAP Operating Margin: is defined as GAAP operating margin less the impacts of stock-based compensation, restructuring, litigation settlement, net of recoveries, and legal fees. Non-GAAP operating margin is calculated by comparing the respective non-GAAP operating income to total revenue.
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				Targets Announced in 2023
	December 31,				
	2022	2023	2024	2025	2027/2028
Gross Margin % - GAAP	72 %	74 %	74 %	76 %	77 %
Stock-Based Compensation	2 %	2 %	2 %	1 %	3 %
Gross Margin % - Non-GAAP	74 %	76 %	76 %	77 %	80 %
Sales and Marketing % - GAAP	47 %	39 %	36 %	33 %	34 %
Stock-Based Compensation	(4)%	(4)%	(4)%	(3)%	(4)%
Sales and Marketing % - Non-GAAP	43 %	35 %	32 %	30 %	30 %
Research and Development % - GAAP	22 %	21 %	20 %	18 %	19 %
Stock-Based Compensation	(2)%	(3)%	(2)%	(2)%	(2)%
Research and Development % - Non-GAAP	20 %	18 %	18 %	16 %	17 %

GAAP to Non-GAAP Operating Income Reconciliation

(in millions)	Year Ended			
	December 31,			
	2022	2023	2024	2025
Income (loss) from operations - GAAP	\$ (109)	\$ 81	\$ 124	\$ 263
Stock-Based Compensation	122	143	143	155
Amortization of Intangible Assets	4	4	3	3
Restructuring	22	22	5	12
Litigation settlement, net of recoveries	—	—	32	10
Legal fees	38	14	19	39
Other	3	1	(1)	(1)
Income from operations - Non-GAAP	\$ 80	\$ 265	\$ 325	\$ 481

GAAP to Non-GAAP Operating Margin Reconciliation

	Year Ended			
	December 31,			
	2022	2023	2024	2025
Operating Margin % - GAAP	(8)%	6 %	8 %	15 %
Stock-Based Compensation	9 %	10 %	10 %	9 %
Restructuring	2 %	2 %	— %	1 %
Litigation settlement, net of recoveries	— %	— %	2 %	1 %
Legal fees	3 %	1 %	2 %	2 %
Operating Margin % - Non-GAAP	6 %	19 %	22 %	28 %

Free Cash Flow Reconciliation

(in millions, except percentages)

	Year Ended December 31,						Three Months Ended	Guidance	Target	
	2019	2020	2021	2022	2023	2024	2025	March 31, 2026	2026	2028
Cash flows provided by operating activities	\$ (42)	\$ (1)	\$ 39	\$ 22	\$ 218	\$ 346	\$ 505	\$ 212	\$ 595	\$ 715
Investment in property and equipment	(11)	(25)	(10)	(35)	(17)	(8)	(14)	(5)	(20)	(15)
Free Cash Flow	<u>\$ (53)</u>	<u>\$ (26)</u>	<u>\$ 29</u>	<u>\$ (13)</u>	<u>\$ 201</u>	<u>\$ 338</u>	<u>\$ 491</u>	<u>\$ 207</u>	<u>\$ 575</u>	<u>\$ 700</u>

**Margin, as a percentage of ACV constant
currency:**

Operating Cash Flow Margin

2 % 17 % 25 % 32 %

Investment in property and equipment

(3)% (1)% (1)% (1)%

Free Cash Flow Margin

(1)% 16 % 24 % 31 %

Rule of 40 Reconciliation

(in millions, except percentages)

	Year Ended December 31,							
	2022		2023		2024		2025	
		<u>Growth</u>		<u>Growth</u>		<u>Growth</u>		<u>Growth</u>
ACV (Constant Currency)	\$ 1,127	15 %	\$ 1,245	10 %	\$ 1,385	11 %	\$ 1,578	14 %
		<u>Margin</u>		<u>Margin</u>		<u>Margin</u>		<u>Margin</u>
Free Cash Flow	\$ (13)	(1) %	\$ 201	16 %	\$ 338	24 %	\$ 491	31 %
Rule of 40 achievement		<u><u>14 %</u></u>		<u><u>26 %</u></u>		<u><u>35 %</u></u>		<u><u>45 %</u></u>

Reconciliation of Pega Cloud ACV and Pega Cloud ACV (Constant Currency)

(in millions, except percentages)

Pega Cloud ACV (As Reported)

Impact of changes in foreign exchange rates

Pega Cloud ACV (Constant Currency)

March 31,				
	2023	2024	2025	2026
Pega Cloud ACV (As Reported)	\$ 491	\$ 570	\$ 701	\$ 907
Impact of changes in foreign exchange rates	(1)	1	—	(18)
Pega Cloud ACV (Constant Currency)	\$ 490	\$ 571	\$ 701	\$ 889

Year over Year Growth Percentage:

Pega Cloud ACV (As Reported)

Impact of changes in foreign exchange rates

Pega Cloud ACV (Constant Currency)

	16 %	23 %	29 %
	1 %	— %	(2)%
	17 %	23 %	27 %

Reconciliation of ACV and ACV (Constant Currency)

(in millions)

	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
ACV (As Reported)	\$ 1,126	\$ 1,255	\$ 1,372	\$ 1,608
Impact of changes in foreign exchange rates	1	(10)	13	(30)
ACV (Constant Currency)	\$ 1,127	\$ 1,245	\$ 1,385	\$ 1,578