

PagerDuty

# Investor presentation

**Q2 2025**

Period ended July 31, 2024

# Safe harbor

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation, including statements as to future results of operations and financial position, such as the financial guidance for the third quarter of fiscal 2025 and full year fiscal 2025, growth and future revenue prospects, expected client demand for and benefits of our offerings, the impact of our recently-released and planned products and services, business strategy and plans, including our ability to expand into new sectors, objectives of management for future operations of PagerDuty, Inc. (“PagerDuty” or the “Company”), market size and growth opportunities, competitive position, technological and market trends and target operating model, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “can,” “desire,” “able,” “guidance,” “expect,” “extend,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “accelerate,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall” or the negative of these terms or other similar words or expressions. You should not rely upon forward looking statements as predictions of future events.

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The forward-looking statements contained in this presentation are also subject to additional risks, uncertainties, and factors, including those more fully described in PagerDuty’s filings with the Securities and Exchange Commission, including its most recently filed Form 10-K /A and Form 10-Q.

Forward-looking statements represent PagerDuty’s management’s beliefs and assumptions only as of the date such statements are made. PagerDuty does not undertake, and expressly disclaims any duty, to update any statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, except as required by law.

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other industry data. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. The Company has not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and, accordingly, it cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of its future performance and the future performance of the markets in which the Company competes are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause results or outcomes to differ materially from those expressed in the estimates made by the independent parties and by PagerDuty.

This presentation also includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the Company’s non-GAAP financial measures as tools for comparison. The Company has provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available at <https://investor.pagerduty.com>.

For further information with respect to PagerDuty, we refer you to our most recent Form 10-K/A and Form 10-Q and our other filings with the SEC. In addition, we are subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, accordingly, file periodic reports, current reports, proxy statements and other information with the SEC. These periodic reports, current reports, proxy statements and other information are available for review at the SEC’s website at <http://www.sec.gov>.

# Purpose

We empower teams with the time and efficiency to build the future.

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# Vision

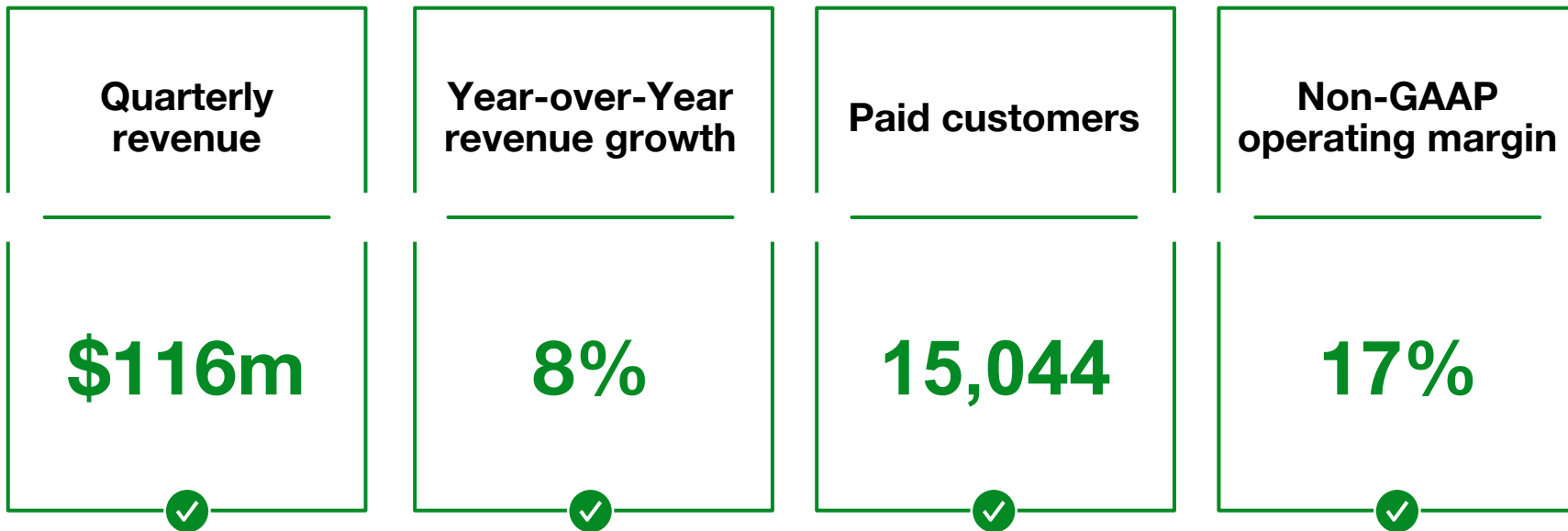
An equitable world where we transform critical work so all teams can delight their customers and build trust.

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# Mission

To revolutionize operations and build customer trust by anticipating the unexpected in an unpredictable world.

# PagerDuty Q2 overview



See appendix for GAAP to non-GAAP reconciliation

# The PagerDuty Operations Cloud: Addressing customers' critical business priorities

## Enterprise priorities

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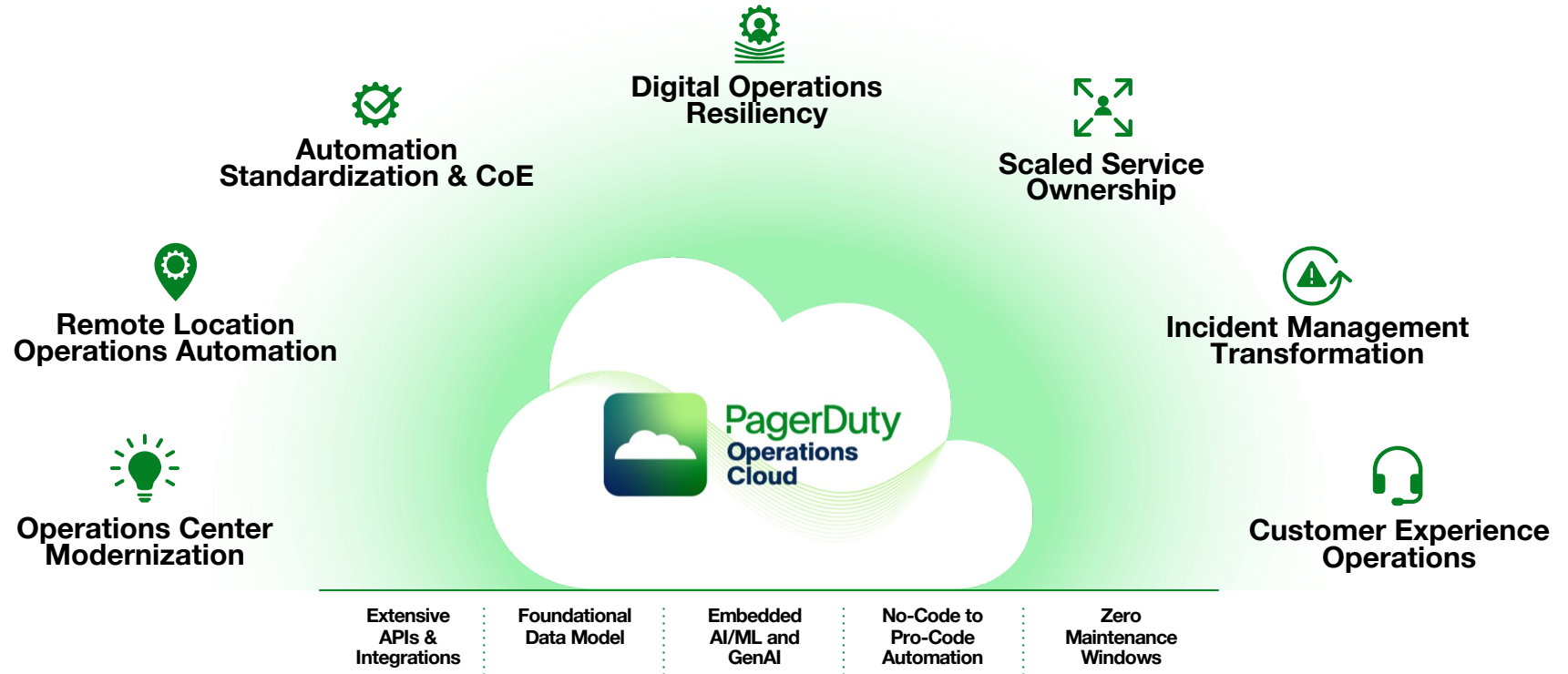
- ✓ Grow revenue by increasing innovation velocity
- ✓ Reduce costs to achieve operational efficiency at scale
- ✓ Mitigate the risk of operational failures and poor digital customer experiences

## PagerDuty delivers

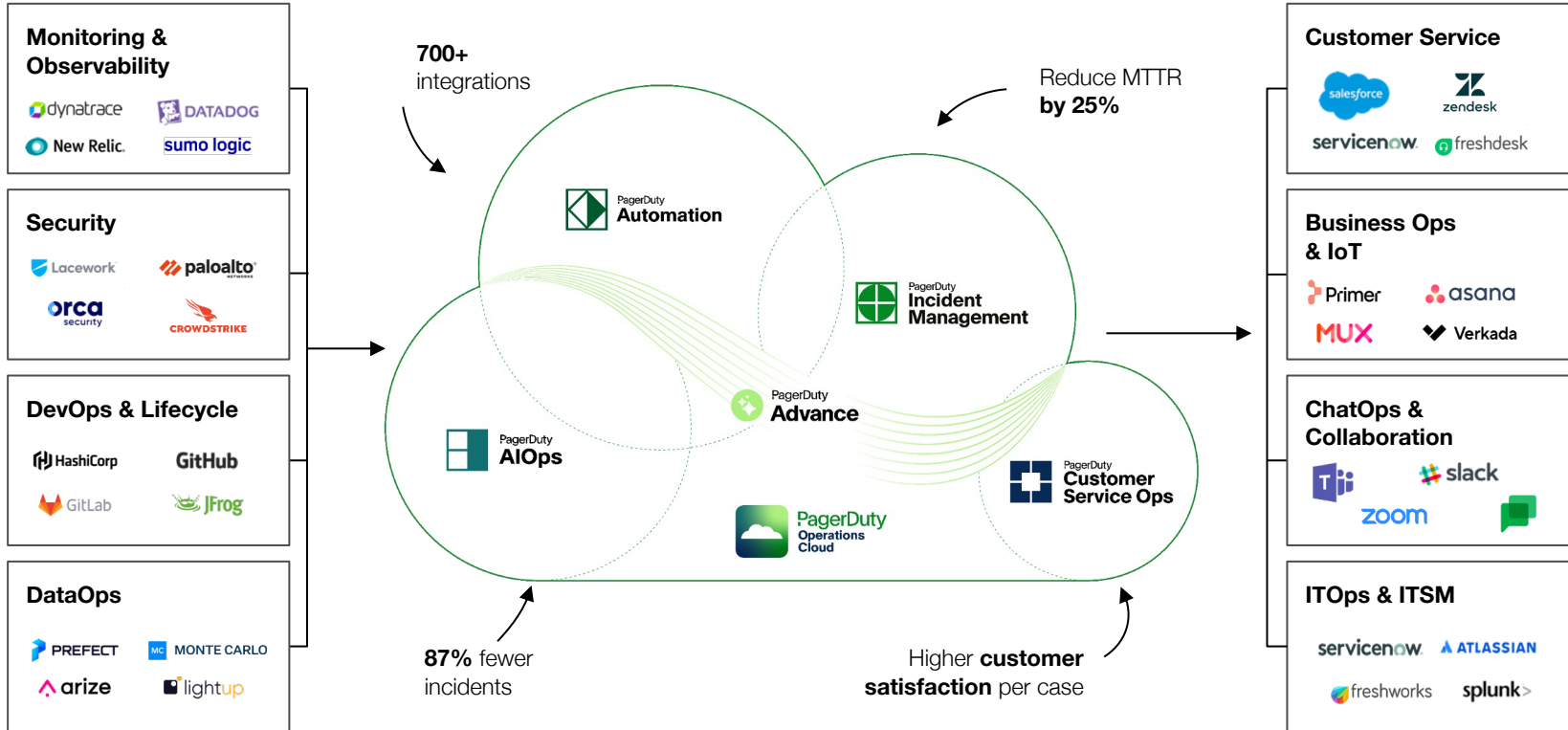
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- ✓ Modern operations capabilities enable teams to move faster, create more value, and build a competitive advantage
- ✓ AI- and machine learning-powered automation to optimize workflows, consolidate tooling, and embed best practices to significantly improve operational efficiency across the organization.
- ✓ Streamlined alerting processes, automated remediation and triage, AI-powered insights from past incidents and correlated events, and supporting compliance to regulatory obligations related to major incidents.

# The PagerDuty Operations Cloud



# The PagerDuty Operations Cloud



# The Operations Cloud product pillars



## PagerDuty Incident Management

- Professional \$252 per user/year
- Business \$492 per user/year
- Enterprise (contact for pricing)

Deliver always on digital services by mobilizing the right response when seconds matter.



**PagerDuty AIOps:** consumption pricing, starting at \$4,788/year

Reduce noise, identify root causes, and automate incident resolution in real time.



**Runbook Automation,** \$1,500 per user/year

**Runbook Automation, Self-hosted** (contact for pricing)

**Workflow Automation,** (contact for pricing)

Operate faster by automating and delegating business and IT processes.



## PagerDuty for Customer Service

- Professional \$252 per user/year
- Business \$492 per user/year
- Enterprise (contact for pricing)

Empower Customer Service teams to proactively solve customer issues, faster.

## Add ons

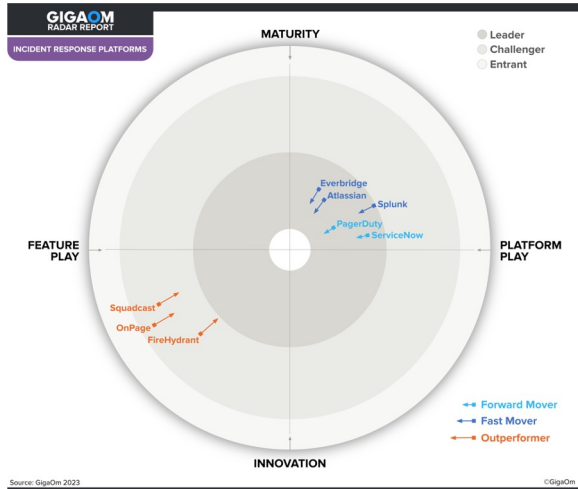
**PagerDuty AIOps:** consumption pricing, starting at \$8,388/year | **Jeli:** (contact for pricing) | **Runbook Automation for Incident Management:** \$708 per user/year  
**Stakeholder License:** \$1,800 per 50 stakeholders per year | **Status Pages:** \$1,068 per 1,000 subscribers/year | **Professional Services and Support** (contact for pricing)  
**PagerDuty Advance** (contact for pricing)



# The PagerDuty Operations Cloud is a market leader

## GigaOm

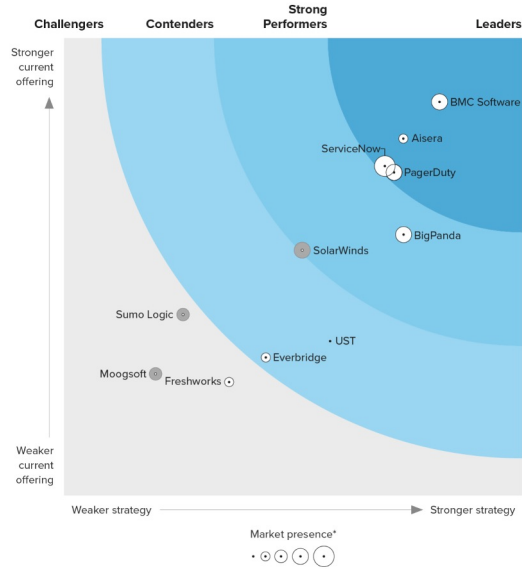
### Incident Response Platforms Radar



**#1 Overall Leader**

## Forrester Wave

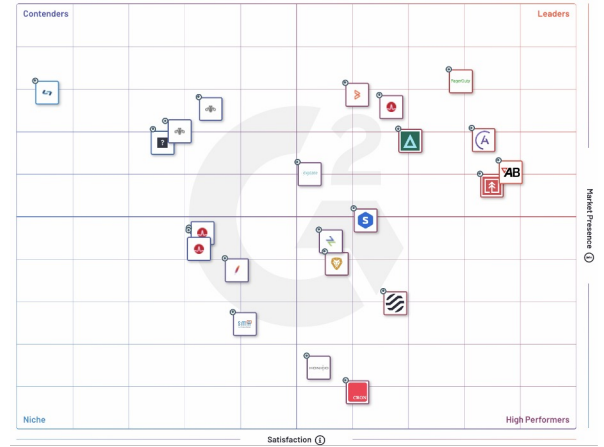
### Process-Centric AIOps



**Leader**

## G2

### Workload Automation Grid



**#1 Overall Leader**

# Underpenetrated, fragmented market opportunity

## 80 million users by persona (estimated) in 2023

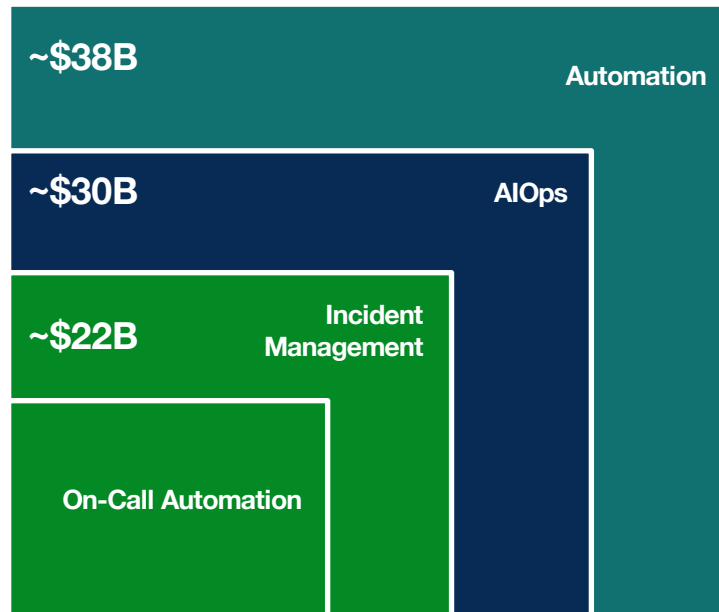
**Developers:** driven by digital services and software-driven innovation → **29m users**

**Infrastructure and Operations:** undergoing modernization with Digital, Cloud adoption, and DevOps → **22m users**

**Customer Service:** push for improving cost-efficiency and productivity through self-service and automation → **27m users**

**SecOps:** a relatively small, but influential population (i.e. protect all technology / data, employees, customers and stakeholders for a business) → **2m users**

## \$38B Total Addressable Market



# Go-to-market model aligns to customer opportunity

Customer segment (by \$ revenue)	Sales channel	
Enterprise >\$1B	High value field sales	Self-service
Mid-Market >\$50m	High velocity inside sales	
SMB <\$50m	Programmatic digital sales	

# Why PagerDuty wins – fast time to value

## Technology

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Integrations

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AI / Machine learning

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Automation

## Customer focus

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24/7 availability

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Enterprise scale

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Easy setup

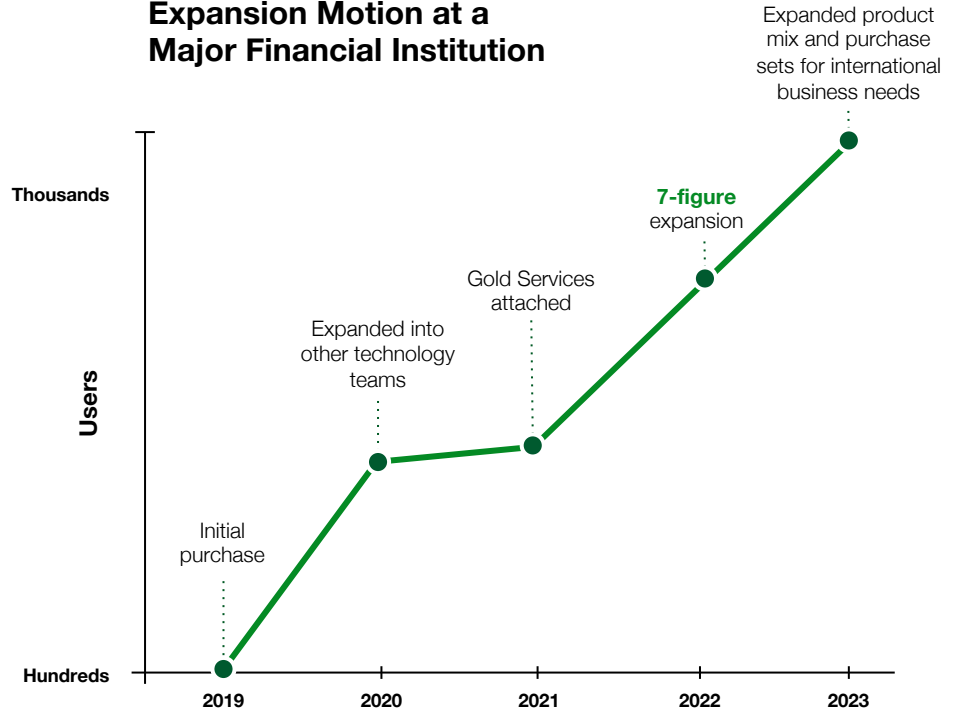
# Innovation-driven land-and-expand model

A leading financial services organization relies on PagerDuty to increase workforce efficiency, critical application uptime, and operating leverage.

**Value captured includes,** reduced toil and improved customer experience through greater app reliability.

- **2019:** Initial purchase for a group delivering applications for high value clients
- **2020:** Additional purchases = > \$1M in ARR
- **2021:** Added gold services
- **2022:** Additional 7-figure deal
- **2023:** Expanded product mix and purchase sets for international business needs

## Expansion Motion at a Major Financial Institution



# Momentum in the enterprise segment: Million-dollar ARR customers continue to expand



## Operations Cloud traction

driving multi-product, multi-year opportunities



## Expanding reach

within the enterprise with adoption across business units, geographies, and teams



## Technology recognized as a value driver

for driving innovation and efficiencies - no longer a cost center



## Increasing ARR

is earned by delivering proven value, fast time to value, and ROI

PagerDuty

# FY24 Impact Report



PagerDuty impact customer, Nexleaf Analytics

## Focus on Global Impact

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# Financials



# Select operating metrics

	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1	FY25 Q2
Revenue (\$m)	\$108	\$109	\$111	\$111	\$116
Revenue Growth	19%	15%	10%	8%	8%
Non-GAAP Operating Margin	13%	14%	10%	14%	17%
DBNR	114%	110%	107%	106%	106%
Paid Customers	15,146	15,049	15,039	15,120	15,044
Customers >\$100K	773	778	804	811	820

# Non-GAAP target operating model

% of Revenue	FY20	FY21	FY22	FY23	FY24	Q2'FY25	Target
Gross Margin	86%	87%	85%	85%	86%	86%	85%
Sales & Marketing	53%	50%	50%	43%	38%	36%	35%
Research & Development	26%	25%	25%	24%	22%	20%	20%
General & Administrative	24%	21%	19%	17%	13%	13%	10%
Operating Margin	(17%)	(8%)	(8%)	1%	13%	17%	20%





Our mission at PagerDuty is to revolutionize operations and build customer trust by anticipating the unexpected in an unpredictable world.

# Investment highlights

## Real-time leading operations cloud platform

Comprehensive product offerings to optimize operating efficiency and offer tangible ROI

## Significant market opportunity

Customer-driven demand across business operations and industrial operations

## Expansive enterprise adoption

Strong enterprise demand with opportunity to further expand across the operations cloud platform

## Consistent innovation and execution

Expanding competitive advantage through product offerings and focused execution amidst macro environment

## Aiming to achieve durable profitable growth

Solid revenue growth with significant operating margin expansion

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# Appendix

# Definitions

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**Annual recurring revenue (ARR)** - Annualized recurring value of all active contracts at the end of a reporting period.

**Customer** - A separate legal entity, such as a company or an educational or government institution, that has an active subscription with us or one of our partners to access our platform. In situations where an organization has multiple subsidiaries or divisions, we treat the parent entity as the customer instead of treating each subsidiary or division as a separate customer.

**Dollar-Based Net Retention (DBNR)** - Calculated as of a period end starting with the ARR from the cohort of all customers as of 12 months prior to such period end. Next, we calculate the ARR from these same customers as of the current period end. Period ARR includes any expansion and is net of downgrades or churn over the last 12 months but excludes ARR from new customers in the current period. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the dollar-based net retention rate.

# Reconciliation

PagerDuty, Inc.

## Reconciliation of GAAP to Non-GAAP Data

(in thousands, except percentages and per share data) (unaudited)

	Three months ended July 31		Year Ended January 31		
	2024	2023	2024	2023	2022
<b>Non-GAAP gross profit and non-GAAP gross margin</b>					
Gross profit	\$95,855	\$87,783	\$352,867	\$300,359	\$233,035
Add:					
Stock-based compensation	1,508	2,164	7,586	6,827	3,751
Employer taxes related to employee stock transactions	39	45	199	163	131
Amortization of acquired intangible assets	2,268	2,086	8,614	7,401	1,120
Restructuring costs	(2)	—	137	357	—
<b>Non-GAAP gross profit</b>	<b>\$99,668</b>	<b>\$92,078</b>	<b>\$369,403</b>	<b>\$315,107</b>	<b>\$238,037</b>
Revenue	\$115,935	\$107,616	\$430,699	\$370,793	\$281,396
Gross margin	83%	82%	82%	81%	83%
<b>Non-GAAP gross margin</b>	<b>86%</b>	<b>86%</b>	<b>86%</b>	<b>85%</b>	<b>85%</b>
<b>Non-GAAP research and development</b>					
Research and development	\$35,088	\$36,441	\$139,769	\$134,876	\$95,690
Less: Stock-based compensation	11,842	12,773	(44,800)	(39,012)	(23,764)
Less: Employer taxes related to employee stock transactions	236	203	(1,398)	(942)	(929)
Less: Acquisition-related expenses	228	162	(838)	(3,105)	(1,789)
Less: Amortization of acquired intangible assets	29	87	(350)	(232)	—
Less: Restructuring costs	(2)	(2)	26	(2,004)	—
<b>Non-GAAP research and development</b>	<b>\$22,755</b>	<b>\$23,218</b>	<b>\$92,409</b>	<b>\$89,581</b>	<b>\$69,208</b>

Note: Certain figures may not sum due to rounding.

# Reconciliation con't

PagerDuty, Inc. / Reconciliation of GAAP to Non-GAAP Data (in thousands, except percentages and per share data) (unaudited)

	Three Months Ended July 31		Year Ended January 31		
	2024	2023	2024	2023	2022
<b>Non-GAAP sales and marketing</b>					
Sales and marketing	\$50,966	\$49,724	\$196,769	\$195,622	\$161,624
Less: Stock-based compensation	8,116	8,317	(30,345)	(29,804)	(19,012)
Less: Employer taxes related to employee stock transactions	145	283	(919)	(892)	(765)
Less: Amortization of acquired intangible assets	633	610	(2,459)	(2,546)	(2,380)
Less: Restructuring costs	(10)	56	49	(2,200)	—
<b>Non-GAAP sales and marketing</b>	<b>\$42,082</b>	<b>\$40,458</b>	<b>\$163,095</b>	<b>\$160,180</b>	<b>\$139,467</b>
<b>Non-GAAP general and administrative</b>					
General and administrative	\$25,828	\$27,791	\$112,575	\$99,238	\$77,432
Less: Stock-based compensation	10,900	12,283	(44,421)	(34,264)	(23,506)
Less: Employer taxes related to employee stock transactions	154	172	(982)	(1,099)	(1,192)
Less: Acquisition-related expenses	31	—	(962)	(1,454)	(319)
Less: Amortization of acquired intangible assets	7	22	(87)	(58)	—
Less: Restructuring costs	16	1,204	(8,615)	(474)	—
<b>Non-GAAP general and administrative</b>	<b>\$14,720</b>	<b>\$14,110</b>	<b>\$57,508</b>	<b>\$61,889</b>	<b>\$52,415</b>
<b>Non-GAAP operating income (loss) and non-GAAP operating margin</b>					
Loss from operations	\$(16,027)	\$(26,173)	\$(96,246)	\$(129,377)	\$(101,711)
Add: Stock-based compensation	32,366	35,537	127,152	109,907	70,033
Add: Employer taxes related to employee stock transactions	574	703	3,498	3,096	3,017
Add: Amortization of acquired intangible assets	2,937	2,805	11,510	10,237	3,500
Add: Acquisition-related expenses	259	162	1,800	4,559	2,108
Less: Restructuring costs	2	1,258	8,677	5,035	—
<b>Non-GAAP operating income (loss)</b>	<b>\$20,111</b>	<b>\$14,292</b>	<b>\$56,391</b>	<b>\$3,457</b>	<b>\$(23,053)</b>
Revenue	\$115,935	\$107,616	\$430,699	\$370,793	\$281,396
GAAP operating margin	(14)%	(24)%	(22)%	(35)%	(36)%
<b>Non-GAAP operating margin</b>	<b>17%</b>	<b>13%</b>	<b>13%</b>	<b>1%</b>	<b>(8)%</b>

Note: Certain figures may not sum due to rounding.



# Reconciliation con't

## PagerDuty, Inc.

### Reconciliation of GAAP to Non-GAAP Data

(in thousands, except percentages and per share data) (unaudited)

	Three Months Ended July 31		Year Ended January 31		
	2024	2023	2024	2023	2022
<b>Non-GAAP net income (loss) attributable to PagerDuty, Inc. common stockholders</b>					
Net loss attributable to PagerDuty, Inc. common stockholders	\$(13,242)	\$(23,782)	\$(81,757)	\$(128,423)	\$(107,455)
Add: Stock-based compensation	32,366	35,537	127,152	109,907	70,033
Add: Employer taxes related to employee stock transactions	574	703	3,498	3,096	3,017
Add: Amortization of debt issuance costs	671	478	2,078	1,839	1,805
Add: Amortization of acquired intangible assets	2,937	2,805	11,510	10,237	3,500
Add: Acquisition-related expenses	259	162	1,800	4,559	2,108
Add: Restructuring costs	2	1,258	8,677	5,035	—
Add: Gain on debt extinguishment	—	—	(3,699)	—	—
Add: Adjustment attributable to redeemable non-controlling interest	2,330	1,729	6,568	—	—
Add: Income tax effect of non-GAAP adjustments	(5,566)	(662)	(3,273)	(2,556)	—
<b>Non-GAAP net income (loss) attributable to PagerDuty, Inc. common stockholders</b>	<b>\$20,331</b>	<b>\$18,228</b>	<b>\$72,554</b>	<b>\$3,694</b>	<b>\$(26,992)</b>
<b>Non-GAAP net income (loss) per share, basic</b>					
GAAP net loss per share, basic, attributable to PagerDuty, Inc. common stockholders	\$(0.14)	\$(0.26)	\$(0.89)	\$(1.45)	\$(1.27)
Non-GAAP adjustments to net loss attributable to PagerDuty, Inc. common stockholders	0.36	0.46	1.68	1.49	0.95
Non-GAAP net income (loss) per share, basic, attributable to PagerDuty, Inc. common stockholders	\$0.22	\$0.20	\$0.79	\$0.04	\$(0.32)
<b>Non-GAAP net income (loss) per share, diluted</b>					
GAAP net loss per share, diluted, attributable to PagerDuty, Inc. common stockholders	\$(0.14)	\$(0.26)	\$(0.89)	\$(1.45)	\$(1.27)
Non-GAAP adjustments to net loss attributable to PagerDuty, Inc. common stockholders	0.35	0.45	1.63	1.49	0.95
Non-GAAP net income (loss) per share, diluted, attributable to PagerDuty, Inc. common stockholders	\$0.21	\$0.19	\$0.74	\$0.07	\$(0.32)
<b>Weighted-average shares used in calculating net income (loss) per share</b>					
Basic	93,289	92,542	92,341	88,721	84,514
Diluted	96,238	103,235	100,941	100,862	84,514

Note: Certain figures may not sum due to rounding.

# Reconciliation con't

## PagerDuty, Inc.

### Reconciliation of GAAP to Non-GAAP Data

(in thousands, except percentages and per share data) (unaudited)

	Three Months Ended July 31		Year Ended January 31		
	2024	2023	2024	2023	2022
<b>Free cash flow and free cash flow margin</b>					
Net cash provided by (used in) operating activities	35,769	10,750	71,974	16,980	(6,021)
Less:					
Purchases of property and equipment	(637)	(713)	(2,164)	(4,637)	(3,457)
Capitalization of internal-use software costs	(1,849)	(1,299)	(5,384)	(3,836)	(3,353)
<b>Free cash flow</b>	<b>\$33,283</b>	<b>\$8,738</b>	<b>\$64,426</b>	<b>\$8,507</b>	<b>\$(12,831)</b>
Net cash (used in) provided by investing activities	(3,800)	(12,575)	(30,525)	(86,165)	17,376
Net cash (used in) provided by financing activities	(28,944)	3,573	51,600	(6,413)	(736)
Revenue	\$115,935	\$107,616	\$430,699	\$370,793	\$281,396
Free cash flow margin	29%	8%	15%	2%	(5)%

Note: Certain figures may not sum due to rounding.