



FACT SHEET

Q3 2020

This Fact Sheet includes non-GAAP measures as discussed in Footnote #1.
(in millions except percentages, headcount, share and per share data)

	2019					2020		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
Revenues								
Total Revenues	\$521.3	\$551.6	\$588.1	\$632.8	\$2,293.8	\$651.4	\$632.4	\$652.2
<i>Year-Over-Year Growth Rate</i>	22.9%	23.8%	25.6%	25.3%	24.5%	24.9%	14.6%	10.9%
<i>Sequential Quarter Growth Rate</i>	3.2%	5.8%	6.6%	7.6%	n/a	2.9%	(2.9)%	3.1%
<i>Year-Over-Year Growth Rate in Constant Currency ⁽²⁾</i>	26.3%	25.1%	27.2%	24.8%	25.8%	26.0%	15.5%	10.0%
<i>Sequential Quarter Growth Rate in Constant Currency ⁽²⁾</i>	2.8%	6.1%	7.3%	6.8%	n/a	3.7%	(2.7)%	1.9%
Geographies								
North America	\$316.7	\$334.8	\$358.4	\$380.2	\$1,390.0	\$389.8	\$381.9	\$390.0
<i>As % of Total Revenues</i>	60.7%	60.7%	60.9%	60.1%	60.6%	59.9%	60.4%	59.8%
<i>Year-Over-Year Growth Rate</i>	32.2%	26.6%	26.2%	22.2%	26.5%	23.1%	14.1%	8.8%
Europe	\$173.5	\$177.3	\$189.3	\$206.8	\$746.9	\$223.1	\$211.1	\$214.5
<i>As % of Total Revenues</i>	33.3%	32.2%	32.2%	32.7%	32.6%	34.2%	33.4%	32.9%
<i>Year-Over-Year Growth Rate</i>	13.3%	18.4%	24.4%	31.4%	21.9%	28.6%	19.0%	13.3%
CIS	\$18.2	\$25.1	\$26.5	\$30.7	\$100.5	\$24.9	\$22.1	\$30.0
<i>As % of Total Revenues</i>	3.5%	4.5%	4.5%	4.9%	4.4%	3.8%	3.5%	4.6%
<i>Year-Over-Year Growth Rate</i>	(16.6)%	29.3%	43.0%	39.7%	23.0%	36.8%	(12.0)%	13.4%
APAC	\$13.0	\$14.4	\$13.9	\$15.1	\$56.4	\$13.6	\$17.3	\$17.7
<i>As % of Total Revenues</i>	2.5%	2.6%	2.4%	2.3%	2.4%	2.1%	2.7%	2.7%
<i>Year-Over-Year Growth Rate</i>	32.1%	19.9%	4.1%	5.4%	13.9%	4.7%	20.5%	27.4%
Verticals								
Business Information & Media	\$95.0	\$98.1	\$105.8	\$122.0	\$420.9	\$138.7	\$140.2	\$140.0
<i>As % of Total Revenues</i>	18.2%	17.8%	18.0%	19.3%	18.4%	21.3%	22.2%	21.5%
<i>Year-Over-Year Growth Rate</i>	24.7%	26.4%	29.3%	38.0%	29.9%	46.0%	42.9%	32.3%
Financial Services	\$113.3	\$120.5	\$130.3	\$136.8	\$500.9	\$131.7	\$128.0	\$136.7
<i>As % of Total Revenues</i>	21.7%	21.9%	22.1%	21.6%	21.8%	20.2%	20.2%	20.9%
<i>Year-Over-Year Growth Rate</i>	9.1%	16.9%	24.4%	21.8%	18.1%	16.2%	6.3%	4.9%
Software & Hi-Tech	\$99.9	\$105.5	\$108.4	\$119.6	\$433.4	\$121.9	\$119.5	\$118.8
<i>As % of Total Revenues</i>	19.2%	19.1%	18.4%	18.9%	18.9%	18.7%	18.9%	18.2%
<i>Year-Over-Year Growth Rate</i>	22.4%	24.1%	22.9%	24.5%	23.5%	21.9%	13.2%	9.7%
Travel & Consumer	\$104.3	\$107.1	\$112.4	\$115.6	\$439.4	\$119.5	\$107.3	\$110.2
<i>As % of Total Revenues</i>	20.0%	19.4%	19.1%	18.3%	19.2%	18.4%	17.0%	16.9%
<i>Year-Over-Year Growth Rate</i>	13.6%	6.0%	11.2%	15.9%	11.6%	14.6%	0.1%	(2.0)%
Life Sciences & Healthcare	\$54.8	\$59.2	\$66.8	\$67.7	\$248.5	\$69.2	\$68.9	\$74.2
<i>As % of Total Revenues</i>	10.5%	10.7%	11.4%	10.7%	10.8%	10.6%	10.9%	11.4%
<i>Year-Over-Year Growth Rate</i>	69.6%	53.7%	49.7%	20.3%	44.7%	26.4%	16.4%	11.1%
Emerging Verticals	\$54.0	\$61.2	\$64.4	\$71.1	\$250.7	\$70.4	\$68.5	\$72.3
<i>As % of Total Revenues</i>	10.4%	11.1%	11.0%	11.2%	10.9%	10.8%	10.8%	11.1%
<i>Year-Over-Year Growth Rate</i>	40.7%	51.3%	35.1%	36.3%	40.3%	30.3%	11.9%	12.2%
Profitability								
GAAP								
Gross Margin	\$176.6	\$195.7	\$210.6	\$222.7	\$805.6	\$227.6	\$212.8	\$228.9
<i>As % of Total Revenues</i>	33.9%	35.5%	35.8%	35.2%	35.1%	34.9%	33.7%	35.1%
Selling, General and Administrative Expenses	\$101.8	\$111.8	\$118.9	\$125.0	\$457.4	\$125.1	\$114.2	\$116.5
<i>As % of Total Revenues</i>	19.5%	20.3%	20.2%	19.8%	19.9%	19.2%	18.1%	17.9%
Income from Operations	\$64.7	\$72.9	\$80.6	\$84.7	\$302.9	\$87.5	\$83.4	\$96.4
<i>As % of Total Revenues</i>	12.4%	13.2%	13.7%	13.4%	13.2%	13.4%	13.2%	14.8%
Net Income	\$60.8	\$58.8	\$67.0	\$74.5	\$261.1	\$85.6	\$66.6	\$89.4
<i>As % of Total Revenues</i>	11.7%	10.7%	11.4%	11.8%	11.4%	13.1%	10.5%	13.7%
Diluted Earnings Per Share	\$1.06	\$1.02	\$1.16	\$1.29	\$4.53	\$1.47	\$1.14	\$1.53
Effective Tax Rate	5.4%	16.6%	16.2%	12.1%	12.8%	11.3%	12.4%	14.0%
Weighted Average Diluted Shares Outstanding, thousands	57,236	57,614	57,844	57,965	57,668	58,143	58,246	58,616



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	2019					2020		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
Non-GAAP								
Gross Margin	\$189.4	\$203.2	\$218.2	\$232.4	\$843.2	\$231.5	\$221.8	\$239.7
<i>As % of Total Revenues</i>	36.3%	36.8%	37.1%	36.7%	36.8%	35.5%	35.1%	36.8%
Selling, General and Administrative Expenses	\$92.2	\$102.2	\$109.8	\$114.5	\$418.6	\$114.4	\$101.4	\$103.6
<i>As % of Total Revenues</i>	17.7%	18.5%	18.7%	18.1%	18.3%	17.6%	16.0%	15.9%
Income from Operations	\$89.2	\$92.6	\$99.7	\$107.6	\$389.2	\$105.3	\$108.2	\$123.3
<i>As % of Total Revenues</i>	17.1%	16.8%	17.0%	17.0%	17.0%	16.2%	17.1%	18.9%
Net Income	\$71.5	\$73.7	\$80.2	\$87.3	\$312.7	\$82.9	\$85.0	\$96.7
<i>As % of Total Revenues</i>	13.7%	13.4%	13.6%	13.8%	13.6%	12.7%	13.4%	14.8%
Diluted Earnings Per Share	\$1.25	\$1.28	\$1.39	\$1.51	\$5.42	\$1.43	\$1.46	\$1.65
Effective Tax Rate	22.5%	22.5%	21.5%	20.7%	21.8%	22.8%	22.3%	22.6%
Weighted Average Diluted Shares Outstanding, thousands	57,236	57,614	57,844	57,965	57,668	58,143	58,246	58,616
Balance Sheet								
Cash and Cash Equivalents	\$762.5	\$777.4	\$853.2	\$936.6	\$936.6	\$916.3	\$993.7	\$1,161.1
Trade Receivables and Contract Assets, net	\$451.4	\$479.7	\$482.1	\$497.7	\$497.7	\$542.7	\$506.9	\$493.2
Days Sales Outstanding ⁽³⁾	78	79	75	72	72	76	73	70
Working Capital	\$962.2	\$1,013.2	\$1,053.2	\$1,087.3	\$1,087.3	\$1,118.4	\$1,232.8	\$1,337.4
Cash Flows								
Cash Flows from Operating Activities	(\$0.2)	\$44.0	\$119.0	\$124.6	\$287.5	\$63.3	\$146.2	\$175.6
Cash Flows from Investing Activities	(\$18.6)	(\$28.9)	(\$40.1)	(\$57.8)	(\$145.4)	(\$59.5)	(\$74.1)	(\$15.7)
Cash Flows from Financing Activities	\$10.2	(\$2.0)	\$4.9	\$7.3	\$20.4	(\$2.0)	(\$4.6)	\$5.6
Effect of Exchange Rates on Cash	\$0.5	\$1.7	(\$8.0)	\$9.3	\$3.5	(\$22.0)	\$10.0	\$1.9
Net Cash Flows	(\$8.0)	\$14.9	\$75.8	\$83.4	\$166.0	(\$20.3)	\$77.5	\$167.3
CapEx (included in Cash Flows from Investing Activities)	(\$13.4)	(\$11.6)	(\$27.3)	(\$47.0)	(\$99.3)	(\$29.1)	(\$11.4)	(\$9.8)
Free Cash Flows ⁽⁴⁾	(\$13.6)	\$32.4	\$91.8	\$77.6	\$188.1	\$34.2	\$134.7	\$165.8
Adjusted Net Income Conversion ⁽⁵⁾	(19.1)%	44.0%	114.4%	88.9%	60.2%	41.2 %	158.5%	171.5%
Currencies								
Revenues by Currency, as % of Total Revenues								
U.S. Dollar - USD	67.0%	67.6%	68.3%	67.8%	67.7%	69.4%	69.6%	67.3%
Euro - EUR	14.2%	13.5%	13.1%	13.0%	13.4%	12.4%	12.0%	12.4%
British Pound - GBP	7.3%	6.6%	6.2%	6.1%	6.5%	6.0%	5.7%	5.8%
Russian Ruble - RUB	2.7%	3.8%	3.9%	4.2%	3.6%	3.1%	2.8%	4.1%
Swiss Franc - CHF	2.9%	2.6%	2.8%	3.0%	2.9%	3.4%	3.4%	3.6%
Canadian Dollar - CAD	2.4%	2.1%	2.4%	2.3%	2.3%	2.3%	2.2%	2.3%
Chinese Yuan Renminbi - CNY	1.1%	1.1%	0.8%	0.5%	0.9%	0.5%	0.6%	0.6%
Other	2.4 %	2.7%	2.5%	3.1%	2.7%	2.9 %	3.7%	3.9%
Expenses by Currency, as % of Total non-GAAP OPEX								
U.S. Dollar - USD	55.0%	60.4%	61.7%	60.3%	59.5%	54.6%	60.2%	61.0%
Russian Ruble - RUB	10.6%	9.3%	9.1%	9.8%	9.7%	10.5%	9.2%	8.7%
Polish Zloty - PLN	5.1%	4.9%	4.7%	4.5%	4.8%	5.1%	4.8%	4.8%
Euro - EUR	2.9%	3.1%	3.1%	3.5%	3.1%	4.2%	4.2%	3.9%
Swiss Franc - CHF	4.1%	2.8%	3.1%	3.2%	3.3%	4.1%	3.9%	3.9%
Hungarian Forint - HUF	4.9%	4.6%	4.1%	4.0%	4.4%	4.2%	3.6%	3.9%
British Pound - GBP	5.5%	4.2%	3.7%	4.2%	4.4%	4.5%	3.3%	3.6%
Indian Rupee - INR	2.1%	2.1%	2.2%	2.1%	2.1%	2.2%	2.4%	2.5%
Chinese Yuan Renminbi - CNY	2.1%	1.6%	1.6%	1.6%	1.7%	1.7%	1.5%	1.5%
Mexican Peso - MXN	1.2%	1.3%	1.3%	1.4%	1.3%	1.3%	1.1%	1.1%
Canadian Dollar - CAD	1.4%	1.0%	0.9%	0.9%	1.0%	1.2%	0.9%	0.9%
Other	5.1%	4.7%	4.5%	4.5%	4.7%	6.4%	4.9%	4.2%



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	2019					2020		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
People								
Total Professionals, End of Period	31,412	33,111	35,451	36,739	36,739	37,385	36,448	38,012
<i>Year-Over-Year Net Change in Total Professionals</i>	17.6%	20.7%	24.6%	21.8%	21.8%	19.0%	10.1%	7.2%
Delivery Professionals, End of Period	27,893	29,433	31,465	32,561	32,561	33,111	32,298	33,778
<i>Year-Over-Year Net Change in Delivery Professionals</i>	17.6%	21.0%	24.7%	21.7%	21.7%	18.7%	9.7%	7.4%
Utilization	79.9%	78.4%	76.1%	77.9%	78.0%	79.5%	83.9%	78.2%
Delivery Professionals by Location								
Belarus					9,320			
Ukraine					7,480			
Russia					5,390			
Central Europe					3,510			
North America					2,930			
APAC					2,790			
Western Europe and Middle East					1,140			
Customers								
Customer Concentration, as % of Total Revenues								
Top 5 Customers	20.1%	19.4%	20.0%	20.5%	19.9%	22.1%	23.2%	22.7%
Top 10 Customers	29.6%	28.6%	29.0%	29.3%	29.1%	31.6%	32.5%	31.6%
Top 20 Customers	41.7%	40.3%	40.8%	41.0%	40.7%	43.5%	44.3%	43.3%
Outside of Top 20 Customers	58.3%	59.7%	59.2%	59.0%	59.3%	56.5%	55.7%	56.7%
Number of Accounts with Revenues:								
Over \$20 Million					22			
\$10 - \$20 Million					27			
\$5 - \$10 Million					42			
\$1 - \$5 Million					206			
\$.5 - \$1 Million					105			
Contract Types								
Time-and-Material	\$464.2	\$480.0	\$507.7	\$538.8	\$1,990.7	\$561.2	\$554.9	\$559.1
<i>As % of Total Revenues</i>	89.1%	86.9%	86.3%	85.1%	86.9%	86.2%	87.7%	85.7%
Fixed-Price	\$55.3	\$69.8	\$78.7	\$90.9	\$294.7	\$85.9	\$72.4	\$90.4
<i>As % of Total Revenues</i>	10.6%	12.7%	13.4%	14.4%	12.8%	13.2%	11.5%	13.9%
Licensing	\$1.2	\$1.0	\$1.0	\$1.9	\$5.1	\$3.4	\$2.5	\$2.0
<i>As % of Total Revenues</i>	0.2%	0.2%	0.2%	0.3%	0.2%	0.5%	0.4%	0.3%
Other Revenues	\$0.6	\$0.8	\$0.7	\$1.2	\$3.3	\$0.9	\$2.6	\$0.7
<i>As % of Total Revenues</i>	0.1%	0.2%	0.1%	0.2%	0.1%	0.1%	0.4%	0.1%

Footnotes:

(1) During EPAM Systems, Inc.'s earnings calls, in our earnings releases and investor decks, management supplements results reported in accordance with United States generally accepted accounting principles, referred to as GAAP, with non-GAAP measures. Management believes these measures help illustrate underlying trends in EPAM's business and uses the measures to establish budgets and operational goals, communicate internally and externally, for managing EPAM's business and evaluating its performance. Management also believes these measures help investors compare EPAM's operating performance with its results in prior periods. EPAM anticipates that it will continue to report both GAAP and certain non-GAAP financial measures in its financial results, including non-GAAP results that exclude stock-based compensation expenses, acquisition-related costs including amortization of intangible assets, impairment of assets, certain other one-time charges and benefits, changes in fair value of contingent consideration, foreign exchange gains and losses, excess tax benefits related to stock-based compensation, and the related effect on income taxes of the pre-tax adjustments. Management also compares operating results on a basis of "constant currency," which is also a non-GAAP financial measure. This measure excludes the effect of foreign currency exchange rate fluctuations by translating the current period revenues and expenses into U.S. dollars at the weighted average exchange rates of the prior period of comparison. Because EPAM's reported non-GAAP financial measures are not calculated in accordance with GAAP, these measures are not comparable to GAAP and may not be comparable to similarly described non-GAAP measures reported by other companies within EPAM's industry. Consequently, EPAM's non-GAAP financial measures should not be evaluated in isolation or supplant comparable GAAP measures, but rather, should be considered together with the information in EPAM's consolidated financial statements, which are prepared in accordance with GAAP. EPAM's earnings releases, available on our website and furnished to the SEC, include reconciliations of results between GAAP measures and non-GAAP measures.

(2) Constant currency revenues are calculated using weighted average exchange rates of the prior period of comparison.

(3) Days Sales Outstanding is calculated by dividing the amount of Trade receivables and contract assets, net as of the end of the period by total revenues during the last three months in the period, and multiplying the result by the number of calendar days in the last three months in the period. We did not adjust the calculation herein for acquisitions as these acquisitions did not have a distortive impact on Days Sales Outstanding in the respective periods of acquisition.

(4) Free cash flows is calculated as cash flows from operating activities as presented in the statement of cash flows under GAAP, less capital expenditures.

(5) Adjusted net income conversion is calculated by dividing free cash flows by non-GAAP net income.