Thank you, operator and good morning, everyone. By now, you should have received your copy of the earnings release for the Company's second quarter 2022 results. If you have not, a copy is available on EPAM.com in the investor's section.

With me on today's call are Arkadiy Dobkin, CEO and President, and Jason Peterson, Chief Financial Officer.

I would like to remind those listening that some of the comments made on today's call may contain forward-looking statements. These statements are subject to risk and uncertainties as described in the Company's earnings release and SEC filings.

Additionally, all references to reported results that are non-GAAP measures have been reconciled to the comparable GAAP measures and are available in our quarterly earnings materials located in the investors section of our website.

With that said, I will now turn the call over to Ark.

Thank you, David. Good morning, everyone. Thank you for joining us today.
I want to start by reminding you of our earnings call three months ago and then our Investor & Analyst Day on May 19th, when we shared our approach and high-level plan for the following months. At that time, we said that we did not expect the war to end quickly and, as a result, our plans for adapting the company were developing based on a series of overlapping efforts or phases.
Today, we are still very much in the war time, and we do not fully see a definite conclusion of it in the near term and that means that, as we expected, we are continually adjusting our operations, our delivery organization and ways of working to what is our "New Normal" now.

So, let’s go quickly via the progress we are making across those phases.

The first phase is a focus on the safety of our employees and stabilization of our operations in Ukraine. At this time, all our employees are in safe locations either within the Country or in neighboring countries and our teams continue to work, supporting our customers at levels of productivity very much in line with what we experienced before the war, or even higher. In addition, in this “New Normal,” we continue to support our Ukrainian employees and their families as well as the Ukrainian people by providing various forms of humanitarian relief within EPAM Ukraine Assistance Fund, and our $100 million assistance commitment, which we announced back in March. I would just add that we are constantly moved by the resiliency and morale of our Ukrainian employees and we want to take one more opportunity to thank them for their incredible commitment and level of efforts they demonstrate.

The second phase of our framework is the acceleration of our global diversification efforts and continued growth of our diverse capabilities – and yes, this includes first of all geographical diversification of our delivery platform. It also includes many other critical aspects of our operations and several key investments efforts, which ensures the quality of our delivery, while we are expanding rapidly across multiple GEOs.

We are scaling in already existing delivery locations in India, Latin America, and Central Asia, as well as establishing several newly created delivery hubs and expanding many existing sites across Central and Eastern Europe and Western and Central Asia as well. This is also supported by the active redeployment of many of our current employees, who decided to explore opportunities outside of their home countries and simultaneously establishing strong EPAM cultural foundation in those locations to further develop the local talent market in fast-growing EPAM hubs.

Looking at our global footprint, EPAM now serves customers from more than 50 countries around the world, which means we doubled our country count in the last three years, and as a result re-balanced our delivery platform across now four major geographies, which include Central & Eastern Europe, India, Western and Central Asia, and Latin America. Two of which almost did not exist for us just few years back.

To date, with those efforts and accelerated growth outside of impacted regions, we have reduced our delivery capacity there by roughly 60% in February 2022 to 40% now. And we expect to reach a level close to 30% during the second half of 2022.

As part of this process, we are well underway in our commitment of exiting our operations in Russia. While we move quickly and anticipate completing the process shortly, we are working through a number of regulatory requirements in the Country, which means that the timing of a full transition is still difficult to predict precisely. With that said, we can share that our local footprint went from over 9,000 people at the end of Q1, to just under one thousand today.

With that, I would like to say a big thank you to many people within EPAM Global Delivery and Talent management and Finance Organizations at very different seniority levels, who are enabling this massive talent transformation efforts across dozens of countries simultaneously, and under very challenging timelines.

Moving to our third phase in the framework: continuing to serve and expand demand for our services for our growing, global customer portfolio: Over the last five months we have repositioned absolute majority of all client projects who requested their work to be relocated based on their sense of risk mitigation factors. And, we also know, that such requests will continue to happen in the future, depending on the different fast developing external factors. We just feel at this point, that we are much better prepared now to address such future needs. With that, I would like to state, that while we continue to be extremely open and responsive to our customers' needs and their preferences, we are seeing today some new incoming demand into the region and expect a significant proportion of our client portfolio, even with increased global diversification, to be continuously serviced from Ukraine and Belarus.

Another indication of our success in our third phase could be expressed by the growth of our top 20 and top 50 client portfolio, most of them have been with us and stayed with us through multiple phases of change and growth and, thanks to their support today, during such a huge and terrible disruption as a current war in Ukraine.

Finally, the last element of our framework is a Focus on Profitability or Phase Four. As work has been repositioned to new geographies, we have begun the effort to align rate structures and optimize the performance of new delivery locations, which will continue throughout this year and into 2023. While still too early to provide specifics on our progress on this phase, we believe we will return to profit levels approaching EPAM's historical ranges during the first half of 2023.

In addition to all of that, we continue to progress our investment agenda across several key for us areas. EPAM Continuum is now a consulting brand, recognized by leading analysts and strongly supporting our growing focus on more complex and advisory led engagements; our Cloud and Data offerings are progressing fast into large modernization programs, enabled by our strengthening relationships with key partners in that space, and we continue to see traction with EPAM's efforts in our IP and

Educational initiatives as well as with our advance remote supply model, enabled by our continuously invented digital platforms.

In short, we feel good right now about our progress to date of rebalancing our global delivery and moving forward with all other additional initiatives which should allow us to maintain a sequential constant currency revenue growth rate, despite the massive disruptions we have encountered.

With that, I would like to provide some comment on the current demand environment, or at least how we see it from our side. While we really are doing better today than we expected, we, like our competitors and all of you, see a growing number of mixed economic indicators and caution in the market. At the same time, we still believe, the near-term demand environment remains intact. We also believe the medium-term broad-based demand trends which have driven activity in our industry in the past will continue to support our ability to drive strong organic growth at or above our “Old Normal” 20% target.

So, while we are not immune to the impact of global economic events, we feel being much better positioned today, than in the past, to address any future shifts, and we also believe EPAM remains well positioned for long-term growth and value creation opportunities. For our people, for our clients, and for our investors.
To summarize, our priority remains to contain, as much as possible, the impact of the current disruption of the war, within 2022. We have made significant progress in this area over the last five months, and, in addition, we are significantly accelerating key elements of our overall strategy.

Because, to a big extent, other than the closing of our operations in Russia, what is happening right now, and, what we now call our “New Normal”, is very much the accelerated efforts towards several strategic directions, which have been part of our medium to longer-term plans.

The resilience of our people, customers and operations have effectively created exactly this “New Normal” for EPAM, an entirely different level of diversification, productivity, and agility of the business to ensure the future growth with this constantly changing market environment.

So overall, these challenging times are helping us to build better and more adaptive EPAM. And faster.

And, in closing, as I mentioned on our Q1 earnings call, and it is worth repeating, EPAM, as a company, fully stands with Ukraine. Since the beginning of the war, our absolute top priority has been, and continues to be, the safety and well-being of our employees and their families. And one more time, thank you to all of our employees for this effort and their loyalty during this not at all easy times.
Now let me turn the call over to Jason who will talk about our Q2 results and additional perspective as we look at Q3 and beyond.

Thank you, Ark, and good morning everyone.

In the second quarter, EPAM delivered another set of strong results, including a sooner-than-anticipated return to sequential revenue growth. These results were produced at a time when the Company was experiencing unprecedented disruptions across all of EPAM’s major delivery locations.

As we mentioned during our Q1 earnings call, in addition to our customary non-GAAP adjustments, expenditures related to EPAM's humanitarian commitment to Ukraine, the exit of our Russian operations, and costs associated with accelerated employee relocations have been excluded from non-GAAP financial results. We have included additional disclosures specific to these and other related items in our Q2 earnings release.

During Q2, EPAM generated revenues of $1.19 billion, a year-over-year increase of 35.6% on a reported basis and 40.1% in constant currency terms, reflecting a negative foreign-exchange impact of 450 basis points.

Looking at the performance of our industry verticals and geographic regions in the quarter, growth was negatively impacted by the ongoing exit of our Russia operations, and the effect of foreign exchange on our U.S. dollar reported results. Where helpful, I will provide an adjusted year-over-year comparison. Beginning with our industry verticals:

- Travel & Consumer grew 61.1%, driven by strong organic growth primarily from our Retail customers as well as revenue contributions from recent acquisitions.

- Life Sciences & Healthcare grew 40.1% with strong growth coming from the Healthcare industry in addition to growth in Life Sciences.

- Financial Services grew 29.4%, with growth coming from Asset Management, Payments and Banking. Excluding our Russia customers, growth was 41.5%, or 45.7% in constant currency.

- Business Information & Media delivered 25.4% growth in the quarter, driven primarily by customers in the Business Information industry.
- Software & Hi-Tech grew 22.7% in the quarter, and finally,
- Our Emerging Verticals delivered 36.1% growth, driven by clients in Telecommunications, Energy, Manufacturing and Automotive. Excluding our Russia customers, growth was 40.6% or 49.1% in constant currency.

From a geographic perspective:

- Americas, our largest region representing 60% of our Q2 revenues, grew 36.8% year-over-year or 37.9% in constant currency.
- EMEA, representing 35% of our Q2 revenues, grew 45.2% year-over-year or 58.0% in constant currency. EMEA performance was driven by strong organic growth combined with an incremental contribution from recent acquisitions.
- CEE, representing 2% of our Q2 revenues, contracted 46.7% year-over-year or 58.2% in constant currency. Revenue growth in the quarter was impacted by the ramp down of services to our Russian customers.
- And finally, APAC grew 20.8% year-over-year or 25.0% in constant currency terms and now represents 3% of our revenues.

In Q2, revenues from our top 20 clients grew 27% year-over-year while revenues from clients outside our top 20 grew 41%.

Moving Down the Income Statement:

Our GAAP Gross Margin for the quarter was 29.2%, compared to 33.8% in Q2 of last year. Non-GAAP Gross Margin for the quarter was 31.5%, compared to 35.0% for the same quarter last year. Compared to Q2 2021, Gross Margin in Q2 2022 was negatively impacted by the ongoing transition of customer work to higher cost geographies, as well as lower utilization in Russia.

GAAP SG&A was 19.5% of revenue compared to 17.2% in Q2 of last year, and Non-GAAP SG&A came in at 15.2% of revenue compared to 15.6% in the same period last year.

GAAP income from operations was $93 million or 7.8% of revenue in the quarter compared to $125 million or 14.2% of revenue in Q2 of last year. The lower level of profitability was primarily driven by costs associated with the exit of our Russia operations, relocation of our employees and humanitarian expenditures in support of our Ukrainian employees. Non-GAAP income from operations was $177 million or 14.9% of revenue in the quarter compared to $155 million or 17.6% of revenue in Q2 of last year. We are pleased with our operating profit in a quarter, when the Company was also executing a significant geographic transformation.

Our GAAP effective tax rate for the quarter was negative 114.9% primarily driven by excess tax benefits related to stock-based compensation, as well a one-time deferred tax benefit associated with tax planning. Our Non-GAAP effective tax rate, which excludes excess tax benefits as well as the one-time benefit from tax planning was 22.9%.

Diluted earnings per share on a GAAP basis was $0.32 reflecting a negative $1.62 or 83.5% decrease year-over-year. GAAP EPS includes the impact of Ukraine humanitarian expenditures, expenses related to accelerated staff relocations, costs related to the planned exit of our Russian operations and the FX impact of Russian Ruble appreciation on intercompany payables denominated in Rubles and U.S. dollar denominated assets held by our Russia entity. Our Non-GAAP Diluted EPS was $2.38 reflecting a $0.33 increase or 16.1% growth over the same quarter in 2021.

In Q2, there were approximately 59.0 million diluted shares outstanding.

Turning to our cash flow and balance sheet:

Cash flow from operations for Q2 was $78 million, compared to $69 million in the same quarter of 2021.

Free cash flow was $59 million, compared to free cash flow of $46 million in the same quarter last year.

We ended the quarter with approximately $1.3 billion in cash and cash equivalents.

At the end of Q2, DSO was 71 days and compares to 69 days for Q1 2022 and 70 days for the same quarter last year. We expect to maintain DSO in and around this level throughout 2022.

Moving on to a few operational metrics:

We ended the quarter with more than 54,850 Consultants, Designers and Engineers, a year-over-year increase of 28.1%. Our total headcount for Q2 was around 61,300 employees. Compared to Q1, we saw a net decrease of approximately 300 headcount. Significant additions in India, Central Europe and Latin America, were offset by the reduction of headcount in Russia.

Utilization was 78.0% compared to 80.2% in Q2 of last year and 78.4% in Q1 2022. Our Q2 utilization includes those employees who have been assigned in a back-up capacity to support projects substantially delivered from Ukraine. Although these employees were counted as utilized for the purpose of our utilization calculations, this work was largely unbilled. Additionally, during the quarter utilization in Russia was significantly lower compared to the same quarter in 2021. Utilization in Ukraine remained steady and at levels similar to, but somewhat lower than, 2021.

Now let's turn to our business outlook:

As a reminder, on February 28th we withdrew our full year business outlook due to the uncertainties related to Russia's invasion of Ukraine. For the remainder of this year, we plan to provide guidance for the next quarter only and expect to resume our full year guidance at the beginning of the 2023 year. However, I will provide some additional insights and assumptions which will help frame our Q3 guidance and expectations for the second half of 2022

At this time, we continue to see a stable demand environment, which combined with the progress in repositioning our workforce and portfolio, we expect will drive continued sequential revenue growth throughout the second half of 2022. However, with our reduced Russian customer revenue, we expect to see the impact of tougher year-over-year revenue comparisons in both Q3 and Q4. We will continue to provide color regarding the impact the Russia exit has on EPAM's growth rates.

We continue to see relatively high levels of productivity from our Ukrainian staff who are substantially located in safer portions of the Country. Our Q3 guidance assumes that we will maintain Ukrainian utilization at levels only slightly lower than pre-war levels.

For those Russian employees who wanted to relocate, we have relocated the majority of that population during the second quarter, therefore, we expect a lower level of employee relocations in Q3.

In parallel with the repositioning of our people, we are working through the process to align our cost and rate structures to reflect the prevailing economics in the geographies to which demand has been redirected. In many cases, the result will be increased billing rates to reflect higher costs, although we expect some lag in the establishment of these higher bill rates.

With the movement of customer projects and people, we expect some short-term inefficiencies, including a higher level of bench and therefore somewhat lower utilization, as we scale new and existing delivery locations. The combination of these factors will continue to weigh on our profitability. However, we expect to see an improvement in profitability between Q2 and Q3 and are currently forecasting profitability in Q4 at levels similar to those we expect to achieve in Q3.

And finally, to date EPAM has spent over $34 million as part of the Company's $100 million humanitarian commitment to our Ukrainian employees and their families. We expect further humanitarian expenditures will be made throughout 2022 and into 2023.

Now, moving to our Q3 2022 outlook we expect:

- Revenues to be at least $1.210 billion producing a year-over-year growth rate of at least 22%. In constant currency terms, revenue growth is expected to be at least 26%. Included in these growth rates is approximately 400 basis points of revenue contribution from acquisitions closed over the last 12 months. I will also point out that we expect customers based in Russia to contribute less than $10 million in revenues in the quarter compared with the $44 million in Russia based customer revenues generated in Q3 of 2021.

- For the third quarter, we expect GAAP Income from Operations to be in the range of 9.5% to 10.5% and Non-GAAP Income from Operations to be in the range of 15.0% to 16.0%.

- We expect our GAAP Effective Tax Rate to be approximately 19.0% and our Non-GAAP Effective Tax Rate, which excludes excess tax benefits related to stock-based compensation to be approximately 22.0%.

- For Earnings per Share, we expect GAAP diluted EPS to be at least $1.65 for the quarter, and Non-GAAP Diluted EPS to be at least $2.48 for the quarter.

- We expect a weighted average share count of 59.4 million diluted shares outstanding.

Finally, a few key assumptions that support our GAAP to Non-GAAP measurements in the third quarter:

- Stock-based compensation expense is expected to be approximately $38 million.

- Amortization of intangibles is expected to be approximately $5.7 million.

- The impact of foreign exchange is expected to be negligible.

- Tax effect of Non-GAAP adjustments is expected to be around $13.6 million.

- And finally, we expect excess tax benefits to be around $5.9 million in the quarter.

In addition to these customary GAAP to Non-GAAP adjustments, and consistent with Q2, we expect to have ongoing non-GAAP adjustments in Q3 resulting from Russia's invasion of Ukraine. Please see our Q2 earnings release for a detailed reconciliation of our GAAP to Non-GAAP guidance.

We are pleased with our Q2 financial performance, which is the result of a lot of hard work by our employees around the globe whom I want to thank for their dedication and the world class service they provide to our customers.

Operator, let's open the call up for questions.