



EPAM Reports Results for First Quarter 2025 and Raises Full Year Revenue Outlook

- *First quarter revenues of \$1.302 billion, up 11.7% year-over-year*
- *GAAP income from operations was 7.6% of revenues and non-GAAP income from operations was 13.5% of revenues for the first quarter*
- *First quarter GAAP diluted EPS of \$1.28, a decrease of \$0.69, and non-GAAP diluted EPS of \$2.41, a decrease of \$0.05 on a year-over-year basis*
- *Based on the strength of organic constant currency revenue growth in the first half of 2025 and updates to our foreign exchange rate assumptions, EPAM raises its expected year-over-year revenue growth rate to now be in the range of 11.5% to 14.5% for 2025*

Newtown, PA, USA — May 8, 2025 — EPAM Systems, Inc. (NYSE: EPAM), a leading digital transformation services and product engineering company, today announced results for the first quarter ended March 31, 2025.

“We reported strong first quarter results amidst a dynamic macroeconomic landscape, which highlights our unique differentiation in supporting our clients through their transformation journeys,” said Arkadiy Dobkin, CEO and President at EPAM. “By staying anchored in engineering excellence, disciplined execution and AI-native innovation, we’ve continued to build sequential momentum and deliver year-over-year organic growth.”

EPAM Reports Results

Q1 REVENUES

\$1.302B

11.7% ↑ 1.4% ↑YoY
(reported)Organic YoY
(constant currency)

OUTLOOK Q2 2025

Revenues in the range of

\$1.325B-\$1.340B

16.2% ↑YoY
(midpoint of the range)

OUTLOOK FY 2025

Revenue Growth
in the range of**11.5%-14.5% ↑**

YoY

REVENUES BY INDUSTRY VERTICAL

Financial Services

\$314M **29.3% ↑**

YoY

Consumer Goods, Retail & Travel

\$255M **-1.4% ↓**

YoY

Software & Hi-Tech

\$190M **9.6% ↑**

YoY

Business Information & Media

\$167M **-2.2% ↓**

YoY

Life Sciences & Healthcare

\$155M **10.5% ↑**

YoY

Emerging

\$221M **22.8% ↑**

YoY

REVENUES BY GEOGRAPHY

Americas

\$780M

12.6% ↑

YoY

EMEA

\$497M

10.7% ↑

YoY

APAC

\$25M

4.3% ↑

YoY

DILUTED EARNINGS PER SHARE

\$1.28

GAAP EPS

-35.0% ↓

YoY

\$2.41

NON-GAAP EPS

-2.0% ↓

YoY

EMPLOYEES & LOCATIONS

61,700+

Total EPAMers

55,600+

Designers, Engineers & Consultants

55+

Countries & Regions

Refer to EPAM's 1st Quarter 2025 Earnings Release for additional information and reconciliation of GAAP Diluted EPS to Non-GAAP Diluted EPS.

First Quarter 2025 Highlights

- Revenues increased to \$1.302 billion, a year-over-year increase of \$136.2 million, or 11.7%. On an organic constant currency basis, revenues were up 1.4% compared to the first quarter of 2024;
- GAAP income from operations was \$99.3 million, a decrease of \$11.2 million, or 10.1%, compared to \$110.5 million in the first quarter of 2024;
- Non-GAAP income from operations was \$175.8 million, an increase of \$2.2 million, or 1.2%, compared to \$173.6 million in the first quarter of 2024;
- Diluted earnings per share ("EPS") on a GAAP basis was \$1.28, a decrease of \$0.69, or 35.0%, compared to \$1.97 in the first quarter of 2024; and
- Non-GAAP diluted EPS was \$2.41, a decrease of \$0.05, or 2.0%, compared to \$2.46 in the first quarter of 2024.

Cash Flow and Other Metrics

- Cash provided by operating activities was \$24.2 million for the first three months of 2025, compared to cash provided by operating activities of \$129.9 million for the first three months of 2024;
- Cash, cash equivalents and restricted cash totaled \$1.179 billion as of March 31, 2025, a decrease of \$111.9 million, or 8.7%, from \$1.290 billion as of December 31, 2024;
- The Company repurchased 796 thousand shares of its common stock for \$160.0 million during the first quarter of 2025 under its share repurchase program. As of March 31, 2025, the Company had \$277.0 million remaining under its share repurchase authorization; and
- Total headcount was approximately 61,700 as of March 31, 2025. Included in this number were approximately 55,600 delivery professionals, an increase of 0.9% from December 31, 2024.

2025 Outlook - Full Year and Second Quarter

Full Year

EPAM expects the following for the full year:

- Based on the strength of organic constant currency revenue growth in the first half of 2025 and updates to our foreign exchange rate assumptions, the Company raises its expected year-over-year revenue growth rate to now be in the range of 11.5% to 14.5% for 2025. Additionally, the Company now expects the year-over-year revenue growth rate on an organic constant currency basis to be in the range of 2.0% to 5.0%;
- For the full year, EPAM continues to expect GAAP income from operations to be in the range of 9.0% to 10.0% of revenues and non-GAAP income from operations to be in the range of 14.5% to 15.5% of revenues;
- The Company now expects its GAAP effective tax rate to be approximately 25.0% and continues to expect its non-GAAP effective tax rate to be approximately 24.0%; and
- EPAM now expects GAAP diluted EPS to be in the range of \$6.78 to \$7.03 and non-GAAP diluted EPS to be in the range of \$10.70 to \$10.95. The Company now expects weighted average diluted shares outstanding for the year to be 56.5 million.

Second Quarter

EPAM expects the following for the second quarter:

- The Company expects revenues will be in the range of \$1.325 billion to \$1.340 billion for the second quarter reflecting year-over-year growth of 16.2% at the midpoint of the range. The Company expects the year-over-year revenue growth rate on an organic constant currency basis to be 3.8% at the midpoint of the range;
- For the second quarter, EPAM expects GAAP income from operations to be in the range of 9.0% to 10.0% of revenues and non-GAAP income from operations to be in the range of 14.0% to 15.0% of revenues;
- The Company expects its GAAP effective tax rate to be approximately 26.0% and its non-GAAP effective tax rate to be approximately 24.0%; and
- EPAM expects GAAP diluted EPS will be in the range of \$1.67 to \$1.75 for the quarter, and non-GAAP diluted EPS will be in the range of \$2.56 to \$2.64 for the quarter. The Company expects weighted average diluted shares outstanding for the quarter to be 56.7 million.

Conference Call Information

EPAM will host a conference call to discuss the results on Thursday, May 8, 2025, at 8:00 a.m. EDT. The conference call will be available live on the EPAM website at <https://investors.epam.com>. Please visit the website at least 15 minutes prior to the call to register for the event. For those who cannot access the live webcast, a replay will be available in the Investor Relations section of the website.

About EPAM Systems

Since 1993, EPAM Systems, Inc. (NYSE: EPAM) has used its software engineering expertise to become a leading global provider of digital engineering, cloud and AI-enabled transformation services, and a leading business and experience consulting partner for global enterprises and ambitious startups. We address our clients' transformation challenges by focusing EPAM Continuum's integrated strategy, experience and technology consulting with our 30+ years of engineering execution to speed our clients' time to market and drive greater value from their innovations and digital investments.

We leverage AI and GenAI to deliver transformative solutions that accelerate our clients' digital innovation and enhance their competitive edge. Through platforms like EPAM AI/RUN™ and initiatives like DIALX Lab, we integrate advanced AI technologies into tailored business strategies, driving significant industry impact and fostering continuous innovation.

We deliver globally but engage locally with our expert teams of consultants, architects, designers and engineers, making the future real for our clients, our partners, and our people around the world. We believe the right solutions are the ones that improve people's lives and fuel competitive advantage for our clients across diverse industries. Our thinking comes to life in the experiences, products and platforms we design and bring to market.

Added to the S&P 500 and the Forbes Global 2000 in 2021 and recognized by Glassdoor and Newsweek as Most Loved Workplace, our multidisciplinary teams serve customers across six continents. We are proud to be among the top 15 companies in Information Technology Services in the Fortune 1000 and to be recognized as a leader in the IDC MarketScapes for Worldwide Experience Build Services, Worldwide Experience Design Services and Worldwide Software Engineering Services.

Learn more at www.epam.com and follow us on [LinkedIn](#).

Non-GAAP Financial Measures

EPAM supplements results reported in accordance with United States generally accepted accounting principles, referred to as GAAP, with non-GAAP financial 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 acquired intangible assets, impairment of assets, expenses associated with EPAM's humanitarian commitment to its professionals in Ukraine, costs associated with the geographic repositioning of EPAM employees based outside of Ukraine impacted by the war and geopolitical instability in the region, employee separation costs incurred in connection with restructuring programs including the Company's exit from Russia, certain other one-time charges and benefits, changes in fair value of contingent consideration, foreign exchange gains and losses, excess tax benefits and tax shortfalls related to stock-based compensation, and the related effect on income taxes of the pre-tax adjustments. Management also compares revenues on an "organic constant currency basis," which is a non-GAAP financial measure. This measure excludes the effect of acquisitions by removing revenues from an acquired company in the twelve months after completing an acquisition and foreign currency exchange rate fluctuations by translating current period revenues 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.

Forward-Looking Statements

This press release includes estimates and statements which may constitute forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the accuracy of which are necessarily subject to risks, uncertainties, and assumptions as to future events that may not prove to be accurate. Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our business and operations. These statements may include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. Those future events and trends may relate to, among other things, developments relating to the war in Ukraine and escalation of the war in the surrounding region, political and civil unrest or military action in the geographies where we conduct business and operate, difficult conditions in global capital markets, foreign exchange markets, global trade and the broader economy, the adoption and implementation of artificial intelligence technologies by EPAM and its clients, and the effect that these events may have on client demand and our revenues, operations, access to capital, and profitability. Other factors that could cause actual results to differ materially from those expressed or implied include general economic conditions, the risk factors discussed in the Company's most recent Annual Report on Form 10-K and the factors discussed in the Company's Quarterly Reports on Form 10-Q, particularly under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" and other filings with the Securities and Exchange Commission. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made based on information currently available to us. EPAM undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities law.

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EPAM SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per share data)

	Three Months Ended March 31,	
	2025	2024
Revenues	\$ 1,301,692	\$ 1,165,465
Operating expenses:		
Cost of revenues (exclusive of depreciation and amortization)	952,008	834,334
Selling, general and administrative expenses	218,917	198,453
Depreciation and amortization expense	31,437	22,146
Income from operations	99,330	110,532
Interest and other income, net	5,814	15,042
Foreign exchange loss	(10,727)	(1,919)
Income before provision for income taxes	94,417	123,655
Provision for income taxes	20,935	7,412
Net income	\$ 73,482	\$ 116,243
Net income per share:		
Basic	\$ 1.29	\$ 2.01
Diluted	\$ 1.28	\$ 1.97
Shares used in calculation of net income per share:		
Basic	56,780	57,837
Diluted	57,262	58,931

EPAM SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except par value)

	As of March 31, 2025	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 1,173,639	\$ 1,286,267
Trade receivables and contract assets, net of allowance of \$4,928 and \$5,612, respectively	1,090,080	1,002,175
Prepaid and other current assets	151,972	137,806
Total current assets	2,415,691	2,426,248
Property and equipment, net	203,244	207,667
Operating lease right-of-use assets, net	124,430	128,244
Intangible assets, net	426,693	436,418
Goodwill	1,187,027	1,181,575
Deferred tax assets	255,084	269,799
Other noncurrent assets	111,443	100,522
Total assets	\$ 4,723,612	\$ 4,750,473
Liabilities		
Current liabilities		
Accounts payable	\$ 44,455	\$ 44,702
Accrued compensation and benefits expenses	495,562	484,952
Accrued expenses and other current liabilities	174,370	201,356
Income taxes payable, current	35,269	50,395
Operating lease liabilities, current	39,468	39,634
Total current liabilities	789,124	821,039
Long-term debt	25,059	25,194
Deferred tax liabilities, noncurrent	94,210	92,362
Operating lease liabilities, noncurrent	93,615	98,426
Other noncurrent liabilities	78,388	82,301
Total liabilities	1,080,396	1,119,322
Commitments and contingencies		
Equity		
Stockholders' equity		
Common stock, \$0.001 par value; 160,000 shares authorized; 56,626 shares issued and outstanding at March 31, 2025, and 56,869 shares issued and outstanding at December 31, 2024	57	57
Additional paid-in capital	1,235,475	1,190,222
Retained earnings	2,468,955	2,555,796
Accumulated other comprehensive loss	(61,853)	(116,864)
Total EPAM Systems, Inc. stockholders' equity	3,642,634	3,629,211
Noncontrolling interest in consolidated subsidiaries	582	1,940
Total equity	3,643,216	3,631,151
Total liabilities and equity	\$ 4,723,612	\$ 4,750,473

EPAM SYSTEMS, INC. AND SUBSIDIARIES
Reconciliations of Non-GAAP Financial Measures to Comparable GAAP Financial Measures
(Unaudited)
(In thousands, except percentages and per share amounts)

Reconciliation of year-over-year revenue growth as reported on a GAAP basis to revenue growth on an organic constant currency basis is presented in the table below:

	Three Months Ended March 31, 2025
Revenue growth as reported	11.7 %
Inorganic revenue growth	(11.2)%
Foreign exchange rates impact	0.9 %
Revenue growth on an organic constant currency basis	1.4 %

Reconciliation of various income statement amounts from GAAP to non-GAAP for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31, 2025		
	GAAP	Adjustments	Non-GAAP
Cost of revenues (exclusive of depreciation and amortization) ⁽¹⁾	\$ 952,008	\$ (24,541)	\$ 927,467
Selling, general and administrative expenses ⁽²⁾	\$ 218,917	\$ (34,223)	\$ 184,694
Income from operations ⁽³⁾	\$ 99,330	\$ 76,420	\$ 175,750
Operating margin	7.6 %	5.9 %	13.5 %
Net income ⁽⁴⁾	\$ 73,482	\$ 64,533	\$ 138,015
Diluted earnings per share	\$ 1.28		\$ 2.41

	Three Months Ended March 31, 2024		
	GAAP	Adjustments	Non-GAAP
Cost of revenues (exclusive of depreciation and amortization) ⁽¹⁾	\$ 834,334	\$ (23,016)	\$ 811,318
Selling, general and administrative expenses ⁽²⁾	\$ 198,453	\$ (34,093)	\$ 164,360
Income from operations ⁽³⁾	\$ 110,532	\$ 63,058	\$ 173,590
Operating margin	9.5 %	5.4 %	14.9 %
Net income ⁽⁴⁾	\$ 116,243	\$ 29,003	\$ 145,246
Diluted earnings per share	\$ 1.97		\$ 2.46

Items (1) through (4) above are detailed in the table below with the specific cross-reference noted in the appropriate item.

	Three Months Ended March 31,	
	2025	2024
Stock-based compensation expenses	\$ 23,923	\$ 22,357
Humanitarian support in Ukraine ^(a)	618	659
Total adjustments to GAAP cost of revenues⁽¹⁾	24,541	23,016
Stock-based compensation expenses	24,533	22,434
Cost Optimization charges ^(b)	5,311	7,017
Other acquisition-related expenses	570	1,223
Humanitarian support in Ukraine ^(a)	3,732	2,620
Geographic repositioning ^(c)	—	721
One-time charges, net	77	78
Total adjustments to GAAP selling, general and administrative expenses⁽²⁾	34,223	34,093
Amortization of acquired intangible assets	17,656	5,949
Total adjustments to GAAP income from operations⁽³⁾	76,420	63,058
Foreign exchange loss	10,727	1,919
Gain on financial instrument	(350)	—
Change in fair value of contingent consideration included in Interest and other income, net	(1,737)	1,050
Provision for income taxes:		
Tax effect on non-GAAP adjustments	(19,910)	(14,395)
Excess tax benefits related to stock-based compensation	(543)	(20,866)
Net discrete benefit from tax planning ^(d)	(74)	(1,763)
Total adjustments to GAAP net income⁽⁴⁾	\$ 64,533	\$ 29,003

(a) Humanitarian support in Ukraine includes expenses related to EPAM's \$100 million humanitarian commitment in response to Russia's invasion of Ukraine to support EPAM professionals and their families in and displaced from Ukraine. These expenses are incremental to those expenses incurred prior to the crisis, clearly separable from normal operations, and not expected to recur once the crisis has subsided and operations return to normal.

(b) Cost Optimization charges include severance, facilities and contract termination charges incurred in connection with the programs initiated in the third quarter of 2023 and second quarter of 2024. Consistent with the Company's historical non-GAAP policy, costs incurred in connection with formal restructuring initiatives have been excluded from non-GAAP results as these are one-time and unusual in nature.

(c) Geographic repositioning includes expenses associated with the relocation to other countries of employees based outside of Ukraine impacted by the war and geopolitical instability in the region, and includes the cost of accommodations, travel and food. These expenses are incremental to those expenses incurred prior to the crisis, clearly separable from normal operations, and not expected to recur once the crisis has subsided and operations return to normal.

(d) One-time benefit related to the implementation of tax planning to disregard certain foreign subsidiaries as separate entities for U.S. income tax purposes. Consistent with the Company's historical non-GAAP policy, the benefit related to the implementation of tax planning has been excluded from non-GAAP results as it is one-time and unusual in nature.

EPAM SYSTEMS, INC. AND SUBSIDIARIES

**Reconciliations of Guidance Non-GAAP Financial Measures to Comparable GAAP Financial Measures
(Unaudited)**

The below guidance constitutes forward-looking statements within the meaning of the federal securities laws and is based on a number of assumptions that are subject to change and many of which are outside the control of the Company. Actual results may differ materially from the Company's expectations depending on factors discussed in the Company's filings with the Securities and Exchange Commission.

Reconciliation of expected year-over-year revenue growth on a GAAP basis to expected revenue growth on an organic constant currency basis is presented in the table below:

	Second Quarter 2025	Full Year 2025
	(at midpoint of range)	
Revenue growth	16.2 %	11.5% to 14.5%
Foreign exchange rates impact	(1.8)%	(0.4)%
Inorganic revenue growth	(10.6)%	(9.1)%
Revenue growth on an organic constant currency basis	3.8 %	2.0% to 5.0%

Reconciliation of expected GAAP to non-GAAP income from operations as a percentage of revenues is presented in the table below:

	Second Quarter 2025	Full Year 2025
GAAP income from operations as a percentage of revenues	9.0% to 10.0%	9.0% to 10.0%
Stock-based compensation expenses	3.0 %	3.4 %
<i>Included in cost of revenues (exclusive of depreciation and amortization)</i>	1.5 %	1.7 %
<i>Included in selling, general and administrative expenses</i>	1.5 %	1.7 %
Humanitarian support in Ukraine ^(a)	0.4 %	0.4 %
Cost Optimization charges ^(b)	0.3 %	0.3 %
One-time charges and Other acquisition-related expenses ^(e)	— %	0.1 %
Amortization of acquired intangible assets	1.3 %	1.3 %
Non-GAAP income from operations as a percentage of revenues	14.0% to 15.0%	14.5% to 15.5%

(e) EPAM has not included the impact of potential future One-time charges including asset impairments, unusual gains and losses, and Other acquisition-related expenses because the Company is unable to predict these amounts with reasonable certainty.

Reconciliation of expected GAAP to non-GAAP effective tax rate is presented in the table below:

	Second Quarter 2025	Full Year 2025
GAAP effective tax rate (approximately)	26 %	25 %
(Tax shortfall)/excess tax benefits related to stock-based compensation	(0.4)%	0.1 %
Tax effect on non-GAAP adjustments	(1.6)%	(1.1)%
Non-GAAP effective tax rate (approximately)	24 %	24 %

Reconciliation of expected GAAP to non-GAAP diluted earnings per share is presented in the table below:

	Second Quarter 2025	Full Year 2025
GAAP diluted earnings per share	\$1.67 to \$1.75	\$6.78 to \$7.03
Stock-based compensation expenses	0.70	3.16
<i>Included in cost of revenues (exclusive of depreciation and amortization)</i>	<i>0.35</i>	<i>1.56</i>
<i>Included in selling, general and administrative expenses</i>	<i>0.35</i>	<i>1.60</i>
Humanitarian support in Ukraine ^(a)	0.07	0.27
Cost Optimization charges ^(b)	0.04	0.23
Amortization of acquired intangible assets	0.31	1.22
Change in fair value of contingent consideration	—	(0.03)
Foreign exchange loss	—	0.19
Provision for income taxes:		
Tax effect on non-GAAP adjustments	(0.24)	(1.11)
Tax shortfall/(excess tax benefits) related to stock-based compensation	0.01	(0.01)
Non-GAAP diluted earnings per share	\$2.56 to \$2.64	\$10.70 to \$10.95