CONDITIONAL VOLUNTARY PUBLIC TAKEOVER OFFER IN CASH
possibly followed by a squeeze-out by

EPAM Systems, Inc.
a Delaware corporation
registered address at 251 Little Falls Drive, Wilmington, Delaware 19808-1674 USA
principal office address at 41 University Drive, Suite 202, Newtown, Pennsylvania, 18940 USA
(**EPAM** or the **Offeror**)

FOR ALL SHARES NOT YET OWNED BY THE OFFEROR OR ITS RELATED PERSONS ISSUED BY

Emakina Group SA

Belgian limited liability company (*société anonyme / naamloze vennootschap*)
Rue Middelbourg 64A, 1170 Watermael-Boitsfort, Belgium

registered with the Belgian register of legal entities (Brussels, French-speaking division) under number 0464.812.221

(**Emakina** or the **Company**)

Offer Price: EUR 29.66 per Share
The Initial Acceptance Period starts on 15 October 2021 and ends at 4.00 pm CET on 29 October 2021

Acceptance Forms must be deposited directly or through a financial intermediary at the counters of BNP Paribas Fortis SA.

The Prospectus and the Acceptance Forms are available free of charge at the counters of BNP Paribas Fortis or by telephone on +32 2 433 41 13. Electronic versions of the Prospectus and the Acceptance Forms are also available on the following websites: www.bnpparibasfortis.be/sparenenbeleggen (in Dutch and English) and www.bnpparibasfortis.be/epargneretplacer (in French and English) and on the websites of the Company (www.emakina.group) and the Offeror (www.epam.com).

Prospectus dated 12 October 2021

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Summary of the Prospectus

Important notice

This summary should be read as an introduction to the Prospectus. It should be read in conjunction with the more detailed information contained elsewhere in the Prospectus. The decision to proceed with the Offer must be based on a thorough review of the Prospectus. Accordingly, Shareholders are invited to make their own determination as to the terms and conditions of the Offer, and as to the advantages and disadvantages that acceptance of the Offer may have for them.

No person shall be held liable on the basis of this summary or its translation, unless the contents are misleading, inaccurate or contradictory to the other parts of the Prospectus.

Capitalized terms used in this summary that are not expressly defined have the meanings ascribed to them in the Prospectus.

The Offeror

The Offeror is EPAM Systems, Inc., a corporation incorporated in the State of Delaware on 18 December 2002. The Offeror predecessor entity was founded in 1993.

The Offeror has its registered address at 251 Little Falls Drive, Wilmington, Delaware 19808-1674 USA and principal office address at 41 University Drive, Suite 202, Newtown, Pennsylvania, 18940 USA.

The Offeror's common stock is traded on the New York Stock Exchange (**NYSE**) under the symbol "EPAM".

The Company

The Company is Emakina Group SA, a limited liability company (*société anonyme* / *naamloze vennootschap*) incorporated and governed by Belgian law having its registered office at Rue Middelbourg 64A, 1170 Watermael-Boitsfort, Belgium and registered with the Crossroads Bank of Enterprises under company number 0464.812.221 (RLE Brussels, French-speaking division).

The Shares of the Company are admitted to trading on the market of Euronext Growth Brussels under ISIN code BE0003843605.

At the date of this Prospectus, the capital of the Company amounts to EUR 9,347,962.27 and is represented by 3,893,353 Shares, of which 6,510 are treasury Shares (representing 100% of the total number of outstanding Shares).

Characteristics of the Offer

Nature and object of the Offer

The Offer is a conditional voluntary public takeover bid launched in accordance with Chapter II of the Takeover Decree. The Offer is a cash offer.

The Offer relates to all Shares issued by the Company.

If, after the Initial Acceptance Period or a subsequent Acceptance Period (as the case may be), the Offeror and its Related Persons own more than 95% of all securities with voting right (i.e. the Shares) of the Company, the Offeror shall be entitled to launch a Squeeze-out pursuant to Article 7:82, § 1 BCCA. In this case, as this would result in the acquisition, as a result of the Offer, of more than 90% of the securities with voting right (i.e. the Shares) that are the subject of the Offer, the Offeror shall be entitled to launch a Squeeze-out pursuant to Article 7:82, § 1 BCCA and Articles 42 and 43 of the Takeover Decree.

Conditions of the Offer

The Offer is subject to the following conditions precedent:

(a) at least 95% of the total number of Shares shall have been tendered (and not withdrawn) at the end of the Initial Acceptance Period of the Offer; and

(b) the non-occurrence, at any time, prior to the date of publication of the results of the initial acceptance period of the Offer, of any fact, event, circumstances or omission (including any breach or cessation or loss of a material contract or any breach of a material regulatory obligation), which, individually or in conjunction with other fact, event, circumstances or omission, adversely affects or could reasonably be expected to adversely affect (in this last situation the probability of the occurrence of the effect being ascertain by an independent expert), the consolidated EBIT of the Company by more than EUR 1,5 million (a **Material Adverse Change**); being agreed that the following situations shall not be considered as Material Adverse Change: (a) any adverse consequence resulting from the announcement of the Offer, (b) any adverse consequence resulting from conditions which generally affect the market on which the Company operates and which does not affect the Company disproportionately compared to its competitors, or (c) the termination for whatever reason of employment or consulting services of any of the managing directors of the Company or their direct reports to which the Offeror is introduced between 14 August 2021 up to the date of publication of the results of the initial acceptance period.

These conditions precedent are stipulated exclusively in favour of the Offeror, who reserves the right to waive them in whole or in part.

If the required conditions are met, the Offeror has the intention to launch a simplified squeeze-out bid in application of article 7:82, §1 of the Code of Companies and Associations and articles 42 and 43 of the Takeover Decree.

Price of the Offer and justification of the Offer Price

Price of the Offer

The price offered for each Share tendered to the Offer amounts to EUR 29.66.

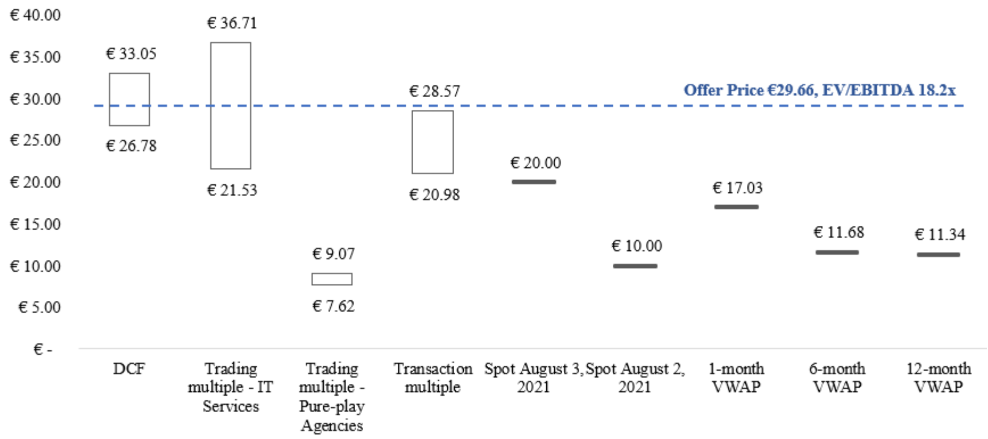
Justification of the Offer Price

The Offer Price represents a premium of 196.6% over the EUR 10.00 closing share price as of August 2, 2021, which is the last trading day prior to exceptional share price developments unrelated to any general equity market developments or company specific announcements. The Offer Price represents a premium of 48.3% over the EUR 20.00 closing share price as of August 3, 2021 (the **Reference Date**). The Offer Price represents a premium of 74.2%, 153.9%, and 161.5% respectively over the 1-month, the 3-month, and the 12-month volume weighted average prices as of the Reference Date.

The price offered has been based on the following analyses:

- Analysis of discounted cash flows (“DCF”)
- Analysis of trading multiples of listed comparable companies (for indicative purposes only)
- Analysis of transaction multiples (for indicative purposes only)

The Offer Price compares to the different valuation methodologies or references, as presented below.



	DCF	Trading multiple - IT Services	Trading multiple - Pure-play Agencies	Transaction multiple	Spot August 3, 2021	Spot August 2, 2021	1-month VWAP	6-month VWAP	12-month VWAP
EV-Max	€ 165	€ 181	€ 59	€ 145	€ 107	€ 62	€ 94	€ 70	€ 68
EV-Min	137	114	53	111	107	62	94	70	68
EV/EBITDA-Max	20.0x	22.0x	7.1x	17.6x	13.0x	7.6x	11.4x	8.5x	8.3x
EV/EBITDA-Min	16.6x	13.8x	6.4x	13.5x	13.0x	7.6x	11.4x	8.5x	8.3x
Premium-Max	(10.3%)	(19.2%)	226.8%	3.8%	48.3%	196.6%	74.1%	153.9%	161.5%
Premium-Min	10.7%	37.7%	289.2%	41.4%	48.3%	196.6%	74.1%	153.9%	161.5%

In conclusion, the DCF analysis provides support for the Offer Price of EUR 29.66 per Share. While the multiples analysis is provided for indicative purposes, the IT Services and Integrated Agencies median trading multiple and transaction multiples provide additional justification for the Offer Price.

Support

On 14 August 2021, EPAM and Emakina entered into a transaction agreement setting out the terms under which Emakina’s board of directors will support the bid.

Between 14 August 2021 and 18 August 2021, the Offeror entered into commitment agreements with certain shareholders (representing in aggregate slightly more than 95% of the capital of Emakina) pursuant to which each of them committed to tender all the Shares it holds in Emakina.

Initial Acceptance Period; Indicative timetable

The Initial Acceptance Period starts on 15 October 2021 and ends on 29 October 2021 at 4.00 p.m. (Belgian time).

Indicative timetable

Event	Date (expected)
Notification of the Offer to the FSMA (in accordance with Article 5 of the Takeover Decree)	18 August 2021

Event	Date (expected)
Publication of the Offer by the FSMA (in accordance with Article 7 of the Takeover Decree)	18 August 2021
Approval of the Prospectus and the Response Memorandum by the FSMA	12 October 2021
Publication of the Prospectus and the Response Memorandum	13 October 2021
Opening of the Initial Acceptance Period	15 October 2021
Closing of the Initial Acceptance Period	29 October 2021
Publication of the results of the Initial Acceptance Period (and indication by the Offeror of whether the conditions of the Offer have been fulfilled or, if not, whether the Offeror has waived such condition(s))	3 November 2021
Initial Payment Date	3 November 2021
If: • the conditions of the Offer are fulfilled and the Offeror and its Related Persons hold, as a result of the Offer, 95% or more of the securities with voting right (i.e. the Shares) of the Company: reopening of the Offer as a Squeeze-out; • the conditions of the Offer are not fulfilled, but the Offeror has waived them and holds, as a result of the Offer, together with its Related Persons, 90% or more of the securities with voting right (i.e. the Shares) of the Company: mandatory reopening of the Offer (possibly followed by a Squeeze-out if the conditions are fulfilled); • the conditions for the Offer are not fulfilled, but the Offeror has waived them, and the Offeror and its Related Persons hold, as a result of the Offer, less than 90% of the securities with voting right (i.e. the Shares) of the Company: possibility of voluntary reopening of the Offer.	5 November 2021
End of the Acceptance Period for the mandatory or voluntary reopening of the Offer (as the case may be)	12 November 2021
Publication of the results of the mandatory or voluntary reopening of the Offer (as applicable)	16 November 2021
Payment date for the mandatory or voluntary reopening of the Offer (as the case may be)	17 November 2021

Event	Date (expected)
If applicable, reopening of the Offer as a Squeeze-out (if the mandatory reopening of the Offer did not already have the effect of a Squeeze-out)	18 November 2021
Closing of the Acceptance Period of the Squeeze-out (assuming the Squeeze-out can immediately be started on 5 November 2021)	29 November 2021
Publication of the results of the Squeeze-out	30 November 2021
Payment Date of the Squeeze-out and delisting	30 November 2021

If any of the dates listed in the timetable are changed, the Shareholders will be informed of such change(s) by means of a press release which will also be available on the following websites: www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer and on the websites of the Company (www.emakina.group) and the Offeror (www.epam.com).

Objectives of the Offeror

The immediate objective of the Offer is for EPAM to acquire 100% of the Shares of Emakina.

Intentions of the Offeror

The intentions of the Offeror can be summarized as follows:

(i) **Emakina's position within EPAM following the successful completion of the Offer**

At the date of this Prospectus, EPAM has no intention of carrying out any material restructuring or reorganisation of Emakina.

(ii) **Impact on employment within Emakina**

EPAM attaches great importance to the skills and experience of the management team and employees of Emakina and their ongoing role in the success of Emakina. Consequently, EPAM has no intention to change the management team in any material respect. EPAM believes that the employees and the management of the enlarged business will benefit from the increased opportunities that such a combination would bring. EPAM intends to ensure that Emakina continues to provide an environment for its employees within which they will be well placed to continue to flourish.

At the date of this Prospectus, EPAM has no intention to amend the current terms and conditions of employment within Emakina in any material respect. Moreover, the Offer may have a positive impact on employment within Emakina if, for example, synergies can be created and geographic expansion can be achieved. Ultimately, EPAM's objective for Emakina's employees is, as a result of further developing the business of Emakina, to create new employment opportunities. It is EPAM's hope and expectation that the vast majority of Emakina employees adhere to EPAM's values for a long-term association and mutual benefits.

(iii) **Impact on corporate governance of Emakina**

After the completion of the Offer and following the Squeeze-out, EPAM intends to have three directors in Emakina's board, two EPAM-designated board members in addition to Karim Chouikri who will continue to serve as an executive director of Emakina.

(iv) **Dividend policy**

EPAM does not currently intend to distribute dividends in the future.

(v) **Intentions of EPAM with respect to Emakina's articles of association**

At present, EPAM does not plan any amendments to the articles of association of Emakina, other than article 14 related to the composition of the board of directors and those required or appropriate in the context of a future delisting of Emakina following a Squeeze-out, as the case may be, as mentioned under Section 6.5(c)(iii) of this Prospectus.

Acceptance of the Offer

BNP Paribas Fortis SA acts as the Centralizing Receiving Agent in the framework of the Offer.

Acceptance of the Offer may be made free of charge to BNP Paribas Fortis SA, by submitting the completed and signed Acceptance Form. Shareholders who register their acceptance with a financial intermediary that is not the Centralizing Receiving Agent must inform themselves of any additional fees that may be charged by such parties and are responsible for the payment of such additional fees.

Payment of the Offer Price

The Offeror shall pay the Offer Price to those Shareholders who have validly tendered their Shares during the Initial Acceptance Period no later than the tenth (10^{th}) Business Day following the publication of the results of the Offer during the Initial Acceptance Period. At the date of this Prospectus, the Offeror foresees to pay the Offer price on 3 November 2021.

The Offer Price for Shares tendered in connection with a reopening of the Offer, shall be paid no later than the fifth (5^{th}) Business Day following the publication of the results of the relevant Acceptance Period(s).

The funds necessary for the payment of the Offer Price are available to the Offeror. Such payment will be made with the Offeror's own funds.

If a Squeeze-out is effectively launched, all Shares not tendered in the Squeeze-out will be deemed to have been transferred by operation of law to the Offeror, with the deposit of the funds necessary for the payment of the Offer Price at the Bank for Official Deposits (*Caisse des dépôts et consignations* / *Deposito- en Consignatiekas*), at the latest on the fifth (5^{th}) Business Day following the publication of the results of the Squeeze-out.

The Prospectus

The Prospectus has been published in Belgium in the official English version.

The Prospectus and the Acceptance Forms are available free of charge at the counters of BNP Paribas Fortis SA or by telephone from BNP Paribas Fortis SA on +32 2 433 41 13. Electronic versions of the Prospectus and the Acceptance Forms are also available on the following websites:

www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer and on the website of the Company (www.emakina.group) and the Offeror (www.epam.com).

A Dutch and French translation of the Prospectus, are available in electronic format on the website of the Company and the Centralizing Receiving Agent set out above. In case of any discrepancy between the Dutch or French translation of the Prospectus, on the one hand, and the official English version, on the other hand, the English version will prevail. The Offeror has reviewed the respective versions and is responsible for the concordance of all versions.

Response memorandum

The board of directors of the Company has prepared the Response Memorandum in accordance with the Takeover Law and the Takeover Decree, which will be available, after approval of the Response Memorandum by the FSMA, on the following websites: www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer and on the websites of the Company (www.emakina.group) and the Offeror (www.epam.com). The Response Memorandum can be obtained in hard copy, free of charge, at the registered office of the Company or by sending a request by e-mail to fds@emakina.com.

Tax on stock exchange transactions

The Offeror shall bear the tax on stock exchange transactions.

Governing law and competent jurisdiction

The Offer and the resulting agreements between the Offeror and the Shareholders are subject to Belgian law and in particular to the Takeover Law and the Takeover Decree.

The Market Court (*la Cour des marchés / het Marktenhof*) is competent to hear any dispute arising from or in connection with this Offer.

1. Definitions

Acceptance Form	The form attached as Schedule 1 to this Prospectus.
Acceptance Period	The Initial Acceptance Period and/or the subsequent acceptance period(s) in case of a mandatory or voluntary reopening of the Offer or a Squeeze-out.
BCCA	The Belgian Code of Companies and Associations, as amended.
Belgian Investor	The person(s) referred to in Section 7.3 of this Prospectus.
Business Day	Any day on which Belgian banks are open to the public, excluding Saturdays and Sundays, as defined in Article 3, § 1, 27° of the Takeover Law.
Centralizing Receiving Agent	BNP Paribas Fortis SA, a limited liability company (*société anonyme / naamloze vennootschap*) incorporated under Belgian law, having its registered office at Montagne du Parc 3, 1000 Brussels (Belgium) and registered with the Crossroads Bank for Enterprises under number 0403.199.702 (RLE Brussels, francophone division).
Conditions	The conditions set out in Section 6.1(c) of this Prospectus.
FSMA	The Belgian Financial Services and Markets Authority.
Initial Acceptance Period	The initial acceptance period (as the case may be, extended) during which Shareholders may tender their Shares under the Offer, starting on 15 October 2021 and ending at 4.00 pm CET on 29 October 2021.
Initial Payment Date	The date on which the Offer Price is paid to the Shareholder who tendered his or her Shares in the Offer during the Initial Acceptance Period, being no later than the tenth (10th) Business Day following the publication of the results of the Offer during the Initial Acceptance Period.
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as amended.

Offer	The voluntary and conditional takeover offer in cash, issued by the Offeror, on the Shares, the terms of which are set out in the Prospectus.
Offer Price	The cash compensation granted by the Offeror for each Share tendered in the framework of the Offer, i.e. EUR 29.66 per Share.
Offeror or EPAM	EPAM Systems, Inc., a Delaware corporation with registered address at 251 Little Falls Drive, Wilmington, Delaware 19808-1674 USA, and principal office address at 41 University Drive, Suite 202, Newtown, Pennsylvania, 18940 USA.
Parent-Subsidiary Directive	Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States.
Payment Date	The date on which the Offer Price is paid in the context of the Offer, which is the tenth (10^{th}) Business Day following the publication of the results of the Offer.
Prospectus	This prospectus, which sets out the terms of the Offer, including its schedules and any possible supplement published in accordance with the applicable laws during the Acceptance Period.
Reference Date	3 August 2021
Related Person	A person related to the Offeror within the meaning of Article 1:20 BCCA.
Response Memorandum	The response memorandum prepared by the board of directors of the Company in accordance with the Takeover Law and the Takeover Decree, attached as a Schedule 4 to this Prospectus.
Share	Each of the 3,893,353 shares in the Company to which the Offer relates.
Shareholder	Any holder of one or more Shares.
Stock Exchange Tax Representative	The representative referred to in Section 7.3 of this Prospectus.
Transaction Agreement	The agreement entered into on 14 August 2021 between EPAM and Emakina relating to the Offer.
Squeeze-out	As the case may be, the reopening of the Offer in the form of a squeeze-out, pursuant to Article 7:82, § 1 of the BCCA.

Takeover Decree	The Royal Decree of 27 April 2007 on public takeover offers, as amended.
Takeover Law	The law of 1 April 2007 on public takeover offers, as amended.
Company or Emakina	Emakina Group SA, a limited liability company (*société anonyme / naamloze vennootschap*) incorporated and governed by Belgian law having its registered office at Rue Middelbourg 64A, 1170 Watermael-Boitsfort, Belgium and registered with the Crossroads Bank of Enterprises under company number 0464.812.221 (RLE Brussels, French-speaking division).

2. Important Notices

2.1 Information contained in the Prospectus

The Offeror has not authorised anyone to provide Shareholders with information other than that contained in the Prospectus. The information given in the Prospectus is correct as at the date of this Prospectus. In accordance with Article 17 of the Takeover Law, any new or material fact or any material error or inaccuracy in the information contained in the Prospectus that is likely to affect the assessment of the Offer and that arises or is discovered between the approval of the Prospectus and the final closing of the Acceptance Period will be disclosed in a supplement to the Prospectus.

Shareholders are required to read the Prospectus carefully and in full and should base their decision on their own analysis of the terms and conditions of the Offer, taking into account the advantages and disadvantages thereof. Any summary or description in the Prospectus of legal provisions, corporate actions, restructurings or contractual relationships is provided for information purposes only and should not be construed as legal or tax advice on the interpretation, applicability or binding nature of such provisions. In case of doubt as to the content or meaning of the information contained in the Prospectus, Shareholders should consult a recognised or professional adviser specialising in the advice on the purchase and sale of financial instruments.

With the exception of the FSMA's approval of the Prospectus, no authority in any jurisdiction has approved the Prospectus or the Offer. The Offer is being made only in Belgium and no steps have been or will be taken to obtain approval for the distribution of the Prospectus outside Belgium.

2.2 Restrictions

The Prospectus does not constitute an offer to buy or sell Shares or a request for an offer to buy or sell Shares (i) in any jurisdiction in which such an offer or request is not authorised or (ii) to any person to whom it is unlawful to make such an offer or request. It is the responsibility of each person in possession of the Prospectus to be aware of and to ensure compliance with any such restrictions.

No action to permit a public offering has been or will be taken in any jurisdiction outside Belgium. Neither the Prospectus, nor the Acceptance Forms, nor any advertising or other information may be publicly distributed in any jurisdiction outside Belgium where there are or would be registration, qualification or other requirements in connection with an offer to purchase or sell securities. In particular, neither the Prospectus, nor the Acceptance Forms, nor any advertising or information may be publicly distributed in the United States of America, Canada, Australia, the United Kingdom or Japan. Failure to comply with these restrictions may result in a breach of the laws or financial regulations of the United States of America or other jurisdictions, such as Canada, Australia, the United Kingdom or Japan. The Offeror expressly disclaims any liability for any violation of these restrictions by any person.

2.3 Forward-looking Statements

The Prospectus contains forward-looking statements, prospects and estimates relating to the expected future performance of the Offeror and the Company, their subsidiaries or related entities and the markets in which they operate. Some of these forward-looking statements, prospects and estimates are characterised by the use of words such as (but not limited to): "believes", "thinks", "expects", "anticipates", "seeks", "would", "plans", "contemplates", "calculates", "may", "will", "remains", "wishes", "understands", "would", "intends", "relies on", "attempts", "estimates", "believes", as well as similar expressions, the future tense and the conditional.

Such statements, outlooks and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors that appear reasonable and acceptable at the time of their assessment, but which may or may not prove to be accurate in the future. Actual events are difficult to predict and may depend on factors beyond the control of the Offeror or the Company.

Consequently, it is possible that the actual results, financial situation, performance or achievements of the Offeror and the Company or the results of the sector may differ significantly from the future results, performance or achievements described or implied by these forward-looking statements, prospects or estimates.

In view of these uncertainties, Shareholders should follow such forward-looking statements, prospects and estimates only to a reasonable extent.

The statements, prospects and estimates are only valid as of the date of this Prospectus and the Offeror does not undertake to update such statements, prospects and estimates to reflect any changes in its expectations with respect thereto or any changes in events, conditions or circumstances on which such statements, prospects or estimates are based, except where such adjustment is required by Article 17 of the Takeover Law.

3. General Information

3.1 Approval by the FSMA

The English version of the Prospectus has been approved by the FSMA on 12 October 2021, in accordance with Article 19, § 3 of the Takeover Law. This approval does not imply an assessment or evaluation of the merits or quality of the Offer or the position of the Offeror.

A formal notification of the Offer was submitted by the Offeror to the FSMA in accordance with Article 5 of the Takeover Decree. The announcement of the Offeror's intention to issue the Offer was published by the FSMA on its website (https://www.fsma.be/fr/news/offre-publique-dacquisition-volontaire-de-epam-systems-inc-sur-emakina-group-sa) on 18 August 2021, in accordance with Article 7 of the Takeover Decree.

With the exception of the FSMA's approval of the Prospectus, no authority in any jurisdiction has approved the Prospectus or the Offer. The Offer is only being launched in Belgium and no steps have been or will be taken to obtain approval for the distribution of the Prospectus outside Belgium.

3.2 Responsibility Statements

The Offeror, represented by its board of directors, is responsible for the information contained in the Prospectus.

The information contained in the Prospectus relating to the Company and its related persons within the meaning of article 1:20 BCCA is based on publicly available information only.

The Offeror certifies that, to the best of its knowledge, the contents of the Prospectus are correct, not misleading and in accordance with the facts, and that no information has been omitted the disclosure of which would alter the import of the Prospectus.

3.3 Official version of the Prospectus and translation

The Prospectus has been published in Belgium in the official English version.

The FSMA approved the English version of this Prospectus on 12 October 2021. This Prospectus has been translated into Dutch and French. EPAM is responsible for the consistency between the English and Dutch and French versions of the Prospectus. In case of discrepancies between the different versions of this Prospectus, the English version will prevail.

3.4 Practical Information

The Prospectus and the Acceptance Forms are available free of charge at the counters of BNP Paribas Fortis SA or by telephone from BNP Paribas Fortis SA on +32 2 433 41 13. Electronic versions of the Prospectus and the Acceptance Forms are also available on the following websites: www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer and on the website of the Company (www.emakina.group) and the Offeror (www.epam.com).

3.5 Legal advisor to the Offeror

Allen & Overy (Belgium) LLP has advised the Offeror on certain legal matters in connection with the Offer. These services were provided exclusively to the Offeror and no other party may rely on them. Allen & Overy (Belgium) LLP assumes no responsibility for the information contained in the Prospectus, and nothing in the Prospectus shall be deemed to constitute advice, a promise or a warranty given by Allen & Overy (Belgium) LLP.

4. Information about the Offeror

4.1 Corporate details of the Offeror

Name:	EPAM Systems, Inc.
Legal form:	Delaware corporation
Address:	Registered Address: 251 Little Falls Drive Wilmington, Delaware 19808-1674 USA Principal executive office: 41 University Drive, Suite 202 Newtown, PA 18940 USA

Date of incorporation and duration:	EPAM Systems, Inc. was incorporated in the State of Delaware on 18 December 2002. Our predecessor entity was founded in 1993.
Auditor:	Deloitte & Touche LLP 1700 Market Street, Philadelphia, PA 19103

4.2 Activities of the Offeror

(a) Company Background

EPAM delivers end-to-end value to its customers by combining its core engineering and technology capabilities with business and experience consulting. EPAM supports its customers in a market that is constantly challenged by the pressures of digitization through its innovative and scalable software solutions, high quality business consulting and experience design, and a continually evolving mix of advanced capabilities. EPAM focuses on building long-term partnerships with its customers, enabling them to reimagine their businesses through a digital lens.

EPAM's historical core competency, software development and product engineering services, combined with its work with global leaders in enterprise software platforms and emerging technology companies, created its foundation for the evolution of its other offerings, which include advanced technology software solutions, intelligent enterprise services and digital engagement. EPAM's strategic acquisitions have expanded its geographic reach and service capabilities to include digital strategy and design, consulting and test automation.

(b) Practice Areas

EPAM's key service offerings and solutions include the following practice areas:

Engineering

EPAM's engineering foundation underpins how it architects, builds and scales next-generation software solutions and agile delivery teams. EPAM's engineering expertise allows it to build enterprise technologies that improve business processes, offer smarter analytics and result in greater operational excellence through requirements analysis and platform selection, deep and complex customization, cross-platform migration, implementation and integration.

EPAM uses its experience, custom tools and specialized knowledge to integrate its customers' chosen application platforms with their internal systems and processes and to create custom solutions filling the gaps in its platforms' functionality in order to address the needs of the customers' users and customers. EPAM addresses its customers' increased need for tighter enterprise integration between software development, testing and maintenance with private, public and mobile infrastructures through its infrastructure management services. These solutions cover the full lifecycle of infrastructure management including application, database, network, server, storage and systems operations management, as well as monitoring, incident notification and resolution. EPAM delivers maintenance and support services through its proprietary distributed project management processes and tools, which reduce the time and costs related to maintenance, enhancement and support activities.

EPAM has deep expertise and the ability to offer a comprehensive set of software product development services including product research, customer experience design and prototyping, program management, component design and integration, full lifecycle software testing, product deployment and end-user customization, performance tuning, product support and maintenance, managed services, as well as porting and cross-platform migration. EPAM focuses on software products covering a wide range of business applications as well as product development for multiple mobile platforms and embedded software product services.

Operations

EPAM turns its customers' operations into intelligent enterprise hubs with its proprietary platforms, integrated engineering practices and smart automation. Developing a digital experience or product from end-to-end requires input and expertise from a variety of professionals with a broad range of skills. EPAM's multidisciplinary teams and global delivery framework come together to deliver well-rounded technology solutions that bring a competitive advantage to its customers. In addition to utilizing its dedicated delivery centers, which allow EPAM to deploy key delivery talent, it works closely with leading companies in various industries to enable its customers to better leverage technology and address the simultaneous pressures of driving value for their consumer and offering a more engaging experience.

Optimization

EPAM turns process optimization into real transformation by using process automation and cognitive techniques to transform legacy processes and deliver streamlined operations that increase revenues and reduce costs for its customers. It relies on its teams, methodologies and tools to optimize every stage of software delivery for improved quality and better features with each release.

EPAM maintains a dedicated group of testing and quality assurance professionals with experience across a wide range of technology platforms and industry verticals, who perform software application testing, test management, automation and consulting services focused on helping customers improve their existing software testing and quality assurance practices. EPAM employs industry-recognized and proprietary defect tracking tools and frameworks to deliver a comprehensive range of testing services that identify threats and close loopholes to protect its customers' business systems from information loss.

Consulting

Over the years, as a complement to EPAM's core engineering skills, EPAM has added capabilities in business consulting to give it an agile, hybrid approach to the market. Its consulting services drive deeper relationships as EPAM helps its customers with larger and more complex challenges. EPAM's integrated consulting teams – across Business, Experience, Technology and Data – apply a systems thinking mindset to get to the core of its clients' challenges. The functional business expertise of its professionals is supplemented by a thorough understanding of technology platforms and their interactions as well as application of data science and machine learning to deliver its best insights into its customers' business.

EPAM's technical advisory services help customers stay ahead of current technology changes and innovate, where innovation beyond technology is also delivered through collaborative workshops, challenges and new organizational models.

Design

EPAM applies design thinking to digital and service strategy, user experience and the product lifecycle with a focus on innovative design ideas and product development. Its digital and service design practice provides strategy, design, creative and program management services for customers looking to improve the user experience.

EPAM is continuously looking to strengthen and grow its design and consulting practices as evidenced by its 2018 strategic acquisitions of Continuum Innovation LLC, which enhances its consulting, physical design and product development capabilities, and Think Limited, which enhances its global product and design offerings.

EPAM service arrangements have been evolving to provide more customized and integrated solutions to its customers where EPAM combines software engineering with customer experience design, business consulting and technology innovation services. EPAM is continually expanding its service capabilities, moving beyond traditional services into business consulting, design and physical product development. As more of EPAM's projects involve multiple competencies and different types of specialized professionals working collaboratively, it has been increasingly difficult to classify projects into the specific service offerings described above. For the year ended December 31, 2020, professional services contributed $2.643 billion, or 99.4%, of EPAM total revenues, with the remainder from licensing and other.

(c) **Industry Expertise**

Strong industry-specific knowledge, backed by extensive experience merging technology with the business processes of its customers, allows EPAM to deliver tailored solutions to various industry verticals. Its customers operate in five main industry verticals as well as a number of other verticals in which EPAM is increasing its presence.

Financial Services

EPAM has significant experience working with global investment banks, commercial and retail lending institutions, credit card and payment solution companies, trading platforms, wealth management institutions, fund operators, insurance companies and various other providers of financial services. EPAM assists these customers with challenges stemming from new regulations, compliance requirements, customer-based needs and risk management. EPAM's financial services domain experts have been recognized with industry awards for engineering and deploying unique applications and business solutions that facilitate growth, competitiveness, and customer loyalty while driving cost efficiency for global financial institutions.

Travel and Consumer

EPAM's capabilities span a range of platforms, applications and solutions that businesses in travel and hospitality use to serve their customers, capture management efficiencies, control operating expenses and grow revenues. Some of the world's leading airlines, hotel providers and travel agencies rely on EPAM' s knowledge in creating high-quality tools for operating and managing their business. Within this vertical, EPAM also serves global, regional and local retailers, online retail brands, consumer goods manufacturers, distributors, and online marketplaces. EPAM delivers a wide range of services to retail and e-commerce customers from complex system modernizations to leading edge innovations in multi-channel sales and distribution. EPAM has transformed organizations to use technology to expand and revolutionize their business models. EPAM's services directly impact the consumer experience of its customers' brands, and allow its customers to reach more consumers.

Software and Hi-Tech

EPAM provides complex software product development services to meet software and technology companies' constant need for innovation and agility. It helps some of the most prominent software brands in the world build, what It believes to be, the best software. Through its extensive experience with many industry leaders in Hi-Tech research and development, software engineering and integration, EPAM has developed proprietary internal processes, methodologies and information technology infrastructure, which give it an edge when it comes to serving customers in the Hi-Tech and Software product markets. Its services span the complete software development lifecycle for software product development using its comprehensive development methodologies, testing, performance tuning, deployment, maintenance and support.

Business Information and Media

EPAM helps its business information and media customers build products and solutions for all modern platforms including web media streaming and mobile information delivery. EPAM's solutions help customers develop new revenue sources, accelerate the creation, collection, packaging and management of content and reach broader audiences. EPAM serves varied customers in this vertical including search engine providers, entertainment media, news providers, broadcasting companies, financial information providers, content distributors, knowledge management organizations and advertising networks.

Life Sciences and Healthcare

In the Life Sciences category, EPAM partners with global pharmaceutical, medical technology and biotechnology companies to deliver sophisticated scientific informatics and innovative enterprise technology solutions. EPAM's personnel in Life Sciences leverage their vast technology expertise to offer deep scientific and mathematical knowledge to broad-based initiatives. Its Life Sciences solutions enable customers to speed research and accelerate time-to-market while improving collaboration, knowledge management and operational excellence. EPAM helps its customers in the Healthcare industry respond to changing regulatory environments and improve the quality of care while managing the cost of care. EPAM's professionals deliver an end-to-end experience that includes strategy, architecture, development and managed services to customers ranging from the traditional healthcare providers to innovative startups.

Emerging Verticals

EPAM also serves the diverse technology needs of customers in the energy, telecommunications, automotive and manufacturing industries, as well as government customers.

EPAM assigns its customers into one of these verticals. The following table presents EPAM revenues by vertical and revenues as a percentage of total revenues by vertical for the year ended December 31, 2020.

	(in thousands, except percentages)	
Business Information & Media	**$ 560,680**	**21.1 %**
Financial Services	**555,235**	**20.9**
Software & Hi-Tech	**496,813**	**18.7**
Travel & Consumer	**458,789**	**17.2**
Life Sciences & Healthcare	**296,313**	**11.1**
Emerging Verticals	**291,648**	**11.0**

Revenues	**$2,659,478**	**100.0 %**

4.3 Recent developments

In April 2021, EPAM acquired 100% of PolSource S.A. and its subsidiaries, a Salesforce Platinum Consulting Partner with more than 350 experienced Salesforce specialists. EPAM has completed four additional acquisitions to date.

4.4 Capital and shareholding structure of the Offeror

As of 30 June 2021, there were 56,613,483 shares of EPAM's common stock issued and outstanding. The table below sets forth certain information with respect to the beneficial ownership of EPAM's common stock for:

- each of our directors and executive officers individually;
- all directors and executive officers as a group; and
- each stockholder known by us to be the beneficial owner of more than 5% of EPAM's outstanding common stock.

	Shares Beneficially Owned	
Name and Address of Beneficial Owner	**Number**	**Percent**
Named Executive Officers and Directors		
Arkadiy Dobkin (1)	2,008,015	3.6%
Jason Peterson	19,485	*
Balazs Fejes	62,128	*
Boris Shnayder	54,443	*
Elaina Shekhter	33,315	*
Larry Solomon	26,233	*
Viktar Dvorkin	83,212	*
Sergey Yezhkov	57,151	*
Edward Rockwell	4,387	*
Gary Abrahams	1,844	*
Richard Michael Mayoras	7,516	*
Karl Robb	5,856	*
Eugene Roman	1,214	
Robert E. Segert	17,665	*
Helen Shan	2,372	*
Jill B. Smart	5,397	*
Ronald P. Vargo	7,924	*

All executive officers and directors as a group (17 people)	2,398,157	4.24%
5% Stockholders		
The Vanguard Group (2)	4,992,003	8.8%
Morgan Stanley (3)	7,730,143	13.7%
BlackRock, Inc. (4)	3,318,517	5.9%

* Denotes less than 1% of the shares of Common Stock beneficially owned.

(1) Includes (i) 1,456,286 shares of Common Stock held directly by Mr. Dobkin; and (ii) 436,189 shares of Common Stock held by the Arkadiy Dobkin GST Exempt Grantor Trust (the "Dobkin Grantor Trust") for the benefit of Mr. Dobkin's children, for which Mr. Dobkin's spouse acts as the trustee. Mr. Dobkin may be deemed to have shared power to vote or to direct the vote, and shared power to dispose or to direct the disposition of the shares held by the Dobkin Grantor Trust and identified as beneficially owned by him above. Mr. Dobkin disclaims beneficial ownership of the securities held by the Dobkin Grantor Trust except to the extent of his pecuniary interest therein.

(2) Information based on a Schedule 13GA filed with the SEC on February 10, 2021. The Vanguard Group, a parent holding company, holds shares on behalf of Vanguard Asset Management, Limited, Vanguard Global Advisors, LLC, Vanguard Group (Ireland) Limited, Vanguard Investments Canada Inc., Vanguard Investments Hong Kong Limited, Vanguard Investments UK, Limited, Vanguard Fiduciary Trust Company, and Vanguard Investments Australia, Ltd. The Vanguard Group has sole voting power over 0 shares, shared voting power over 57,577shares, has sole dispositive power over 4,860,941 shares and shared dispositive power over 131,062 shares. The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

(3) Information based on a Schedule 13GA filed with the SEC on February 10, 2021 jointly by Morgan Stanley and Morgan Stanley Asia Limited. Morgan Stanley has shared voting power over 3,441,906 shares and shared dispositive power over 4,729,094 shares. Morgan Stanley Asia Limited has shared voting power over 1,824,175 shares and shared dispositive power over 3,001,049 shares. The address of Morgan Stanley is 1585 Broadway, New York, NY 10036 and the address of Morgan Stanley Asia Limited is Level 46 International Commerce Centre 1 Austin Road West, Kowloon, Hong Kong.

(4) Information based on a Schedule 13G filed with the SEC on January 29, 2021. BlackRock, Inc., a parent holding company, holds shares on behalf of BlackRock Life Limited; BlackRock International Limited; BlackRock Advisors, LLC; BlackRock (Netherlands) B.V.; BlackRock Institutional Trust Company, National Association; BlackRock Asset Management Ireland Limited; BlackRock Financial Management, Inc.; BlackRock Japan Co., Ltd; BlackRock Asset Management Schweiz AG; BlackRock Investment Management, LLC; FutureAdvisor, Inc.; BlackRock Investment Management (UK) Limited; BlackRock Asset Management Canada Limited; BlackRock (Luxembourg) S.A.; BlackRock Investment Management (Australia) Limited; BlackRock Advisors (UK) Limited; BlackRock Fund Advisors; BlackRock Asset Management North Asia Limited; Blackrock (Singapore) Limited; and BlackRock Fund Managers Ltd. BlackRock, Inc. has sole voting power over 2,897,777 shares and has sole dispositive power over 3,318,517 shares. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

4.5 Identity of the management structure of the Offeror

EPAM's certificate of incorporation and bylaws provide that its board will consist of no fewer than three and no more than nine persons and that the exact number of members of the board will be determined from time to time by resolution of a majority of the entire EPAM board. The board of directors of EPAM currently consists of eight members. EPAM's certificate of incorporation also establishes that the board is divided into three classes, each serving three year terms, and that each class should be one-third of the total number of directors (or as near as possible). Directors are elected by a majority of the votes of the shares of EPAM common stock cast in person or represented by proxy at EPAM's annual meeting of stockholders and entitled to vote. EPAM's board has established three standing committees: Audit, Compensation, and Nominating and Corporate Governance. The following table sets forth the names, ages and positions of the member of EPAM's board of directors as of 30 June 2021, with biographical information following:

Name	Age	Position	Current Term Ends
Arkadiy Dobkin	61	Chairman of the Board of Directors, President and Chief Executive Officer	2024

Ronald P. Vargo	67	Lead Independent Director Non-Employee Director Member, Audit Committee Member, Nominating and Corporate Governance Committee	2023
Richard Michael Mayoras	59	Non-Employee Director Member, Compensation Committee Member, Nominating and Corporate Governance Committee	2022
Karl Robb	59	Non-Employee Director	2022
Eugene Roman	63	Non-Employee Director Member, Audit Committee	2023
Robert E. Segert	52	Non-Employee Director Chair, Nominating and Corporate Governance Committee	2024
Helen Shan	53	Non-Employee Director Chair, Audit Committee Member, Compensation Committee	2022
Jill B. Smart	61	Non-Employee Director Chair, Compensation Committee	2023

Arkadiy Dobkin

Mr. Dobkin has served as Chairman of the Board, Chief Executive Officer and President since December 2002 and is one of EPAM's co-founders. After earning a Master of Science degree in Electrical Engineering from the Belarusian National Technical University, Mr. Dobkin began his career in Minsk, Belarus, where he worked for several emerging software development companies. After immigrating to the United States in 1991, he held technical and leadership positions at Prudential Insurance, Colgate-Palmolive and SAP Labs. In 2015, Mr. Dobkin was inducted into the Ernst & Young World Entrepreneur of the Year Academy and to the elite Entrepreneur of the Year Hall of Fame.

Ronald P. Vargo

Mr. Vargo has served as a non-employee director of the EPAM board since January 2012 and as Lead Independent Director since 2015. Mr. Vargo served as Executive Vice

President and Chief Financial Officer of ICF International, Inc. ("ICF") from April 2010 to May 2011. Prior to joining ICF, Mr. Vargo served as the Executive Vice President, Chief Financial Officer and as a member of the executive committee of Electronic Data Systems Corporation ("EDS") from 2006 to 2008, and as Vice President and Treasurer of EDS from 2004 to 2006, when he was promoted to Chief Financial Officer. Before joining EDS, Mr. Vargo was employed from 1991 to 2003 by TRW, Inc. ("TRW"), a former $17 billion global manufacturing and service company strategically focused on providing products and services with a high technology or engineering content to the automotive, space and defense markets. TRW was acquired by Northrop Grumman Corporation in 2002. Mr. Vargo served TRW in the positions of Vice President of Investor Relations and Treasurer from 1991 to 1994, then Vice President of Strategic Planning and Business Development from 1994 to 1999, and then Vice President of Investor Relations and Treasurer again from 1999 to 2002. Mr. Vargo has served as a director of Ferro Corporation since 2009 and is a member of its compensation committee and chair of its audit committee. Beginning in August 2017, Mr. Vargo also serves as a director of EnerSys and as chair of its audit committee and as a member of its nominating and corporate governance committee. Mr. Vargo holds a Masters of Business Administration in Finance and General Management from Stanford University and a Bachelor of Arts degree in Economics from Dartmouth College.

Richard Michael Mayoras

Mr. Mayoras has served as a non-employee director of the EPAM board since January 2013. Mr. Mayoras served as President and Chief Executive Officer and as a member of the board of directors of RedPrairie Corporation from 2007 until its 2013 acquisition by JDA Software Group, Inc., at which time he became a member of the board of directors of JDA Software Group, Inc. until 2015. From 2004 to 2007, Mr. Mayoras held a number of executive roles at RedPrairie, including President, Americas, Executive Vice President, Implementation Services and Support, and Executive Vice President for Product Development. From 2001 to 2004, Mr. Mayoras was President of DigiTerra, a wholly owned subsidiary of CIBER, a publicly traded enterprise application and technology consulting company. Mr. Mayoras has more than 30 years of experience in the technology, consulting and software industries, having held several executive and senior management positions for various organizations. Mr. Mayoras has served as the Executive Chairman of OnSolve, LLC since 2018 and as a director of Softeon Inc. since 2019. In 2012, he was named a "Provider Pro to Know" by *Supply & Demand Chain Executive* magazine.

Karl Robb

Mr. Robb has served as a director of the EPAM board since March 2004, and as a non-employee director since April 2015. Mr. Robb served as our Executive Vice President and President of EU Operations from March 2004 until his retirement in April 2015. Mr. Robb joined us when Fathom Technology, a Hungarian software development outsourcing company he co-founded, merged with EPAM. Mr. Robb has over 35 years of experience in the global software engineering and IT solutions industries, having worked more than 10 years in each of Western Europe, Eastern Europe and the United States.

Eugene Roman
Mr. Roman has served as a non-employee director of the EPAM board since February 2020. Mr. Roman is the Chief Information Officer of Metrolinx, an agency of the Government of Ontario created to improve transportation in the Greater Toronto and Hamilton Area and is a Principal at Design AI Ltd., a consultancy formed in 2019 that is focused on applying design intelligence to business opportunities. He also serves as Executive in Residence for AI and Applied Analytics at the Schulich Business School in Toronto, where he conducts research on emerging areas of AI and mentors students. Mr. Roman previously held the position of Executive Vice-President, Digital Excellence and Technology Advisor, for Canadian Tire Corporation from 2012 to 2018. Mr. Roman started his career in telecommunications with Nortel Networks Corporation, Bell Canada Enterprises Inc., and Open Text Corporation in progressively senior technology and business roles in Canada, the U.S. and the U.K. Mr. Roman has been a member of the Board of Governors of York University since July 2017 and serves as a member of its Finance and Audit and Governance and Human Resources Committees. Mr. Roman was appointed as a Distinguished Senior Fellow at the Munk School of Global Affairs at the University of Toronto in 2008 and is an industry professor in Design Engineering at McMaster University. Mr. Roman was named Chief Information Officer of the Year RIS News and Canada's CIO of the Year (Private Sector) by Information Technology Association of Canada in 2015. Mr. Roman is a member of the Board of Directors of The Stars Group Inc. and serves as the Head of the Technology Committee and is a member of the Audit Committee. Mr. Roman holds a Master's Degree in Administration and a Bachelor's Degree in Economics and Geography from the University of Toronto, is a Certified Professional Accountant, and a graduate of the Institute of Corporate Directors program.

Robert E. Segert
Robert E. Segert has served as a non-employee director of the EPAM board since January 2012. He is currently the Chairman and Chief Executive Officer of athenahealth, Inc., a leading provider of network-enabled services for hospital and ambulatory customers nationwide. From September 2018 until its merger with athenahealth in February 2019, Mr. Segert served as Chairman and Chief Executive Officer of Virence Health Technologies, a portfolio company of Veritas Capital and a leading healthcare information technology company that helps healthcare providers achieve industry-leading clinical and financial outcomes. From July 2017 to August 2018, Mr. Segert served as Executive Chairman of the Board for Aspect Software, the world's leading enterprise cloud contact center and workforce optimization provider; and from August 2016 to July 2017, he served as Non-Executive Chairman of Aspect Software. Formerly, Mr. Segert served as President, Chief Executive Officer and a director of Expert Global Solutions, Inc., a global leader in the business process outsourcing (BPO) industry, leading the company through a significant re-positioning and successful merger with Alorica in June 2016. At the time of the merger EGS was a $1.1 billion leader in the customer relationship management services industry, with over 43,000 employees worldwide. From 2008 until its acquisition by OpenText Corp. in January 2014, Mr. Segert served as President and Chief Executive Officer, and a director of GXS Worldwide, Inc. (GXS), a leading global provider of business-to-business e-commerce and data integration services that simplify and enhance business process

integration, data quality and compliance, and collaboration among businesses. Prior to joining GXS in 2008, Mr. Segert spent 10 years at Electronic Data Systems Corporation (EDS), a $22 billion global technology services company, in various capacities, including leader of the Global Financial Products Industry, Chief Marketing Officer, General Manager of U.S. Financial Services and Managing Director of Corporate Strategy and Planning. He has also held roles at A.T. Kearney and Frito-Lay, Inc. Mr. Segert received a Bachelor of Science degree in Mechanical Engineering from Purdue University and a Master of Business Administration degree from Harvard Business School.

Helen Shan

Helen Shan has served as a non-employee director of the EPAM board since September 2018. Since May 2021, Ms. Shan has been Chief Revenue Officer of FactSet Research Systems Inc. (NYSE: FDS)(NASDAQ: FDS), a global provider of integrated financial information, analytical applications, and industry-leading services. From September 2018 to May 2021, Ms. Shan served as Chief Financial Officer of FactSet. Prior to joining FactSet, Ms. Shan served as Chief Financial Officer of Mercer, a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a leading global professional services firm from October 2014 to June 2018. From April 2013 to September 2014, Ms. Shan served as the Vice President, Treasurer, of Marsh & McLennan Companies, with oversight of the firm's global Treasury operations, including capital management, pensions, investments, and cash management. Before joining Marsh & McLennan Companies, Helen served as Vice President, Treasurer, at Pitney Bowes, with responsibility for Treasury, Corporate Development, and Investor Relations. Previously, Helen held senior roles at JPMorgan Securities, including Managing Director, Diversified Industries. Ms. Shan is a member of the Johnson Advisory Council for the S.C. Johnson College of Business, the graduate management school of Cornell University. Ms. Shan received an MBA from Cornell University's S.C. Johnson Graduate School of Management and a BAS/BA in Systems Engineering/Finance from the University of Pennsylvania.

Jill B. Smart

Ms. Smart has served as a non-employee director of the EPAM board since July 2016. Since 2015, Ms. Smart has served as President of the National Academy of Human Resources (NAHR), an organization where individuals and institutions in the Human Resources profession are recognized for professional achievement in human resources by election as a "Fellow of the NAHR." Ms. Smart spent more than 33 years at Accenture, a global professional services company, before retiring in 2014. For 10 years she served as Accenture's Chief Human Resources Officer. Prior to her HR management roles at Accenture, Ms. Smart held business integration consulting positions for clients in a variety of industries, focusing on integrating strategy, technology, business processes, functional applications and human performance components. Ms. Smart is the founder and CEO of JBSmart Consulting, LLC, where she provides HR advisory and coaching services, a Director at AlixPartners, a results-driven global management consulting firm that specializes in helping businesses successfully address their most complex and critical challenges, and a Director at HireRight, the market-leading provider of on-demand employment background checks and screening. Ms. Smart is a member of the advisory board at Cerity Partners, an investment and wealth management firm, a Fellow

and Director of the National Academy of Human Resources, a Fellow of the Human Resources Policy Institute, a member of the Peer Roundtable for CHROs and a member of the G100 Talent Consortium Advisory Board. In addition, Ms. Smart is a past Trustee of the University of Illinois Board of Trustees, and is currently a member of the board for the University of Illinois' Alumni Association and the University of Illinois' Chicago Athletic Advisory Board. She is on the Dean's Business Council at the Gies College of Business at the University of Illinois, a Trustee of Chicago's Goodman Theatre and is active in The Chicago Network. She is also a guest faculty member of the University of Michigan Ross School of Business Global Human Resources Executive Program. Ms. Smart received an MBA from the University of Chicago and bachelor's degree in business administration from the University of Illinois.

Executive officers are appointed by the EPAM board of directors. The following table sets forth the names, ages and positions of the executive officers of EPAM as of 30 June 2021, with biographical information following:

Name	Age	Position
Arkadiy Dobkin	61	Chairman of the Board of Directors, President and Chief Executive Officer
Balazs Fejes	46	President of EU and APAC markets
Viktar Dvorkin	48	Senior Vice President, Head of Global Delivery
Jason Peterson	58	Senior Vice President, Chief Financial Officer and Treasurer
Edward Rockwell	54	Senior Vice President, General Counsel and Corporate Secretary
Elaina Shekhter	51	Senior Vice President, Chief Marketing and Strategy Officer
Boris Shnayder	64	Senior Vice President, Co-Head of Global Business
Larry Solomon	56	Senior Vice President, Chief People Officer
Sergey Yezhkov	47	Senior Vice President, Co-Head of Global Business
Gary Abrahams	53	Vice President, Corporate Controller, Chief Accounting Officer

Mr. Dobkin's biographical information is provided above.

Balazs Fejes
Balazs Fejes, 46, is EPAM's President of EU and APAC markets, where he heads market activities across the regions and co-leads global business operations. Mr. Fejes also oversees the strategy of EPAM's Banking and Financial Services Industry business unit, helping to drive evolution of key service lines across the unit's global portfolio. From 2015 through March 2021, Mr. Fejes was EPAM's Executive Vice President, Co-Head of Global Business, and before that, he held the position of Senior Vice President, Global Head of Banking and Financial Services business unit from 2012 to 2015. From 2004 to August 2012, Mr. Fejes served as EPAM's Chief Technology Officer ("CTO") and was

responsible for ensuring that all global offshore and nearshore software development centers of EPAM were at the leading edge of industry standards for efficiency and quality. Mr. Fejes joined EPAM in 2004 as part of the acquisition of Fathom Technology, a Hungarian software engineering firm which he co-founded and where he served as CTO. Prior to co-founding Fathom Technology, Mr. Fejes was a chief software architect/line manager with Microsoft Great Plains (Microsoft Business Solutions). He also served as chief software architect of Scala Business Solutions. He is the recipient of numerous awards for programming excellence and has worked extensively in the US and Russia.

Viktar Dvorkin

Viktar Dvorkin, 48, is EPAM's Senior Vice President, Head of Global Delivery, and is responsible for the strategy and operation of the company's Delivery Organization as well as EPAM's Solution Practices and Competency Centers. In his current role, Mr. Dvorkin also oversees EPAM's Advanced Technology programs including EngineeringX and Delivery Excellence. Prior to his current role, he led the North American business unit, where he oversaw the operation of EPAM's largest book of business, with overall responsibility for services delivered in the North American region. Mr. Dvorkin joined EPAM in 1997 and has been instrumental in driving EPAM's growth in key technology and solution practices, and in helping EPAM to build and deploy multi-disciplinary teams for successful client engagements. Having worked and lived in the United States and Eastern Europe, Mr. Dvorkin has in-depth understanding of global delivery models and brings hands-on technology experience and working knowledge of multiple industries including travel, healthcare, insurance and oil & gas. Mr. Dvorkin holds a master's degree in Applied Mathematics from the Belarusian National Technical University.

Jason Peterson

Jason Peterson, 58, joined EPAM in 2017 and is EPAM's Senior Vice President, Chief Financial Officer and Treasurer. Mr. Peterson leads EPAM's Global Finance, Corporate Development, and Procurement organizations and has over 25 years of finance experience. From 2008 to 2017, he was employed by Cognizant Technology Solutions, and in his most recent role, he was Vice President of Finance, M&A and Due Diligence, a position that he held while leading a large-scale corporate business process transformation program. Prior to that, he was CFO of the Emerging Business Accelerator and led the Corporate Financial Planning and Analysis Function. Before joining Cognizant, Mr. Peterson was the CFO for E&C Medical Intelligence, a venture-backed software and services company, and prior to that, he served in various accounting and finance roles at ATI Technologies, Philips Semiconductors, and Hewlett-Packard. Mr. Peterson holds an MBA from Columbia Business School and a bachelor's degree in economics from Claremont McKenna College.

Edward Rockwell

Edward Rockwell, 54, joined EPAM in October of 2018 and is EPAM's Senior Vice President, General Counsel and Corporate Secretary overseeing the legal activities of the organization and providing strategic counsel and legal guidance to senior leadership and EPAM's Board of Directors. From June 2014 to October 2018, Mr. Rockwell served as Vice President & Assistant General Counsel at Red Hat, a leading global provider of open source, enterprise IT solutions where he led a global team of legal professionals that supported all sales and operations during a period of significant company growth. From April 2012 to January 2014, Mr. Rockwell was General Counsel and Vice President, Legal and Human Resources for DDN Storage. He previously served as Vice President and Associate General Counsel at Hewlett-Packard Company (HP) with roles that included General Counsel for HP Services, HP Americas, and HP Software. Additionally, he spent five years in Milan, Italy, where he served as Director and Managing Counsel for HP's Outsourcing Services business in EMEA and later Senior Director and Managing Counsel for Outsourcing Services worldwide. Mr. Rockwell received a BA degree in Foreign Affairs from University of Virginia and a JD from the University of Richmond School of Law.

Elaina Shekhter
Elaina Shekhter, 51, is EPAM's Senior Vice President, Chief Marketing and Strategy Officer. Ms. Shekhter had been EPAM's Chief Marketing Officer from March 2015 through March 2021. In her role, Ms. Shekhter works to integrate a variety of functions that influence EPAM's strategy, positioning and messaging. Ms. Shekhter has been with EPAM since 2001 in a number of roles, including the Global Head of Business Development and prior to that, the Global Head of EPAM's Travel and Consumer Business Unit. Ms. Shekter is an advisory board member for the MACH Alliance and is active in the software startup and emerging technology communities, representing EPAM in its investment in the Go Philly Fund and as a board member of the EPAM seed investment, Sigma Ledger. Additionally, Ms. Shekter takes a special interest in artificial intelligence and sustainability initiatives. Before joining EPAM, Ms. Shekter was with the global hospitality and travel company Carlson Companies in a number of operational and business development roles including Head of Retail and Entertainment for 24K, a spin-off of Carlson Marketing Group. Prior to Carlson, Ms. Shekhter was a Manager with Ernst & Young Consulting, specializing in CRM and analytics engagements. Ms. Shekhter holds an MS degree in Information Systems and BS/BA degrees in Economic Theory and Political Science from The American University.

Boris Shnayder
Boris Shnayder, 64, is EPAM's Senior Vice President, Co-Head of Global Business with a primary focus on operations in the Americas. Mr. Shnayder joined EPAM in July 2015 and is responsible for a portfolio of business in the region, including oversight of service programs and client acquisition. Mr. Shnayder also oversees strategy and execution of EPAM's emerging verticals portfolio. With over 20 years of experience in the IT and telecommunications industries, Mr. Shnayder brings both industry and global operations leadership. Prior to his role at EPAM, Mr. Shnayder served in a variety of roles at GlobalLogic, Inc. from 2007 to 2015, including Chief Delivery Officer, Senior Vice President, Head of Telecom & Healthcare and General Manager, and Vice President of Telecommunications. He also held senior software management positions at Motorola and Telcordia, managing teams throughout the United States, China, India and Russia. Mr. Shnayder received his MS degree in Mechanical Engineering from the Lyiv University in Ukraine.

Larry Solomon

Larry Solomon, 56, is EPAM's Senior Vice President, Chief People Officer, responsible for overseeing all aspects of talent management, talent acquisition, workforce planning and management, as well as other human resource related functions within EPAM globally. Mr. Solomon joined EPAM in October 2016, and prior to that he held a number of leadership positions at Accenture beginning in 1986. His most recent responsibilities as Senior Managing Director and North America Operating Officer from 2013 to 2016 included overseeing and managing the full employee life cycle of all Accenture people in the United States and Canada, resource planning, recruitment, staffing and deployment, and performance management. Prior to that, he was Accenture's Global COO of Human Resources from 2011 to 2013, with overall responsibility for human resources operations. Mr. Solomon received a bachelor's degree in Business Administration from the State University of New York at Albany with a Finance/MIS major and Spanish language minor. He graduated with Magna Cum Laude distinction in 1986.

Sergey Yezhkov

Sergey Yezhkov, 47, is EPAM's Senior Vice President, Co-Head of Global Business, focusing on a North American book of business. Mr. Yezhkov also oversees strategy and operation of EPAM's Life Science & Healthcare portfolio. Prior to his current role, Mr. Yezhkov served as Co-Head of Global Delivery where he oversaw delivery operations across EPAM's diverse geographic footprint with overall responsibility for building and growing professional software engineering skills and delivery know-how. Mr. Yezhkov joined EPAM in 2006 as part of the acquisition of Vested Development Inc. (VDI), where he served as Managing Director and CTO. Through his work with EPAM's Independent Software Vendors business unit, Mr. Yezhkov brings an in-depth understanding of commercial software product development and agile approaches as well as a working knowledge of the healthcare, life science and high-tech industries. Mr. Yezhkov has an MS in Computational Mathematics from Lomonosov Moscow State University.

Gary Abrahams

Gary Abrahams, 53, is EPAM's Vice President, Corporate Controller, and Chief Accounting Officer. Mr. Abrahams joined EPAM in June of 2016, after having served as an independent contractor for EPAM starting in March of 2016. He was named Chief Accounting Officer in April 2017. Mr. Abrahams has over 25 years of experience in global corporate financial management and public accounting. From December 2015 to March 2016, Mr. Abrahams worked as an independent contractor at CMF Associates, LLC, a management and financial services advisory firm. From June 2014 to April 2015 he served as Senior Vice President, Chief Accounting Officer at Preferred Sands, a producer of high-performance sands and proppant materials used in the oil and gas industry. From May 2006 to April 2014, Mr. Abrahams served in several senior finance roles at Shire Pharmaceuticals, a global biotechnology company, last serving as Vice President, Finance Operations - The Americas, where he was responsible for leading the Controller's teams in North and South America and enhancing the finance infrastructure to support the growth of the multinational business. Before joining Shire, Mr. Abrahams held finance and Controller positions at Bracco Diagnostics, a subsidiary of a multinational healthcare company, from 1994 to 2006. He began his career at Arthur Andersen LLP in New York City. Mr. Abrahams holds a BBA in Accounting from Hofstra University.

4.6 Group structure

A list of subsidiaries of the Offeror as at 31 December 2020 is set out below:

Entity	Type
1. Danika Limited	Cyprus
2. EPAM Information Corporate Systems FPUE	Belarus
3. EPAM Solutions Ltd.	Russia
4. EPAM Solutions LLC	Ukraine
5. EPAM Systems ApS	Denmark
6. EPAM Systems Canada, Ltd.	Canada
7. EPAM Systems (Cyprus) Limited	Cyprus
8. EPAM Systems GmbH	Germany
9. EPAM Systems (Switzerland) GmbH	Switzerland
10. EPAM Systems Kft	Hungary
11. EPAM Systems, LLC	New Jersey LLC USA
12. EPAM Systems Ltd.	U.K.
13. EPAM Systems Nordic AB	Sweden
14. EPAM Systems Ltd.	Russia
15. EPAM Systems LLC	Ukraine
16. EPAM Systems FLLC	Belarus
17. EPAM Systems (Poland) sp. z o.o.	Poland
18. EPAM Systems PTE Ltd.	Singapore
19. EPAM Systems SARL	Luxembourg
20. EPAM Systems SRL	Moldova
21. LLP EPAM Kazakhstan	Kazakhstan
22. Vested Development, Inc.	Delaware Corp. USA
23. EPAM Systems (Hong Kong) Limited	Hong Kong
24. EPAM Systems Netherlands B.V.	Netherlands
25. EPAM Systems Netherlands B.V.	Italy – branch of Netherlands
26. EPAM Systems Belgium	Belgium – branch of Netherlands
27. EPAM Systems (Australia) Pty. Ltd.	Australia
28. EPAM Systems Bulgaria EOOD	Bulgaria
29. EPAM Sistemos, UAB	Lithuania
30. EPAM Systems (Czech Republic) s.r.o.	Czech Republic
31. EPAM Systems International SRL	Romania
32. EPAM Systems (Asia) Limited	Hong Kong
33. EPAM Systems (Shenzhen) Co. Ltd.	China
34. J8 Corp	British Virgin Islands
35. EPAM Systems LLC	Armenia
36. EPAM Systems (Ireland) Limited	Ireland
37. Great Fridays Limited	UK
38. Great Fridays Inc.	Delaware Corp. USA
39. EPAM Systems (Malaysia) S.D.N.B.H.D.	Malaysia
40. EPAM Systems Mexico SrL	Mexico
41. EPAM Systems Austria GmbH	Austria
42. Navigationarts, Inc.	Delaware Corp. USA
43. Navigation Arts, LLC	Delaware LLC USA
44. EPAM Systems Spain SL	Spain
45. Alliance Consulting Global Holdings, Inc.	Delaware Corp. USA
46. Alliance Global Services, Inc.	Delaware Corp. USA
47. Alliance Global Services, LLC	Delaware LLC USA

48.	EPAM Systems India Private Limited	India
49.	EPAM Systems (Suzhou) Co., Ltd.	China
50.	EPAM Systems (Suzhou) Co., Ltd.	China – Beijing Branch
51.	Shanghai EPAM Systems Co., Ltd.	China
52.	Guangzhou EPAM Systems Ltd.	China
53.	EPAM Systems Philippines	Philippines
54.	EPAM Systems FZ-LLC	UAE
55.	EPAM Systems FZ-LLC	UAE - non-free zone branch office
56.	EPAM Consulting BV	Netherlands
57.	Continuum Innovation LLC	Delaware LLC USA
58.	Continuum LLC	Massachusetts LLC USA
59.	Continuum SrL	Italy
60.	Design Continuum	China
61.	EPAM Systems Japan G.K.	Japan
62.	Think Limited	U.K.
63.	test IO, Inc	Delaware Corp. USA
64.	Test IO GmbH	Germany
65.	EPAM Systems FE LLC	Uzbekistan
66.	Competentum-USA Ltd.	Delaware Corp. USA
67.	Shareknowledge Inc.	Delaware Corp. USA
68.	Codeweb, LLC	Russia
69.	EPAM Systems France	France
70.	Naya P.A.I.Technologies Ltd.	Israel
71.	Naya P.A.I. Technologies Inc.	Delaware Corp. USA
72.	EPAM Systems (Vietnam) Company Limited	Vietnam
73.	EPAM DX, LLC	Delaware LLC USA
74.	Ricston Limited	Malta
75.	Ricston UK Limited	U.K.
76.	EPAM Systems s.r.o.	Slovakia
77.	EPAM Systems (Georgia) LLC	Georgia
78.	EPAM Upskill, LLC	Pennsylvania LLC USA

4.7 Financial information

The audited consolidated financial statements of the Offeror for the financial year ended 31 December 2020 and the unaudited consolidated financial statements of the Offeror as of June 30 2021 are attached to this Prospectus as Schedule 2.

4.8 Persons acting in concert with the Offeror

There are no persons acting in concert with the Offeror.

4.9 Transaction agreement

On 14 August 2021, EPAM entered into the Transaction Agreement with Emakina, pursuant to which, amongst others the board of directors of Emakina has considered that the Offer is in the best interest of the Company and its stakeholders, and has indicated that the board supports the bidder's strategic plans for the Company.

The terms of Emakina's recommendation are set out in the Response Memorandum.

4.10 Undertaking to tender

Between 14 August and 18 August 2021, the Offeror entered into agreements with several Shareholders of the Company representing in aggregate slightly more than 95% of the Company's share capital (the **Commitment Agreement(s)**), pursuant to which each of them commits, amongst others, that:

- it shall accept the Offer in accordance with the procedure for acceptance set out in this Prospectus on the first day of the acceptance period of the Offer in respect of all Shares; and

- it shall not, until the Offer closes, lapses or is withdrawn, sell, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares (or any part thereof), nor incur any obligation or give any indication of intent to do so, other than pursuant to the Shareholder's acceptance of the Offer as set forth under the bullet above or the acceptance of a valid counteroffer in accordance with article 37 of the Belgian Takeover Decree.

5. Information about the Company

5.1 Corporate details of the Company

Name:	Emakina Group SA
Legal form:	Limited liability company (*société anonyme / naamloze vennootschap*)
Registered office:	Rue Middelbourg 64A, 1170 Watermael-Boitsfort, Belgium
Date of incorporation and duration:	17 December 1998, undetermined duration
Register of legal persons:	0464.812.221
Auditor:	EY Reviseurs d'Entreprises SRL, represented by Mrs Marie Kaisin De Kleetlaan 2, 1831 Machelen, Belgium

5.2 Activities of the Company

Emakina Group is a network of full-service digital agencies whose aim is to build digital businesses. Through its agencies Emakina Group is active in eight lines of businesses:

- Insights and advisory services, focused on identifying, measuring and exploiting meaningful user decision patterns to shape solutions relevant to clients and their users;

- Web building and integration, where the Group's experts design, build and deliver websites, web applications and online services supporting the business of clients;

- Digital marketing & data-driven marketing, focused on engaging audiences, prospects and customers to help clients with messaging and activation across the customer decision journey;

- Connected commerce & retail marketing, involving strategy, design, development and deployment of solutions aimed at enabling digital commerce across customer touchpoints in a consistent manner;

- Applications, innovation & service design, focusing on innovative uses of technology in physical settings as well as online by supporting customers through the design, prototyping, production and monitoring of dedicated solutions;

- Content production & motion, where the Group's audiovisual, AR, VR and media production experts drive content production projects to support client initiatives and campaigns;

- Communications & branding, focusing on developing concepts and strategies designed to attract and hold the attention of impatient audiences in the digital age;

- Media planning & buying, with the Group's experts in media helping clients develop media plans and chose the best media to support their initiatives and campaigns.

Emakina Group is made up of six agencies, each with their own particular but complementary skillset. Each agency offers specific services and has its own set of clients. The agencies often collaborate on certain projects to offer additional, valuable services to Emakina Group clients.

- Emakina, The User Agency – is the largest entity of Emakina Group with branches operating in 14 markets and 800+ talented specialists working with passion to design, build and run Digital User Experiences everywhere. To understand and delight users, Emakina provides a full service offering: Insights, business strategy and advisory services, branding, design and multimedia content production, marketing and advertising services, unified commerce platforms and marketplaces management, state of the art websites, custom applications, analytics, data science and AI, managed cloud and hosting.

- The Reference, Digital at heart, driven by impact – The Reference is a committed digital agency of creative thinkers, driven by knowledge and craftsmanship.

- Witty Commerce, Engineering e-commerce success – Witty Commerce is an engineering and IT services company with "digital commerce" as the speciality. The entity provides solutions for all customer touch-points in the commerce ecosystem.

- Cloudworks, Salesforce expertise – is a leading Salesforce consultancy in the GCC region, with highly certified personnel proficient in a range of Salesforce cloud solutions.

- CloudCrazy, a Salesforce Commerce B2B service provider.

- Robert & Marien, a media buying agency operating in Belgium.

Emakina Group was created in 2001 by the merger of three agencies with complementary expertise: Emalaya, NetAtWork, and Ex Machina. In 2006, Emakina entered Alternext, Euronext's segment for growing SMEs. This move enabled Emakina's expansion, which started in 2007 with the acquisition of Belgian agencies The Reference, Design is Dead, and Your Agency, which have been part of Emakina Group ever since. The Group is now spread across Europe, with agencies in the

Netherlands, France, Switzerland, Turkey, Austria, Sweden, Croatia, Serbia and Poland. The Group has also expanded in the Middle East and North America, with agencies in Dubai, Qatar and New York.

In parallel, to establish the Group as a global player in the industry, its management has forged strong partnerships with agencies in geographic regions the Group does not cover directly yet, and with major global software brands (Salesforce, Adobe, Sitecore, SAP, Microsoft, Kentico, Contentful, commercetools, Google, Amazon and others) offering solutions and platforms that are critical to the digital economy.

5.3 Shareholding structure of the Company

The shareholding structure of the Company at the date of this Prospectus is as follows:

Shareholder	**Number of Shares held**	**% of total number of Shares**
P. Gatz	765,780	19.669%
Two4Two SA	629,326	16.164%
B. Le Blévennec	557,777	14.326%
D. Steisel	557,724	14.325%
Tarraco Holding S.à r.l.	296,052	7.604%
F. Desonnay & Sofrin SPRL	90,000	2.312%
A. Grobet	71,000	1.824%
Mediadreams SA	8,318	0.214%
Other	917,376	23.563%
Total	3,893,353	100%

5.4 Management structure of the Company

(a) Board of Directors

On the date of this Prospectus, the board of directors of the Company is composed as follows:

Name	**Expiry of mandate**	**Function**
Brice le Blévennec	After the annual shareholders' meeting of 2022	Executive Director
Karim Chouikri	After the annual shareholders' meeting of 2025	Executive Director
Pierre Gatz	After the annual shareholders' meeting of 2025	Executive Director

Name	Expiry of mandate	Function
Denis Steisel	After the annual shareholders' meeting of 2022	Non-executive Director
Anne Pinchart	After the annual shareholders' meeting of 2022	Non-executive Director; Independent Director
Clife Consulting Ltd (represented by Mrs Daisy Foquet)	After the annual shareholders' meeting of 2022	Non-executive Director; Independent Director
Cécile Coune	After the annual shareholders' meeting of 2025	Non-executive Director; Independent Director
Kadragroupe SA (represented by Mr Didier De Jaeger)	After the annual shareholders' meeting of 2025	Non-executive Director; Independent Director

(b) **Executive board**

On the date of this Prospectus, the executive board team of the Company is composed as follows:

Name	Function
Brice le Blévennec	Chief Executive Officer Chief Visionary Officer
Karim Chouikri	Chief Executive Officer
Frédéric Desonnay	Chief Financial Officer
Pierre Gatz	Executive Partner

5.5 Financial Information

On the date of this Prospectus, the break-down of revenues by line of business of the Company is as follows:

Activity	Share of consolidated revenues
Digital marketing, advisory & other services	34%
Connected Commerce	31%
Web building & integration	23%
Application & innovation	12%
TOTAL	**100%**

Source – company management

The above break-down can be considered as a reasonably reliable representation of the business of the Company. It provides the break-down of revenues by line of business for the top-100 clients of 2020 which account for 79.11% of the Company's business. The remaining 20.89% of the Company's revenues were analysed on a project basis to provide the break down by line of business. Lines of business used for this Prospectus are in line with those presented on the Company's website, with all lines of business which are more specifically related to digital marketing (e.g. communications, media planning & media buying, content production, insights) being grouped as "digital marketing, advisory & other services.

The annual financial statements and the consolidated financial statements of the Company for the year ending on 31 December 2020, as well as the annual report of the Company for the year ending on 31 December 2020, may be consulted on the website of the Company (https://www.emakina.group/en-us/InvestorRelations/FinancialReporting).

The consolidated financial statements for the year ending on 31 December 2020 have been prepared in accordance with the Belgian Generally Accepted Accounting Principles, as endorsed by the European Union. The annual financial statements for the year ending on 31 December 2020 have been approved by the shareholders' meeting of the Company held on 22 April 2021 as an online General Meeting of Shareholders in accordance with Belgian legislation of 20 December 2020 (MB of 24 December 2020). The consolidated financial statements have been presented to the shareholders' meeting of the Company held on 22 April 2021.

The annual financial statements and the consolidated financial statements of the Company for the year ending on 31 December 2020 have been audited by EY Reviseurs d'Enterprises SRL, represented by its permanent representative Mrs Marie Kaisin. The auditor has made no qualifications in respect of the annual financial statements or the consolidated financial statements of the Company.

The half-year 2021 report of the Company including the Interim Condensed Consolidated Financial Statements as at 30 June 2021, may also be consulted on the website of the Company (https://www.emakina.group/en-us/InvestorRelations/FinancialReporting).

The interim condensed consolidated statement of the Company as at 30 June 2021 have been reviewed by EY Reviseurs d'Enterprises SRL, represented by its permanent representative Mrs Marie Kaisin. Based on their review, nothing has come to their attention that causes them to believe that the Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with the financial-reporting framework applicable in Belgium.

The above-mentioned documents as listed in the table below, which have been previously published by the Company, are incorporated by reference in this Prospectus, in accordance with Article 13, §3 of the Takeover Law:

Document	**Hyperlink**
The annual report of the Company for the year ending on 31 December 2020, for the following sections: • Consolidated financial statements, p. 236 - 255;	https://www.emakina.group/en-US/InvestorRelations/FinancialReporting

Document	Hyperlink
• Auditor’s report on the consolidated financial statements, p. 260	
The half year report of the Company for the period ending on 30 June 2021, for the following sections: • Interim consolidated financial statements, p. 8-21 • Auditor’s review report on the interim condensed consolidated financial statements, p. 22.	https://www.emakina.group/en-us/InvestorRelations/FinancialReporting

The information so incorporated by reference forms an integral part of this Prospectus, provided that any reference in any document so incorporated by reference shall, for the purposes of this Prospectus, be deemed to be modified or superseded whenever any provision of this Prospectus modifies or supersedes any such reference (whether expressly, by implication or otherwise). Any statement so modified forms part of this Prospectus only as modified or superseded.

A list of documents incorporated by reference is attached to this Prospectus as Schedule 3. Those parts of the documents not incorporated by reference in the Prospectus are either not relevant to the Shareholders or are dealt with elsewhere in the Prospectus.

5.6 Capital structure of the Company and Shares

(a) Capital

On the date of this Prospectus, the capital of the Company amounts to EUR 9,347,962.27 and is represented by 3,893,353 Shares.

(b) Authorised Capital

In accordance with article 17bis of the articles of association of the Company, the extraordinary shareholders’ meeting of 24 April 2017 authorised the board of directors of the Company to increase the share capital in one or more transactions with a maximum amount of EUR 9,347,500 This authorisation is valid for a period of five (5) years as of 24 May 2017.

Since the authorisation by the extraordinary shareholders’ meeting of 24 April 2017, the board of directors of the Company has used the authorised capital for acquisition of 113,354 own shares. Consequently, the authorised capital now amounts to EUR 7,998,680.

As of 18 August 2021 (i.e., the moment that the FSMA has informed the board of directors of the Company that the offer notice relating to the Offer was officially notified by EPAM to the FSMA in accordance with article 5 of the Takeover Decree), the board of directors of the Company is no longer allowed to use the authorised capital.

(c) Treasury shares

On the date of this Prospectus, the Company holds 6,510 treasury Shares. Section 5.3 of this Prospectus contains details about the shareholding of the Company.

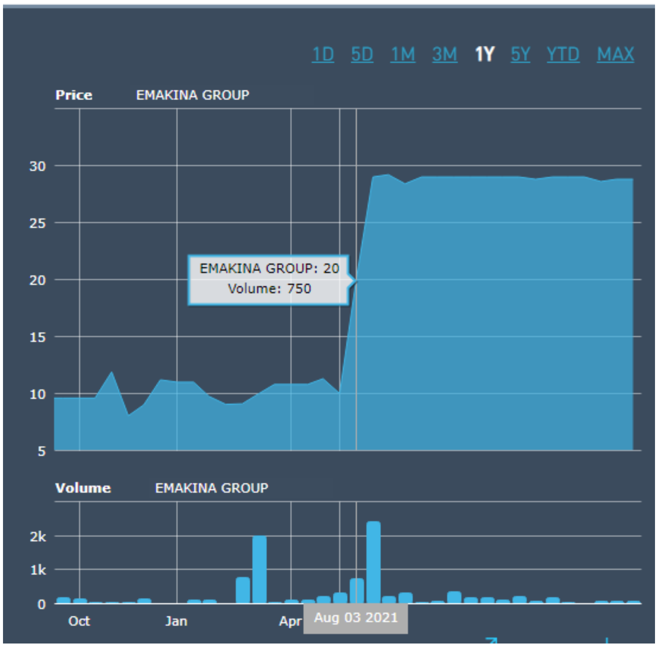
(d) **Other securities with voting rights or that may give access to voting rights, subscription rights**

To the knowledge of the Offeror, the Company has issued no securities with voting rights or that may give access to voting rights other than the Shares mentioned under this Section of the Prospectus.

5.7 Group structure

A list of the companies included in the scope of consolidation of the Company can be consulted in the annual report of the Company for the year ending on 31 December 2020 (p. 182-183) (https://www.emakina.group/en-US/InvestorRelations/FinancialReportinghttps://www.emakina.group/getmedia/ca327c98-b3ff-42b1-a32d-d7247912c66d/AR20-EN.pdf?ext=.pdf).

5.8 Evolution of the share price on Euronext Growth Brussels (until 4 October 2021)



6. The Offer

6.1 Characteristics of the Offer

(a) **Nature of the Offer**

The Offer is a conditional voluntary public takeover bid launched in accordance with Chapter II of the Takeover Decree. The Offer is a cash offer.

(b) **Object of the Offer**

The Offer relates to all Shares issued by the Company. The Offer therefore relates to 3,893,353 Shares of the Company, which represent 100% of the total Shares issued by the Company.

The Shares are admitted to trading on Euronext Growth Brussels under ISIN code BE0003843605.

(c) **Conditions precedent of the Offer**

The Offer is subject to the following conditions precedent:

(i) at least 95% of the total number of Shares shall have been tendered (and not withdrawn) at the end of the Initial Acceptance Period of the Offer; and

(ii) the non-occurrence, at any time, prior to the date of publication of the results of the initial acceptance period of the Offer, of any fact, event, circumstances or omission (including any breach or cessation or loss of a material contract or any breach of a material regulatory obligation), which, individually or in conjunction with other fact, event, circumstances or omission, adversely affects or could reasonably be expected to adversely affect (in this last situation the probability of the occurrence of the effect being ascertain by an independent expert), the consolidated EBIT of the Company by more than EUR 1,5 million (a **Material Adverse Change**); being agreed that the following situations shall not be considered as Material Adverse Change: (a) any adverse consequence resulting from the announcement of the Offer, (b) any adverse consequence resulting from conditions which generally affect the market on which the Company operates and which does not affect the Company disproportionately compared to its competitors, or (c) the termination for whatever reason of employment or consulting services of any of the managing directors of the Company or their direct reports to which the Offeror is introduced between 14 August 2021 up to the date of publication of the results of the initial acceptance period.

These conditions precedent are stipulated exclusively in favour of the Offeror, who reserves the right to waive them in whole or in part.

If any of these conditions is not fulfilled, the Offeror will announce its decision whether or not to waive them at the latest at the time the results of the Initial Acceptance Period are made public, by means of a press release which will also be available on the following websites: www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer and on the websites of the Company (www.emakina.group) and the Offeror (www.epam.com).

6.2 Price of the Offer

The price offered for each Share tendered to the Offer amounts to EUR 29.66.

At an enterprise value of EUR 150 million, the total consideration for the outstanding Shares under the Offer amounts up to EUR 115.27 million in cash. The table below illustrates the bridge between enterprise value and the total consideration for outstanding Shares. The amounts in the table are based on the Company's unaudited financials as of April 30, 2021. A brief description of the amounts is provided below:

- Net financial debt is comprised of EUR 5.2 million in cash and EUR 16.0 million in financial debt adjusted to eliminate intercompany amounts
- COVID-19 delayed payables are related to the Netherlands subsidiary and are comprised of EUR 1.5 million of delayed income and VAT taxes for the 2020 period and EUR 729K of COVID-19 support loan
- The delayed taxes repayment is scheduled to begin as of October 2021 in 36 instalments and COVID-19 support loan repayment began as of May 2021 in 12 instalments

- Cash earn-out & share earn-out debts are primarily off-balance sheet elements except for amounts to be paid out in 2021. Earnout debts are accounted once they are certain based on approach aligned with Belgian GAAP and with the Company's auditors

The amount for options exercised is based on 482,500 options multiplied by the difference between value per share of EUR 29.66 and strike price of EUR 9.59

Enterprise value	**€**	**150,000,000**
Net financial debt		(10,721,000)
Corporate income tax provision		(440,000)
COVID 19 delayed payables		(2,200,000)
3rd party advisor costs		(1,000,000)
Underfunding of pension plan		(44,000)
Accrued interest		(52,000)
Cash Earn-out		(8,053,000)
Share Earn-Out		(2,536,079)
Options exercised		(9,682,271)
Equity value		**115,271,650**
Number of shares		3,893,353
Company-owned shares		(6,510)
Total number of shares		3,886,843
Value per shares	€	**29.66**

The Offer Price represents a premium of 196.6% over the EUR 10.00 closing share price as of August 2, 2021. The Offer Price represents a premium of 48.3% over the EUR 20.00 closing share price as of August 3, 2021, which is the last trading day which saw an exceptional share price development unrelated to any general equity market developments or company specific announcements. The Offer Price represents a premium of 74.2%, 153.9%, and 161.5% respectively over the 1-month, the 6-month, and the 12-month volume weighted average prices calculated as of August 3, 2021, the Reference Date.

6.3 Justification of the Offer Price

(i) *Valuation methodology*

The price offered has been based on the following analyses:

- Analysis of discounted cash flows (“DCF”)
- Analysis of trading multiples of listed comparable companies (for indicative purposes only)
- Analysis of transaction multiples (for indicative purposes only)

(I) *Analysis of discounted cash flows*

This methodology calculates the value of the Company by discounting the expected future cash flows. The discounted cash flow (“DCF”) analysis was calculated as of August 8, 2021.

The Offeror had no access to a detailed forecast prepared by Company management. The Offeror did have access to YTD results as of April and a high-level budget for calendar year 2021.

Based on the foregoing, the Offeror prepared its own business plan with the following assumptions:

Standalone assumptions

- 5% standalone revenue growth in 2021 at 8% EBITDA margin

- 6.0% compounded annual growth rate ("CAGR") forecast for standalone revenue between 2020 and 2025. This assumption is in line with historical revenue CAGR of 6.4% between 2016 and 2020

- Stable 8% standalone EBITDA margin over the forecast period through 2025

- Capital expenditures estimated at 3% of revenue

Revenue synergy-related assumptions

- Steadily growing revenue synergies, incremental to standalone revenue, starting in 2022 at 20% of standalone revenue and reaching 68%-72% of standalone revenue by 2025. No revenue synergies were assumed for 2021. Inclusive of revenue synergies, revenue CAGR between 2021 and 2025 of 21.3%

- In Euros, 2022 revenue synergies estimated at EUR 22 million and 2025 revenue synergies estimated at between EUR 90 – 95 million

- Profit on revenue synergies estimated at 16%, improving to 18% over the forecast period in line with Offeror's non-GAAP operating profit margin

- Incremental capital expenditures estimated at 2% of synergy revenue

Assumptions common to both standalone and revenue synergies

- Change in working capital estimated at 5% of annual change in revenue

- Taxes estimated at 25%

- 3% perpetuity growth rate used to compute terminal value, which is 72% and 77% of the enterprise value under standalone and revenue synergies scenarios, respectively

Generating revenue synergies is an important component of the strategic rationale behind the transaction as further described in section 6.5(b).

A weighted average cost of capital ("WACC") range between 9.5% and 10.5%, with a mid-point of 10.0%, was used for the DCF analysis.

- Risk free rate of 0.6% based on 30-year Belgian government bond yield[1]

- Equity risk premium of 5.8% for Belgium based on data from Factset[2]

- Unlevered public companies Beta of 0.85 based on data from Factset for a group of comparable IT Services companies and pure-play agencies[3]

- Firm size risk premium of 4.5% based on Duff & Phelps data[4]

Cost of Equity	
Risk-free rate	0.6%
Assumed equity risk premium	5.8%
Unlevered public companies Beta	0.85
Firm size risk premium	4.5%
Cost of equity	**10.0%**

Weighted Average Cost of Capital Calculation	
Assumed debt/equity ratio	0.0%
Implied WACC	**10.0%**

Debt to equity ratio was assumed to be zero based on the observation that use of debt is not prevalent among companies in the IT Services and integrated agencies sector. Median ratio of debt as a proportion of combined debt and market value of equity was approximately 2% for the aforementioned sector[5].

Based on the foregoing assumptions, the analysis sensitized to ranges of WACC and the amount of revenue synergies as a percentage of Company's standalone revenue in 2025 is shown below. For instance, a WACC of 10% and achievement of revenue synergies at 70% of Company's standalone revenue in 2025 corresponds to an enterprise value of EUR 150 million.

		Revenue synergies 2025		
		68.0%	*70.0%*	*72.0%*
WACC	*9.50%*	€ 161	€ 163	€ 165
	10.00%	€ 148	€ 150	€ 152
	10.50%	€ 137	€ 139	€ 140

The table below shows the share price equivalent of the enterprise values above.

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[1] Risk-free rate based on the yield on 30-year maturity Belgian Government bond maturing on June 22, 2050 with coupon rate of 1.7%.

[2] Factset sources equity risk premium based on analysis by Professor Aswath Damodaran of New York University. Underlying data and explanation of analysis is available at https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html

[3] Companies included and their unlevered betas as follows: WPP 0.84, Omnicom 0.64, Publicis 1.00, Dentsu 0.74, Interpublic 1.25, S4 Capital 1.69, Globant 1.41, Grid Dynamics 1.98, Cognizant Technologies 1.00, Accenture 1.00, Tata Consultancy Services 0.59, Wipro 0.87, Infosys 0.62, CGI Inc 0.78, Capgemini 0.72, Atos 0.31. Median of 0.85 used in calculation of WACC.

[4] Duff & Phelps, International Guide to Cost of Capital 2018. 4.5% size risk premium based on rounding up of 4.32% premium for the range €41M-€63M.

[5] Comprised of Accenture, Tata Consultancy Services, Infosys, Capgemini, Wipro, Cognizant Technology, CGI, Globant, Atos, Endava, S4 Capital and Grid Dynamics Holdings.

WACC	Revenue synergies 2025: 68.0%	70.0%	72.0%
9.50%	€ 32.20	€ 32.63	€ 33.05
10.00%	€ 29.29	€ 29.66	€ 30.07
10.50%	€ 26.78	€ 27.14	€ 27.49

(II) ***Trading multiples of listed comparable companies (for indicative purposes only)***

This methodology consists of determining the value of the Company by applying the multiples observed on a sample of comparable listed companies to the Company's financials. The selected sample of comparable companies is composed of twelve global IT Services and Integrated Agencies and 5 global pure-play Agencies.

The Company has made significant progress in transforming itself from a pure-play agency into a digital transformation partner to its clients and has added various technological capabilities organically and through acquisitions in recent years. However, the Company exhibits slower growth because it still lags the larger companies in offering certain capabilities at scale or at scaling client accounts across geographies. Exact comparison to specific comparable companies thus poses a challenge, hence this method is presented for indicative purposes.

(All amounts in millions)

Company	Fiscal period	Market capitalization	Enterprise value	Revenue	EBITDA	EBITDA Margin %	EV / Revenue	EV / EBITDA
IT Services and Integrated Agencies								
Accenture	05/31/2021	€ 187,569	€ 180,228	€ 40,452	€ 8,209	20.3%	4.5x	22.0x
Tata Consultancy Services	06/30/2021	140,410	135,607	19,486	5,596	28.7%	7.0x	24.2x
Infosys	06/30/2021	80,830	78,531	11,913	3,375	28.3%	6.6x	23.3x
Capgemini	06/30/2021	32,934	38,842	16,978	2,652	15.6%	2.3x	14.6x
Wipro	06/30/2021	37,560	35,405	7,428	1,773	23.9%	4.8x	20.0x
Cognizant Technology	06/30/2021	33,005	32,092	14,604	2,555	17.5%	2.2x	12.6x
CGI	06/30/2021	19,181	20,644	7,874	1,602	20.3%	2.6x	12.9x
Globant	12/31/2020	9,390	9,222	714	124	17.3%	12.9x	74.5x
Atos	06/30/2021	4,887	6,668	10,978	1,480	13.5%	0.6x	4.5x
Endava	03/31/2021	6,038	5,945	451	88	19.5%	13.2x	67.6x
S4 Capital	12/31/2020	4,527	4,469	385	67	17.4%	11.6x	66.8x
Grid Dynamics Holdings	03/31/2021	1,613	1,556	101	(6)	(6.0%)	15.4x	NM
Pure-play Agencies								
WPP PLC	06/30/2021	€ 13,989	€ 15,830	€ 14,163	€ 2,231	15.8%	1.1x	7.1x
Publicis Groupe	06/30/2021	13,939	15,491	11,003	2,405	21.9%	1.4x	6.4x
Omnicom	06/30/2021	13,731	15,423	11,710	1,904	16.3%	1.3x	8.1x
Interpublic Group	06/30/2021	12,738	13,921	7,919	1,414	17.9%	1.8x	9.8x
Dentsu Group	03/31/2021	8,679	10,245	7,569	1,464	19.3%	1.4x	7.0x
IT Services and Integrated Agencies - Mean							7.0x	31.2x
IT Services and Integrated Agencies - Median							5.7x	22.0x
Pure-play Agencies - Mean							1.4x	7.7x
Pure-play Agencies - Median							1.4x	7.1x
Emakina			€ 150	€ 100.9	€ 8.2	8.2%	1.5x	18.2x

Note: Emakina LTM (last twelve months) revenue as of April 30, 2021 of EUR 100.9 million and LTM EBITDA of EUR 8.2 million.

The below table shows illustrative enterprise value and corresponding value per share calculation based on the median trading multiples for IT Services and integrated agencies and pure-play agencies in the preceding table. The calculation uses EBITDA since Emakina is a mature company with a track record of profitability. While the multiples analyses is indicative, both revenue and EBITDA multiples, in addition to discounted cash flow analysis, were inputs to the analysis.

(All amounts except per share are in millions)

	IT Services and integrated agencies	Pure-play agencies
EBITDA	€ 8.2	€ 8.2
Median trading multiple	22.0x	7.1x
Enterprise value	181.4	58.6
Less: Net debt(1)	(38.7)	(23.3)
Equity value	142.7	35.3
Number of total shares	3.9	3.9
Value per share	€ 36.71	€ 9.07

(1) The amount of net debt is different across the two calculations (€38.7 million vs. €23.3 million) because the value of share-based earn-out and options exercised, included as part of net debt, changes based on value per share, which in turn is based on change to the enterprise value. For break down of debt, please see the table at the beginning of section 6.2 that provides the bridge between enterprise value and equity value.

- **Accenture**: Founded in 1989, Accenture is an Irish-domiciled, NYSE-listed professional services company with over 550,000 employees that provides strategy and consulting, interactive, and technology and operations services worldwide. The company also provides outsourcing services.

- **Tata Consultancy Services (TCS)**: Founded in 1968, TCS is headquartered in India and listed on the National Stock Exchange (NSE). The company is the largest provider of IT Services and consulting services based in India that operates globally with over 500,000 employees.

- **Infosys**: Founded in 1981, Infosys is headquartered in India and listed on the NSE. The company is the second largest provider of IT Services and consulting services based in India and operates globally with over 260,000 employees.

- **Capgemini**: Founded in 1967, Capgemini is headquartered in France and listed on Euronext Paris. The company provides IT Services, consulting, digital transformation, and engineering services and operates globally with over 270,000 employees.

- **Wipro**: Founded in 1945, Wipro is headquartered in India and is listed on the NSE. The company provides IT Services, consulting, and business process services, and operates globally with over 210,000 employees.

- **Cognizant Technology Solutions**: Founded in 1994, Cognizant is headquartered in New Jersey, USA, and is listed on the NASDAQ. The company started as an in-house unit of Dun & Bradstreet before it started serving external clients. The company provides IT Services, consulting, and business process services, and operates globally with over 300,000 employees.

- **CGI**: Founded in 1976, CGI is headquartered in Canada and is listed on the Toronto Stock Exchange. The company provides IT Services, consulting and systems integration to government and commercial clients. The company operates globally with over 78,000 employees.

- **Globant**: Founded in 2003, Globant is headquartered in Luxembourg and is listed on the NYSE. The company has a significant presence in Latin America, more notably in Argentina and overall employs approximately 17,000 employees. The company provides design, agile development, user experience and consulting services.

- **Atos**: Founded in 1997, Atos is headquartered in France and is listed on Euronext Paris. The company provides IT Services and consulting and employs over 100,000 employees.

- **Endava**: Founded in 2000, Endava is headquartered in the UK and is listed on NYSE. The company provides digital transformation consulting, agile development and automation solutions. The company employs over 8,000 employees.

- **S4 Capital**: Founded in 2016, S4 operates as a digital advertising and marketing services company that offers campaign management, analytics, creative production, ad serving, and platform and systems integration. S4 is headquartered in the UK and is listed on the London Stock Exchange. The company employs over 3,000 employees.

- **Grid Dynamics**: Founded in 2006, Grid Dynamics is headquartered in California, USA, and is listed on the NASDAQ. The company offers consulting, design, agile development, testing, and internet service operations services. The company employs over 2,000 employees primarily in Eastern Europe.

- **WPP**: Founded in 1971, WPP is an advertising, public relations, technology, and commerce holding company / agency headquartered in the UK and listed on LSE. WPP owns many agency brands, including AKQA, BCW, Essence Global, Finsbury, Grey, Hill+Knowlton Strategies, Mindshare, Ogilvy, Wavemaker and Wunderman. The company employs around 100,000 employees.

- **Publicis Groupe**: Founded in 1926, Publicis is an advertising and public relations agency headquartered in France and listed on Euronext Paris. Publicis owns many agency brands including

Saatchi & Saatchi, Leo Burnett, Marcel, Fallon, and BBH. The company employs around 80,000 employees.

- **Omnicom**: Founded in 1986, Omnicom is an agency that provides advertising, marketing, and corporate communications services. The company is headquartered in the USA and listed on NYSE. Omnicom owns many agency brands, including BBDO, DDB, DAS, Warc and Colenso. The company employs around 65,000 employees.

- **Interpublic Group (IPG)**: Founded in 1930, IPG is an advertising and marketing services agency headquartered in the USA and listed on NYSE. IPG owns many agency brands, including FCB, IPG Mediabrands, McCann Worldgroup and MullenLowe Group. The company employs around 53,000 employees.

- **Dentsu**: Founded in 1901, Dentsu is headquartered in Japan and is listed on Tokyo Stock Exchange. Dentsu is the largest advertising agency in Japan. The company employs around 65,000 employees.

(III) ***Analysis of transaction multiples (for indicative purposes only)***

This method consists of determining an enterprise value by applying multiples observed in previous transactions to the Company's LTM financials. The transactions listed below were chosen for the similarity of target company's capabilities and offerings. However, no company is an exact match to Emakina in terms of specific capabilities, size of geographic footprint. As such, this method is presented for indicative purposes.

(All amounts in millions)

Date	Acquiror	Target	Enterprise value	Market capitalization	Revenue	EBITDA	EBITDA Margin %	EV / LTM Revenue	EV / LTM EBITDA
7/13/2021	BC Partners	Valtech	€ 1,190	NA	€ 276	€ 35	12.6%	4.3x	34.3x
7/06/2021	Dentsu	LiveArea (PFS Web)	213	NA	73	NA	NA	2.9x	NA
3/31/2021	Hitachi	GlobalLogic	8,075	NA	1,020	204	20.0%	7.9x	39.6x
3/04/2021	Wipro	CapCo	1,233	NA	595	NA	NA	2.1x	NA
11/06/2020	Telus International	LionsBridge AI	783	NA	196	36	18.2%	4.0x	22.0x
10/08/2020	Infosys	Blue Acorn	106	NA	37	NA	NA	2.9x	NA
9/10/2020	Baring Private Equity	Virtusa	1,700	1,609	1,133	97	8.5%	1.5x	17.6x
11/05/2019	Tech Mahindra	Born Group	102	NA	43	NA	NA	2.4x	NA
6/24/2019	Capgemini	Altran Technologies	4,789	3,360	2,993	399	13.3%	1.6x	12.0x
1/07/2019	DXC	Luxoft	1,662	1,745	755	78	10.4%	2.2x	21.2x
12/03/2018	S4 Capital	MightyHive	128	NA	34	9	27.4%	3.7x	13.5x
10/04/2018	Cognizant	Softvision	468	NA	170	NA	NA	2.8x	NA
7/22/2018	Atos	Syntel	3,034	3,077	820	225	27.4%	3.7x	13.5x
7/02/2018	IPG	Acxiom Corporation	1,955	1,881	559	141	25.2%	3.5x	13.9x
2/05/2018	Capgemini	LiquidHub	422	NA	211	NA	NA	2.0x	NA
11/30/2017	Altran	Aricent	1,700	NA	586	163	27.9%	2.9x	10.4x
2/20/2017	Accenture	SinnerSchrader	101	106	56	5	8.9%	1.8x	20.2x
Mean								3.1x	19.8x
Median								2.9x	17.6x
Emakina			€ 150	€ 115.3	€ 100.9	€ 8.2		1.5x	18.2x

Notes:

Most transactions values were announced in USD. All EUR values shown are converted using a uniform 0.85 conversion rate.

Where available and disclosed, revenue and EBITDA amounts are for the LTM (last twelve months) period before the transaction was announced.

Emakina LTM (last twelve months) revenue as of April 30, 2021 of EUR 100.9 million and LTM EBITDA of EUR 8.2 million.

The below table shows illustrative enterprise value and corresponding value per share calculation based on the median transaction multiple in the preceding table. The calculation uses EBITDA since Emakina is a mature company with a track record of profitability. While the multiples analyses is indicative, both revenue and EBITDA multiples, in addition to discounted cash flow analysis, were inputs to the analysis.

(All amounts except per share are in millions)

	LTM
EBITDA	€ 8.2
Median transaction multiple	17.6x
Enterprise value	145.1
Less: Net debt[(1)]	(34.1)
Equity value	111.0
Number of total shares	3.9
Value per share	€ 28.57

(1) The amount of net debt shown is different from that shown for similar calculation in section 6.3(i)(II) for trading multiples analysis, because the value of share-based earn-out and options exercised, included as part of net debt, changes based on value per share, which in turn is based on change to the enterprise value. For break down of debt, please see the table at the beginning of section 6.2 that provides the bridge between enterprise value and equity value.

- **BC Partners and Valtech**: BC Partners is a European private equity firm. Valtech is a London-based business transformation agency that offers strategy consulting, service design, technology services, and optimization of business-critical digital platforms for multichannel commerce and marketing.

- **Dentsu and LiveArea**: Dentsu is a Japanese advertising agency. LiveArea was a business of PFSweb, a commerce services company listed on NASDAQ (PFSW), that offered data-driven marketing and omnichannel experience design through technology selection, implementation and development services.

- **Hitachi and GlobalLogic**: Hitachi is a Japanese conglomerate that engages in manufacturing, systems and information technology services. GlobalLogic employs 21,000 professionals and specializes in digital engineering, experience design and data services.

- **Wipro and Capco**: Wipro is an India-headquartered IT Services, consulting and business services provider. Capco is a provider of end-to-end management consulting services and digital transformation solutions serving financial institutions in the US, Europe and Asia Pacific.

- **Telus and LionBridge AI**: Telus is a Canadian communications company listed on Toronto Stock Exchange. Telus' information technology business that focuses on digital customer experience acquired LionBridge AI. Lionbridge partners with brands to offer AI-based translation and localization services.

- **Infosys and Blue Acorn**: Infosys is an India-headquartered IT Services and consulting company. Blue Acorn is a digital customer experience agency with expertise in direct-to-consumer sector that combines content management, commerce and analytics.

- **Baring and Virtusa**: Baring is one of the largest private equity firms in Asia with $20 billion assets under management. Virtusa is a provider of digital business strategy, digital engineering, and IT services. Virtusa traded on NASDAQ till its acquisition by Baring.

- **Tech Mahindra and Born Group**: Tech Mahindra is an IT Services business with over 125,000 employees listed in India on NSE. Born Group is a digital transformation agency with a focus on customer experience and enterprise commerce solutions.

- **Capgemini and Altran**: Capgemini is a France-headquartered IT Services, consulting, and digital transformation company. Altran is a provider of engineering and R&D services that partners with its clients from initial concept through industrialization of products.

- **DXC and Luxoft**: DXC is an IT Services and systems integration provider based in the US and listed on NYSE. Luxoft is a Switzerland-headquartered software engineering business with significant presence in Eastern Europe and expertise in business transformation and customer experiences.

- **S4 and MightyHive**: S4 is an UK-based digital advertising and marketing services company. MightyHive is US-based new generation agency that offers consulting and services in the areas of media operations, data strategy, and analytics.

- **Cognizant and Softvision**: Cognizant is a US-based provider of IT Services, consulting, and business process services. Softvision is a Romania, US and India-based provider of agile software development with expertise in customer experience design.

- **Atos and Syntel**: Atos is a France-based provider of IT Services and consulting. Syntel is a US-based IT Services and business process outsourcing business with focus on automation. A large portion of Syntel’s 10,000 employees are based in India.

- **IPG and Acxiom**: IPG is an advertising and marketing services agency headquartered in the USA. Acxiom is a provider of data-based marketing solutions to drive differentiated customer experiences.

- **Capgemini and LiquidHub**: Capgemini is a France-headquartered IT Services, consulting, and digital transformation company. LiquidHub is an US-based digital customer engagement firm that specializes in developing customer experiences.

- **Altran and Aricent**: Altran is a provider of engineering and R&D services that partners with its clients from initial concept through industrialization of products. Aricent offers integrated design and engineering services serving clients in the communications and technology industries. Aricent also includes Frog, a design and customer experience agency.

- **Accenture and SinnerSchrader**: Accenture is an NYSE-listed professional services company with over 550,000 employees that provides strategy and consulting, interactive, and technology and operations services. SinnerSchrader is a German digital agency with a focus on design and development of digital products and services.

Conclusion

The Offer Price compares to the different valuation methodologies or references, as presented below. In conclusion, the DCF analysis provides support for the Offer Price of EUR 29.66 per Share. While the multiples analysis is provided for indicative purposes, the IT Services and Integrated Agencies median trading multiple and transaction multiples provide additional justification for the Offer Price.

EV-Max	€ 165	€ 200	€ 64	€ 160	€ 107	€ 62	€ 94	€ 70	€ 68
EV-Min	137	165	53	132	107	62	94	70	68
EV/EBITDA-Max	20.0x	24.2x	7.8x	19.4x	13.0x	7.6x	11.4x	8.5x	8.3x
EV/EBITDA-Min	16.6x	20.0x	6.5x	16.0x	13.0x	7.6x	11.4x	8.5x	8.3x
Premium-Max	(10.3%)	(27.3%)	184.0%	(6.8%)	48.3%	196.6%	74.1%	153.9%	161.5%
Premium-Min	10.7%	(10.2%)	283.5%	15.8%	48.3%	196.6%	74.1%	153.9%	161.5%
See comment	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*

1. The low and high enterprise values (EVs) of €137M and €165M represent the lower and upper ends based on sensitizing discounted cash flow (DCF) analysis to revenue synergies and weighted average cost of capital (WACC). See table in section 6.3(i)(I)

2. The EVs are based on last twelve-month (LTM) EBITDA of €8.2M as of April 30, 2021, multiplied by 20.0x and 24.2x. The low and high multiples are based on 10% discount and premium, respectively, to the median multiple of 22.0x for the IT Services and integrated agencies. See trading multiples in section 6.3(i)(II)

3. The EVs are based on LTM EBITDA of €8.2M as of April 30, 2021, multiplied by 6.5x and 7.8x. The low and high multiples are based on 10% discount and premium, respectively, to the median multiple of 7.1x for the pure-play agencies. See trading multiples in section 6.3(i)(II)

4. The EVs are based on LTM EBITDA of €8.2M as of April 30, 2021, multiplied by 16.0x and 19.4x. The low and high multiples are based on 10% discount and premium, respectively, to the median multiple of 17.6x for the transaction multiples. See transaction multiples in section 6.3(i)(III)

5. The EV is based on Emakina share price of €20.00 as of August 3, 2021

6. The EV is based on Emakina share price of €10.00 as of August 2, 2021

7. The EV is based on volume weighted average price (VWAP) for the one-month period between July 2, 2021 and August 3, 2021

8. The EV is based on VWAP for the six-month period between February 3, 2021 and August 3, 2021

9. The EV is based on VWAP for the 12-month period between August 3, 2020 and August 3, 2021

6.4 Conduct of the Offer

(a) Indicative timetable

Event	Date (expected)
Notification of the Offer to the FSMA (in accordance with Article 5 of the Takeover Decree)	18 August 2021
Publication of the Offer by the FSMA (in accordance with Article 7 of the Takeover Decree)	18 August 2021
Approval of the Prospectus and the Response Memorandum by the FSMA	12 October 2021
Publication of the Prospectus and the Response Memorandum	13 October 2021
Opening of the Initial Acceptance Period	15 October 2021
Closing of the Initial Acceptance Period	29 October 2021
Publication of the results of the Initial Acceptance Period (and indication by the Offeror of whether the conditions of the Offer have been fulfilled or, if not, whether the Offeror has waived such condition(s))	3 November 2021
Initial Payment Date	3 November 2021

Event	Date (expected)
If: • the conditions of the Offer are fulfilled and the Offeror and its Related Persons hold, as a result of the Offer, 95% or more of the securities with voting right (i.e. the Shares) of the Company: reopening of the Offer as a Squeeze-out; • the conditions of the Offer are not fulfilled, but the Offeror has waived them and holds, as a result of the Offer, together with its Related Persons, 90% or more of the securities with voting right (i.e. the Shares) of the Company: mandatory reopening of the Offer (possibly followed by a Squeeze-out if the conditions are fulfilled); • the conditions for the Offer are not fulfilled, but the Offeror has waived them, and the Offeror and its Related Persons hold, as a result of the Offer, less than 90% of the securities with voting right (i.e. the Shares) of the Company: possibility of voluntary reopening of the Offer.	5 November 2021
End of the Acceptance Period for the mandatory or voluntary reopening of the Offer (as the case may be)	12 November 2021
Publication of the results of the mandatory or voluntary reopening of the Offer (as applicable)	16 November 2021
Payment date for the mandatory or voluntary reopening of the Offer (as the case may be)	17 November 2021
If applicable, reopening of the Offer as a Squeeze-out (if the mandatory reopening of the Offer did not already have the effect of a Squeeze-out)	18 November 2021
Closing of the Acceptance Period of the Squeeze-out (assuming the Squeeze-out can immediately be started on 5 November 2021)	29 November 2021
Publication of the results of the Squeeze-out	30 November 2021
Payment Date of the Squeeze-out and delisting	30 November 2021

If any of the dates listed in the timetable are changed, the Shareholders will be informed of such change(s) by means of a press release which will also be available on the following websites: www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer and on the websites of the Company (www.emakina.group) and the Offeror (www.epam.com).

(b) **Acquisition of Shares outside of the framework of the Offer**

The Offeror may acquire Shares at any time outside of the framework of the Offer in order to increase its shareholding in the Company. If such acquisitions take place during period of the Offer, they will be published by the FSMA on its website (https://www.fsma.be/en/transactions-opa). If such acquisitions would take place at a price higher than the Offer Price, the Offer Price shall be aligned with such higher acquisition price in accordance with Article 15, §2 of the Takeover Decree.

(c) **Acceptance Period**

(i) Initial Acceptance Period

The Initial Acceptance Period starts on 15 October 2021 and ends on 29 October 2021 at 4.00 p.m. (Belgian time), in compliance with Article 30 of Takeover Decree[6].

(ii) Extension of the Initial Acceptance Period

In accordance with Article 31 of the Takeover Decree, the Initial Acceptance Period may be extended. This would be the case if, at any time during the Initial Acceptance Period, the Offeror acquires or agrees to acquire Shares other than through the Offer at a price higher than the Offer Price. In such event, the Offer Price will be adjusted to reflect such higher price and the Initial Acceptance Period will be extended by five (5) Business Days after the publication of such higher price to allow Shareholders to accept the Offer at such higher price.

(d) **Reopening of the Offer**

In accordance with Articles 32 and 33 of the Takeover Decree, the Offeror will, within five (5) Business Days following the end of the Initial Acceptance Period, announce the results of the Offer during the Initial Acceptance Period and indicate whether the conditions described in Section 6.1(c) of this Prospectus have been fulfilled and, if not, whether the Offeror has waived these conditions.

This announcement will be made by way of a press release, which will also be available on the following websites: www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer and on the websites of the Company (www.emakina.group) and the Offeror (www.epam.com).

Considering the tender commitments set out in the Commitment Agreements, it is most likely that condition regarding the holding of at least 95% of the total number of Shares will be satisfied, provided that the relevant shareholders comply with their obligations under their Commitment Agreements.

The Offer will (or must) be reopened in the following circumstances:

(i) *The Offeror and its Related Persons acquire at least 95% of the Shares of the Company – Reopening as a Squeeze-out*

If, after the Initial Acceptance Period (or a subsequent Acceptance Period, as the case may be), the Offeror and its Related Persons own more than 95% of all securities with voting right (i.e. the Shares), the Offeror shall be entitled to launch

[6] Note: The Initial Acceptance Period shall begin at the earliest either five working days after the approval of the prospectus or, if this took place earlier, after the approval of the memorandum in response of the Company.

a Squeeze-out pursuant to Article 7:82, § 1 BCCA and Articles 42 and 43 of the Takeover Decree.

The procedure for the Squeeze-out will commence within three (3) months from the end of the last Acceptance Period.

All Shares not tendered in the Squeeze-out will be deemed to have been transferred by operation of law to the Offeror, with the deposit of the funds necessary for the payment of the Offer Price at the Bank for Official Deposits (*Caisse des dépôts et consignations* / *Deposito- en Consignatiekas*), at the latest on the fifth (5^{th}) Business Day following the publication of the results of the Squeeze-out.

The risk and ownership of such Shares will pass to the Offeror on the Payment Date of the Squeeze-out at the time the payment of the Offer Price is made by the Centralizing Receiving Agent on behalf of the Offeror (i.e. at the time the Offeror's account is debited for these purposes) (see Section 6.9 of this Prospectus).

In the context of the Squeeze-out, the Shares in the Company that have been admitted to trading on the market of Euronext Growth Brussels will be delisted pursuant to Article 43, § 4 of the Takeover Decree.

(ii) *The Offeror and its Related Persons to the Offeror acquire at least 90% of the Shares of the Target – Mandatory Reopening of the Offer*

If the conditions for the Offer are not fulfilled (in case of a breach of one or more of the Commitment Agreements), but the Offeror has waived them, and the Offeror and its Related Persons jointly hold at least 90% of all securities with voting right (i.e. the Shares) of the Company, at the end of the Initial Acceptance Period, the Offer must be reopened pursuant to Article 35, 1° of the Takeover Decree.

The mandatory reopening of the Offer pursuant to Article 35, 1° of the Takeover Decree will also apply if the aforementioned threshold of 90% is not immediately reached at the end of the Initial Acceptance Period, but only after a voluntary reopening, as referred to in Section 6.4(d)(iii) of this Prospectus.

If the Offer is mandatorily reopened pursuant to Article 35, 1° of the Takeover Decree, it will be reopened within ten (10) Business Days after the publication of the results of the last Acceptance Period for an additional acceptance period of not less than five (5) Business Days and not more than fifteen (15) Business Days.

(iii) *The Offeror and its Related Persons acquire less than 90% of the Shares of the Target – Possibility of voluntary reopening of the Offer*

The Offeror reserves the right to voluntarily reopen the Offer, at its sole discretion, if the condition relating to the 95% threshold is not fulfilled but waived (in case to a breach of one or more of the Commitment Agreements). In this case, the Offeror must announce its intention within five (5) Business Days from the end of the Initial Acceptance Period.

If the Offer is voluntarily reopened after the Initial Acceptance Period, it will be reopened within ten (10) Business Days of the publication of the results of the Initial Acceptance Period for an additional acceptance period of not less than five (5) Business Days and not more than fifteen (15) Business Days. In no event shall the total duration of the entire Initial Acceptance Period and a voluntary reopening of the Offer exceed ten (10) weeks.

(iv) *Delisting*

Following the closing of the Offer, the Offeror will consider and reserves the right to apply for a delisting of the Shares on Euronext Growth Brussels in accordance with applicable law.

If a Squeeze-out, as referred to in Section 6.4(d) of this Prospectus, is launched, the delisting will automatically follow the closing of the Squeeze-out pursuant to Article 43, § 4 of the Takeover Decree.

If the Company submits a delisting request (upon indication of the Offeror) within three (3) months after the closing of the last Acceptance Period and provided that at that time the Squeeze-out, as referred to in Section 6.4(d) of this Prospectus, has not yet been issued, the Offeror is obliged to reopen the Offer within ten (10) Business Days of such introduction, for a new Acceptance Period of between five (5) and fifteen (15) Business Days, in accordance with Article 35, 2 of the Takeover Decree.

(v) *Right to sell*

If (i) the Offeror and its Related Persons hold, following the Offer or its reopening, at least 95% of the securities with voting right (i.e. the Shares) of the Company and have acquired, as a result of the Offer, securities with voting right (i.e. the Shares) representing at least 90% of the capital subject to the Offer and (ii) the Offeror does not initiate the Squeeze-out, as set forth in Section 6.4(d) of this Prospectus, any Security Holder may request the Offeror to purchase its Shares, subject to the terms and conditions of the Offer, in accordance with Article 44 of the Takeover Decree.

Shareholders wishing to exercise their right to sell must submit their request to the Offeror within three (3) months after the end of the last Acceptance Period by means of a registered letter with acknowledgement of receipt.

6.5 Intentions of the Offeror

(a) Objectives of the Offeror

The immediate objective of the Offer is for EPAM to acquire 100% of the Shares of Emakina.

(b) Reasons for making the Offer

The acquisition of Emakina represents an important transaction for EPAM and is fully consistent with EPAM's strategy and ambition to become a leading global player in in the end-to-end enterprise transformation sector. Emakina provides critical new capabilities and geographies to EPAM's already strong and fast-growing CX Transformation, Digital Products, Digital Platforms and Integrated Consulting offerings.

Through the combination, EPAM aims to improve its ability to drive meaningful and measurable business value to its clients (and those of Emakina), to increase its geographic reach, and increase its scale in EMEA. EPAM expects to be able to successfully grow and invest in the combined businesses seeing revenue synergies of EUR 22 million in 2022 and reaching a level of EUR 90 - 95 million by 2025 through the anticipated benefits of the integration including:

- broadening of EPAM's target client stakeholders to include the CMO and heads of business -- mainstay clients of Emakina and conversely a broadening of Emakina's target stakeholders to include the CTO and CIO, --mainstays of EPAM – which will significantly increase both organizations' ability to expand relationships with existing accounts as well as be included into the consideration set with heretofore inaccessible clients organizations;

- increase of Emakina's creative prowess with EPAM's digital platform, mobile, cloud, data, security and product development capabilities to significantly expand the size, scale and retention of Emakina's client-base;

- entirely new client and revenue opportunities for EPAM through Emakina's digital marketing, e-commerce, branding and communication services which can be immediately realized in EMEA and in future can be exported to North America – which is anticipated to result in larger average account sizes for EPAM as well as the ability of EPAM to expand the business value it delivers to clients;

- significant increase in EPAM's in-market creative, digital, and consulting capabilities through Emakina's agency teams to immediately impact EPAM's ability to grow existing accounts and win new business;

- providing EPAM with commercially-oriented senior leaders from Emakina who reside in strategic EMEA markets where EPAM currently lacks representation -- enabling EPAM to both strengthen its relationship with active clients in these geographies as well as establish stronger footholds for future growth.

- added diversity to EPAM's industry mix, currently weighted in EMEA toward financial services, media and technology, by increasing revenues in consumer, retail and luxury;

- strengthening of both EPAM and Emakina's alliances with shared key partners including Adobe, Sitecore, Google Cloud Platform, AWS, Microsoft, Salesforce.com and many others;

- enhancement of EPAM's overall brand in EMEA (as well as world-wide) through the halo effect of Emakina's highly-regarded reputation as a creative powerhouse and conversely enhance Emakina's overall brand through association with EPAM's well-known engineering excellence and success in enterprise transformations – resulting more opportunities to participate in large-scale new pursuits and a higher win / conversion rate.

Also, EPAM believes the synergy of EPAM and Emakina businesses can create a win-win proposition for employees by opening previously untapped opportunities to create meaningful career advancement potential as well as make both EPAM and Emakina a much more attractive employer to potential new employees.

(c) **EPAM's intentions with respect to Emakina**

EPAM intends to maintain Emakina as a separate legal entity organised and existing under the laws of Belgium, with its head office in Belgium.

EPAM intends to request the delisting of the Shares of Emakina.

At present, EPAM has no intention to carry out any material restructuring or reorganisation of Emakina. However, Emakina will be partnered with EPAM's existing Digital Engagement Solution Practice where it will collaborate on new pursuits, joint delivery, formulation of new offerings and sharing of best practices.

(i) **Emakina's position within EPAM following the successful completion of the Offer**

At the date of this Prospectus, EPAM has no intention of carrying out any material restructuring or reorganisation of Emakina.

(ii) **Impact on employment within Emakina**

EPAM attaches great importance to the skills and experience of the management team and employees of Emakina and their ongoing role in the success of Emakina. Consequently, EPAM has no intention to change the management team in any material respect. EPAM believes that the employees and the management of the enlarged business will benefit from the increased opportunities that such a combination would bring. EPAM intends to ensure that Emakina continues to provide an environment for its employees within which they will be well placed to continue to flourish.

At the date of this Prospectus, EPAM has no intention to amend the current terms and conditions of employment within Emakina in any material respect. Moreover, the Offer may have a positive impact on employment within Emakina if, for example, synergies can be created and geographic expansion can be achieved. Ultimately, EPAM's objective for Emakina 's employees is, as a result of further developing the business of Emakina, to create new employment opportunities. It is EPAM's hope and expectation that the vast majority of Emakina employees adhere to EPAM's values for a long-term association and mutual benefits.

(iii) **Impact on corporate governance of Emakina**

(i) after the Initial Payment Date, it is intended that:

(A) the following members of the Emakina Board shall resign from their positions as members of the Emakina Board and any other board of directors of any Group Company they may be members of: Denis Steisel, Brice Le Blévennec, Pierre Gatz and Kadragroupe SA, represented by Didier De Jaeger;

(B) the following members of the Emakina Board shall remain at their positions: Karim Chouikri, Anne Pinchart, Clife consulting Ltd, represented by Daisy Foquet and Cécile Coune;

(C) Cécile Coune will also be appointed to the Appointment and Remuneration Committee to replace Kadragroupe SA, represented by Didier De Jaeger; and

(D) Anatoly Roytman[7] will be appointed by co-optation to the Emakina Board as non-executive director, subject to the confirmation of its

[7] Anatoly Roytman is Head of Retail and Consumer, Europe for EPAM.

appointment by the general meeting of the shareholders of Emakina.

(ii) following the contemplated squeeze-out and delisting of Emakina’s shares, it is intended that the articles of association of Emakina are amended to bring these in line with the non-listed company regime and, among others, reduce the board composition to Karim Chouikri, Anatoly Roytman and Jason Peterson[8], subject to the confirmation of their appointment by the general meeting of the shareholders of Emakina.

After the completion of the Offer, EPAM intends to have three directors in Emakina's board, two EPAM-designated board members in addition to Karim Chouikri, who will continue to serve as an executive director of Emakina.

(iv) **Dividend policy**

EPAM does not currently intend to distribute dividends in the future.

(v) **Intentions of EPAM with respect to Emakina's articles of association**

At present, EPAM does not plan any amendments to the articles of association of Emakina, other than those required or appropriate in the context of a future delisting of Emakina following a Squeeze-out, as the case may be, as mentioned under Section 6.5(c)(iii) of this Prospectus.

(vi) **Advantages for Shareholders**

As the Offer is structured as a full cash offer, the main and immediate advantage of the Offer for Shareholders is the Offer Price and the premium implied by such price.

The Offer Price also constitutes an opportunity for Shareholders to obtain immediate and certain liquidity.

6.6 Regularity and validity of the Offer

(a) Decision of the Offeror to launch the Offer

On the basis of a resolution of the board of directors of the Offeror adopted in its meeting on 13 August 2021, the board of the Offeror resolved to launch the Offer on the Company.

(b) Requirements of Article 3 of the Takeover Decree

The Offer is launched in accordance with the requirements of Article 3 of the Takeover Decree, i.e.:

(i) the Offeror intends to acquire all Shares in the Company;

(ii) the unconditional and irrevocable availability of the funds necessary for the payment of the Offer Price for all Shares subject to the Offer in the form of the Offeror’s own funds available on a bank account of the Offeror (in respect of which BNP Paribas Fortis SA has issued a certificate dated 16 August 2021 to the FSMA on 18 August 2021); such funds are blocked in order to ensure the payment of the Offer Price for all Shares subject to the Offer and will be allocated exclusively to that purpose;

[8] Jason Peterson is Senior Vice President, Chief Financial Officer and Treasurer for EPAM.

(iii) the Offer and its terms and conditions comply with the applicable legislation, in particular the Takeover Law and the Takeover Decree. The Offeror is of the opinion that these conditions, in particular the Offer Price, are such as to enable the Offeror to achieve its objective;

(iv) the Offeror undertakes, as far as it is concerned, to do its best to complete the Offer;

(v) the Centralizing Receiving Agent will centralise the receipt of Acceptance Forms, either directly or indirectly, and ensure payment of the Offer Price (see Section 6.9 of this Prospectus).

(c) **Regulatory approvals**

The FSMA approved the English version of the Prospectus on 13 October 2021, in accordance with Article 19, § 3 of the Takeover Law. This approval does not imply an assessment or evaluation of the merits or quality of the Offer or the position of the Offeror.

6.7 Acceptance of the Offer and ownership of the Shares

(a) **Acceptance of the Offer**

Shareholders may tender their Shares in the Offer by completing, signing and submitting the applicable Acceptance Form in accordance with the instructions set out in the form no later than 4.00 pm (Belgian time) on 29 October 2021, or such later date as may be announced in the event of an extension, or such earlier deadline as may be set by the relevant Security Holder's financial intermediary.

Acceptance of the Offer may be made free of charge to BNP Paribas Fortis SA, which acts as the Centralizing Receiving Agent in the framework of the Offer, by submitting the Acceptance Form. Shareholders who register their acceptance with a financial intermediary that is not the Centralizing Receiving Agent must inform themselves of any additional fees that may be charged by such parties and are responsible for the payment of such additional fees.

Such other financial intermediaries must, where applicable, comply with the procedures described in the Prospectus.

Shareholders who hold Shares in dematerialised form and who wish to tender their Shares in the Offer instruct the financial intermediary where such dematerialised Shares are held to transfer the tendered Shares directly from their securities account with the Centralizing Receiving Agent to the Offeror.

Shareholders who hold registered Shares will receive a letter from the Company indicating the procedure to be followed by Shareholders to tender their registered Shares in the Offer.

Shareholders holding both registered Shares and dematerialised Shares must complete two separate Acceptance Forms: (i) a form for the registered Shares to be submitted to the Centralizing Receiving Agent and (ii) a form for the dematerialised Shares to be submitted to the financial intermediary where such dematerialised Shares are held.

(b) **Ownership of the Shares**

Shareholders tendering their Shares represent and warrant that (i) they are the owners of the tendered Shares, (ii) they have the requisite power and capacity to accept the Offer, and (iii) the tendered Shares are free from any encumbrance, claim, security interest or interest.

If the Shares are held by two or more persons, the holders must jointly sign the Acceptance Form.

If the Shares are subject to usufruct, the usufructuary and the bare owner must jointly sign the Acceptance Form.

If the Shares are pledged, the pledgee and the pledgor must jointly sign the Acceptance Form, it being understood that the pledgee shall be deemed to have unconditionally and irrevocably waived the pledge and released the pledge on the Shares.

If the Shares are encumbered or subject to a charge, claim, security or interest, the Security Holder and all beneficiaries of such charge, claim, security interest or interest must jointly sign the Acceptance Form, it being understood that such beneficiaries shall be deemed to have unconditionally and irrevocably waived any charge, claim, security interest or interest in respect of the Shares.

Risk in and ownership of Shares validly tendered during the Initial Acceptance Period or any subsequent Acceptance Period passes to the Offeror on the Initial Payment Date at the time payment of the Offer Price is made by the Centralizing Receiving Agent on behalf of the Offeror (i.e. at the time the Offeror's account is debited for such purposes) (see Section 6.9 of this Prospectus).

(c) **Subsequent increase of the Offer Price**

In accordance with Article 25, 2° of the Takeover Decree, any increase in the Offer Price during the Acceptance Period will also be applicable to Shareholders who have already tendered their Shares to the Offeror prior to the increase in the Offer Price.

(d) **Withdrawal of the Offer**

In accordance with Article 25, 1° of the Takeover Decree, Shareholders who have accepted the Offer during the Initial Acceptance Period may still withdraw their acceptance during the Initial Acceptance Period.

To validly withdraw an acceptance, written notice must be given directly to the financial intermediary with whom the Shareholders has submitted the Acceptance Form, indicating the number of Shares for which acceptance is being withdrawn. Shareholders who hold registered Shares will be informed by the Company of the procedure to be followed to withdraw their acceptance. In the event that the Shareholders informs a financial intermediary who is not the Centralizing Receiving Agent of the withdrawal, such financial intermediary is obliged and responsible to inform the Centralizing Receiving Agent of the withdrawal in a timely manner. Such notification of the Centralizing Receiving Agent must occur no later than 4.00 pm (Belgian time) on 29 October 2021 or, as the case may be, on the date to be specified in the relevant notification and/or press release.

Shareholders who have validly tendered their Shares during the Initial Acceptance Period will not be able to withdraw their acceptance after the end of the Initial Acceptance Period.

6.8 Publication of the results of the Offer

In accordance with Articles 32 and 33 of the Takeover Decree, the Offeror shall, within five (5) Business Days of the end of the Initial Acceptance Period, (i) publish the results of the Initial Acceptance Period, as well as the number of Shares that the Offeror and its Related Persons hold as a result of the Offer, and (ii) disclose whether the conditions of the Offer have been fulfilled and, if not, whether the conditions have been waived.

Where the Offer is reopened as described in Section 6.4(d) of this Prospectus, the Offeror shall, within five (5) Business Days of the end of the new Acceptance Period, publish the results of the relevant reopening and the number of Shares held by the Offeror and its Related Persons as a result of the reopening.

These communications are made by means of a press release, which will also be available on the following websites: www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer and on the websites of the Company (www.emakina.group) and the Offeror (www.epam.com).

6.9 Date and modalities of payment of the Offer Price

The Offeror shall pay the Offer Price to those Shareholders who have validly tendered their Shares during the Initial Acceptance Period no later than the tenth (10th) Business Day following the publication of the results of the Offer during the Initial Acceptance Period.

The Offer Price for Shares tendered in connection with a reopening of the Offer, as described in Section 6.4(d) of this Prospectus, shall be paid no later than the fifth (5th) Business Day following the publication of the results of the relevant Acceptance Period(s).

Payment of the Offer Price to Shareholders who have duly accepted the Offer shall be made without any conditions or restrictions by transfer to the bank account specified by the Shareholder in the Acceptance Form.

The Offeror shall bear the tax on stock exchange transactions. The Centralizing Receiving Agent shall not charge any commission, compensation or other costs to Shareholders in connection with the Offer.

Shareholders who register their acceptance with a financial intermediary other than the Centralizing Receiving Agent should inform themselves of any additional fees that may be charged by such intermediaries and are themselves responsible for payment.

6.10 Counter-offer and higher offer

In the event of a counter-offer and/or a higher offer (the price of which must be at least 5% higher than the Offer Price) in accordance with Articles 37 to 41 of the Takeover Decree, the Initial Acceptance Period shall be extended until the expiry of the Acceptance Period of this counter-offer.

In the event of a valid and more advantageous counter-offer and/or higher offer, all Shareholders who had already tendered their Shares in the Offer are entitled to exercise their right of withdrawal in accordance with Article 25, 1° of the Takeover Decree and the procedure described in Section 6.7(d) of this Prospectus.

If the Offeror is able to make a higher offer in response to a counter-offer, this increased price benefits all Shareholders, including those who accepted the Offer, in accordance with Article 25, 2° of the Takeover Decree (see also Section 6.7(c) of this Prospectus).

6.11 Other aspects of the Offer

(a) Availability of the necessary funds

As required by Article 3 of the Takeover Decree, the funds necessary for the payment of the Offer Price are available to the Offeror in the form of the Offeror's own funds available on a bank account of the Offeror.

EPAM plans to finance the bid using cash on hand. The cash balance on EPAM's balance sheet as of 30 June 2021 was USD 1.28B (EUR 1.08B at 0.85 conversion rate).

EPAM do not believe that the Offer will be material for EPAM given its nominal impact on EPAM's balance sheet or P&L. Emakina's revenue in 2020 would have been just over 4% of the combined company, or would be just over 3% in 2021.

(b) **Response memorandum**

The board of directors of the Company has prepared the Response Memorandum in accordance with the Takeover Law and the Takeover Decree, which will be available, after approval of the Response Memorandum by the FSMA, on the following websites: www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer and on the websites of the Company (www.emakina.group) and the Offeror (www.epam.com). The Response Memorandum can be obtained in hard copy, free of charge, at the registered office of the Company or by sending a request by e-mail to fds@emakina.com.

(c) **Governing law and competent jurisdiction**

The Offer and the resulting agreements between the Offeror and the Shareholders are subject to Belgian law and in particular to the Takeover Law and the Takeover Decree.

The Market Court (*la Cour des marchés / het Marktenhof*) is competent to hear any dispute arising from or in connection with this Offer.

7. Tax treatment of the Offer

7.1 Preliminary remarks

This Section contains a summary of certain tax considerations that, as of the date of this Prospectus, are applicable to the transfer of Shares in the Offer under Belgian tax law and is not intended to describe in detail all tax considerations that may be relevant to the decision to offer the Shares in the Offer.

This summary is based on tax laws, regulations and administrative interpretations as in effect at the date of this Prospectus and is subject to changes in applicable tax law, including changes with retroactive effect.

Shareholders should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not purport to address all tax consequences of the investment in, ownership in and disposal of the Shares, and does not take into account the specific circumstances of particular Shareholders, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of Shareholders that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, Shares as a position in a straddle, share-repurchase transaction, conversion transactions, a synthetic security or other integrated financial transactions. This summary does not address the local taxes that may be due in connection with an investment in the Shares, other than Belgian local surcharges which generally vary from 0 per cent. to 9 per cent. of the investor’s income tax liability.

Shareholders who require further information on the Belgian and foreign tax consequences of the transfer of Shares in the Offer are requested to consult their own financial and tax advisors.

For the purposes of this summary:

(a) a **resident individual** means a person subject to Belgian personal income tax (i.e. an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law);

(b) a **resident company** means a company subject to Belgian corporate income tax (i.e. a corporate entity that has its main establishment, its administrative seat or seat of management in Belgium and that is not excluded from the scope of the Belgian corporate income tax);

(c) a **resident legal entity** means an entity subject to Belgian income tax on legal entities (i.e. a legal entity other than a company subject to Belgian corporate income tax, whose principal place of business, or place of management or administration is located in Belgium);

(d) **resident** means a resident individual, a resident company or a resident legal entity;

(e) a **non-resident** means any person that is not a Belgian resident.

7.2 Taxation of the transfer of Shares

(a) Resident individuals

In principle, a resident individual who realises a capital gain on the sale of the Shares in the scope of the normal management of his/her private estate is not subject to tax. Capital losses on such Shares are not tax deductible.

However, capital gains realised by a private individual are taxable at 33 per cent. (plus local surcharges) if the capital gain is deemed to be realised outside the scope of the normal management of the individual's private estate. Capital losses are, however, not tax deductible in such event.

Moreover, capital gains realised by Belgian resident individuals on the disposal of the Shares, outside the exercise of a professional activity, to a non-resident company (or body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity, each time established outside the EEA, are in principle taxable at a rate of 16.5 per cent. (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned, directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in the Company (i.e., a shareholding of more than 25 per cent. in the Company). Capital losses are, however, not tax deductible in such event.

Belgian resident individuals who hold Shares of the Company for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realised upon the disposal of the Shares, except for: (i) capital gains on Shares realised in the framework of the cessation of activities, which are taxable at a separate rate of 10 per cent. or 16.5 per cent. (depending on the circumstances) or (ii) Shares held for more than five years, which are taxable at 16.5 per cent., plus local surcharges. Capital losses on the Shares incurred by Belgian resident individuals who hold the Shares for professional purposes are, in principle, tax deductible.

(b) Resident legal entities

Capital gains realised on the Shares by a legal entity subject to income tax on legal entities are, in principle, not taxable.

Capital gains realised upon disposal of (part of) a substantial participation in a Belgian company (i.e., a participation representing more than 25 per cent. of the share capital of the Company at any time during the last five years prior to the disposal) may, however, under certain circumstances be subject to income tax in Belgium at a rate of 16.5 per cent.

Capital losses on Shares incurred by Belgian resident legal entities are not tax deductible.

(c) **Resident companies**

Belgian resident companies are normally not subject to Belgian capital gains taxation on gains realised upon the disposal of the Shares provided that the following conditions (the "**Conditions**") are met:

(a) the taxation condition: the conditions relating to the taxation of the underlying distributed income, as described in Article 203 ITC are met;

(b) the participation condition: the Belgian resident company holds Shares representing at least 10 per cent. of the share capital of the Company or a participation in the Company with an acquisition value of at least EUR 2,500,000;

(c) the permanence condition: the Shares have been held or will be held in full ownership for an uninterrupted period of at least one year.

If one or more of the Conditions are not met, any capital gain realised on the Shares would be taxable at the standard corporate income tax rate of 25 per cent., unless the reduced corporate income tax rate of 20 per cent. applies.

Capital losses on the Shares incurred by Belgian resident companies are as a general rule not tax deductible.

Shares held in the trading portfolios of Belgian qualifying credit institutions, investment enterprises and management companies of collective investment undertakings are subject to a different regime. The capital gains on such Shares are taxable at the ordinary corporate income tax rate of 25 per cent., unless the reduced corporate income tax rate of 20 per cent. applies, and the capital losses on such Shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realisation.

(d) **Non-residents**

Non-resident individuals, companies or entities are, in principle, not subject to Belgian income tax on capital gains realised upon disposal of the Shares, unless the Shares are held as part of a business conducted in Belgium through a fixed base in Belgium or a Belgian permanent establishment. In such a case, the same principles apply as described with regard to Belgian individuals (holding the Shares for professional purposes), Belgian companies or Belgian resident legal entities subject to Belgian legal entities tax.

Non-resident individuals who do not use the Shares for professional purposes and who have their fiscal residence in a country with which Belgium has not concluded a tax treaty or with which Belgium has concluded a tax treaty that confers the authority to tax capital gains on the Shares to Belgium, might be subject to tax in Belgium if the capital gains are obtained or received in Belgium and arise from transactions which are to be considered speculative or beyond the normal management of one's private estate or in the event of disposal of a substantial participation in a Belgian company as mentioned in the tax treatment of the disposal of the Shares by Belgian individuals (see above). Such non-resident individuals might therefore be obliged to file a tax return and should consult their own tax adviser.

7.3 Tax on stock exchange transactions

The purchase and the sale and any other acquisition or transfer for consideration of existing Shares (secondary market transactions) is subject to the Belgian tax on stock exchange transactions (*taxe sur les opérations de bourse / taks op de beursverrichtingen*) if (i) it is entered into or carried out in Belgium through a professional intermediary, or (ii) deemed to be entered into or carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium (both referred to as a "**Belgian Investor**").

The tax on stock exchange transactions is levied at a rate of 0.35 per cent. of the purchase price, capped at EUR 1,600 per transaction and per party.

Such tax is separately due by each party to the transaction, and each of those is collected by the professional intermediary. However, if the order is made directly or indirectly to a professional intermediary established outside of Belgium, the tax will in principle be due by the Belgian Investor, unless that Belgian Investor can demonstrate that the tax has already been paid. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*bordereau / borderel*), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statements must be numbered in series and a duplicate must be retained by the financial intermediary. The duplicate can be replaced by a qualifying day-to-day listing, numbered in series. Alternatively, professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian stock exchange tax representative ("**Stock Exchange Tax Representative**"), which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary and for complying with the reporting obligations and the obligations relating to the order statement in that respect. If such a Stock Exchange Tax Representative has paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transaction.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2, 9° and 10° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services; (ii) insurance companies described in Article 2, §1 of the Belgian Law of 9 July 1975 on the supervision of insurance companies; (iii) pension institutions referred to in Article 2, 1° of the Belgian Law of 27 October 2006 concerning the supervision of pension institutions; (iv) undertakings for collective investment; (v) regulated real estate companies and (vi) Belgian non-residents provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

The Offeror shall bear the tax on stock exchange transactions.

List of Schedules to the Prospectus:

1. Acceptance Form
2. Consolidated financial statements of the Offeror as at 31 December 2020 and the related auditor’s report
3. Documents incorporated by reference in the Prospectus
4. Response Memorandum

Schedule 1 – Acceptance Form

Acceptance Form for Registered Shares

To be completed and sent to the Centralizing Receiving Agent (BNP Paribas Fortis SA) at the following e-mail address cfcm-ecm@bnpparibasfortis.com, no later than 29 October 2021 at 4.00 pm CET, or at any later date announced in case of extension

ACCEPTANCE FORM FOR REGISTERED SHARES ONLY

Acceptance form for the conditional voluntary public takeover offer in cash possibly followed by a squeeze-out issued by EPAM Systems, Inc. (the Offeror) on all Shares issued by Emakina SA not already held by the Offeror

I, the undersigned:

Legal entity:

Name:	
Address of the registered office:	
Validly represented by:	(1) Name: Title: (2) Name: Title:

Natural person:

Full name:	
domicile:	

Declare, having had the opportunity to read the Prospectus, that:

(a) I accept the terms of the Offer as described in the Prospectus;

(b) I agree to transfer to the Offeror the Shares which are identified in this Acceptance Form and which I hold in full, in accordance with the terms of the Prospectus, at the Offer Price which corresponds to a cash payment of EUR 29.66 per Share;

(c) I transfer my Shares in accordance with the acceptance procedure described in the Prospectus; and

(d) I acknowledge that all warranties and obligations that I purport to have made in respect of the transfer of my Shares are included in this Acceptance Form in accordance with the Prospectus.

Shares		
Number	**Form**	**Instructions**
………………….	Registered shares	The following documents are attached to this Acceptance Form: • proof of registration of my registered Shares in the Company Company's share register; and • *for natural persons*: a copy of my identity card or passport including a specimen signature; or • *for legal entities*: a certified copy of the Articles of Association of the Shareholder, proof of authority to represent the Shareholder from the persons who have signed this Acceptance Form, if applicable a power of attorney, and a copy of the identity card or passport including a specimen signature of the person(s) authorised to represent the Shareholder who has (have) signed this Acceptance Form I hereby request that (i) these Shares be transferred to the Offeror, (ii) the transfer of these Shares be duly recorded in the share register of the Company and, for this purpose, I authorise each director of the Company and the Offeror, each acting individually and with right of substitution, to sign the share register of the Company in my name and on my behalf, and to do all things necessary or useful for this purpose.

I hereby request that on the Initial Payment Date the Offer Price for the transfer of the Shares referred to in this Acceptance Form be credited to my account:

Name of the bank:	
IBAN:	
BIC/SWIFT:	

I am aware that:

(a) In order to be valid, this Acceptance Form must be sent to the Centralizing Receiving Agent at the following e-mail address cfcm-ecm@bnppparibasfortis.com, in accordance with the applicable acceptance procedure as described in the Prospectus (Section 6.7(a)), no later than the last day of the Initial Acceptance Period (as extended from time to time), i.e. 29 October 2021 at 4.00 pm CET;

(b) I am duly authorised to transfer my Shares and all authorisations, formalities or procedures required for this purpose have been duly and successfully obtained, accepted, completed and/or executed;

(c) (i) if the Shares are owned by two or more persons, the Acceptance Form must be signed jointly by all such persons; (ii) if the Shares are subject to a right of usufruct, the Acceptance Form must be signed jointly by the usufructuary and the bare owner (iii) if the Shares are subject to a pledge, the Acceptance Form must be signed jointly by the pledgor and the pledgee, it being understood that the pledgor will be deemed to have unconditionally and irrevocably waived the pledge and released the pledge on the relevant Shares (iv) if the Shares are encumbered or subject to a charge, claim, security interest or interest, the Shareholder and all beneficiaries of such charge, claim, security interest or interest must jointly execute the Acceptance Form, it being understood that such beneficiaries will be deemed to have unconditionally and irrevocably waived any charge, claim, security interest or interest in respect of such Shares;

(d) there is no charge to me for accepting the Offer as this Acceptance Form is deposited directly with the Centralizing Receiving Agent;

(e) acceptance of the Offer made during the Initial Acceptance Period may be withdrawn during the Initial Acceptance Period by written notification directly to the Centralizing Receiving Agent, stating the number of Shares being withdrawn. To the extent that I hold registered Shares, I will be informed by the Company as to the procedure for withdrawing my acceptance. This notification of withdrawal must be made no later than on 29 October at 4.00 pm or, as the case may be, on the date to be determined in the relevant notification and/or press release; and

(f) the Offeror shall bear the tax on stock exchange transactions.

I acknowledge that I have received all the information necessary to make a fully informed decision as to whether or not to tender my Shares in the Offer. I am fully aware of the legality of the Offer and the risks associated with it, and I have made inquiries as to the taxes that I may be liable to pay in connection with the sale of my Shares to the Offeror, which taxes, if any, I will bear alone.

Unless otherwise specified, terms used in this Acceptance Form shall have the same meaning as in the Prospectus.

Done in duplicate at (*place*): ____________________________

On (*date*): ______________________

The Shareholder	**The Centralizing Receiving Agent**
(signature) (surname, first name, company name)	(signature) (financial intermediary)

Acceptance Form for Dematerialised Shares

To be completed and submitted in duplicate to the financial intermediary where such dematerialised Shares are held by no later than 4.00 pm on 29 October 2021, or such later date as may be announced in the event of an extension, or such earlier date as may be specified by the financial intermediary

ACCEPTANCE FORM FOR DEMATERIALISED SHARES ONLY

Acceptance form for the conditional voluntary public takeover offer in cash possibly followed by a squeeze-out issued by EPAM Systems, Inc. (the Offeror) on all Shares issued by Emakina SA not already held by the Offeror

I, the undersigned:

Legal entity:

Name:	
Address of the registered office:	
Validly represented by:	(1) Name: Title: (2) Name: Title:

Natural person:

Full name:	
domicile:	

Declare, having had the opportunity to read the Prospectus, that:

(a) I accept the terms of the Offer as described in the Prospectus;

(b) I agree to transfer to the Offeror the Shares which are identified in this Acceptance Form and which I hold in full, in accordance with the terms of the Prospectus, at the Offer Price which corresponds to a cash payment of EUR 29.66per Share;

(c) I transfer my Shares in accordance with the acceptance procedure described in the Prospectus; and

(d) I acknowledge that all warranties and obligations that I purport to have made in respect of the transfer of my Shares are included in this Acceptance Form in accordance with the Prospectus.

Shares		
Number	**Form**	**Instructions**
…………………	Dematerialised Shares	These Shares are available on my securities account, the details of which are as follows: *Bank name:* .... *IBAN:*... *BIC/SWIFT:*................................. I hereby instruct the financial intermediary with whom I hold my dematerialised Shares and authorise each director of the Company and the Offeror, each acting individually and with the right of substitution, to immediately transfer these Shares from my securities account to the account of the Receiving Centralizing Agent.

I hereby request that on the Initial Payment Date the Offer Price for the transfer of the Shares referred to in this Acceptance Form be credited to my account:

Name of the bank:	
IBAN:	
BIC/SWIFT:	

I am aware that:

(a) To be valid, this Acceptance Form must be lodged in duplicate, in accordance with the applicable acceptance procedure as described in the Prospectus (Section 6.7(a)), with the Dealer or another financial intermediary no later than the last day of the Initial Acceptance Period (as extended from time to time), namely 4.00 pm on 29 October 2021, or such earlier date as may be specified by the financial intermediary;

(b) I am duly authorised to transfer my Shares and all authorisations, formalities or procedures required for this purpose have been duly and successfully obtained, accepted, completed and/or executed;

(c) (i) if the Shares are owned by two or more persons, the Acceptance Form must be signed jointly by all such persons; (ii) if the Shares are subject to a right of usufruct, the Acceptance Form must be signed jointly by the usufructuary and the bare owner (iii) if the Shares are subject to a pledge, the Acceptance Form must be signed jointly by the pledgor and the pledgee, it being understood that the pledgor will be deemed to have unconditionally and irrevocably waived the pledge and released the pledge on the relevant Shares (iv) if the

Shares are encumbered or subject to a charge, claim, security interest or interest, the Shareholder and all beneficiaries of such charge, claim, security interest or interest must jointly execute the Acceptance Form, it being understood that such beneficiaries will be deemed to have unconditionally and irrevocably waived any charge, claim, security interest or interest in respect of such Shares;

(d) acceptance of the Offer does not entail any costs for me, provided that (i) I tender my Shares directly to the Centralizing Receiving Agent and (ii) my dematerialised Shares are registered in an account with the Centralizing Receiving Agent;

(e) I shall personally bear any costs that may be charged by a financial intermediary other than the Centralizing Receiving Agent;

(f) acceptance of the Offer made during the Initial Acceptance Period may be withdrawn during the Initial Acceptance Period by giving written notice directly to the financial intermediary with whom I have lodged my Acceptance Form, stating the number of Shares being withdrawn. In the event that I notify a financial intermediary other than the Centralizing Receiving Agent of my withdrawal, such financial intermediary shall be obliged and responsible to inform the Centralizing Receiving Agent of the withdrawal in a timely manner. This notification to the Centralizing Receiving Agent must be made no later than 4.00 pm CET on 29 October 2021 or, if applicable, on the date to be determined in the relevant notification and/or press release; and

(g) the Offeror shall bear the tax on stock exchange transactions.

I acknowledge that I have received all the information necessary to make a fully informed decision as to whether or not to tender my Shares in the Offer. I am fully aware of the legality of the Offer and the risks associated with it, and I have made inquiries as to the taxes that I may be liable to pay in connection with the sale of my Shares to the Offeror, which taxes, if any, I will bear alone.

Unless otherwise specified, terms used in this Acceptance Form shall have the same meaning as in the Prospectus.

Done in duplicate at (*place*): ___________________________

On (*date*): ____________________

The Shareholder	**Centralizing receiving Agent**
(signature)	(signature)
(surname, first name, company name)	(financial intermediary)

Schedule 2– Consolidated financial statements of the Offeror as at 31 December 2020 and the related auditor's report and unaudited consolidated financial statements of the Offeror as of June 30 2021

EPAM SYSTEMS, INC.
FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of EPAM Systems, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of EPAM Systems, Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in I*nternal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective January 1, 2019, the Company adopted FASB Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842).*

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is the matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenues — Refer to Notes 1 and 11 to the financial statements

Critical Audit Matter Description

The Company recognizes revenue when control of goods or services is passed to a customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Such control may be transferred over time or at a point in time depending on satisfaction of obligations stipulated by the contract. Total revenues were $2,659 million for the year ended December 31, 2020.

In 2020, the Company recognized revenue related to contracts with customers, with no single customer accounting for more than 10% of revenues. Although some of these revenues are recognized under long-term agreements of more than one year, others are negotiated on an annual basis or shorter. Given the number of customers and the nature of the different customer agreements, auditing revenue was challenging due to the extent of audit effort required to evaluate whether revenue was recorded in accordance with the terms of the contracts with the Company's customers.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to whether revenue was recorded in accordance with the terms of the contracts with the Company's customers included the following, among others:

- We tested the effectiveness of controls over revenue, including management's controls over (1) the determination of whether an arrangement with a customer meets the criteria to be considered a contract under ASC 606 and (2) the inputs used in and the mathematical accuracy of the contract revenue calculations and the terms of the related customer contracts.
- We selected a sample of recorded revenue transactions and (1) recalculated the amount using the terms of the customer contract and (2) tested whether the underlying arrangement with the customer met the criteria to be considered a contract under ASC 606 as of the date the revenue was recorded.
- We selected a sample of hours charged by the Company's employees in the Company's internal time tracking system, obtained support for whether such hours represented services provided to a customer, and tested whether the hours had been properly evaluated for inclusion in the Company's revenue calculations.

/s/ DELOITTE & TOUCHE LLP

Philadelphia, Pennsylvania
February 25, 2021

We have served as the Company's auditor since 2006.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of EPAM Systems, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of EPAM Systems, Inc. and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2020, of the Company and our report dated February 25, 2021, expressed an unqualified opinion on those financial statements and financial statement schedule.

As described in *Management's Report on Internal Control Over Financial Reporting*, management excluded from its assessment the internal control over financial reporting at acquired businesses as described more fully in Note 2 to the consolidated financial statements, which were acquired during the year ended December 31, 2020, and whose financial statements constitute 1.5% of total assets and 0.2% of revenues of the consolidated financial statement amounts as of and for the year ended December 31, 2020. Accordingly, our audit did not include the internal control over financial reporting at acquired businesses as described more fully in Note 2 to the consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Philadelphia, Pennsylvania
February 25, 2021

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

	As of December 31, 2020	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 1,322,143	$ 936,552
Short-term investments	60,007	9
Trade receivables and contract assets, net of allowance of $4,886 and $2,920, respectively	501,062	497,716
Prepaid and other current assets	29,570	39,934
Total current assets	1,912,782	1,474,211
Property and equipment, net	169,533	165,259
Operating lease right-of-use assets, net	228,672	238,991
Intangible assets, net	51,975	56,258
Goodwill	211,956	195,043
Deferred tax assets	92,454	75,013
Other noncurrent assets	53,960	39,433
Total assets	**$ 2,721,332**	**$ 2,244,208**
Liabilities		
Current liabilities		
Accounts payable	$ 10,189	$ 7,831
Accrued compensation and benefits expenses	294,709	230,035
Accrued expenses and other current liabilities	79,690	82,476
Income taxes payable, current	20,603	9,064
Operating lease liabilities, current	60,759	57,542
Total current liabilities	465,950	386,948
Long-term debt	25,038	25,074
Income taxes payable, noncurrent	43,448	45,878
Operating lease liabilities, noncurrent	180,604	180,848
Other noncurrent liabilities	23,274	9,315
Total liabilities	**738,314**	**648,063**
Commitments and contingencies (Note 15)		
Stockholders’ equity		
Common stock, $0.001 par value; 160,000 authorized; 56,128 and 55,208 shares issued, 56,108 and 55,188 shares outstanding at December 31, 2020 and December 31, 2019, respectively	56	55
Additional paid-in capital	660,771	607,051
Retained earnings	1,347,880	1,020,590
Treasury stock	(177)	(177)
Accumulated other comprehensive loss	(25,512)	(31,374)
Total stockholders’ equity	**1,983,018**	**1,596,145**
Total liabilities and stockholders’ equity	**$ 2,721,332**	**$ 2,244,208**

The accompanying notes are an integral part of the consolidated financial statements.

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

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Revenues	**$ 2,659,478**	**$ 2,293,798**	**$ 1,842,912**
Operating expenses:			
Cost of revenues (exclusive of depreciation and amortization)	1,732,522	1,488,198	1,186,921
Selling, general and administrative expenses	484,758	457,433	373,587
Depreciation and amortization expense	62,874	45,317	36,640
Income from operations	**379,324**	**302,850**	**245,764**
Interest and other income, net	3,822	8,725	3,522
Foreign exchange (loss)/gain	(4,667)	(12,049)	487
Income before provision for income taxes	**378,479**	**299,526**	**249,773**
Provision for income taxes	51,319	38,469	9,517
Net income	**$ 327,160**	**$ 261,057**	**$ 240,256**
Net income per share:			
Basic	$ 5.87	$ 4.77	$ 4.48
Diluted	$ 5.60	$ 4.53	$ 4.24
Shares used in calculation of net income per share:			
Basic	55,727	54,719	53,623
Diluted	58,446	57,668	56,673

The accompanying notes are an integral part of the consolidated financial statements.

EPAM SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	For the Years Ended December 31,		
	2020	2019	2018
Net income	**$ 327,160**	**$ 261,057**	**$ 240,256**
Other comprehensive income/(loss):			
Change in foreign currency translation adjustments, net of tax	4,498	6,295	(21,338)
Change in unrealized gain/(loss) on hedging instruments, net of tax	2,350	3,845	(2,553)
Defined benefit pension plans - actuarial loss, net of tax	(986)	—	—
Other comprehensive income/(loss)	5,862	10,140	(23,891)
Comprehensive income	**$ 333,022**	**$ 271,197**	**$ 216,365**

The accompanying notes are an integral part of the consolidated financial statements.

EPAM SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive (Loss)/ Income	Total Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance, January 1, 2018	**52,984**	**$ 53**	**$ 473,874**	**$ 518,820**	**20**	**$ (177)**	**$ (17,623)**	**$ 974,947**
Cumulative effect of the adoption of ASU 2014-09	—	—	—	457	—	—	—	457
Adjusted Balance, January 1, 2018	**52,984**	**$ 53**	**$ 473,874**	**$ 519,277**	**20**	**$ (177)**	**$ (17,623)**	**$ 975,404**
Restricted stock units vested	222	—	—	—	—	—	—	—
Restricted stock units withheld for employee taxes	(71)	—	(8,131)	—	—	—	—	(8,131)
Stock-based compensation expense	—	—	44,279	—	—	—	—	44,279
Proceeds from stock option exercises	945	1	34,678	—	—	—	—	34,679
Other comprehensive loss	—	—	—	—	—	—	(23,891)	(23,891)
Net income	—	—	—	240,256	—	—	—	240,256
Balance, December 31, 2018	**54,080**	**$ 54**	**$ 544,700**	**$ 759,533**	**20**	**$ (177)**	**$ (41,514)**	**$ 1,262,596**
Restricted stock issued in connection with acquisitions (Note 2)	19	—	—	—	—	—	—	—
Restricted stock units vested	285	—	—	—	—	—	—	—
Restricted stock units withheld for employee taxes	(95)	—	(15,951)	—	—	—	—	(15,951)
Stock-based compensation expense	—	—	41,256	—	—	—	—	41,256
Proceeds from stock option exercises	899	1	37,046	—	—	—	—	37,047
Other comprehensive income	—	—	—	—	—	—	10,140	10,140
Net income	—	—	—	261,057	—	—	—	261,057
Balance, December 31, 2019	**55,188**	**$ 55**	**$ 607,051**	**$1,020,590**	**20**	**$ (177)**	**$ (31,374)**	**$ 1,596,145**
Cumulative effect of the adoption of ASU 2016-13	—	—	—	130	—	—	—	130
Adjusted Balance, December 31, 2019	**55,188**	**$ 55**	**$ 607,051**	**$1,020,720**	**20**	**$ (177)**	**$ (31,374)**	**$ 1,596,275**
Restricted stock units vested	327	—	—	—	—	—	—	—
Restricted stock units withheld for employee taxes	(106)	—	(20,190)	—	—	—	—	(20,190)
Stock-based compensation expense	—	—	47,462	—	—	—	—	47,462
Proceeds from stock option exercises	699	1	26,448	—	—	—	—	26,449
Other comprehensive income	—	—	—	—	—	—	5,862	5,862
Net income	—	—	—	327,160	—	—	—	327,160
Balance, December 31, 2020	**56,108**	**$ 56**	**$ 660,771**	**$1,347,880**	**20**	**$ (177)**	**$ (25,512)**	**$ 1,983,018**

The accompanying notes are an integral part of the consolidated financial statements.

EPAM SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Cash flows from operating activities:			
Net income	$ 327,160	$ 261,057	$ 240,256
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	62,874	45,317	36,640
Operating lease right-of-use assets amortization expense	66,369	55,859	—
Bad debt expense	2,253	1,619	848
Deferred taxes	(19,994)	(7,764)	(48,000)
Stock-based compensation expense	75,238	72,036	59,188
Other	6,796	4,764	(1,712)
Changes in assets and liabilities:			
Trade receivables and contract assets	4,235	(87,174)	(46,902)
Prepaid and other assets	6,983	(7,155)	(8,432)
Accounts payable	2,428	(1,685)	(772)
Accrued expenses and other liabilities	60,133	27,125	51,953
Operating lease liabilities	(64,453)	(53,419)	—
Income taxes payable	14,385	(23,127)	9,151
Net cash provided by operating activities	**544,407**	**287,453**	**292,218**
Cash flows from investing activities:			
Purchases of property and equipment	(68,793)	(99,308)	(37,574)
Purchases of short-term investments	(120,000)	—	—
Proceeds from short-term investments	60,009	—	418
Acquisition of businesses, net of cash acquired (Note 2)	(18,888)	(39,322)	(74,268)
Purchases of non-marketable securities	(20,500)	(5,000)	—
Other investing activities, net	1,018	(1,739)	(699)
Net cash used in investing activities	**(167,154)**	**(145,369)**	**(112,123)**
Cash flows from financing activities:			
Proceeds from stock option exercises	26,410	37,003	34,845
Payments of withholding taxes related to net share settlements of restricted stock units	(20,132)	(15,503)	(7,747)
Repayment of debt (Note 9)	(18)	(9)	(3,494)
Payment of contingent consideration for previously acquired businesses	(7,004)	(1,104)	—
Other financing activities, net	(21)	(24)	(603)
Net cash (used in)/provided by financing activities	**(765)**	**20,363**	**23,001**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	9,357	3,530	(14,240)
Net increase in cash, cash equivalents and restricted cash	385,845	165,977	188,856
Cash, cash equivalents and restricted cash, beginning of period	937,688	771,711	582,855
Cash, cash equivalents and restricted cash, end of period	**$ 1,323,533**	**$ 937,688**	**$ 771,711**

EPAM SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Continued)

	For the Years Ended December 31, 2020	2019	2018
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Income taxes, net of refunds	$ 54,520	$ 65,306	$ 40,437
Interest	$ 425	$ 832	$ 777
Supplemental disclosure of non-cash investing and financing activities			
Acquisition-date fair value of contingent consideration issued for acquisition of businesses	$ 7,119	$ 3,876	$ 8,390
Capital expenditures incurred but not yet paid	$ 1,582	$ 16,921	$ 2,140

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets:

	As of December 31, 2020	As of December 31, 2019	As of December 31, 2018
Balance sheet classification			
Cash and cash equivalents	$ 1,322,143	$ 936,552	$ 770,560
Restricted cash in Prepaid and other current assets	106	—	14
Restricted cash in Other noncurrent assets	1,284	1,136	1,137
Total restricted cash	1,390	1,136	1,151
Total cash, cash equivalents and restricted cash	**$ 1,323,533**	**$ 937,688**	**$ 771,711**

The accompanying notes are an integral part of the consolidated financial statements.

EPAM SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data and as otherwise disclosed)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

EPAM Systems, Inc. (the "Company" or "EPAM") is a leading global provider of digital platform engineering and software development services to customers located around the world, primarily in North America, Europe, Asia and Australia. The Company's industry expertise includes financial services, travel and consumer, software and hi-tech, business information and media, life sciences and healthcare, as well as other emerging industries. The Company is incorporated in Delaware with headquarters in Newtown, Pennsylvania.

Principles of Consolidation — The consolidated financial statements include the financial statements of EPAM and its subsidiaries. All intercompany balances and transactions have been eliminated.

Reclassifications — Certain amounts recorded in the prior-period consolidated balance sheets and consolidated statements of cash flows presented have been reclassified to conform to the current-period financial statement presentation. These reclassifications had no effect on previously reported results of operations.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates and assumptions affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. The Company bases its estimates and judgments on historical experience, knowledge of current conditions and its beliefs of what could occur in the future, given available information. Actual results could differ from those estimates, and such differences may be material to the financial statements.

Cash and Cash Equivalents — Cash equivalents are short-term, highly liquid investments and deposits that are readily convertible into cash, with maturities of three months or less at the date acquired. Highly liquid investments with maturities greater than three months at the date acquired are reported separately from cash equivalents.

Trade Receivables and Contract Assets — The Company classifies its right to consideration in exchange for deliverables as either a trade receivable or a contract asset. A trade receivable is a right to consideration that is unconditional (i.e., only the passage of time is required before payment is due) regardless of whether the amounts have been billed. Trade receivables are stated net of allowance for doubtful accounts. Outstanding trade receivables are reviewed periodically and allowances are provided for the estimated amount of receivables that may not be collected. The allowance for doubtful accounts is determined based on historical experience and management's evaluation of trade receivables. A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price contracts. Contract assets are recorded when services have been provided but the Company does not have an unconditional right to receive consideration. The Company recognizes an impairment loss when the contract carrying amount is greater than the remaining consideration receivable, less directly related costs to be incurred.

Property and Equipment — Property and equipment acquired in the ordinary course of the Company's operations are stated at cost, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets generally ranging from two to fifty years. Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the lease or the estimated useful life of the improvement. Maintenance and repairs are expensed as incurred.

Business Combinations — The Company accounts for business combinations using the acquisition method which requires it to estimate the fair value of identifiable assets acquired and liabilities assumed, including any contingent consideration, to properly allocate the purchase price to the individual assets acquired and liabilities assumed in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*. The allocation of the purchase price utilizes significant estimates in determining the fair values of identifiable assets acquired and liabilities assumed, especially with respect to intangible assets. The significant estimates and assumptions used include the timing and amount of forecasted revenues and cash flows, anticipated growth rates, customer attrition rates, the discount rate reflecting the risk inherent in future cash flows and the determination of useful lives for finite-lived assets. There are different valuation models for each component, the selection of which requires considerable judgment. These determinations will affect the amount of amortization expense recognized in future periods. The Company bases its fair value estimates on assumptions it believes are reasonable, but recognizes that the assumptions are inherently uncertain. The acquired assets typically include customer relationships, software, trade names, non-competition agreements, and assembled workforce and as a result, a substantial portion of the purchase price is allocated to goodwill and other intangible assets.

If the initial accounting for the business combination has not been completed by the end of the reporting period in which the business combination occurs, provisional amounts are reported to present information about facts and circumstances that existed as of the acquisition date. Once the measurement period ends, which in no case extends beyond one year from the acquisition date, revisions to the accounting for the business combination are recorded in earnings.

All acquisition-related costs, other than the costs to issue debt or equity securities, are accounted for as expenses in the period in which they are incurred. Changes in the fair value of contingent consideration arrangements that are not measurement period adjustments are recognized in earnings.

Long-Lived Assets — Long-lived assets, such as property and equipment and finite-lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When the carrying value of an asset is more than the sum of the undiscounted expected future cash flows, an impairment is recognized. An impairment loss is measured as the excess of the asset's carrying amount over its fair value. Intangible assets that have finite useful lives are amortized over their estimated useful lives on a straight-line basis.

Goodwill and Other Indefinite-Lived Intangible Assets — Goodwill and other intangible assets that have indefinite useful lives are accounted for in accordance with FASB ASC 350, *Intangibles — Goodwill and Other*. The Company conducts its evaluation of goodwill impairment at the reporting unit level on an annual basis as of October 31st, and more frequently if events or circumstances indicate that the carrying value of a reporting unit exceeds its fair value. A reporting unit is an operating segment or one level below. The Company does not have intangible assets other than goodwill that have indefinite useful lives.

Derivative Financial Instruments — The Company enters into derivative financial instruments to manage exposure to fluctuations in certain foreign currencies. During 2018, for accounting purposes, these foreign currency forward contracts became designated as hedges, as defined under FASB ASC Topic 815, *Derivatives and Hedging*. The Company measures these foreign currency derivative contracts at fair value on a recurring basis utilizing Level 2 inputs and recognizes them as either assets or liabilities in its consolidated balance sheets. The Company records changes in the fair value of these hedges in accumulated other comprehensive income/(loss) until the forecasted transaction occurs. When the forecasted transaction occurs, the Company reclassifies the related gain or loss on the cash flow hedge to cost of revenues (exclusive of depreciation and amortization). In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, the Company reclassifies the gain or loss on the underlying hedge into income. If the Company does not elect hedge accounting, or the contract does not qualify for hedge accounting treatment, the changes in fair value from period to period are recorded in income. The cash flow impact of derivatives identified as hedging instruments is reflected as cash flows from operating activities. The cash flow impact of derivatives not identified as hedging instruments is reflected as cash flows from investing activities.

Fair Value of Financial Instruments — The Company makes assumptions about fair values of its financial assets and liabilities in accordance with FASB ASC Topic 820, *Fair Value Measurement*, and utilizes the following fair value hierarchy in determining inputs used for valuation:

Level 1 — Quoted prices for identical assets or liabilities in active markets.

Level 2 — Inputs other than quoted prices within Level 1 that are observable either directly or indirectly, including quoted prices in markets that are not active, quoted prices in active markets for similar assets or liabilities, and observable inputs other than quoted prices such as interest rates or yield curves.

Level 3 — Unobservable inputs reflecting management's view about the assumptions that market participants would use in pricing the asset or liability.

Where the fair values of financial assets and liabilities recorded in the consolidated balance sheets cannot be derived from an active market, they are determined using a variety of valuation techniques. These valuation techniques include a net present value technique, comparison to similar instruments with market observable inputs, option pricing models and other relevant valuation models. To the extent possible, observable market data is used as inputs into these models but when it is not feasible, a degree of judgment is required to establish fair values.

Changes in the fair value of liabilities could cause a material impact to, and volatility in the Company's operating results. See Note 4 "Fair Value Measurements."

Accumulated Other Comprehensive Loss — Accumulated other comprehensive loss ("AOCI") consists of changes in the cumulative foreign currency translation adjustments and actuarial gains and losses on defined benefit pension plans. In addition, the Company enters into foreign currency exchange contracts, which are designated as cash flow hedges in accordance with FASB ASC Topic 815, *Derivatives and Hedging.* Changes in the fair values of these foreign currency exchange contracts are recognized in AOCI on the Company's consolidated balance sheets until the settlement of those contracts.

Revenue Recognition — Effective January 1, 2018, the Company adopted the Accounting Standard Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) as amended using the modified retrospective method. The standard effectively replaced previously existing revenue recognition guidance (Topic 605) and requires entities to recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services as well as requires additional disclosure about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts, including significant judgments and changes in judgments.

The Company applied a practical expedient to aggregate the effect of all contract modifications that occurred before the adoption date.

The following table summarizes the impacts of changes in accounting policies after adoption of Topic 606 on the Company's consolidated Statement of Income for the year ended December 31, 2018, which primarily resulted from deferring the timing of revenue recognition for contracts that were previously recognized on a cash basis and recognizing revenues from certain license agreements at a point-in-time rather than over time:

	Year Ended December 31, 2018		
	As Reported	Balances Without Adoption of Topic 606	Effect of Change Higher/(Lower)
Revenues	$ 1,842,912	$ 1,843,159	$ (247)
Income from operations	$ 245,764	$ 246,011	$ (247)
Provision for income taxes	$ 9,517	$ 9,572	$ (55)
Net income	$ 240,256	$ 240,448	$ (192)

The Company recognizes revenues when control of goods or services is passed to a customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Such control may be transferred over time or at a point in time depending on satisfaction of obligations stipulated by the contract. Consideration expected to be received may consist of both fixed and variable components and is allocated to each separately identifiable performance obligation based on the performance obligation's relative standalone selling price. Variable consideration usually takes the form of volume-based discounts, service level credits, price concessions or incentives. Determining the estimated amount of such variable consideration involves assumptions and judgment that can have an impact on the amount of revenues reported.

The Company derives revenues from a variety of service arrangements, which have been evolving to provide more customized and integrated solutions to customers by combining software engineering with customer experience design, business consulting and technology innovation services. Fees for these contracts may be in the form of time-and-materials or fixed-price arrangements. The Company generates the majority of its revenues under time-and-material contracts, which are billed using hourly, daily or monthly rates to determine the amounts to be charged directly to the customer. The Company applies a practical expedient and revenues related to time-and-material contracts are recognized based on the right to invoice for services performed.

Fixed-price contracts include maintenance and support arrangements which may exceed one year in duration. Maintenance and support arrangements generally relate to the provision of ongoing services and revenues for such contracts are recognized ratably over the expected service period. Fixed-price contracts also include application development arrangements, where progress towards satisfaction of the performance obligation is measured using input or output methods and input methods are used only when there is a direct correlation between hours incurred and the end product delivered. Assumptions, risks and uncertainties inherent in the estimates used to measure progress could affect the amount of revenues, receivables and deferred revenues at each reporting period.

Revenues from licenses which have significant stand-alone functionality are recognized at a point in time when control of the license is transferred to the customer. Revenues from licenses which do not have stand-alone functionality are recognized over time.

If there is an uncertainty about the receipt of payment for the services, revenue recognition is deferred until the uncertainty is sufficiently resolved. The Company applies a practical expedient and does not assess the existence of a significant financing component if the period between transfer of the service to a customer and when the customer pays for that service is one year or less.

The Company reports gross reimbursable “out-of-pocket” expenses incurred as both revenues and cost of revenues in the consolidated statements of income and comprehensive income.

Cost of Revenues (Exclusive of Depreciation and Amortization) — Consists principally of salaries, bonuses, fringe benefits, stock-based compensation, project related travel costs and fees for subcontractors that are assigned to customer projects. Salaries and other compensation expenses of the Company’s delivery professionals are reported as cost of revenues regardless of whether the employees are actually performing customer services during a given period.

Selling, General and Administrative Expenses — Consists of expenses associated with promoting and selling the Company’s services and general and administrative functions of the business. These expenses include the costs of salaries, bonuses, fringe benefits, stock-based compensation, severance, bad debt, travel, legal and accounting services, insurance, facilities including operating leases, advertising and other promotional activities. In addition, the Company pays a membership fee of 1% of revenues generated in Belarus to the administrative organization of the Belarus High-Technologies Park.

Stock-Based Compensation — The Company recognizes the cost of its equity settled stock-based incentive awards based on the fair value of the award at the date of grant, net of estimated forfeitures. The cost is generally expensed evenly over the service period, unless otherwise specified by the award agreement. The service period is the period over which the employee performs the related services, which is normally the same as the vesting period. Equity-based awards that do not require future service are expensed immediately. Quarterly, the forfeiture assumption is adjusted and such adjustment may affect the timing of recognition of the total amount of expense recognized over the vesting period. Stock-based awards that do not meet the criteria for equity classification are recorded as liabilities and adjusted to fair value at the end of each reporting period.

Income Taxes — The provision for income taxes includes federal, state, local and foreign taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences between the financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be reversed. Changes to enacted tax rates would result in either increases or decreases in the provision for income taxes in the period of changes.

The realizability of deferred tax assets is primarily dependent on future earnings. The Company evaluates the realizability of deferred tax assets and recognizes a valuation allowance when it is more likely than not that all, or a portion of, deferred tax assets will not be realized. A reduction in estimated forecasted results may require that we record valuation allowances against deferred tax assets. Once a valuation allowance has been established, it will be maintained until there is sufficient positive evidence to conclude that it is more likely than not that the deferred tax assets will be realized. A pattern of sustained profitability will generally be considered as sufficient positive evidence to reverse a valuation allowance. If the allowance is reversed in a future period, the income tax provision will be correspondingly reduced. Accordingly, the increase and decrease of valuation allowances could have a significant negative or positive impact on future earnings.

The United States subjects corporations to taxes on Global Intangible Low-Taxed Income (“GILTI”) earned by certain foreign subsidiaries. The Company elected to provide for the tax expense related to GILTI in the year the tax is incurred.

Earnings per Share (“EPS”) — Basic EPS is computed by dividing income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period, increased by the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, unvested restricted stock and unvested restricted stock units (“RSUs”). The dilutive effect of potentially dilutive securities is reflected in diluted earnings per share by application of the treasury stock method.

Foreign Currency Translation — Assets and liabilities of consolidated foreign subsidiaries whose functional currency is not the U.S. dollar are translated into U.S. dollars at period-end exchange rates and revenues and expenses are translated into U.S. dollars at daily exchange rates. The adjustment resulting from translating the financial statements of such foreign subsidiaries into U.S. dollars is reflected as a cumulative translation adjustment and reported as a component of accumulated other comprehensive income/(loss).

For consolidated foreign subsidiaries whose functional currency is the U.S. dollar, transactions and balances denominated in the local currency are foreign currency transactions. Foreign currency transactions and balances related to non-monetary assets and liabilities are remeasured to the functional currency of the subsidiary at historical exchange rates while monetary assets and liabilities are remeasured to the functional currency of the subsidiary at period-end exchange rates. Foreign currency exchange gains or losses from remeasurement are included in income in the period in which they occur.

Risks and Uncertainties — As a result of its global operations, the Company may be subject to certain inherent risks.

Concentration of Credit — Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash, cash equivalents, short-term investments and trade receivables. The Company maintains cash, cash equivalents and short-term investments with financial institutions. The Company believes its credit policies reflect normal industry terms and business risk and there is no expectation of non-performance by the counterparties.

The Company has cash in banks in Belarus, Russia, Ukraine, Kazakhstan, Armenia, Georgia and Uzbekistan, where the banking sector remains subject to periodic instability. Banking and other financial systems generally do not meet the banking standards of more developed markets, and bank deposits made by corporate entities are not insured. As of December 31, 2020, $146.2 million of total cash was kept in banks in these countries, of which $52.9 million was held in Belarus. In this region, and particularly in Belarus, a banking crisis, bankruptcy or insolvency of banks that process or hold the Company's funds, may result in the loss of deposits or adversely affect the Company's ability to complete banking transactions in the region, which could adversely affect the Company's business and financial condition. Cash in this region is used for the operational needs of the local entities and cash balances change with the operating needs of these entities. The Company regularly monitors cash held in these countries and, to the extent the cash held exceeds amounts required to support its operations in these countries, the Company distributes the excess funds into markets with more developed banking sectors.

Trade receivables are generally dispersed across many customers operating in different industries; therefore, concentration of credit risk is limited. Historically, credit losses and write-offs of trade receivables have not been material to the consolidated financial statements. If any of our customers enter bankruptcy protection or otherwise take steps to alleviate their financial distress, including distress resulting from the COVID-19 pandemic, the Company's credit losses and write-offs of trade receivables could increase, which would negatively impact its results of operations.

Foreign currency risk — The Company's global operations are conducted predominantly in U.S. dollars. Other than U.S. dollars, the Company generates revenues in various currencies, principally, euros, British pounds, Russian rubles, Swiss francs, and Canadian dollars and incurs expenditures principally in Russian rubles, Polish zlotys, euros, Swiss francs, Hungarian forints, British pounds, Indian rupees, Chinese yuan renminbi and Mexican pesos.

The Company's international operations expose it to foreign currency exchange rate changes that could impact translations of foreign denominated assets and liabilities into U.S. dollars and future earnings and cash flows from transactions denominated in different currencies. The Company is exposed to fluctuations in foreign currency exchange rates primarily related to trade receivables from sales in foreign currencies and cash outflows for expenditures in foreign currencies. The Company's results of operations, primarily revenues and expenses denominated in foreign currencies, can be affected if any of the currencies, which are used materially in the Company's business, appreciate or depreciate against the U.S. dollar. The Company has a hedging program whereby it entered into a series of foreign exchange forward contracts with durations of twelve months or less that are designated as cash flow hedges of forecasted Russian ruble, Polish zloty and Indian rupee transactions.

Interest rate risk — The Company's exposure to market risk is influenced by the changes in interest rates received on cash and cash equivalent deposits and short-term investments and paid on any outstanding balance on the Company's borrowings, mainly under the 2017 Credit Facility, which is subject to a variety of rates depending on the type and timing of funds borrowed (See Note 9 "Long-Term Debt"). The Company does not believe it is exposed to material direct risks associated with changes in interest rates related to these deposits and borrowings.

Adoption of New Accounting Standards

Unless otherwise discussed below, the adoption of new accounting standards did not have a material impact on the Company's consolidated financial position, results of operations, and cash flows.

Measurement of Credit Losses on Financial Instruments — In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.*

The amendments in this update changed how companies measure and recognize credit impairment for many financial assets. The new credit loss model requires companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets (including trade receivables) that are in the scope of the update. The update also made amendments to the current impairment model for held-to-maturity and available-for-sale debt securities and certain guarantees. The Company adopted Topic 326, effective January 1, 2020, using a modified-retrospective approach through a cumulative effect adjustment to retained earnings as of the beginning of the period of adoption. As a result of the adoption of Topic 326, the Company recorded an immaterial reduction to its allowance for doubtful accounts for trade receivables and contract assets.

Leases — In February 2016, the FASB issued ASU 2016-02, Leases (“Topic 842”). The standard supersedes previously existing lease guidance (Topic 840) and requires entities to recognize all leases, with the exception of leases with a term of twelve months or less, on the balance sheet as right-of-use assets (“RoU Assets”) and lease liabilities. The guidance also changes disclosure requirements with a focus on providing information that will enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

The Company adopted Topic 842, effective January 1, 2019, using the optional transition approach, which allows the Company to apply the provisions of the standard at the effective date without adjusting the comparable periods and carry forward disclosures under previously existing guidance for those periods presented within the Company’s financial statements.

The Company determines if an arrangement is a lease or contains a lease at inception. The Company performs an assessment and classifies the lease as either an operating lease or a financing lease at the lease commencement date with a right-of-use asset and a lease liability recognized in the consolidated balance sheet under both classifications. The Company does not have finance leases that are material to the Company’s consolidated financial statements.

Lease liabilities are initially measured at the present value of lease payments not yet paid. The present value is determined by applying the readily determinable rate implicit in the lease or, if not available, the incremental borrowing rate of the lessee. The Company determines the incremental borrowing rate of the lessee on a lease-by-lease basis by developing an estimated centralized U.S. dollar borrowing rate for a fully collateralized obligation with a term similar to the lease term and adjusts the rate to reflect the incremental risk associated with the foreign currency in which the lease is denominated. The development of this estimate includes the use of recovery rates, U.S. risk-free rates, foreign currency/country base rate yields, and a synthetic corporate credit rating of the Company developed using regression analysis. Lease agreements of the Company may include options to extend or terminate the lease and the Company includes such options in the lease term when it is reasonably certain that the Company will exercise that option. RoU Assets are recognized based on the initial measurement of the lease liabilities plus initial direct costs less lease incentives and, according to the guidance for long-lived assets, RoU Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

The Company elected a practical expedient to account for lease and non-lease components together as a single lease component. The Company also elected the short-term lease recognition exemption for all classes of lease assets with an original term of twelve months or less. As part of the transition, the Company elected a package of practical expedients allowing it to carry forward historical accounting for any expired or existing contracts that are or contain lease contracts, including classification of such contracts and initial direct costs associated with them.

The adoption of Topic 842 on January 1, 2019 resulted in the recognition of RoU Assets for operating leases of $177.6 million and operating lease liabilities of $173.9 million. The adoption of Topic 842 did not have a material impact on the consolidated statement of income and comprehensive income, consolidated statement of changes in stockholders’ equity or the consolidated statement of cash flows.

See Note 8 “Leases” in the condensed consolidated financial statements for additional information regarding leases.

Pending Accounting Standards

From time to time, new accounting pronouncements are issued by the FASB or other standards-setting bodies that the Company will adopt according to the various timetables the FASB specifies. The Company believes the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial position, results of operations and cash flows upon adoption.

2. ACQUISITIONS

Continuum — On March 15, 2018, the Company acquired all of the outstanding equity of Continuum Innovation LLC together with its subsidiaries ("Continuum") to enhance the Company's consulting capabilities as well as its digital and service design practices. Continuum, headquartered in Boston with offices located in Milan, Seoul, and Shanghai, focuses on four practices including strategy, physical and digital design, technology and its Made Real Lab. The acquisition of Continuum added approximately 125 design consultants to the Company's headcount. In connection with the Continuum acquisition, the Company paid $52.5 million of cash and committed to making a cash earnout payment with a maximum amount payable of $3.1 million, subject to attainment of specified performance targets in the 12 months after the acquisition date. See Note 4 "Fair Value Measurements" for more information regarding this earnout payment.

Think — On November 1, 2018, the Company acquired all of the equity interests of Think Limited ("Think"), a digital transformation agency headquartered in London, UK. This acquisition is intended to strengthen EPAM's digital and organizational consulting capabilities in the UK and Western European markets and enhance the Company's global product and design offerings. In connection with the Think acquisition, the Company paid $26.3 million at closing and committed to making a cash earnout payment with a maximum amount payable based on exchange rates at the date of acquisition of $8.2 million subject to attainment of specified performance targets in the 12 months after the acquisition date. During the year ended December 31, 2019, the Company paid $0.2 million of net true-up payments which increased the purchase price. See Note 4 "Fair Value Measurements" for more information regarding the earnout payment.

test IO — On April 30, 2019, the Company acquired 100% of the equity interests of a crowdtesting company, test IO GmbH, and its subsidiary ("test IO"). In connection with the test IO acquisition, the Company paid $17.3 million of cash.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of acquisition as updated for any changes as of December 31, 2019 for Continuum and Think and as of December 31, 2020 for test IO:

	Continuum	Think	test IO
Cash and cash equivalents	$ 2,251	$ 2,344	$ 663
Trade receivables and contract assets	9,139	2,637	621
Prepaid and other current assets	936	900	150
Goodwill	26,617	20,477	11,926
Intangible assets	14,450	6,882	6,219
Property and equipment and other noncurrent assets	8,902	1,214	305
Total assets acquired	**$ 62,295**	**$ 34,454**	**$ 19,884**
Accounts payable, accrued expenses and other current liabilities	$ 3,746	$ 2,025	$ 993
Long-term debt (Note 9)	3,220	—	—
Other noncurrent liabilities	490	—	1,568
Total liabilities assumed	**$ 7,456**	**$ 2,025**	**$ 2,561**
Net assets acquired	**$ 54,839**	**$ 32,429**	**$ 17,323**

During 2018, the Company adjusted initially recognized intangible assets acquired with Continuum and their useful lives, recognized an additional intangible asset in the form of a favorable lease, removed a noncurrent liability associated with an initially recognized unfavorable lease and revised the initial fair value of contingent consideration. The Company also finalized a working capital adjustment that resulted in cash collection in the amount of $0.1 million reducing the original amount of the net assets acquired. These adjustments resulted in a corresponding decrease to the originally recognized value of acquired goodwill. During the first quarter of 2019, the Company finalized the fair value of the assets acquired and liabilities assumed in the acquisition of Continuum and no additional adjustments were recorded.

During 2019, the Company recorded purchase price adjustments which increased the original purchase price for Think by $0.2 million, with a corresponding adjustment to net assets acquired. In addition, the Company recorded a $1.5 million increase in deferred tax assets and other insignificant adjustments to other accounts with corresponding decreases to goodwill. During the fourth quarter of 2019, the Company finalized the fair value of the assets acquired and liabilities assumed in the acquisition of Think.

During 2019, the Company recorded purchase price adjustments which increased the original purchase price for test IO and adjusted related working capital accounts increasing the original amount of the net assets acquired by $0.1 million. In addition, for the test IO acquisition, the Company reduced the value of acquired intangible assets by $0.1 million with a corresponding increase to goodwill. During the second quarter of 2020, the Company finalized the fair value of the assets acquired and liabilities assumed in the acquisition of test IO and recorded insignificant purchase price adjustments to various accounts with corresponding net decreases to goodwill of $0.2 million.

The following table presents the estimated fair values and useful lives of intangible assets acquired from Continuum, Think, and test IO as of the date of acquisition and updated for any changes during the years ended December 31, 2019 for Continuum and Think and December 31, 2020 for test IO:

	Continuum		Think		test IO	
	Weighted Average Useful Life (in years)	**Amount**	**Weighted Average Useful Life (in years)**	**Amount**	**Weighted Average Useful Life (in years)**	**Amount**
Customer relationships	6.5	$ 5,800	7	$ 6,117	7	$ 2,456
Favorable lease	11.2	5,500	—	—	—	—
Software	—	—	—	—	6	3,461
Contract royalties	8	1,900	—	—	—	—
Trade names	5	1,250	5	765	4	302
Total		**$ 14,450**		**$ 6,882**		**$ 6,219**

In connection with the adoption of Topic 842, effective January 1, 2019, the Company reclassified the favorable lease intangible asset to Operating lease right-of-use assets.

The goodwill recognized as a result of the acquisitions is attributable primarily to strategic and synergistic opportunities related to the consulting and design businesses, the assembled workforces acquired and other factors. The goodwill acquired as a result of the Continuum acquisition is expected to be deductible for income tax purposes while the goodwill acquired as a result of the Think and test IO acquisitions is not expected to be deductible for income tax purposes.

Pro forma results of operations have not been presented because the effect of the acquisitions on the Company's consolidated financial statements was not material individually or in the aggregate.

Other 2019 Acquisitions — During the year ended December 31, 2019, the Company completed four additional acquisitions with an aggregate cash purchase price of $24.8 million and committed to making cash earnout payments with a maximum amount payable of $3.0 million subject to attainment of specified performance targets ranging from 12 months to 24 months after the respective acquisition dates. These acquisitions increased EPAM's educational service and platform offerings and expanded the Company's geographical reach, as well as added $7.5 million in intangible assets, consisting mainly of customer relationships. Pro forma results of operations have not been presented because the effect of these acquisitions on the Company's consolidated financial statements was not material individually or in the aggregate.

2020 Acquisitions — During the year ended December 31, 2020, the Company completed two acquisitions with an aggregate purchase price of $22.5 million including contingent consideration with an aggregate acquisition-date fair value of $5.3 million. The Company committed to making contingent consideration payments with a maximum aggregate amount payable of $18.6 million subject to attainment of specified performance targets in the first and second calendar years after the respective acquisition dates. These acquisitions increased EPAM's software and service capabilities and expanded EPAM's offerings in financial services as well as added $7.3 million of intangible assets, consisting mainly of customer relationships. Revenues generated by these acquisitions totaled $6.0 million for the year ended December 31, 2020. Pro forma results of operations have not been presented because the effect of these acquisitions on the Company's consolidated financial statements was not material individually or in the aggregate.

3. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill by reportable segment was as follows:

	North America	Europe	Russia	Total
Balance as of January 1, 2019	**$ 103,542**	**$ 63,290**	**$ —**	**$ 166,832**
test IO acquisition (Note 2)	3,301	8,849	—	12,150
Other 2019 Acquisitions (Note 2)	6,503	9,546	738	16,787
Think purchase accounting adjustments	—	(2,043)	—	(2,043)
Effect of net foreign currency exchange rate changes	80	1,231	6	1,317
Balance as of December 31, 2019	**113,426**	**80,873**	**744**	**195,043**
test IO purchase accounting adjustment	863	(1,089)	—	(226)
Other 2019 acquisitions purchase accounting adjustments	219	259	21	499
2020 Acquisitions (Note 2)	6,042	6,903	—	12,945
Effect of net foreign currency exchange rate changes	582	3,160	(47)	3,695
Balance as of December 31, 2020	**$ 121,132**	**$ 90,106**	**$ 718**	**$ 211,956**

The Russia segment had accumulated goodwill impairment losses of $2.2 million as of December 31, 2020, 2019 and 2018. There were no accumulated goodwill impairment losses in the North America or Europe reportable segments as of December 31, 2020, 2019 or 2018.

Intangible assets other than goodwill as of December 31, 2020 and 2019 were as follows:

	As of December 31, 2020			
	Weighted average life at acquisition (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	9	$ 94,169	$ (49,415)	$ 44,754
Software	6	6,309	(1,633)	4,676
Trade names	5	6,495	(5,273)	1,222
Contract royalties	8	1,900	(673)	1,227
Assembled workforce	3	157	(61)	96
Total		**$ 109,030**	**$ (57,055)**	**$ 51,975**

	As of December 31, 2019			
	Weighted average life at acquisition (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	9	$ 87,489	$ (38,526)	$ 48,963
Software	6	4,472	(486)	3,986
Trade names	5	6,439	(4,753)	1,686
Contract royalties	8	1,900	(435)	1,465
Assembled workforce	3	158	—	158
Total		**$ 100,458**	**$ (44,200)**	**$ 56,258**

All of the intangible assets other than goodwill have finite lives and as such are subject to amortization. Amortization of the other intangible assets is recognized in depreciation and amortization expense in the consolidated statements of income and comprehensive income.

The following table presents amortization expense recognized for the periods indicated:

	For the Years Ended December 31, 2020	2019	2018
Customer relationships	$ 10,478	$ 8,743	$ 7,637
Software	1,068	486	—
Trade names	495	447	266
Contract royalties	238	238	198
Assembled workforce	61	—	—
Favorable lease	—	—	410
Total	**$ 12,340**	**$ 9,914**	**$ 8,511**

In connection with the adoption of Topic 842, effective January 1, 2019, the Company reclassified the favorable lease intangible asset to Operating lease right-of-use assets. See Note 8 "Leases" for further information regarding the Company's operating leases.

Based on the carrying value of the Company's existing intangible assets as of December 31, 2020, the estimated amortization expense for the future years is as follows:

Year ending December 31,	Amount
2021	$ 12,585
2022	12,426
2023	11,115
2024	8,586
2025	5,543
Thereafter	1,720
Total	**$ 51,975**

4. FAIR VALUE MEASUREMENTS

The Company carries certain assets and liabilities at fair value on a recurring basis on its consolidated balance sheets. The following table shows the fair values of the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2020:

	As of December 31, 2020			
	Balance	Level 1	Level 2	Level 3
Foreign exchange derivative assets	$ 4,955	$ —	$ 4,955	$ —
Total assets measured at fair value on a recurring basis	**$ 4,955**	**$ —**	**$ 4,955**	**$ —**
Foreign exchange derivative liabilities	$ 243	$ —	$ 243	$ —
Contingent consideration	7,470	—	—	7,470
Total liabilities measured at fair value on a recurring basis	**$ 7,713**	**$ —**	**$ 243**	**$ 7,470**

The following table shows the fair values of the Company’s financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2019.

	As of December 31, 2019			
	Balance	Level 1	Level 2	Level 3
Foreign exchange derivative assets	$ 1,910	$ —	$ 1,910	$ —
Total assets measured at fair value on a recurring basis	**$ 1,910**	**$ —**	**$ 1,910**	**$ —**
Foreign exchange derivative liabilities	$ 243	$ —	$ 243	$ —
Contingent consideration	10,495	—	—	10,495
Total liabilities measured at fair value on a recurring basis	**$ 10,738**	**$ —**	**$ 243**	**$ 10,495**

The foreign exchange derivatives are valued using pricing models and discounted cash flow methodologies based on observable foreign exchange data at the measurement date. See Note 5 “Derivative Financial Instruments” for additional information regarding derivative financial instruments.

The fair value of the contingent consideration was determined using a probability-weighted expected return method and is based on the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. Although there is significant judgment involved, the Company believes its estimates and assumptions are reasonable. In determining fair value, the Company considered a variety of factors, including future performance of the acquired businesses using financial projections developed by the Company and market risk assumptions that were derived for revenue growth and earnings before interest and taxes. The Company estimated future payments using the earnout formula and performance targets specified in the purchase agreements and adjusted those estimates to reflect the probability of their achievement. Those weighted-average estimated future payments were then discounted to present value using a rate based on the weighted-average cost of capital of guideline companies. The discount rates used to determine the fair value of contingent consideration for the 2020 Acquisitions ranged from a minimum of 15.5% to a maximum of 17.5%. Changes in financial projections, market risk assumptions, discount rates or probability assumptions related to achieving the various earnout criteria would result in a change in the fair value of the recorded contingent liabilities. Such changes, if any, are recorded within Interest and other income, net in the Company’s consolidated statement of income and comprehensive income.

In connection with the Continuum acquisition, the Company committed to making a cash earnout payment subject to attainment of specified performance targets in the 12 months after the acquisition date. As of the acquisition date, the Company recorded a $2.4 million contingent consideration liability related to this earnout payment and, subsequently, reduced this liability by $0.9 million during 2018 and $0.4 million during 2019 due to the change in its fair value. The Company extinguished the earnout obligation during 2019 by paying $1.1 million in cash. In connection with the Think acquisition, the Company committed to making a cash earnout payment subject to attainment of specified performance targets in the 12 months after the acquisition date. As of the acquisition date, the Company recorded a $6.0 million liability related to this earnout payment as contingent consideration and, subsequently, increased this liability by $2.2 million during 2019 due to the change in its fair value. The Company extinguished the earnout obligation during 2020 by paying $7.9 million in cash. In connection with the Company’s Other 2019 Acquisitions, the Company committed to making cash earnout payments subject to attainment of specified performance targets ranging from 12 months to 24 months after the respective acquisition dates. During 2020, the Company extinguished part of this earnout obligation by paying $1.8 million in cash. See Note 2 “Acquisitions” in the consolidated financial statements for additional information regarding business acquisitions.

A reconciliation of the beginning and ending balances of Level 3 acquisition-related contractual contingent consideration using significant unobservable inputs for the years ended December 31, 2018, December 31, 2019 and December 31, 2020 are as follows:

	Amount
Contractual contingent liabilities as of January 1, 2018	$ —
Acquisition date fair value of contingent consideration — Continuum acquisition (Note 2)	2,400
Acquisition date fair value of contingent consideration — Think acquisition (Note 2)	5,990
Changes in fair value of contingent consideration included in Interest and other income, net	(900)
Effect of net foreign currency exchange rate changes	(22)
Contractual contingent liabilities as of December 31, 2018	**$ 7,468**
Payment of contingent consideration for previously acquired businesses	(1,104)
Acquisition date fair value of contingent consideration — Other 2019 Acquisitions (Note 2)	2,100
Changes in fair value of contingent consideration included in Interest and other income, net	1,776
Effect of net foreign currency exchange rate changes	255
Contractual contingent liabilities as of December 31, 2019	**$ 10,495**
Payment of contingent consideration for previously acquired businesses	(9,619)
Acquisition date fair value of contingent consideration — 2020 Acquisitions (Note 2)	5,292
Changes in fair value of contingent consideration included in Interest and other income, net	1,827
Effect of net foreign currency exchange rate changes	(525)
Contractual contingent consideration liabilities as of December 31, 2020	**$ 7,470**

Financial Assets and Liabilities Not Measured at Fair Value on a Recurring Basis

Estimates of fair value of financial instruments not carried at fair value on a recurring basis on the Company’s consolidated balance sheets are generally subjective in nature, and are determined as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Company uses the following methods to estimate the fair values of its financial instruments:

- for financial instruments that have quoted market prices, those quoted prices are used to estimate fair value;
- for financial instruments for which no quoted market prices are available, fair value is estimated using information obtained from independent third parties, or by discounting the expected cash flows using an estimated current market interest rate for the financial instrument;
- for financial instruments for which no quoted market prices are available and that have no defined maturity, have a remaining maturity of 360 days or less, or reprice frequently to a market rate, the Company assumes that the fair value of these instruments approximates their reported value, after taking into consideration any applicable credit risk.

The generally short maturities of certain assets and liabilities result in a number of assets and liabilities for which fair value equals or closely approximates the amount recorded on the Company’s consolidated balance sheets. Such financial assets and liabilities that are not carried at fair value on a recurring basis on the Company’s consolidated balance sheets are cash equivalents, restricted cash, short-term investments, employee loans and long-term debt (Note 9 “Long-Term Debt”).

The following tables present the estimated fair values of the Company's financial assets and liabilities not measured at fair value on a recurring basis as of the dates indicated:

					Fair Value Hierarchy					
		Balance		Estimated Fair Value		Level 1		Level 2		Level 3
December 31, 2020										
Financial Assets:										
Cash equivalents:										
Money market funds	$	153,783	$	153,783	$	153,783	$	—	$	—
Total cash equivalents	$	153,783	$	153,783	$	153,783	$	—	$	—
Restricted cash	$	1,390	$	1,390	$	1,390	$	—	$	—
Time deposits included in Short-term investments	$	60,007	$	60,007	$	—	$	60,007	$	—
Employee loans	$	794	$	794	$	—	$	—	$	794
Financial Liabilities:										
Borrowings under 2017 Credit Facility	$	25,007	$	25,007	$	—	$	25,007	$	—

					Fair Value Hierarchy					
		Balance		Estimated Fair Value		Level 1		Level 2		Level 3
December 31, 2019										
Financial Assets:										
Cash equivalents:										
Money market funds	$	407,817	$	407,817	$	407,817	$	—	$	—
Time deposits		10,002		10,002		—		10,002		—
Total cash equivalents	$	417,819	$	417,819	$	407,817	$	10,002	$	—
Restricted cash	$	1,136	$	1,136	$	1,136	$	—	$	—
Employee loans	$	2,434	$	2,434	$	—	$	—	$	2,434
Financial Liabilities:										
Borrowings under 2017 Credit Facility	$	25,017	$	25,017	$	—	$	25,017	$	—

Non-Marketable Securities Without Readily Determinable Fair Values

The Company holds investments in equity securities that do not have readily determinable fair values. These investments are recorded at cost and are remeasured to fair value based on certain observable price changes or impairment events as they occur. The carrying amount of these investments was $25.0 million and $5.8 million as of December 31, 2020 and December 31, 2019, respectively and is classified as Other noncurrent assets in the Company's consolidated balance sheets.

5. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company uses derivative financial instruments to manage the risk of fluctuations in foreign currency exchange rates. The Company has a hedging program whereby it enters into a series of foreign exchange forward contracts with durations of twelve months or less that are designated as cash flow hedges of forecasted Russian ruble, Polish zloty and Indian rupee transactions.

The Company measures derivative instruments and hedging activities at fair value and recognizes them as either assets or liabilities in its consolidated balance sheets. Accounting for the gains and losses resulting from changes in fair value depends on the use of the derivative and whether it is designated and qualifies for hedge accounting. To receive hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedge, and the hedges must be highly effective in offsetting changes to future cash flows on hedged transactions. As of December 31, 2020, all of the Company's foreign exchange forward contracts were designated as hedges.

Derivatives may give rise to credit risks from the possible non-performance by counterparties. The Company has limited its credit risk by entering into derivative transactions only with highly-rated financial institutions and by conducting an ongoing evaluation of the creditworthiness of the financial institutions with which the Company does business. There is no financial collateral (including cash collateral) required to be posted by the Company related to the foreign exchange forward contracts.

The fair value of foreign currency derivative instruments on the Company's consolidated balance sheets as of December 31, 2020 and December 31, 2019 were as follows:

	As of December 31, 2020		As of December 31, 2019	
Balance Sheet Classification	Asset Derivatives	Liability Derivatives	Asset Derivatives	Liability Derivatives
Foreign exchange forward contracts - Designated as hedging instruments				
Prepaid and other current assets	$ 4,955		$ 1,910	
Accrued expenses and other current liabilities		$ 243		$ 243

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	Weighted Average Useful Life (in years)	As of December 31, 2020	As of December 31, 2019
Computer hardware	3	$ 117,333	$ 96,286
Buildings	46	52,007	51,300
Leasehold improvements	7	39,675	30,634
Purchased computer software	3	31,993	32,115
Furniture, fixture and other equipment	7	31,859	28,193
Office equipment	7	20,971	18,901
Land improvements	18	2,137	2,137
Land	n/a	1,339	—
		297,314	259,566
Less accumulated depreciation and amortization		(127,781)	(94,307)
Total		**$ 169,533**	**$ 165,259**

Depreciation and amortization expense related to property and equipment was $50.5 million, $35.4 million and $28.5 million during the years ended December 31, 2020, 2019 and 2018, respectively.

On November 1, 2019, the Company acquired an office building in Minsk, Belarus for $18.9 million, excluding refundable VAT. The acquired building is intended to be used in the Company's normal operations as office space for its employees; however, a portion of the building was leased to third parties under operating lease agreements prior to the Company's purchase and the Company will continue leasing under those agreements (see Note 8 "Leases"). In addition to this building, the Company has other assets which generate lease income. The gross amount of such assets including the leased portion of the Minsk building was $6.7 million and $10.7 million, and the associated accumulated depreciation was $0.2 million and $0.1 million as of December 31, 2020 and 2019, respectively. Depreciation expense associated with these assets held under operating leases was $0.2 million and $0.1 million for the year ended December 31, 2020 and 2019, respectively.

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	As of December 31, 2020	As of December 31, 2019
Value added taxes payable	$ 34,522	$ 24,016
Deferred revenue	17,383	9,132
Contingent consideration, current (Note 4)	1,125	10,057
Other current liabilities and accrued expenses	26,660	39,271
Total	**$ 79,690**	**$ 82,476**

8. LEASES

The Company leases office space, corporate apartments, office equipment, and vehicles. Many of the Company's leases contain variable payments including changes in base rent and charges for common area maintenance or other miscellaneous expenses. Due to this variability, the cash flows associated with these variable payments are not included in the minimum lease payments used in determining the RoU Assets and associated lease liabilities and are recognized in the period in which the obligation for such payments is incurred. The Company's leases have remaining lease terms ranging from 0.1 to 10.4 years. Certain lease agreements, mainly for office space, include options to extend or terminate the lease before the expiration date. The Company considers such options when determining the lease term when it is reasonably certain that the Company will exercise that option. The Company leases and subleases a portion of its office space to third parties. Lease income and sublease income were immaterial for the years ended December 31, 2020, 2019 and 2018.

During the years ended December 31, 2020 and 2019, the components of lease expense were as follows:

	Income Statement Classification	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating lease cost	Selling, general and administrative expenses	$ 73,740	$ 62,740
Variable lease cost	Selling, general and administrative expenses	6,461	8,730
Short-term lease cost	Selling, general and administrative expenses	1,169	3,870
Total lease cost		**$ 81,370**	**$ 75,340**

Lease expense under operating lease agreements for the year ended December 31, 2018 was $46.9 million.

Supplemental cash flow information related to leases was as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating leases	$ 70,012	$ 59,952
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 50,949	$ 107,822
Non-cash net increase due to lease modifications:		
Operating lease right-of-use assets	$ 7,876	$ 10,124
Operating lease liabilities	$ 7,861	$ 10,192

Weighted average remaining lease terms and discount rates as of December 31, 2020, were as follows:

	As of December 31, 2020	As of December 31, 2019
Weighted average remaining lease term, in years:		
Operating leases	5.9	6.1
Weighted average discount rate:		
Operating leases	2.9 %	3.6 %

As of December 31, 2020, operating lease liabilities will mature as follows:

Year ending December 31,	Lease Payments
2021	$ 66,585
2022	50,147
2023	37,268
2024	32,400
2025	22,859
Thereafter	52,531
Total lease payments	**261,790**
Less: imputed interest	(20,427)
Total	**$ 241,363**

There were no lease agreements that contained material restrictive covenants or material residual value guarantees as of December 31, 2020. There were no material lease agreements signed with related parties as of December 31, 2020.

As of December 31, 2020, the Company had committed to payments of $1.0 million related to operating lease agreements that had not yet commenced as of December 31, 2020. These operating leases will commence on various dates during 2021 with lease terms ranging from 1 year to 5 years. The Company does not have any material finance lease agreements that had not yet commenced.

9. LONG-TERM DEBT

Revolving Line of Credit —On May 24, 2017, the Company entered into an unsecured credit facility (the “2017 Credit Facility”), as may be amended from time to time, with PNC Bank, National Association; PNC Capital Markets LLC; Citibank N.A.; Wells Fargo Bank, National Association; Fifth Third Bank and Santander Bank, N.A. (collectively the “Lenders”). The 2017 Credit Facility provides for a borrowing capacity of $300.0 million, with potential to increase the credit facility up to $400.0 million if certain conditions are met. The 2017 Credit Facility matures on May 24, 2022.

Borrowings under the 2017 Credit Facility may be denominated in U.S. dollars or up to a maximum of $100.0 million in British pounds, Canadian dollars, euros and Swiss francs and other currencies as may be approved by the administrative agent and the Lenders. Borrowings under the 2017 Credit Facility bear interest at either a base rate or Euro-rate plus a margin based on the Company’s leverage ratio. The base rate is equal to the highest of (a) the Overnight Bank Funding Rate, plus 0.5%, (b) the Prime Rate, or (c) the Daily LIBOR Rate, plus 1.0%. As of December 31, 2020, the Company’s outstanding borrowings are subject to a LIBOR-based interest rate, which resets regularly at issuance, based on lending terms.

The 2017 Credit Facility includes customary business and financial covenants that may restrict the Company’s ability to make or pay dividends (other than certain intercompany dividends) if a potential or an actual event of default has occurred or would be triggered. As of December 31, 2020, the Company was in compliance with all covenants contained in the 2017 Credit Facility.

The following table presents the outstanding debt and borrowing capacity of the Company under the 2017 Credit Facility:

	As of December 31, 2020	As of December 31, 2019
Outstanding debt	$ 25,000	$ 25,000
Interest rate	1.2 %	2.8 %
Irrevocable standby letters of credit	$ —	$ 303
Available borrowing capacity	$ 275,000	$ 274,697
Current maximum borrowing capacity	$ 300,000	$ 300,000

As part of the acquisition of Continuum in 2018, the Company assumed $3.4 million of long-term debt associated with a leased facility and payable to Continuum's landlord. The debt was payable in monthly installments through March 31, 2029 and bore interest at a rate of 8% per annum. In March 2018, the Company paid $3.4 million to settle this assumed long-term debt.

10. PENSION AND POSTRETIREMENT BENEFITS

Defined Contribution Pension Plans

The Company offers defined contribution plans for its employees in certain countries including a 401(k) retirement plan covering substantially all of the Company's U.S. employees. Employer contributions charged to expense for defined contribution benefit plans for the years ended December 31, 2020, 2019 and 2018, were $16.0 million, $14.8 million, and $6.5 million, respectively.

Defined Benefit Pension Plans

The Company sponsors defined benefit pension plans for its employees in certain countries as governed by local regulatory requirements. During the years ended December 31, 2020, 2019 and 2018, the Company recorded expense of $4.3 million, $1.4 million and $2.6 million, respectively, related to these plans. During the year ended December 31, 2020, we recorded net actuarial loss as a component of net periodic benefit cost of $1.3 million as accumulated other comprehensive loss. The net unfunded balance of our defined benefit pension plans was $6.4 million as of December 31, 2020 of which $1.0 million is included in Accrued compensation and benefits expense and $5.4 million is classified in Other noncurrent liabilities in our consolidated balance sheet. The net unfunded balance of our defined benefit pension plans was $3.9 million as of December 31, 2019 of which $0.3 million is included in Accrued compensation and benefits expense and $3.6 million is classified in Other noncurrent liabilities in our consolidated balance sheet.

11. REVENUES

Revenues are sourced from four geographic markets: North America, Europe, CIS and APAC. The Company presents and discusses revenues by customer location based on the location of the specific customer site that we serve, irrespective of the location of the headquarters of the customer or the location of the delivery center where the work is performed. Revenues by customer location is different from revenues by reportable segment as segments are not based on the geographic location of the customers, but instead they are based on the location of the Company's management responsible for a particular customer or market (see Note 16 "Segment Information"). The Company assigns customers into one of five vertical industries or a group of various industries where the Company is increasing its presence, which are labeled as "Emerging Verticals". Emerging Verticals include customers in multiple industries such as energy, utilities, manufacturing, automotive, telecommunications and several others.

Disaggregation of Revenues

The following tables show the disaggregation of the Company's revenues by major customer location, including a reconciliation of the disaggregated revenues with the Company's reportable segments (Note 16 "Segment Information") for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31, 2020			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Customer Locations				
North America	$ 1,546,093	$ 45,553	$ 3,490	$ 1,595,136
Europe	45,733	834,033	76	879,842
CIS	7,817	98	106,787	114,702
APAC	2,177	67,621	—	69,798
Revenues	**$ 1,601,820**	**$ 947,305**	**$ 110,353**	**$ 2,659,478**

	Year Ended December 31, 2019			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Customer Locations				
North America	$ 1,344,040	$ 45,859	$ 116	$ 1,390,015
Europe	27,042	719,548	276	746,866
CIS	8,583	143	91,745	100,471
APAC	1,279	55,167	—	56,446
Revenues	**$ 1,380,944**	**$ 820,717**	**$ 92,137**	**$ 2,293,798**

	Year Ended December 31, 2018			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Customer Locations				
North America	$ 1,046,232	$ 52,860	$ 75	$ 1,099,167
Europe	16,679	595,741	52	612,472
CIS	8,437	336	72,930	81,703
APAC	5,631	43,848	91	49,570
Revenues	**$ 1,076,979**	**$ 692,785**	**$ 73,148**	**$ 1,842,912**

The following tables show the disaggregation of the Company's revenues by industry vertical, including a reconciliation of the disaggregated revenues with the Company's reportable segments (Note 16 "Segment Information") for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31, 2020			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Industry Verticals				
Business Information & Media	$ 334,063	$ 224,922	$ 1,695	$ 560,680
Financial Services	199,594	278,355	77,286	555,235
Software & Hi-Tech	419,895	73,288	3,630	496,813
Travel & Consumer	221,977	220,448	16,364	458,789
Life Sciences & Healthcare	260,518	35,347	448	296,313
Emerging Verticals	165,773	114,945	10,930	291,648
Revenues	**$ 1,601,820**	**$ 947,305**	**$ 110,353**	**$ 2,659,478**

	Year Ended December 31, 2019			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Industry Verticals				
Business Information & Media	$ 262,448	$ 157,844	$ 631	$ 420,923
Financial Services	184,469	244,284	72,119	500,872
Software & Hi-Tech	354,023	77,377	1,998	433,398
Travel & Consumer	198,264	229,523	11,571	439,358
Life Sciences & Healthcare	224,925	23,444	83	248,452
Emerging Verticals	156,815	88,245	5,735	250,795
Revenues	**$ 1,380,944**	**$ 820,717**	**$ 92,137**	**$ 2,293,798**

	Year Ended December 31, 2018			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Industry Verticals				
Business Information & Media	$ 251,081	$ 72,898	$ 54	$ 324,033
Financial Services	$ 112,444	$ 252,196	$ 59,337	$ 423,977
Software & Hi-Tech	269,067	79,121	2,627	350,815
Travel & Consumer	177,910	208,266	7,467	393,643
Life Sciences & Healthcare	151,418	20,272	13	171,703
Emerging Verticals	115,059	60,032	3,650	178,741
Revenues	**$ 1,076,979**	**$ 692,785**	**$ 73,148**	**$ 1,842,912**

The Company derives revenues from a variety of customized and integrated service arrangements. Fees for these contracts may be in the form of time-and-materials or fixed-price arrangements.

The following tables show the disaggregation of the Company's revenues by contract type, including a reconciliation of the disaggregated revenues with the Company's reportable segments (Note 16 "Segment Information") for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31, 2020			
	Reportable Segments			Consolidated Revenues
	North America	Europe	Russia	
Contract Types				
Time-and-material	$ 1,440,635	$ 790,203	$ 60,166	$ 2,291,004
Fixed-price	151,769	151,718	48,525	352,012
Licensing	8,027	1,526	1,586	11,139
Other revenues	1,389	3,858	76	5,323
Revenues	**$ 1,601,820**	**$ 947,305**	**$ 110,353**	**$ 2,659,478**

	Year Ended December 31, 2019			
	Reportable Segments			Consolidated Revenues
	North America	Europe	Russia	
Contract Types				
Time-and-material	$ 1,247,979	$ 688,605	$ 54,069	$ 1,990,653
Fixed-price	127,926	128,977	37,747	294,650
Licensing	3,626	1,230	225	5,081
Other revenues	1,413	1,905	96	3,414
Revenues	**$ 1,380,944**	**$ 820,717**	**$ 92,137**	**$ 2,293,798**

	Year Ended December 31, 2018			
	Reportable Segments			Consolidated Revenues
	North America	Europe	Russia	
Contract Types				
Time-and-material	$ 983,436	$ 628,707	$ 40,754	$ 1,652,897
Fixed-price	89,831	62,078	32,342	184,251
Licensing	2,748	1,332	17	4,097
Other revenues	964	668	35	1,667
Revenues	**$ 1,076,979**	**$ 692,785**	**$ 73,148**	**$ 1,842,912**

Timing of Revenue Recognition

The following tables show the timing of revenue recognition:

	Year Ended December 31, 2020			
	Reportable Segments			Consolidated Revenues
	North America	Europe	Russia	
Timing of Revenue Recognition				
Transferred over time	$ 1,595,786	$ 946,379	$ 108,826	$ 2,650,991
Transferred at a point of time	6,034	926	1,527	8,487
Revenues	**$ 1,601,820**	**$ 947,305**	**$ 110,353**	**$ 2,659,478**

	Year Ended December 31, 2019			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Timing of Revenue Recognition				
Transferred over time	$ 1,379,256	$ 819,913	$ 92,076	$ 2,291,245
Transferred at a point of time	1,688	804	61	2,553
Revenues	**$ 1,380,944**	**$ 820,717**	**$ 92,137**	**$ 2,293,798**

	Year Ended December 31, 2018			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Timing of Revenue Recognition				
Transferred over time	$ 1,076,084	$ 692,023	$ 73,135	$ 1,841,242
Transferred at a point of time	895	762	13	1,670
Revenues	**$ 1,076,979**	**$ 692,785**	**$ 73,148**	**$ 1,842,912**

During the years ended December 31, 2020, 2019 and 2018 the Company recognized $5.0 million, $7.8 million and $5.7 million, respectively, of revenues from performance obligations satisfied in previous periods.

The following table includes the estimated revenues expected to be recognized in the future related to performance obligations that are partially or fully unsatisfied as of December 31, 2020. The Company applies a practical expedient and does not disclose the value of unsatisfied performance obligations for contracts that (i) have an original expected duration of one year or less and (ii) contracts for which it recognizes revenues at the amount to which it has the right to invoice for services provided:

	Less than 1 year	1 Year	2 Years	3 Years	Total
Contract Type					
Fixed-price	$ 7,885	$ 103	$ —	$ —	$ 7,988

The Company applies a practical expedient and does not disclose the amount of the transaction price allocated to the remaining performance obligations nor provide an explanation of when the Company expects to recognize that amount as revenue for certain variable consideration.

Contract Balances

The following table provides information on the classification of contract assets and liabilities in the consolidated balance sheets:

	As of December 31, 2020	As of December 31, 2019
Contract assets included in Trade receivables and contract assets	$ 7,700	$ 14,320
Contract liabilities included in Accrued expenses and other current liabilities	$ 17,383	$ 9,132
Contract liabilities included in Other noncurrent liabilities	$ 94	$ 5

Contract assets have decreased from December 31, 2019 primarily due to reduced receivables from projects where our right to bill is contingent on something other than passage of time partially attributable to the change of a specific project to time-and-material billing in 2020. Contract liabilities comprise amounts collected from the Company’s customers for revenues not yet earned. Such amounts are anticipated to be recorded as revenues when services are performed in subsequent periods. Contract liabilities have increased from December 31, 2019 due to an increase in customer advances largely attributable to contracts with multiple performance obligations.

During the year ended December 31, 2020, the Company recognized $8.6 million of revenues that were included in Accrued expenses and other current liabilities at December 31, 2019. During the year ended December 31, 2019, the Company recognized $3.9 million of revenues that were included in Accrued expenses and other current liabilities at December 31, 2018.

12. STOCK-BASED COMPENSATION

The following costs related to the Company's stock compensation plans were included in the consolidated statements of income and comprehensive income:

	For the Years Ended December 31,		
	2020	2019	2018
Cost of revenues (exclusive of depreciation and amortization)	$ 32,785	$ 37,580	$ 27,245
Selling, general and administrative expenses	42,453	34,456	31,943
Total	**$ 75,238**	**$ 72,036**	**$ 59,188**

Equity Plans

2015 Long-Term Incentive Plan — On June 11, 2015, the Company's stockholders approved the 2015 Long-Term Incentive Plan ("2015 Plan") to be used to issue equity awards to company personnel. As of December 31, 2020, 4,549 thousand shares of common stock remained available for issuance under the 2015 Plan. All of the awards issued pursuant to the 2015 Plan expire 10 years from the date of grant.

2012 Non-Employee Directors Compensation Plan — On January 11, 2012, the Company approved the 2012 Non-Employee Directors Compensation Plan ("2012 Directors Plan") to be used to issue equity grants to its non-employee directors. The Company authorized 600 thousand shares of common stock to be reserved for issuance under the plan. As of December 31, 2020, 524 thousand shares of common stock remained available for issuance under the 2012 Directors Plan. The 2012 Directors Plan will expire after 10 years and is administered by the Company's Board of Directors.

2012 Long-Term Incentive Plan — On January 11, 2012, the Company approved the 2012 Long-Term Incentive Plan ("2012 Plan") to be used to issue equity grants to Company personnel. In June 2015, the 2012 Plan was discontinued; however, outstanding awards remain subject to the terms of the 2012 Plan and any shares that are subject to an award that was previously granted under the 2012 Plan and that expire or terminate for any reason prior to exercise will become available for issuance under the 2015 Plan. All of the awards issued pursuant to the 2012 Plan expire 10 years from the date of grant.

2006 Stock Option Plan — Effective May 31, 2006, the Board of Directors of the Company adopted the 2006 Stock Option Plan (the "2006 Plan") to grant stock options to directors, employees, and certain independent contractors. In January 2012, the 2006 Plan was discontinued; however, outstanding awards remain subject to the terms of the 2006 Plan and any shares that are subject to an option award that was previously granted under the 2006 Plan and that expire or terminate for any reason prior to exercise will become available for issuance under the 2015 Plan. All of the awards issued pursuant to the 2006 Plan expire 10 years from the date of grant.

Stock Options

Stock option activity under the Company's plans is set forth below:

	Number of Options		Weighted Average Exercise Price		Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (in years)
Options outstanding as of January 1, 2018	**4,902**	**$**	**40.91**	**$**	**326,064**	
Options granted	160	$	112.81			
Options exercised	(945)	$	36.69			
Options forfeited/cancelled	(33)	$	63.28			
Options expired	(1)	$	25.72			
Options outstanding as of December 31, 2018	**4,083**	**$**	**44.54**	**$**	**291,846**	
Options granted	132	$	169.13			
Options modified	18	$	163.55			
Options exercised	(899)	$	41.21			
Options forfeited/cancelled	(11)	$	97.83			
Options outstanding as of December 31, 2019	**3,323**	**$**	**50.85**	**$**	**536,015**	
Options granted	158	$	187.76			
Options modified	—	$	—			
Options exercised	(700)	$	37.79			
Options forfeited/cancelled	(9)	$	119.30			
Options outstanding as of December 31, 2020	**2,772**	**$**	**61.71**	**$**	**822,152**	4.3
Options vested and exercisable as of December 31, 2020	2,388	$	46.99	$	743,582	3.7
Options expected to vest as of December 31, 2020	362	$	152.22	$	74,548	8.2

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model. The model incorporated the following weighted-average assumptions:

	For the Years Ended December 31,		
	2020	2019	2018
Expected volatility	36.9 %	33.5 %	33.8 %
Expected term (in years)	6.25	6.25	6.25
Risk-free interest rate	0.5 %	2.3 %	2.7 %
Expected dividends	— %	— %	— %

Expected volatility is based on historical volatility of the Company's stock price. The expected life represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve for periods equal to the expected term of the options in effect at the time of grant. The Company has not declared or paid any dividends on its common stock. The Company intends to retain any earnings to fund operations and future growth of its business and, therefore, does not anticipate paying any cash dividends in the foreseeable future.

The weighted-average grant-date fair value of stock options granted during the years ended December 31, 2020, 2019 and 2018 was $68.53, $63.12 and $43.42, respectively. The total intrinsic value of options exercised during the years ended December 31, 2020, 2019 and 2018 was $151.3 million, $121.1 million and $83.3 million, respectively.

The Company recognizes the fair value of each option as compensation expense on a straight-line basis over the requisite service period, which is generally the vesting period. The options are typically scheduled to vest over four years from the time of grant, subject to the terms of the applicable plan and stock option agreement. In general, in the event of a participant's termination of service for any reason, unvested options are forfeited as of the date of such termination without any payment to the participant. The Company records share-based compensation expense only for those awards that are expected to vest and as such, the Company applies an estimated forfeiture rate at the time of grant and adjusts the forfeiture rate to reflect actual forfeitures quarterly.

As of December 31, 2020, $15.1 million of total remaining unrecognized compensation cost related to unvested stock options, net of estimated forfeitures, is expected to be recognized over a weighted-average period of 2.7 years.

Restricted Stock and Restricted Stock Units

The Company grants restricted stock units (“RSUs”) to Company personnel and non-employee directors under the Company’s 2015 Plan (and prior to its approval, under the 2012 Plan) and 2012 Directors Plan, respectively. Prior to 2017, awards to non-employee directors were in the form of restricted stock. In addition, the Company has issued in the past, and may issue in the future, its equity securities to compensate employees of acquired businesses for future services. Equity-based awards granted in connection with acquisitions of businesses may be issued in the form of service-based awards requiring continuing employment with the Company, restricted stock subject to trading restrictions, and performance-based awards, which would vest only if certain specified performance and service conditions are met. The awards issued in connection with acquisitions of businesses are subject to the terms and conditions contained in the applicable award agreements and acquisition documents.

Service-Based Awards

The table below summarizes activity related to the Company’s equity-classified and liability-classified service-based awards for the years ended December 31, 2020, 2019 and 2018:

	Equity-Classified Restricted Stock		Equity-Classified Equity-Settled Restricted Stock Units		Liability-Classified Cash-Settled Restricted Stock Units	
	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Unvested service-based awards outstanding as of January 1, 2018	**2**	**$ 54.37**	**688**	**$ 71.60**	**315**	**$ 72.50**
Awards granted	—	$ —	381	$ 115.84	85	$ 112.65
Awards modified	—	$ —	(3)	$ 80.27	3	$ 120.18
Awards vested	(1)	$ 47.76	(218)	$ 70.10	(92)	$ 72.69
Awards forfeited/cancelled	—	$ —	(50)	$ 86.97	(8)	$ 81.40
Unvested service-based awards outstanding as of December 31, 2018	**1**	**$ 63.10**	**798**	**$ 92.13**	**303**	**$ 83.99**
Awards granted	9	$ 167.18	284	$ 170.29	56	$ 170.13
Awards modified	—	$ —	7	$ 170.74	1	$ 168.36
Awards vested	—	$ —	(287)	$ 87.79	(111)	$ 80.51
Awards forfeited/cancelled	—	$ —	(43)	$ 114.45	(7)	$ 94.77
Unvested service-based awards outstanding as of December 31, 2019	**10**	**$ 162.96**	**759**	**$ 122.48**	**242**	**$ 105.40**
Awards granted	—	$ —	294	$ 204.57	60	$ 181.77
Awards modified	—	$ —	(1)	$ 122.55	—	$ —
Awards vested	(1)	$ 63.10	(317)	$ 108.87	(122)	$ 91.39
Awards forfeited/cancelled	—	$ —	(49)	$ 148.11	(5)	$ 113.94
Unvested service-based awards outstanding as of December 31, 2020	**9**	**$ 167.18**	**686**	**$ 162.15**	**175**	**$ 141.16**

The fair value of vested service-based awards (measured at the vesting date) for the years ended December 31, 2020, 2019 and 2018 was as follows:

	For the Years Ended December 31,		
	2020	2019	2018
Equity-classified equity-settled			
Restricted stock	$ 101	$ 73	$ 142
Restricted stock units	60,042	48,111	24,987
Liability-classified cash-settled			
Restricted stock units	22,014	18,449	10,349
Total fair value of vested service-based awards	**$ 82,157**	**$ 66,633**	**$ 35,478**

As of December 31, 2020, $0.8 million of total remaining unrecognized stock-based compensation costs related to service-based equity-classified restricted stock is expected to be recognized over the weighted-average remaining requisite service period of 1.7 years. During the year ended December 31, 2019, the Company issued 9 thousand shares of service-based restricted stock in connection with an acquisition of a business. See Note 2 “Acquisitions” for additional information regarding business acquisitions.

As of December 31, 2020, $76.3 million of total remaining unrecognized stock-based compensation costs related to service-based equity-classified RSUs, net of estimated forfeitures, is expected to be recognized over the weighted-average remaining requisite service period of 2.7 years. During the years ended December 31, 2020 and 2019, in connection with business acquisitions, the Company issued 19 thousand and 22 thousand equity-classified RSUs, respectively. During the first quarter of 2020, in connection with a 2019 acquisition of a business, the Company formally issued 6 thousand equity-classified RSUs. See Note 2 “Acquisitions” for additional information regarding business acquisitions.

As of December 31, 2020, $32.3 million of total remaining unrecognized stock-based compensation costs related to service-based liability-classified RSUs, net of estimated forfeitures, is expected to be recognized over the weighted-average remaining requisite service period of 2.3 years. During the years ended December 31, 2020 and 2019, the Company issued 10 thousand and 7 thousand shares, respectively, of service-based liability-classified cash-settled RSUs in connection with business acquisitions. See Note 2 “Acquisitions” for additional information regarding business acquisitions.

The liability associated with the Company’s service-based liability-classified RSUs as of December 31, 2020 and 2019 was $26.8 million and $21.9 million, respectively, and is classified as Accrued compensation and benefits expenses in the consolidated balance sheets.

Performance-Based Awards

The table below summarizes activity related to the Company's performance-based awards for the years ended December 31, 2020, 2019 and 2018:

	Equity-Classified Equity-Settled Restricted Stock		Equity-Classified Equity-Settled Restricted Stock Units	
	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Unvested performance-based awards outstanding as of January 1, 2018	**—**	**$ —**	**—**	**$ —**
Awards granted	—	$ —	45	$ 121.75
Awards vested	—	$ —	(8)	$ 121.75
Awards forfeited/cancelled	—	$ —	(7)	$ 121.75
Unvested performance-based awards outstanding as of December 31, 2018	**—**	**$ —**	**30**	**$ 121.75**
Awards granted	9	$ 165.87	—	$ —
Awards modified	—	$ —	(30)	$ 121.75
Unvested performance-based awards outstanding as of December 31, 2019	**9**	**$ 165.87**	**—**	**$ —**
Awards granted	—	$ —	31	$ 210.44
Awards vested	—	$ —	(10)	$ 177.81
Unvested performance-based awards outstanding as of December 31, 2020	**9**	**$ 165.87**	**21**	**$ 227.16**

During the year ended December 31, 2020, the Company agreed to issue RSUs at future dates in connection with 2020 acquisitions of businesses. The number of awards to be issued is subject to attainment of specified performance targets in the 2 years after the acquisition dates as well as the Company's stock price at the time of formal issuance. See Note 2 "Acquisitions" in the consolidated financial statements for additional information regarding business acquisitions. The awards require continued service and vest over 3 years from the dates of acquisition. As of December 31, 2020, taking into consideration the probability of achieving the specified performance goals, $0.5 million of total remaining unrecognized stock-based compensation costs is expected to be recognized over the weighted-average remaining requisite service period of 2 years. If all performance criteria are met, these awards could be worth up to $11.5 million.

During the year ended December 31, 2020, in connection with a 2019 acquisition of a business, the Company formally issued 25 thousand performance-based equity-classified RSUs. During the year ended December 31, 2020, 7 thousand performance-based equity-classified RSUs were granted in connection with 2020 acquisitions of businesses. See Note 2 "Acquisitions" in the consolidated financial statements for additional information regarding business acquisitions. As of December 31, 2020, $3.6 million of total remaining unrecognized stock-based compensation cost related to performance-based equity-classified RSUs is expected to be recognized over the weighted-average remaining requisite service period of 2.8 years.

During the year ended December 31, 2019, the Company issued 9 thousand shares of performance-based equity-classified restricted stock in connection with an acquisition of a business. These awards contain a condition for attainment of specified performance targets in the 12 months after the acquisition date and require continued service through 4.0 years after the acquisition date. As of December 31, 2020, the performance targets were achieved in full and achievement of future vesting is exclusively dependent on continued service. See Note 2 "Acquisitions" for additional information regarding business acquisitions. As of December 31, 2020, $1.0 million of total remaining unrecognized stock-based compensation cost related to performance-based equity-classified restricted stock is expected to be recognized over the weighted-average remaining requisite service period of 2.7 years.

Performance-based equity-classified RSUs were granted during the year ended December 31, 2018 in connection with the acquisition of Continuum with a variable vesting period, subject to satisfaction of the applicable performance conditions with each vesting portion having its own service inception date. Compensation was to be recognized over the vesting period and adjusted each period for the probability of achievement of the performance criteria for each vesting portion separately. During the fourth quarter of 2018, the Company accelerated the recognition of $0.8 million of expense due to vesting of performance-based equity-classified RSUs in accordance with the terms of the award agreement. During the year ended December 31, 2019, the Company and holders of the unvested performance-based equity-classified RSUs mutually agreed to cancel these awards and the Company issued service-based stock option and equity-classified RSU awards with four-year vesting terms to those same recipients.

The fair value of vested performance-based awards (measured at the vesting date) for the years ended December 31, 2020, 2019 and 2018 was as follows:

	For the Years Ended December 31,		
	2020	2019	2018
Equity-classified equity-settled			
Restricted stock units	$ 3,282	—	$ 1,046
Total fair value of vested performance-based awards	**$ 3,282**	**$ —**	**$ 1,046**

13. INCOME TAXES

Income Before Provision for Income Taxes

Income before provision for income taxes based on geographic location is disclosed in the table below:

	For the Years Ended December 31,		
	2020	2019	2018
Income before provision for income taxes:			
United States	$ 100,411	$ 65,370	$ 44,527
Foreign	278,068	234,156	205,246
Total	**$ 378,479**	**$ 299,526**	**$ 249,773**

Provision for Income Taxes

The provision for income taxes consists of the following:

	For the Years Ended December 31,		
	2020	2019	2018
Current			
Federal	$ 19,249	$ 16,943	$ 10,814
State	7,022	3,610	4,123
Foreign	45,042	25,680	42,580
Deferred			
Federal	(16,235)	(9,425)	(37,785)
State	(1,682)	(358)	(3,548)
Foreign	(2,077)	2,019	(6,667)
Total	**$ 51,319**	**$ 38,469**	**$ 9,517**

The U.S. Tax Act significantly changed U.S. corporate income tax laws including a reduction of the U.S. corporate income tax rate from 35.0% to 21.0% effective January 1, 2018 and the creation of a territorial tax system with a one-time transition tax on accumulated foreign subsidiary earnings not previously subject to U.S. income tax. In addition, the U.S. Tax Act created new taxes on certain foreign-sourced earnings and certain related party payments, which are referred to as GILTI and the base erosion and anti-abuse tax (“BEAT”), respectively.

Due to the timing of the enactment and the complexity involved in applying the provisions of the U.S. Tax Act, the Company made reasonable estimates of the effects and recorded provisional amounts in its financial statements as of December 31, 2017. During the year ended December 31, 2018, the Company completed its analysis of the impact of the U.S. Tax Act and recorded the following adjustments to the recorded provisional amounts:

- The one-time transition tax on accumulated foreign subsidiary earnings not previously subject to U.S. income tax requires the Company to pay U.S. income tax at a rate of 15.5% to the extent of foreign cash and certain other net current assets and 8.0% on the remaining earnings. During the year ended December 31, 2018, the Company completed its assessment and refined its estimate reducing the provisional charge recorded in 2017 by $4.9 million. As of December 31, 2020, the remaining unpaid balance of the one-time transition tax was $40.5 million to be paid in annual installments with the final payment due in 2025.

- In 2018, the Company completed its remeasurement of its U.S. federal deferred tax assets and liabilities based on rates at which they are expected to reverse in the future, and consequently recorded an additional charge of $0.9 million to reduce its net deferred tax assets.

Based on proposed tax regulations issued by the U.S. Department of the Treasury during 2018, the Company determined that a U.S. foreign tax credit could be claimed for withholding tax paid to Belarus in connection with dividends previously remitted, resulting in a net $4.9 million income tax benefit recognized during the year ended December 31, 2018.

As of December 31, 2020, the Company had approximately $1,039.0 million of accumulated undistributed foreign earnings that are expected to be indefinitely reinvested. Due to the enactment of the U.S. Tax Act and the one-time transition tax on accumulated foreign subsidiary earnings, these accumulated foreign earnings are no longer expected to be subject to U.S. federal income tax if repatriated but could be subject to state and foreign income and withholding taxes.

Effective Tax Rate Reconciliation

The reconciliation of the provision for income taxes at the federal statutory income tax rate to the Company’s effective income tax rate is as follows:

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Provision for income taxes at federal statutory rate	$ 79,481	$ 62,898	$ 52,452
Increase/(decrease) in taxes resulting from:			
Impact from U.S. Tax Act	—	—	(4,009)
Entity classification election deferred tax asset impact	—	—	(25,962)
GILTI and BEAT U.S. taxes	191	(926)	1,526
Excess tax benefits relating to stock-based compensation	(36,646)	(28,385)	(17,370)
Subsidiary withholding tax liability and related foreign tax credit	—	—	(4,850)
Foreign tax expense and tax rate differential	(387)	(1,402)	(88)
Effect of permanent differences	3,507	3,264	2,724
State taxes, net of federal benefit	5,323	2,971	3,452
Stock-based compensation expense	44	571	652
Other	(194)	(522)	990
Provision for income taxes	**$ 51,319**	**$ 38,469**	**$ 9,517**

The Company’s worldwide effective tax rate for the years ended December 31, 2020, 2019 and 2018 was 13.6%, 12.8% and 3.8%, respectively. The provision for income taxes in the year ended December 31, 2018 was favorably impacted by the recognition of $26.0 million of net deferred tax assets resulting from the Company’s decision to change the tax status and to classify most of its foreign subsidiaries as disregarded for U.S. income tax purposes. This change subjects the income of the disregarded foreign subsidiaries to U.S. income taxation. In addition, the Company recorded excess tax benefits upon vesting or exercise of stock-based awards of $36.6 million, $28.4 million and $17.4 million during the years ended December 31, 2020, 2019 and 2018, respectively.

In Belarus, member technology companies of High-Technologies Park, including the Company's local subsidiary, have a full exemption from Belarus income tax on qualifying income through January 2049. However, beginning February 1, 2018, the earnings of the Company's Belarus local subsidiary became subject to U. S. income taxation due to the Company's decision to change the tax status of the subsidiary. There was no aggregate dollar benefit derived from this tax holiday for the years ended December 31, 2020 and 2019, and the aggregate dollar benefits derived from this tax holiday approximated $1.4 million for the year ended December 31, 2018. There was no impact on diluted net income per share for the years ended December 31, 2020 and 2019. The benefit the tax holiday had on diluted net income per share approximated $0.02 for the year ended December 31, 2018.

Deferred Income Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	As of December 31, 2020	As of December 31, 2019
Deferred tax assets:		
Property and equipment	$ 8,164	$ 5,329
Intangible assets	827	574
Accrued expenses	50,639	41,457
Net operating loss carryforward	6,089	5,168
Deferred revenue	9,796	3,510
Stock-based compensation	30,112	29,596
Operating lease liabilities	51,519	7,438
Foreign tax credit	2,168	3,491
Foreign currency exchange	4,890	2,499
Other assets	1,252	1,533
Deferred tax assets	$ 165,456	$ 100,595
Less: valuation allowance	(5,485)	(3,877)
Total deferred tax assets	$ 159,971	$ 96,718
Deferred tax liabilities:		
Property and equipment	$ 3,818	$ 4,981
Intangible assets	12,018	11,364
Operating lease right-of-use assets	50,149	6,900
Accrued revenue and expenses	991	2,176
U.S. taxation of foreign subsidiaries	1,608	—
Foreign currency exchange	1,153	375
Other liabilities	1,095	437
Total deferred tax liabilities	$ 70,832	$ 26,233
Net deferred tax assets	**$ 89,139**	**$ 70,485**

As of December 31, 2020 and 2019, the Company classified $3.3 million and $4.5 million, respectively, of deferred tax liabilities as Other noncurrent liabilities in the consolidated balance sheets.

Included in the stock-based compensation expense deferred tax asset at December 31, 2020 and 2019 is $6.1 million and $6.8 million, respectively, that is related to acquisitions and is amortized for tax purposes over a 10 to 15-year period.

As of December 31, 2020, the Company's domestic and foreign net operating loss ("NOL") carryforwards for income tax purposes were approximately $4.7 million and $22.5 million, respectively. If not utilized, the domestic NOL carryforwards will begin to expire in 2021. The foreign NOL carryforwards include $6.6 million from jurisdictions with no expiration date, with the remainder expiring as follows: $5.7 million in 2021, $5.5 million in 2022, $0.9 million in 2023, $1.7 million in 2024, $2.1 million in 2025. The Company maintains a valuation allowance primarily related to the net operating loss carryforwards in certain foreign jurisdictions that the Company believes are not likely to be realized, which totaled $22.4 million as of December 31, 2020.

Unrecognized Tax Benefits

As of December 31, 2020 and 2019, unrecognized tax benefits of $3.3 million and $2.9 million, respectively, are included in Income taxes payable, noncurrent within the consolidated balance sheets. During the year ended December 31, 2020, a new uncertain tax position resulted in an unrecognized tax benefit of $0.8 million, and reversals related to prior year tax positions yielded a tax benefit of $0.5 million. There were no significant new tax positions that resulted in unrecognized tax benefits or reversals related to prior year tax positions during the years ended December 31, 2019 and 2018. There were no tax positions for which it was reasonably possible that unrecognized tax benefits will significantly increase or decrease within twelve months of the reporting date.

The Company is subject to taxation in the United States and various states and foreign jurisdictions including Russia, Germany, Ukraine, the United Kingdom, Hungary, Switzerland, Netherlands, Poland and India. With few exceptions, as of December 31, 2020, the Company is no longer subject to U.S. federal, state, local or foreign examinations by tax authorities for years before 2016.

14. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. For purposes of computing basic earnings per share, any nonvested shares of restricted stock that have been issued by the Company and are contingently returnable to the Company are excluded from the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, unvested restricted stock and unvested equity-settled RSUs. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per share by application of the treasury stock method.

The following table sets forth the computation of basic and diluted earnings per share of common stock as follows:

	For the Years Ended December 31,		
	2020	2019	2018
Numerator for basic and diluted earnings per share:			
Net income	$ 327,160	$ 261,057	$ 240,256
Numerator for basic and diluted earnings per share	$ 327,160	$ 261,057	$ 240,256
Denominator:			
Weighted average common shares for basic earnings per share	55,727	54,719	53,623
Net effect of dilutive stock options, restricted stock units and restricted stock awards	2,719	2,949	3,050
Weighted average common shares for diluted earnings per share	58,446	57,668	56,673
Net Income per share:			
Basic	$ 5.87	$ 4.77	$ 4.48
Diluted	$ 5.60	$ 4.53	$ 4.24

The number of shares underlying equity-based awards that were excluded from the calculation of diluted earnings per share as their effect would be anti-dilutive was 40 thousand, 120 thousand and 139 thousand for the years ended December 31, 2020, 2019 and 2018, respectively.

15. COMMITMENTS AND CONTINGENCIES

Indemnification Obligations — In the normal course of business, the Company is a party to a variety of agreements under which it may be obligated to indemnify the other party for certain matters. These obligations typically arise in contracts where the Company customarily agrees to hold the other party harmless against losses arising from a breach of representations or covenants for certain matters, infringement of third party intellectual property rights, data privacy violations, and certain tortious conduct in the course of providing services. The duration of these indemnifications varies, and in certain cases, is indefinite.

The Company is unable to reasonably estimate the maximum potential amount of future payments under these or similar agreements due to the unique facts and circumstances of each agreement and the fact that certain indemnifications provide for no limitation to the maximum potential future payments under the indemnification. Management is not aware of any such matters that would have a material effect on the consolidated financial statements of the Company.

Litigation — From time to time, the Company is involved in litigation, claims or other contingencies arising in the ordinary course of business. The Company accrues a liability when a loss is considered probable and the amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, the Company does not record a liability, but instead discloses the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Legal fees are expensed as incurred. In the opinion of management, the outcome of any existing claims and legal or regulatory proceedings, if decided adversely, is not expected to have a material effect on the Company’s business, financial condition, results of operations or cash flows.

Building Acquisition Commitment —During the year ended December 31, 2019, the Company entered into an agreement to purchase office space in Ukraine intended to support the global delivery center in that country. The agreement is subject to completion of construction and other ordinary closing conditions. As of December 31, 2020, the Company has committed to making future payments totaling approximately $36.9 million including VAT to the sellers upon transfer of the building.

16. SEGMENT INFORMATION

The Company determines its business segments and reports segment information in accordance with how the Company’s chief operating decision maker (“CODM”) organizes the segments to evaluate performance, allocate resources and make business decisions. Segment results are based on the segment’s revenues and operating profit, where segment operating profit is defined as income from operations before unallocated costs. Expenses included in segment operating profit consist principally of direct selling and delivery costs as well as an allocation of certain shared services expenses. Certain corporate expenses are not allocated to specific segments as these expenses are not controllable at the segment level. Such expenses include certain types of professional fees, certain taxes included in operating expenses including the Belarus High-Technologies Park membership fee, compensation to non-employee directors and certain other general and administrative expenses, including compensation of specific groups of non-production employees. In addition, the Company does not allocate amortization of intangible assets acquired through business combinations, goodwill and other asset impairment charges, stock-based compensation expenses, acquisition-related costs and certain other one-time charges. These unallocated amounts are combined with total segment operating profit to arrive at consolidated income from operations as reported below in the reconciliation of segment operating profit to consolidated income before provision for income taxes. Additionally, management has determined that it is not practical to allocate identifiable assets by segment since such assets are used interchangeably among the segments.

The Company manages its business primarily based on the managerial responsibility for its client base and market. As managerial responsibility for a particular customer relationship generally correlates with the customer’s geographic location, there is a high degree of similarity between customer locations and the geographic boundaries of the Company’s reportable segments. In some cases, managerial responsibility for a particular customer is assigned to a management team in another region and is usually based on the strength of the relationship between customer executives and particular members of EPAM’s senior management team. In such cases, the customer’s activity would be reported through the respective management team member’s reportable segment.

Revenues from external customers and operating profit, before unallocated expenses, by reportable segments were as follows:

	For the years ended December 31, 2020	2019	2018
Segment revenues:			
North America	$ 1,601,820	$ 1,380,944	$ 1,076,979
Europe	947,305	820,717	692,785
Russia	110,353	92,137	73,148
Total revenues	**$ 2,659,478**	**$ 2,293,798**	**$ 1,842,912**
Segment operating profit:			
North America	$ 345,196	$ 293,757	$ 221,846
Europe	152,902	114,863	115,876
Russia	5,811	17,347	11,377
Total segment operating profit	**$ 503,909**	**$ 425,967**	**$ 349,099**

Intersegment transactions were excluded from the above on the basis that they are neither included in the measure of a segment's profit and loss results, nor considered by the CODM during the review of segment results.

There were no customers individually exceeding 10% of our total segment revenues for the years ended December 31, 2020, 2019 and 2018.

Reconciliation of segment operating profit to consolidated income before provision for income taxes is presented below:

	For the Years Ended December 31, 2020	2019	2018
Total segment operating profit:	$ 503,909	$ 425,967	$ 349,099
Unallocated costs:			
Stock-based compensation expense	(75,238)	(72,036)	(59,188)
Amortization of purchased intangibles	(12,340)	(9,914)	(8,101)
Other acquisition-related expenses	(1,868)	(3,774)	(916)
Other unallocated costs	(35,139)	(37,393)	(35,130)
Income from operations	**379,324**	**302,850**	**245,764**
Interest and other income, net	3,822	8,725	3,522
Foreign exchange (loss)/gain	(4,667)	(12,049)	487
Income before provision for income taxes	**$ 378,479**	**$ 299,526**	**$ 249,773**

Geographic Area Information

Long-lived assets include property and equipment, net of accumulated depreciation and amortization, and management has determined that it is not practical to allocate these assets by segment since such assets are used interchangeably among the segments. Physical locations and values of the Company's long-lived assets are presented below:

	As of December 31, 2020	As of December 31, 2019	As of December 31, 2018
Belarus	$ 73,988	$ 75,984	$ 50,085
Ukraine	30,980	24,652	8,433
United States	15,718	15,637	13,101
Russia	15,036	17,980	9,902
India	7,079	7,443	7,019
Poland	5,434	5,029	2,637
Hungary	5,365	5,201	3,168
Spain	2,799	1,106	875
China	2,722	3,036	2,651
Mexico	2,419	2,353	812
Other	7,993	6,838	3,963
Total	**$ 169,533**	**$ 165,259**	**$ 102,646**

The table below presents the Company's revenues by customer location for the years ended December 31, 2020, 2019 and 2018:

	For the Years Ended December 31,		
	2020	2019	2018
United States	$ 1,523,731	$ 1,321,662	$ 1,029,327
United Kingdom	331,217	290,039	200,918
Switzerland	203,391	152,710	144,398
Netherlands	114,678	88,488	70,274
Russia	104,846	89,941	71,181
Germany	84,902	82,441	80,787
Canada	68,416	68,304	69,836
Other locations	228,297	200,213	176,191
Revenues	**$ 2,659,478**	**$ 2,293,798**	**$ 1,842,912**

17. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive loss:

	For the Years Ended December 31,		
	2020	2019	2018
Foreign currency translation			
Beginning balance	**$ (32,666)**	**$ (38,961)**	**$ (17,623)**
Foreign currency translation	5,802	7,912	(25,097)
Income tax (expense)/benefit	(1,304)	(1,617)	3,759
Foreign currency translation, net of tax	**4,498**	**6,295**	**(21,338)**
Ending balance	**$ (28,168)**	**$ (32,666)**	**$ (38,961)**
Cash flow hedging instruments			
Beginning balance	**$ 1,292**	**$ (2,553)**	**$ —**
Unrealized gain in fair value	8,076	2,933	867
Net (loss)/gain reclassified into Cost of revenues (exclusive of depreciation and amortization)	(5,031)	2,028	(4,161)
Income tax (expense)/benefit	(695)	(1,116)	741
Cash flow hedging instruments, net of tax	**2,350**	**3,845**	**(2,553)**
Ending balance(1)	**$ 3,642**	**$ 1,292**	**$ (2,553)**
Defined benefit plans			
Beginning balance	**$ —**	**$ —**	**$ —**
Actuarial losses	(1,275)	—	—
Income tax benefit	289	—	—
Defined benefit plans, net of tax	**(986)**	**—**	**—**
Ending balance	**$ (986)**	**$ —**	**$ —**
Accumulated other comprehensive loss	**$ (25,512)**	**$ (31,374)**	**$ (41,514)**

(1) As of December 31, 2020, the ending balance of net unrealized gains related to derivatives designated as cash flow hedges is expected to be reclassified into Cost of revenues (exclusive of depreciation and amortization) in the next twelve months.

18. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly results for the years ended December 31, 2020 and 2019 were as follows:

	Three Months Ended				
2020	March 31	June 30	September 30	December 31	Full Year
Revenues	$ 651,359	$ 632,383	$ 652,243	$ 723,493	$ 2,659,478
Operating expenses:					
Cost of revenues (exclusive of depreciation and amortization)	423,802	419,540	423,388	465,792	1,732,522
Selling, general and administrative expenses	125,108	114,191	116,530	128,929	484,758
Depreciation and amortization expense	14,940	15,226	15,929	16,779	62,874
Income from operations	87,509	83,426	96,396	111,993	379,324
Interest and other income/(expense), net	2,386	1,817	1,672	(2,053)	3,822
Foreign exchange gain/(loss)	6,524	(9,167)	5,896	(7,920)	(4,667)
Income before provision for income taxes	96,419	76,076	103,964	102,020	378,479
Provision for income taxes	10,854	9,452	14,532	16,481	51,319
Net income	$ 85,565	$ 66,624	$ 89,432	$ 85,539	$ 327,160
Comprehensive income	$ 47,678	$ 85,512	$ 89,133	$ 110,699	$ 333,022
Basic net income per share(1)	$ 1.55	$ 1.20	$ 1.60	$ 1.53	$ 5.87
Diluted net income per share(1)	$ 1.47	$ 1.14	$ 1.53	$ 1.46	$ 5.60

(1) Earnings per share amounts for each quarter may not necessarily total to the yearly earnings per share due to the weighting of shares outstanding on a quarterly and year to date basis.

	Three Months Ended				
2019	March 31	June 30	September 30	December 31	Full Year
Revenues	$ 521,333	$ 551,587	$ 588,103	$ 632,775	$ 2,293,798
Operating expenses:					
Cost of revenues (exclusive of depreciation and amortization)	344,689	355,915	377,525	410,069	1,488,198
Selling, general and administrative expenses	101,786	111,762	118,886	124,999	457,433
Depreciation and amortization expense	10,200	11,028	11,127	12,962	45,317
Income from operations	64,658	72,882	80,565	84,745	302,850
Interest and other income, net	3,076	1,190	2,509	1,950	8,725
Foreign exchange loss	(3,484)	(3,562)	(3,105)	(1,898)	(12,049)
Income before provision for income taxes	64,250	70,510	79,969	84,797	299,526
Provision for income taxes	3,496	11,733	12,967	10,273	38,469
Net income	$ 60,754	$ 58,777	$ 67,002	$ 74,524	$ 261,057
Comprehensive income	$ 66,797	$ 62,934	$ 54,725	$ 86,741	$ 271,197
Basic net income per share(1)	$ 1.12	$ 1.07	$ 1.22	$ 1.35	$ 4.77
Diluted net income per share(1)	$ 1.06	$ 1.02	$ 1.16	$ 1.29	$ 4.53

(1) Earnings per share amounts for each quarter may not necessarily total to the yearly earnings per share due to the weighting of shares outstanding on a quarterly and year to date basis.

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(In thousands)

	Balance at Beginning of Year	Additions	Deductions/ Write offs	Balance at End of Year
Year Ended December 31, 2020				
Allowance for doubtful accounts for trade receivables and contract assets	$ 3,210	3,282	(1,606)	$ 4,886
Valuation allowance on deferred tax assets	$ 3,877	1,608	—	$ 5,485
Year Ended December 31, 2019				
Allowance for doubtful accounts for trade receivables and contract assets	$ 1,557	2,072	(419)	$ 3,210
Valuation allowance on deferred tax assets	$ 3,189	688	—	$ 3,877
Year Ended December 31, 2018				
Allowance for doubtful accounts for trade receivables and contract assets	$ 1,186	2,722	(2,351)	$ 1,557
Valuation allowance on deferred tax assets	$ 924	2,265	—	$ 3,189

EPAM SYSTEMS, INC.

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

	As of June 30, 2021	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 1,283,233	$ 1,322,143
Short-term investments	—	60,007
Trade receivables and contract assets, net of allowance of $7,647 and $4,886, respectively	682,236	501,062
Prepaid and other current assets	72,549	29,570
Total current assets	2,038,018	1,912,782
Property and equipment, net	173,545	169,533
Operating lease right-of-use assets, net	196,572	228,672
Intangible assets, net	65,130	51,975
Goodwill	335,477	211,956
Deferred tax assets	96,115	92,454
Other noncurrent assets	56,758	53,960
Total assets	**$ 2,961,615**	**$ 2,721,332**
Liabilities		
Current liabilities		
Accounts payable	$ 9,712	$ 10,189
Accrued compensation and benefits expenses	309,328	294,709
Accrued expenses and other current liabilities	109,148	79,690
Short-term debt	25,000	—
Income taxes payable, current	16,939	20,603
Operating lease liabilities, current	52,821	60,759
Total current liabilities	522,948	465,950
Long-term debt	29	25,038
Income taxes payable, noncurrent	41,012	43,448
Operating lease liabilities, noncurrent	151,985	180,604
Other noncurrent liabilities	32,973	23,274
Total liabilities	**748,947**	**738,314**
Commitments and contingencies (Note 12)		
Stockholders' equity		
Common stock, $0.001 par value; 160,000 shares authorized; 56,633 and 56,128 shares issued, 56,613 and 56,108 shares outstanding at June 30, 2021 and December 31, 2020, respectively	57	56
Additional paid-in capital	670,264	660,771
Retained earnings	1,571,597	1,347,880
Treasury stock	(177)	(177)
Accumulated other comprehensive loss	(29,073)	(25,512)
Total stockholders' equity	**2,212,668**	**1,983,018**
Total liabilities and stockholders' equity	**$ 2,961,615**	**$ 2,721,332**

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues	**$ 881,366**	**$ 632,383**	**$ 1,662,141**	**$ 1,283,742**
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization)	583,728	419,540	1,103,056	843,342
Selling, general and administrative expenses	151,910	114,191	288,299	239,299
Depreciation and amortization expense	20,454	15,226	38,261	30,166
Income from operations	**125,274**	**83,426**	**232,525**	**170,935**
Interest and other income, net	2,580	1,817	7,954	4,203
Foreign exchange loss	(4,693)	(9,167)	(2,394)	(2,643)
Income before provision for income taxes	**123,161**	**76,076**	**238,085**	**172,495**
Provision for income taxes	8,490	9,452	14,368	20,306
Net income	**$ 114,671**	**$ 66,624**	**$ 223,717**	**$ 152,189**
Net income per share:				
Basic	$ 2.03	$ 1.20	$ 3.97	$ 2.74
Diluted	$ 1.94	$ 1.14	$ 3.80	$ 2.62
Shares used in calculation of net income per share:				
Basic	56,463	55,701	56,317	55,494
Diluted	59,011	58,246	58,896	58,194

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

EPAM SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Net income	**$ 114,671**	**$ 66,624**	**$ 223,717**	**$ 152,189**
Other comprehensive income/(loss):				
Change in foreign currency translation adjustments, net of tax	9,637	12,442	(894)	(16,077)
Change in unrealized gain/(loss) on hedging instruments, net of tax	2,040	6,446	(2,041)	(2,922)
Defined benefit pension plans - actuarial loss, net of tax	—	—	(626)	—
Other comprehensive income/(loss)	11,677	18,888	(3,561)	(18,999)
Comprehensive income	**$ 126,348**	**$ 85,512**	**$ 220,156**	**$ 133,190**

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

EPAM SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive (Loss)/Income	Total Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance, January 1, 2021	**56,108**	**$ 56**	**$ 660,771**	**$ 1,347,880**	**20**	**$ (177)**	**$ (25,512)**	**$ 1,983,018**
Restricted stock units vested	248	—	—	—	—	—	—	—
Restricted stock units withheld for employee taxes	(84)	—	(31,935)	—	—	—	—	(31,935)
Stock-based compensation expense	—	—	14,624	—	—	—	—	14,624
Proceeds from stock option exercises	109	—	4,424	—	—	—	—	4,424
Other comprehensive loss	—	—	—	—	—	—	(15,238)	(15,238)
Net income	—	—	—	109,046	—	—	—	109,046
Balance, March 31, 2021	**56,381**	**$ 56**	**$ 647,884**	**$ 1,456,926**	**$ 20**	**$ (177)**	**$ (40,750)**	**$ 2,063,939**
Restricted stock units vested	19	—	—	—	—	—	—	—
Restricted stock units withheld for employee taxes	(6)	—	(2,631)	—	—	—	—	(2,631)
Stock-based compensation expense	—	—	13,792	—	—	—	—	13,792
Proceeds from stock option exercises	219	1	11,219	—	—	—	—	11,220
Other comprehensive income	—	—	—	—	—	—	11,677	11,677
Net income	—	—	—	114,671	—	—	—	114,671
Balance, June 30, 2021	**56,613**	**$ 57**	**$ 670,264**	**$ 1,571,597**	**20**	**$ (177)**	**$ (29,073)**	**$ 2,212,668**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive (Loss) / Income	Total Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance, January 1, 2020	**55,188**	**$ 55**	**$ 607,051**	**$ 1,020,590**	**20**	**$ (177)**	**$ (31,374)**	**$ 1,596,145**
Cumulative effect of adoption of ASU 2016-13	—	—	—	130	—	—	—	130
Adjusted Balance, January 1, 2020	**55,188**	**$ 55**	**$ 607,051**	**$ 1,020,720**	**20**	**$ (177)**	**$ (31,374)**	**$ 1,596,275**
Restricted stock units vested	274	—	—	—	—	—	—	—
Restricted stock units withheld for employee taxes	(90)	—	(15,822)	—	—	—	—	(15,822)
Stock-based compensation expense	—	—	12,210	—	—	—	—	12,210
Proceeds from stock option exercises	217	1	7,140	—	—	—	—	7,141
Other comprehensive loss	—	—	—	—	—	—	(37,887)	(37,887)
Net income	—	—	—	85,565	—	—	—	85,565
Balance, March 31, 2020	**55,589**	**$ 56**	**$ 610,579**	**$ 1,106,285**	**20**	**$ (177)**	**$ (69,261)**	**$ 1,647,482**
Restricted stock units vested	19	—	—	—	—	—	—	—
Restricted stock units withheld for employee taxes	(6)	—	(1,169)	—	—	—	—	(1,169)
Stock-based compensation expense	—	—	11,153	—	—	—	—	11,153
Proceeds from stock option exercises	224	—	10,116	—	—	—	—	10,116
Other comprehensive income	—	—	—	—	—	—	18,888	18,888
Net income	—	—	—	66,624	—	—	—	66,624
Balance, June 30, 2020	**55,826**	**$ 56**	**$ 630,679**	**$ 1,172,909**	**20**	**$ (177)**	**$ (50,373)**	**$ 1,753,094**

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

EPAM SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2021	**2020**
Cash flows from operating activities:		
Net income	$ 223,717	$ 152,189
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	38,261	30,166
Operating lease right-of-use assets amortization expense	31,496	33,834
Bad debt expense	2,828	3,174
Deferred taxes	1,176	2,971
Stock-based compensation expense	48,451	31,320
Other	(5,190)	4,458
Changes in assets and liabilities:		
Trade receivables and contract assets	(168,038)	(11,842)
Prepaid and other assets	(7,795)	1,216
Accounts payable	(3,948)	633
Accrued expenses and other liabilities	(6,772)	(5,835)
Operating lease liabilities	(32,276)	(30,857)
Income taxes payable	(40,247)	(2,016)
Net cash provided by operating activities	**81,663**	**209,411**
Cash flows from investing activities:		
Purchases of property and equipment	(33,773)	(40,524)
Purchases of short-term investments	—	(60,000)
Proceeds from short-term investments	60,000	—
Acquisition of business, net of cash acquired (Note 2)	(121,252)	(12,573)
Purchases of non-marketable securities	(2,544)	(20,500)
Other investing activities, net	179	26
Net cash used in investing activities	**(97,390)**	**(133,571)**
Cash flows from financing activities:		
Proceeds from stock option exercises	15,610	17,144
Payments of withholding taxes related to net share settlements of restricted stock units	(33,696)	(15,899)
Payment of contingent consideration for previously acquired business	(1,047)	(7,869)
Other financing activities, net	137	(24)
Net cash used in financing activities	**(18,996)**	**(6,648)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3,761)	(11,999)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(38,484)	57,193
Cash, cash equivalents and restricted cash, beginning of period	1,323,533	937,688
Cash, cash equivalents and restricted cash, end of period	**$ 1,285,049**	**$ 994,881**

EPAM SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)
(Continued)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets:

	As of June 30, 2021	As of December 31, 2020
Balance sheet classification		
Cash and cash equivalents	$ 1,283,233	$ 1,322,143
Restricted cash in Prepaid and other current assets	451	106
Restricted cash in Other noncurrent assets	1,365	1,284
Total restricted cash	1,816	1,390
Total cash, cash equivalents and restricted cash	**$ 1,285,049**	**$ 1,323,533**

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(In thousands, except per share data and as otherwise disclosed)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

EPAM Systems, Inc. (the "Company" or "EPAM") is a leading global provider of digital platform engineering and software development services to customers located around the world, primarily in North America, Europe, Asia and Australia. The Company's industry expertise includes financial services, travel and consumer, software and hi-tech, business information and media, life sciences and healthcare, as well as other emerging industries. The Company is incorporated in Delaware with headquarters in Newtown, Pennsylvania.

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements of EPAM have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP" or "U.S. GAAP") and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended. The unaudited condensed consolidated financial statements include the financial statements of EPAM Systems, Inc. and its subsidiaries with all intercompany balances and transactions eliminated.

These unaudited condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2020 included in its Annual Report on Form 10-K. The preparation of these condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in these condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates, and such differences may be material to the condensed consolidated financial statements. Operating results for the interim periods are not necessarily indicative of results that may be expected to occur for the entire year. In management's opinion, all adjustments considered necessary for a fair presentation of the accompanying unaudited condensed consolidated financial statements have been included, and all adjustments are of a normal and recurring nature.

Adoption of New Accounting Standards

The adoption of new accounting standards did not have a material impact on the Company's consolidated financial position, results of operations, changes in stockholders' equity and cash flows.

Pending Accounting Standards

From time to time, new accounting pronouncements are issued by the FASB or other standards-setting bodies that the Company will adopt according to the various timetables the FASB specifies. The Company believes the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial position, results of operations and cash flows upon adoption.

2. ACQUISITIONS

PolSource — On April 2, 2021, the Company acquired 100% of PolSource S.A. and its subsidiaries, a Salesforce Platinum Consulting Partner with more than 350 experienced Salesforce specialists for a purchase price of $136.7 million including contingent consideration with an acquisition-date fair value of $25.0 million. The Company could pay up to $45.0 million in contingent consideration and the actual future payout is subject to attainment of certain revenue, earnings and operational targets.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of acquisition for PolSource:

	PolSource
Cash and cash equivalents	$ 2,565
Trade receivables and contract assets	13,653
Prepaid and other current assets	756
Goodwill	113,528
Intangible assets	15,290
Property and equipment and other noncurrent assets	422
Total assets acquired	**$ 146,214**
Accounts payable, accrued expenses and other current liabilities	$ 5,247
Other noncurrent liabilities	4,297
Total liabilities assumed	**$ 9,544**
Net assets acquired	**$ 136,670**

For the acquisition of PolSource, the estimated fair values of the assets acquired and liabilities assumed are provisional and based on the information that was available as of the acquisition date. The Company expects to complete the purchase price allocations as soon as practicable but no later than one year from the acquisition date.

As of June 30, 2021, the following table presents the estimated fair values and useful lives of intangible assets acquired from PolSource:

	PolSource	
	Weighted Average Useful Life (in years)	Amount
Customer relationships	6	$ 14,390
Trade names	3	900
Total		**$ 15,290**

The goodwill recognized as a result of the PolSource acquisition is attributable to synergies expected to be achieved by combining the businesses of EPAM and PolSource, expected future contracts, the assembled workforce acquired and other factors. This goodwill is not expected to be deductible for income tax purposes**.**

Revenues generated by PolSource included in the Company's consolidated statements of income totaled $16.6 million during the three and six months ended June 30, 2021.

The Company recognized acquisition-related costs associated with the PolSource acquisition during the three and six months ended June 30, 2021 totaling $0.4 million and $1.4 million, respectively. These costs are included in Selling, general and administrative expenses in the accompanying consolidated statements of income.

Pro forma results of operations have not been presented because the effect of the acquisition of PolSource and its subsidiaries on the Company's condensed consolidated financial statements was not material.

Other 2021 Acquisitions — During the three months ended June 30, 2021, the Company completed two additional acquisitions with an aggregate purchase price of $17.1 million including contingent consideration with an acquisition-date fair value of $3.4 million. The Company could pay up to $10.8 million in contingent consideration and the actual future payout is subject to attainment of specified performance targets during the periods ranging from 12 months to 24 months after the respective acquisition dates. These acquisitions increased EPAM's e-platform offerings and expanded the Company's geographical reach, as well as added $5.1 million in intangible assets, consisting mainly of customer relationships. Revenues generated by these Other 2021 acquisitions totaled $2.0 million during the three months ended June 30, 2021. Pro forma results of operations have not been presented because the effect of these acquisitions on the Company's consolidated financial statements was not material individually or in the aggregate.

2020 Acquisitions — During the year ended December 31, 2020, the Company completed two acquisitions with an aggregate purchase price of $22.5 million including contingent consideration with an acquisition-date fair value of $5.3 million.

The Company committed to making contingent consideration payments with a maximum amount payable of $18.6 million subject to attainment of specified performance targets in the first and second calendar years after the respective acquisition dates. These acquisitions increased EPAM's software and service capabilities and expanded EPAM's offerings in financial services as well as added $7.3 million of intangible assets, consisting mainly of customer relationships. Pro forma results of operations have not been presented because the effect of these acquisitions on the Company's condensed consolidated financial statements was not material individually or in the aggregate.

3. GOODWILL

Goodwill by reportable segment was as follows:

	North America	Europe	Russia	Total
Balance as of January 1, 2021	**$ 121,132**	**$ 90,106**	**$ 718**	**$ 211,956**
PolSource acquisition	68,117	45,411	—	113,528
Other 2021 acquisitions	4,609	5,716	—	10,325
2020 acquisitions purchase accounting adjustments	—	(24)	—	(24)
Effect of net foreign currency exchange rate changes	(146)	(166)	4	(308)
Balance as of June 30, 2021	**$ 193,712**	**$ 141,043**	**$ 722**	**$ 335,477**

There were no accumulated impairment losses in the North America or Europe reportable segments as of June 30, 2021 or December 31, 2020. The Russia segment had accumulated goodwill impairment losses of $2.2 million as of June 30, 2021 and December 31, 2020.

4. FAIR VALUE MEASUREMENTS

The Company carries certain assets and liabilities at fair value on a recurring basis on its consolidated balance sheets. The following tables present the fair values of the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 and December 31, 2020:

	As of June 30, 2021			
	Balance	Level 1	Level 2	Level 3
Foreign exchange derivative assets	$ 3,049	$ —	$ 3,049	$ —
Total assets measured at fair value on a recurring basis	**$ 3,049**	**$ —**	**$ 3,049**	**$ —**
Foreign exchange derivative liabilities	$ 975	$ —	$ 975	$ —
Contingent consideration	29,167	—	—	29,167
Total liabilities measured at fair value on a recurring basis	**$ 30,142**	**$ —**	**$ 975**	**$ 29,167**

	As of December 31, 2020			
	Balance	Level 1	Level 2	Level 3
Foreign exchange derivative assets	$ 4,955	$ —	$ 4,955	$ —
Total assets measured at fair value on a recurring basis	**$ 4,955**	**$ —**	**$ 4,955**	**$ —**
Foreign exchange derivative liabilities	$ 243	$ —	$ 243	$ —
Contingent consideration	7,470	—	—	7,470
Total liabilities measured at fair value on a recurring basis	**$ 7,713**	**$ —**	**$ 243**	**$ 7,470**

The foreign exchange derivatives are valued using pricing models and discounted cash flow methodologies based on observable foreign exchange data at the measurement date. See Note 5 "Derivative Financial Instruments" in the condensed consolidated interim financial statements for additional information regarding derivative financial instruments.

The Company determines the fair value of the contingent consideration liabilities using Monte Carlo simulations (which involve a simulation of future revenues and earnings during the earn-out period using management's best estimates) or probability-weighted expected return methods. Changes in financial projections, market risk assumptions, discount rates or probability assumptions related to achieving the various earn-out criteria would result in a change in the fair value of contingent consideration. Such changes, if any, are recorded within Interest and other income, net in the Company's condensed consolidated statements of income.

The fair value of the contingent consideration for the PolSource acquisition attributable to future revenues and earnings was measured utilizing a Monte Carlo simulation, based on future revenue and earnings projections of the business, revenue volatility and asset volatility of comparable companies, and a discount rate. The discount rate used to determine the fair value of this contingent consideration was 0.4%.

The fair value of the contingent consideration for the PolSource acquisition attributable to future operating metrics was measured using a probability-weighted expected return method, based on the expected future payments using the earnout formula and performance targets specified in the purchase agreement and adjusting those estimates to reflect the probability of their achievement. The weighted-average estimated future payments were then discounted to present value using a rate based on EPAM's cost of debt. The discount rate used to determine the fair value of this contingent consideration was 0.4%.

The fair value of the contingent consideration for all other acquisitions was determined using a probability-weighted expected return method and is based on the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. Although there is significant judgment involved, the Company believes its estimates and assumptions are reasonable. In determining fair value, the Company considered a variety of factors, including future performance of the acquired businesses using financial projections developed by the Company and market risk assumptions that were derived for revenue growth and earnings before interest and taxes. The Company estimated future payments using the earnout formula and performance targets specified in the purchase agreements and adjusted those estimates to reflect the probability of their achievement. Those weighted-average estimated future payments were then discounted to present value using a rate based on the weighted-average cost of capital of guideline companies. The discount rates used to determine the fair value of contingent consideration for the 2020 Acquisitions ranged from a minimum of 15.5% to a maximum of 17.5%.

A reconciliation of the beginning and ending balances of Level 3 acquisition-related contingent consideration using significant unobservable inputs for the six months ended June 30, 2021 is as follows:

	Amount
Contingent consideration liabilities as of January 1, 2021	**$ 7,470**
Payment of contingent consideration for previously acquired businesses	(1,000)
PolSource acquisition	25,000
Other 2021 acquisitions	3,366
Changes in fair value of contingent consideration included in Interest and other income, net	(5,636)
Effect of net foreign currency exchange rate changes	(33)
Contingent consideration liabilities as of June 30, 2021	**$ 29,167**

Financial Assets and Liabilities Not Measured at Fair Value on a Recurring Basis

Estimates of fair value of financial instruments not carried at fair value on a recurring basis on the Company's consolidated balance sheets are generally subjective in nature and are determined as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The generally short maturities of certain assets and liabilities result in a number of assets and liabilities for which fair value equals or closely approximates the amount recorded on the Company's condensed consolidated balance sheets. The following tables present the estimated fair values of the Company's financial assets and liabilities not measured at fair value on a recurring basis as of the dates indicated:

			Fair Value Hierarchy		
	Balance	Estimated Fair Value	Level 1	Level 2	Level 3
June 30, 2021					
Financial Assets:					
Cash equivalents:					
Money market funds	$ 116,212	$ 116,212	$ 116,212	$ —	$ —
Total cash equivalents	$ 116,212	$ 116,212	$ 116,212	$ —	$ —
Restricted cash	$ 1,816	$ 1,816	$ 1,816	$ —	$ —
Employee loans	$ 579	$ 579	$ —	$ —	$ 579
Financial Liabilities:					
Borrowings under the 2017 Credit Facility	$ 25,007	$ 25,007	$ —	$ 25,007	$ —

			Fair Value Hierarchy		
	Balance	Estimated Fair Value	Level 1	Level 2	Level 3
December 31, 2020					
Financial Assets:					
Cash equivalents:					
Money market funds	$ 153,783	$ 153,783	$ 153,783	$ —	$ —
Total cash equivalents	$ 153,783	$ 153,783	$ 153,783	$ —	$ —
Restricted cash	$ 1,390	$ 1,390	$ 1,390	$ —	$ —
Time deposits included in Short-term investments	$ 60,007	$ 60,007	$ —	$ 60,007	$ —
Employee loans	$ 794	$ 794	$ —	$ —	$ 794
Financial Liabilities:					
Borrowings under the 2017 Credit Facility	$ 25,007	$ 25,007	$ —	$ 25,007	$ —

Non-Marketable Securities Without Readily Determinable Fair Values

The Company holds investments in equity securities that do not have readily determinable fair values. These investments are recorded at cost and are remeasured to fair value based on certain observable price changes or impairment events as they occur. The carrying amount of these investments was $27.5 million and $25.0 million as of June 30, 2021 and December 31, 2020, respectively and is classified as Other noncurrent assets in the Company's condensed consolidated balance sheets.

5. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company uses derivative financial instruments to manage the risk of fluctuations in foreign currency exchange rates. The Company has a hedging program whereby it enters into a series of foreign exchange forward contracts with durations of twelve months or less that are designated as cash flow hedges of forecasted Russian ruble, Polish zloty and Indian rupee transactions. As of June 30, 2021, all of the Company's foreign exchange forward contracts were designated as hedges and there is no financial collateral (including cash collateral) required to be posted by the Company related to the foreign exchange forward contracts.

The fair value of derivative instruments on the Company's consolidated balance sheets as of June 30, 2021 and December 31, 2020 were as follows:

	Balance Sheet Classification	As of June 30, 2021 Asset Derivatives	As of June 30, 2021 Liability Derivatives	As of December 31, 2020 Asset Derivatives	As of December 31, 2020 Liability Derivatives
Foreign exchange forward contracts - Designated as hedging instruments	Prepaid expenses and other current assets	$ 3,049		$ 4,955	
	Accrued expenses and other current liabilities		$ 975		$ 243

6. LEASES

The Company leases office space, corporate apartments, office equipment, and vehicles. Many of the Company's leases contain variable payments including changes in base rent and charges for common area maintenance or other miscellaneous expenses. Due to this variability, the cash flows associated with these variable payments are not included in the minimum lease payments used in determining the right-of-use assets and associated lease liabilities and are recognized in the period in which the obligation for such payments is incurred. The Company's leases have remaining lease terms ranging from 0.1 to 9.9 years. Certain lease agreements, mainly for office space, include options to extend or terminate the lease before the expiration date. The Company considers such options when determining the lease term when it is reasonably certain that the Company will exercise that option. The Company leases and subleases a portion of its office space to third parties. Lease income and sublease income were immaterial for the three and six months ended June 30, 2021 and 2020.

During the three and six months ended June 30, 2021 and 2020, the components of lease expense were as follows:

	Income Statement Classification	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Operating lease cost	Selling, general and administrative expenses	$ 17,245	$ 18,851	$ 34,501	$ 37,714
Variable lease cost	Selling, general and administrative expenses	1,656	579	3,916	3,214
Short-term lease cost	Selling, general and administrative expenses	336	269	514	809
Total lease cost		**$ 19,237**	**$ 19,699**	**$ 38,931**	**$ 41,737**

Supplemental cash flow information related to leases for the three and six months ended June 30, 2021 and 2020 was as follows:

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows used for operating leases	$ 17,774	$ 16,481	$ 35,419	$ 33,372
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	$ 1,639	$ 11,676	$ 1,677	$ 42,928
Non-cash net decrease due to lease modifications:				
Operating lease right-of-use assets	$ (813)	$ (8,566)	$ (1,879)	$ (3,982)
Operating lease liabilities	$ (813)	$ (8,562)	$ (1,879)	$ (3,989)

Weighted average remaining lease term and discount rate as of June 30, 2021 and 2020 were as follows:

	As of June 30, 2021	As of June 30, 2020
Weighted average remaining lease term, in years:		
Operating leases	5.8	6.0
Weighted average discount rate:		
Operating leases	2.6 %	3.2 %

As of June 30, 2021, operating lease liabilities will mature as follows:

Year ending December 31,	Lease Payments
2021 (excluding six months ended June 30, 2021)	$ 31,405
2022	47,210
2023	36,440
2024	31,115
2025	22,471
Thereafter	51,040
Total lease payments	**219,681**
Less: imputed interest	(14,875)
Total	**$ 204,806**

The Company had committed to payments of $0.6 million related to operating lease agreements that had not yet commenced as of June 30, 2021. These operating leases will commence on various dates during 2021 with lease terms ranging from 2.0 to 2.8 years. The Company did not have any material finance lease agreements that had not yet commenced.

7. DEBT

Revolving Line of Credit — On May 24, 2017, the Company entered into an unsecured credit facility (the “2017 Credit Facility”), as may be amended from time to time, with PNC Bank, National Association; PNC Capital Markets LLC; Citibank N.A.; Wells Fargo Bank, National Association; Fifth Third Bank and Santander Bank, N.A. (collectively the “Lenders”). The 2017 Credit Facility provides for a borrowing capacity of $300.0 million, with potential to increase the borrowing capacity up to $400.0 million if certain conditions are met. The 2017 Credit Facility matures on May 24, 2022.

Borrowings under the 2017 Credit Facility may be denominated in U.S. dollars or up to a maximum of $100.0 million equivalent in British pounds sterling, Canadian dollars, euros or Swiss francs and other currencies as may be approved by the administrative agent and the Lenders. Borrowings under the 2017 Credit Facility bear interest at either a base rate or Euro-rate plus a margin based on the Company’s leverage ratio. The base rate is equal to the highest of (a) the Overnight Bank Funding Rate, plus 0.5%, (b) the Prime Rate, and (c) the Daily LIBOR Rate, plus 1.0%. As of June 30, 2021, the Company’s outstanding borrowings are subject to a LIBOR-based interest rate which resets regularly at issuance, based on lending terms.

The 2017 Credit Facility includes customary business and financial covenants that may restrict the Company’s ability to make or pay dividends (other than certain intercompany dividends) if a potential or an actual event of default has occurred or would be triggered. As of June 30, 2021, the Company was in compliance with all covenants contained in the 2017 Credit Facility.

The following table presents the outstanding debt and borrowing capacity of the Company under the 2017 Credit Facility:

	As of June 30, 2021	As of December 31, 2020
Outstanding debt	$ 25,000	$ 25,000
Interest rate	1.1 %	1.2 %
Available borrowing capacity	$ 275,000	$ 275,000
Current maximum borrowing capacity	$ 300,000	$ 300,000

8. REVENUES

Disaggregation of Revenues

The following tables present the disaggregation of the Company's revenues by customer location, including a reconciliation of the disaggregated revenues with the reportable segments (Note 13 "Segment Information") for the periods indicated:

	Three Months Ended June 30, 2021			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Customer Locations				
North America	$ 508,330	$ 18,036	$ 1,032	$ 527,398
Europe	21,615	269,596	70	291,281
CIS	1,410	—	36,293	37,703
APAC	667	24,317	—	24,984
Revenues	**$ 532,022**	**$ 311,949**	**$ 37,395**	**$ 881,366**

	Six Months Ended June 30, 2021			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Customer Locations				
North America	$ 963,097	$ 32,699	$ 1,923	$ 997,719
Europe	39,370	511,150	133	550,653
CIS	3,266	14	64,557	67,837
APAC	1,142	44,790	—	45,932
Revenues	**$ 1,006,875**	**$ 588,653**	**$ 66,613**	**$ 1,662,141**

	Three Months Ended June 30, 2020			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Customer Locations				
North America	$ 370,693	$ 10,835	$ 408	$ 381,936
Europe	11,195	199,866	3	211,064
CIS	2,236	4	19,838	22,078
APAC	705	16,600	—	17,305
Revenues	**$ 384,829**	**$ 227,305**	**$ 20,249**	**$ 632,383**

	Six Months Ended June 30, 2020			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Customer Locations				
North America	$ 748,477	$ 21,254	$ 2,035	$ 771,766
Europe	21,527	412,588	6	434,121
CIS	4,790	16	42,132	46,938
APAC	1,137	29,780	—	30,917
Revenues	**$ 775,931**	**$ 463,638**	**$ 44,173**	**$ 1,283,742**

The following tables present the disaggregation of the Company’s revenues by industry vertical, including a reconciliation of the disaggregated revenues with the reportable segments (Note 13 “Segment Information”) for the periods indicated:

	Three Months Ended June 30, 2021			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Industry Verticals				
Financial Services	$ 83,342	$ 85,965	$ 24,631	$ 193,938
Travel & Consumer	85,075	79,731	6,739	171,545
Software & Hi-Tech	134,638	23,934	590	159,162
Business Information & Media	92,379	65,032	436	157,847
Life Sciences & Healthcare	80,712	10,780	204	91,696
Emerging Verticals	55,876	46,507	4,795	107,178
Revenues	**$ 532,022**	**$ 311,949**	**$ 37,395**	**$ 881,366**

	Six Months Ended June 30, 2021			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Industry Verticals				
Financial Services	$ 153,082	$ 164,005	$ 45,709	$ 362,796
Travel & Consumer	154,504	144,355	11,697	310,556
Software & Hi-Tech	260,224	44,907	1,095	306,226
Business Information & Media	179,584	125,189	823	305,596
Life Sciences & Healthcare	156,301	26,131	379	182,811
Emerging Verticals	103,180	84,066	6,910	194,156
Revenues	**$ 1,006,875**	**$ 588,653**	**$ 66,613**	**$ 1,662,141**

	Three Months Ended June 30, 2020			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Industry Verticals				
Financial Services	$ 47,687	$ 66,655	$ 13,633	$ 127,975
Travel & Consumer	52,193	51,253	3,824	107,270
Software & Hi-Tech	100,801	18,165	519	119,485
Business Information & Media	81,481	58,338	439	140,258
Life Sciences & Healthcare	61,776	7,069	39	68,884
Emerging Verticals	40,891	25,825	1,795	68,511
Revenues	**$ 384,829**	**$ 227,305**	**$ 20,249**	**$ 632,383**

	Six Months Ended June 30, 2020			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Industry Verticals				
Financial Services	$ 95,555	$ 134,249	$ 29,814	$ 259,618
Travel & Consumer	106,917	112,320	7,563	226,800
Software & Hi-Tech	202,538	36,311	2,485	241,334
Business Information & Media	161,701	116,484	799	278,984
Life Sciences & Healthcare	123,387	14,688	48	138,123
Emerging Verticals	85,833	49,586	3,464	138,883
Revenues	**$ 775,931**	**$ 463,638**	**$ 44,173**	**$ 1,283,742**

The following tables present the disaggregation of the Company's revenues by contract type including a reconciliation of the disaggregated revenues with the Company's reportable segments (Note 13 "Segment Information") for the periods indicated:

	Three Months Ended June 30, 2021			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Contract Types				
Time-and-material	$ 466,204	$ 267,070	$ 19,239	$ 752,513
Fixed-price	61,383	44,252	18,115	123,750
Licensing	4,076	260	31	4,367
Other revenues	359	367	10	736
Revenues	**$ 532,022**	**$ 311,949**	**$ 37,395**	**$ 881,366**

	Six Months Ended June 30, 2021			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Contract Types				
Time-and-material	$ 884,091	$ 499,761	$ 33,666	$ 1,417,518
Fixed-price	114,398	87,818	32,816	235,032
Licensing	7,611	314	112	8,037
Other revenues	775	760	19	1,554
Revenues	**$ 1,006,875**	**$ 588,653**	**$ 66,613**	**$ 1,662,141**

	Three Months Ended June 30, 2020			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Contract Types				
Time-and-material	$ 348,715	$ 192,173	$ 13,972	$ 554,860
Fixed-price	33,855	32,253	6,259	72,367
Licensing	1,958	545	9	2,512
Other revenues	301	2,334	9	2,644
Revenues	**$ 384,829**	**$ 227,305**	**$ 20,249**	**$ 632,383**

	Six Months Ended June 30, 2020			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Contract Types				
Time-and-material	$ 705,978	$ 382,493	$ 27,568	$ 1,116,039
Fixed-price	65,710	77,508	15,080	158,298
Licensing	3,728	707	1,467	5,902
Other revenues	515	2,930	58	3,503
Revenues	**$ 775,931**	**$ 463,638**	**$ 44,173**	**$ 1,283,742**

Timing of Revenue Recognition

The following tables present the timing of revenue recognition reconciled with the Company's reportable segments (Note 13 "Segment Information") for the periods indicated:

	Three Months Ended June 30, 2021			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Timing of Revenue Recognition				
Transferred over time	$ 529,230	$ 311,840	$ 37,370	$ 878,440
Transferred at a point of time	2,792	109	25	2,926
Revenues	**$ 532,022**	**$ 311,949**	**$ 37,395**	**$ 881,366**

	Six Months Ended June 30, 2021			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Timing of Revenue Recognition				
Transferred over time	$ 1,001,604	$ 588,571	$ 66,560	$ 1,656,735
Transferred at a point of time	5,271	82	53	5,406
Revenues	**$ 1,006,875**	**$ 588,653**	**$ 66,613**	**$ 1,662,141**

	Three Months Ended June 30, 2020			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Timing of Revenue Recognition				
Transferred over time	$ 383,573	$ 227,073	$ 20,240	$ 630,886
Transferred at a point of time	1,256	232	9	1,497
Revenues	**$ 384,829**	**$ 227,305**	**$ 20,249**	**$ 632,383**

	Six Months Ended June 30, 2020			
	Reportable Segments			
	North America	Europe	Russia	Consolidated Revenues
Timing of Revenue Recognition				
Transferred over time	$ 773,383	$ 463,244	$ 42,708	$ 1,279,335
Transferred at a point of time	2,548	394	1,465	4,407
Revenues	**$ 775,931**	**$ 463,638**	**$ 44,173**	**$ 1,283,742**

During the three and six months ended June 30, 2021, the Company recognized $11.6 million and $16.5 million, respectively, of revenues from performance obligations satisfied in previous periods. Performance obligations satisfied in prior periods led to a reduction of $3.7 million of revenues during three months ended June 30, 2020 and an increase of $4.2 million of revenues during six months ended June 30, 2020.

The following table includes the estimated revenues expected to be recognized in the future related to performance obligations that are partially or fully unsatisfied as of June 30, 2021. The Company applies a practical expedient and does not disclose the value of unsatisfied performance obligations for contracts that (i) have an original expected duration of one year or less and (ii) contracts for which it recognizes revenues at the amount to which it has the right to invoice for services provided.

	Less than 1 year	1 Year	2 Years	3 Years	Total
Contract Type					
Fixed-price	$ 21,439	$ 847	$ 145	$ —	$ 22,431

The Company applies a practical expedient and does not disclose the amount of the transaction price allocated to the remaining performance obligations nor provide an explanation of when the Company expects to recognize that amount as revenue for certain variable consideration.

Contract Balances

The following table provides information on the classification of contract assets and liabilities in the condensed consolidated balance sheets:

	As of June 30, 2021	As of December 31, 2020
Contract assets included in Trade receivables and contract assets	$ 29,802	$ 7,700
Contract liabilities included in Accrued expenses and other current liabilities	$ 20,555	$ 17,383
Contract liabilities included in Other noncurrent liabilities	$ 207	$ 94

Contract assets have increased since December 31, 2020 primarily due to contracts where the Company’s right to bill is contingent upon achievement of contractual milestones. Contract liabilities comprise amounts collected from the Company’s customers for revenues not yet earned and such amounts are anticipated to be recorded as revenues when services are performed in subsequent periods. Contract liabilities have increased since December 31, 2020 due to an increase in advance payments from customers for professional services and licenses during the quarter.

During the three and six months ended June 30, 2021, the Company recognized $3.3 million and $14.3 million, respectively, of revenues that were included in Accrued expenses and other current liabilities at December 31, 2020. During the three and six months ended June 30, 2020, the Company recognized $1.3 million and $7.9 million, respectively, of revenues that were included in Accrued expenses and other current liabilities at December 31, 2019.

9. STOCK-BASED COMPENSATION

The following table summarizes the components of stock-based compensation expense recognized in the Company's condensed consolidated statements of income for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of revenues (exclusive of depreciation and amortization)	$ 11,261	$ 8,958	$ 22,378	$ 12,942
Selling, general and administrative expenses	12,637	10,481	26,073	18,378
Total	**$ 23,898**	**$ 19,439**	**$ 48,451**	**$ 31,320**

Stock Options

Stock option activity under the Company's plans is set forth below:

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (in years)
Options outstanding at January 1, 2021	**2,772**	**$ 61.71**		
Options granted	88	$ 395.53		
Options exercised	(328)	$ 47.76		
Options forfeited/cancelled	(5)	$ 227.25		
Options outstanding at June 30, 2021	**2,527**	**$ 74.78**	**$ 1,102,051**	4.1
Options vested and exercisable as of June 30, 2021	2,217	$ 52.50	$ 1,016,268	3.5
Options expected to vest as of June 30, 2021	286	$ 232.06	$ 79,898	8.6

As of June 30, 2021, $22.3 million of total remaining unrecognized stock-based compensation cost related to unvested stock options, net of estimated forfeitures, is expected to be recognized over the weighted-average remaining requisite service period of 3.0 years.

Restricted Stock and Restricted Stock Units

Service-Based Awards

The table below summarizes activity related to the Company's equity-classified and liability-classified service-based awards for the six months ended June 30, 2021:

	Equity-Classified Restricted Stock		Equity-Classified Equity-Settled Restricted Stock Units		Liability-Classified Cash-Settled Restricted Stock Units	
	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Unvested service-based awards outstanding at January 1, 2021	**9**	**$ 167.18**	**686**	**$ 162.15**	**175**	**$ 141.16**
Awards granted	—	$ —	200	$ 397.62	26	$ 387.84
Awards vested	—	$ —	(268)	$ 131.85	(83)	$ 116.11
Awards forfeited/cancelled	—	$ —	(18)	$ 228.28	(2)	$ 221.69
Unvested service-based awards outstanding at June 30, 2021	**9**	**$ 167.18**	**600**	**$ 252.09**	**116**	**$ 213.00**

As of June 30, 2021, $0.6 million of total remaining unrecognized stock-based compensation cost related to service-based equity-classified restricted stock is expected to be recognized over the weighted-average remaining requisite service period of 1.2 years.

As of June 30, 2021, $121.8 million of total remaining unrecognized stock-based compensation cost related to service-based equity-classified restricted stock units ("RSUs"), net of estimated forfeitures, is expected to be recognized over the weighted-average remaining requisite service period of 3.0 years.

During the second quarter of 2021, the Company granted 17 thousand service-based equity-classified RSUs in connection with the PolSource acquisition and 11 thousand service-based equity-classified RSUs in connection with the Other 2021 acquisitions. See Note 2 "Acquisitions" in the condensed consolidated interim financial statements for additional information regarding business acquisitions.

As of June 30, 2021, $41.0 million of total remaining unrecognized stock-based compensation cost related to service-based liability-classified cash-settled RSUs, net of estimated forfeitures, is expected to be recognized over the weighted-average remaining requisite service period of 2.5 years.

The liability associated with the service-based liability-classified RSUs as of June 30, 2021 and December 31, 2020, was $13.3 million and $26.8 million, respectively, and was classified as Accrued compensation and benefits expenses in the condensed consolidated balance sheets.

Performance-Based Awards

The table below summarizes activity related to the Company's equity-classified performance-based awards for the six months ended June 30, 2021:

	Equity-Classified Equity-Settled Restricted Stock		Equity-Classified Equity-Settled Restricted Stock Units	
	Number of Shares	**Weighted Average Grant Date Fair Value Per Share**	**Number of Shares**	**Weighted Average Grant Date Fair Value Per Share**
Unvested performance-based awards outstanding at January 1, 2021	**9**	**$ 165.87**	**21**	**$ 227.16**
Awards granted	—	$ —	1	$ 399.99
Unvested performance-based awards outstanding at June 30, 2021	**9**	**$ 165.87**	**22**	**$ 233.43**

As of June 30, 2021, $0.8 million of total remaining unrecognized stock-based compensation cost related to performance-based equity-classified restricted stock is expected to be recognized over the weighted-average remaining requisite service period of 2.2 years.

As of June 30, 2021, $2.8 million of total remaining unrecognized stock-based compensation cost related to performance-based equity-classified RSUs is expected to be recognized over the weighted-average remaining requisite service period of 2.2 years.

During the second quarter of 2021, in connection with the PolSource acquisition, the Company granted 1 thousand performance-based equity-settled RSUs. Vesting of these performance-based equity-settled RSUs is dependent on continued service and achievement of certain revenue, earnings and operational targets.

Additionally, during the second quarter of 2021, the Company issued certain performance-based equity-settled RSUs with undetermined conditions for future vesting, which are not deemed granted and outstanding for accounting purposes, and therefore they have been excluded from the awards granted disclosure and recognized expense for the period presented. The Company issued 5 thousand of such performance-based equity-settled RSUs in connection with the PolSource acquisition and 1 thousand of such performance-based equity-settled RSUs in connection with the Other 2021 Acquisitions. See Note 2 "Acquisitions" in the condensed consolidated interim financial statements for additional information regarding business acquisitions.

As of June 30, 2021, the Company has committed to issuing 17 thousand RSUs to employees of PolSource and 1 thousand RSUs as well as future RSU awards valued at $3.8 million to employees of Other 2021 Acquisitions at various dates over the next 12 months. As of June 30, 2021, these awards were not considered granted for accounting purposes.

10. INCOME TAXES

In determining its interim provision for income taxes, the Company uses an estimated annual effective tax rate, which is based on expected annual profit before tax, statutory tax rates and tax planning opportunities available in the various jurisdictions in which the Company operates. Certain significant or unusual items are separately recognized in the quarter in which they occur and can be a source of variability in the effective tax rates from quarter to quarter.

The Company's worldwide effective tax rates for the three months ended June 30, 2021 and 2020 were 6.9% and 12.4%, respectively, and 6.0% and 11.8% during the six months ended June 30, 2021 and 2020, respectively.

The Company's effective tax rates benefited from excess tax benefits recorded upon vesting or exercise of stock-based awards of $21.0 million and $8.1 million during the three months ended June 30, 2021 and 2020, respectively, and $42.5 million and $19.8 million during the six months ended June 30, 2021 and 2020, respectively.

11. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. For purposes of computing basic earnings per share, any nonvested shares of restricted stock that have been issued by the Company and are contingently returnable to the Company are excluded from the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, unvested restricted stock and unvested equity-settled RSUs. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per share by application of the treasury stock method.

The following table sets forth the computation of basic and diluted earnings per share of common stock as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator for basic and diluted earnings per share:				
Net income	$ 114,671	$ 66,624	$ 223,717	$ 152,189
Numerator for basic and diluted earnings per share	$ 114,671	$ 66,624	$ 223,717	$ 152,189
Denominator:				
Weighted average common shares for basic earnings per share	56,463	55,701	56,317	55,494
Net effect of dilutive stock options, restricted stock units and restricted stock awards	2,548	2,545	2,579	2,700
Weighted average common shares for diluted earnings per share	59,011	58,246	58,896	58,194
Net income per share:				
Basic	$ 2.03	$ 1.20	$ 3.97	$ 2.74
Diluted	$ 1.94	$ 1.14	$ 3.80	$ 2.62

The number of shares underlying equity-based awards that were excluded from the calculation of diluted earnings per share as their effect would be anti-dilutive was 83 thousand and 49 thousand during the three and six months ended June 30, 2021, respectively.

The number of shares underlying equity-based awards that were excluded from the calculation of diluted earnings per share as their effect would be anti-dilutive was 147 thousand and 78 thousand during the three and six months ended June 30, 2020, respectively.

12. COMMITMENTS AND CONTINGENCIES

Indemnification Obligations — In the normal course of business, the Company is a party to a variety of agreements under which it may be obligated to indemnify the other party for certain matters. These obligations typically arise in contracts where the Company customarily agrees to hold the other party harmless against losses arising from a breach of representations or covenants for certain matters, infringement of third party intellectual property rights, data privacy violations, and certain tortious conduct in the course of providing services. The duration of these indemnifications varies, and in certain cases, is indefinite.

The Company is unable to reasonably estimate the maximum potential amount of future payments under these or similar agreements due to the unique facts and circumstances of each agreement and the fact that certain indemnifications provide for no limitation to the maximum potential future payments under the indemnification. Management is not aware of any such matters that would have a material effect on the condensed consolidated financial statements of the Company.

Litigation — From time to time, the Company is involved in litigation, claims or other contingencies arising in the ordinary course of business. The Company accrues a liability when a loss is considered probable and the amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, the Company does not record a liability, but instead discloses the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Legal fees are expensed as incurred. In the opinion of management, the outcome of any existing claims and legal or regulatory proceedings, if decided adversely, is not expected to have a material effect on the Company's business, financial condition, results of operations or cash flows.

Building Acquisition Commitments — During the year ended December 31, 2019, the Company entered into an agreement to purchase office space in Ukraine intended to support the global delivery center in that country. The agreement is subject to completion of construction and other ordinary closing conditions. As of June 30, 2021, the Company has committed to making future payments totaling approximately $36.9 million including VAT to the sellers upon transfer of the building. The Company anticipates making the future payments during the second half of 2021.

13. SEGMENT INFORMATION

The Company determines its business segments and reports segment information in accordance with how the Company's chief operating decision maker ("CODM") organizes the segments to evaluate performance, allocate resources and make business decisions. Segment results are based on the segment's revenues and operating profit, where segment operating profit is defined as income from operations before unallocated costs. Expenses included in segment operating profit consist principally of direct selling and delivery costs as well as an allocation of certain shared services expenses. Certain corporate expenses are not allocated to specific segments as these expenses are not controllable at the segment level. Such expenses include certain types of professional fees, non-corporate taxes, compensation to non-employee directors and certain other general and administrative expenses, including compensation of specific groups of non-production employees. In addition, the Company does not allocate amortization of intangible assets acquired through business combinations, goodwill and other asset impairment charges, stock-based compensation expenses, acquisition-related costs and certain other one-time charges. These unallocated amounts are combined with total segment operating profit to arrive at consolidated income from operations as reported below in the reconciliation of segment operating profit to consolidated income before provision for income taxes. Additionally, management has determined that it is not practical to allocate identifiable assets by segment since such assets are used interchangeably among the segments.

The Company manages its business primarily based on the managerial responsibility for its client base and market. As managerial responsibility for a particular customer relationship generally correlates with the customer's geographic location, there is a high degree of similarity between customer locations and the geographic boundaries of the Company's reportable segments. In some cases, managerial responsibility for a particular customer is assigned to a management team in another region and is usually based on the strength of the relationship between customer executives and particular members of EPAM's senior management team. In such cases, the customer's activity would be reported through the management team's reportable segment.

Revenues from external customers and operating profit/(loss), before unallocated expenses, by reportable segment for the three and six months ended June 30, 2021 and 2020, were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Segment revenues:				
North America	$ 532,022	$ 384,829	$ 1,006,875	$ 775,931
Europe	311,949	227,305	588,653	463,638
Russia	37,395	20,249	66,613	44,173
Total segment revenues	**$ 881,366**	**$ 632,383**	**$ 1,662,141**	**$ 1,283,742**
Segment operating profit/(loss):				
North America	$ 111,260	$ 82,752	$ 205,363	$ 161,679
Europe	50,452	34,426	101,525	66,205
Russia	6,029	(5,645)	7,008	(5,126)
Total segment operating profit	**$ 167,741**	**$ 111,533**	**$ 313,896**	**$ 222,758**

Intersegment transactions were excluded from the above on the basis that they are neither included in the measure of a segment's profit and loss results, nor considered by the CODM during the review of segment results.

There were no customers that accounted for more than 10% of total segment revenues during the three and six months ended June 30, 2021 and 2020.

Reconciliation of segment operating profit to consolidated income before provision for income taxes is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Total segment operating profit:	$ 167,741	$ 111,533	$ 313,896	$ 222,758
Unallocated amounts:				
Stock-based compensation expense	(23,898)	(19,439)	(48,451)	(31,320)
Amortization of intangibles assets	(3,961)	(2,994)	(7,101)	(6,129)
Other acquisition-related expenses	(2,099)	(148)	(4,032)	(616)
Other unallocated expenses	(12,509)	(5,526)	(21,787)	(13,758)
Income from operations	**125,274**	**83,426**	**232,525**	**170,935**
Interest and other income, net	2,580	1,817	7,954	4,203
Foreign exchange loss	(4,693)	(9,167)	(2,394)	(2,643)
Income before provision for income taxes	**$ 123,161**	**$ 76,076**	**$ 238,085**	**$ 172,495**

Geographic Area Information

Long-lived assets include property and equipment, net of accumulated depreciation and amortization, and management has determined that it is not practical to allocate these assets by segment since such assets are used interchangeably among the segments. Physical locations and values of the Company’s long-lived assets are presented below:

	As of June 30, 2021	As of December 31, 2020
Belarus	$ 77,969	$ 73,988
Ukraine	27,411	30,980
Russia	15,506	15,036
United States	15,147	15,718
India	7,195	7,079
Hungary	6,112	5,365
Poland	5,704	5,434
Spain	2,828	2,799
Mexico	2,656	2,419
China	2,323	2,722
Other	10,694	7,993
Total	**$ 173,545**	**$ 169,533**

The table below presents information about the Company’s revenues by customer location for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
United States	$ 502,499	$ 365,004	$ 950,520	$ 735,093
United Kingdom	112,739	82,277	206,203	174,409
Switzerland	63,794	46,537	131,362	93,759
Netherlands	36,700	27,237	69,732	53,146
Russia	35,767	19,448	63,423	41,409
Germany	25,736	19,798	47,761	39,991
Canada	24,455	16,585	46,290	34,505
Other locations	79,676	55,497	146,850	111,430
Total	**$ 881,366**	**$ 632,383**	**$ 1,662,141**	**$ 1,283,742**

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive loss:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Foreign currency translation				
Beginning balance	**$ (38,699)**	**$ (61,185)**	**$ (28,168)**	**$ (32,666)**
Foreign currency translation	12,088	15,932	(1,493)	(19,400)
Income tax (expense)/benefit	(2,451)	(3,490)	599	3,323
Foreign currency translation, net of tax	**9,637**	**12,442**	**(894)**	**(16,077)**
Ending balance	**$ (29,062)**	**$ (48,743)**	**$ (29,062)**	**$ (48,743)**
Cash flow hedging instruments				
Beginning balance	**$ (439)**	**$ (8,076)**	**$ 3,642**	**$ 1,292**
Unrealized gain/(loss) in fair value	1,271	10,168	(6,075)	(1,260)
Net gain/(loss) reclassified into Cost of revenues (exclusive of depreciation and amortization)	1,371	(1,851)	3,437	(2,511)
Income tax (expense)/benefit	(602)	(1,871)	597	849
Cash flow hedging instruments, net of tax	**2,040**	**6,446**	**(2,041)**	**(2,922)**
Ending balance(1)	**$ 1,601**	**$ (1,630)**	**$ 1,601**	**$ (1,630)**
Defined benefit plans				
Beginning balance	**$ (1,612)**	**$ —**	**$ (986)**	**$ —**
Actuarial losses	—	—	(811)	—
Income tax benefit	—	—	185	—
Defined benefit plans, net of tax	**—**	**—**	**(626)**	**—**
Ending balance	**$ (1,612)**	**$ —**	**$ (1,612)**	**$ —**
Accumulated other comprehensive loss	**$ (29,073)**	**$ (50,373)**	**$ (29,073)**	**$ (50,373)**

(1) As of June 30, 2021, the ending balance of net unrealized losses related to derivatives designated as cash flow hedges is expected to be reclassified into Cost of revenues (exclusive of depreciation and amortization) in the next twelve months.

15. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Company completed two additional acquisitions. In aggregate, the Company paid approximately $53.7 million in cash at closing, agreed to pay up to $10.8 million in deferred cash consideration, as well as up to $18.2 million in cash earn-out consideration and up to $12.0 million in restricted stock earn-out consideration based on the achievement of certain revenue, earnings and operational targets payable at various times through the fourth anniversary of the acquisition date. In addition, the Company agreed to grant performance-based RSUs valued at up to $35.3 million for which payout is dependent on the achievement of certain revenue, earnings and operational targets through December 31, 2024 and service-based RSUs valued at approximately $2.3 million to employees of the acquired companies.

Due to the timing of the acquisitions, the initial accounting for the acquisitions is incomplete. As such, the Company is not able to disclose certain information relating to the acquisitions, including the preliminary fair value of assets acquired and liabilities assumed. The Company expects to complete the initial accounting for these acquisitions during the third quarter of 2021.

Schedule 3– Documents incorporated by reference in the Prospectus

<table>
<tr><th colspan="2">Information About the Company</th></tr>
<tr><td>5.5 Financial Information</td><td>The annual report of the Company for the year ending on 31 December 2020, for the following sections:
Consolidated financial statements, p. 236 - 255;
Auditor’s report on the consolidated financial statements, p. 260
The half year report of the Company for the period ending on 30 June 2021, for the following sections:
Interim consolidated financial statements, p. 8-21
Auditor’s review report on the interim condensed consolidated financial statements, p. 22.</td></tr>
<tr><td>5.7 Group Structure</td><td>The annual report of the Company for the year ending on 31 December 2020, p. 182-183</td></tr>
</table>

Schedule 4– Response Memorandum

CONDITIONAL VOLUNTARY PUBLIC TAKEOVER OFFER IN CASH

followed, as the case may be, by a squeeze-out offer

by

EPAM Systems, Inc.

for

all shares

issued by

EMAKINA GROUP SA

RESPONSE MEMORANDUM OF THE BOARD OF DIRECTORS OF EMAKINA GROUP SA

12 October 2021

This version of the response memorandum is a translation of the French text of the response memorandum approved by the FSMA on October 12, 2021. The board of directors of the target company responsible for the content of the response memorandum pursuant to Article 29 , § 1, of the law of 1 April 2007 on public takeover bids is also responsible for the content of this version, which is a translation of the response memorandum approved by the FSMA.

1 Introduction

1.1 Definitions

Capitalized terms used in this Response Memorandum have the meaning set forth below or elsewhere in this Response Memorandum. If they are not defined in this Response Memorandum, capitalized terms shall have the meaning given to them in the Prospectus.

"**Board of Directors**" means the board of directors of the Company.

"**Company**" means Emakina Group SA, a company limited by shares ("*société anonyme*") under Belgian law, having its registered office at Rue Middelbourg 64A, 1170 Watermael-Boitsfort, Belgium, registered with the Register of Legal Entities of Brussels (French division) under number 0464.812.221.

"**Degroof Petercam**" means Degroof Petercam Corporate Finance SA.

"**FSMA**" means the Belgian Financial Services and Markets Authority.

"**Offer**" means the conditional voluntary takeover bid in cash, issued by the Offeror, for the Shares, the terms and conditions of which are set out in the Prospectus.

"**Offeror**" means EPAM Systems, Inc., a Delaware corporation registered address at 251 Little Falls Drive, Wilmington, Delaware 19808-1674 USA.

"**Offer Price**" means the cash consideration paid by the Offeror for each Share as described in section 6.2 of the Prospectus.

"**Emakina Group**" means the Company and any of its direct or indirect subsidiaries.

"**Prospectus**" means the prospectus of the Offeror setting out the terms and conditions of the Offer, including its annexes and any supplement thereto as approved by the FSMA on 12 October 2021.

"**Related Persons**" means a person related to the Offeror within the meaning of Article 1:20 of the Companies and Associations Code.

"**Response Memorandum**" means this response memorandum.

"**Shares**" means each of the 3,893,353 shares in the Company of which 6,510 Shares are held by the Company to which the Offer relates (*i.e.* all shares in the Company excluding the shares already held by the Offeror or its Related Persons, as the case may be).

"**Stock Exchange**" means Euronext Growth Brussels.

"**Takeover Decree**" means the Royal Decree of 27 April 2007 on public takeover offers, as amended.

"**Transaction Agreement**" means the agreement entered into on 14 August 2021 between EPAM and the Company relating to the Offer.

"**Takeover Law**" means the Law of 1 April 2007 on public takeover offers, as amended.

1.2 Description of the Offer

1.2.1 Introduction

The Offeror has announced its intention to launch a voluntary and conditional takeover offer in cash for all Shares in the Company not yet held by the Offeror or its Related Persons.

The Board of Directors of the Company considers that the terms and conditions of the Offer are favourable to all shareholders and other stakeholders and unanimously recommends that shareholders tender their shares to the Offeror.

On that basis, on 14 August 2021, the Board of Directors of the Company decided to support the Offer and, with the Offeror, entered into a transaction agreement setting out the terms of such support.

On 18 August 2021, the Offeror filed the formal Offer with the FSMA and the draft Prospectus.

In accordance with Article 26 of the Takeover Decree, the FSMA has communicated the Offeror's draft Prospectus to the Board of Directors of the Company on 18 August 2021.

This Response Memorandum has been prepared on the basis of and in response to the Prospectus.

On 12 October 2021, the FSMA approved the Prospectus and the Response Memorandum.

1.2.2 Shares and Offer Price

The Offer relates to the 3,893,353 Shares issued by the Company, of which 6,510 are treasury Shares, at the date of the Prospectus, which represent 100% of the total shares issued by the Company. The Offer Price is EUR 29,66 per Share, payable in cash.

The Offer Price amounts in principle to EUR 29,66 per Share, which represents the gross amount that will accrue to the shareholders of the Company if the Offer is successful. The justification of the Offer Price is set out in section 6.3 of the Prospectus. Reference is also made to Section 3.1.2(i) of this Response Memorandum.

1.2.3 Conditions

The Offer is subject to the following conditions:

(i) at least 95% of the total number of Shares shall have been tendered (and not withdrawn) at the end of the Initial Acceptance Period of the Offer; and

(ii) the non-occurrence, at any time, prior to the date of publication of the results of the initial acceptance period of the Offer, of any fact, event, circumstances or omission (including any breach or cessation or loss of a material contract or any breach of a material regulatory obligation), which, individually or in conjunction with other fact, event, circumstances or omission, adversely affects or could reasonably be expected to adversely affect (in this last situation the probability of the occurrence of the effect being ascertained by an independent expert), the consolidated EBIT of the Company by more than 1,5 million euros (a "**Material Adverse Change**"); being agreed that the following situations shall not be considered as Material Adverse Change: (a) any adverse consequence resulting from the announcement of the Offer, (b) any adverse consequence resulting from conditions which generally affect the market on which the Company operates and which does not affect the Company disproportionately compared to its competitors, or (c) the termination for whatever reason of employment or consulting services of any of the managing directors of the Company or their direct reports to which the Offeror is introduced between the date of the Transaction Agreement up to the publication date of the results of the initial acceptance period.

These conditions precedent are stipulated exclusively in favour of the Offeror, who reserves the right to waive them in whole or in part.

If the required conditions are met, the Offeror has the intention to launch a simplified squeeze out bid in application of article 7:82, §1 of the Code of Companies and Associations and articles 42 and 43 of the Takeover Decree.

1.3 Responsible persons

The Company, represented by its Board of Directors, is responsible for the information included in this Response Memorandum.

The composition of the Board of Directors is set out in Section 2.

The Company, represented by its Board of Directors, declares that, to its knowledge, the information in this Response Memorandum is in accordance with the facts and makes no omission likely to affect its import.

1.4 Approval by the FSMA

The Response Memorandum has been unanimously approved by the Board of Directors and has been filed on 5 October 2021 for approval by the FSMA.

The French version of this Response Memorandum was approved by the FSMA on 12 October 2021, in accordance with Article 28, §3, of the Takeover Law.

This approval does not imply any assessment or judgment by the FSMA on the merits and the quality of the Offer.

1.5 Forward-looking statements

The Response Memorandum contains forward-looking statements, prospects, and estimates, relating to the expected future performance of the Company, its subsidiaries or related entities and the markets in which they are active. Some of these forward-looking statements, prospects, and estimates are characterized by the use of terms such as (non-exhaustive list) : "believes", "thinks", "expects", "anticipates", "seeks", "would", "plans", "envisages", "calculates", "may", "will", "remains", "wishes", "understands", "would like", "intends to", "relies on", "attempts", "estimates", "believes that" and similar expressions, the future and the conditional tense.

Such statements, prospects and estimates are based on a number of assumptions and assessments of known and unknown risks, uncertainties and other factors that may be reasonable and acceptable at the time they are made, but which may not prove to be correct in the future. Actual events are difficult to predict and may depend on factors beyond the Company's control.

Consequently, it is possible that the results, financial position, performance or achievements of the Company or the results of the industry differ, in reality, materially from the future results, performance or achievements described or suggested in such forward-looking statements, prospects or estimates.

In view of these uncertainties, shareholders may follow such forward-looking statements, prospects and estimates only to a reasonable extent.

The statements, prospects and estimates are only valid as of the date of this Response Memorandum and the Company does not undertake to update such statements, prospects and estimates to take into account possible changes in its expectations in this respect or changes in the events, conditions or circumstances on which such statements, prospects or estimates are based, except where such adaptation is required by Article 30 of the Takeover Law.

1.6 Disclaimer

Nothing in this Response Memorandum should be interpreted as investment, tax, legal, financial, accounting or any other advice. This Response Memorandum is not intended for use by or distribution to persons if making the information available to such persons is prohibited by any law or jurisdiction. Shareholders must make their own assessment of the Offer before making any investment decision and are invited to seek advice from professional advisors in order to assist them in making such decision.

2 Composition of the Board of Directors

2.1 Composition of the Board of Directors as at the date of this Response Memorandum

Name	Function	Expiry of mandate
Brice le Blévennec	Executive director	After the annual shareholders' meeting of 2022
Karim Chouikri	Executive director	After the annual shareholders' meeting of 2025
Pierre Gatz	Executive director	After the annual shareholders' meeting of 2025
Denis Steisel	Non-executive director	After the annual shareholders' meeting of 2022
Anne Pinchart	Non-executive director; independent director	After the annual shareholders' meeting of 2022

Name	Function	Expiry of mandate
Clife Consulting Ltd (represented by Daisy Foquet)	Non-executive director, independent director	After the annual shareholders' meeting of 2022
Cécile Coune	Non-executive director; independent director	After the annual shareholders' meeting of 2025
Kadragroupe SA (represented by Didier De Jaeger)	Non-executive director; independent director	After the annual shareholders' meeting of 2025

2.2 Impact of the Offer on the governance of the Company

According to the Prospectus, after the Initial Payment Date (as defined in the Prospectus), it is intended that:

- the following members of the Company's Board shall resign from their positions as members of the Company's Board and any other board of directors of any Group Company they may be members of: Denis Steisel, Brice Le Blévennec, Pierre Gatz and Kadragroupe SA, represented by Didier De Jaeger;
- the following members of the Company's Board shall remain at their positions: Karim Chouikri, Anne Pinchart, Clife consulting Ltd, represented by Daisy Foquet and Cécile Coune;
- Cécile Coune will also be appointed to the Appointment and Remuneration Committee to replace Kadragroupe SA, represented by Didier De Jaeger; and
- Anatoly Roytman will be appointed by co-optation to the Company' Board as non-executive director, subject to the confirmation of its appointment by the general meeting of the shareholders of the Company.

Following the contemplated squeeze-out and delisting of the Company's shares, the Offeror intends to amend the articles of association of the Company to bring these in line with the non-listed company regime and, among others, reduce the board composition to Karim Chouikri, Anatoly Roytman and Jason Peterson, subject to the confirmation of their appointment by the general meeting of the shareholders of the Company.

After the completion of the Offer, the Offeror intends to have three directors in the Company's board, two EPAM-designated board members in addition to Karim Chouikri, who will continue to serve as an executive director of the Company.

3 Assessment of the voluntary Offer

3.1 Effect on the shareholders' interests

3.1.1 Offeror's statements

The Offeror is offering EUR 29,66 for each Share. As mentioned above, the Offeror's justification of the Offer Price is described in section 6.3 of the Prospectus.

Pursuant to section 6.2 of the Prospectus, the main advantage for the shareholders of the Company is the Offer Price, the premium and the immediate liquidity that they will be able to benefit from as a result of the Offer. The shareholders of the Company may submit all or part of their Shares to the Offer and benefit from an offer premium of 196,6% compared to the closing price of the Company's shares on 2 August 2021.

The Offer Price represents a premium of 48.3% over the EUR 20.00 closing share price as of August 3, 2021.

The Offer Price represents a premium of 74.2%, 153.9%, and 161.5% respectively over the 1-month, the 6-month, and the 12-month volume weighted average prices calculated as of August 3, 2021, the Reference Date (as defined in the Prospectus).

3.1.2 Board of Directors' view

(i) Offer Price

The Board of Directors engaged Degroof Petercam as financial advisor for the purposes of evaluating the Offer and assisting the Board in the redaction of this Response Memorandum. The Company provided Degroof Petercam with access to its financial information and to its management.

The Board of Directors had meetings with Degroof Petercam to discuss the assessment of the Offer Price and of its justification by the Offeror. Based on these discussions, the Board makes the following observations:

- The valuation methodology retained by the Offeror to calculate its Offer Price, based on an estimated Enterprise Value and an assessment of the current net financial debt and related adjustments, is common and may be considered as standard market practice for the valuation of Business Services companies. The adjusted net financial debt is subsequently deducted from the Enterprise Value, and after including other related adjustments, Equity Value is computed, from which the value per share is deduced based on the number of outstanding shares excluding the treasury shares.
- The bridge between Enterprise Value and Equity Value as presented by the Offeror is based on its own assessment of which elements from the Company's latest available balance sheet at April 30, 2021, should be considered as financial liabilities and of potential necessary adjustment to these to account for off balance sheet items or fair value assessments, such as for the earn-out agreements. Such approach is in line with market practice and even though the nature and precise amount of some elements may be debatable, none of them seems unreasonable or materially overstated and none seems factually inaccurate.
- The Offeror's principal and only explicit valuation method for its appraisal of Emakina Group's Enterprise Value is the Discounted Cash Flow. In the absence of a multiyear forecast from the Company management, the Offeror has prepared its own analysis based on a combination of stable standalone growth and margin assumptions and of substantial and highly profitable revenue synergies assumptions, the latter being justified by the Offeror by their importance in the strategic rationale behind the Offer. The weighted average cost of capital ("**Wacc**") of 9.5 to 10.5%

calculated by the Offeror is largely influenced by the application of a size risk premium, which is a generally accepted market practice for small cap companies. The absence of any debt assumption in the calculation of the Wacc may be debated, but it only has a limited impact considering the low levels of debt generally observed in the sector. Considering that a considerable part of the resulting Enterprise Value is derived from projected revenue synergies that are expected to result from the integration of the Company within the Offeror's business perimeter, the result of this valuation exercise seems favourable for the Company's shareholders.

- The widely applied Trading multiples valuation method is not retained by the Offeror due to a lack of relevant listed comparable companies. The listed IT Services and integrated agencies and pure-play agencies presented by the Offeror for indicative purposes are indeed mostly large corporations with multi-billion market capitalisations and with a broad business and geographic exposure, which generally benefit from a substantial valuation premium in the stock markets compared to small cap companies such as Emakina Group which is active in Europe for the most part. Moreover, several of the companies presented by the Offeror have growth rates significantly greater than that of Emakina Group, also justifying a substantial premium in trading multiples. Additionally, the list of companies presented by the Offeror includes several companies listed in highly priced stock markets such as the US or India, while the use of a sample of comparable peers listed in European markets could reflect lower multiples.

  The EUR 150m Enterprise Value considered by the Offeror reflects the following EV/EBIDTA multiples on the basis of the realized and planned EBITDA of Emakina Group on a standalone basis (independently of the Offer context and excluding any synergies with the Offeror) :

  - 19.3x EV/EBITDA 2020 (based on realized EBITDA of EUR 7.783k for the calendar year 2020, as published in the 2020 annual report of Emakina Group)
  - 16.8x EV/EBITDA 2021 (based on the planned EBITDA of EUR 8.941k for the full calendar year 2021, as estimated by Emakina Group and communicated as part of the board meeting of 22 March 2021)
  - 18.2x EV/EBITDA LTM (based on the realized EBITDA of EUR 8.2m over the last 12 months until 30 April 2021)

  In light of these considerations, Emakina Group's implicit EV/EBITDA multiples seem to be in the best interest of the Company's shareholders.

- The Transaction multiples valuation methods is also not retained by the Offeror due to a lack of relevant M&A target companies. Most of the transactions identified and listed by the Offeror indeed concern targets that are either of a different scale than the Company or in a different market segment.

Taking into account the above the Board is of the opinion that the approach taken by the Offeror to determine the proposed Offer price is in line with market standards and that the Offer is in the best interest of the Company's shareholders.

(ii) Implications of not accepting the Offer

The Board of Directors has further considered the risks for shareholders if they do not accept the Offer.

(a) Delisting

The Offeror will consider and reserves the right to delist the shares of the Company that are admitted to trading on the market of Euronext Growth Brussels. Such delisting would automatically take place in the event that the conditions of a squeeze out pursuant to Articles 42 and 43, paragraph 4 of the Takeover Decree are met.

(b) Squeeze out

Between 14 August 2021 and 18 August 2021, the Offeror entered into commitment agreements with certain shareholders (representing in aggregate slightly more than 95% of the capital of the Company) pursuant to which each of them committed to tender all the Shares it holds in the Company.

The Offeror has announced its intention to follow the Offer by a squeeze out offer to any remaining minority shareholders at the Offer Price, if the legal conditions for such squeeze out offer are met. In accordance with Articles 42 and 43 of the Takeover Decree, the squeeze out offer must take place within three months after the Acceptance Period. Pursuant to these provisions, a simplified squeeze out offer can only occur if, following the Offer (or its reopening), the Offeror and its Related Persons jointly own 95% or more of the capital and securities with voting right. In accordance with Article 7:82 §1 of the Companies and Associations Code, if, after the final closing of the Offer, the Offeror and its Related Persons hold 95% of the voting securities of the Company, the Offeror may make a squeeze out offer to acquire all securities with voting rights of the Company.

If the conditions of the Offer are not fulfilled, but the Offeror has waived them and the Offeror and its Related Persons hold, as a result of the Offer, 90% or more of the voting securities of the Company, a mandatory reopening of the Offer is foreseen (possibly followed by a Squeeze-out if the conditions are fulfilled).

If the Offeror owns insufficient shares to launch a squeeze out offer, the Offeror may still seek to continue to acquire Shares from remaining shareholders. The price that the Offeror offers for such Shares is uncertain and may be lower than the Offer Price.

The Offeror and the persons acting in concert with the offeror are prohibited from acquiring directly or indirectly, for a period of one year from the end of the bid period, securities which were the subject of the takeover bid, at conditions that are more favourable to the transferors than those provided under the takeover bid concerned, unless the price difference is paid to all holders of securities who responded to the bid.

3.2 Effect on the creditors' interests

3.2.1 Offeror's statements

The Prospectus does not contain any elaboration on any potential impact on the creditors of the Company.

3.2.2 Board of Directors' view

Taking into account the identity of the Offeror, the Company's financial position and the Offeror's intention for the Company as described in the Prospectus and referred to in Section 3.4., the Board of Directors is of the opinion that the Company's solvency should not be negatively affected.

3.3 Effect on the employees' interests, including consequences for employment

3.3.1 Offeror's statements

The Offeror intends to preserve the skills and experience of the staff of the Company. Accordingly, the Offeror does not, at the date of the Prospectus, envisage to amend the current terms and conditions of employment within the Company in any material respect. The Offeror believes the Offer may have a positive impact on employment within the Company since, for example, synergies can be created and geographic expansion can be achieved. "*Ultimately, EPAM's objective for Emakina 's employees is, as a result of further developing the business of Emakina, to create new employment opportunities. It is EPAM's hope and expectation that the vast majority of the Emakina employees adhere to EPAM's values for a long-term association and mutual benefits*".

3.3.2 Board of Directors' view

Based on the statements made by the Offeror in the Prospectus, the Board of Directors understands the employment and employee's interest should not be affected by the Offer. The strategic plans of the Offeror referred to in Section 3.4 show a strong ambition in terms of growth and the employees would be key to achieve such targets.

The Board of Directors has communicated the Prospectus to employees of the Company in accordance with Article 43 of the Takeover Law. The Board of Directors has also communicated the Response Memorandum to the employees of the Company in accordance with Article 44 of the Takeover Law. The opinion of the employees is annexed to this Response Memorandum (Schedule 1).

3.4 Intention of the Offer

3.4.1 Offeror's statements

The Offeror intends to delist the Company from the Stock Exchange once 100% ownership is achieved and intends to maintain the Company as a separate legal entity organised and existing under the laws of Belgium, with its head office in

Belgium. At present, the Offeror has no intention to carry out material restructuring or reorganisation of the Company.

According to the Offeror, as set out in section 6.5 of the Prospectus, "*the acquisition of Emakina represents an important transaction for EPAM and is fully consistent with EPAM's strategy and ambition to become a leading global player in in the end-to-end enterprise transformation sector. Emakina provides critical new capabilities and geographies to EPAM's already strong and fast-growing CX Transformation, Digital Products, Digital Platforms and Integrated Consulting offerings*".

"Through the combination, EPAM aims to improve its ability to drive meaningful and measurable business value to its clients (and those of Emakina), to increase its geographic reach, and increase its scale in EMEA. EPAM expects to be able to successfully grow and invest in the combined businesses revenues synergies of EUR 22 million in 2022 and reaching level of EUR 90-95 million by 2025 through the anticipated benefits of the integration".

More specifically, the Offeror highlights the following aspects in the Prospectus regarding the expected benefits from the integration of the Company within the Offeror's business perimeter:

- access to executive level personnel in charge of marketing and other commercial functions for their organization through the Company's existing set of operations;
- leveraging the Offeror's access to executive level leaders in IT, engineering and information systems security within the Offeror's client organizations to expand the Company's business with said organizations;
- using the Offeror's expertise in delivering digital platforms, mobile applications, cloud solutions, data, security and product development work;
- expertise of the Company in advising clients on their adoption of digital technologies and practices, in helping steer the clients towards offering their users consistently positive experience in deploying expertise and technical solution to execute clients 'digitalisation plans and helping them launch their digital value proposition through all relevant means of digital marketing, branding and communications;
- expansion of geographic scope in regions of the world where the Offeror is less present and active and where the Company has a significant footprint, including but not limited to adding to the Offeror's organization senior commercially-oriented business leaders operating in strategic EMEA markets where the Offeror's presence is lacking;
- extended presence across industries as the Offeror's and the Company's strong positions appear to be complementary, thus creating a strong combination addressing a larger swath of the economy;
- developing further strategic partnerships with leading digital technology players, some of which are already partners of both the Company and the Offeror;
- enhanced brand resonance for the Offeror around creative, design and marketing where the Company's brand is widely recognized in the markets

in which it is active and conversely a positive effect on the Company's brand as a result of its association with a recognized leader in technology and engineering services; and

- significant careers options for employees through greater diversity of operations and a stronger employer profile enhancing the combined operation's ability to attract valuable and highly sought after talent in digital business.

Organizationally, the Company's business operations will be tightly coupled to the Offeror's Digital Engagement Solution Practice with an intent to enable collaboration on strategic work, commercial pursuits, joint delivery and sharing of best practices. In this respect the Offeror stated that *"Also, EPAM believes the synergy of EPAM and Emakina businesses can create a win-win proposition for employees by opening previously untapped opportunities to create meaningful career advancement potential as well as make both EPAM and Emakina a much more attractive employer to potential new employees".*

3.4.2 Board of Directors' view

In light of the Offeror's intent as referred above and further described in the Prospectus, the Board of Directors is of the opinion that the Company will be in a position to pursue its strategy by increasing its creative prowess and product development capabilities to significantly expand the size, scale and retention of its client data-base. The Offer should also allow the Company to strengthen its alliances with key partners and benefit from the Offeror's global brand.

In addition, the Offer should allow the Company to continue to implement the Company's strategy under optimal conditions and with the necessary agility. The Board of Directors believes the Offer constitutes a credible path for the development of the Company's business and the welfare of its employees. The Board of Directors is therefore of the opinion that the Offer is in the interest of the Company.

3.5 Overall assessment of the Offer

Taking into account the considerations set forth above in Section 3 of this Response Memorandum, the Board of Directors unanimously resolved to recommend to its shareholders to sell their Shares to the Offeror in the context of the Offer.

The Board of Directors considers that the Offeror's strategic plans, as described in the Prospectus, are in line with the Company's interests.

4 Declaration of intent for Shares held by directors

At the date of this Response Memorandum, each of the Company and the following directors or directors' representatives of the Company: Mr Pierre Gatz, Mr Karim Chouikri, Mr Denis Steisel, Mr Brice Le Blévennec, Clife Consulting (represented by Ms Daisy Foquet) and Kadragroupe SA (represented by Mr. Didier De Jaeger), owns Shares.

Name	Shares
Brice le Blévennec	557,777
Karim Chouikri	637,644/190,656*

Name	Shares
Pierre Gatz	765,780
Denis Steisel	557,724
Anne Pinchart	N/A
Daisy Foquet (representant of Clife Consulting Ltd)	675
Cécile Coune	N/A
Didier De Jaeger (representant of Kadragroupe SA)	33,706

**The Two4Two company is a holding company wholly owned by Mediadreams. Mediadreams is a holding company in which Mr Karim Chouikri owns a 29.9% share. Two4Two's total holding in Emakina Group is 629,326 shares. Mediadreams owns 8,318 shares in Emakina Group. The figure of 190,656 is Mr Chouikri's transitive participation in Emakina Group, obtained by multiplying 629,326 by Mediadreams' ownership of Two4Two, and Mr Chouikri's share in Mediadreams, to which is added 8,318 multiplied by Mr Chouikri's ownership of Mediadreams.*

The Company and each director undertook to accept the Offer in accordance with the procedure for acceptance set out in the Prospectus on the first day of the acceptance period of the Offer in respect of all Shares and, therefore, to tender all its Shares to the Offeror.

5 Application of approval clauses and pre-emption rights

The Articles of Association of the Company do not contain any approval clauses or pre-emption rights with respect to the transfer of Shares to which the Offer relates.

6 Miscellaneous

6.1 Supplement

The information contained in this Response Memorandum refers to the status as of the date of the Response Memorandum. Any new significant fact, or material error or inaccuracy concerning the information contained in the Response Memorandum, that can influence the assessment of the Offer and which arises or becomes known to the Board of Directors between the date of the approval of the Response Memorandum and the end of the Acceptance Period will be made public in Belgium by means of a supplement to the Response Memorandum in accordance with article 30 of the Takeover Law.

6.2 Languages

A translation of the Response Memorandum in Dutch and in French is available on the following website: www.emakina.group. The Company has verified and is responsible for the consistency between the language versions. In case of differences between the French, Dutch and English versions, the French version shall prevail.

6.3 Legal advisors of the Company

Linklaters LLP has advised the Company in respect of certain legal aspects in connection with the Offer. These services have been provided exclusively to the Company and cannot be relied upon by any other party. Linklaters LLP does not assume any responsibility for the information contained in the Response Memorandum.

6.4 Availability of the Response Memorandum

This Response Memorandum is available electronically on the following website: www.emakina.group.

Hard copies of the Response Memorandum can be obtained, free of charge, at the registered office of the Company or by sending an e-mail request to Fréderic Desonnay to the following address: fds@emakina.com.

Schedule 1 – Opinion of the employees of the Company

EMAKINA GROUP

Avis suite à la réunion du 08 octobre 2021

L'ensemble des employés ayant été invités à la réunion de présentation et de discussion des termes de l'offre publique d'acquisition volontaire d'EPAM Inc. Sur Emakina Group SA, tous y ont participé, à l'exception de Gaëtan Walraet, qui était absent. A la réunion ont également participé le CEO (Karim Chouikri) , le CFO (Frédéric Desonnay) et le manageur des intégrations (Alexandros Papanastasiou).

Les employés ont pris connaissance de l'OFFRE PUBLIQUE D'ACQUISITION VOLONTAIRE CONDITIONNELLE EN ESPÈCES suivie, le cas échéant, d'une offre de reprise simplifiée par : EPAM Systems, Inc. a Delaware corporation dont le siège social est basé 251 Little Falls Drive, Wilmington, Delaware 19808-1674 USA (EPAM ou l'Offrant), Société cible : Emakina Group SA (société anonyme de droit belge) rue Middelbourg 64A, 1170 Watermael-Boitsfort, Belgium (Emakina ou la Société Visée)

Les employés constatent qu'il y a eu plusieurs engagements pris par le repreneur potentiel: Il y aura une continuité dans la direction, la vision, la gestion et la stratégie de la Société. Par ailleurs, les employés prennent acte du fait que l'Offre n'aura pas d'influence négative ni sur l'emploi, ni sur les conditions de travail et ni sur la politique d'emploi de l'entreprise. Enfin, les employés sont d'avis que la sortie de bourse rend possible et plus facile la poursuite du développement de la société.

Le MÉMOIRE EN RÉPONSE DU CONSEIL D'ADMINISTRATION D'EMAKINA GROUP SA a permis également aux employés de mieux comprendre l'alignement des managements respectifs et la finalité de l'opération.

Toutes les réponses aux questions posées ont été apportées.

Les employés,

DocuSigned by:
Aurélie Van Herck
286203F6C5FA4D3...
10/8/2021

DocuSigned by:
Vincent Gosselin
9DB11F9A20C24E9...
10/8/2021

DocuSigned by:
Manon Dubreuil
C67FB4FC14DE416...
10/8/2021

DocuSigned by:
Kanda Wa Kanda
BC970E233498438...
10/8/2021

THE OFFEROR

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