

Risk Factors Comparison 2025-02-28 to 2024-02-22 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Our operations and financial results are subject to various risks and uncertainties that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock. Listed below, not necessarily in order of importance or probability of occurrence, are the most significant risk factors applicable to us. Additionally, forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. See “Forward-Looking Statements.” Risks Related to Geopolitical Events Instability in geographies where we have significant operations and personnel or where we derive substantial amounts of revenue could have a material adverse effect on our business, ~~customers~~ **clients**, service delivery, and financial results ~~customers.~~ **We implemented contingency plans to relocate work and / or multiple crises personnel to other geographies within our global footprint and add new locations**, such as ~~appropriate~~ **civil unrest, energy instability and a pandemic in multiple geographies where we or our clients operate.** Increased operations, service delivery, and hiring in existing or new geographies ~~to counter geopolitical instability in or near our delivery operations~~, including in more developed economies, has and is likely to continue to increase our expenses, especially compensation expenses for technology professionals in those ~~geographies~~ **markets**, which could reduce the profitability of our business. ~~Disruptions~~ **Events** in the regions where we operate have and could continue to pose security risks to our people, our facilities, our operations, and ~~our infrastructure, such as utilities and network services, and~~ **the infrastructure we use.** Further ~~disruption of any or all of them~~ **could materially adversely affect our operations and financial results, cause additional volatility in the price of our stock, and reduce our profitability.** ~~In any of the countries in~~. We have significant operations and personnel in Ukraine and Belarus. Ongoing conflict and disruption in the region following Russia’s invasion of Ukraine in February 2022 has had and could continue to have a material adverse effect on our ~~operations, personnel,~~ **business, customers clients**, service delivery, and financial results. ~~Economic, civil, military, energy supply and political uncertainty exists and may increase in many of the regions where we operate and derive our revenues.~~ In particular, as of December 31, ~~2023~~ **2024**, approximately ~~12-13~~ **600-950** of our global delivery, administrative and support personnel were based in Ukraine and Belarus, both of which are involved in or affected by Russia’s invasion of Ukraine. While a significant number of our employees from Belarus and from our former operations in Russia have relocated ~~since~~ **the Russian invasion**, and we expect more employees may relocate to our other ~~delivery locations in the future~~, we expect to continue operating in Ukraine and ~~Belarus and we also have significant operations in bordering countries and in countries allied with Russia in the nearby emerging market economies of Eastern Europe and Central Asia, which~~ **countries. All of these countries** currently are, and in the future may be, adversely impacted by regional instability. **Any escalation of the conflict that includes Belarus or its military could jeopardize our personnel, facilities, and operations in Belarus.** In addition to a significant number of personnel and operations in Ukraine, we also own an office building in Kyiv and lease office space in a number of cities in Ukraine, all or some of which may be damaged or destroyed as a result of the continued attacks against Ukraine. ~~Any escalation of the conflict that includes Belarus or its military could jeopardize our personnel, facilities, and operations in Belarus.~~ The impact ~~to of any escalation on~~ **Ukraine, as well as responses by countries that provide military aid to Ukraine or institute actions sanctions against officials, individuals, institutions, companies, and industries in Belarus and in the annexed portions of Ukraine, and counter- responses** taken by other ~~Russia and its allied~~ **countries**, including arms shipments and new and stricter sanctions by Canada, the United Kingdom, the European Union and its member countries, the U. S. and other countries and organizations against officials, individuals, regions, and industries in the annexed portions of Ukraine and Belarus, and responses to such shipments, sanctions, tensions, and military actions has had and could continue to have a material adverse effect on our operations. In order to protect against potential cyberattacks or other information security threats, some of our ~~customers~~ **clients** have implemented steps to block internet communications with Ukraine and Belarus, which has had a material adverse effect on our ability to deliver our services from those locations ~~to those clients~~. Our ~~customers~~ **clients** have sought and may continue to seek altered ~~contract terms, conditions, and delivery locations for the performance of services, delay planned work or,~~ seek services from ~~competitors alternate providers,~~ or suspend, terminate ~~, fail to renew,~~ or reduce existing contracts or services, all of which could have a material adverse effect on our financial condition. The material adverse effects from the conflict ~~, and enhanced sanctions~~ **sanction activity**, and counter- sanctions ~~activity have~~ **may continue to disrupt our delivery of services, has** caused us to shift portions of our ~~delivery capabilities~~ **work occurring in the region** to other countries ~~, and may continue to~~ **disrupt our delivery of services and** restrict our ability to engage in certain projects or with certain ~~customers~~ **clients**. EPAM is actively monitoring and enhancing ~~the security of~~ **related to** our people and the stability of our infrastructure, including communications, physical assets, energy supply ~~supplies~~, and internet availability. Our ~~business continuity plans are designed to address known contingency scenarios to ensure that we have adequate processes and practices in place to protect the safety of our people and to handle anticipated impacts on our delivery capabilities. Our crisis management procedures, business continuity plans, and disaster recovery capabilities may not be effective at preventing or mitigating the effects of prolonged or multiple crises, such as civil unrest, military conflict, energy instability and a pandemic in a concentrated geographic area or in multiple geographies.~~ We continue to execute our business continuity plans in response to developments as they occur and to protect ~~and relocate~~ **the safety of** our personnel and address ~~potential~~ **impacts on our delivery infrastructure.** To date we have not experienced any material interruptions in our infrastructure ~~, or the~~ **utility supply or internet connectivity needed we use** to support our ~~clients~~ **customers**. We implemented contingency plans to ~~.....~~ **our stock, and reduce our profitability**. We have no way to predict the progress or outcome of the war in Ukraine or its impacts in Belarus or the region

because the conflict and government reactions are rapidly changing and beyond our control. **If** ~~Whether in these~~ **the** countries or in others in which we operate, prolonged civil unrest, political instability or uncertainty, military activities **conflict**, broad-based sanctions or, **and** counter-sanctions **in Ukraine, should Belarus, and they** ~~the surrounding region~~ continue for the long-term or escalate, **we** could ~~be require~~ **required** us to further rebalance our geographic concentrations and **it** could have a material adverse effect on our personnel, operations, financial results and business outlook. Risks Related to Our Personnel and Growth We may be unable to effectively manage our growth or achieve anticipated growth, which could place significant strain on our management, systems, resources, and results of operations. We have experienced uneven growth **and**, expansion, **geographic shifts, and periods of decline in** our business over the past several years. Our growth and expansion **has have** been both organic and through strategic acquisitions and investments and has resulted in part from managing larger and more complex projects for our **clients, customers, but consequently** **Consequently**, ~~requires that we~~ **have and may continue to** invest substantial amounts of cash in human capital and the infrastructure to support ~~them~~ **these projects**, including training, administration, and **opening** facilities in existing and new geographies. Our growth has significantly slowed at times, particularly during 2023 **and the first half of 2024**, due to waning customer ~~reduced client~~ demand, **resulting** primarily due to uncertainty resulting from **uncertain** macroeconomic conditions following the COVID-19 pandemic. Rapid growth followed by decreased demand ~~places placed~~ significant strain on our management and our administrative, operational and financial infrastructure, and **created and may continue to** ~~creates~~ **create** challenges, including: • recruiting, training and retaining sufficiently skilled professionals and management personnel **and while** balancing headcount with ~~customer-client~~ requirements; • balancing an increase in the number of experienced personnel that have correspondingly higher billing rates due to promotions **with against** hiring, training, and deploying less experienced personnel at the lower rates sought by ~~customers~~ **clients**; • planning and maintaining resource utilization rates consistently and efficiently using on-site, off-site, **near shore**, and offshore staffing; • developing and maintaining close and effective relationships with potential and existing ~~customers~~ **clients** in a greater number of industries and locations; • controlling costs and minimizing cost overruns and project delays in our delivery operations and infrastructure; • effectively maintaining productivity levels and implementing process improvements across geographies and ~~business-businesses~~ **businesses** units during periods of uneven ~~customer-client~~ demand; and • evolving our information security and our internal administrative, operational and financial infrastructure. If ~~customers-clients~~ **clients** do not choose us for large and complex projects or we do not effectively manage those projects, our reputation may be damaged and **we will not realize** our business and financial goals ~~that will not be realized~~. ~~We need to generate business and revenues to~~ support new investments and infrastructure projects. We have and will continue to invest in new lines of business, such as software development education, AI, **and generative AI**, expanded consulting services, **and in new geographies**. As we introduce new services, enter into new markets and new ~~customer-client~~ relationships, and take on increasingly large and complex projects, our business will face new risks and challenges. Expansion into direct-to-consumer offerings in the highly regulated education industry and joint venture relationships with our ~~customers-clients~~ **clients** could result in increased liability, start-up, and compliance costs. If the challenges associated with expansion and new investments negatively impact our anticipated growth and margins, our business, prospects, financial condition and results of operations could be materially adversely affected. We must successfully attract, hire, train and retain qualified personnel to service our ~~customers-clients~~ **clients**' projects and we must productively utilize those personnel to remain profitable. Identifying, recruiting, hiring and retaining professionals with skill sets that meet our existing and anticipated demand across our ~~business~~ **broad geography of operations** is critical to maintaining existing engagements and obtaining new business **and but** has become more challenging in ~~the~~ changing economic and labor ~~climate~~ **climates**. If we are unable to recruit professionals with the skills required by our business and ~~customers and/or~~ if we do not productively deploy ~~those our~~ professionals, **and use our physical** infrastructure, and fixed-cost resources productively, our profitability will be significantly impacted. **Additionally, if we are unable to effectively train existing personnel to develop new skills and adequately maintain existing skills, our ability to win new work and successfully complete existing projects may be impaired.** We must manage the utilization levels of ~~the our~~ professionals ~~that we hire and train by~~ **effectively** planning for future needs ~~effectively~~ and staffing projects appropriately while accurately predicting the general economy, **the geographies and locations where** our ~~customers~~ **personnel are needed, and our clients**' need for our services. If we are unable to attract, hire, train, and retain highly skilled personnel and productively deploy them on ~~customer-client~~ projects, we will jeopardize our ability to meet our ~~customers-clients~~ **clients**' expectations and develop ~~ongoing current~~ and future business, which could adversely affect our financial condition and results of operations. Competition for highly skilled professionals ~~has and wage expectations is intensified~~ **intense** in the markets where we **operate or plan to** operate, and we may experience significant employee turnover rates **or recruiting challenges** due to such competition. ~~Higher wage expectations driven by wage inflation could also create challenges for our recruiting efforts.~~ If we are unable to retain professionals with specialized skills, our revenues, operating efficiency and profitability will decrease, as will our ability to meet emerging technological challenges. Cost reductions, such as reducing headcount or voluntary departures that result from our failure to retain the professionals we hire, negatively affect our reputation as an employer and our ability to hire personnel to meet our business requirements. **We may be unable to obtain** ~~Price-price~~ **price** increases ~~resulting from in-line with~~ increasing compensation to retain personnel **which** may have an adverse impact on ~~be a contributing factor in a decline in demand for our services~~ **profitability**. If we are unable to keep pace with the adoption and use of generative AI technology in our business and effectively implement generative AI in our workforce planning and deployment, we could become less competitive in our industry. We ~~are increasingly~~ **have been** incorporating AI, and particularly generative AI, into our products, services, and business, both due to ~~customer-client~~ demand and because we expect that integrating generative AI into our services is **a** ~~required to remain~~ **competitive requirement** in a rapidly evolving market. We have made ~~and expect to continue to make~~ significant development and operations investments to build and support AI capabilities, products, and services **to so that we can** meet the ~~clients'~~ **clients'** needs of our customers and remain competitive in our industry **and expect to make additional investments in**

the future. If we are unable or slow to develop, adopt, and deploy generative AI technologies in our business, **our we will not remain competitiveness** against our industry peers **will suffer**. Generative AI technologies **have changed how** could disrupt the significant effort we put into identifying **identify**, recruiting **recruit**, hiring **hire**, retaining **retain**, and efficiently **utilizing utilize** our professionals and **our ability to are changing how we can** charge for their services. Our **customers-clients** have asked, and may come to expect, that we use generative AI **along with human delivery personnel** to develop software for them at comparatively lower costs than software developed **solely** by our human delivery personnel. As we plan, develop, and implement changes to our delivery model to balance those services that can only be performed by humans against those that can be performed by **leveraging** generative AI, we may have insufficient or excess delivery personnel than **we required- require** to meet **customer-client** demand. **Customers-Clients** may be unwilling to pay rates for human delivery personnel if they perceive that the same services can be performed **less expensively** by **less-expensive** generative AI and may seek other service providers or **expect** price concessions to retain their business, which could adversely affect our financial results. There may be adverse tax and employment law consequences if the independent contractor status of some of our personnel or the exempt status of our employees is successfully challenged. In several countries, **certain-some** of our personnel **or and certain of** the personnel of companies that we **have** acquired are retained as independent contractors. **Determining** The **criteria to determine** whether an individual is considered an independent contractor or an employee **are-is** typically fact sensitive, **vary-varies** by jurisdiction, and **are-is** subject to change and interpretation. If a government authority changes the applicable laws or a court makes an adverse determination with respect to independent contractors in general or **one or more of** our independent contractors specifically, we could incur significant costs, including for prior periods, related to tax withholding, social security taxes or payments, workers' compensation and unemployment contributions, and recordkeeping, or we may be required to modify our business model, any of which could materially adversely affect our business, financial condition and results of operations and increase the difficulty of attracting and retaining personnel. Our success depends substantially on the continuing efforts of our senior executives and other key personnel, and our business may be severely disrupted if we lose their services **and our succession planning efforts are ineffective**. Our **future** success heavily depends upon the continued services of our senior executives and other key employees. If one or more of our senior executives or key employees are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all. If any of our senior executives or key personnel joins a competitor or forms a competing company, **we they** may **lose customers-take clients**, suppliers, know-how and **our other key personnel with them** to those competitors. If we are unable to attract new senior executives or key personnel due to the intense competition for talent in our industry, it could disrupt our business operations and growth. **Although we regularly perform succession planning efforts and create contingencies addressing the risks of losing senior executives and other key personnel, those efforts may be ineffective when or if they are deployed**. If we fail to integrate or manage acquired companies efficiently and effectively, or if acquisitions do not perform to our expectations **individually or in the aggregate**, our overall profitability and growth plans could be materially adversely affected. Strategic acquisitions **are part of our growth strategy, but these transactions involve significant risks but remain a key part of our growth strategy**. Acquired companies may not advance our business strategy or achieve a satisfactory return on our investment **and**, we may not be able to successfully integrate acquired employees, businesses, company cultures, **customer-client** relationships, or operations, **and we may not discover significant liabilities in our due diligence or valuation processes**. In addition, we may need to implement controls, processes, and policies **in our acquired companies so they are consistent and appropriate for with the requirements of** a multi-national public company **especially** at acquired companies that may have previously lacked such controls, processes, and policies in areas such as **financial reporting**, cybersecurity, IT, and privacy. **Acquisitions divert significant management attention and financial resources may rely on transition services from our ongoing business-the sellers until we are able to implement those controls, processes, and policies**. Furthermore, **contracts between our acquired companies and contracts with their customers-clients** sometimes lack terms and conditions that adequately protect us against the risks associated with the services we provide, and our acquired companies' **legacy** business operations can expose us to potential liability before integration is complete. **Acquisitions also divert significant management attention and financial resources from our ongoing business**. If not effectively managed, the disruption **of to** our ongoing business; increases **in** our expenses, including significant one-time expenses and **costs related to write-offs, assumption of unknown liabilities, including tax, litigation, cybersecurity, and commercial risks, and creates** difficulty and complexity **when of** effectively integrating acquired operations **may that can** adversely affect our overall growth and profitability. Risks Related to Our Operations Increases in wages, equity compensation, and other compensation expenses could **limit** prevent us from **sustaining** our competitive advantage, increase our costs, and result in dilution to our stockholders. Wages for technology professionals in the emerging markets where we have significant operations and delivery centers are lower than comparable wages in more developed countries. However, wages in general, and in the technology industry in emerging markets in particular, have increased **and at a faster rate than in the past, which** will make us less competitive if we are not able to increase the efficiency and productivity of our people. **If we increase operations and hiring in more developed economies, our compensation expenses will increase because of the higher wages demanded in those markets.** Wage inflation, whether driven by competition for talent, ordinary course pay increases, or broader market forces, all increase our cost of providing services and reduce our profitability when we are not able to pass those costs on to our **customers-clients** or adjust prices when justified by market demand. **In addition**, We expect to continue granting equity-based awards under our stock incentive plans and paying other **there** stock-based compensation. There are significant expenses associated with issuing stock-based compensation under our equity incentive plans, but if we reduce the amount or value of equity award grants, we may not be able to attract and **changes** retain key personnel. Conversely, if we grant more or higher value equity awards to attract and retain key personnel, our equity compensation expenses could materially adversely **practices and programs can** affect our **ability** results of operations. Regulations restricting equity compensation, volatility in our stock, and dilution to **attract** our stockholders

diminishes our use and **retain talent** the value of equity-based awards and puts us at a competitive disadvantage or causes us to reconsider our compensation practices. Our operations in emerging markets subject us to greater economic, financial, and banking risks than we would face in more developed markets. We have significant operations in emerging market economies in **Central and** Eastern Europe, Latin and South America, India, and certain other Asian countries, all of which are more vulnerable to market and economic volatility than larger and more developed markets and present risks to our business and operations. A majority of our revenues are generated in North America and Western Europe. However, most of our personnel and delivery centers are located **in lower cost locations outside of those geographies**, including emerging markets. This exposes us to foreign exchange risks relating to revenues, compensation, purchases, capital expenditures, receivables and other balance-sheet items. As we continue to leverage and expand our global delivery model into other emerging markets, a larger portion of our revenues and incurred expenses may be in currencies other than U. S. dollars. Currency exchange volatility caused by economic instability or other factors could materially impact our results. See “Item 7A. Quantitative and Qualitative Disclosures About Market Risk.” **The economies of certain emerging market countries where we operate have experienced periods of considerable instability and have been subject to abrupt downturns.** We have cash in banks in countries such as Belarus, Ukraine, Kazakhstan, Georgia, Armenia, **India, Argentina,** and Uzbekistan, where the banking sector generally does not meet the banking standards of more developed markets, bank deposits made by corporate entities are not insured, and the banking system remains subject to instability, **sanctions,** and changes in regulations that complicate business transactions. Some of the countries where we operate have sanctioned certain of the banks that we use in the emerging market economies where we also have operations, which has delayed our intercompany payments and **payments to vendors and** could delay or prevent **payments to vendors or** receipts from **customers-clients**. Further elongation or escalation of the military conflict in Ukraine could contribute to a banking crisis in Ukraine, Belarus, or the region. A banking crisis, or the bankruptcy or insolvency of **our** banks **that receive or hold our funds** may result in the loss of our deposits or adversely affect our liquidity and our ability to complete banking transactions in that region. In addition, some countries where we operate **may and some banks that we use have imposed** regulatory or practical restrictions on the movement of cash and the exchange of foreign currencies within their banking systems **or to other banking systems**, which **would limit limits** our ability to **use distribute** cash across our global operations and **increase-increases** our exposure to currency fluctuations **and regional banking instability**. Emerging market vulnerability, and especially its impact on currency exchange volatility and banking systems, could have a material adverse effect on our business, financial condition and results of operations. **We face intense and increasing competition for customers and opportunities from onshore and offshore IT services and other consulting companies.** If we are unable to compete successfully against competitors, pricing pressures or loss of market share could have a material adverse effect on our business. The market for our services is highly competitive, and we expect competition to persist and intensify, **especially as we and our competitors develop generative AI capabilities and specialties**. We face competition from offshore IT services providers in other outsourcing destinations with low wage costs, as well as competition from large, global consulting and outsourcing firms and in-house IT departments of large corporations. **Customers-Clients** tend to engage multiple IT services providers instead of using an exclusive IT services provider, which reduces our revenues and places downward pressure on pricing among competing IT services providers. **Customers-Clients** may prefer service providers that have more locations, more personnel, more experience in a particular country or market, or that are based in countries that are more cost-competitive or have the perception of being more stable than some of the emerging markets in which we operate. Some of our **present and potential** competitors have substantially greater financial, marketing or technical resources **and**; **therefore,** we may be unable to retain our **customers-clients** or successfully attract new **customers-clients**. Increased competition, our inability to compete successfully, pricing pressures or loss of market share could have a material adverse effect on our business. Complying with a wide variety of legal requirements in the jurisdictions where we operate can create risks to our operations and financial condition, including liquidation of the subsidiaries that operate **some of** our major delivery centers. Our global operations require us to comply with a wide variety of foreign laws and regulations, trade and foreign exchange restrictions, sanctions, inflation, unstable civil, political and military situations, labor issues, and legal systems that make it more difficult to enforce intellectual property, contractual, or corporate rights. Certain legal provisions in Belarus and Ukraine, where our local subsidiaries operate important delivery centers and employ a significant number of billable and support professionals, may allow a court to order liquidation of a locally organized legal entity on the basis of its formal noncompliance with certain requirements during formation, reorganization or during its operations. Belarus has authorized government seizures of property and assets or the takeover of management of commercial organizations owned by or affiliated with specified foreign states if those states or their affiliated companies or actors commit actions deemed unfriendly to Belarus. If we fail to comply with certain requirements, including those relating to minimum net assets, governmental or local authorities can impose fines or seek the involuntary liquidation of our local subsidiaries in court, and creditors will have the right to accelerate their claims, demand early performance of legal obligations, and demand compensation for any damages. Involuntary liquidation of any of our subsidiaries could materially adversely affect our financial condition and results of operations. The focus on environmental, social and governance topics, including commitments and disclosures we have made and may need to make, may result in additional operational costs and negative reputational impacts. Expectations from our **customers-clients**, investors, employees, and regulators regarding our environmental, social, and governance, or ESG, strategy and commitments continue to evolve. As investor policy and sentiment changes, and regulations and legislation related to ESG disclosure and climate change initiatives are adopted **and implemented or suspended** regionally and globally, our compliance obligations may not be **completely** aligned with investor, **political, or legal** support for ESG investments, **programs, and disclosure**. Failure to invest in and comply with ESG initiatives and regulations could limit our access to certain markets, result in fines, or cause reputational harm, **and commitment to ESG policies and programs could similarly harm our business and reputation with investors, clients, and the public**. Changes in policy and laws may require disclosures and commitments that we are not able to meet, and regulations,

treaties or initiatives **related in response** to climate change could result in increased operational costs associated with environmental regulations and increased compliance and energy costs, each of which could harm our business and results of operations by increasing our expenses or requiring us to alter our operations. Our processes and controls may not always comply with evolving standards for identifying, measuring, and reporting ESG metrics, including ESG-related disclosures that may be required **or expected of public companies** by the SEC or other regulatory **regulation bodies or industry norms**, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. Additionally, if we are unable to meet our ESG goals and objectives, we could also face scrutiny from certain constituencies related to the scope and nature of those goals or any revisions to those goals, and we may suffer reputational harm with investors, our **customers clients**, and current or potential employees. Our operating results may be negatively impacted by the loss of certain tax benefits provided to companies in our industry by the governments of Belarus, **Poland**, and other countries. In Belarus, **we are one local subsidiary is a member, along with other technology companies, of High- Technologies Park - Members have which provides for** a full exemption from Belarus income tax and value added tax **taxes** until 2049 and are taxed at reduced **tax** amounts on obligatory social contributions and a variety of other taxes. **Poland provides a tax incentive for research and development that allows us to take enhanced deductions for specific costs for employees working on research and development projects.** If the tax policies in Belarus, **Poland**, or other countries where we operate are changed, terminated, or not extended or comparable new tax incentives are not introduced, we expect that our operating expenses and / or our effective income tax rate could increase significantly, which could materially adversely affect our financial condition and results of operations. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations- Provision for Income Taxes.” Risks Related to Regulation and Legislation Existing policy and substantial changes to fiscal, political, regulatory and other federal policies may adversely affect our business and financial results. Changes in general economic or political conditions in the **U. S. United States, including a recession, government shutdown, or a sovereign debt default,** could adversely affect our business. U. S. policy with respect to a variety of issues, including AI, international trade agreements, conducting business offshore, inflation mitigation, interest rates, **climate change**, import and export regulations, tariffs and customs duties, foreign relations, immigration laws and travel restrictions, antitrust controls and enforcement, and corporate governance laws, could have a positive or negative impact on our business. **The U. S. administration has announced plans to levy tariffs, economic sanctions, and other restrictions on trade with the countries where we employ professionals and conduct significant operations and may also levy restrictions with little or no warning.** The majority of our professionals are offshore. Companies that outsource services to organizations operating in other countries remain a topic of political discussion in many countries, including the **United States U. S.**, which is our largest source of revenues. The U. S. **Congress administration** periodically proposes **legislation rules** that could impose restrictions on offshore outsourcing and on our ability to deploy employees holding U. S. work visas to **customer-client** locations, both of which could adversely impact our business. Such **legislative** measures could broaden restrictions on outsourcing by federal and state government agencies and contracts and impact private industry with tax disincentives, intellectual property transfer restrictions, and restrictions on the use or availability of certain work visas. Some of our projects require our personnel to obtain visas to travel and work at **customer-client** sites outside of our personnel’s home countries and often in the **United States U. S.** Our reliance on visas to staff projects with employees who are not citizens of the country where the work is to be performed makes us vulnerable to **legislative and administrative** changes in the number of visas to be issued in any particular year and other work permit laws and regulations. **Obtaining** The process to obtain the required visas and work permits can be lengthy and difficult and variations due to political forces and economic conditions in **limiting** the number of permitted applications **and**, as well as application and enforcement processes, may cause delays or rejections when trying to obtain visas. Delays in obtaining visas or other work authorizations may **result in delays - delay in** the ability of our personnel to travel to meet with and provide services to our **customers-clients** or to continue to provide services on a timely basis. In addition, the availability of a sufficient number of visas without significant additional costs could limit our ability to provide services to our **customers-clients** on a timely and cost-effective basis or manage our sales and delivery centers as efficiently as we otherwise could. Delays in or the unavailability of visas and work permits could have a material adverse effect on our business, results of operations, financial condition and cash flows. We are subject to laws and regulations in the **United States U. S.** and other countries in which we operate, including export restrictions, economic sanctions, **the FCPA, and similar anti-bribery and anti-corruption laws.** Compliance with these laws requires significant resources and non-compliance may result in civil or criminal penalties and other remedial measures. We are subject to many laws and regulations that restrict our international operations, including laws that prohibit activities involving restricted countries, organizations, entities and persons that have been identified as unlawful actors or that are subject to U. S. sanctions. The U. S. Office of Foreign Assets Control, or OFAC, and other **domestic and** international bodies have imposed sanctions that prohibit us from engaging in trade or financial transactions with certain countries, businesses, organizations and individuals. We are also subject to **the FCPA and anti-bribery and anti-corruption laws in other countries,** all of which prohibit companies and their intermediaries from **making bribes bribing government officials** for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment. We operate in many parts of the world that have experienced government corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices, although adherence to local customs and practices is generally not a defense under U. S. and other anti-bribery laws. Our compliance program contains controls and procedures designed to ensure our compliance with **the FCPA anti-bribery and anti-corruption laws, OFAC sanctions,** and other **sanctions, and** laws and regulations. The continuing implementation and ongoing development and monitoring of our compliance program may be time consuming, expensive, and could result in the discovery of compliance issues or violations by us or our employees, independent contractors, subcontractors or agents of which we were previously unaware. Any violations of these or other laws, **and** regulations **and procedures** by our employees, independent contractors, subcontractors and agents,

including third parties with which we associate or companies we acquire, could expose us to administrative, civil or criminal penalties, fines or business restrictions, which could have a material adverse effect on our results of operations and financial condition and would adversely affect our reputation and the market for shares of our common stock and may require certain of our investors to disclose their investment in us under certain state laws. Risks Related to Our Industry and **Customers-Clients**

We generally do not have long- term commitments from our **customers-clients**, our **customers-clients** may terminate contracts before completion or choose not to renew contracts, and we are not guaranteed payment for services ~~performed under contract~~. A loss-**Loss** of business or non- payment from significant **customers-clients** could materially affect our results of operations. Our ability to maintain continuing relationships with our major **customers-clients** and successfully obtain payment for our services is essential to the growth and profitability of our business. However, the volume of work performed for any specific **customer client** is likely to vary from year to year, especially since we generally are not our **customers-clients**' exclusive IT services provider and we generally do not have long- term commitments from **customers-clients** to purchase our services. We may also fail to assess the creditworthiness of our **customers-clients** adequately or accurately. Our **customers-clients**' ability to terminate engagements with or without cause and our **customers-clients**' inability or unwillingness to pay for services we performed makes our future revenues and profitability uncertain. Although a substantial majority of our revenues are generated from **customers-clients** who also contributed to our revenues during the prior year, our engagements with our **customers-clients** are typically for projects that are singular in nature. Therefore, we must seek to obtain new engagements when our current engagements end. There are a number of factors relating to our **customers-clients** that are outside of our control, which might lead them to terminate or not renew a contract or project with us, or be unable to pay us, including: • financial difficulties, including **customer-client** insolvency or bankruptcy or increased global inflationary pressures and **elevated** interest rates; • corporate restructuring, or mergers, and acquisitions **activity**; • our inability to complete our contractual commitments and invoice and collect our contracted revenues; • change in strategic priorities or economic conditions **that, resulting in elimination eliminate** of the impetus for the project or a **reduced- reduce level of technology** -related spending; • change in outsourcing strategy resulting in moving more work to the **customer-client**' s in- house technology departments or to our competitors; and • replacement of existing software with packaged software supported by licensors. Termination, non- renewal, or renegotiation of a **customer-client** contract or delayed starts to projects ~~could~~ cause us to experience a higher- than- expected number of unassigned employees and thus compress our margins until we are able to reallocate our headcount. **Customers-Clients** that delay payment, request **modified** modifications to their payment arrangements, or fail to meet their payment obligations ~~to us could~~ increase our cash collection time, cause us to incur bad debt expense, ~~or and~~ cause us to incur **collection** expenses ~~in collections actions~~. The loss of any of our major **customers-clients**, a significant decrease in the volume of work they outsource to us or price they are willing or able to pay us, if not replaced by new service engagements and revenues, could materially adversely affect our revenues and results of operations. Our revenues are highly dependent on a limited number of industries, and any decrease in demand for outsourced services in these industries could reduce our revenues and adversely affect our results of operations. A substantial portion of our **customers-clients** are concentrated in five ~~specific~~ industry verticals: Financial Services; Software & Hi- Tech; Business Information & Media; **Consumer Goods, Retail & Travel & Consumer**; and Life Sciences & Healthcare. Our business growth largely depends on continued demand for our services from **customers-clients** in these five industry verticals and other industries that we target **now** or ~~may target~~ in the future, and also depends on trends in these industries to outsource the ~~type of~~ services we provide. A downturn in any of our targeted industries, a slowdown or reversal of the trend to outsource IT services in any of these industries or the introduction of regulations that restrict or discourage companies from outsourcing could result in a decrease in the demand for our services and could have a material adverse effect on our business, financial condition and results of operations. Some of our **clients** ~~customers in the Software & Hi- Tech industry vertical~~ have experienced lay- offs, **depressed-volatile** stock prices, higher borrowing costs, and lower consumer spending on **technology**-products and services which has resulted in reduced spending on our and other outsourced services. Other developments in the industries in which we operate may increase the demand for lower cost or lower quality IT services and decrease the demand for our services or increase the pressure our **customers-clients** put on us to reduce pricing. We may not be able to successfully anticipate and prepare for any such changes, which could adversely affect our results of operations. Furthermore, developments in the industries we serve ~~could~~ shift **customer-client** demand to new services, solutions or technology, **such as generative AI**. If our **customers-clients** demand new services, solutions or technologies, we may be less competitive in these new areas ~~or may need to~~ **if we do not** make significant investments to meet that demand. Additionally, as we expand into serving new industry verticals, our solutions and technology may be used by, or generally affect, a broader base of **customers-clients** and end users, which may expose us to new business and operational risks. If our pricing structures are based on inaccurate expectations and assumptions regarding the cost and complexity of performing our work, or if we are not able to maintain favorable pricing for our services, then our contracts could be unprofitable. We face a number of risks when pricing our contracts ~~and setting terms~~ with our **customers-clients**. Our pricing is highly dependent on our internal forecasts, assumptions and predictions about our projects, the marketplace, global economic conditions (including foreign exchange volatility and inflation) and the coordination of operations and personnel in multiple locations with different skill sets and competencies. Larger and more complex projects that involve multiple engagements or stages heighten those pricing risks because a **customer-client** may choose not to retain us for additional stages or delay forecasted engagements, which disrupts our planned project resource requirements. If our pricing for a project includes dedicated personnel or facilities and the **client** ~~customer were to slow-slows or stop-stops~~ that project, we may not be able to reallocate resources to other **customers-clients**. Our pricing and cost estimates ~~for the work that we perform~~ may include anticipated long- term cost savings that we expect to achieve and sustain over the life of the contract. Because of such inherent uncertainties, we may underprice our projects, ~~fail to accurately estimate the costs of performing the work~~ or fail to accurately assess the risks associated with potential contracts, such as defined performance goals, service levels, and completion schedules. The risk of underpricing our services or

underestimating the costs of performing the work is heightened in fixed-price contracts and in contracts that require our ~~customer-client~~ to receive a productivity benefit as a result of the services performed under the contract. If we fail to accurately estimate the resources, time or quality levels required to complete such engagements, or if the cost ~~to us~~ of employees, facilities, or technology unexpectedly increases, we could be exposed to cost overruns. Any increased or unexpected costs, delays or failures to achieve anticipated cost savings, or unexpected risks we encounter in connection with the performance of the services, including those caused by factors outside our control, could make these contracts less profitable or unprofitable. Our industry is sensitive to the economic environment and the industry tends to decline during general ~~or perceived~~ economic downturns. Given our significant revenues from North America and Europe, if those economies weaken or enter a recession, pricing for our services may be depressed and our ~~customers-clients~~ may reduce or postpone their technology related spending significantly, which may in turn ~~lower-lowers~~ the demand for our services and negatively ~~affect-affects~~ our revenues and profitability. ~~There is~~ We face risks associated with having a long selling and implementation cycle for our services that require us to make significant resource commitments prior to realizing revenues for those services. We have a long selling cycle for our services. Before potential ~~customers-clients~~ commit to use our services, ~~we must~~ they require us to expend substantial time and resources educating them on the value of our services and our ability to meet their requirements. Therefore, our selling cycle is subject to many risks and delays over which we have little or no control, including our ~~customers-clients~~' decision to select another service provider or ~~use~~ in-house resources to perform the services, the timing of our ~~customers-clients~~' budget cycles, and ~~customer-client~~ procurement and approval processes. If our sales cycle unexpectedly lengthens for one or more large projects, it could negatively affect the timing of our revenues and our revenue growth. In certain cases, we may begin work and incur costs prior to executing a contract, which may cause fluctuations in recognizing revenues between periods or jeopardize our ability to collect payment from ~~customers-clients~~. Implementing our services also involves a significant commitment of resources over an extended period of time from both our ~~customers-clients~~ and us. Our current and future ~~customers-clients~~ may not be willing or able to invest the time and resources necessary to implement our services, and we may fail to close sales with potential ~~customers-clients~~ despite devoting significant time and resources. Any significant failure to generate revenues or delays in recognizing revenues after incurring costs related to our sales or services processes could have a material adverse effect on our business. If we are unable to adapt to rapidly changing technologies, methodologies and evolving industry standards, we may lose ~~customers-clients~~ and our business could be materially adversely affected. Rapidly changing technologies, methodologies and evolving industry standards are inherent in the market for our products and services. Our ability to anticipate developments in our industry, enhance our existing services, develop and introduce new services, provide enhancements and new features for our products, and keep pace with changes and developments are critical to meeting changing ~~customer-client~~ needs. Developing solutions for our ~~customers-clients~~ is extremely complex and is expected to become increasingly complex and expensive in the future due to the introduction of new platforms, operating systems, technologies and methodologies. Our ability to keep pace with, anticipate or respond to changes and developments is subject to a number of risks, including that: • we may not be able to develop new, or update existing services, applications, tools and software quickly or inexpensively enough to meet our ~~customers-clients~~' needs; • we may find it difficult or costly to make existing software and products work effectively and securely over the internet or with new or changed operating systems; • we may find it challenging to develop new, or update existing software, services, and products to keep pace with evolving industry standards, methodologies, technologies, and regulatory developments in ~~the our clients'~~ industries where our customers operate at a pace and cost that is acceptable to our ~~customers-clients~~; and • we may find it difficult to maintain high quality levels with new technologies and methodologies. We may not be successful in anticipating or responding to these developments in a timely manner, ~~and the services, products, technologies or if methodologies~~ we do respond, the services, products, technologies or methodologies we develop, or implement may not be successful in the marketplace. ~~Further, services~~ ~~Services~~, products, technologies or methodologies that our competitors develop may render our services or products non-competitive or obsolete. Our failure to enhance our existing services and products and to develop and introduce new services and products to promptly address the needs of our ~~customers-clients~~ could have a material adverse effect on our business. If we cause, ~~or are perceived to have caused,~~ disruptions to our ~~customers-clients~~' businesses, provide inadequate service, or breach contractual obligations, our ~~customers-clients~~ may have claims for substantial damages against us and ~~/or~~ our reputation may be damaged. Our insurance coverage may be inadequate to protect us against such claims. Errors made by our professionals ~~when in the course of~~ delivering services or ~~our failure~~ ~~failures~~ to meet our contractual obligations to a customer are disruptive to the ~~customer-client~~'s business and can expose confidential or personally identifiable information to third parties. These events have resulted and could in the future result in a reduction in our revenues, damage to our reputation, and in ~~customers-clients~~ terminating our engagement and making claims for substantial damages against us. Some of our ~~customer-client~~ agreements do not limit our potential liability for occurrences such as breaches of confidentiality and intellectual property infringement ~~indemnity~~, and we cannot generally limit ~~the~~ liability to third parties with which we do not have a contractual relationship. In some cases, breaches of confidentiality obligations, including obligations to protect personally identifiable information, may entitle the aggrieved party to equitable remedies, including injunctive relief. Although we maintain professional liability insurance, product liability insurance, cyber incident insurance, commercial general and property insurance, business interruption insurance, workers' compensation coverage, and umbrella insurance for certain of our operations, our insurance coverage does not insure against all risks in our operations, or all claims we may receive. Damage claims ~~from customers or third parties~~ brought against us or, claims that we initiate due to the disruption of our business, information security systems, litigation, or natural disasters, ~~and claims from reputational damage~~ ~~resulting from inaccurate allegations or reporting~~ may not be covered by our insurance, may exceed the limits of our insurance coverage, and may result in substantial costs and diversion of resources even if insured. Some types of insurance are not available on reasonable terms or at all in some countries in which we operate, and we cannot insure against damage to our reputation. The assertion of one or more large claims against us, ~~even if whether or not successful~~ ~~unsuccessful~~ and whether or

not insured, could materially adversely affect our reputation, business, financial condition, **stock price**, and results of operations. A significant failure in our systems, telecommunications or IT infrastructure could harm our service model, which could result in a reduction of our revenues and otherwise disrupt our business. Our service model relies on maintaining active and stable utility connections, voice and data communications, online resource management, financial and operational record management, **customer-client** service and data processing systems between our **customer-client** sites, our delivery centers and our **customer-client** management locations. Our business activities may be materially disrupted in the event of a partial or complete failure of any of these technologies or systems, which could be due to software malfunction, **cybersecurity** computer virus attacks, conversion errors due to system upgrades, damage from fire, earthquake, power loss, military action, telecommunications failure, unauthorized entry, government shutdowns, demands placed on internet infrastructure by **growing numbers of** users, increased bandwidth requirements or other events beyond our control. Our crisis management procedures, business continuity, and disaster recovery plans may not be effective at preventing or mitigating the effects of such disruptions, particularly in the case of multiple or catastrophic events. Loss of all or part of the infrastructure or systems **for a period of time** could hinder our performance or our ability to complete **customer-client** projects on time which, in turn, could **reduce** lead to a **reduction of** our revenues or otherwise materially adversely affect our business and business reputation. Our ability to generate and retain business could depend on our reputation in the marketplace. Our services are marketed to **customers-clients** and prospective **customers-clients** based on a number of factors, including reputation. Our corporate reputation is a significant factor in our **customers-clients** ' evaluation of whether to engage our services. Our **customers-clients** ' perception of our ability to add value through our services is critical to the profitability of our engagements. We believe the EPAM brand name and our reputation are important corporate assets that help distinguish our services from those of our competitors and contribute to our efforts to recruit and retain talented employees. Our corporate reputation is susceptible to damage by actions or statements made by current or former **customers-clients** and employees, competitors, vendors, adversaries in legal proceedings, government regulators, as well as members of the investment community and the media. There is a risk that negative information about us, even if untrue, could adversely affect our business, could cause damage to our reputation and be challenging to repair, could make potential or existing **customers-clients** reluctant to select us for new engagements, and could adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of the EPAM brand name and could reduce investor confidence in us. We may not be able to prevent unauthorized use of our intellectual property, and our intellectual property rights may not be adequate to protect our business and competitive position. We rely on a combination of copyright, trademark, patent, unfair competition and trade secret laws, as well as intellectual property assignment and confidentiality agreements ~~and other methods~~ to protect our intellectual property rights. ~~Protection-~~ **Protecting of** intellectual property rights and confidentiality in some countries in which we operate may not be as effective as in other countries with more developed intellectual property protections. We require our employees and independent contractors to assign to us all intellectual property and work product they create in connection with their employment or engagement. These assignment agreements also obligate our personnel to keep proprietary information confidential. If these agreements are not enforceable ~~in any of the jurisdictions in which we operate~~, or are breached, we cannot ensure that we will solely own the intellectual property they create or that our proprietary information will not be disclosed. Our **customers-clients** and certain vendors are generally obligated to keep our information confidential, but if these contractual obligations are not entered, or are breached or deemed unenforceable, our trade secrets, know-how or other proprietary information may be subject to unauthorized use, misappropriation or disclosure. Reverse engineering, unauthorized copying or other misappropriation of our and our **customers-clients** ' proprietary technologies, tools and applications could enable unauthorized parties to benefit from our or our **customers-clients** ' technologies, tools and applications without payment and may make us liable to our **customers-clients** for damages and compensation, which could harm our business and competitive position. We rely on our trademarks, trade names, service marks and brand names to distinguish our services and solutions from the services of our competitors. We have registered or applied to register many of these trademarks. Third parties may oppose our trademark applications, ~~or otherwise challenge our use of our trademarks~~, **or use our trademarks without permission**. ~~If~~ **In the event that** our trademarks are successfully challenged, we could be forced to rebrand our services and solutions, which could result in loss of brand recognition, and could require us to devote additional resources to advertising and marketing new brands. Further, **when** we **become aware** ~~cannot provide assurance that competitors will not~~ **third parties are infringe infringing** our trademarks, ~~or that we will have~~ **to divert** adequate knowledge of infringement or resources **and management attention** to enforce our trademarks, **possibly**. ~~If we do enforce our trademarks and our other intellectual property rights through litigation, we~~ **which** may not be successful and ~~the litigation may result in substantial costs and diversion of resources and management attention~~. We may face intellectual property infringement claims that could be time-consuming and costly to defend. If we fail to defend ourselves against such claims, we may lose significant intellectual property rights and may be unable to continue providing our existing services. Our success largely depends on our ability to use and develop our technology, tools, code, methodologies, products, and services without infringing the intellectual property rights, including patents, copyrights, trade secrets and trademarks, of third parties. We ~~may be unaware of~~ **have been subject to** intellectual property rights relating to our products or services that may give rise to potential infringement claims **alleging that we** against us, including the extensive litigation related to ownership of intellectual property rights associated with the images and text used to train generative AI software. Authors and other copyright holders seek to hold developers of generative AI software liable for using their **third party trademarks or** copyrighted materials without permission and may seek to hold us or our customers liable for contributing to the infringement of ~~their copyrighted materials~~. If those intellectual property rights ~~are~~ **were** relevant to our service offerings, we ~~may would~~ need to license those rights **or we would** on commercially reasonable terms in order to continue to use the applicable technology. There may also be technologies licensed to and relied on by us that if subject to infringement or misappropriation claims by third parties, may become unavailable to us if such third parties obtain an injunction to prevent **prevented** us from delivering our

services or using technology involving the allegedly infringing intellectual property in. If we are unable to license technologies needed for our business, we. We typically indemnify customers-clients who purchase our products, services and solutions against potential infringement of third-party intellectual property rights, which subjects us to the risk and cost of defending the underlying infringement claims. These claims require us to initiate or defend litigation, which may be costly and protracted, on behalf of our customers-clients, regardless of the merits of these claims, and our indemnification obligations are often sometimes not subject to liability limits or exclusion of consequential, indirect or punitive damages. Intellectual property litigation could also divert-diverts our management's attention from our business and existing or potential customers-clients could defer or limit their purchase or use of our software product development services or solutions until we resolve such litigation. If any of these claims succeed, we may be forced to pay damages on behalf of our customers-clients, redesign or cease offering our allegedly infringing products, services, or solutions, or obtain licenses for the allegedly infringing intellectual property that such services or solutions allegedly infringe. If we cannot obtain all necessary licenses on commercially reasonable terms, our customers-clients may be forced to stop using our services or solutions. In addition, the existence and ownership of intellectual property rights created by generative AI technologies is currently subject to judicial and legislative review, and many jurisdictions do not recognize the existence of any protectable intellectual property rights in materials created by generative AI. If we are unable to meet our customers-clients' expectations relating to the ownership of the intellectual property underlying software deliverables, we may face legal liability. We believe AI software developers occasionally indemnify their licensees against intellectual property claims, but we think it is unlikely such indemnification obligations would cover our potential damages, if any. Any of these actions, regardless of the outcome of licensing negotiations, litigation, or merits of the claim, could damage our reputation and materially adversely affect our business, financial condition and results of operations. Risks Related to Information Security and Data Protection Security breach-breaches and other disruption-disruptions to our network security that compromise our information will-expose us to liability and would-cause our business and reputation to suffer. In the ordinary course of business, we collect, store, process, transmit, and view sensitive or confidential data, including intellectual property, proprietary business information and personally identifiable information belonging to us, our customers-clients, our respective employees, and other end users. This information is stored in our data centers and networks or in the data centers and networks of third-party providers. Physical security and the secure storage, processing, maintenance and transmission of this information is-are critical to our operations and, business strategy, and reputation. Our internal technology infrastructure or the technology infrastructure of our third-party providers on which our information security depends may be subject to disruptions or may otherwise fail to operate properly or become disabled or damaged as a result of a number of factors, including events that are wholly or partially beyond our control and that could adversely affect our ability to provide services or keep our information secure. Such events include IT attacks or failures, threats to physical security, electrical or telecommunications outages, damaging weather or other acts of nature, or employee or contractor error or malfeasance. Our employees and, contractors, and our-vendors, software and hardware suppliers, and other third parties in our information security supply chain, as well as sophisticated individual or collective groups of hackers, such as state-sponsored organizations, all pose threats to our information security. These individual, group, and organized actors have a variety of methods at their disposal, including deploying malicious software, exploiting vulnerabilities in hardware, software, or infrastructure, using social engineering or deceptive techniques to obtain information or gain access to our or our customers-clients' or vendors' data, exploiting remote working connectivity and security susceptibilities, and executing coordinated attacks to compromise our services, disrupt our operations, damage our reputation, or gain access to our communications, networks and data centers. We have in the past experienced cybersecurity incidents and expect to continue to be the target of malicious attacks. Threats to information security evolve constantly and are increasingly sophisticated and complex, which makes detecting and successfully defending against them more difficult. Undetected vulnerabilities that persist in our network environment over long periods of time could spread within our networks or into the networks and systems of our other-suppliers and customers-clients. An attack may be-viewed as immaterial or isolated at the time of its occurrence but-can later-become viewed as material or part of a larger and coordinated effort at a later date. We frequently update and improve our information security environment and assess and adopt new methods, devices, and technologies, but our policies and information security controls may not keep pace or be designed to detect emerging threats and our response to incidents may not be adequate, may fail to accurately assess the severity of an incident, may not be fast enough to prevent or limit harm, or may fail to sufficiently remediate an incident. Our ability to monitor our third-party suppliers' information security systems is limited and we are not able to detect vulnerabilities in their systems until we are notified of the existence of those vulnerabilities. There have been and will continue to be attacks on our and third parties' information security supply chains. We cannot guarantee that our information security supply chain has not been breached and does not contain exploitable defects, bugs, or vulnerabilities that could result in an incident, breach, or other disruption to our system or the systems of our customers-clients or suppliers. Despite our multiple security measures, any breach of our facilities, network, or information security defenses compromises the information stored in those locations and allows the accessed information to be held for ransom, publicly disclosed, misappropriated, lost or stolen. Such a breach, misappropriation, or disruption, or the perception that we have been breached or are vulnerable to a breach, could also disrupt-disrupts our operations and the services we provide to customers-clients, and any actual, alleged, or perceived breach of network or information security that we, our-suppliers, our customers, or our industry suffer could damage-damages our reputation, and cause-causes a loss of confidence in our products and services, and as well as require-requires us to expend significant resources, which may not be covered by insurance, to protect against further allegations and breaches and to rectify problems caused by these events. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under applicable laws, regulatory penalties or enforcement actions, and could adversely affect our reputation, business, revenues and competitive position. Development and deployment of measures to protect our information security or that of our customers-clients may be inadequate and could adversely affect

our results of operations. To defend against information security threats internally, at our third- party providers, and on our ~~customers- clients~~ systems, we must continuously engineer or purchase more secure products and services, enhance security and reliability features, improve deployment and compliance with software updates, assess and develop mitigation strategies and technologies to help secure information, hire information security specialists, and maintain a security infrastructure that protects our network, products, and services, and the software we build for our ~~customers- clients~~. Some of our ~~customers- clients~~ seek additional assurances for the protection of their sensitive information, including personally identifiable information, and attempt to hold us liable, through contractual indemnification clauses or directly, for any losses or damages ~~in related to the event that disclosure of~~ their sensitive information ~~is disclosed~~. At times, ~~and~~ to achieve commercial objectives, we agree to greater liability exposure to such ~~customers- clients~~. In addition, government regulators have sought and may continue to seek to impose fines, penalties, and other civil or criminal consequences for real or suspected security breaches and perceived inadequate information security ~~or disclosures~~. Our ~~customers- clients~~, particularly those in the Financial Services and Life Sciences & Healthcare industry verticals, may have enhanced or particular security requirements which we must address in our engineering and development services. Other parties, such as our ~~customers- clients~~ customers, who have a private right of action, will seek damages for any information security or privacy breach on an individual or collective basis, and our ~~customers- clients~~ have in the past, and may in the future, request to be indemnified against such claims. We must also educate our employees, contractors, and ~~customers- clients~~ about the need to effectively use security measures. The cost of information security measures, either to protect our information or the information of our ~~customers- clients~~, and the cost of complying with privacy and information security disclosure regulations, reduces our profitability. Actual or perceived security vulnerabilities in our software and services, even if those vulnerabilities are the result of hardware or software developed by third parties, harm our reputation and lead ~~customers- clients~~ to use our competitors, reduce or delay future purchases of our services, or seek compensation or damages. Changes in privacy and data protection regulations could expose us to risks of noncompliance and costs associated with compliance. EPAM is subject to the GDPR, the substantially similar U. K. GDPR, the privacy laws of California and other U. S. states, and the privacy laws of the ~~other~~ countries where we operate, each of which imposes significant restrictions and requirements relating to the processing of personal data and can include significant financial penalties for non- compliance. These and other state, national and international data protection laws ~~that are or will soon be effective~~ are more burdensome than historical privacy standards, especially in the ~~United States U. S.~~ California's privacy laws, the U. K. GDPR, and GDPR each established complex legal obligations ~~that which~~ organizations must follow with respect to the processing of personal data, including a prohibition on the transfer of personal information to third parties or to other countries, and the imposition of additional notification, security and other control measures. Recent developments in privacy regulations, including the ~~new~~ EU- U. S. Trans- Atlantic Data Privacy Framework, that are designed to secure the transfer of data from the EU to the ~~United States U. S.~~, have created significant regulatory uncertainty for businesses transferring data globally. This uncertainty results in increased compliance costs ~~and increases~~, as well as the risk of regulatory enforcement actions ~~which can result in significant financial penalties, private lawsuits, reputational damage, blockage of international data transfers, disruption to business, and loss of~~ ~~customers- clients~~. Enforcement actions taken by data protection authorities, as well as audits, investigations, or lawsuits by one or more individuals, organizations, or foreign government agencies ~~often have result resulted~~ in penalties and fines for non- compliance or claims against us seeking damages as a result of a breach of these regulations. The burden of ~~compliance complying~~ with additional data protection requirements results in significant additional costs ~~and~~ complexity and risk in our services ~~and customers as clients~~ attempt to shift the risks ~~resulting from the implementation~~ of data privacy legislation to us. We are required to establish processes and change certain operations in relation to the processing of personal data as a result of privacy laws, which involves substantial expense and distraction from other aspects of our business. Undetected software design defects, errors or failures may result in loss of business or in liabilities that could materially adversely affect our business. Our software development solutions involve a high degree of technological complexity, have unique specifications and could contain design defects or software errors that are difficult to detect or correct, including as a result of the introduction of new and emerging technologies such as AI. Errors or defects in design, execution, or quality inspections may result in the loss of current ~~customers- clients~~, revenues, market share, or ~~customer- client~~ data, a failure to attract new ~~customers- clients~~ or achieve market acceptance and could divert development resources and increase support or service costs. We cannot provide assurance that, despite testing by our ~~customers- clients~~ and us, errors will not be found in the software products we develop or the services we perform. Any such errors could result in disruptions to the proper functioning of the software we build, cause disruptions in our ~~customers- clients~~ business, and allow unauthorized access to our or our ~~customers- clients~~ proprietary information, resulting in claims for damages against us, litigation, and reputational harm that could materially adversely affect our business. General Risk Factors Our stock price is volatile. Our common stock has experienced substantial price volatility as a result of variations between our actual and anticipated financial results, announcements by our competitors, third parties, or us, projections or speculation about our business or that of our competitors or industry by the media or investment analysts, geopolitical events or uncertainty about inflation or other current global economic conditions. The stock market, as a whole, has experienced price and volume fluctuations that have affected the market price of many technology companies in ways that may have been unrelated to these companies' operating performance. Furthermore, we believe our stock price should reflect future growth and profitability expectations and, if we fail to meet these expectations, our stock price may significantly decline. Expense related to our liability- classified restricted stock units, which are subject to mark- to- market accounting, and the calculation of the weighted average diluted shares outstanding in accordance with the treasury method are both affected by our stock price. Any fluctuations in the price of our stock will affect our future operating results. We may need additional capital, and a failure to raise additional capital on terms favorable to us, or at all, could limit our ability to grow our business and develop or enhance our service offerings to respond to market demand or competitive challenges. We believe that our current cash, cash flow from operations and revolving line of credit are sufficient to meet our anticipated cash needs for at least the next twelve months. We may, however, require

additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions that we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain another credit facility, and we cannot be certain that such additional financing would be available on terms acceptable to us or at all. The sale of additional equity securities could result in dilution to our stockholders, and additional indebtedness would result in increased debt service costs and obligations and could impose operating and financial covenants that would further restrict our operations. Our hedging program is subject to counterparty default risk. We enter into foreign currency forward contracts with a number of counterparties. As a result, we are subject to the risk that the counterparty to one or more of these contracts defaults on its performance under the contract. During an economic downturn, the counterparty's financial condition may deteriorate rapidly and with little notice and we may be unable to take action to protect our exposure. In the event of a counterparty default, we could incur significant losses, which may harm our business and financial condition. In the event that one or more of our counterparties becomes insolvent or files for bankruptcy, our ability to eventually recover any losses suffered as a result of that counterparty's default may be limited by the liquidity of the counterparty. War, terrorism, other acts of violence or natural or man-made disasters may affect the markets in which we operate, our ~~customers~~ **clients**, and our service delivery. Our business may be negatively affected by instability, disruption or destruction in the geographic regions where we operate. War, terrorism, riot, civil insurrection or social unrest; man-made and natural disasters, the severity and frequency of which have increased due to climate change, ~~and include~~ **including** famine, flood, fire, earthquake, pandemics and other regional or global health crises, ~~and storm storms or disease~~, may cause ~~customers~~ **clients** to delay their decisions on spending for the services we provide and give rise to sudden significant changes in regional and global economic conditions and cycles. Our crisis management procedures, business continuity, and disaster recovery plans may not be effective at preventing or mitigating the effects of such disasters, particularly in the case of simultaneous or catastrophic events. These events pose significant security risks to our people, the facilities where they work, our operations, electricity and other utilities, communications, travel, and network services, and the disruption of any or all of them could materially adversely affect our financial results. Travel restrictions resulting from natural or man-made disruptions, pandemics or other public health events, and political or social conflict increase the difficulty of obtaining and retaining highly skilled and qualified professionals and could unexpectedly increase our labor costs and expenses, both of which could also adversely affect our ability to serve our ~~customers~~ **clients**. Our effective tax rate could be materially adversely affected by several factors. We conduct business globally and file income tax returns in multiple jurisdictions. Our effective tax rate could be materially adversely affected by several factors, including changes in the amount of income taxed by or allocated to the various jurisdictions in which we operate ~~that have~~ **and their** differing statutory tax rates; changing tax laws, treaties, regulations and interpretations of such rules in one or more jurisdictions, including the global implementation of a 15 % minimum tax ~~under Pillar Two of the OECD Base Erosion and Profit Shifting initiative~~; and the resolution of issues arising from tax audits or examinations and any related interest or penalties. The determination of our provision for income taxes and other tax liabilities requires estimation, judgment and calculations where the ultimate tax determination may not be certain. Our determination of tax liability is always subject to review or examination by authorities in various jurisdictions. If a tax authority in any jurisdiction reviews any of our tax returns and proposes an adjustment, including, but not limited to, a determination that the transfer prices and terms we have applied are not appropriate, such an adjustment could have a negative impact on our results of operations, business, and profitability.