



Q2 2023



We made continued progress during the quarter amid an uncertain economic backdrop. We maintained our commercial momentum, with strong bookings growth of 17% year over year, including roughly a third of in-quarter bookings from large deals. We also saw a return to sequential revenue growth, and our initial investment in the Cognizant Neuro AI platform has helped drive more than 100 early engagements as clients embrace generative AI. The continued reduction in our voluntary attrition, improved employee engagement and higher customer satisfaction scores reflect the interdependence of our client and employee experience.



Ravi Kumar S | Chief Executive Officer

Revenue

\$4.9 billion

Reported YoY ↓ 0.4%

Constant Currency YoY ↓ 0.1%

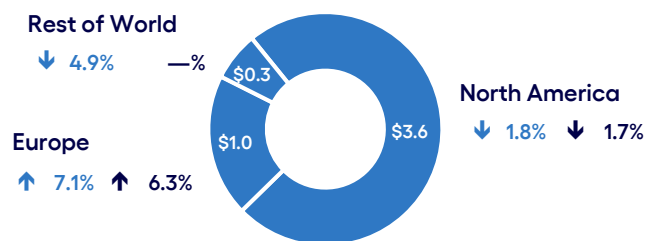
GAAP Operating Margin | 11.8% Adjusted Operating Margin | 14.2% GAAP EPS | \$0.91 Adjusted Diluted EPS | \$1.10

Year-to-Date Cash Flow	Cash Flow From Operations	Free Cash Flow	Year-to-Date Capital Return	Dividend	Share Repurchases
	\$765M	\$599M		\$298M \$0.58/share	\$436M

Revenue by Geography

(\$ In billions)

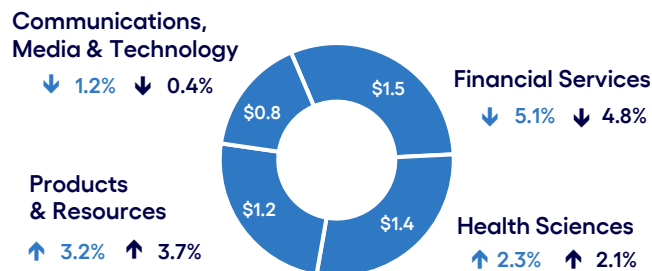
Reported YoY | Constant Currency YoY



Revenue by Segment

(\$ In billions)

Reported YoY | Constant Currency YoY



Employee Metrics

Total Employees	345,600	(5,900) QoQ
		+4,300 YoY
Voluntary - Tech Services Attrition (Trailing 12-Month)		19.9%
		Down 11 pts. YoY

2022 ESG Report



[Read the Full Report Here](#)

About Non-GAAP Financial Measures and Performance Metrics

Non-GAAP Financial Measures

To supplement our financial results presented in accordance with GAAP, this infographic includes references to the following measures defined by the Securities and Exchange Commission as non-GAAP financial measures: Adjusted Operating Margin, Adjusted Diluted EPS, free cash flow and constant currency revenue growth. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures should be read in conjunction with our financial statements prepared in accordance with GAAP. The reconciliations of our non-GAAP financial measures to the corresponding GAAP measures should be carefully evaluated.

Our non-GAAP financial measure Adjusted Operating Margin excludes unusual items, such as NextGen charges. Our non-GAAP financial measure Adjusted Diluted EPS excludes unusual items, such as NextGen charges, net non-operating foreign currency exchange gains or losses and the tax impact of all the applicable adjustments. The income tax impact of each item excluded from Adjusted Diluted EPS is calculated by applying the statutory rate and local tax regulations in the jurisdiction in which the item was incurred. Free cash flow is defined as cash flows from operating activities net of purchases of property and equipment. Constant currency revenue growth is defined as revenues for a given period restated at the comparative period's foreign currency exchange rates measured against the comparative period's reported revenues.

Management believes providing investors with an operating view consistent with how we manage the Company provides enhanced transparency into our operating results. For our internal management reporting and budgeting purposes, we use various GAAP and non-GAAP financial measures for financial and operational decision-making, to evaluate period-to-period comparisons, to determine portions of the compensation for our executive officers and for making comparisons of our operating results to those of our competitors. Accordingly, we believe that the presentation of our non-GAAP measures, which exclude certain costs, when read in conjunction with our reported GAAP results, can provide useful supplemental information to our management and investors regarding financial and business trends relating to our financial condition and results of operations.

A limitation of using non-GAAP financial measures versus financial measures calculated in accordance with GAAP is that non-GAAP financial measures do not reflect all of the amounts associated with our operating results as determined in accordance with GAAP and may exclude costs that are recurring such as our net non-operating foreign currency exchange gains or losses. In addition, other companies may calculate non-GAAP financial measures differently than us, thereby limiting the usefulness of these non-GAAP financial measures as a comparative tool. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from our non-GAAP financial measures to allow investors to evaluate such non-GAAP financial measures.

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
Reconciliations of Non-GAAP Financial Measures
(Unaudited)

	Three Months Ended June 30, 2023	% of Revenues
GAAP income from operations and operating margin	\$ 577	11.8
NextGen charges ⁽¹⁾	117	2.4
Adjusted Income From Operations and Adjusted Operating Margin	\$ 694	14.2
GAAP diluted EPS	\$ 0.91	
Effect of NextGen charges, pre-tax	0.23	
Non-operating foreign currency exchange (gains) losses, pre-tax ⁽²⁾	0.02	
Tax effect of above adjustments ⁽³⁾	(0.06)	
Adjusted Diluted EPS	\$ 1.10	

Notes:

- (1) NextGen charges for the three months ended June 30, 2023 include \$78 million of employee separation costs, \$37 million of facility exit costs and \$2 million of third party and other costs. We expect to record total costs of approximately \$350 million in connection with the NextGen program, consisting of approximately \$150 million of employee separation costs and \$200 million of facility exit and other costs. The total costs related to the NextGen program are reported in "Restructuring charges" in our unaudited consolidated statements of operations.
- (2) Non-operating foreign currency exchange gains and losses, inclusive of gains and losses on related foreign exchange forward contracts not designated as hedging instruments for accounting purposes, are reported in "Foreign currency exchange gains (losses), net" in our unaudited consolidated statement of operations.
- (3) Presented below is the tax impact of our non-GAAP adjustment to pre-tax income:

(in millions)	Three Months Ended June 30, 2023
Non-GAAP income tax benefit related to:	
NextGen charges	\$ 31
Foreign currency exchange gains and losses	—

The effective tax rate related to non-operating foreign currency exchange gains and losses varies depending on the jurisdictions in which such income and expenses are generated and the statutory rates applicable in those jurisdictions. As such, the income tax effect of non-operating foreign currency exchange gains and losses shown in the above table may not appear proportionate to the net pre-tax foreign currency exchange gains and losses reported in our consolidated statements of operations.

Reconciliation of Free Cash Flow

(in millions)	Six Months Ended June 30, 2023
Net cash provided by operating activities	\$ 765
Purchases of property and equipment	(166)
Free cash flow	\$ 599