



FY 2023

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I'm grateful to our nearly 350,000 employees for their tremendous year-long work enhancing our strength as industry experts, collaborative partners and passionate innovators for our clients. We delivered Q4 revenue within our guided range and we've maintained our commercial momentum. Full-year bookings of \$26.3 billion represent an increase of 9% year-over-year, driven by new clients and large deals. To keep advancing our ability to design and deliver solutions, we continue to invest in generative AI, cloud, data modernization, digital engineering and IoT. I believe Cognizant is now in a significantly stronger position than a year ago to help our clients transform their businesses to prepare for the future as they navigate ongoing macro-economic pressures.

”

Ravi Kumar S | Chief Executive Officer

Revenue

\$19.4 billion

Reported YoY ↓ 0.4%

Constant Currency YoY ↓ 0.3%

GAAP Operating Margin | 13.9% Adjusted Operating Margin | 15.1% GAAP EPS | \$4.21 Adjusted Diluted EPS | \$4.55

Cash Flow

Cash Flow
From Operations

\$2,330M

Free
Cash Flow

\$2,013M

Capital Return

FY 2023
Dividend

\$591M

\$1.16/share

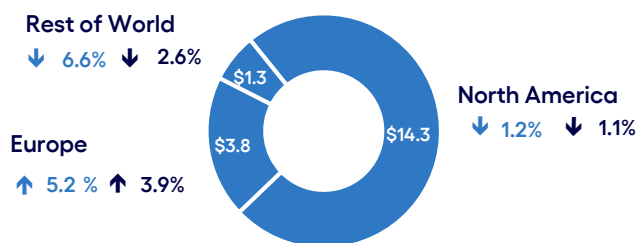
FY 2023 Share
Repurchases

\$1,064M

Revenue by Geography

(\$ In billions)

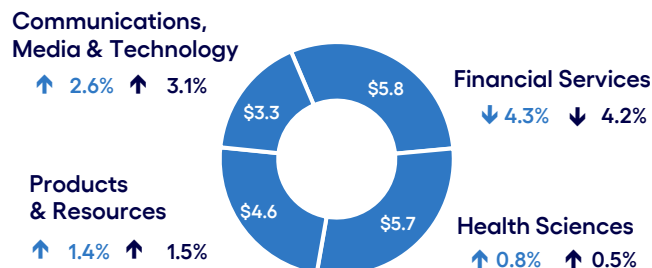
Reported YoY | Constant Currency YoY



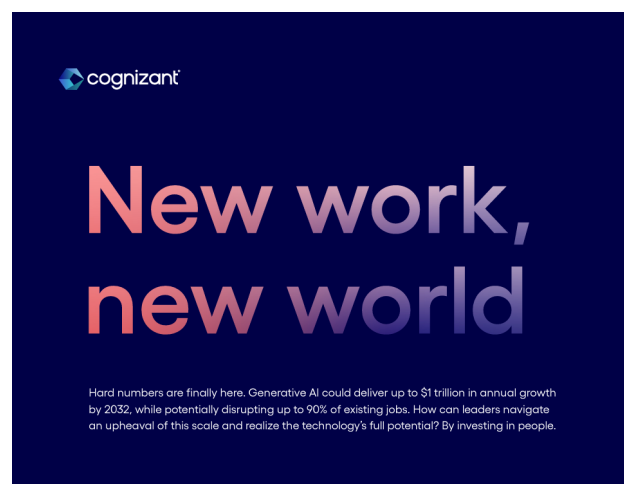
Revenue by Segment

(\$ In billions)

Reported YoY | Constant Currency YoY



Cognizant / Oxford Economics Impact Study on GenAI



[Read the full report here](#)



Q4 2023



Fourth quarter's sequential improvement in adjusted operating margin to 16.1% reflects our ongoing operational rigor and our NextGen cost optimization program, which have enabled us to exceed our margin commitment and continue to invest in our strategy to improve future revenue growth. We were also pleased to deliver full-year free cash flow of \$2 billion, which represented 95% of net income. We remain committed to adjusted operating margin expansion of 20 to 40 basis points in 2024 and to our balanced capital allocation framework, which includes share repurchases, inorganic investments to support our strategic priorities, and today's announced dividend increase.



Jatin Dalal | Chief Financial Officer

Revenue

\$4.8 billion

Reported YoY ↓ 1.7%

Constant Currency YoY ↓ 2.4%

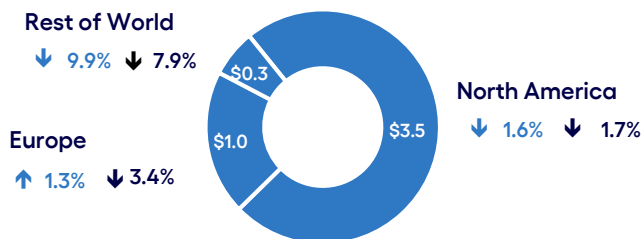
GAAP Operating Margin | 15.2% Adjusted Operating Margin | 16.1% GAAP EPS | \$1.11 Adjusted Diluted EPS | \$1.18

Q4 2023 Cash Flow	Cash Flow From Operations \$737M	Free Cash Flow \$659M	Q4 2023 Capital Return	Dividends \$146M \$0.29/share	Share Repurchases \$313M
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Revenue by Geography

(\$ In billions)

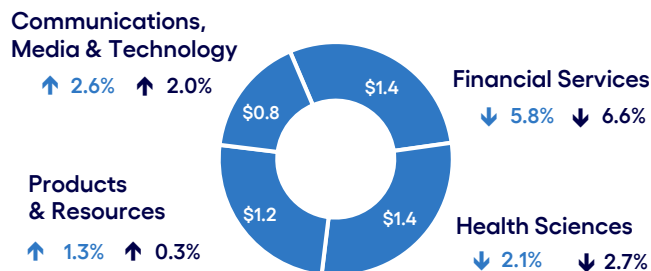
Reported YoY | Constant Currency YoY



Revenue by Segment

(\$ In billions)

Reported YoY | Constant Currency YoY



Employee Metrics

Total Employees 347,700 +1,100 QoQ
(7,600) YoY

Voluntary - Tech Services Attrition (Trailing 12-Month) 13.8%
Down 12 pts. YoY

Acquisition Announced



Elite ServiceNow Partner specializing in advisory, implementation and optimization solutions

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, and 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 December 31, 2023	% of Revenues	Twelve Months Ended December 31, 2023	% of Revenues
GAAP income from operations and operating margin	\$ 724	15.2	\$ 2,689	13.9
NextGen charges ⁽¹⁾	40	0.9	229	1.2
Adjusted Income From Operations and Adjusted Operating Margin	\$ 764	16.1	\$ 2,918	15.1
GAAP diluted EPS	\$ 1.11		\$ 4.21	
Effect of NextGen charges, pre-tax	0.08		0.45	
Non-operating foreign currency exchange (gains) losses, pre-tax ⁽²⁾	—		—	
Tax effect of above adjustments ⁽³⁾	(0.01)		(0.11)	
Adjusted Diluted EPS	\$ 1.18		\$ 4.55	

Notes:

- (1) NextGen charges for the three months ended December 31, 2023 include \$22 million of employee separation costs, \$16 million of facility exit costs and \$2 million of third party and other costs. NextGen charges for the year ended December 31, 2023 include \$115 million of employee separation costs, \$108 million of facility exit costs and \$6 million of third party 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 December 31, 2023	Twelve Months Ended December 31, 2023
Non-GAAP income tax benefit (expense) related to:		
NextGen charges	\$ 10	59
Foreign currency exchange gains and losses	(4)	(6)

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)	Three Months Ended December 31, 2023	Twelve Months Ended December 31, 2023
Net cash provided by operating activities	\$ 737	\$ 2,330
Purchases of property and equipment	(78)	(317)
Free cash flow	\$ 659	\$ 2,013