

Cognizant

Q1 2021

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In the first quarter, we successfully executed our strategy of embracing digital, investing in international expansion and repositioning the Cognizant brand. Cloud migration and digital adoption create a significant opportunity for Cognizant in the coming years. The ongoing humanitarian crisis, especially in India, is deeply concerning. We have made a series of investments to support India in this time of need and continue to prioritize the health and safety of our associates while we serve our clients.

”

Brian Humphries | Chief Executive Officer

Revenue

\$4.4 billion

Reported YoY **↑ 4.2%**

Constant Currency YoY **↑ 2.4%**

Digital revenue up ~15% year-over-year and now represent 44% of revenue, up from 39% in prior year period

GAAP and Adjusted Operating Margin | **15.2%**

GAAP Diluted EPS | **\$0.95** Adjusted Diluted EPS | **\$0.97**

Cash Flow

Cash Flow
From Operations
\$181M

Free
Cash Flow
\$93M

Capital Return

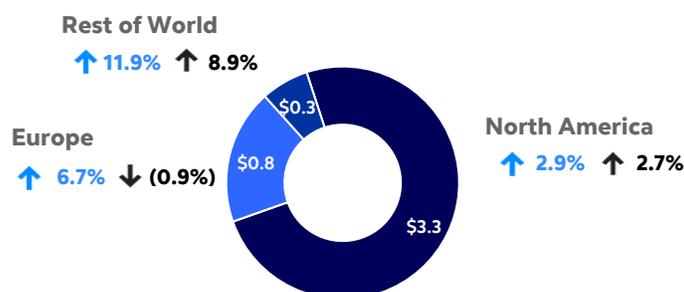
Q1 2021
Dividend
\$128M
\$0.24/share

Q1 2021 Share
Repurchases
\$234M

Revenue by Geography

(\$ IN BILLIONS)

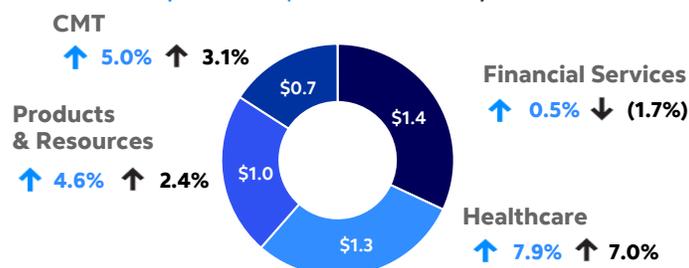
Reported YoY | Constant Currency YoY



Revenue by Segment

(\$ IN BILLIONS)

Reported YoY | Constant Currency YoY



Total
Employees
296,500

Total
Attrition
21%

Voluntary
Attrition
18%

Acquisitions Announced in Q1 2021

COMPANY	HEADQUARTERS	DIGITAL BATTLEGROUND
linium	North America	Cloud
servian	Australia	AI & Analytics
Magenic	North America	Software Engineering
ESGMOBILITY	Germany	IoT

About Non-GAAP Financial Measures

To supplement our financial results presented in accordance with GAAP, this press release includes references to the following measures defined by the Securities and Exchange Commission as non-GAAP financial measures: Adjusted Income From Operations, Adjusted Operating Margin, Adjusted Diluted EPS, free cash flow, net cash 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 measures, Adjusted Operating Margin, Adjusted Income From Operations and Adjusted Diluted EPS exclude unusual items. Additionally, Adjusted Diluted EPS excludes 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 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. Net cash is defined as cash and cash equivalents and short-term investments less short-term and long-term debt. 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. Therefore, it is our belief that the use of non-GAAP financial measures excluding certain costs provides a meaningful supplemental measure for investors to evaluate our financial performance. Accordingly, we believe that the presentation of our non-GAAP measures, 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.

We disclose digital revenue as management believes it provides additional insights into the Company's business. Measuring digital revenue requires the use of estimates and judgement, there are no independent standards or requirements governing the calculation and our calculation may differ from the calculations underlying similar such metrics disclosed by other companies.

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

	Three Months Ended March 31, 2021
GAAP diluted EPS	\$ 0.95
Non-operating foreign currency exchange (gains) losses, pre-tax ⁽¹⁾	0.02
Tax effect of non-operating foreign currency exchange (gains) losses	—
Adjusted Diluted EPS	\$ 0.97

Notes:

- (1) 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 consolidated statement of operations.

Reconciliation of Free Cash Flow

(in millions)	Three Months Ended March 31, 2021
Net cash provided by operating activities	\$ 181
Purchases of property and equipment	(88)
Free cash flow	\$ 93