

# Cognizant

## Q2 2021

“

We delivered a strong second quarter. Through targeted investments, we've been shifting our portfolio to faster-growing market segments while extending our capabilities and partnerships to help clients build modern businesses. I see a stronger, more competitive Cognizant emerging, with growing commercial momentum. We are bullish on the industry and our prospects within it.

”

Brian Humphries | Chief Executive Officer

## Revenue

# \$4.6 billion

Reported YoY **↑ 14.6%**

Constant Currency YoY **↑ 12.0%**

Digital revenue up ~20% year-over-year and now represents 44% of total revenue, up from 42% in prior year period

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

GAAP Diluted EPS | **\$0.97** Adjusted Diluted EPS | **\$0.99**

### Cash Flow

Cash Flow From Operations  
**\$541M**

Free Cash Flow  
**\$466M**

### Capital Return

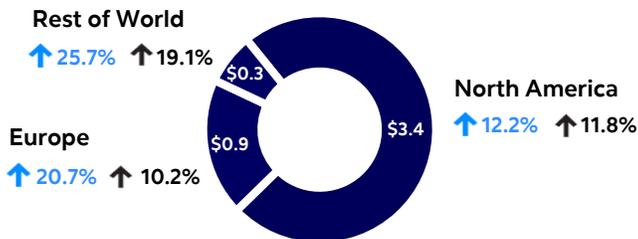
Q2 2021 Dividend  
**\$127M**  
\$0.24/share

Q2 2021 Share Repurchases  
**\$320M**

### Revenue by Geography

(\$ IN BILLIONS)

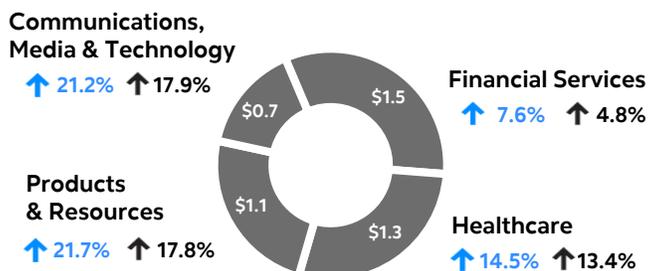
Reported YoY | Constant Currency YoY



### Revenue by Segment

(\$ IN BILLIONS)

Reported YoY | Constant Currency YoY



Total Employees  
**301,200**

Total Annualized Attrition  
**31%**

Voluntary Annualized Attrition  
**29%**

### 2020 ESG Report: Living Our Purpose



“

We recognize that businesses are interdependent with the world's social and environmental systems. In the medium and long run, social and environmental issues become financial issues. Businesses can thrive only if society prospers and the natural environment is protected.

”

Brian Humphries, Chief Executive Officer

[Read the Full Report Here](#)

## **About 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 measures, Adjusted Operating Margin 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. 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)**

	<b>Three Months Ended June 30, 2021</b>
GAAP diluted EPS	\$ 0.97
Non-operating foreign currency exchange (gains) losses, pre-tax <sup>(1)</sup>	0.01
Tax effect of non-operating foreign currency exchange (gains) losses <sup>(2)</sup>	0.01
Adjusted Diluted EPS	\$ 0.99

**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 unaudited consolidated statement of operations.
- (2) The non-GAAP income tax expense related to our foreign currency exchange gains and losses was \$6 million for the three months ended June 30, 2021.

**Reconciliation of Free Cash Flow**

<b>(in millions)</b>	<b>Three Months Ended June 30, 2021</b>
Net cash provided by operating activities	\$ 541
Purchases of property and equipment	(75)
Free cash flow	\$ 466