

Cognizant

Q4 2021

“

I'm proud of Cognizant's broad-based progress over the past year. We successfully executed our strategy by meaningfully enhancing our digital portfolio, strengthening our international presence, and helping our clients be successful. We enter 2022 with momentum and confidence that our talented employees position us to capture the substantial market opportunity.

”

Brian Humphries | Chief Executive Officer

Revenue

\$4.8 billion

Reported YoY ↑ 14.2%

Constant Currency YoY ↑ 14.5%

Digital revenue up ~20% year-over-year and represents 45% of total revenue, up from 43% in prior year period

GAAP and Adjusted Operating Margin | **15.3%**

GAAP and Adjusted Diluted EPS | **\$1.10**

Cash Flow

Cash Flow From Operations
\$825M

Free Cash Flow
\$760M

Capital Return

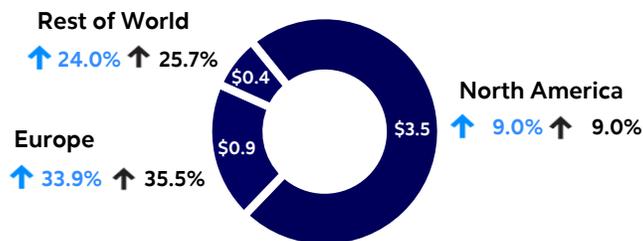
Q4 2021 Dividend
\$127M
\$0.24/share

Q4 2021 Share Repurchases
\$82M

Revenue by Geography

(\$ IN BILLIONS)

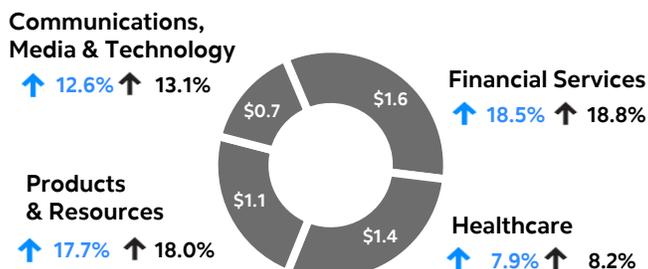
Reported YoY | Constant Currency YoY



Revenue by Segment

(\$ IN BILLIONS)

Reported YoY | Constant Currency YoY



Total Employees
330,600

+12,200 Q/Q
+41,100 Y/Y

Voluntary Annualized Attrition
31%

Voluntary Trailing 12-Month Attrition
28%

Acquisitions Announced in Q4 2021

COMPANY

DIGITAL BATTLEGROUND



Digital Engineering

Cognizant

FY 2021

“

During 2021, we continued to invest in our people and strategic initiatives while navigating the heightened cost pressures driven by the labor supply-demand imbalance. With \$2.7 billion of cash and short-term investments and free cash flow in excess of 100% of net income, we are well-positioned to execute our balanced capital allocation framework, including the third consecutive annual increase of the dividend we announced today.

”

Jan Siegmund | Chief Financial Officer

Revenue

\$18.5 billion

Reported YoY **↑ 11.1%**

Constant Currency YoY **↑ 10.0%**

Digital revenue up ~19% year-over-year and represents 44% of total revenue, up from 42% in prior year

GAAP Operating Margin | **15.3%** Adjusted Operating Margin | **15.4%** GAAP Diluted EPS | **\$4.05** Adjusted Diluted EPS | **\$4.12**

Cash Flow

Cash Flow From Operations
\$2,495M

Free Cash Flow
\$2,216M

Capital Return

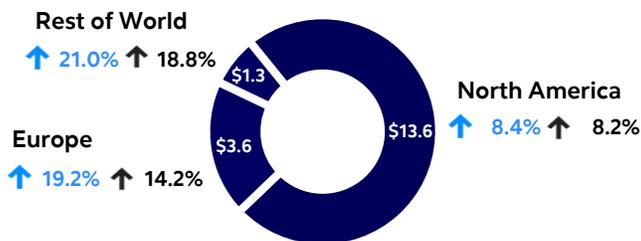
FY 2021 Dividend
\$509
\$0.96/share

FY 2021 Share Repurchases
\$771M

Revenue by Geography

(\$ IN BILLIONS)

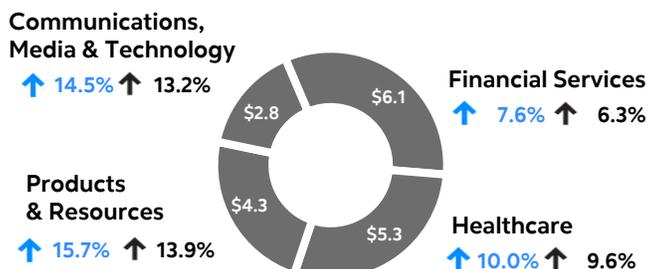
Reported YoY | Constant Currency YoY



Revenue by Segment

(\$ IN BILLIONS)

Reported YoY | Constant Currency YoY



Acquisitions Announced in FY 2021

COMPANY	DIGITAL BATTLEGROUND
linium	Cloud
servian	Data
Magenic	Digital Engineering
ESGMOBILITY	IoT
TQS integration A Cognizant Company	IoT
HUNTER htrjobs.com	Digital Engineering
db DEVBRIDGE A Cognizant Company	Digital Engineering

FY2021 year-over-year revenue growth reflects the Samlink Impact. For more information regarding the Samlink Impact, and for non-GAAP financial reconciliations, refer to Cognizant's 2021 fourth quarter earnings release issued on February 2, 2022, which accompanies this presentation and is available at investors.cognizant.com.

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 Income From Operations, 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 Income From Operations, 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)

	Three Months Ended December 31, 2021	% of Revenues	Twelve Months Ended December 31, 2021	% of Revenues
GAAP income from operations and operating margin	\$ 732	15.3	\$ 2,826	15.3
Class Action Settlement Loss ⁽¹⁾	—	—	20	0.1
Adjusted Income From Operations and Adjusted Operating	\$ 732	15.3	\$ 2,846	15.4
GAAP diluted EPS	\$ 1.10		\$ 4.05	
Effect of above adjustments, pre-tax	—		0.04	
Non-operating foreign currency exchange (gains) losses, pre-tax ⁽²⁾	—		0.03	
Tax effect of above adjustments ⁽³⁾	—		—	
Adjusted Diluted EPS	\$ 1.10		\$ 4.12	

Notes:

- (1) During 2021, the parties to the consolidated putative securities class action suit filed a settlement agreement that resolved the consolidated putative securities class action against us and certain of our former officers. The settlement agreement provides for a payment of \$95 million to the putative class (inclusive of attorneys' fees and litigation expenses). Adjusting for indemnification expenses, legal fees and other covered expenses incurred through September 7, 2021, the remaining available balance under the applicable directors and officers insurance policies was \$75 million. As a result, we recorded a Class Action Settlement Loss of \$20 million in "Selling, general and administrative expenses" in our third quarter 2021 unaudited consolidated financial statements.
- (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 are the tax impacts of each of our non-GAAP adjustments to pre-tax income :

(in millions)	Three Months Ended December 31, 2021	Twelve Months Ended December 31, 2021
Non-GAAP income tax benefit (expense) related to:		
Class Action Settlement Loss	\$ —	6
Foreign currency exchange gains and losses	(2)	(5)

Reconciliation of Free Cash Flow

(in millions)	Three Months Ended December 31, 2021	Twelve Months Ended December 31, 2021
Net cash provided by operating activities	\$ 825	\$ 2,495
Purchases of property and equipment	(65)	(279)
Free cash flow	\$ 760	\$ 2,216