



Q3 2022

“

Revenue and bookings were below our expectations as company specific fulfillment challenges were compounded by the impact of an uncertain macroeconomic backdrop. We are confident the steps we are taking will return the company to accelerated growth over the medium to long term.

Brian Humphries | Chief Executive Officer

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Revenue \$4.9 billion

Reported YoY ↑ 2.4%

Constant Currency YoY ↑ 5.6%

Digital revenue up ~7% year-over-year, or ~11% in constant currency, and represents 51% of total revenue

GAAP and Adjusted Operating Margin | 16.4%
Up 100 and 60 basis points YoY, respectively

GAAP EPS | \$1.22
Up 18% YoY

Adjusted Diluted EPS | \$1.17
Up 10% YoY

Cash Flow

Cash Flow
From Operations
\$1,032M

Free
Cash Flow
\$953M

Capital Return

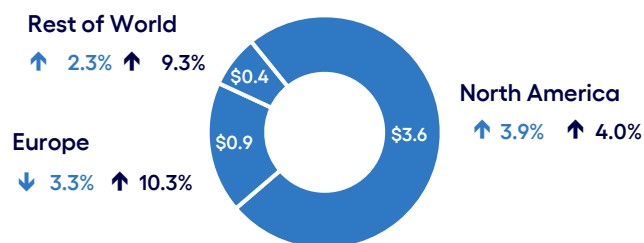
Q3 2022
Dividend
\$141M
\$0.27/share

Q3 2022 Share
Repurchases
\$315M

Revenue by Geography

(\$ In billions)

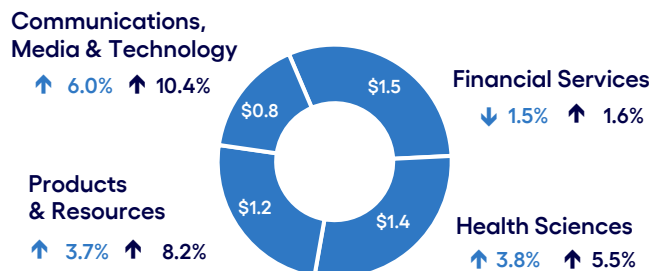
Reported YoY | Constant Currency YoY



Revenue by Segment

(\$ In billions)

Reported YoY | Constant Currency YoY



Employee Metrics

Total Employees 349,400
+8,100 QoQ
+31,000 YoY

Voluntary Annualized Attrition 29%

Voluntary Trailing 12-Month Attrition 29%

Acquisitions Announced

COMPANY

DIGITAL BATTLEGROUND

The professional services and application management practices of

onesource
VIRTUAL



Cloud

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 the Class Action Litigation Settlement in the third quarter of 2021. Our non-GAAP financial measure Adjusted Diluted EPS excludes unusual items, such as the Class Action Litigation Settlement in the third quarter of 2021 and the effect of recognition in the third quarter of 2022 of an income tax benefit related to a specific uncertain tax position that was previously unrecognized in our prior year consolidated financial statements, 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.

Performance Metrics

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. In the first quarter of 2022, we modified our definition of digital revenue to reflect our latest assessment of digital skills, growth priorities and pricing initiatives. Under the updated definition, digital revenue as a percentage of total revenue was 46%, 47%, 49% and 49% for the first, second, third and fourth quarter of 2021, respectively, and 48% for full year 2021.

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

	Three Months Ended September 30, 2022
GAAP diluted EPS	\$ 1.22
Non-operating foreign currency exchange (gains) losses, pre-tax ⁽¹⁾	(0.01)
Tax effect of non-operating foreign currency exchange (gains) losses ⁽²⁾	0.03
Effect of recognition of income tax benefit related to an uncertain tax position ⁽³⁾	(0.07)
Adjusted Diluted EPS	\$ 1.17

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) Presented below are the tax impacts of each of our non-GAAP adjustments to pre-tax income :

(in millions)	Three Months Ended September 30, 2022
Non-GAAP income tax (expense) related to:	
Foreign currency exchange gains and losses	\$ (15)

- (3) During the three months ended September 30, 2022, we recognized an income tax benefit of \$36 million related to a specific uncertain tax position that was previously unrecognized in our prior year consolidated financial statements. The recognition of the benefit in the third quarter of 2022 was based on management's reassessment regarding whether this unrecognized tax benefit met the more-likely-than-not threshold in light of the lapse in the statute of limitations as to a portion of such benefit.

Reconciliation of Free Cash Flow

(in millions)	Three Months Ended September 30, 2022
Net cash provided by operating activities	\$ 1,032
Purchases of property and equipment	(79)
Free cash flow	\$ 953