KYNDRYL OUTLINES GROWTH STRATEGY AT 2024 INVESTOR DAY

November 21, 2024

- **Poised for ongoing annual revenue growth, margin expansion and significant cash flow generation**
- **Board authorizes $300 million share repurchase program**

NEW YORK, Nov. 21, 2024 /PRNewswire/ -- Kyndryl Holdings, Inc. (NYSE: KD), the world's largest IT infrastructure services provider, today hosted its 2024 Investor Day. At the event, senior management outlined the Company's growth strategy, multi-year outlook and capital allocation priorities, including initiating a $300 million share repurchase program.



"Since becoming an independent company in November 2021, we've consistently communicated our strategic milestones and executed ahead of plan – positioning Kyndryl for revenue growth, further margin expansion and strong free cash flow generation," said Kyndryl Chairman and Chief Executive Officer Martin Schroeter.

"The investments we've made in our people, technology alliances and intellectual property have expanded our leadership position in our industry and our role as the trusted partner of choice in the markets we serve. The strength of our strategic and operational execution has allowed us to now have the flexibility to return capital to shareholders under our share buyback program."

At the Investor Day, Kyndryl outlined its multi-year growth strategy, emphasizing that:

- The Company expects to *triple* its adjusted free cash flow in fiscal year 2028 compared to fiscal year 2025, and to more than *double* its adjusted pretax income over that time period
- Kyndryl is well-positioned to deliver the *single*-digit revenue growth required to achieve its cash flow and earnings targets
- Kyndryl will realize incremental benefits from its 3A's initiatives – Alliances, Advanced Delivery and Accounts – which have been a key source of the margin expansion the Company has already delivered
- Kyndryl Consult, the Company's advisory services activities, will continue to grow revenue at a double-digit rate, outpacing market growth and contributing to margin expansion
- The Company's AI-powered operating platform, Kyndryl Bridge, is driving efficiencies in service delivery and providing operational insights that are a powerful source of market differentiation and revenue generation

Kyndryl reaffirmed its fiscal 2025 guidance, previously shared on November 7 when the Company reported second quarter fiscal 2025 results. Additionally, the Company provided its financial objectives for fiscal year 2028 (the twelve months from April 2027 to March 2028), including:

- Adjusted free cash flow of at least $1 billion, triple the Company's expected fiscal 2025 amount, with roughly 100% conversion of adjusted pretax income less cash taxes into adjusted free cash flow
- Adjusted pretax income of at least $1.2 billion, more than doubling versus fiscal 2025
- Adjusted EBITDA margin of 20% to 22%, up 370 to 570 basis points versus fiscal 2025

"We've delivered strong signings growth over the last twelve months, and we expect this momentum to continue as there are growing needs for the essential services Kyndryl provides. Our growth in signings supports our future revenue and earnings trajectory and, in turn, will drive significant free cash flow generation," said Kyndryl Chief Financial Officer David Wyshner. "Our newly authorized share repurchase program is an important step in

the evolution of our capital allocation strategy and reflects our commitment to building long-term shareholder value."

Investor Day Webcast Replay

Slides from today's presentation and a replay of the event are available at investors.kyndryl.com.

About Kyndryl

Kyndryl (NYSE: KD) is the world's largest IT infrastructure services provider, serving thousands of enterprise customers in more than 60 countries. The Company designs, builds, manages and modernizes the complex, mission-critical information systems that the world depends on every day. For more information, visit www.kyndryl.com.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this press release, including statements concerning the Company's plans, objectives, goals, beliefs, business strategies, future events, business condition, results of operations, financial position, business outlook and business trends and other non-historical statements, including without limitation the outlook and financial objectives in this press release (which does not assume any future acquisitions or divestitures), are forward-looking statements. Such forward-looking statements often contain words such as "aim," "anticipate," "believe," "contemplate," "could," "estimate," "expect," "forecast," "intend," "may," "objective," "opportunity," "plan," "poised," "position," "predict," "project," "should," "seek," "target," "will," "would" and other similar words or expressions or the negative thereof or other variations thereon. Forward-looking statements are based on the Company's current assumptions and beliefs regarding future business and financial performance.

The Company's actual business, financial condition or results of operations may differ materially from those suggested by forward-looking statements as a result of risks and uncertainties which include, among others: failure to attract new customers, retain existing customers or sell additional services to customers; failure to meet growth and productivity objectives; competition; impacts of relationships with critical suppliers and partners; failure to address and adapt to technological developments and trends; inability to attract and retain key personnel and other skilled employees; impact of economic, political, public health and other conditions; damage to the Company's reputation; inability to accurately estimate the cost of services and the timeline for completion of contracts; service delivery issues; the Company's ability to successfully manage acquisitions and dispositions, including integration challenges, failure to achieve objectives, the assumption of liabilities and higher debt levels; the impact of our business with government customers; failure of the Company's intellectual property rights to prevent competitive offerings and the failure of the Company to obtain, retain and extend necessary licenses; the impairment of our goodwill or long-lived assets; risks relating to cybersecurity, data governance and privacy; risks relating to non-compliance with legal and regulatory requirements; adverse effects from tax matters and environmental matters; legal proceedings and investigatory risks; the impact of changes in market liquidity conditions and customer credit risk on receivables; the Company's pension plans; the impact of currency fluctuations; risks related to the Company's spin-off; and risks related to the Company's common stock and the securities market.

Additional risks and uncertainties include, among others, those risks and uncertainties described in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2024, and may be further updated from time to time in the Company's subsequent filings with the Securities and Exchange Commission. Any forward-looking statement in this press release speaks only as of the date on which it is made. Except as required by law, the Company assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

In an effort to provide investors with additional information regarding its outlook, the Company has provided certain metrics that are not calculated based on generally accepted accounting principles (GAAP), such as constant-currency results, adjusted EBITDA margin, adjusted pretax income and adjusted free cash flow. For more information about these non-GAAP financial measures, see the Company's Investor Day slide presentation available at investors.kyndryl.com. A reconciliation of forward-looking non-GAAP financial information is not included in this release because the Company is unable to predict with reasonable certainty some individual components of such reconciliation without unreasonable effort. These items are uncertain, depend on various factors and could have a material impact on future results computed in accordance with GAAP. All projections are based on recent exchange rates as of October 2024.

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