kyndryl

Second Quarter 2027 Earnings

November 4, 2026



Disclaimers

Forward-looking statements

This presentation and the related conference call contain “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 presentation, including statements concerning the Company's plans, objectives, goals, beliefs, business strategies, future events, business condition, results of operations, financial position, business outlook, business trends and other non-historical statements, including without limitation the outlook and financial objectives in this presentation and the related conference call (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,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “objectives,” “opportunity,” “plan,” “position,” “predict,” “project,” “seek,” “should,” “signpost,” “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 services to customers; failure to meet growth and productivity objectives and maintain our capital allocation strategy; 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, geopolitical, public health and other conditions; damage to the Company's reputation and impact on the Company and the Company's stock price resulting from negative publicity; inability to accurately estimate the cost of services and the timeline for completion of contracts; service delivery issues; the Company's ability to successfully complete and manage acquisitions and dispositions, including integration challenges, failure to achieve objectives, the assumption of liabilities and higher debt levels; the Company’s ability to refinance maturing debt on favorable terms in a timely manner, or at all, and risks related to the Company’s access to capital and credit markets; 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 the Company's goodwill or long-lived assets; risks relating to cybersecurity, data governance and privacy; risks relating to non-compliance with legal and regulatory requirements and changes in laws, regulations and policies in the U.S. and countries where the Company and its customers do business, including with respect to tariffs, taxes and other controls on imports or exports; adverse effects from tax matters; risks related to legal and regulatory claims, suits, investigations, proceedings and other matters, and consequences related thereto; the Company’s ability to remediate, and the timing and costs related to the remediation of, material weaknesses in internal control over financial reporting, as well as the Company’s ability to maintain effective controls in the future; the impact of changes or developments in credit ratings, market liquidity conditions and customer credit risk on receivables; the Company's pension plans; the impact of currency fluctuations; 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, 2026, as such factors may be updated from time to time in the Company’s subsequent filings with the Securities and Exchange Commission. Any forward-looking statement in this presentation 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

Financial information contained in this presentation includes certain financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America (GAAP), such as adjusted EBITDA, adjusted pretax income (loss), adjusted net income (loss), adjusted EPS, adjusted EBITDA margin, adjusted pretax income margin, net debt, net leverage ratio, free cash flow, adjusted free cash flow and constant currency results, which include or exclude certain items from the most directly comparable GAAP financial measure. These non-GAAP measures differ from reported GAAP measures and are intended to illustrate what management believes are relevant period-over-period comparisons and are helpful to investors as an additional tool for further understanding and assessing Kyndryl's expected ongoing operating performance. Exclusion of items in our non-GAAP presentation should not be considered an inference that these items are unusual, infrequent or non-recurring. Definitions and additional information about our calculation of the non-GAAP measures are included in the appendix of this presentation. A reconciliation of non-GAAP financial measures for historical periods to the most directly comparable GAAP financial measure appears in the appendix to this presentation. Any non-GAAP financial measure used in this presentation is in addition to, and not meant to be considered superior to, or a substitute for, measures prepared in accordance with GAAP. A reconciliation of forward-looking non-GAAP financial information is not included in this presentation 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.

In this presentation, projections are based on exchange rates as of October 2026. Additionally, certain amounts may not add due to the use of rounded numbers; percentages presented are calculated based on the underlying amounts.

Speakers



Lori Chaitman, Global Head of Investor Relations



Martin Schroeter, Chairman and Chief Executive Officer



Ellen Johnson, Chief Financial Officer

Executing a differentiated strategy in a rapidly changing market

1 Driving profitable growth

Targeting consistent revenue growth and ongoing margin expansion

2 Leveraging our leadership position

Capitalizing on our alliances, AI-led modernization and mission-critical expertise

3 Progressing on key initiatives

Growing Kyndryl Consult, winning new logos and sustaining delivery excellence

4 Focusing on growth areas

Investing in Kyndryl Bridge and AI capabilities, alliances and Consult

Building on our leadership position in mission-critical technology services

Signposts to fiscal 2028

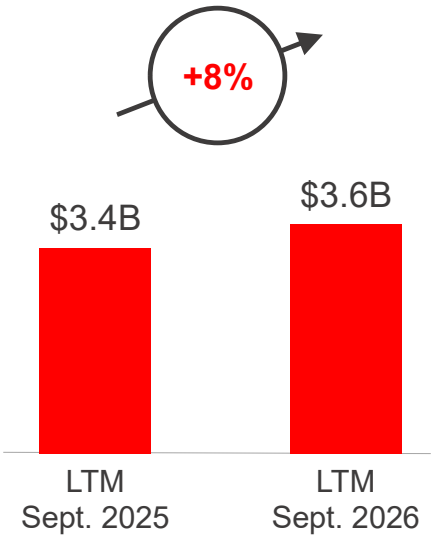
Signpost	Exiting FY26	Drivers in FY27 outlook	H1 progress
Backlog trajectory entering year	5-point improvement	Signings performance and mix	
Kyndryl Consult signings > revenue	$4B signings, $3.5B revenue	Consult capacity and productivity improvement	
Hyperscaler-related revenue growth	+59% in FY26	Continued momentum in alliance activity	
Pipeline at start of FY27 vs. FY26	Sufficient with better mix	Focus on scope expansion and new logos	
Maintain priced margins at high-single digit	8% projected pretax margin on post-spin signings	Maintain pricing discipline	
Optimize labor costs and skills mix	$1B cumulative savings from Advanced Delivery	Agentic AI infused Advanced Delivery	
Reduce SG&A		Workforce rebalancing actions	
Strong conversion of earnings to free cash flow	Last two years on track	Similar full-year conversion	

Driving growth through our mission-critical capabilities

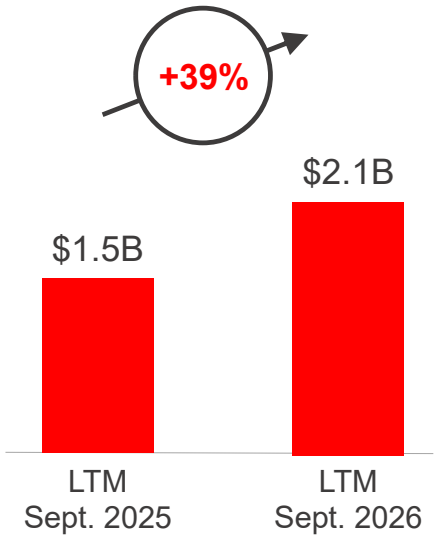
Signposts highlights

- Strength in Kyndryl Consult and hyperscaler-related revenue streams driven by demand for AI-led modernization
- Kyndryl Consult LTM signings of $4.6B
- LTM total signings exceeded revenue
- 43 deals >$50M over LTM with 11 in Q2
- 154 deals >$10M deals over LTM, of which one-third contains scope expansion and new logos

Kyndryl Consult revenue[1]



Hyperscaler-related revenue[1]



Delivering value and driving incremental opportunities with existing and new customers

LTM is last twelve months. Growth rates are as reported
[1]Approximately 35% of hyperscaler-related revenue is a subset of Kyndryl Consult

Kyndryl's differentiated mission-critical solutions accelerate customers' modernization

Customer challenges	Our capabilities	Business outcomes we deliver
Complex hybrid IT estates	Knowledge from IT estate, operating and engineering data	Faster return on investment
Rate and pace of AI innovation	Kyndryl Bridge for data insights, AI governance and orchestration	Transform business workflows
Business continuity risk	Kyndryl Agentic Framework methods and blueprints for AI-native workflows	Cost visibility and optimization
Regulatory demands	AI Innovation Labs to co-create with designers, industry experts and engineers	Advanced cybersecurity and resiliency
Drive efficiency and productivity	Open ecosystem expands technology choice and access to partner capabilities	Platform choice and data control

Delivering faster, consistent, scalable AI solutions aligned to business outcomes

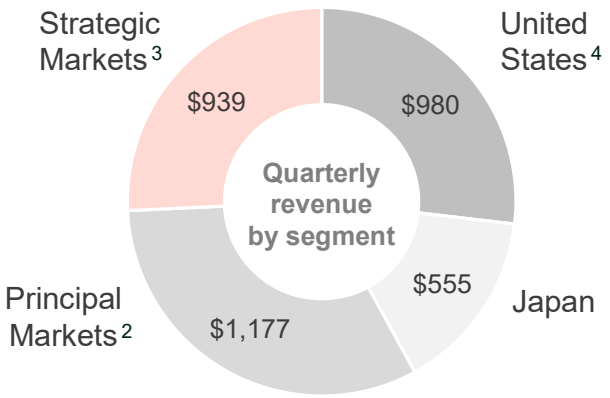
AI-led modernization customer wins

	Global marketing services company 16-year relationship	**Major European bank** 20-year relationship	**Global luxury goods company** 15-year relationship
Approach	**Infrastructure-led**	**Governance-led**	**Data-led**
Customer needs	Unify technology operations across public cloud and business applications, accelerate enterprise modernization with AI	Scale AI safely across highly regulated environment and business adoption	Provide critical tech support across key functions, while enabling business transformation with AI capabilities
Kyndryl Solution	AI-enabled application rationalization using the Kyndryl Agentic Framework as foundation for AI development and management in a unified global operating model	Embed regulatory and risk controls directly into their AI platform, using Kyndryl policy-as-code to ensure compliance is automated, consistent and auditable by design	AI-powered operational excellence, leveraging Kyndryl Bridge data insights, automation and digital twins to accelerate operations
Customer outcomes	• Streamlined business applications • Operating model simplification • Significant cost savings	• Governed foundation for AI at scale • Compliance by design • Accelerate use case to production	• Enhanced quality of services • Impactful cost savings • Capacity to scale geographically
What's next	**AI-enabled operations**	**Scale AI across all business areas**	**AI to cloud environment**

Expanding scope with long-standing customers

Second quarter 2027 financial results

($ in millions)	Quarter ended Sept. 30, 2026	Quarter ended Sept. 30, 2025
Revenue[1]	**$3,651**	$3,721
Growth in constant currency	(0.8%)	(3.6%)
Adjusted EBITDA	**$699**	$641
Adjusted EBITDA margin	19.1%	17.2%
Adjusted pretax income	**$150**	$123
Adjusted pretax income margin	4.1%	3.3%

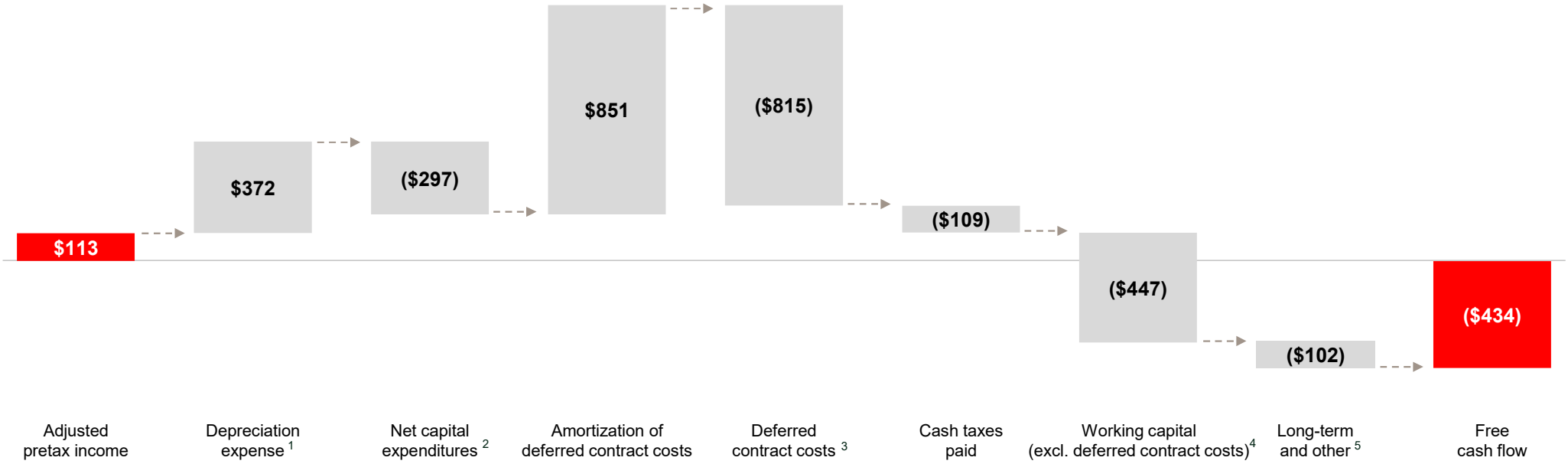


Includes workforce rebalancing charges of $38M in Q2 2027, compared to $19M in Q2 2026

[1] Revenue growth (year-over-year) as reported was (1.9%) in the quarter ended September 30, 2026 and (1.3%) in the quarter ended September 30, 2025
[2] Principal Markets represents the aggregation of our operations in Canada, the United Kingdom / Ireland and certain European markets comprised of France, Germany, Italy and Spain / Portugal.
[3] Strategic Markets represents the aggregation of our operations in all other countries in which we operate, which includes countries in regions such as Latin America, Europe, Middle East & Africa, as well as Asia Pacific (including India and excluding Japan). Kyndryl's operations in India transitioned from Principal Markets to Strategic Markets in the quarter ended September 30, 2026
[4] United States segment revenue growth increased 9% year-over-year and includes 3 points of growth from the resolution of a commercial matter
See appendix for reconciliation of non-GAAP metrics; numbers may not add due to rounding

First half 2027 adjusted pretax income to free cash flow

($ in millions)



Reaffirming our free cash flow outlook of $400M to $500M in FY27

[1] Depreciation expense reflects depreciation of property, equipment and capitalized software
[2] Net capital expenditures consists of capital expenditures less proceeds from disposition of property and equipment
[3] Deferred contract costs reflects deferred transition costs and prepaid software, and capitalized contract costs. These costs are in support of servicing our customer contracts
[4] Working capital (excluding deferred contract costs) reflects accounts payable, accounts receivable, workforce rebalancing liabilities and other current assets and current liabilities
[5] Long-term and other reflects the non-current portion of deferred taxes, lease receivables, changes in right-to-use assets and other long-term assets and liabilities

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Maintaining investment-grade balance sheet and financial flexibility

(as of September 30, 2026)

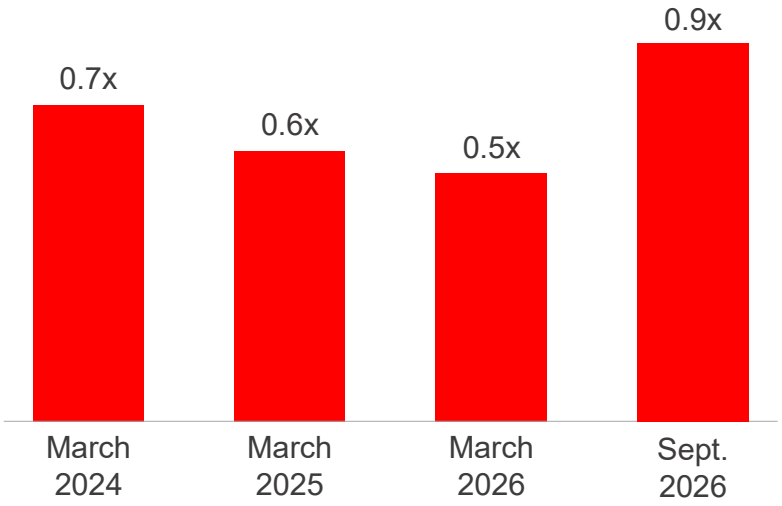
$1.7B
Cash

$4.8B
Available liquidity[1]

$2.4B
Net debt

Well-laddered debt maturity

Net leverage ratio[2]



Expect to exit FY27 below our net leverage ratio target of <1x adjusted EBITDA

[1] Consists of $1.7B of cash and $3.15B of undrawn senior unsecured credit facility as of September 30, 2026
[2] Net leverage ratio is calculated by dividing net debt at period end by the last twelve months' adjusted EBITDA
See appendix for reconciliation of non-GAAP metrics

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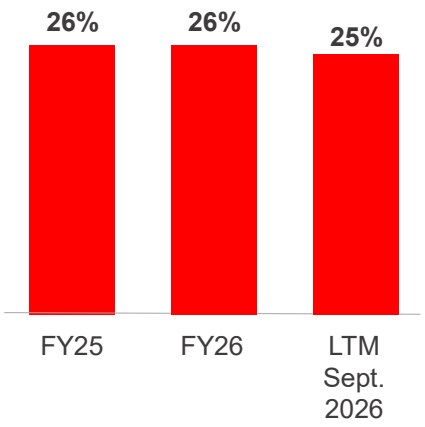
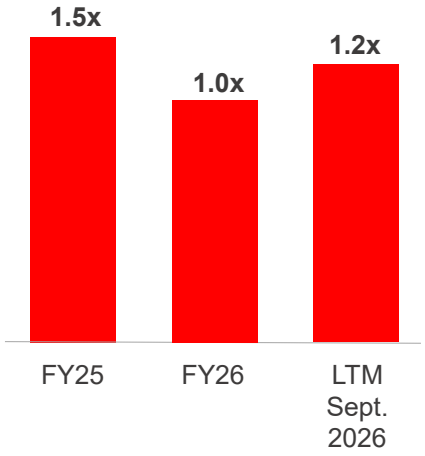
Strong projected margins on signings support our goals

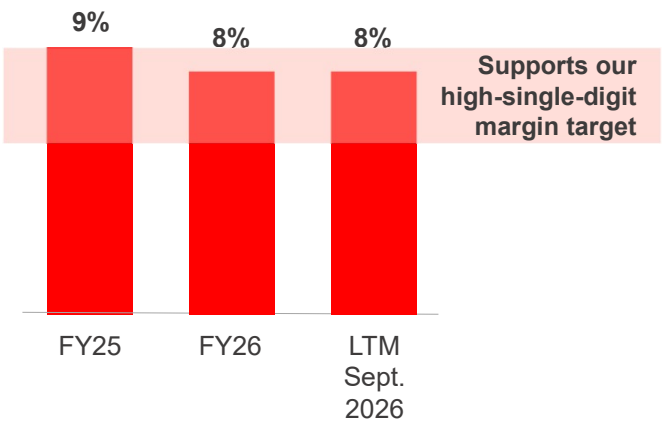
Gross margin
expected on signings



Gross profit book-to-bill [1]



Pretax income margin
expected on signings



Continuing to sign deals with pretax income margins in the high-single-digits

[1] See appendix for further information on gross profit book-to-bill

Reaffirming our fiscal 2027 outlook

	Fiscal 2027 outlook
Adjusted pretax income	$600 to $700 million
Free cash flow[1]	$400 to $500 million
Revenue	Constant-currency flat to down 2% year-over-year

Focused on delivering innovation, expanding margins and growing revenue

Outlook assumes adjusted EBITDA margin of ~19%

Based on recent exchange rates, currency effects are expected to unfavorably impact revenue by ~$50M year-over-year

Other outlook items: Workforce rebalancing charges ~$200M; depreciation expense ~$730M; amortization expense of transition costs and prepaid software ~$1.3B; interest expense ~$160M; income tax expense (related to adjusted pretax income) ~$200M; diluted shares outstanding ~220M, excluding any future share repurchases; cash taxes ~$200M

[1] See appendix for additional information about our calculation of free cash flow. Free cash flow outlook included in this presentation or the Company's other earnings materials reflects the historical and expected application of the Company's cash management practices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Recent accolades and industry recognition

Google Cloud

2026 Google Cloud Global Partner of the Year Award for Infrastructure Modernization



Ranked #2 by Economist Enterprise on the 2026 Global Top 100 Most Loved Workplaces® list

IDC

A Leader in 2026 IDC MarketScape Worldwide for Digital Workplace Services Vendor Assessment*



Received a Gold sustainability rating from Ecovadis, placing Kyndryl in the top 5% of participating companies in 2025

DELL Technologies

2026 Dell Strategic Impact GSI Partner of the Year – North America

HPE

2026 HPE Global System Integrator Momentum Partner of the Year

CLOUDFLARE

2025 Cloudflare Americas Systems Integrator Partner of the Year



Awarded the Microsoft Frontier Partner badge reflecting our advanced capabilities across Microsoft Cloud and AI

Gartner

Kyndryl named a Customers' Choice in Gartner® Peer Insights™ "Voice of the Customer" for Outsourced Digital Workplace Services for second consecutive year

Recognized as a Leader in the 2026 Gartner® Magic Quadrant™ for Data Center Outsourcing Services

Everest Group PEAK MATRIX® LEADER 2026
MAINFRAME MODERNIZATION SERVICES

ISG

A Leader for Insurance GenAI and Agentic AI Services Quadrants, Insurance Services - Strategic Capabilities 2025 ISG Provider Lens® Study – Global Report

A Leader for Mainframe Technology Consulting, Mainframe as a Service, and Application Modernization Services: 2026 ISG Provider Lens® Mainframes – Services and Solutions U.S. Report

*IDC MarketScape: Worldwide Digital Workplace Services 2026 Vendor Assessment, doc #US54119026, September 2026

Gartner, Voice of the Customer for Outsourced Digital Workplace Services, Peer Community Contributor, 24 April 2026
Gartner, Magic Quadrant for Data Center Outsourcing Services, Biswajit Maity et al., 30 September 2026

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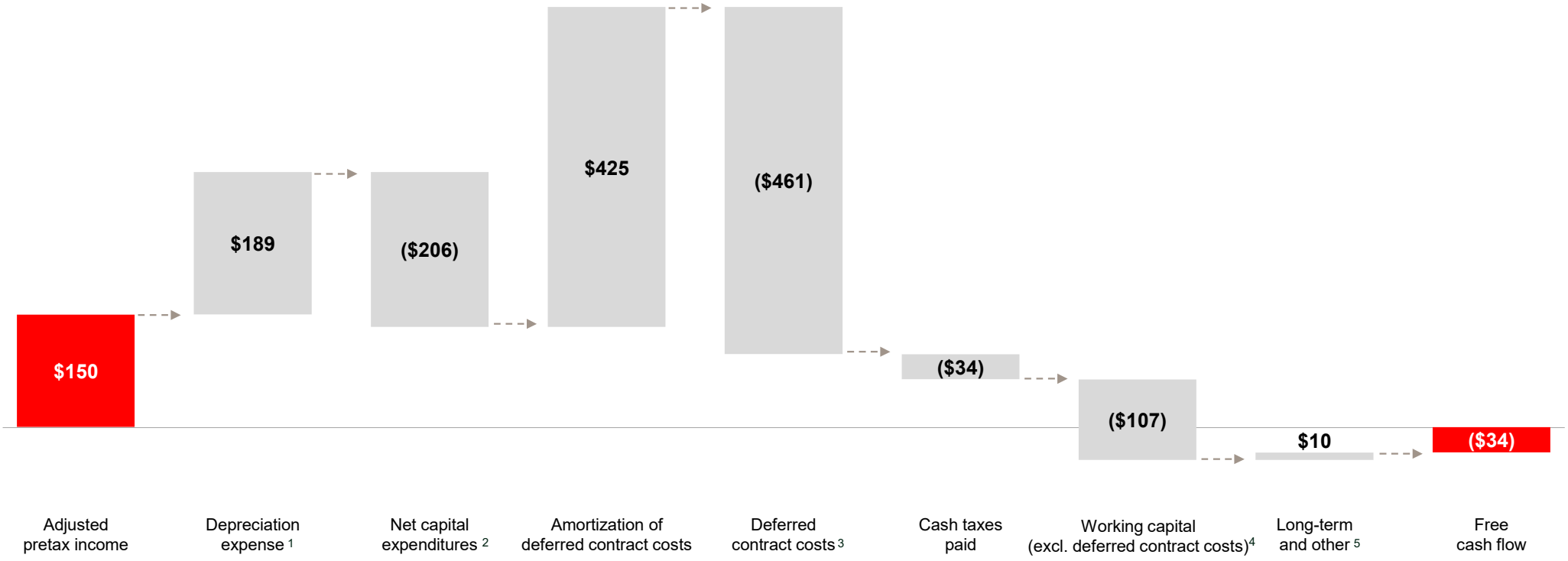
Fiscal second quarter 2027 adjusted pretax income to free cash flow

($ in millions)



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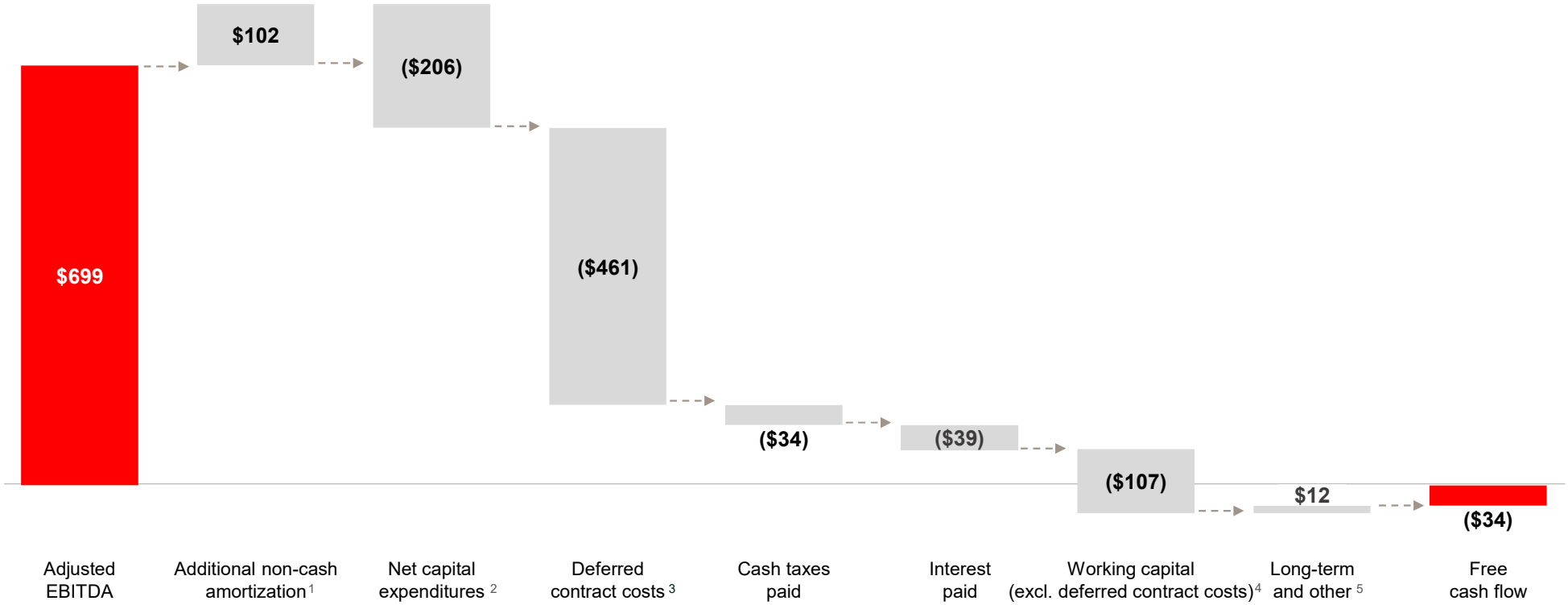
Fiscal second quarter 2027 adjusted EBITDA to free cash flow

($ in millions)



[1] Additional non-cash amortization reflects the amortization of capitalized contract costs
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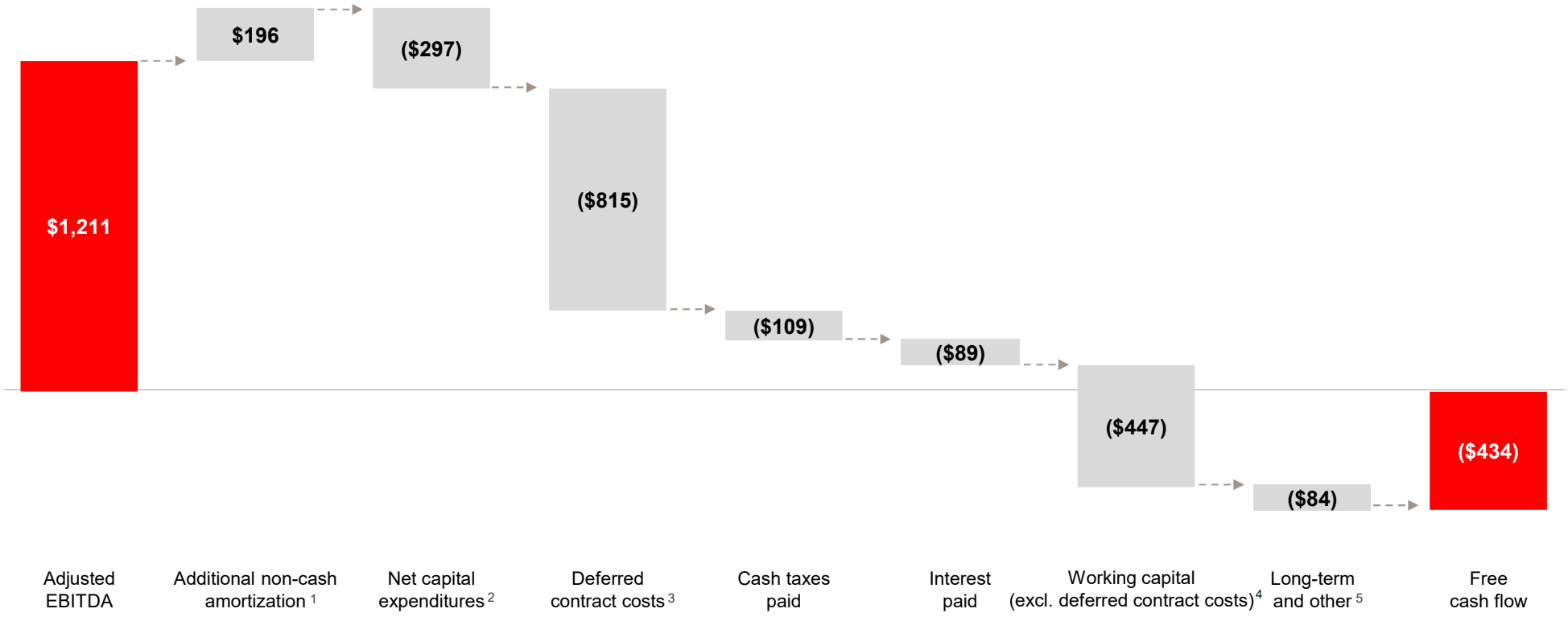
First half 2027 adjusted EBITDA to free cash flow

($ in millions)



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Definitions and rationale for non-GAAP metrics

Non-GAAP Metrics:
We present certain non-GAAP financial measures to provide useful supplemental information to investors. We provide these non-GAAP financial measures as we believe it enhances investors' visibility to management decisions and their impacts on operational performance; enables better comparison to peer companies; and allows us to provide a long-term strategic view of the business going forward.

Adjusted EBITDA and adjusted EBITDA margin
Adjusted EBITDA is defined as net income (loss) excluding net interest expense, income taxes, depreciation of property, equipment and capitalized software and amortization of transition costs and prepaid software, charges related to ceasing to use leased/fixed assets, charges related to lease terminations, transaction-related costs (benefits), pension costs other than pension servicing costs and multi-employer plan costs, stock-based compensation expense, workforce rebalancing charges incurred prior to March 31, 2024, impairment expense, the impact of significant legal and related regulatory matters, and currency impacts of highly inflationary countries. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenue.

Adjusted pretax income and adjusted pretax income margin
Adjusted pretax income is defined as pretax income excluding transaction-related costs (benefits), charges related to ceasing to use leased/fixed assets, charges related to lease terminations, pension costs other than pension servicing costs and multi-employer plan costs, stock-based compensation expense, amortization of acquisition-related intangible assets, impairment expense, the impact of significant legal and related regulatory matters, and currency impacts of highly inflationary countries. Adjusted pretax income margin is calculated by dividing adjusted pretax income by revenue.

Adjusted net income and adjusted earnings per share (EPS)
Adjusted net income is defined as adjusted pretax income less the reported provision for income taxes, minus or plus the tax effect of the non-GAAP adjustments made to calculate adjusted pretax income, and excluding exceptional items impacting the reported provision for income taxes. Adjusted earnings per share (EPS) is defined as adjusted net income divided by diluted weighted average shares outstanding to reflect shares that are dilutive or anti-dilutive based on the amount of adjusted net income.

Constant-currency
Constant-currency information compares results between periods as if exchange rates had remained constant period over period. We define constant-currency revenues as total revenues excluding the impact of foreign exchange rate movements and use it to determine the constant-currency revenue growth on a year-over-year basis. Constant-currency revenues are calculated by translating current period revenues using corresponding prior-period exchange rates.

Net debt and net leverage ratio
Net debt is defined as total debt less cash and cash equivalents. Net leverage ratio is calculated by dividing net debt at period end by the last twelve months' adjusted EBITDA. Management uses net debt and net leverage ratio to evaluate its leverage.

Free cash flow and adjusted free cash flow
Free cash flow is defined as cash flows from operating activities, less net capital expenditures (consisting of capital expenditures less proceeds from disposition of property and equipment). Adjusted free cash flow is defined as cash flows from operating activities after adding back transaction-related payments, charges related to lease terminations, and the impact of significant legal and related regulatory matters, less net capital expenditures. Management uses free cash flow and adjusted free cash flow as measures to evaluate our operating results, plan strategic investments and assess our ability and need to incur and service debt. We believe these metrics are useful supplemental financial measures to aid investors in assessing our ability to pursue business opportunities and investments and to service our debt. Free cash flow and adjusted free cash flow are financial measures that are not recognized under U.S. GAAP and should not be considered as an alternative to cash flows from operations or liquidity derived in accordance with U.S. GAAP. For more information about the Company's ongoing cash and commercial management strategy, see our latest Form 10-K or Form 10-Q filing with the Securities and Exchange Commission, including in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" of our second-quarter 2027 Form 10-Q expected to be filed later today.

Other Metrics:
Signings, book-to-bill and gross profit book-to-bill
Signings are defined by Kyndryl as an initial estimate of the value of a customer's commitment under a contract. The calculation involves estimates and judgments to gauge the extent of a customer's commitment, including the type and duration of the agreement as well as the presence of termination charges or wind-down costs. Contract extensions and increases in scope are treated as signings only to the extent of the incremental new value. Signings can vary over time due to a variety of factors including, but not limited to, the timing of signing a small number of larger outsourcing contracts, as well as the length of those contracts. Signings should not be considered a comprehensive measure of future revenue, and the conversion of signings into revenue may vary based on the types of services and solutions, customer decisions and other factors, which may include, but are not limited to, macroeconomic environment or external events. Management uses signings to monitor the performance of the business, as a measure of customer engagement and our ability to drive growth.

Our book-to-bill is defined as signings for the last twelve months divided by our revenues for the same period. Our gross profit book-to-bill is defined as our projected gross profit on signings ("book") for the last twelve months divided by our gross profit ("bill") for the same period. Projected gross profit on signings is calculated by multiplying the Company's projected gross margin for the last twelve months by total signings for the same period; and reported gross profit is revenue for the last twelve months less cost of services for the same period. Management uses book-to-bill and gross profit book-to-bill as supplemental color to illustrate to investors how our signings support future revenue growth and the quality of our signings growth in describing the financial and strategic progress on the Company's long-term strategy.

Reconciliation of non-GAAP metrics

($ in millions, except per-share amounts)

Reconciliation of net income to adjusted pretax income and adjusted EBITDA	Three months ended Sept. 30, 2026	Three months ended Sept. 30, 2025
Net income (GAAP)	**$59**	**$68**
Plus: Provision for income taxes	53	30
Pretax income (GAAP)	**$112**	**$98**
Net income margin	*1.6%*	*1.8%*
Pretax income margin	*3.1%*	*2.6%*
Non-operating adjustments (before tax)		
Transaction-related costs (benefits)	3	–
Stock-based compensation expense	22	26
Amortization of acquisition-related intangible assets	6	7
Other adjustments[1]	7	(9)
Adjusted pretax income (non-GAAP)	**$150**	**$123**
Adjusted pretax income margin	*4.1%*	*3.3%*
Interest expense	37	20
Depreciation of property, equipment and capitalized software	189	193
Amortization of transition costs and prepaid software	323	306
Adjusted EBITDA (non-GAAP)	**$699**	**$641**
Adjusted EBITDA margin	*19.1%*	*17.2%*
Revenue (GAAP)	**$3,651**	**$3,721**

Reconciliation of revenue growth to constant currency revenue growth		
Revenue growth (GAAP)	**(1.9%)**	**(1.3%)**
Constant currency revenue growth (non-GAAP)	**(0.8%)**	**(3.6%)**

Reconciliation of adjusted pretax income to adjusted net income and adjusted EPS	Three months ended Sept. 30, 2026	Three months ended Sept. 30, 2025
Adjusted pretax income (non-GAAP)	**$150**	**$123**
Provision for income taxes (GAAP)	(53)	(30)
Tax effect of non-GAAP adjustments	(4)	(3)
Adjusted net income (non-GAAP)	**$92**	**$89**
Diluted weighted average shares outstanding	219.1	235.9
Diluted earnings per share (GAAP)	$0.27	$0.29
Adjusted EPS (non-GAAP)	**$0.42**	**$0.38**

Reconciliation of cash flows from operations to free cash flow	Three months ended Sept. 30, 2026	Three months ended Sept. 30, 2025
Cash flow from operating activities (GAAP)	**$172**	**$147**
Less: Net capital expenditures[2]	(206)	(125)
Free cash flow (non-GAAP)[3]	**($34)**	**$22**

Reconciliation of debt, cash and leverage ratio	Balance as of Sept. 30, 2026	Balance as of Mar. 31, 2026	Balance as of Mar. 31, 2025	Balance as of Mar. 31, 2024
Short-term debt	$778	1,796	$129	$126
Long-term debt	3,281	2,293	3,042	3,112
Total debt	**$4,059**	**$4,089**	**$3,172**	**$3,238**
Cash	**1,659**	**2,623**	**1,786**	**1,553**
Net debt (non-GAAP)	**$2,400**	**$1,466**	**1,385**	**1,685**
LTM adjusted EBITDA (non-GAAP)	**$2,595**	**$2,672**	**$2,516**	**$2,367**
Net leverage ratio (non-GAAP)	**0.9x**	**0.5x**	**0.6x**	**0.7x**

Numbers may not add due to rounding

[1] Other adjustments represent pension costs other than pension servicing costs and multi-employer plan costs, impact of significant legal and related regulatory matters, and currency impacts of highly inflationary countries

[2] Net capital expenditures consists of capital expenditures less proceeds from dispositions of property and equipment

[3] Free cash flow for the three months ended September 30, 2026 includes transaction-related payments of $4 million and the impact of significant legal and related regulatory matters of $5 million. See definitions slide for additional information about our calculation of free cash flow

Reconciliation of non-GAAP metrics

($ in millions, except per-share amounts)

Reconciliation of net income to adjusted pretax income and adjusted EBITDA	Six Months ended Sept. 30, 2026	Six months ended Sept. 30, 2025
Net income (GAAP)	**$4**	**$124**
Plus: Provision for income taxes	39	66
Pretax income (GAAP)	**$43**	**$190**
Net income margin	*0.1%*	*1.7%*
Pretax income margin	*0.6%*	*2.5%*
Non-operating adjustments (before tax)		
Transaction-related (benefits)[1]	(36)	–
Stock-based compensation expense	43	50
Amortization of acquisition-related intangible assets	13	14
Impairment expense[2]	38	–
Other adjustments[3]	12	(4)
Adjusted pretax income (non-GAAP)	**$113**	**$251**
Adjusted pretax income margin	*1.6%*	*3.3%*
Interest expense	71	39
Depreciation of property, equipment and capitalized software	372	384
Amortization of transition costs and prepaid software	655	613
Adjusted EBITDA (non-GAAP)	**$1,211**	**$1,288**
Adjusted EBITDA margin	*16.7%*	*17.3%*
Revenue (GAAP)	**$7,269**	**$7,464**

Reconciliation of adjusted pretax income to adjusted net income and adjusted EPS	Six months ended Sept. 30, 2026	Six months ended Sept. 30, 2025
Adjusted pretax income (non-GAAP)	**$113**	**$251**
Provision for income taxes (GAAP)	(39)	(66)
Tax effect of non-GAAP adjustments	(8)	(6)
Adjusted net income (non-GAAP)	**$66**	**$179**
Diluted weighted average shares outstanding	221.3	237.5
Diluted earnings per share (GAAP)	$0.02	$0.52
Adjusted EPS (non-GAAP)	**$0.30**	**$0.75**

Reconciliation of cash flows from operations to free cash flow	Six months ended Sept. 30, 2026	Six months ended Sept. 30, 2025
Cash flow from operating activities (GAAP)	**($137)**	**$22**
Less: Net capital expenditures[4]	(297)	(222)
Free cash flow (non-GAAP)[5]	**($434)**	**($200)**

Numbers may not add due to rounding

[1] Kyndryl's reported results for the six months ended September 30, 2026 include a transaction-related gain of $40 million from the sale of a digital solutions subsidiary in the Principal Markets segment

[2] Kyndryl's reported results for the six months ended September 30, 2026 include an impairment expense for the sale of a facility in the United States

[3] Other adjustments represent pension costs other than pension servicing costs and multi-employer plan costs, impact of significant legal and related regulatory matters, and currency impacts of highly inflationary countries

[4] Net capital expenditures consists of capital expenditures less proceeds from dispositions of property and equipment

[5] Free cash flow for the six months ended September 30, 2026 includes transaction-related payments of $6 million and impact of significant legal and related regulatory matters of $17 million. See definitions slide for additional information about our calculation of free cash flow

Reconciliation of non-GAAP metrics

($ in millions)

Reconciliation of net income to adjusted pretax income and adjusted EBITDA	Twelve months ended Sept. 30, 2026	Twelve months ended Mar. 31, 2026	Twelve months ended Mar. 31, 2025	Twelve months ended Mar. 31, 2024
Net income (loss) (GAAP)	**$78**	**$198**	**$252**	**($340)**
Plus: Provision for income taxes	189	215	184	172
Pretax income (loss) (GAAP)	**$267**	**$414**	**$435**	**($168)**
Net income (loss) margin	*0.5%*	*1.3%*	*1.7%*	*(2.1)%*
Pretax income (loss) margin	*1.8%*	*2.7%*	*2.9%*	*(1.0)%*
Non-operating adjustments (before tax)				
Workforce rebalancing payments related to charges incurred prior to March 31, 2024	–	–	–	138
Charges related to ceasing to use leased/ fixed assets and lease terminations	–	–	48	39
Transaction-related costs (benefits)	5	41	(125)	(46)
Stock-based compensation expense	56	64	100	95
Amortization of acquisition-related intangible assets	26	27	30	30
Impairment expense[1]	38	–	–	–
Other adjustments[2]	52	36	(6)	78
Adjusted pretax income (non-GAAP)	**$443**	**$581**	**$482**	**$165**
Adjusted pretax margin	*3.0%*	*3.9%*	*3.2%*	*1.0%*
Interest expense	121	89	100	122
Depreciation of property, equipment and capitalized software	750	762	656	824
Amortization of transition costs and prepaid software	1,281	1,239	1,278	1,256
Adjusted EBITDA (non-GAAP)	**$2,595**	**$2,672**	**$2,516**	**$2,367**
Adjusted EBITDA margin	*17.4%*	*17.7%*	*16.7%*	*14.7%*
Revenue (GAAP)	**$14,897**	**$15,092**	**$15,057**	**$16,052**

Numbers may not add due to rounding

[1] Kyndryl's reported results for the twelve months ended September 30, 2026 include an impairment expense for the sale of a facility in the United States

[2] Other adjustments represent pension costs other than pension servicing costs and multi-employer plan costs, impact of significant legal and related regulatory matters, and currency impacts of highly inflationary countries