Fourth Quarter 2024 Earnings

May 8, 2024

Disclaimers

Forward-looking statements

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements often contain words such as “will,” “anticipate,” “predict,” “project,” “contemplate,” “plan,” “forecast,” “future,” “estimate,” “expect,” “intend,” “target,” “may,” “should,” “would,” “could,” “outlook,” “goal,” “objective,” “seek,” “aim,” “believe” and other similar words or expressions or the negative thereof or other variations thereon. All statements, other than statements of historical fact, including without limitation, statements representing management's beliefs about future events, transactions, strategies, operations and financial results, including without limitation the information presented in the outlook section of this presentation (which does not assume any acquisitions or divestitures), may be forward-looking statements. These statements do not guarantee future performance and speak only as of May 8, 2024, and the Company does not undertake to update its forward-looking statements. Actual outcomes or results may differ materially from those suggested by forward-looking statements as a result of risks and uncertainties which include, among others: risks related to the Company’s spin-off from International Business Machines Corporation (“IBM”); failure to attract new customers, retain existing customers or sell additional services to customers; technological developments and the Company's response to such developments; failure to meet growth and productivity objectives; competition; impacts of relationships with critical suppliers and partners; inability to attract, retain and/or manage key personnel and other skilled employees; impact of local legal, economic, political, health and other conditions; a downturn in economic environment and customer spending budgets; damage to the Company's reputation; inability to accurately estimate the cost of services and the timeline for completion of contracts; its implementation of a new enterprise resource planning system and other systems and processes; service delivery issues; the Company's ability to successfully manage acquisitions, alliances 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 necessary licenses; impairment of our goodwill and long-lived assets; risks relating to cybersecurity and data privacy; risks relating to non-compliance with legal and regulatory requirements; adverse effects from tax matters and environmental matters; legal proceedings, investigatory risks and potential indemnification obligations; 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 common stock and the securities market; and other factors described in the “Risk Factors” section of the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2023 filed with the Securities and Exchange Commission (the “SEC”) on May 26, 2023, as such factors may be updated from time to time in the Company’s subsequent filings with the SEC.

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 policies 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 margin, adjusted net margin, net debt, adjusted free cash flow and constant currency, 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 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. 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

David Wyshner, Chief Financial Officer

Building a strong track record of successful execution

Progress on **our financials**	**Signings** Up 3% in fiscal 2024, with 9% projected pretax margins	**Earnings** Adjusted pretax income up $382M year-over-year	**Cash flow** Adjusted free cash flow of $291M in fiscal 2024

Progress on **our differentiation**	**Kyndryl Consult** Double-digit revenue and signings growth in fiscal 2024	**Kyndryl Bridge** 1,200+ customers gaining AI-enabled insights

Progress on **our 3A's**	**Exceeded all fiscal 2024 targets**		
	Alliances: $500M hyperscaler-related revenue	Advanced Delivery: $575M annualized savings	Accounts: Focus accounts annualized profit now $600M

Progress on **our culture**	**The Kyndryl Way** Operating 'flat, fast and focused'

Capitalizing on opportunities and executing a strategy that is unique to us and driving stronger financial results

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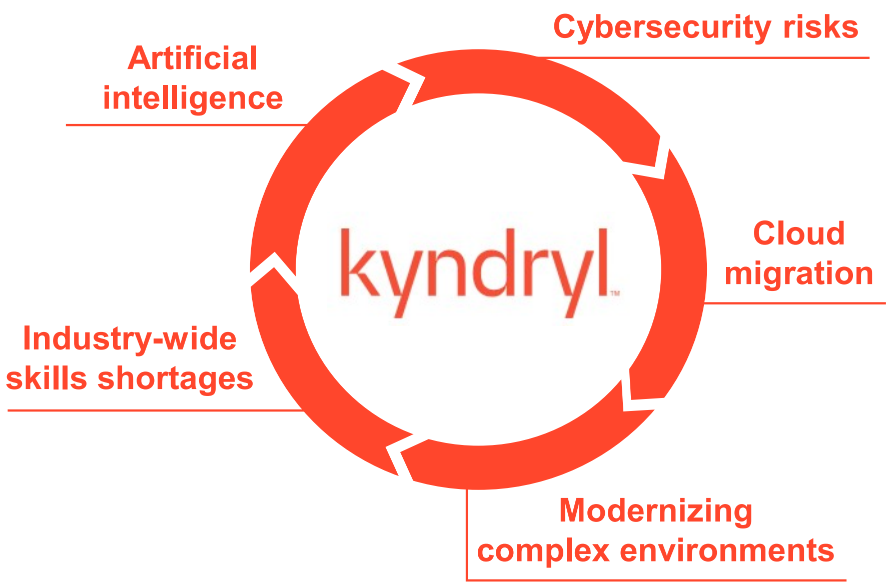
Kyndryl's fiscal year 2024 ended on March 31, 2024; signings growth measured in constant currency

Kyndryl enables customers to address secular IT trends



Secular trends driving demand for our capabilities
Mission-critical expertise in hybrid environments
Mainframe modernization services
Cloud migration, management and optimization
Data architecture and AI readiness
Security and resiliency capabilities
Ability to deliver scale benefits
New ways of working

Secular IT trends, combined with our capabilities and market position, are fueling our long-term growth

Applying our capabilities to unlock AI growth opportunities for customers

Data modernization

Solving complex data management issues and delivering data modernization

Enterprise AI

Creating the end-to-end data supply chain for seamless processing and data-driven insights

Alliances

Leveraging alliances, collaborating and implementing leading solutions

Innovation

Applying our expertise in mission-critical systems to enable AI applications efficiently

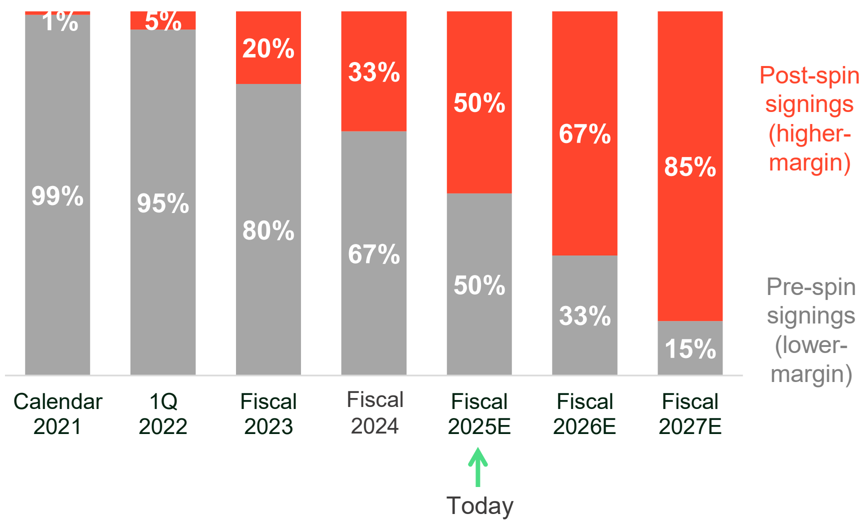
Customer satisfaction

Delivering the foundation for AI solutions that produce value for customers

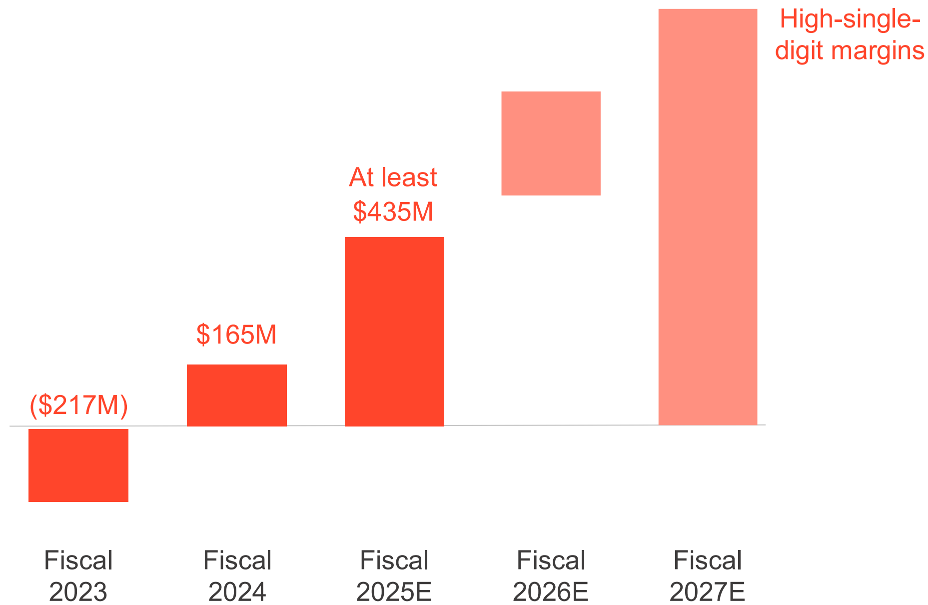
Kyndryl is an AI enabler with an integrated suite of services that facilitate companies' capture of AI opportunities

Our evolving business mix is driving increased profitability and free cash flow

Mix of post-spin signings in our revenue [1]



Adjusted pretax income / margin [2]



Strong conversion of earnings to free cash flow

Driving powerful dynamics for near-term and medium-term value creation

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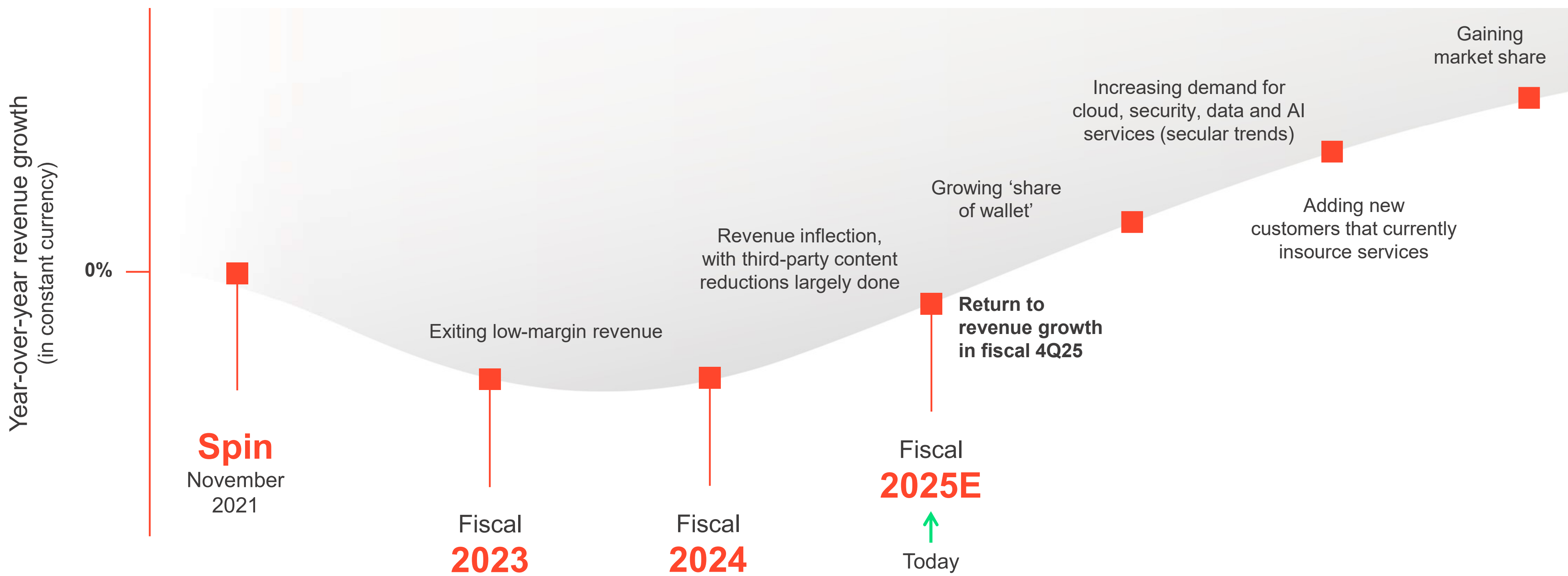
[1] Mix of post-spin signings in our revenue are approximate
[2] Fiscal 2025E amount includes workforce rebalancing charges; fiscal 2023 and 2024 amounts exclude such charges

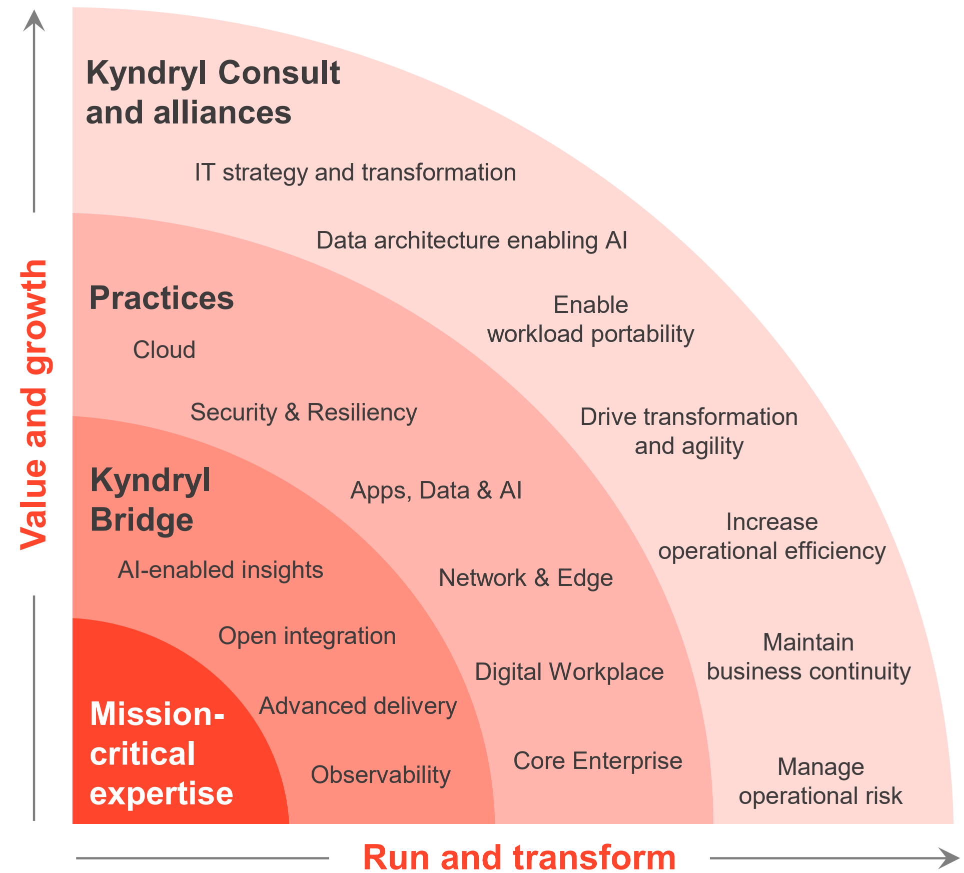
Kyndryl's growth trajectory



Seizing opportunities to accelerate our top line and inflecting to revenue growth

Graph is illustrative and not to precise scale

Kyndryl's evolution delivers value and drives growth



Ensuring operational excellence and driving customers' innovation

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Financial highlights

Results reflect **accelerated progress** and strong execution

Alliances, **A**dvanced Delivery and **A**ccounts driving significant **margin expansion**

Robust balance sheet, strong liquidity and **free cash flow**

Projecting substantial **earnings growth** for fiscal year 2025

We design, build, manage and modernize the mission-critical systems that the world depends on

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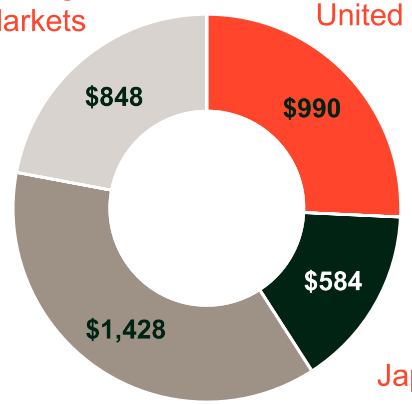
Fiscal fourth quarter 2024 financial highlights

($ in millions)	Quarter ended March 31, 2024	Quarter ended March 31, 2023
Revenue	**$3,850**	**$4,255**
Growth, in constant currency	(9%)	1%
Adjusted EBITDA	**$566**	**$476**
Adjusted EBITDA margin	14.7%	11.2%
Adjusted pretax income (loss)	**$30**	**($61)**
Adjusted pretax margin	0.8%	(1.4%)

Quarterly revenue by segment
($ in millions)



Our results for the quarter reflect solid operational execution, led by our three-A initiatives and Kyndryl Consult

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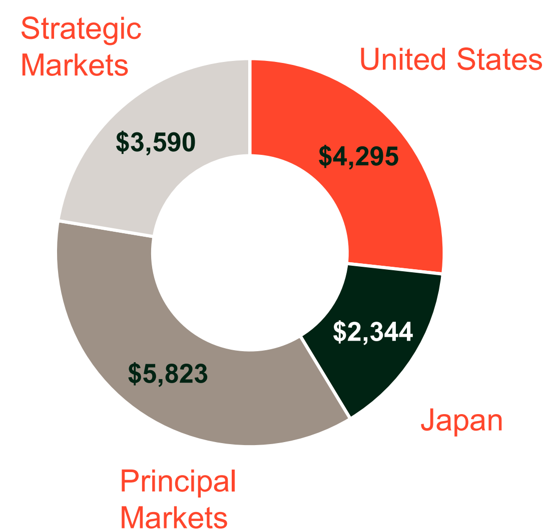
Principal Markets: Operations in Australia/New Zealand, Canada, France, Germany, India, Italy, Spain/Portugal and United Kingdom/Ireland
Strategic Markets: Operations in all other geographic locations
Revenue growth (year-over-year) as reported was (10%) in the quarter ended March 31, 2024 and (4%) in the quarter ended March 31, 2023
See appendix for reconciliation of non-GAAP metrics

Fiscal year 2024 financial highlights

($ in millions)	Year ended March 31, 2024	Year ended March 31, 2023
Revenue	**$16,052**	**$17,026**
Growth, in constant currency	(6%)	0%
Adjusted EBITDA	**$2,367**	**$1,975**
Adjusted EBITDA margin	14.7%	11.6%
Adjusted pretax income (loss)	**$165**	**($217)**
Adjusted pretax margin	1.0%	(1.3%)

Fiscal year revenue by segment
($ in millions)



Our results for the year reflect solid operational execution, led by our three-A initiatives and Kyndryl Consult

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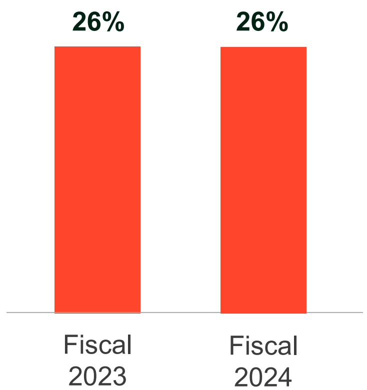
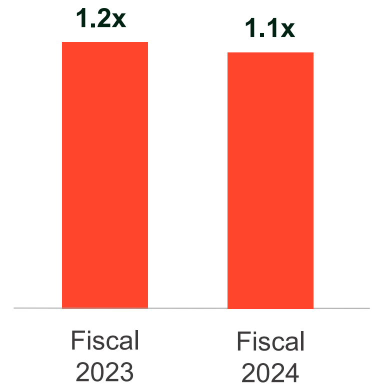
Principal Markets: Operations in Australia/New Zealand, Canada, France, Germany, India, Italy, Spain/Portugal and United Kingdom/Ireland
Strategic Markets: Operations in all other geographic locations
Revenue growth (year-over-year) as reported was (6%) in the twelve months ended March 31, 2024 and (7%) in the twelve months ended March 31, 2023
See appendix for reconciliation of non-GAAP metrics

Strong projected margins on signings support our medium-term goals

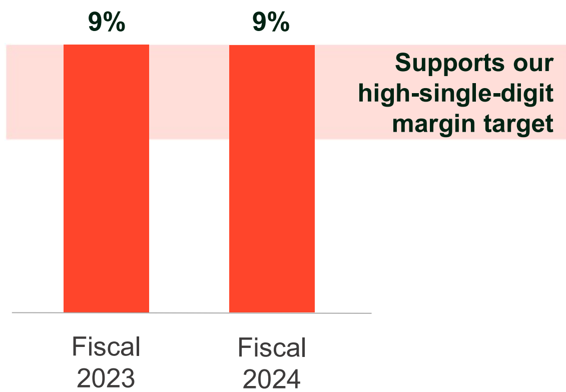
Gross margin
expected on post-spin signings



Gross profit book-to-bill [1]



Pretax margin
expected on post-spin signings



The stronger margin profile of our post-spin signings is driving substantial earnings growth

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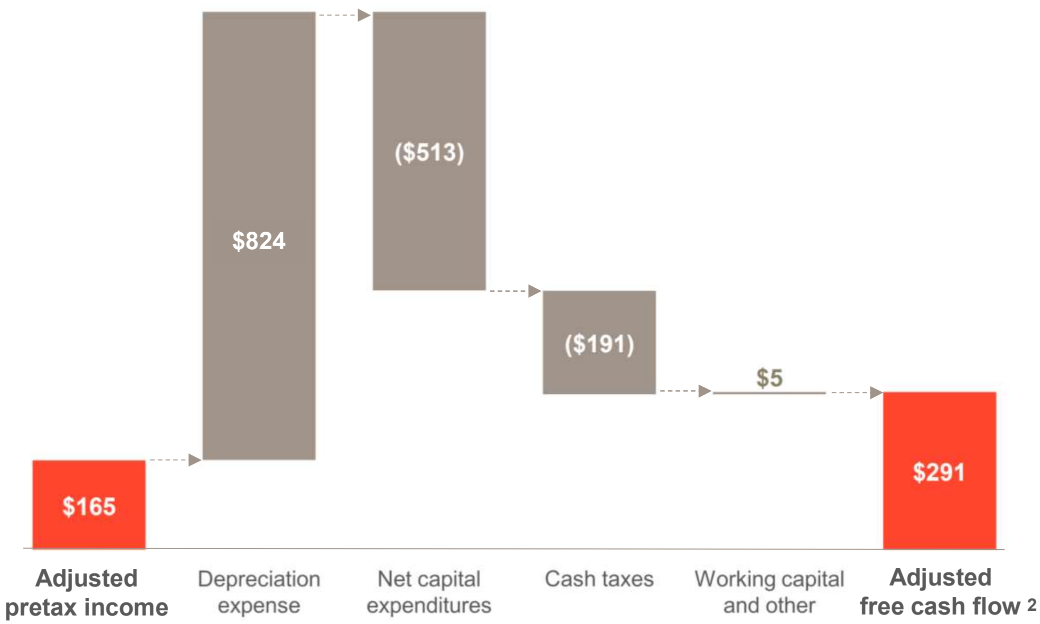
[1] Our gross profit book-to-bill is defined as our projected gross profit on signings during the trailing twelve months divided by our actual gross profit for the same period

Positive cash flow from operations and strong balance sheet metrics

Adjusted free cash flow
($ in millions, twelve months ended March 31)



Balance sheet and cash flow metrics

$4.7B
Available liquidity[1]

$1.6B
Cash

$3.2B
Debt

$1.7B
Net debt

$454M
Cash flow from operations
(twelve months ended March 31)

Delivered positive adjusted free cash flow in fiscal 2024 and well-positioned to execute our strategy

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[1] Consists of $1.6B of cash and $3.2B of undrawn senior unsecured credit facility, and rounding
[2] Adjusted free cash flow: Cash flow from operations (GAAP) $454M, plus workforce rebalancing payments $176M, transaction-related payments $106M, significant litigation costs $61M, other $7M, less net capital expenditures $513M
See appendix for reconciliation of non-GAAP metrics

Executed at an accelerated pace on our three-A's in fiscal 2024

Alliances

Driving signings, certifications and revenues with our new ecosystem partners and capabilities

$500M Exceeded target

Hyperscaler revenue in fiscal 2024
($400M+ target for March 2024)

41,000

Cloud certifications as of March 2024

Advanced Delivery

Transforming service delivery through upskilling and automation

$575M Exceeded target

Annualized savings in fiscal 2024
($550M target for March 2024)

$250M

Of year-over-year earnings benefit in fiscal 2024

Accounts

Addressing elements of the business with substandard margins

$600M Exceeded target

Annualized profit improvement
($500M target for March 2024)

$300M

Of year-over-year earnings benefit in fiscal 2024

Raising medium-term targets for three-A's benefits

Our accelerated progress on the three-A's is demonstrating our ability to return to sustainable, profitable growth

Prior-quarter fiscal year-to-date amounts: Alliances – $300M hyperscaler revenue. Advanced Delivery – $500M annualized savings from automation. Accounts – $475M annualized profit improvement

Fiscal 2025 outlook

	Fiscal 2025 outlook	Comments
Revenue	(2%) to (4%) growth in constant currency; implies revenue of $15.2 to $15.5 billion based on recent exchange rates	• Year-over-year revenue comparisons will become less negative as the year progresses and turn positive in Q4 • Hyperscaler revenue to double, and Consult revenue to grow double-digits in fiscal 2025
Adjusted EBITDA margin	At least 16.2%	• Year-over-year increase of at least 150 basis points • Annualized savings from Advanced Delivery to reach $750 million by fiscal year-end (cumulative)
Adjusted pretax income	At least $435 million	• Year-over-year increase of at least $270 million • Profit from focus accounts to reach $850 million by fiscal year-end (cumulative)
Adjusted free cash flow	Conversion of adjusted pretax income (less cash taxes) to adjusted free cash flow of roughly 100%	• Cash taxes of ~$150 million • Net capital expenditures of ~$700 million

Focused on driving innovation, expanding margins and returning to revenue growth

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Based on recent exchange rates, currency effects are currently expected to unfavorably impact revenue by $230M, adjusted EBITDA by $90M and adjusted pretax income by $75M year-over-year;
Depreciation expense projected to be ~$725M; amortization expense of transition cost and prepaid software projected to be ~$1.2B; interest expense projected to be ~$120M.
Outlook includes ~$100 million of workforce rebalancing costs and $50 million net depreciation benefit

Investment highlights

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- The world leader in designing, building, managing and modernizing mission-critical information systems
- Independence doubled our addressable market, which will continue to grow due to numerous interrelated tailwinds
- Competitive advantage stems from our people, data and intellectual property, making us a trusted long-term partner to thousands of blue-chip enterprise customers
- Investing for growth and expanding our ecosystem of strategic partners and service capabilities, enhancing customers' access to a wider range of technology solutions
- Uniquely well-positioned to enable our customers to harness key secular trends like cloud migration, hybrid environment optimization and use of data and AI in core processes
- Earnings accelerating due to strong execution and more revenue coming from higher-margin, post-spin signings
- Strong financial characteristics with annuity-like annual revenues, double-digit adjusted EBITDA margins and investment-grade credit ratings
- Focused, growth-oriented culture, committed to high corporate citizenship standards and led by a highly experienced executive team

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Appendix

Accolades and recognition

Corporate citizenship

Our services and revenue mix

Financial metrics

Definitions and rationale for non-GAAP metrics

Reconciliation of non-GAAP metrics

Recent accolades and industry recognition

Google Cloud

Kyndryl named a 2024 Partner of the Year by Google Cloud in Infrastructure Specialization (Global), Breakthrough (Latin America) and Services (Colombia)

LinkedIn

LinkedIn Top Companies 2024: Kyndryl ranked #6 in the 25 best large employers to grow your career in the UK

IDC

Kyndryl named a Leader in the IDC MarketScape: Canadian Managed Multicloud Services 2024 Vendor Assessment *

ISG

2024 A Leader in ServiceNow Managed Services Providers, and Implementation and Integration Services, Europe

ISG

2024 A Leader for Managed Cloud Services for SAP ERP in the U.S.

IDC

Kyndryl named a Leader in the IDC MarketScape: Worldwide Microsoft Implementation Services 2024 Vendor Assessment **

ISG

2024 A Global Leader for RISE with SAP Implementation Partners

IDC

Kyndryl named a Leader in the IDC MarketScape: Worldwide Managed Public Cloud Services 2023 Vendor Assessment ***

Gartner

Kyndryl named a Challenger in the March 2024 Magic Quadrant™ for Outsourced Digital Workplace Services

Kyndryl named a Leader in the July 2023 Gartner® Magic Quadrant™ for Managed Mobility Services, Global report

Kyndryl named a Challenger in the June 2023 Magic Quadrant™ for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Worldwide

NelsonHall

2024 A Leader in Cyber Resiliency Services including Overall Performance, Cyber Consulting & Strategy Construction, Incident Response & Backup Services, and Managed Cyber Security Services

ISG

2023 A Leader in SAP Ecosystem for Managed Platform and Cloud Services- ISG Provider Lens Study, U.S.

* IDC doc #CA50302123, February 2024
** IDC doc #US50539623, April 2024
*** IDC doc #US49116023, November 2023

Strong commitment to corporate citizenship

Environmental stewardship

- Committed to Net Zero emissions by 2040 and reducing all-scope emissions at least 50% by 2030
- Operating metrics align with key environmental, social and governance frameworks
- Net Zero Sustainability training available to all Kyndryls
- Built certifications to systematize environmental, energy and carbon goals

Commit to sustainable business practices and operations

Social inclusivity

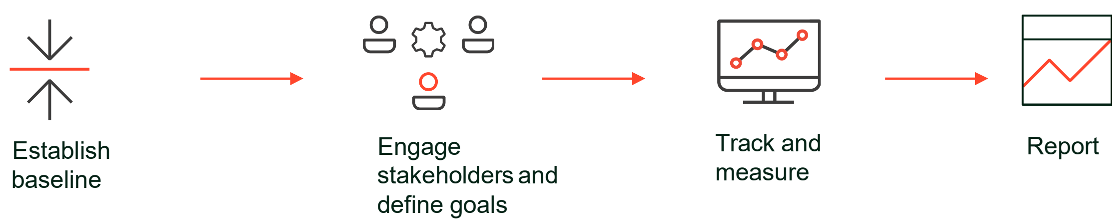
- Increased Kyndryl Inclusion Networks (KINs) to support Black, Hispanic, Asian American & Pacific Islander, LGBTQ+, People with Disabilities, women, and other groups
- Developed and published Human Rights Policy
- Centered corporate social responsibility strategy around employee engagement
- Driving human capital strategy to attract, retain and motivate our workforce

Lead in human capital, inclusion, diversity & equity, and corporate social responsibility

Governance

- Published inaugural Corporate Citizenship Report to highlight commitments and progress toward goals
- Implemented global ethics and cybersecurity & data privacy training for employees
- Implemented Board oversight of corporate citizenship and provided relevant disclosures in Kyndryl's proxy statement
- Ensured Board accountability to stockholders through majority voting in director elections, proxy access and ability to call special meetings

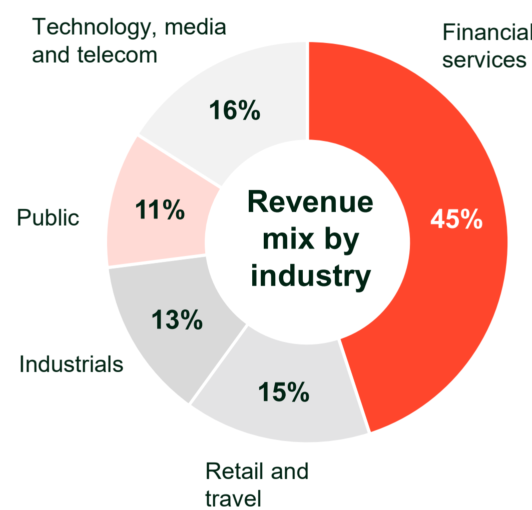
Operate with integrity



Our services

Practice	Overview	Revenue
Cloud	Delivering seamless, integrated, multicloud management in a hybrid model	34%
Security & Resiliency	Delivering full line of cybersecurity, business continuity and disaster recovery services to help customers continuously adapt to new threats and regulatory standards	14%
Network & Edge	Providing unified network services for cloud and data center connectivity	8%
Applications, Data & AI	Providing full application platform hosting and expert assistance for application modernization	5%
Digital Workplace	Enhancing user experience and work location flexibility by providing a consumer experience to employees	7%
Core Enterprise & zCloud	Providing secure, unified and fault-tolerant mainframe services for our customers' core infrastructure	32%

Diversified sources of revenue



Approximate revenue based on twelve months ended March 31, 2024
Industry revenue mix is approximate

Over the medium term, our initiatives will contribute to profit growth

	Alliances Driving signings, certifications and revenues through our new ecosystem partners	Advanced Delivery Transforming service delivery through upskilling and automation	Accounts Addressing elements of the business with substandard margins	plus Consult growth, growth in practices, expense management, etc.
Signings	✓			✓
Revenues	✓		✓*	✓
Cost savings		✓	✓	✓
Pretax income	✓	✓	✓	✓
Medium-term annual pretax opportunity	**$200M**	~~$600M~~ **$800M**	~~$800M~~ **$1B**	**$400M**

Positioned to exceed the ambitious targets we laid out in March 2022

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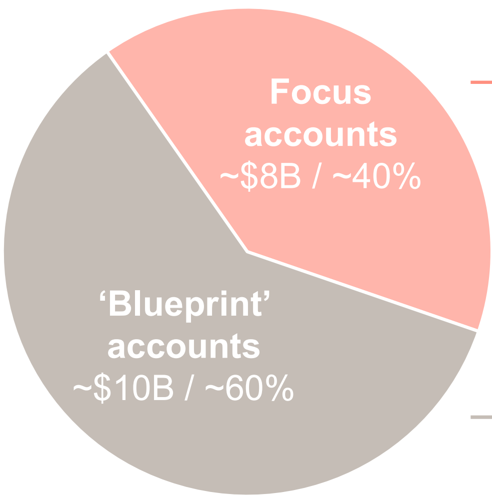
*May include positive impacts from expanded scope and increased pricing and reductions from terminated contracts or reduced scope

Transforming focus accounts into higher-value 'blueprint' accounts

Revenue (at spin)[1]	Starting point	Post-spin signings	



Focus accounts → ~0% average gross margin → Low to mid-20s gross margin → Focus accounts driving substantial margin accretion

'Blueprint' accounts → Mid-20s average gross margin → Mid-20s gross margin → Margins increasing modestly even in 'blueprint' accounts

Expanding our margins on focus accounts upon renewal and mid-contract

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[1] Revenue represents historical (GAAP) revenue for the twelve months ended March 31, 2022
Our gross margins are ~16 points higher than our adjusted pretax margins

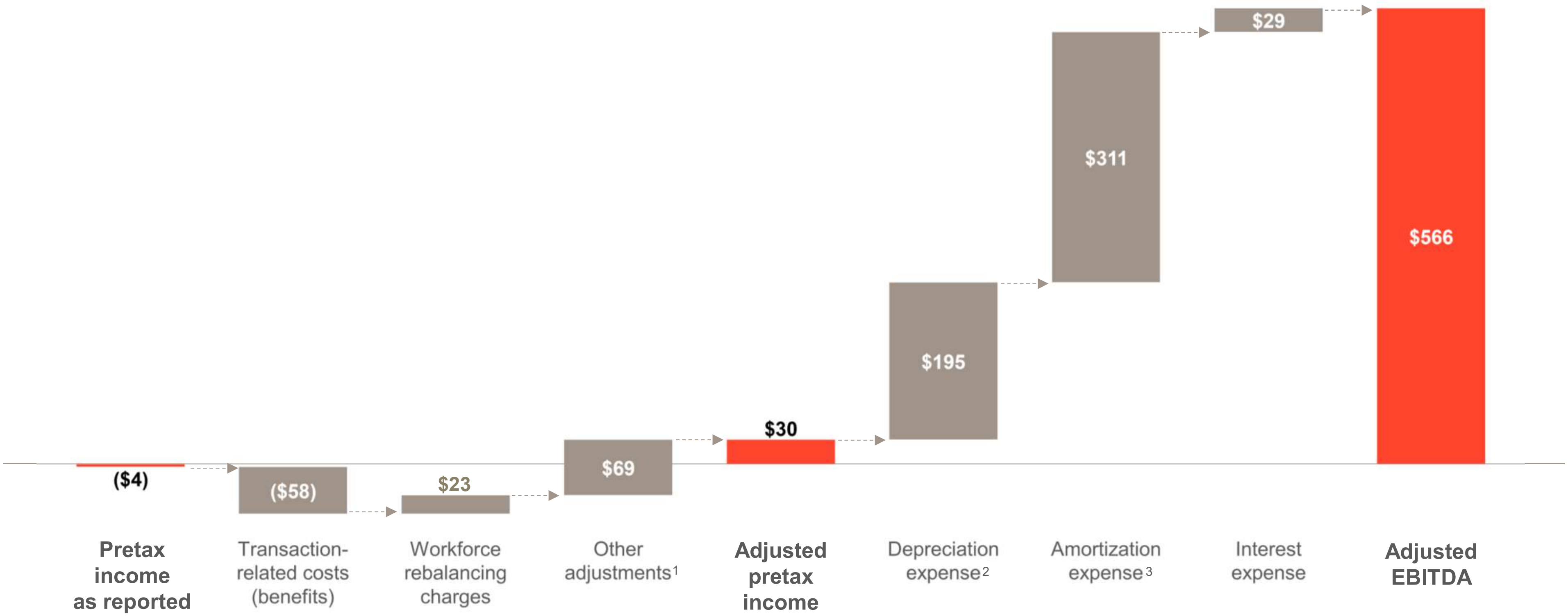
Gross profit book-to-bill

($ in billions)	Fiscal 2024
Projected gross margin on signings	~ 26%
Total signings	$12.5
Projected gross profit on signings (“book”)	$3.24
Reported gross profit (“bill”)	$2.87
Gross profit book-to-bill ratio (projected gross profit on signings / reported gross profit)	**1.13x**

Focused on delivering a <u>gross profit</u> book-to-bill ratio above 1.0x

Fiscal fourth quarter 2024 adjusted pretax income and adjusted EBITDA

($ in millions)



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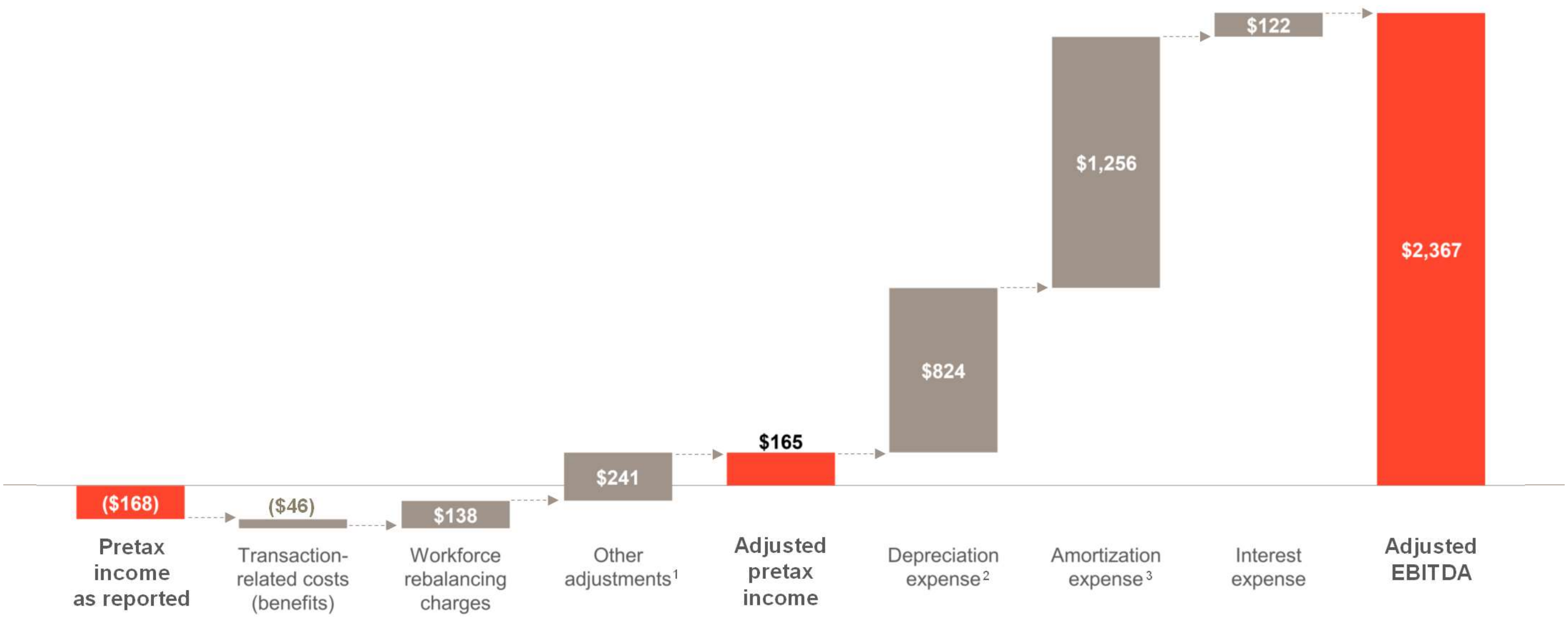
[1] Effects of amortization of acquisition-related intangible assets, stock-based compensation, pension costs other than pension servicing costs and multi-employer plan costs, significant litigation costs, charges related to ceasing to use leased/fixed assets and lease terminations, and currency impacts of highly inflationary countries
[2] Includes amortization of capitalized software costs and excludes depreciation of operating right-of-use assets
[3] Amortization of transition & transformation costs and prepaid software

Fiscal year 2024 adjusted pretax income and adjusted EBITDA

($ in millions)



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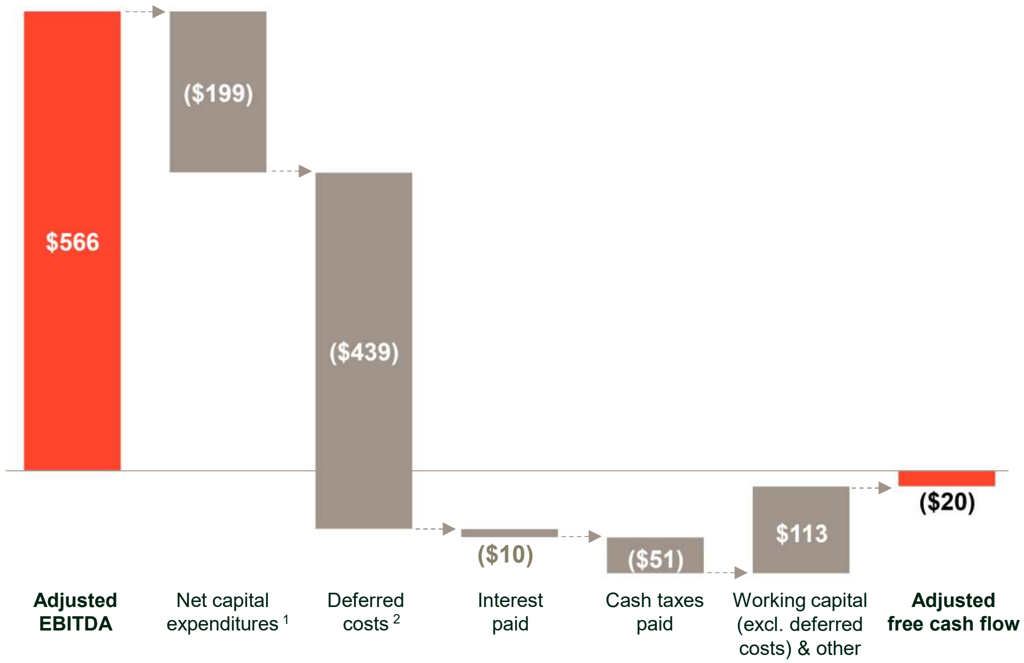
[1] Effects of amortization of acquisition-related intangible assets, stock-based compensation, pension costs other than pension servicing costs and multi-employer plan costs, significant litigation costs, charges related to ceasing to use leased/fixed assets and lease terminations, and currency impacts of highly inflationary countries
[2] Includes amortization of capitalized software costs and excludes depreciation of operating right-of-use assets
[3] Amortization of transition & transformation costs and prepaid software

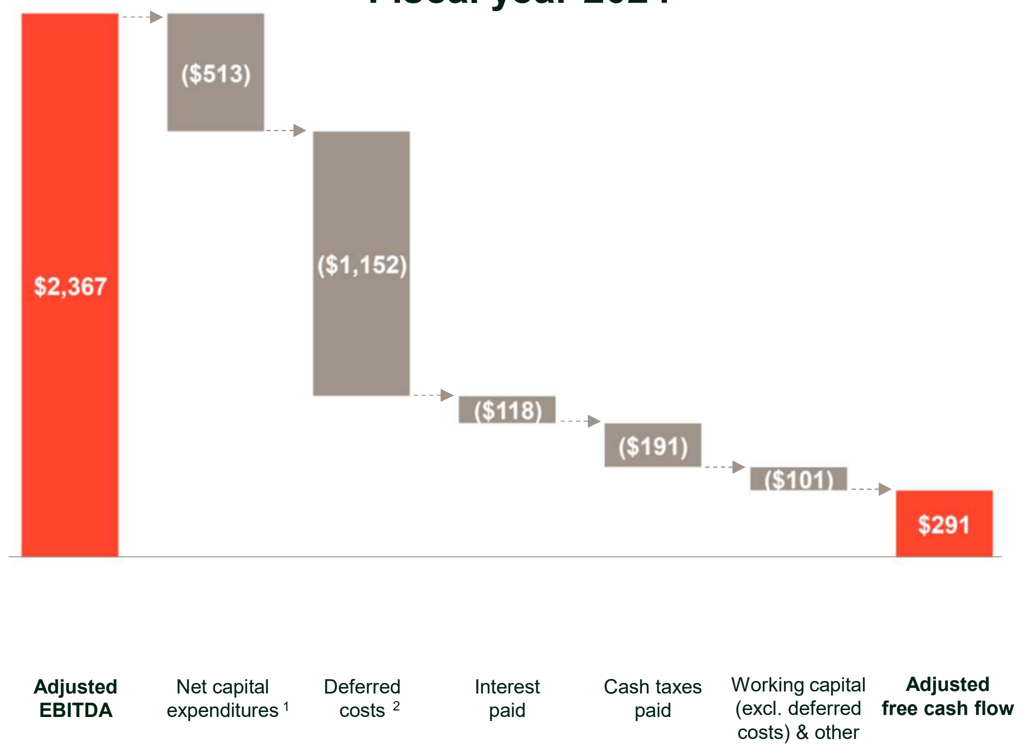
Fiscal 2024 adjusted EBITDA and adjusted free cash flow

($ in millions)

Fourth quarter



Fiscal year 2024



[1] Net capital expenditures compares to depreciation of $195M in fourth quarter and $824M in year-to-date, which excludes $10M year-to-date of depreciation expense that is included in transaction-related costs
[2] Deferred costs offset amortization of prepaid software and transition costs of $311M in fourth quarter and $1,256M year-to-date

Reconciliation of non-GAAP metrics

(in millions, except per-share amounts)

Reconciliation of net income (loss) to adjusted pretax income (loss) and adjusted EBITDA	Three months ended Mar. 31, 2024	Three months ended Mar. 31, 2023
Net income (loss) (GAAP)	**($45)**	**($737)**
Plus: Provision for (benefit from) income taxes	41	449
Pretax income (loss)	**($4)**	**($288)**
Non-operating adjustments (before tax)		
Workforce rebalancing charges	23	55
Charges related to ceasing to use leased/ fixed assets and lease terminations	14	70
Transaction-related costs (benefits[1])	(58)	45
Stock-based compensation expense	22	32
Amortization of acquisition-related intangible assets	7	11
Other adjustments[2]	25	14
Adjusted pretax income (loss) (non-GAAP)	**$30**	**($61)**
Adjusted pretax margin	*0.8%*	*(1.4%)*
Interest expense	29	28
Depreciation of property and equipment, and capitalized software	195	219
Amortization of transition costs and prepaid software	311	290
Adjusted EBITDA (non-GAAP)	**$566**	**$476**
Operating margin[3]	*1.0%*	*(5.7%)*
Adjusted EBITDA margin	*14.7%*	*11.2%*
Revenue (GAAP)	**$3,850**	**$4,255**
Net income (loss) margin	*(1.2%)*	*(17.3%)*

Reconciliation of adjusted pretax income (loss) to adjusted net income (loss) and adjusted EPS	Three months ended Mar. 31, 2024	Three months ended Mar. 31, 2023
Adjusted pretax income (loss) (non-GAAP)	**$30**	**($61)**
Provision for income taxes (GAAP)	(41)	(449)
Tax effect of non-GAAP adjustments	9	(9)
Adjusted net income (loss) (non-GAAP)	**($2)**	**($519)**
Diluted weighted average shares outstanding	230.2	227.6
Diluted earnings (loss) per share (GAAP)	(0.20)	(3.24)
Adjusted EPS (non-GAAP)	**($0.01)**	**($2.28)**

Reconciliation of cash flow from operations to adjusted free cash flow	Three months ended Mar. 31, 2024	Three months ended Mar. 31, 2023
Cash flow from operations (GAAP)	**$145**	**$12**
Plus: Transaction-related payments	(6)	56
Plus: Workforce rebalancing payments	34	20
Plus: Significant litigation payments	6	9
Plus: Payments related to lease terminations	–	1
Less: Net capital expenditures	(199)	(152)
Adjusted free cash flow (non-GAAP)	**($20)**	**($55)**

Reconciliation of net debt	Balance as of Mar. 31, 2024
Short-term debt	$126
Long-term debt	3,112
Total debt	**$3,238**
Cash	**1,553**
Net debt	**$1,685**

Numbers may not add due to rounding

[1] Kyndryl's reported results for the fiscal fourth quarter reflects the favorable resolution of certain pre-Separation and Separation-related matters with our former Parent.

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

[3] Operating margin is calculated by dividing net income (loss) less income taxes, interest expense and other expense (income), by revenue

Reconciliation of non-GAAP metrics

(in millions, except per-share amounts)

Reconciliation of net income (loss) to adjusted pretax income (loss) and adjusted EBITDA	Twelve months ended Mar. 31, 2024	Twelve months ended Mar. 31, 2023
Net income (loss) (GAAP)	**($340)**	**($1,374)**
Plus: Provision for (benefit from) income taxes	172	524
Pretax income (loss)	**($168)**	**($851)**
Non-operating adjustments (before tax)		
Workforce rebalancing charges	138	71
Charges related to ceasing to use leased/ fixed assets and lease terminations	39	80
Transaction-related costs (benefits[1])	(46)	264
Stock-based compensation expense	95	113
Amortization of acquisition-related intangible assets	30	46
Other adjustments[2]	78	59
Adjusted pretax income (loss) (non-GAAP)	**$165**	**($217)**
Adjusted pretax margin	*1.0%*	*(1.3%)*
Interest expense	122	94
Depreciation of property and equipment, and capitalized software	824	900
Amortization of transition costs and prepaid software	1,256	1,199
Adjusted EBITDA (non-GAAP)	**$2,367**	**$1,975**
Operating margin[3]	*0.0%*	*(4.2%)*
Adjusted EBITDA margin	*14.7%*	*11.6%*
Revenue (GAAP)	**$16,052**	**$17,026**
Net income (loss) margin	*(2.1%)*	*(8.1%)*

Reconciliation of adjusted pretax income (loss) to adjusted net income (loss) and adjusted EPS	Twelve months ended Mar. 31, 2024	Twelve months ended Mar. 31, 2023
Adjusted pretax income (loss) (non-GAAP)	**$165**	**($217)**
Provision for income taxes (GAAP)	(172)	(524)
Tax effect of non-GAAP adjustments	(18)	(31)
Adjusted net income (loss) (non-GAAP)	**($25)**	**($771)**
Diluted weighted average shares outstanding	229.2	226.7
Diluted earnings (loss) per share (GAAP)	(1.48)	(6.06)
Adjusted EPS (non-GAAP)	**($0.11)**	**($3.40)**

Reconciliation of cash flow from operations to adjusted free cash flow	Twelve months ended Mar. 31, 2024	Twelve months ended Mar. 31, 2023
Cash flow from operations (GAAP)	**$454**	**$781**
Plus: Transaction-related payments	106	363
Plus: Workforce rebalancing payments	176	40
Plus: Significant litigation payments	61	9
Plus: Payments related to lease terminations	7	1
Less: Net capital expenditures	(513)	(842)
Adjusted free cash flow (non-GAAP)	**$291**	**$352**

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Numbers may not add due to rounding

[1] Kyndryl's reported results for fiscal 2024 reflect $121 million of separation-related costs, primarily for systems migrations, which were completed in November. This was offset by a $167 million benefit related to an agreement to collect previously reserved receivables from our former Parent.

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

[3] Operating margin is calculated by dividing net income (loss) less income taxes, interest expense and other expense (income), by revenue

Definitions and rationale for non-GAAP metrics

Metric	Definition
Adjusted EBITDA and adjusted EBITDA margin	Adjusted EBITDA is defined as net income (loss) excluding net interest expense, income taxes, depreciation and amortization (excluding depreciation of right-of-use assets and amortization of capitalized contract costs), 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, significant litigation costs, and currency impacts of highly inflationary countries. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA, as defined above, by revenue. Management uses adjusted EBITDA and adjusted EBITDA margin to evaluate our performance. Management also uses these metrics when publicly providing our business outlook. We believe they are a helpful supplemental measure to assist investors in evaluating our operating results as they exclude certain items whose fluctuation from period to period do not necessarily correspond to changes in the operations of our business. Adjusted EBITDA and adjusted EBITDA margin are financial measures that are not recognized under U.S. GAAP and should not be considered as an alternative to net income (loss) or other measures of financial performance or liquidity derived in accordance with U.S. GAAP.
Adjusted pretax income (loss) and adjusted pretax margin	Adjusted pretax income (loss) is defined as pretax income (loss) 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, workforce rebalancing charges incurred prior to March 31, 2024, impairment expense, significant litigation costs and currency impacts of highly inflationary countries. Adjusted pretax margin is calculated by dividing adjusted pretax income (loss), as defined above, by revenue. Management uses adjusted pretax income (loss) and adjusted pretax margin to evaluate our performance. Management also uses them when publicly providing our business outlook. We believe adjusted pretax income (loss) and adjusted pretax margin are helpful supplemental metrics for investors in evaluating our operating performance because they can be used by investors to measure a company's operating performance without regard to items excluded from the calculation of such measures, which can vary substantially from company to company. Adjusted pretax income (loss) and adjusted pretax margin eliminate the impact of expenses that do not relate to core business performance. These measures are financial measures that are not recognized under U.S. GAAP and should not be considered as an alternative to net income (loss) or other measures of financial performance or liquidity derived in accordance with U.S. GAAP.
Adjusted net income (loss), adjusted net margin and adjusted earnings per share (EPS)	Adjusted net income (loss) is defined as adjusted pretax income (loss) less the reported provision for income taxes, minus or plus the tax effect of the non-GAAP adjustments made to calculate adjusted pretax income (loss), and excluding exceptional items impacting the reported provision for income taxes. Adjusted net margin is calculated by dividing adjusted net income by revenue. 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. Management uses adjusted net income (loss), adjusted net margin and adjusted earnings per share to evaluate our performance. Management also uses them when publicly providing our business outlook. We believe adjusted net income (loss) and adjusted net margin are helpful supplemental metrics for investors in evaluating our operating performance because they can be used by investors to measure a company's operating performance without regard to items excluded from the calculation of such measures, which can vary substantially from company to company. Adjusted earnings per share can be used by investors to evaluate operating performance attributable to equity shareholders. These measures are financial measures that are not recognized under U.S. GAAP and should not be considered as an alternative to net income (loss) or other measures of financial performance or liquidity derived in accordance with U.S. GAAP.

Definitions and rationale for non-GAAP metrics (continued)

Metric	Definition
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. Management uses constant-currency measures to evaluate period-over-period operating performance without the effect of fluctuations in currency exchange rates, which is consistent with how management evaluates our revenue results and trends. We believe that presentation in constant-currency is a useful supplemental financial measure to aid investors in understanding of the Company's period-over-period operating performance and provides additional insight into historical and/or future performance.
Net debt	Net debt is defined as total debt less cash and cash equivalents. Management uses net debt to evaluate its leverage.
Adjusted free cash flow	Adjusted free cash flow is defined as cash flows from operating activities after adding back transaction-related payments, charges related to lease terminations, payments related to workforce rebalancing charges incurred prior to March 31, 2024, and significant litigation payments, less net capital expenditures. Management uses adjusted free cash flow as a measure to evaluate its operating results, plan strategic investments and assess our ability and need to incur and service debt. We believe adjusted free cash flow is a useful supplemental financial measure to aid investors in assessing our ability to pursue business opportunities and investments and to service our debt. Adjusted free cash flow is a financial measure that is 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.
Signings 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. 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. Our gross profit book-to-bill is defined as our projected gross profit on signings for the trailing twelve months divided by our actual gross profit for the same period. Management uses signings and gross profit book-to-bill as tools to monitor the performance of the business including the business' ability to attract new customers and sell additional scope into our existing customer base.