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Third Quarter
2025 Earnings

February 4, 2025



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 “aim,” “anticipate,” “believe,” “contemplate,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “objectives,” “opportunity,” “plan,” “position,” “predict,” “project,” “should,” “seek,” “target,” “will,” “would” 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 concerning the Company’s plans, objectives, goals, beliefs, business strategies, future events, business condition, results of operations, financial position, business outlook and business trends, including without limitation the outlook and financial objectives in this presentation (which does not assume any future acquisitions or divestitures), may be forward-looking statements. These statements do not guarantee future performance and speak only as of February 4, 2025, and the Company assumes no obligation to update its forward-looking statements, except as required by law. 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: 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 and 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 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 spin-off; and 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, 2024 filed with the Securities and Exchange Commission (the “SEC”) on May 30, 2024, 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, net leverage ratio, 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. In this presentation, projections are based on exchange rates as of January 2025. 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

Continuing to build a strong track record of successful execution

<p>Progress on our financials</p>	<p>Signings Up 31% in LTM, with 9% projected pretax margins</p>	<p>Earnings Expect FY25 adjusted pretax income of at least \$475M, up at least \$310M year-over-year</p>	<p>Cash flow Expect ~\$350M of adjusted free cash flow in FY25</p>
<p>Progress on our differentiation</p>	<p>Kyndryl Consult Double-digit revenue growth expected in FY25</p>		<p>Kyndryl Bridge Delivering AI-enabled insights and resiliency to customers</p>
<p>Progress on our 3A's</p>	<p>Alliances \$300M hyperscaler revenue in Q3; positioned to exceed FY25 target of nearly \$1B</p>	<p>Accounts \$825M annualized profit in Q3; positioned to exceed FY25 target of \$850M</p>	<p>Advanced Delivery \$725M annualized savings in Q3; positioned to exceed FY25 target of \$750M</p>
<p>Progress on our culture</p>	<p>The Kyndryl Way Operating 'flat, fast and focused' and published second annual Corporate Citizenship report</p>		

 Executing a strategy that is unique to us and driving profitable growth

Customers seek our industry-leading capabilities

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Mission-critical expertise

Global scale

Operational data that drives continuous learning

World-class intellectual property

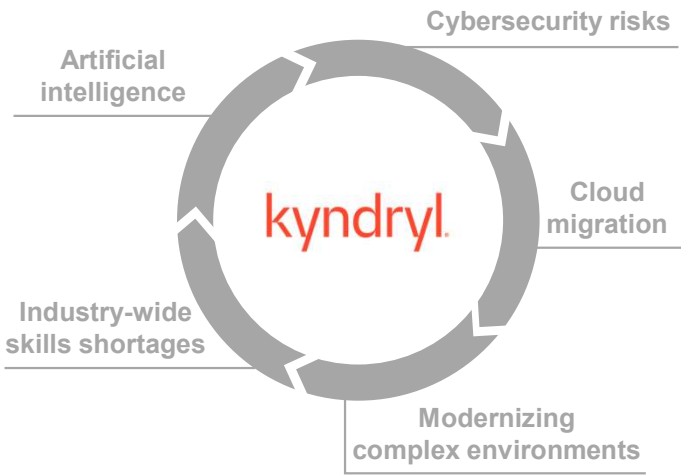
AI-enabled operating platform – Kyndryl Bridge

Actionable insights and automation

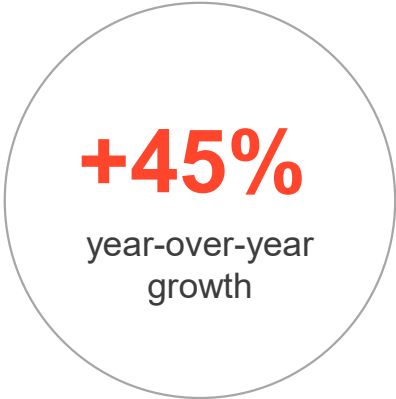
Broad technology alliances

 The advantages we offer differentiate Kyndryl in the marketplace

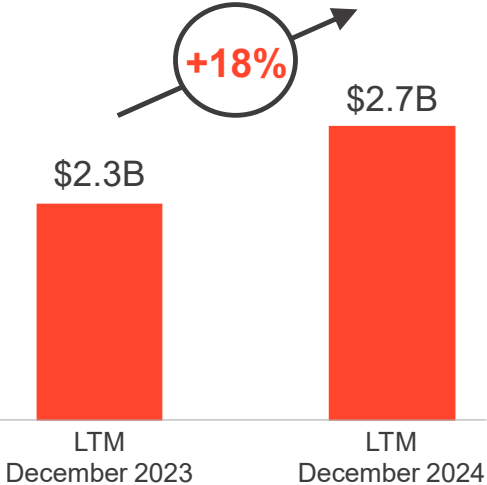
Kyndryl is positioned at the nexus of key secular trends



Kyndryl Consult signings



Kyndryl Consult revenue



 Our differentiated services and unmatched expertise are driving growth in Consult

Kyndryl is capturing demand for modernization across vertical markets

Financial services



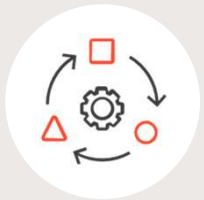
Reduce operational risk, ensure compliance with regulatory changes and enable use of AI and digital services

Retail & travel



Enhance consumers' digital experiences through the use of AI and increase security and data privacy

Industrials



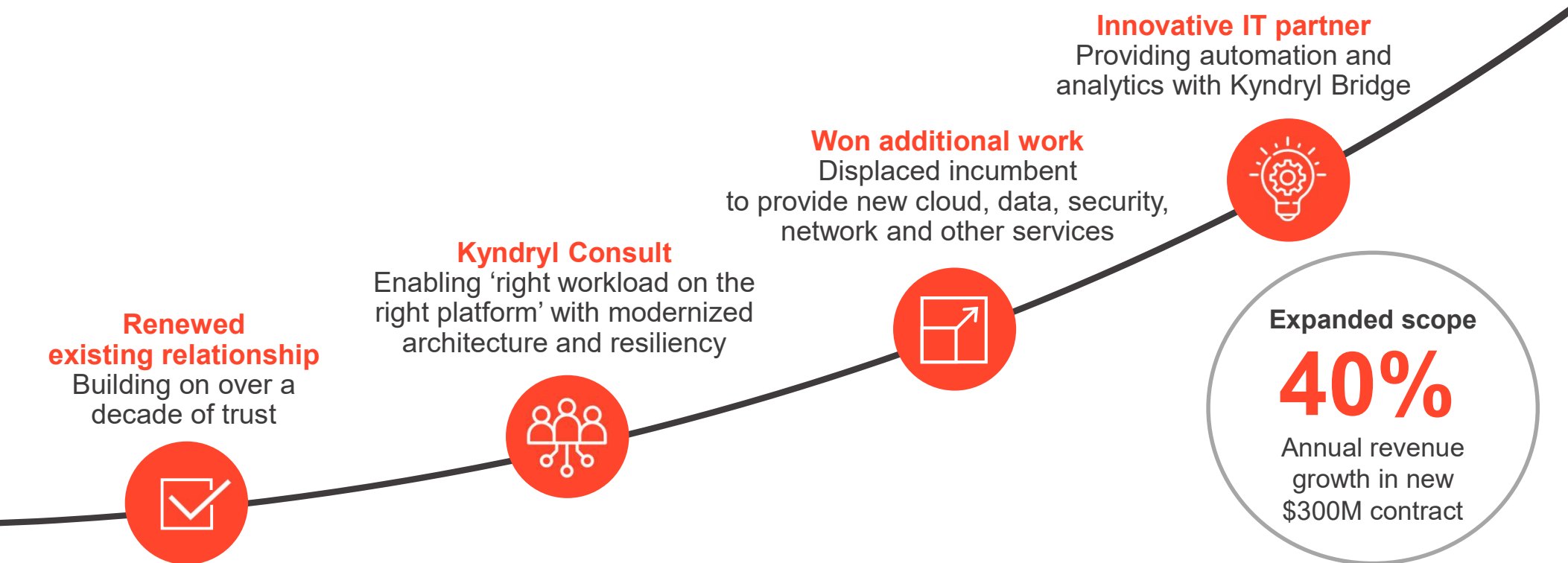
Migrate to cloud platforms, increase AI throughout operations and ensure secure data accessibility and resiliency

Tech, media & telecom



Modernize IT estates, enhance security and resiliency, and deploy new applications and services to consumers

Example: Expanding services and growing revenue with an industrial customer



→ **Won new scope because of our investment in innovation and capabilities**

Demonstrating thought leadership related to secular IT trends

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Providing perspectives and insights to our customers and the broader IT market

Kyndryl Bridge insights

Using AI-generated actionable insights to help customers prioritize their IT investments

Kyndryl Readiness Report

Exploring businesses' digital readiness and ability to adopt AI

The Kyndryl Institute

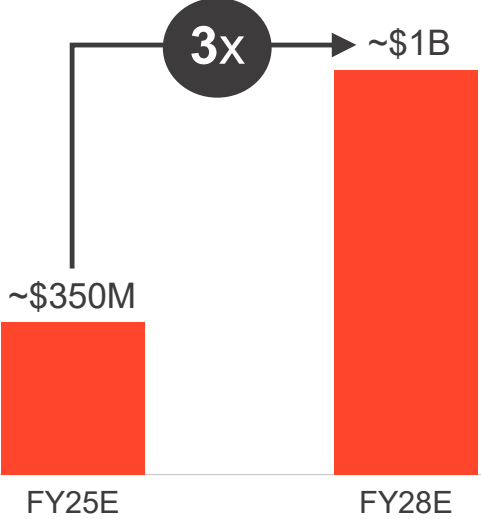
Convening experts to explore and drive innovation at the intersection of technology and business



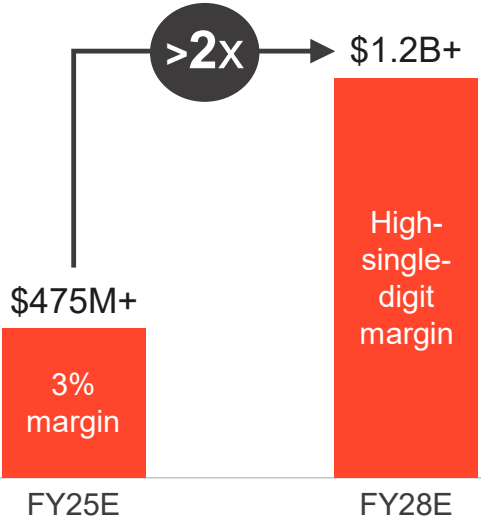
Through these initiatives, we're influencing trends and driving change in the industry

Our 'triple, double, single' medium-term targets

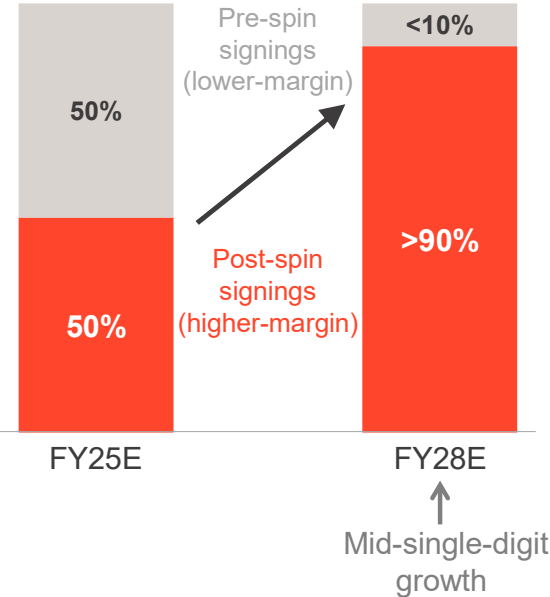
Adjusted free cash flow



Adjusted pretax income and margin

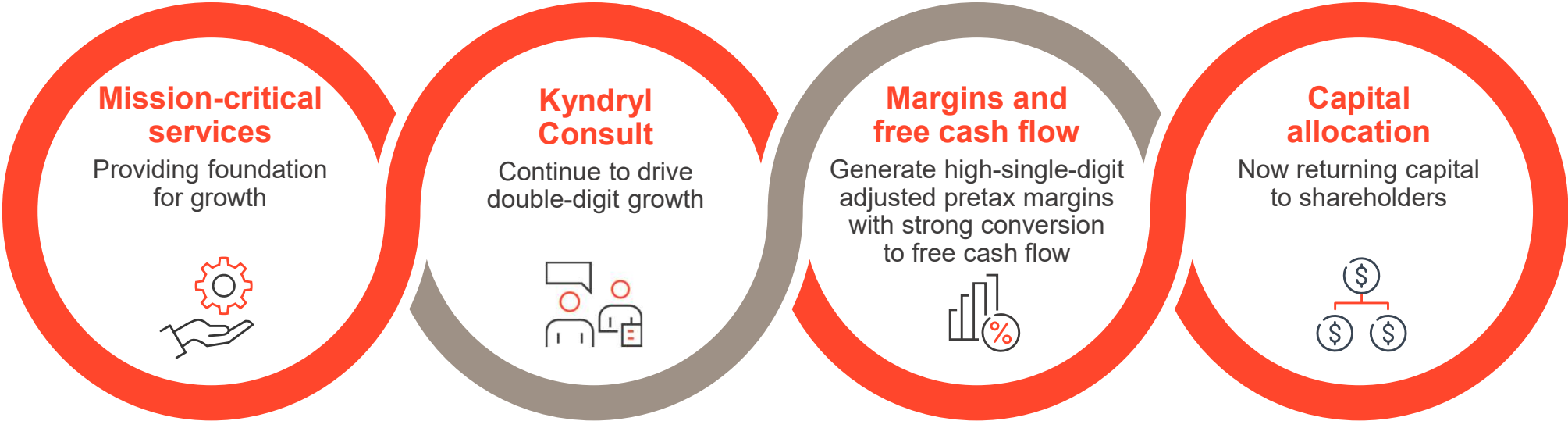


Sources of our revenue



Converting ~100% of adjusted pretax income less cash taxes to adjusted free cash flow

Entering a new era of profitable growth



Financial highlights



Results reflect **continued progress** and consistent execution



Alliances, Advanced Delivery and Accounts driving significant **margin expansion**



Capital returns to shareholders driven by strong liquidity and free cash flow



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



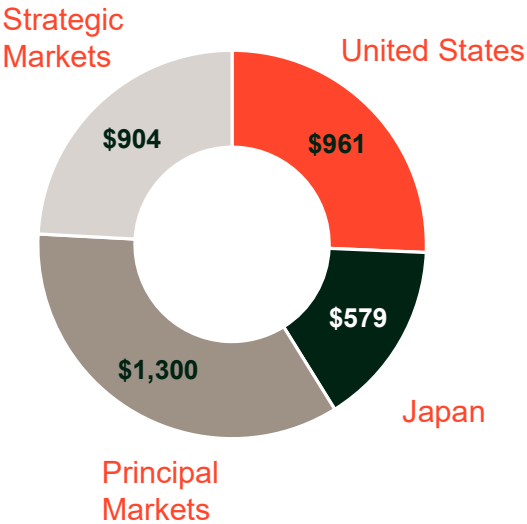
We design, build, manage and modernize the mission-critical systems that the world depends on

Fiscal third quarter 2025 financial highlights

(\$ in millions)

	Quarter ended Dec. 31, 2024	Quarter ended Dec. 31, 2023
Revenue	\$3,744	\$3,936
Growth, in constant currency	(3%)	(10%)
Adjusted EBITDA	\$704	\$615
Adjusted EBITDA margin	18.8%	15.6%
Adjusted pretax income	\$160	\$63
Adjusted pretax margin	4.3%	1.6%

Quarterly revenue by segment
(\$ in millions)



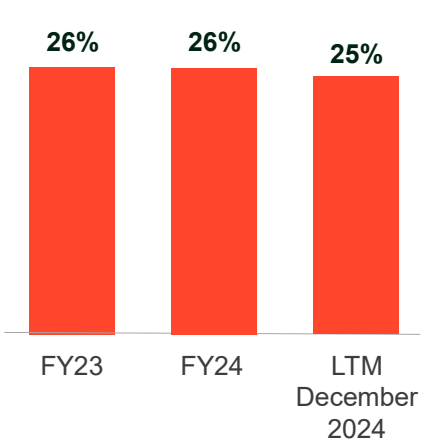
Our results reflect solid operational execution, led by our 3A's and Kyndryl Consult



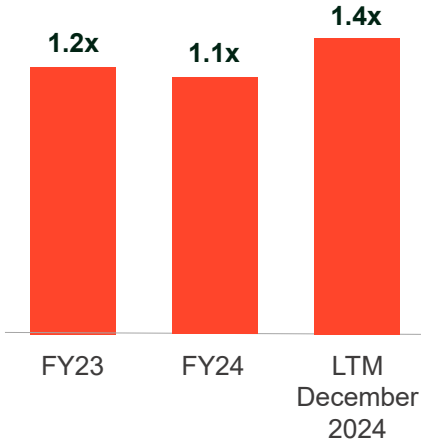
Principal Markets is comprised of Kyndryl's operations in Canada, France, Germany, India, Italy, Spain/Portugal and the United Kingdom/Ireland. Strategic Markets is comprised of Kyndryl's operations in all other geographic locations. Kyndryl's operations in Australia/New Zealand transitioned from Principal Markets to Strategic Markets in the quarter ended June 30, 2024; historical segment information has been updated to reflect this change. Revenue growth (year-over-year) as reported was (5%) in the quarter ended December 31, 2024 and (9%) in the quarter ended December 31, 2023. See appendix for reconciliation of non-GAAP metrics.

Strong projected margins on signings support our medium-term goals

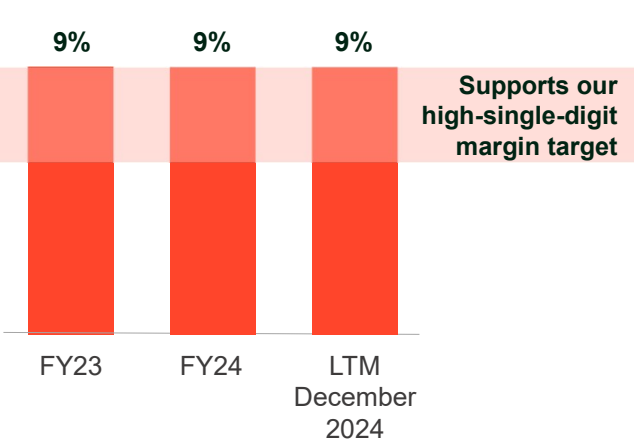
Gross margin
expected on post-spin signings



Gross profit book-to-bill ¹



Pretax margin
expected on post-spin signings

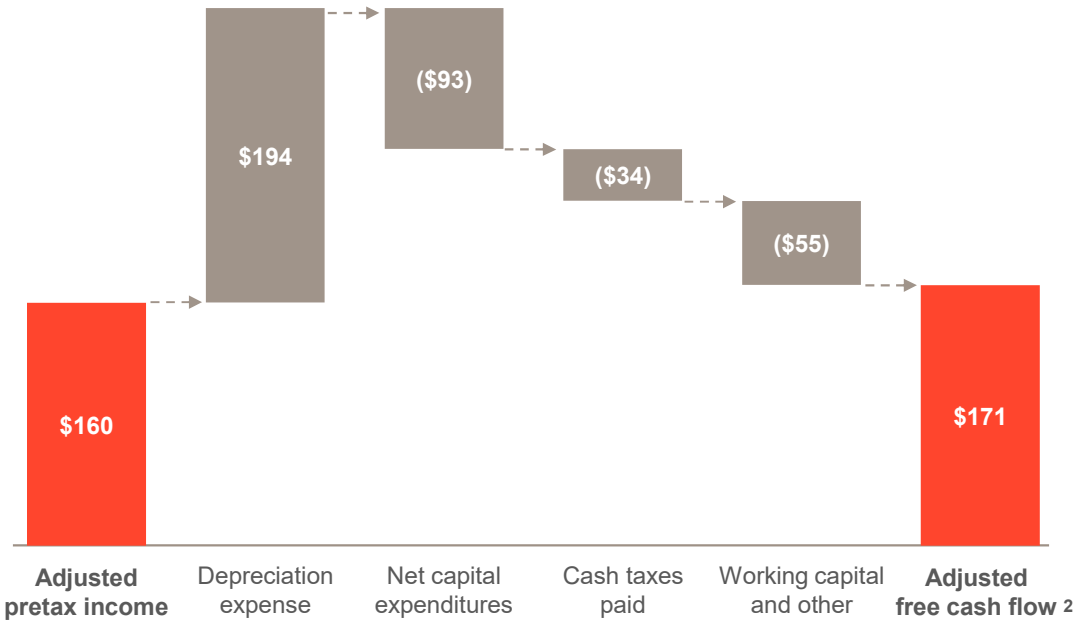


 The margin profile of our post-spin signings is driving our earnings growth

kyndryl. 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

Balance sheet and cash flow aligned to our strategy

Adjusted free cash flow
(\$ in millions, three months ended December 31)



Balance sheet and cash flow metrics

\$1.5B
Cash

\$3.2B
Debt

\$1.7B
Net debt

\$4.7B
Available liquidity¹

\$260M
Cash flow from operations
(three months ended December 31)

\$30M
Shares repurchased
(three months ended December 31)

Now returning capital to shareholders through share repurchases

¹ Consists of \$1.5B of cash and \$3.2B of undrawn senior unsecured credit facility
² Adjusted free cash flow: Cash flow from operations (GAAP) \$260M, less net capital expenditures \$93M, plus other \$5M
 See appendix for reconciliation of non-GAAP metrics

Raising our fiscal 2025 earnings and cash flow outlook

	Outlook
Adjusted pretax income	<ul style="list-style-type: none"> At least \$475 million in fiscal 2025
Adjusted EBITDA margin	<ul style="list-style-type: none"> At least 16.7% in fiscal 2025
Adjusted free cash flow	<ul style="list-style-type: none"> Approximately \$350 million in fiscal 2025
Revenue	<ul style="list-style-type: none"> Constant-currency growth of approximately 2% in the fourth quarter

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



Based on recent exchange rates, currency effects are expected to unfavorably impact revenue by ~\$330M (including ~\$160M in the fourth quarter), adjusted EBITDA by ~\$100M and adjusted pretax income by ~\$80M year-over-year. Depreciation expense projected to be ~\$650M; amortization expense of transition costs and prepaid software projected to be ~\$1.3B; workforce rebalancing costs projected to be ~\$100M; interest expense projected to be ~\$105M; cash taxes projected to be ~\$150M; net capital expenditures projected to be ~\$600M. The November divestiture of our Securities Industry Services (SIS) platform in Canada will reduce our revenue by ~\$40M in the second half of fiscal year 2025.

Investment highlights

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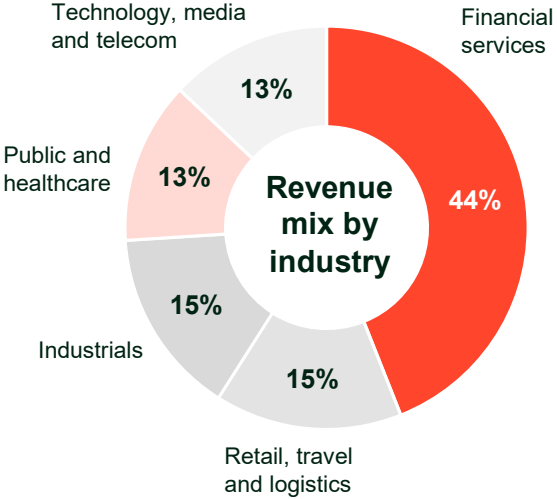
- ✓ The world leader in designing, building, managing and modernizing mission-critical information systems
- ✓ Independence doubled our addressable market, which will continue to grow due to numerous interrelated tailwinds
- ✓ Competitive advantage stems from our people, data and intellectual property, 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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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	6%
Digital Workplace	Enhancing user experience and work location flexibility by providing a consumer experience to employees	7%
Core Enterprise	Providing secure, unified and fault-tolerant mainframe services for our customers' core infrastructure	31%

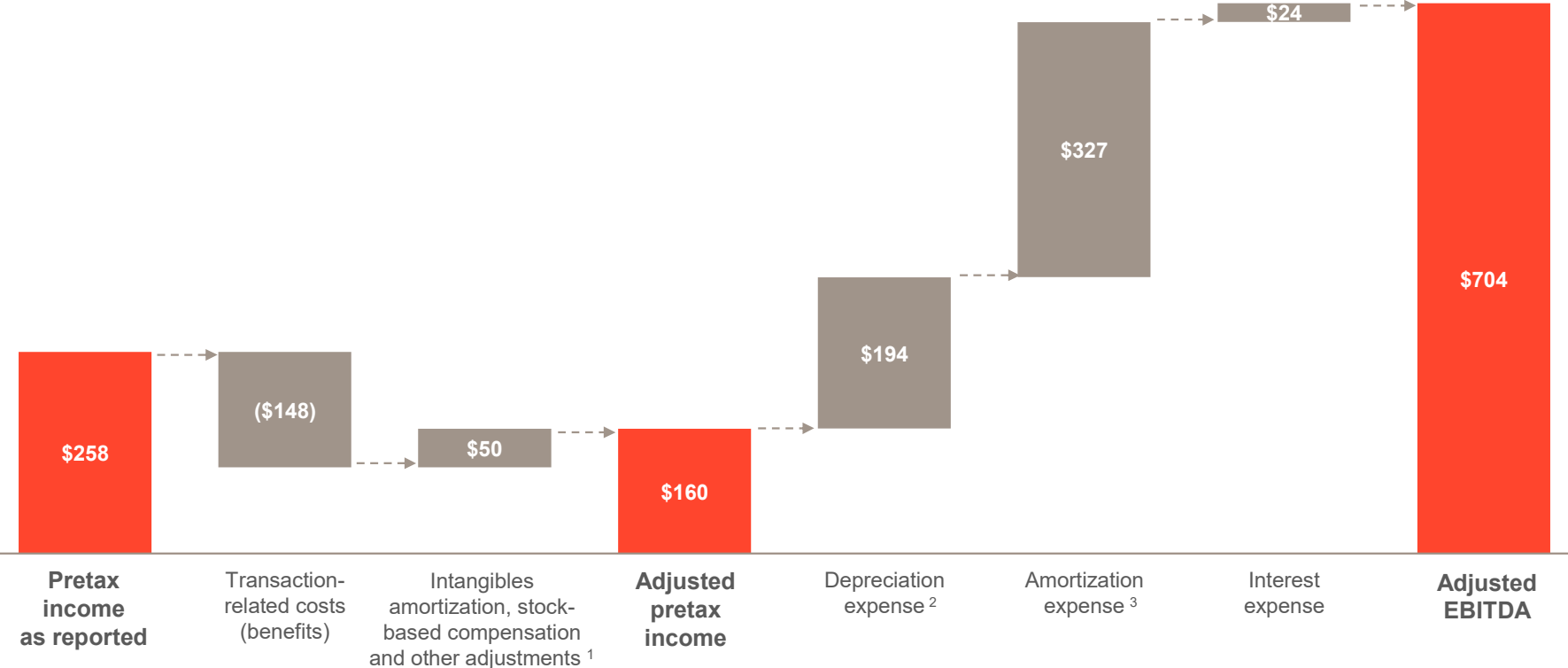
Diversified sources of revenue



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

Fiscal third quarter 2025 adjusted pretax income and adjusted EBITDA

(\$ in millions)



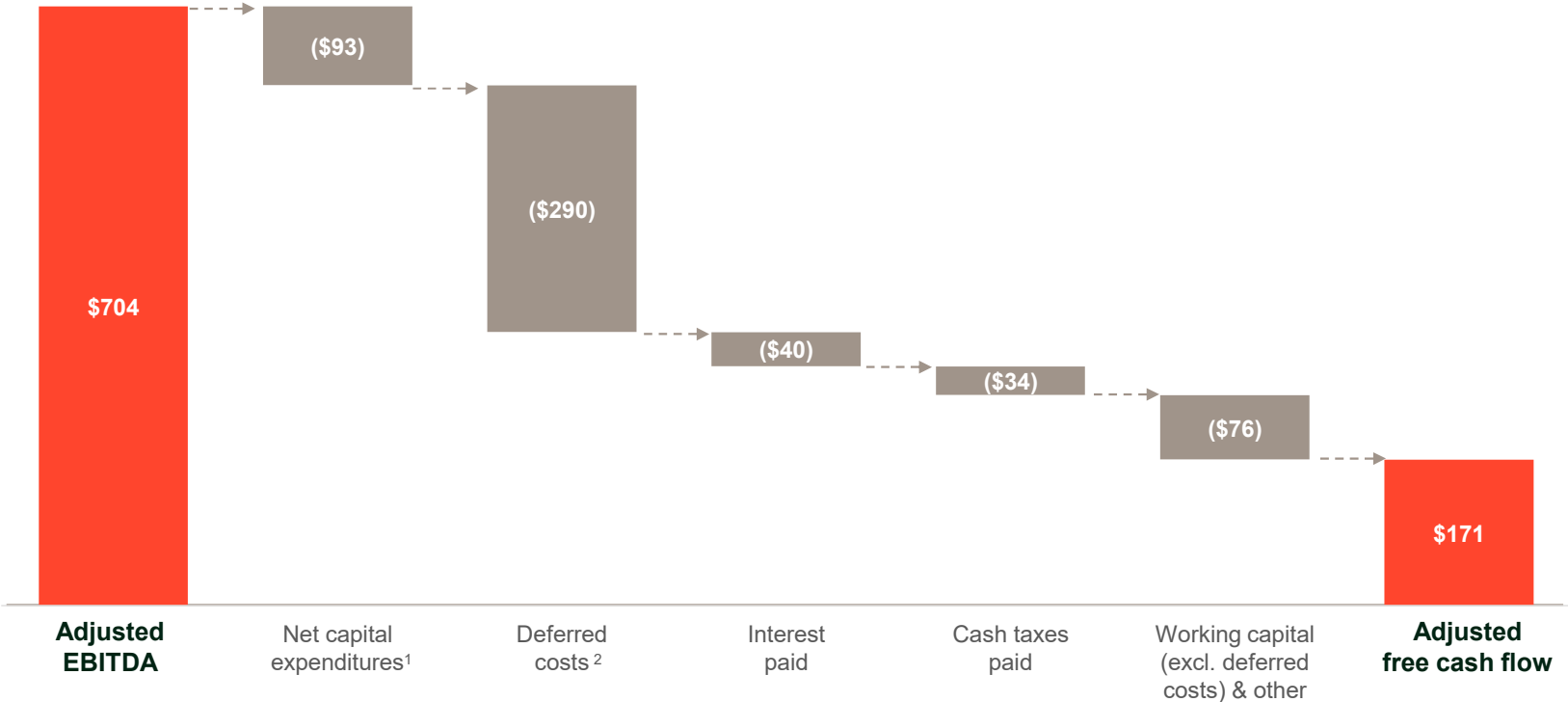
¹ Effects of pension costs other than pension servicing costs and multi-employer plan costs, significant litigation costs and benefits, charges related to ceasing to use leased/fixed assets and lease terminations, and currency impacts of highly inflationary countries

² Includes amortization of capitalized software costs and excludes depreciation of operating right-of-use assets

³ Amortization of transition costs and prepaid software

Fiscal third quarter 2025 adjusted EBITDA and adjusted free cash flow

(\$ in millions)



¹ Net capital expenditures compare to depreciation of \$194M
² Deferred costs offset amortization of prepaid software and transition costs of \$327M

Definitions and rationale for 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 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 benefits, and currency impacts of highly inflationary countries. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenue.

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 benefits, and currency impacts of highly inflationary countries. Adjusted pretax margin is calculated by dividing adjusted pretax income (loss) by revenue.

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, as defined above, 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.

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 by the last twelve months' adjusted EBITDA. Management uses net debt and net leverage ratio 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.

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. 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 book-to-bill is defined as signings for the trailing 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 for the trailing twelve months divided by our actual gross profit for the same period. Management uses signings, book-to-bill 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.

Reconciliation of non-GAAP metrics

(\$ in millions, except per-share amounts)

Reconciliation of net income (loss) to adjusted pretax income and adjusted EBITDA	Three months ended Dec. 31, 2024	Three months ended Dec. 31, 2023
Net income (loss) (GAAP)	\$215	(\$12)
Plus: Provision for income taxes	43	65
Pretax income (GAAP)¹	\$258	\$53
Non-operating adjustments (before tax)		
Workforce rebalancing charges incurred prior to March 31, 2024	–	19
Charges related to ceasing to use leased/ fixed assets and lease terminations	9	14
Transaction-related costs (benefits)	(148)	(77)
Stock-based compensation expense	29	25
Amortization of acquisition-related intangible assets	7	8
Other adjustments ²	5	21
Adjusted pretax income (non-GAAP)	\$160	\$63
<i>Adjusted pretax margin</i>	<i>4.3%</i>	<i>1.6%</i>
Interest expense	24	31
Depreciation of property, equipment and capitalized software ³	194	207
Amortization of transition costs and prepaid software	327	314
Adjusted EBITDA (non-GAAP)	\$704	\$615
<i>Net income (loss) margin</i>	<i>5.7%</i>	<i>(0.3%)</i>
<i>Adjusted EBITDA margin</i>	<i>18.8%</i>	<i>15.6%</i>
Revenue (GAAP)	\$3,744	\$3,936

Numbers may not add due to rounding

¹ Includes lower depreciation expense resulting from the change of useful life of information technology equipment effective April 1, 2024 (a year-over-year benefit of \$40 million for the three months ended December 31, 2024) and higher depreciation expense from the expiration of a spin-related credit (a year-over-year headwind of \$60 million for the three months ended December 31, 2024)

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

³ Amount for the three months ended December 31, 2023 excludes \$1 million of expense that is included in transaction-related costs

Reconciliation of adjusted pretax income to adjusted net income (loss) and adjusted EPS	Three months ended Dec. 31, 2024	Three months ended Dec. 31, 2023
Adjusted pretax income (non-GAAP)	\$160	\$63
Provision for income taxes (GAAP)	43	65
Tax effect of non-GAAP adjustments	7	(8)
Adjusted net income (loss) (non-GAAP)	\$124	(\$11)
Diluted weighted average shares outstanding	240.7	229.6
Diluted earnings (loss) per share (GAAP)	\$0.89	(\$0.05)
Adjusted EPS (non-GAAP)	\$0.51	(\$0.05)
Reconciliation of cash flow from operations to adjusted free cash flow	Three months ended Dec. 31, 2024	Three months ended Dec. 31, 2023
Cash flow from operations (GAAP)	\$260	\$436
Plus: Transaction-related payments	–	29
Plus: Workforce rebalancing payments related to charges incurred prior to March 31, 2024	–	29
Plus: Significant litigation payments	5	11
Plus: Payments related to lease terminations	–	2
Less: Net capital expenditures	(93)	(159)
Adjusted free cash flow (non-GAAP)	\$171	\$348
Reconciliation of net debt and net leverage ratio	Balance as of Dec. 31, 2024	
Short-term debt	\$129	
Long-term debt	3,072	
Total debt	\$3,201	
Cash	1,501	
Net debt (non-GAAP)	\$1,700	
Latest twelve months adjusted EBITDA (non-GAAP)	\$2,383	
Net leverage ratio (non-GAAP)	0.71x	

Reconciliation of non-GAAP metrics

(\$ in millions, except per-share amounts)

Reconciliation of net income (loss) to adjusted pretax income and adjusted EBITDA	Nine months ended Dec. 31, 2024	Nine months ended Dec. 31, 2023
Net income (loss) (GAAP)	\$183	(\$295)
Plus: Provision for income taxes	134	131
Pretax income (loss) (GAAP)¹	\$317	(\$165)
Non-operating adjustments (before tax)		
Workforce rebalancing charges incurred prior to March 31, 2024	–	115
Charges related to ceasing to use leased/ fixed assets and lease terminations	29	24
Transaction-related costs (benefits)	(128)	12
Stock-based compensation expense	78	72
Amortization of acquisition-related intangible assets	23	23
Other adjustments ²	(22)	52
Adjusted pretax income (non-GAAP)	\$297	\$135
<i>Adjusted pretax margin</i>	<i>2.6%</i>	<i>1.1%</i>
Interest expense	77	92
Depreciation of property, equipment, and capitalized software ³	470	629
Amortization of transition costs and prepaid software	974	946
Adjusted EBITDA (non-GAAP)	\$1,818	\$1,801
<i>Net income (loss) margin</i>	<i>1.6%</i>	<i>(2.4%)</i>
<i>Adjusted EBITDA margin</i>	<i>16.1%</i>	<i>14.8%</i>
Revenue (GAAP)	\$11,257	\$12,202

Reconciliation of adjusted pretax income to adjusted net income (loss) and adjusted EPS	Nine months ended Dec. 31, 2024	Nine months ended Dec. 31, 2023
Adjusted pretax income (non-GAAP)	\$297	\$135
Provision for income taxes (GAAP)	(134)	(131)
Tax effect of non-GAAP adjustments	(4)	(27)
Adjusted net income (loss) (non-GAAP)	\$159	(\$23)
Diluted weighted average shares outstanding	238.3	228.9
Diluted earnings (loss) per share (GAAP)	\$0.77	(\$1.29)
Adjusted EPS (non-GAAP)	\$0.67	(\$0.10)
Reconciliation of cash flow from operations to adjusted free cash flow		
	Nine months ended Dec. 31, 2024	Nine months ended Dec. 31, 2023
Cash flow from operations (GAAP)	\$361	\$309
Plus: Transaction-related payments	5	113
Plus: Workforce rebalancing payments related to charges incurred prior to March 31, 2024	25	142
Plus: Significant litigation payments	14	55
Plus: Payments related to lease terminations	–	7
Less: Net capital expenditures	(295)	(315)
Adjusted free cash flow (non-GAAP)	\$111	\$311

Numbers may not add due to rounding

¹ Includes lower depreciation expenses resulting from the change of useful life of information technology equipment effective April 1, 2024 (a year-over-year benefit of \$150 million for the nine months ended December 31, 2024) and higher depreciation expense from the expiration of a spin-related credit (a year-over-year headwind of \$85 million for the nine months ended December 31, 2024)

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

³ Amount for the nine months ended December 31, 2023 excludes \$10 million of expense that is included in transaction-related costs