kyndryl

Fourth Quarter and Full-Year 2026 Earnings

May 6, 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. 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. 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 and the related conference call (which does not assume any future acquisitions or divestitures) are forward-looking statements. These statements do not guarantee future performance and speak only as of May 6, 2026, 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 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; risks affecting the timing and amount of workforce rebalancing charges and payments; impact of economic, geopolitical, public health and other conditions; damage to the Company's reputation and impact on the Company and our 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 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 our 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 relating 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 in 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; 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, 2025, and quarterly report on Form 10-Q for the quarter ended December 31, 2025, as such factors may be updated from time to time in the Company’s subsequent filings with the Securities and Exchange Commission.

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, adjusted net income, adjusted EPS, adjusted EBITDA margin, adjusted pretax margin, adjusted net 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 April 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

Harsh Chugh, Interim 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

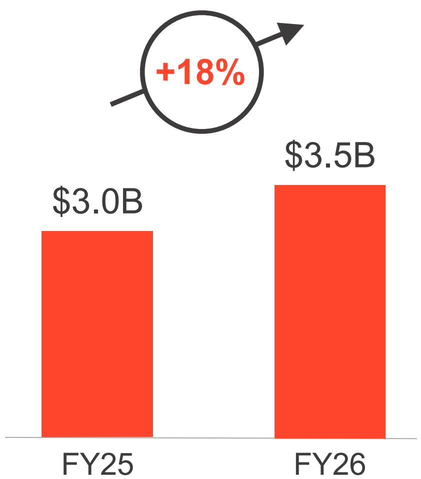
4 Focusing on growth areas

Investing in Consult, alliances, Kyndryl Bridge and tuck-in acquisitions

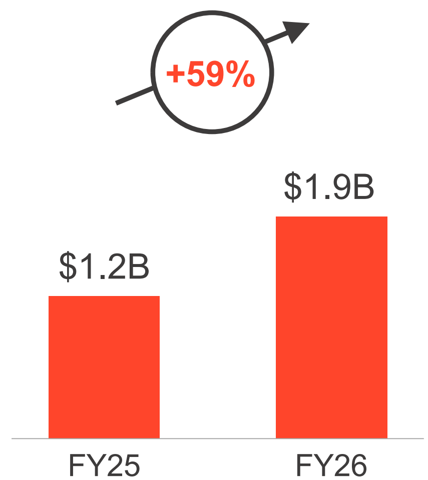
We are strengthening our operations to deliver on our priorities

Kyndryl Consult, hyperscalers and AI-led modernization are driving revenue

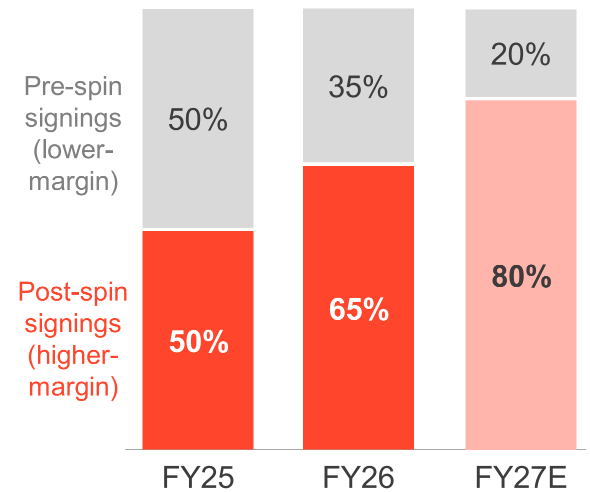
Kyndryl Consult revenue



Hyperscaler-related revenue[1]



Sources of Kyndryl revenue



Expanding margins to high-single-digits

Winning new scope and new logos with our expanded capabilities

[1]Approximately 35% of hyperscaler-related revenue is a subset of Kyndryl Consult

AI-led modernization with Kyndryl's differentiated and scalable solutions

Customers turn to Kyndryl for business outcomes

- ✓ Faster, scalable implementation
- ✓ Transform business workflows
- ✓ Increased agility
- ✓ Lower cost of ownership
- ✓ Uncompromised quality and security
- ✓ Choice and control (e.g., data sovereignty)

Our growing agentic capabilities

Agentic Service Management
Assess IT readiness, modernize operations, and establish governance and best practices

Kyndryl Agentic AI Framework
Prioritize business outcomes, define policies, and design AI agents and workflows

Kyndryl Bridge
Integrate, observe and orchestrate across the IT estate for real-time insights and actions

Unlocking opportunities with our unique methodologies, approach and IP

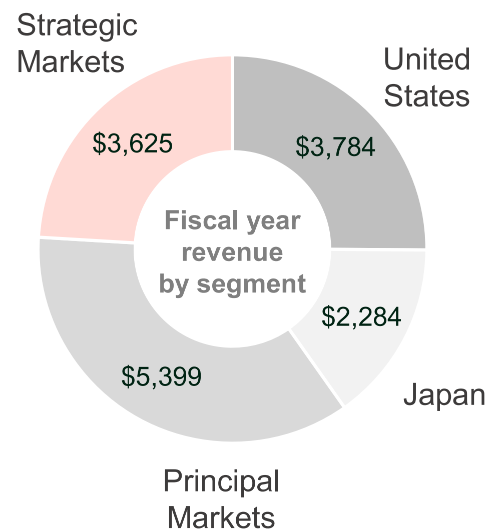
AI-led modernization customer wins

	Major European bank 13-year relationship	Global insurer 9-year relationship	Public sector 30-year relationship
Approach	**Infrastructure-led**	**Application-led**	**Business workflow-led**
Customer needs	Data sovereignty, vendor agnostic hybrid architecture, AI governance	Critical skills shortage, modernize core systems, migrate to cloud	Modernize platform to expand digital services and increase self-service
Kyndryl Solution	Public and private cloud platform with AI-powered engineering and visibility across estate	AI agents to analyze millions of lines of code and re-engineer systems	Repeatable AI solution upgrades legacy applications across renewals, appointments and payments
Customer outcomes	• Enhanced cost control, predictability and transparency • Reduced self-service provisioning from weeks to minutes using agentic AI	• Preserved institutional knowledge • Established cloud-native architecture • 50% faster data center exit with agents	• Reduced average in-office wait times from 1 hour to 15 minutes • Improved citizen access and user experience with digital services
What's next	**Expand to application transformation**	**Scale to other subsidiaries globally**	**Replicate with other agencies**

Expanding scope with expertise in infrastructure, applications and business workflows

Fiscal 2026 financial results

($ in millions)	Year ended Mar. 31, 2026	Year ended Mar. 31, 2025	Year ended Mar. 31, 2024
Revenue	**$15,092**	**$15,057**	**$16,052**
Growth, in constant currency	(3%)	(4%)	(6%)
Adjusted EBITDA	**$2,672**	**$2,516**	**$2,367**
Adjusted EBITDA margin	17.7%	16.7%	14.7%
Adjusted pretax income	**$581**	**$482**	**$165**
Adjusted pretax margin	3.9%	3.2%	1.0%

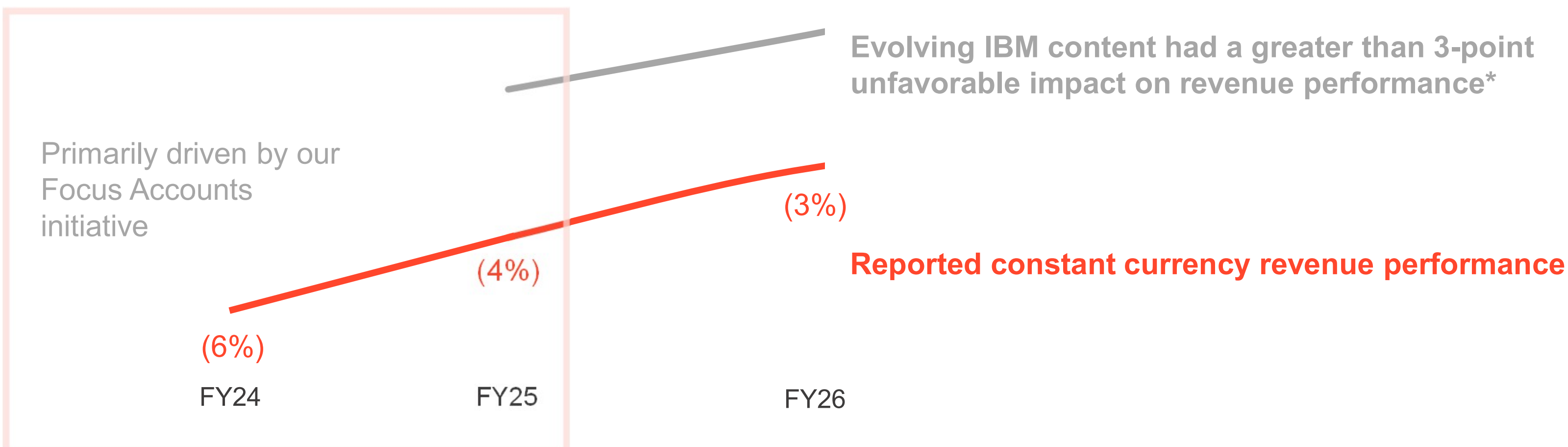


Four consecutive years of adjusted pretax income and margin growth

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
Revenue growth (year-over-year) as reported was flat in the year ended March 31, 2026, (6%) in the year ended March 31, 2025 and (6%) in the year ended March 31, 2024
See appendix for reconciliation of non-GAAP metrics; numbers may not add due to rounding

Our partnership with IBM continues to evolve

Year-over-year revenue trends



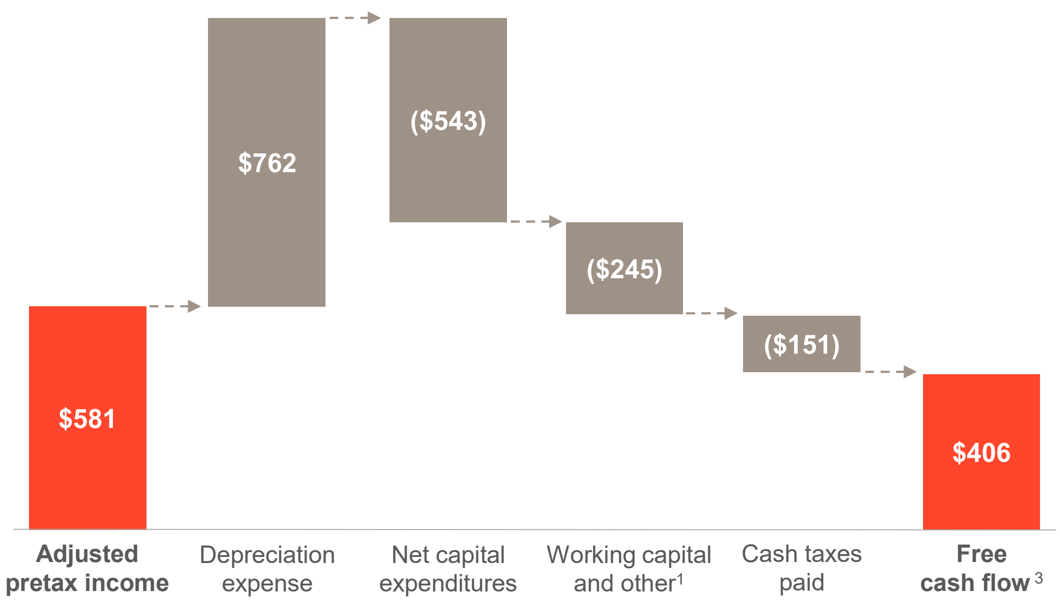
Our fiscal 2027 outlook assumes a similar impact from our evolving IBM relationship

kyndryl

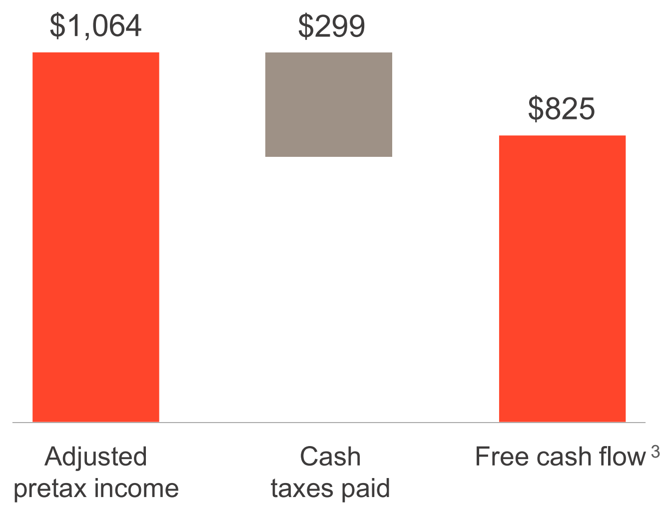
* Represents the approximate effect on constant-currency revenue performance from the evolution of IBM content, based on the amount of IBM content in our customer engagements, at cost
See appendix for reconciliation of non-GAAP metrics

Strong conversion of earnings to free cash flow

Free cash flow
($ in millions, twelve months ended Mar. 31, 2026)



Earnings to free cash flow[2]
($ in millions, cumulative FY25 and FY26)



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

[1] Primarily driven by broad-based incentive-compensation payments that occurred in fiscal first quarter 2026 and coupled with lower compensation accruals in the current year based on our performance
[2] Consists of adjusted pretax income for FY25 of $482M and for FY26 of $581M; cash taxes paid for FY25 of $149M and FY26 of $151M; and free cash flow for FY25 of $419M and FY26 of $406M
[3] See slide 21 for additional information on our calculation of free cash flow that reflects the historical and expected application of the Company's cash management practices

Investment-grade balance sheet metrics

(as of March 31, 2026)

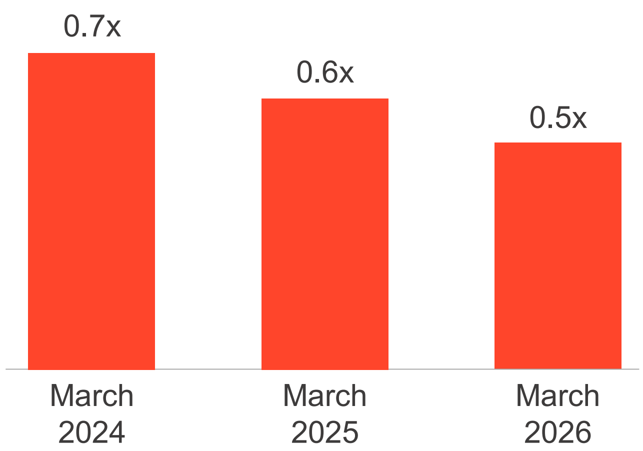
$2.6B
Cash

$4.8B
Available liquidity[1]

$1.5B
Net debt

Well laddered debt maturity

Net leverage ratio[2]

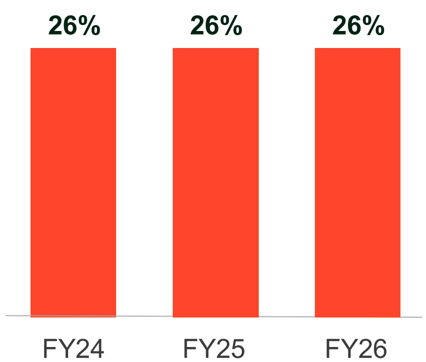


Maintain strong balance sheet and financial flexibility

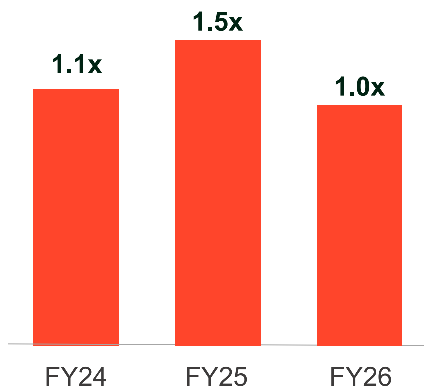
[1] Consists of $2.6B of cash and $2.2B of undrawn senior unsecured credit facility as of March 31, 2026
[2] Net leverage ratio is calculated by dividing net debt at period ending by the last twelve months' adjusted EBITDA
See appendix for reconciliation of non-GAAP metrics

Strong projected margins on signings support our medium-term goals

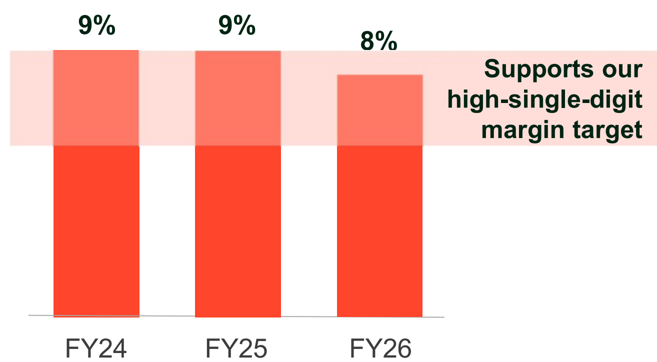
Gross margin
expected on post-spin signings



Gross profit book-to-bill [1]



Pretax margin
expected on post-spin signings



The quality of our post-spin signings is driving earnings growth

[1] Our gross profit book-to-bill is defined as our projected gross profit at signings during the last twelve months divided by our actual gross profit for the same period. See appendix for definitions

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 approximately 18.3%

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

Other outlook items: Workforce rebalancing charges ~$200M; depreciation expense ~$730M; amortization expense of transition costs and prepaid software $1.2B+; interest expense ~$140M; income tax expense (related to adjusted pretax income) ~$200M; diluted shares outstanding ~230M, excluding any future share repurchases; cash taxes ~$200M

[1] See slide 21 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

Signposts to fiscal 2028

Signpost	Exiting FY26	Drivers in FY27 outlook
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
Improve SG&A efficiency		Workforce rebalancing actions, substantially in Q1
Cash conversion cycle at adjusted pretax income less cash taxes	Last two years on track	Similar conversion

Targeting to deliver $1B in adjusted free cash flow by fiscal 2028

kyndryl®

Positioning Kyndryl for sustainable growth through innovation

Growth drivers

Alliances
Building solutions together to deliver customer outcomes

Mission-critical
Expanding scope and winning new logos through infrastructure expertise

Kyndryl Consult
Advising technology-first, industry-informed, AI-powered

Kyndryl Bridge
Differentiating through AI insights and uncovering new opportunities

Modernization
Capitalizing on vast demand through cross-practice capabilities

Meeting customers' need for innovative, hybrid, best-of-breed solutions

Recent accolades and industry recognition

Google Cloud

2025 Google Cloud Global Partner of the Year Award for Infrastructure Modernization

IDC

A Leader in the IDC MarketScape: Japan Managed Hybrid and Multi-public Cloud Services 2025 Vendor Assessment*

AMERICA'S TOP 100 MOST LOVED WORKPLACES 2025

Named by Wall Street Journal as one of America's Top 100 Most Loved Workplaces (2025)

Everest Group PEAK MATRIX® STAR PERFORMER 2025 DIGITAL WORKPLACE SERVICES – GLOBAL

CLOUDFLARE

2025 Cloudflare Americas Systems Integrator Partner of the Year

DELL Technologies

2025 Dell Global Alliances Partner of the Year for Marketing, Americas Innovation, and Asia Pacific and Japan Expansion

Hewlett Packard Enterprise

2025 HPE Global System Integrator Momentum Partner of the Year

GOLD | Top 5% ecovadis Sustainability Rating MAR 2025

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

Gartner

Recognized as a Leader in the November 2025 Gartner® Magic Quadrant™ for Outsourced Digital Workplace Services, Global report; Industry Recognition

Recognized as a Leader in the 2025 Gartner® Magic Quadrant™ for Data Center Outsourcing Services, Global report; Industry Recognition

SAP Global Partner

Kyndryl designated a 'RISE with SAP' partner

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

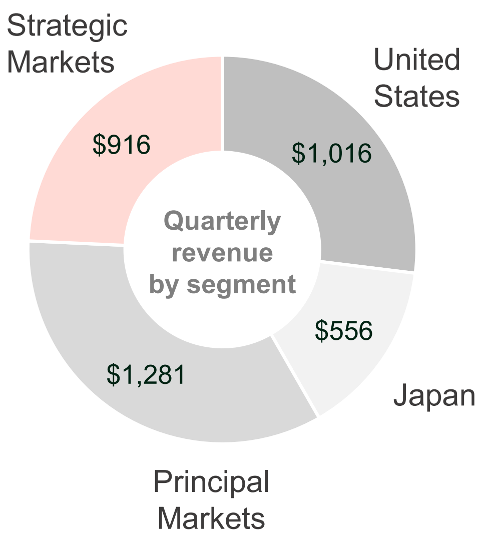
*IDC doc #JPJ53015725, Sept 2025

**451 Research, part of S&P Global Market Intelligence, Cyber Resiliency Services: Market Size & Position, 2024, Commissioned by Kyndryl

Gartner®, Magic Quadrant™ for Outsourced Digital Workplace Services, Karl Rosander et al., 10 November 2025; Gartner®, Magic Quadrant™ for Data Center Outsourcing Services, Biswajit Maity et al., 3 November 2025 GARTNER and MAGIC QUADRANT are trademarks of Gartner, Inc. and its affiliates. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. The Gartner content described herein (the "Gartner Content") represents research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and is not a representation of fact. Gartner Content speaks as of its original publication date (and not as of the date of this Earnings Presentation), and the opinions expressed in the Gartner Content are subject to change without notice.

Fiscal fourth quarter 2026 financial results

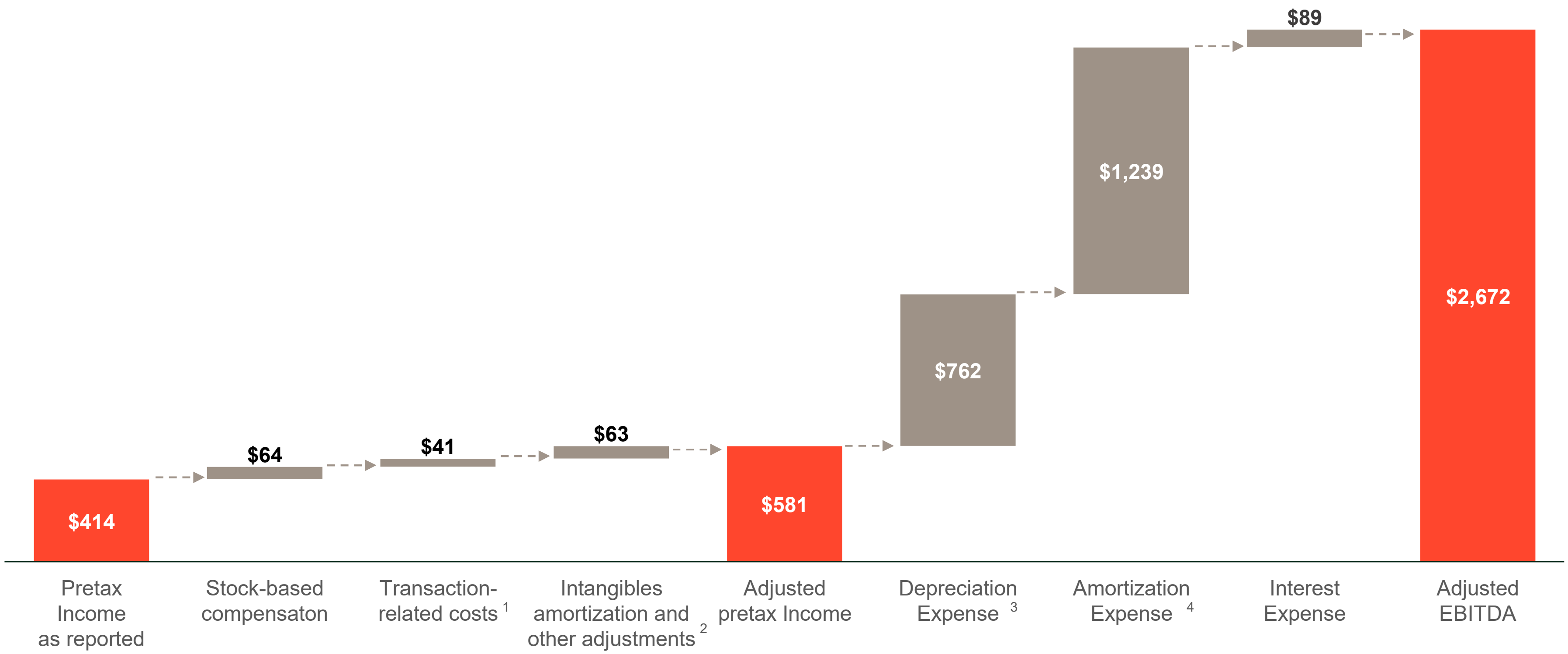
($ in millions)	Quarter ended Mar. 31, 2026	Quarter ended Dec. 31, 2025	Quarter ended Mar. 31, 2025
Revenue	**$3,769**	**$3,859**	**$3,800**
Growth, in constant currency	(5%)	0%	1%
Adjusted EBITDA	**$688**	**$696**	**$698**
Adjusted EBITDA margin	18.3%	18.0%	18.4%
Adjusted pretax income	**$162**	**$168**	**$185**
Adjusted pretax margin	4.3%	4.4%	4.9%



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
Revenue growth (year-over-year) as reported was (1%) in the quarter ended March 31, 2026, (1%) in the quarter ended December 31, 2025 and (10%) in the quarter ended March 31, 2024
See appendix for reconciliation of non-GAAP metrics; numbers may not add due to rounding

Fiscal 2026 adjusted pretax income and adjusted EBITDA

($ in millions)



[1] Primarily related to an interim arbitration decision on a pre-spin (2006) matter

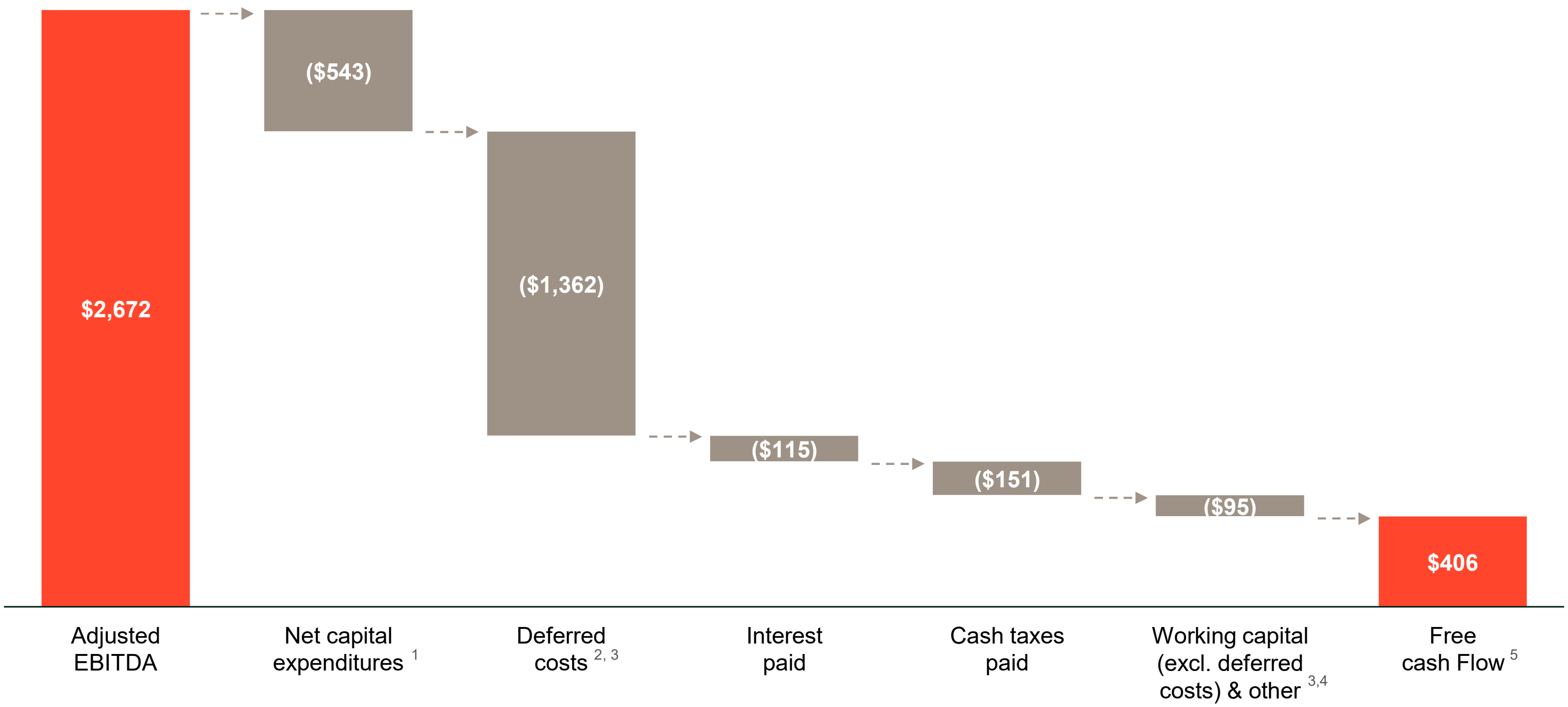
[2] Consists of amortization of acquisition-related intangible assets and other adjustments, which represent pension costs other than pension servicing costs and multi-employer plan costs, significant litigation costs and benefits, and currency impacts of highly inflationary countries

[3] Depreciation of property, equipment and capitalized software

[4] Amortization of transition costs and prepaid software

Fiscal 2026 adjusted EBITDA and free cash flow

($ in millions)



[1] Net capital expenditures consists of capital expenditures less proceeds from dispositions of property and equipment. The amount compares to depreciation of $762M
[2] Deferred transition costs and prepaid software (excluding amortization). The amount compares to amortization of $1,239M
[3] Deferred costs and working capital exclude offsetting non-cash software deferred costs transaction from fiscal first quarter 2026
[4] Primarily driven by broad-based incentive-compensation payments that occurred in fiscal first quarter 2026 and coupled with lower compensation accruals in the current year based on our performance
[5] See slide 21 for additional information about our calculation of free cash flow

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 and adjusted pretax 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, 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 by revenue.

Adjusted net income, adjusted net margin 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 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.

Free cash flow and adjusted free cash flow
Free cash flow is defined as cash flows from operating activities, less net capital expenditures. 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 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. As part of the Company's ongoing cash and commercial management strategy with customers and suppliers and as previously disclosed, the Company's standard practice since the time of the Company's spin-off from International Business Machines Corporation is to actively manage the Company's working capital, including accounts receivables and accounts payables. This includes optimizing payment terms and conditions, accelerating certain cash receipts and delaying certain cash payments (including deferring vendor payments quarter to quarter), and undertaking other discretionary cash and working capital management initiatives. The magnitude of these practices (including deferrals) has varied from quarter to quarter and impacted the Company's cash flows (and related non-GAAP financial measure of adjusted free cash flow), including positively in certain periods. The effects of these practices have been and are reflected in the Company's accounts payable, accounts receivable and cash flow balance, which are accounted for in accordance with GAAP. The Company's working capital and cash flows have also reflected the impact of accrued contract costs in certain periods due to the timing of vendor billings. The Company may, from time to time, revise or adapt the Company's cash and working capital management practices as it deems appropriate. Free cash flow and adjusted free cash flow for the three and twelve months ended March 31, 2026 and 2025, and other historical periods in this presentation, as well as the free cash flow outlook and adjusted free cash flow targets included in this presentation or the Company's other earnings materials, reflect the historical and expected application of these practices.

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. 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 additional 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 Mar. 31, 2026	Three months ended Dec. 31, 2025	Three months ended Mar. 31, 2025
Net income (GAAP)	**$17**	**$57**	**$68**
Plus: Provision for income taxes	115	34	50
Pretax income (GAAP)	**$132**	**$91**	**$118**
Net income margin	*0.5%*	*1.5%*	*1.8%*
Pretax income margin	*3.5%*	*2.4%*	*3.1%*
Non-operating adjustments (before tax)			
Charges related to ceasing to use leased/ fixed assets and lease terminations	–	–	19
Transaction-related costs (benefits)	3	38	2
Stock-based compensation expense	(10)	23	22
Amortization of acquisition-related intangible assets	7	7	7
Other adjustments[1]	30	10	17
Adjusted pretax income (non-GAAP)	**$162**	**$168**	**$185**
Adjusted pretax margin	*4.3%*	*4.4%*	*4.9%*
Interest expense	29	21	23
Depreciation of property, equipment and capitalized software	185	193	186
Amortization of transition costs and prepaid software	312	314	304
Adjusted EBITDA (non-GAAP)	**$688**	**$696**	**$698**
Adjusted EBITDA margin	*18.3%*	*18.0%*	*18.4%*
Revenue (GAAP)	**$3,769**	**$3,859**	**$3,800**

Reconciliation of adjusted pretax income to adjusted net income and adjusted EPS	Three months ended Mar. 31, 2026	Three months ended Dec. 31, 2025	Three months ended Mar. 31, 2025
Adjusted pretax income (non-GAAP)	**$162**	**$168**	**$185**
Provision for income taxes (GAAP)	(115)	(34)	(50)
Tax effect of non-GAAP adjustments	(7)	(12)	(9)
Adjusted net income (non-GAAP)	**$40**	**$122**	**$126**
Diluted weighted average shares outstanding	228.0	232.5	241.7
Diluted earnings per share (GAAP)	$0.08	$0.25	$0.28
Adjusted EPS (non-GAAP)	**$0.18**	**$0.52**	**$0.52**

Reconciliation of cash flows from operations to free cash flow	Three months ended Mar. 31, 2026	Three months ended Dec. 31, 2025	Three months ended Mar. 31, 2025
Cash flow from operating activities (GAAP)	**$499**	**$427**	**$581**
Less: Net capital expenditures[2]	(111)	(210)	(228)
Free cash flow (non-GAAP)[3]	**$388**	**$217**	**$353**

Reconciliation of net debt and net leverage ratio	Balance as of Mar. 31, 2026	Balance as of Mar. 31, 2025	Balance as of Mar. 31, 2024
Short-term debt	1,796	$129	$126
Long-term debt	2,293	3,042	3,112
Total debt	**$4,089**	**$3,172**	**$3,238**
Cash	**2,623**	**1,786**	**1,553**
Net debt (non-GAAP)	**$1,466**	**1,385**	**1,685**
Last twelve months adjusted EBITDA (non-GAAP)	**$2,672**	**$2,516**	**$2,367**
Net leverage ratio (non-GAAP)	**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, significant litigation costs and benefits, and currency impacts of highly inflationary countries

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

[3] See slide 21 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	Twelve months ended Mar. 31, 2026	Twelve months ended Mar. 31, 2025	Twelve months ended Mar. 31, 2024
Net income (loss) (GAAP)	**$198**	**$252**	**($340)**
Plus: Provision for income taxes	215	184	172
Pretax income (loss) (GAAP)	**$414**	**$435**	**($168)**
Net income (loss) margin	*1.3%*	*1.7%*	*(2.1)%*
Pretax income (loss) margin	*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)	41	(125)	(46)
Stock-based compensation expense	64	100	95
Amortization of acquisition-related intangible assets	27	30	30
Other adjustments[1]	36	(6)	78
Adjusted pretax income (non-GAAP)	**$581**	**$482**	**$165**
Adjusted pretax margin	*3.9%*	*3.2%*	*1.0%*
Interest expense	89	100	122
Depreciation of property, equipment and capitalized software	762	656	824
Amortization of transition costs and prepaid software	1,239	1,278	1,256
Adjusted EBITDA (non-GAAP)	**$2,672**	**$2,516**	**$2,367**
Adjusted EBITDA margin	*17.7%*	*16.7%*	*14.7%*
Revenue (GAAP)	**$15,092**	**$15,057**	**$16,052**

Reconciliation of adjusted pretax income to adjusted net income and adjusted EPS	Twelve months ended Mar. 31, 2026	Twelve months ended Mar. 31, 2025	Twelve months ended Mar. 31, 2024
Adjusted pretax income (non-GAAP)	**$581**	**$482**	**$165**
Provision for income taxes (GAAP)	(215)	(184)	(172)
Tax effect of non-GAAP adjustments	(25)	(14)	(18)
Adjusted net income (loss) (non-GAAP)	**$341**	**$285**	**($25)**
Diluted weighted average shares outstanding	233.8	239.1	229.2
Diluted earnings (loss) per share (GAAP)	$0.85	$1.05	($1.48)
Adjusted earnings (loss) per share (non-GAAP)	**$1.46**	**$1.19**	**($0.11)**

Reconciliation of cash flows from operations to free cash flow and adjusted free cash flows	Twelve months ended Mar. 31, 2026	Twelve months ended Mar. 31, 2025	Twelve months ended Mar. 31, 2024
Cash flow from operating activities (GAAP)	**$948**	**$942**	**$454**
Less: Net capital expenditures[2]	(543)	(522)	(513)
Free cash flow (non-GAAP)[3]	**$406**	**$419**	**($59)**
Plus: Transaction-related payments (benefits)	2	(14)	106
Plus: Workforce rebalancing payments related to charges incurred prior to March 31, 2024	–	25	176
Plus: Significant litigation payments	12	15	61
Plus: Payments related to lease terminations	–	–	7
Adjusted free cash flow (non-GAAP)[3]	**$420**	**$446**	**$291**

Reconciliation of revenue growth to constant currency revenue growth	Twelve months ended Mar. 31, 2026	Twelve months ended Mar. 31, 2025	Twelve months ended Mar. 31, 2024
Revenue growth %	**0%**	**(6%)**	**(6%)**
Constant currency revenue growth % (non-GAAP)	**(3%)**	**(4%)**	**(6%)**

Numbers may not add due to rounding

[1] 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

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

[3] See slide 21 for additional information about our calculation of free cash flow and adjusted free cash flow

For a reconciliation of adjusted pretax income and margin growth to the most comparable GAAP financial measures for the year ended March 31, 2023, see the Q4 and full-year fiscal 2023 earnings presentation on our investor website at investors.kyndryl.com