kyndryl

First Quarter 2026 Earnings

August 5, 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,” “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 August 5, 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 and maintain our capital allocation strategy; competition; impacts of relationships with critical suppliers and partners; failure to address and adapt to technological developments and trends; inability to attract and retain key personnel and other skilled employees; impact of economic, geopolitical, public health and other conditions; damage to the Company's reputation; 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; failure of the Company's intellectual property rights to prevent competitive offerings and the failure of the Company to obtain, retain and extend necessary licenses; the impairment of our goodwill or long-lived assets; risks relating to cybersecurity, data governance and privacy; risks relating to non-compliance with legal and regulatory requirements; adverse effects from tax matters; legal proceedings and investigatory risks; 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, filed with the Securities and Exchange Commission (the “SEC”) on May 30, 2025, 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, 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, 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 July 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

Executing a differentiated strategy

1 Driving profitable growth

Targeting full-year revenue growth and margin expansion

2 Leveraging our leadership position

Capitalizing on our alliances, innovation and expertise in mission-critical services

3 Accelerating our progress

Growing Kyndryl Consult, winning new logos and sustaining delivery excellence

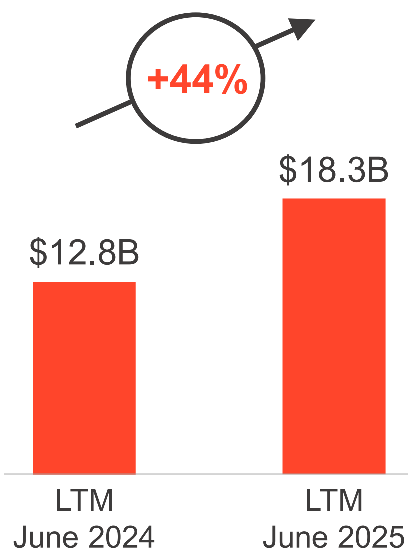
4 Returning capital to shareholders

Funding share repurchases through significant cash flow generation

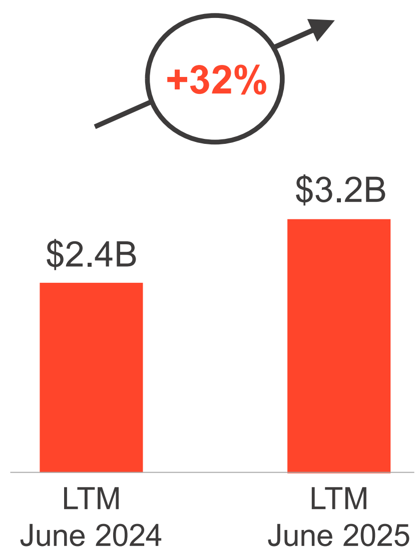
Our leadership, innovation and capabilities are boosting demand for our services

Driving growth through our mission-critical capabilities

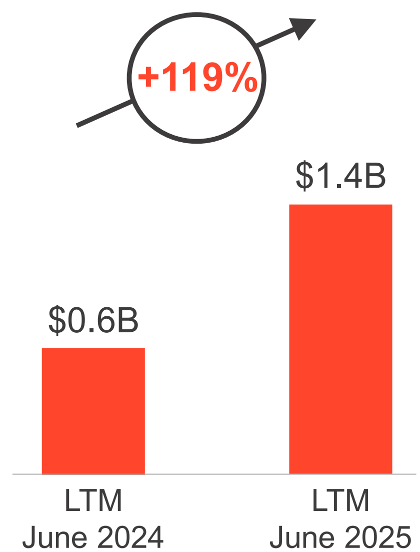
Signings



Kyndryl Consult revenue



Hyperscaler-related revenue



Delivering value and driving incremental opportunities with existing and new customers

Growth rates are in constant currency

Setting the pace 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

Kyndryl Consult is capturing increased customer demand for modernization

Infrastructure-first

Kyndryl Bridge insights as a foundation to Kyndryl Consult engagements

Moving up the value chain

Design, build and manage infrastructure, data, applications and user experience

Enterprise-grade agentic AI

Integrating agents in our solutions to execute actions across complex workloads, leveraging our mission-critical expertise

kyndryl consult

- AI-enabled consultancy
- Advisory and implementation services
- Expanding from 10% of revenue to 25%+

Kyndryl Consult revenue is expected to continue growing double-digits in fiscal 2026

Kyndryl Consult as a percentage of revenue is from our November 2021 spin-off to our fiscal 2028 target

Example: Expanding services with customer in travel sector

New scope
Migrating applications to cloud and optimizing network resiliency with enhanced automation

Kyndryl Consult
Modernizing IT estate with state-of-the-art technologies to drive efficiencies

Renewed existing relationship
Building on trust and delivery excellence

30%+
Projected annual revenue growth in new $50M+ contract

Won new scope because of our investment in innovation and capabilities

Example: Won a new industrial customer and now expanding our relationship

Initial scope
Awarded contract to provide digital workplace and security services in early 2024

Innovative IT partner
Providing automation and efficiencies with modern technologies, leveraging Kyndryl Consult and Kyndryl Bridge

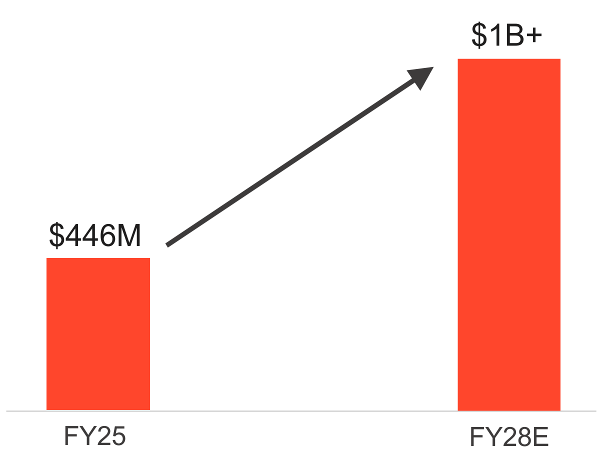
Scope expansion
Now providing mission-critical infrastructure, application and workplace services

3x
Projected revenue growth within twelve months from the original contract award

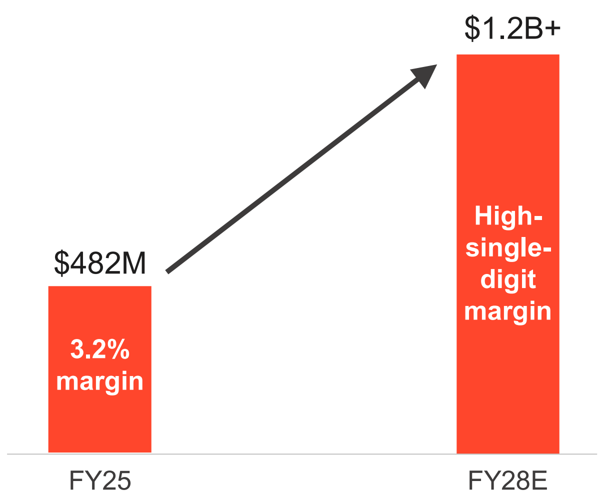
Service quality, innovation and value creation enabled us to expand scope significantly

Focused on delivering an impactful 'triple, double, single'

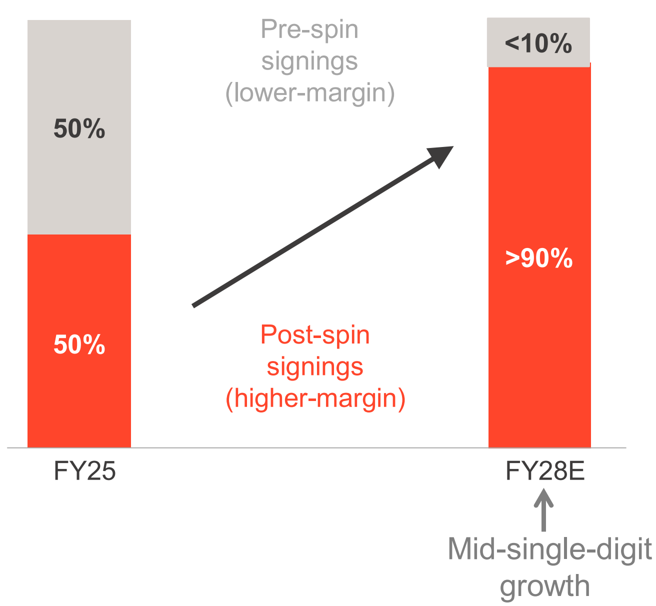
Adjusted free cash flow



Adjusted pretax income and margin



Sources of our revenue

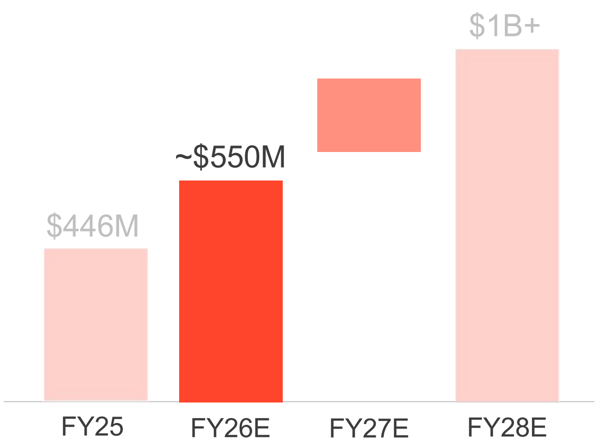


Continuing to drive toward our intermediate-term growth objectives

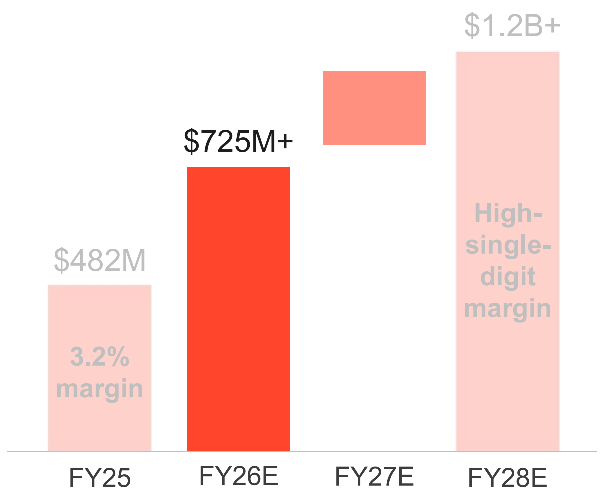
Mix of post-spin signings in our revenue are approximate
See appendix for reconciliation of non-GAAP metrics

Focused on delivering an impactful ‘triple, double, single’

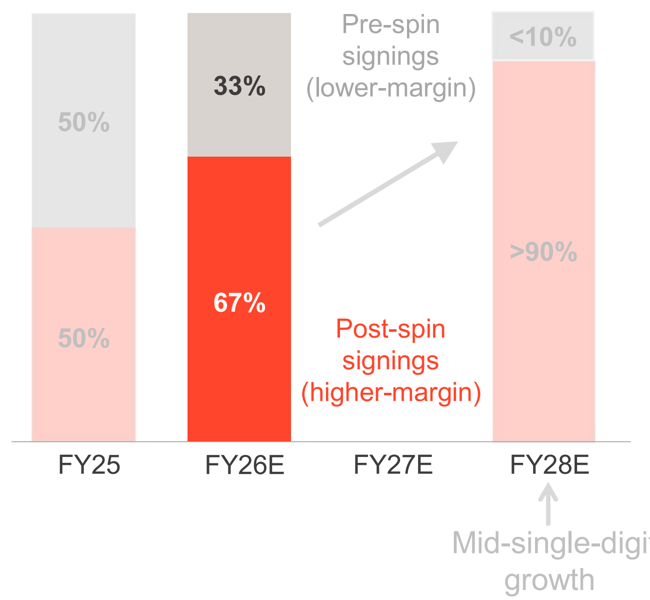
Adjusted free cash flow



Adjusted pretax income and margin



Sources of our revenue



Continuing to drive toward our intermediate-term growth objectives

Mix of post-spin signings in our revenue are approximate
See appendix for reconciliation of non-GAAP metrics

Financial highlights

Results reflect **continued progress** and consistent execution

Growth strategy driving significant **margin expansion**

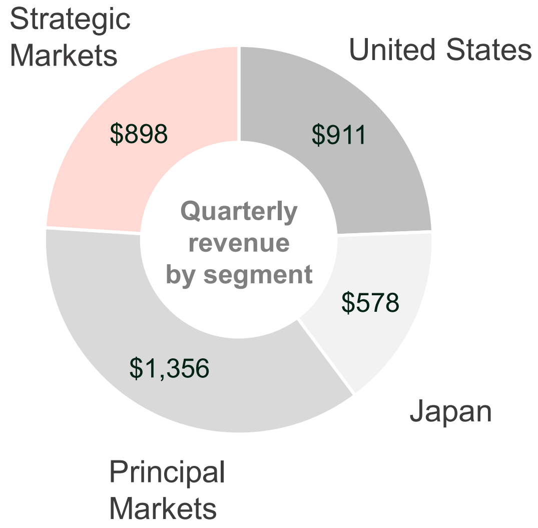
Capital returns to shareholders powered by free cash flow

Projecting substantial **earnings growth** again

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

Fiscal first quarter 2026 financial results

($ in millions)	Quarter ended June 30, 2025	Quarter ended June 30, 2024	
Revenue	**$3,743**	**$3,739**	
Growth, in constant currency	(2.6%)	(8.5%)	Up 5.9 pts
Adjusted EBITDA	**$647**	**$556**	
Adjusted EBITDA margin	17.3%	14.9%	Up 240 bps
Adjusted pretax income	**$128**	**$92**	
Adjusted pretax margin	3.4%	2.5%	Up 100 bps

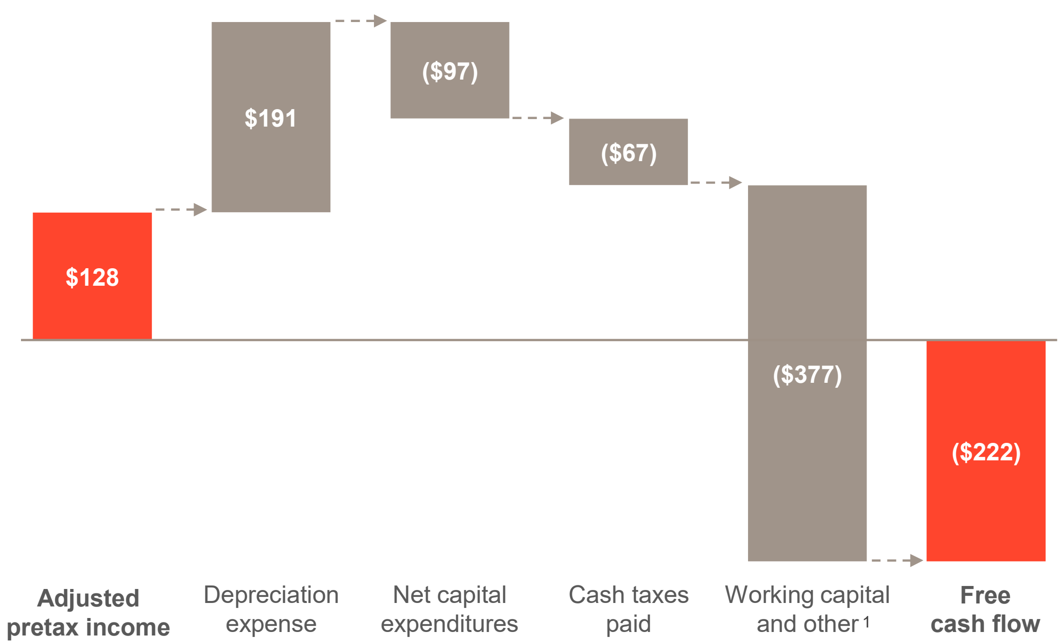


We continued to make strategic and financial progress, led by our 3A's and Kyndryl Consult

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.
Revenue growth (year-over-year) as reported was 0.1% in the quarter ended June 30, 2025 and (11%) in the quarter ended June 30, 2024
See appendix for reconciliation of non-GAAP metrics; numbers may not add due to rounding

Investment-grade balance sheet metrics and cash flow seasonality

Free cash flow
($ in millions, three months ended June 30)



Balance sheet and cash flow metrics

$1.5B
Cash

$3.1B
Debt

$1.7B
Net debt

$4.6B
Available liquidity[2]

($124M)
Cash flow from operations
(three months ended June 30)

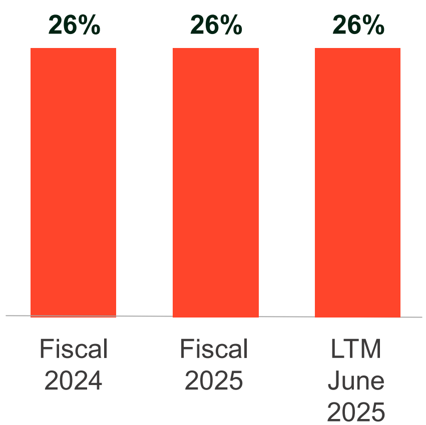
$65M
Shares repurchased
(three months ended June 30)

Now returning capital to shareholders through share repurchases

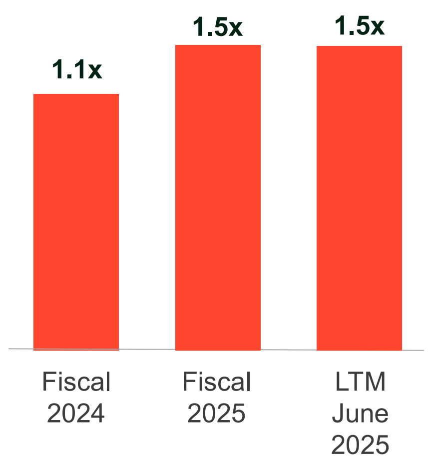
[1] Use of cash primarily due to annual incentive compensation and software payments
[2] Consists of $1.5B of cash and $3.2B of undrawn senior unsecured credit facility
See appendix for reconciliation of non-GAAP metrics

Strong projected margins on signings support our medium-term goals

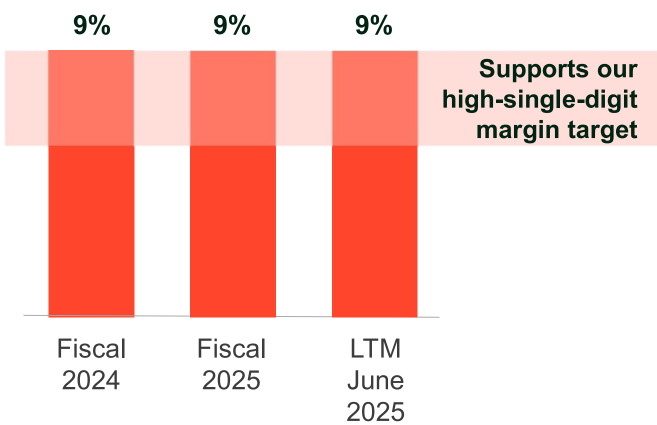
Gross margin
expected on post-spin signings



Gross profit book-to-bill [1]



Pretax margin
expected on post-spin signings



The quality of our post-spin signings is powering our 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. See appendix for definitions

Reaffirming our fiscal 2026 outlook

	Fiscal 2026 outlook
Adjusted pretax income	At least $725 million, a year-over-year increase of at least $243 million
Adjusted EBITDA margin	Approximately 18%, a year-over-year increase of approximately 130 basis points
Free cash flow	Approximately $550 million, reflecting cash taxes of approximately $175 million
Revenue	1% constant-currency growth

Focused on driving innovation, expanding margins and continuing to grow revenue

Based on recent exchange rates, currency effects are expected to favorably impact revenue by ~$500M ($100M in the first quarter, $100M in the second quarter) year-over-year.

Other outlook items: Depreciation expense ~$700M; amortization expense of transition costs and prepaid software $1.2B+; interest expense ~$100M; cash taxes ~$175M; net capital expenditures ~$700M; income tax expense (related to adjusted pretax income) ~$200M; diluted shares outstanding ~241M, excluding any future share repurchases

The November divestiture of our Securities Industry Services (SIS) platform in Canada will reduce our revenue by ~$40M in the first half of fiscal year 2026

Investment highlights

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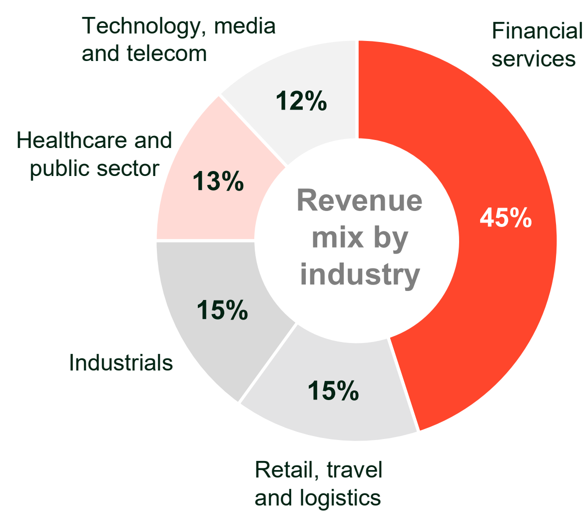
- Leader in mission-critical enterprise technology services
- Innovative and differentiated approach to delivery with AI-powered Kyndryl Bridge
- Competitive advantage stemming from our people, data, expertise, scale and intellectual property
- Kyndryl Consult leverages our customer and partner relationships
- Global alliances and expanded capabilities enabling wallet-share gains and new-customer wins
- Annuity-like revenue streams with 95%+ customer retention
- Uniquely well-positioned to harness secular trends in cloud, security, AI and modernization
- Strong earnings and cash flow growth, propelling capital returns to shareholders

kyndryl®

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	7%
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	30%

Diversified sources of revenue



Approximate revenue based on twelve months ended June 30, 2025
Industry revenue mix is approximate; public sector includes state, local and international governments

Recent accolades and industry recognition

Google Cloud

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

IDC

A Global Leader in the IDC MarketScape: Hybrid IT Infrastructure Consulting and Integration Services 2025 Vendor Assessment*

Named by Newsweek as one of the Global Top 100 Most Loved Workplaces (2024)

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

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

Gartner

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

Ranked No.1 in the Infrastructure Implementation and Managed Services Providers by Revenue in the Gartner Market Share Analysis: Infrastructure Implementation and Managed Services, Worldwide, 2024

SAP Global Partner

Kyndryl designated a 'RISE with SAP' partner

ISG

A Leader for Application Modernization Services in the U.S., ISG Provider Lens Mainframe Services and Solutions Report (2025)

*IDC doc #US50539623, April 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., 24 March 2025; Market Share Analysis: Infrastructure Implementation and Managed Services, Worldwide, 2024, Anupama . and Kratu Gupta, 30 May 2025.

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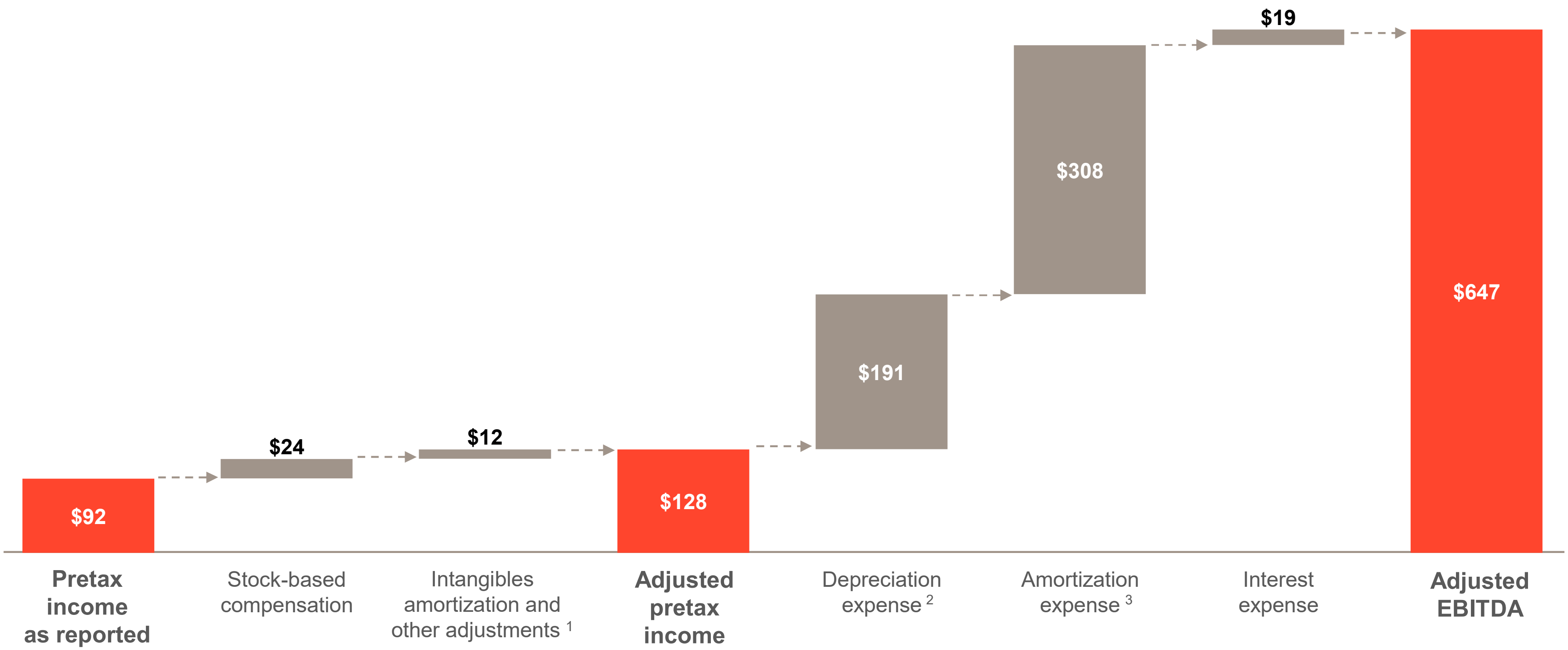
Fiscal first quarter 2026 adjusted pretax income and adjusted EBITDA

($ 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

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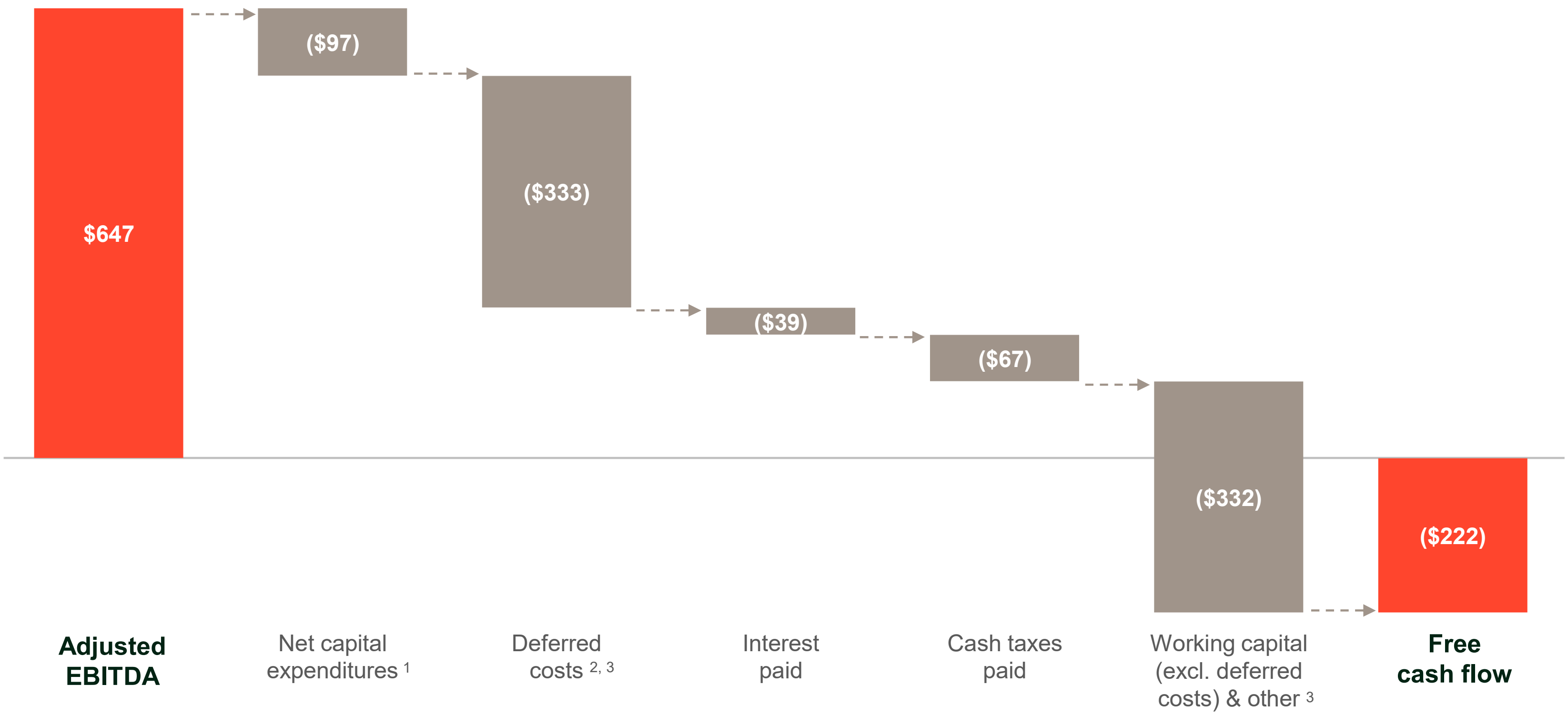
Fiscal first quarter 2026 adjusted EBITDA and free cash flow

($ in millions)



[1] Net capital expenditures compare to depreciation of $191M
[2] Deferred costs offset amortization of prepaid software and transition costs of $308M
[3] Deferred costs and working capital exclude offsetting non-cash software deferred costs additions
We use factoring to address the extended payment terms that were initially provided to certain customers by our former parent prior to our spin-off and to limit our working capital needs; our balance of factored (and not yet collected) receivables declined from $1,057M at June 30, 2024 to $974M at June 30, 2025

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 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.

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 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 ("book") for the trailing 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 trailing twelve months by total signings for the same period; and reported gross profit is revenue for the trailing 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 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 June 30, 2025	Three months ended June 30, 2024	Twelve months ended March 31, 2025
Net income (GAAP)	**$56**	**$11**	$252
Plus: Provision for income taxes	36	53	184
Pretax income (GAAP)	**$92**	**$64**	$435
Non-operating adjustments (before tax)			
Charges related to ceasing to use leased/ fixed assets and lease terminations	–	9	48
Transaction-related costs (benefits)	–	20	(125)
Stock-based compensation expense	24	24	100
Amortization of acquisition-related intangible assets	7	7	30
Other adjustments[1]	5	(32)	(6)
Adjusted pretax income (non-GAAP)	**$128**	**$92**	$482
Adjusted pretax margin	*3.4%*	*2.5%*	*3.2%*
Interest expense	19	28	100
Depreciation of property, equipment and capitalized software	191	127	656
Amortization of transition costs and prepaid software	308	310	1,278
Adjusted EBITDA (non-GAAP)	**$647**	**$556**	$2,516
Net income margin	*1.5%*	*0.3%*	*1.7%*
Adjusted EBITDA margin	*17.3%*	*14.9%*	*16.7%*
Revenue (GAAP)	**$3,743**	**$3,739**	$15,057

Reconciliation of adjusted pretax income to adjusted net income and adjusted EPS	Three months ended June 30, 2025	Three months ended June 30, 2024	Twelve months ended March 31, 2025
Adjusted pretax income (non-GAAP)	**$128**	**$92**	$482
Provision for income taxes (GAAP)	(36)	(53)	(184)
Tax effect of non-GAAP adjustments	(3)	(8)	(14)
Adjusted net income (non-GAAP)	**$90**	**$31**	$285
Diluted weighted average shares outstanding	239.1	235.8	239.1
Diluted earnings per share (GAAP)	$0.23	$0.05	$1.05
Adjusted EPS (non-GAAP)	**$0.37**	**$0.13**	$1.19

Reconciliation of cash flows from operations to free cash flow and adjusted free cash flow	Three months ended June 30, 2025	Three months ended June 30, 2024	Twelve months ended March 31, 2025
Cash flow from operating activities (GAAP)	**($124)**	**($48)**	$942
Less: Net capital expenditures	(97)	(98)	(522)
Free cash flow (non-GAAP)	**($222)**	**($145)**	$420
Plus: Transaction-related payments (benefits)	–	5	(14)
Plus: Workforce rebalancing payments related to charges incurred prior to March 31, 2024	–	21	25
Plus: Significant litigation payments	–	4	15
Adjusted free cash flow (non-GAAP)	**($222)**	**($116)**	$446

Reconciliation of net debt and net leverage ratio	Balance as of June 30, 2025
Short-term debt	$128
Long-term debt	3,104
Total debt	**$3,141**
Cash	**1,462**
Net debt (non-GAAP)	**$1,679**
Latest twelve months adjusted EBITDA (non-GAAP)	**$2,607**
Net leverage ratio (non-GAAP)	**0.64x**

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