We design, build, manage and modernize the mission-critical technology systems that the world depends on every day.
Disclaimers

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Presenters

Martin Schroeter  
Chief Executive Officer

David Wyshner  
Chief Financial Officer

Elly Keinan  
Group President

Una Pulizzi  
Global Head of Corporate Affairs

Antoine Shagoury  
Chief Technology Officer
Kyndryl has unrivaled expertise in designing, building, managing and modernizing complex, mission-critical information systems.
Kyndryl at a glance

Recognized Industry Leader

**Leader:** MarketScape: Worldwide Datacenter Transformation Consulting and Integration Services for Applications and Infrastructure Vendor Assessment

*2Q 2020*

**HFS Research**

**Winner:** Top 10: Hyperscaler Cloud Service Providers

*Q1 2021*

**Everest Group**

**Leader:** 2021 Aware (Intelligent) IT Infrastructure Services Automation PEAK Matrix Assessment

*Q4 2020*

Our Services

- **Cloud**
  - Delivering seamless, integrated, multicloud management in a hybrid model

- **Core Enterprise & zCloud**
  - Providing secure, unified and fault-tolerant mainframe services for our customers' core infrastructure

- **Digital Workplace**
  - Enhances user experience and work location flexibility by providing a consumer experience to employees

- **Application, Data & AI**
  - Providing full application platform hosting and expert assistance for application modernization

- **Network & Edge**
  - Provides unified Network Services for cloud and data center connectivity

- **Security & Resiliency**
  - Delivers full line of cybersecurity, business continuity and disaster recovery services to help customers continuously adapt to new threats and regulatory standards

Our Customers

We work in partnership with thousands of customers, dedicated to ensuring that each achieves its peak digital performance

- >4,000 global customers

  - Including
    - ~75% of the Fortune 100; more than half of the Fortune 500

We manage vital environments in critical industries

- 45% of passenger cars made by our customers

- 61% of assets under management at top 50 banks managed by our customers

- 50% of the total industry’s hypermarket sales

- 49% of mobile connections managed by our customers

Kyndryl advances the vital systems that power human progress
Noteworthy facts about Kyndryl

- Operations in 63 countries
- 90,000 employees with 10+ years of experience on average
- 750,000 virtual servers and 270,000 network devices managed
- 2 million terabytes of storage
- Able to process 6 trillion instructions each second (equal to next 15 providers combined)
- 25,000+ SAP and Oracle systems managed
- Managing vast mainframe capacity
- 9 million automated actions per month
- 4 million backup jobs completed daily
- 2 million terabytes of storage
As digitization continues, Kyndryl solves critical customer technology issues with a comprehensive suite of capabilities.

<table>
<thead>
<tr>
<th>As companies play catch up</th>
<th>Growing risk requires increased security</th>
<th>Top challenge: IT infrastructure</th>
<th>Barriers to transformation: Complexity &amp; skills shortages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/2 of all companies are just starting their digitization journeys</td>
<td>1/3 of CEOs will increase security investments by double digits</td>
<td>62% of CEOs at out-performing companies say IT infrastructure is their biggest challenge</td>
<td>Top 3 impediment to successful IT transformation is lack of skills</td>
</tr>
</tbody>
</table>

Kyndryl accelerates customer digitization and makes the complex simple.

- Drives transformation and agility
- Maintains business continuity and reduces operational risk
- Increases operational efficiency
- Enables workload portability and orchestration
- Capitalizes on pace of technology change

62% of CEOs at out-performing companies say IT infrastructure is their biggest challenge. Half of all companies are just starting their digitization journeys. One-third of CEOs will increase security investments by double digits. The top challenge is IT infrastructure. The top 3 impediments to successful IT transformation are: complexity, skills shortages, and increasing security.
Investment highlights

- Separation more than doubles our addressable market from $240 billion pre-spin to $510 billion by 2024, with market growth driven by numerous interrelated tailwinds
- World leader in designing, building, managing and modernizing mission-critical information systems spanning the digital transformation journey
- Competitive advantage stems from our people, data and intellectual property
- Trusted long-term partner to over 4,000 blue-chip customers, including 75% of the Fortune 100
- New freedom to invest for growth while expanding our ecosystem of strategic partners and service capabilities, enhancing customers’ access to a wider range of technology solutions
- Strong financial characteristics with $19 billion in annuity-like annual revenues, ~15% adjusted EBITDA margins and investment-grade credit ratings
- Focused, growth-oriented culture, committed to high ESG standards and led by a highly experienced executive team
Strong commitment to ESG principles

Environmental

• Continue and expand our renewable energy objectives
  - In 2020, over 60% of the electricity consumed in data centers came from renewable sources, up more than 10 points year-over-year
• Establish stand-alone renewable electricity and greenhouse gas emissions reduction targets
• Invest in technology to drive reduction for customers

Social

• Make a positive impact on society through our operations and practices
• Diversity & inclusion
  - Leadership team
  - Workforce
  - Board – exceeding S&P 500 average
• Human capital / talent management
• User & data privacy
• Corporate social responsibility

Governance

• Management incentives aligned with shareholders
• Ethics, corporate behavior and compliance
• Diverse, experienced Board of Directors

Commitment to carbon footprint reduction
Continuing IBM’s decades-long leadership in corporate diversity & inclusion
Commitment to operating with ethics and integrity

Led by a cross-functional, dedicated team
World-class Board with strong global experience leading some of world’s largest organizations

Board of Directors

- **Martin Schroeter**
  Chairman of the Board and Chief Executive Officer, Kyndryl

- **Stephen Hester**
  Lead Independent Director
  Former Chief Executive Officer, RSA Insurance

- **Dominic Caruso**
  Former Executive Vice President & Chief Financial Officer, Johnson & Johnson

- **Denis Machuel**
  Former Chief Executive Officer, Sodexo

- **John D. Harris II**
  Former Vice President of Business Development, Raytheon International

- **Rahul Merchant**
  Senior Executive Vice President and Head of Client Services & Technology, TIAA-CREF

- **Dr. Shirley Ann Jackson**
  President, Rensselaer Polytechnic Institute

- **Jana Schreuder**
  Former Chief Operating Officer, Northern Trust Corporation

- **Janina Kugel**
  Former Chief Human Resources Officer, Siemens AG

- **Howard Ungerleider**
  President and Chief Financial Officer, Dow

Diverse and complementary skills

Well-positioned to drive accountability and outcomes

Extensive transformation experience
Separation more than doubles our addressable market from $240 billion pre-spin to $510 billion by 2024
Large and growing addressable market benefitting from multiple interrelated tailwinds

Greater demand for digital transformation services
~65% of GDP will be digitized by 2022, driving need for services to support modernization of IT within enterprises

Ongoing migration to cloud
85% of large organizations will have engaged external service providers to migrate applications to the cloud as transitions become more complex

Rapid data growth
Enterprises created and captured an estimated 64 zettabytes of data in 2020, making integration, management, and use of data more complex

Increased need for secure systems
One-third of US CEOs plan to increase investments in cybersecurity by double digits, with 47% of CEOs citing cyber threats as sources of extreme concern to growth prospects

Accelerating pace of technological advancement
Adoption of automation, AI and machine learning will rise as companies look to integrate new technologies into existing IT estates

Kyndryl scale and differentiation provide opportunity to strengthen our leadership in this market
Kyndryl has freedom to extend mission-critical expertise to faster-growing service offerings

Separation unlocks ~$175 billion in new addressable markets on day one of the spin

1 Traditional opportunities include network services, infrastructure services, and digital workplace services
World leader in designing, building, managing and modernizing mission-critical information systems
We derive benefits from being the world’s largest IT infrastructure services provider

Unmatched intellectual capital and intellectual property

More than 3,000 issued patents, plus 800 pending

World-class engineering and solutioning expertise, built on insights from running scaled, complex environments

90,000 employees with 10+ years of experience on average

State-of-the-art delivery operations throughout the world

459 managed data centers

<table>
<thead>
<tr>
<th>#</th>
<th>Company</th>
<th>Sector Revenue (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kyndryl</td>
<td>$19.1</td>
</tr>
<tr>
<td>2</td>
<td>DXC Technology</td>
<td>9.5</td>
</tr>
<tr>
<td>3</td>
<td>Atos</td>
<td>8.8</td>
</tr>
<tr>
<td>4</td>
<td>Fujitsu</td>
<td>8.5</td>
</tr>
<tr>
<td>5</td>
<td>Accenture</td>
<td>7.5</td>
</tr>
<tr>
<td>6</td>
<td>HCL Technologies</td>
<td>5.7</td>
</tr>
<tr>
<td>7</td>
<td>Capgemini</td>
<td>5.6</td>
</tr>
<tr>
<td>8</td>
<td>Tata Consultancy Services</td>
<td>5.3</td>
</tr>
<tr>
<td>9</td>
<td>NTT</td>
<td>5.1</td>
</tr>
<tr>
<td>10</td>
<td>Cognizant</td>
<td>4.8</td>
</tr>
</tbody>
</table>

1 Data source: Gartner Market Share: IT Services 2020 Report
Mission-critical capabilities catering to customers’ digital transformation journeys

Our solutions and capabilities are the 'hearts and lungs' of our customers’ technology stacks
Our strategic flywheel

- Harvest IP and insights to develop and manage state-of-the-art technology solutions
- Recognized leader in designing, building, modernizing and operating systems at scale
- Build and maintain broad ecosystem of strategic partners
- Customers entrust us with their mission-critical systems
Elly Keinan

Group President
Competitive advantage stems from our people, data and intellectual property
Continual investment in our people powering world-class customer delivery

- 96% of Kyndryl employees acquire new skills annually
- 2.9 million hours of training in first half 2021
- 247,000 skill badges earned
- 100%+ LTM growth in new cloud certifications
- 19 customer innovation centers

- Top-quartile NPS scores
- 99.8% attainment across 31,000 service-level agreements
- Recognized service management and integration

Our long-standing ability to attract, develop and retain talent is a critical competitive advantage

1 61,000 in cloud, 43,000 in agile, 43,000 in analytics, 42,000 in AI and 38,000 in design thinking
Kyndryl generates unique insights from operational data, which we build into our platform

- Continuous Improvement
  - Resiliency and availability orchestration
  - Cloud and service brokerage

- Capabilities
  - Continuous compliance
  - Automated health checks

- Microservices
  - Continuous compliance
  - Automated health checks

- Insights & Automation
  - 3,000 issued and 800 filed patents, over half in data & AI, cloud & networking, intelligent automation and security
  - Open: Ansible
  - Rated “A Leader”:

- Operational IT Patterns
  - 2-4 terabytes of operational data ingested every day

- Applied AI

Our operational data plus applied AI provide insights that reduce complexity and costs, enhance quality, and pre-emptively solve problems before they arise

- Enabling customers’ digital experiences

- Performing services through a differentiated subscription management model

- For modern, digital, mission-critical environments
Trusted long-term partner to over 4,000 blue-chip customers, including 75% of the Fortune 100
Our business is characterized by long-standing customer relationships

<table>
<thead>
<tr>
<th>4,000 + customers</th>
<th>Only 15% of revenue from top ten customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>75% of Fortune 100 are customers</td>
<td>&gt;50% of Fortune 500 are customers</td>
</tr>
<tr>
<td>3 - 5 years average contract term for managed services</td>
<td>10+ years average customer relationship for managed services</td>
</tr>
</tbody>
</table>

Multi-year contracts and long-term customer relationships produce annuity-like revenue streams
Customer example: Digital transformation with public cloud

A major bank in Europe

10-year relationship

2021

Transformation to the cloud

- Kyndryl will enable the migration to a public cloud, offering security, data sovereignty and regulatory compliance to boost the bank's digital capabilities

~2020

Contract extension and expansion

- Addition of public cloud management capabilities, including services for container-based environments

2021

Partnership to manage the IT estate

- Services across a broad set of IT towers including mainframe, distributed, storage, security, end user platform, help desk, infrastructure middleware, database, email, and SAP environments

Today, Kyndryl is the company's partner, managing all of the IT infrastructure and serving as the public cloud integrator

Our Mission-Critical Role

We manage the core IT infrastructure that enables key functions such as...

Core banking
Bank operations
Customer accounts
Application processing

Benefits

Business growth, expansion, innovation
Financial yield (annual savings)
Customer example: Digital transformation across the enterprise
A Fortune 500 material sciences company in North America

16-year relationship

2020’s
Digital transformation
• Network transformation: software-defined, 5G, security and identity access management
• Platform management: hybrid multi-cloud, including management of Azure
• Endpoint management: shift to remote work model and analytics

2010’s
Scope expansion
• Service desk and variable, consumption based-models

2000’s
Multiyear outsourcing agreement
• Management of customer’s on-premise servers and storage, networking, email, disaster recovery, and security

Today, Kyndryl is the company’s primary partner for IT infrastructure to support their digital transformation

Our Mission-Critical Role
We operate core systems that enable key functions such as…

Manufacturing & production
Supply chain
Collaboration

Benefits
Increased functionality, flexibility, speed, security
Financial yield (EBITDA, working capital)
New freedom to invest for growth
Kyndryl’s independence brings opportunities for growth

<table>
<thead>
<tr>
<th>TAM</th>
<th>Legacy GTS</th>
<th>Independent Kyndryl</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Largely focused on IBM ecosystem ($240B)</td>
<td>Focused on multiple ecosystems, including faster-growing segment, hyperscalers ($510B, ~2x larger)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth Trajectory</th>
<th>Tied to IBM’s growth</th>
<th>Opportunity to grow with or above technology market growth rates</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Service Offerings</th>
<th>Concentrated in traditional infrastructure services</th>
<th>Opportunities to expand capabilities in digital transformation, data, applications and security services</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Partner Alignment</th>
<th>Primarily IBM</th>
<th>Partner to hyperscalers, systems integrators, hardware and software providers, and next-gen technology providers</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Organic Investment</th>
<th>Limited and focused on IBM technology</th>
<th>Investment in broader services and capabilities</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Inorganic Investment</th>
<th>None since 2016</th>
<th>Flexibility to pursue M&amp;A</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Capital Intensity</th>
<th>High</th>
<th>Reducing capital intensity with increased focus on public cloud ecosystem</th>
</tr>
</thead>
</table>

Kyndryl will have the freedom to partner and invest across a broader ecosystem
Kyndryl’s independence brings opportunities to operate differently

- Speed through simplification
  - Flat, fast and focused culture delivering world-class service quality

- Effectiveness through integration
  - Six global practices and a connected advisory and implementation services business

- Innovation through agility
  - Portfolio of modular, composable capabilities

Kyndryl will become fundamentally different from IBM’s GTS business
Our capabilities, focused strategy and new agility will drive enhanced growth

**Strategic actions...**

**Expertise**
- Expand mission-critical skills for modern digital environments
- Continue to deploy new, more agile ways of working

**IP and Data**
- Evolve to digital subscription service portfolio
- Integrate automation, insights and optimization

**Ecosystem**
- Participate in multiple ecosystems through strategic partnerships
- Enable seamless connection across different technologies

**Targeting a larger market...**

- Increased engagement with customers’ digital transformation journeys
- Access to a broader addressable market

**Resulting in...**

- Growth in advisory, implementation and managed services, driven by adding value for customers
David Wyshner

Chief Financial Officer
Strong financial characteristics with $19 billion in annuity-like annual revenues in 2020, ~15% adjusted EBITDA margins and investment-grade credit ratings
## Spin logistics

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distribution Date</strong></td>
<td>November 3&lt;sup&gt;rd&lt;/sup&gt; (after market close)</td>
</tr>
<tr>
<td><strong>Regular-Way Trading Begins</strong></td>
<td>November 4&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Distribution Ratio</strong></td>
<td>One Kyndryl share for every five IBM shares held</td>
</tr>
<tr>
<td><strong>Expected Kyndryl Shares Outstanding Post-Spin</strong></td>
<td>Approximately 224 million</td>
</tr>
<tr>
<td><strong>Expected Tax Treatment</strong></td>
<td>Tax-free to IBM and to shareholders for U.S. federal tax purposes</td>
</tr>
<tr>
<td><strong>Exchange / Ticker</strong></td>
<td>NYSE: KD</td>
</tr>
<tr>
<td><strong>Retained Interest</strong></td>
<td>IBM will temporarily retain 19.9% of the post-spin equity of Kyndryl</td>
</tr>
</tbody>
</table>
**Investment-grade balance sheet with strong financial characteristics**

<table>
<thead>
<tr>
<th>$19.1B</th>
<th>$5.2B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual pro forma revenues (2020)</td>
<td>Available liquidity&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>$0.8B</td>
<td>$2.0B</td>
</tr>
<tr>
<td>Average annual cash flow from operations (2018-20)</td>
<td>Post-spin cash balance</td>
</tr>
<tr>
<td>~15%</td>
<td>$2.0B</td>
</tr>
<tr>
<td>Adjusted EBITDA margin&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Earliest debt maturity</td>
</tr>
</tbody>
</table>

---
<sup>1</sup> See appendix for reconciliation of non-GAAP metrics
<sup>2</sup> Consists of $2.0 billion of pro forma cash and $3.2 billion undrawn senior unsecured credit facility
Diversified sources produce annuity-like revenue streams

2020 pro forma revenue: $19.1 billion

We typically begin each year with ~85% of our expected revenues under contract
Our pro forma adjusted EBITDA margin was 15% in 2020

See appendix for reconciliation of non-GAAP metrics
Pro forma adjusted free cash flow
($ in millions)

Pro forma adjusted pretax income

Depreciation expense

Capital expenditures

Cash taxes, working capital, and other

Pro forma 2020 adjusted free cash flow

1,395

(953)

284

794

Pro forma adjusted pretax income excludes separation-related costs and workforce rebalancing. See appendix for reconciliation of non-GAAP metrics.
## 2021 outlook

<table>
<thead>
<tr>
<th></th>
<th>2020 Pro Forma</th>
<th>2021E Pro Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in millions)</td>
<td>(in billions)</td>
</tr>
<tr>
<td>Revenue</td>
<td>$19,096</td>
<td>$18.5 – 18.7</td>
</tr>
<tr>
<td>Growth, in constant currency</td>
<td>(6%)(^1)</td>
<td>(6%) – (5%)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$2,918</td>
<td>$2.8 – 2.9</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>15.3%</td>
<td>15.0% – 15.7%</td>
</tr>
<tr>
<td>Adjusted pretax income</td>
<td>$67</td>
<td>$0.1 – 0.2</td>
</tr>
<tr>
<td>Adjusted pretax margin</td>
<td>0.4%</td>
<td>0.5% – 1.1%</td>
</tr>
<tr>
<td>Capital expenditures, net</td>
<td>$953</td>
<td>$0.8 – 0.9</td>
</tr>
</tbody>
</table>

Our adjusted EBITDA margin is roughly 15%

\(^1\) Calculated based on historical revenues
See appendix for reconciliation of non-GAAP metrics
Core financial objectives

Expect to drive strategic progress over the next three years

Stabilize, then grow revenues

Expand margins

Re-invest in our business to generate strong returns

Maintain and strengthen investment-grade credit profile
## Revenue growth and margin expansion opportunities

<table>
<thead>
<tr>
<th>Area</th>
<th>Revenue</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pivot to growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Invest in sales and skills, especially cloud-related</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Increase higher-margin value-add advisory and implementation volumes</td>
<td>✓</td>
<td>✓ ✓ ✓</td>
</tr>
<tr>
<td>• Grow data services, applications and edge practices</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Grow cybersecurity and resiliency volumes</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Expand ‘share of IT wallet’ with existing customers</td>
<td>✓ ✓ ✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Optimize our business</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Pricing and portfolio optimization, particularly for low-margin contracts</td>
<td>✓</td>
<td>✓ ✓ ✓</td>
</tr>
<tr>
<td>• Cost optimization</td>
<td></td>
<td>✓ ✓ ✓</td>
</tr>
<tr>
<td><strong>Transform our business model</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Expand technology ecosystem and range of solutions offered</td>
<td>✓ ✓ ✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Intelligent automation in delivery</td>
<td>✓ ✓ ✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Transition to increasingly asset-light operating model</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

We see substantial opportunity to strengthen our revenue trajectory and margin profile over the next three years and expect to demonstrate revenue growth in 2025.
## Future revenue and margin milestones

<table>
<thead>
<tr>
<th>Current</th>
<th>Near-Term</th>
<th>Medium-Term</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pivot to growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20% of employees have cloud-related certifications</td>
<td>Extensive training of employees, leveraging new partnerships</td>
<td>50% of employees have cloud-related certifications</td>
</tr>
<tr>
<td>Limited share in applications, security, cloud and data services</td>
<td>Expanded training and partnerships</td>
<td>Industry-recognized leadership in numerous categories</td>
</tr>
<tr>
<td>Advisory &amp; implementation services represent ~10% of revenue</td>
<td>Heightened focus on higher-margin consulting revenues</td>
<td>Advisory &amp; implementation services represent 15%+ of revenue</td>
</tr>
<tr>
<td><strong>Optimize our business</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60% of data-center electricity from renewable sources</td>
<td>Continued expansion of renewable energy sources</td>
<td>75%+ of data-center electricity from renewable sources</td>
</tr>
<tr>
<td>25% of processes automated</td>
<td>Relentless emphasis on intelligent automation</td>
<td>50%+ of processes automated</td>
</tr>
<tr>
<td>Limited partnerships with hyperscalers, ISVs, and systems integrators</td>
<td>Enter into important, new relationships</td>
<td>Extensive, integrated IT ecosystem</td>
</tr>
<tr>
<td>Revenues declining mid-single-digits</td>
<td>Increase signings</td>
<td>Positive revenue growth</td>
</tr>
<tr>
<td><strong>Transform our business model</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>~15% Adjusted EBITDA margins</td>
<td>Drive margins through business mix, geographic mix, automation pricing and cost control</td>
<td>High-teens Adjusted EBITDA margins</td>
</tr>
</tbody>
</table>
### Key financial attributes

#### Liquidity
- Approximately $2 billion of cash at close
- Committed $3 billion five-year undrawn credit facility
- Cash flow from operations

#### Capitalization
- Investment-grade credit rating
- $1.2 billion of net debt at spin – net leverage of 0.4x\(^1\)
- Well-laddered debt limits refinancing risk while providing opportunity for debt paydown

#### Capital allocation
- Top priorities are maintaining strong liquidity, retaining investment-grade ratings and re-investing in our business
- Cash flow expected to be used for business-model strengthening and net debt reduction
- Will consider acquisitions and investments, but with heavy focus on remaining investment-grade
- We do not anticipate having excess cash available to distribute to shareholders at this time
- Therefore, no dividends or share repurchases expected in the near term

---

\(^1\) $2.9 billion term debt plus $0.3 billion capital leases and other, less $2.0 billion cash; net leverage is net debt divided by 2020 adjusted EBITDA
Focused, growth-oriented culture, led by highly experienced executive team
Highly experienced leadership team

from IBM

Neil Akoth
Chief Transformation Officer

Gonzalo Escajadillo
Strategic Solutions

Harish Grama
Cloud Services

Stephen Leonard
Global Alliances

Leigh Price
Strategy & Corporate Development

Jamie Rutledge
Core Enterprise & zCloud Services

Edward Sebold
General Counsel

Mark Slaga
Digital Workplace Services

Maria Winans
Chief Marketing Officer

from external, with IBM experience

Michael Bradshaw
Chief Information Officer

Harsh Chugh
Chief Operations Officer

Elly Keinan
Group President

Kris Lovejoy
Security & Resiliency Services

Nicolas Sekkaki
Applications, Data & AI Services

Martin Schroeter
Chief Executive Officer

from external

Vic Bhagat
Senior Partner, Advisory Practice

Maryjo Charbonnier
Chief Human Resources Officer

Una Pulizzi
Global Head of Corporate Affairs

Paul Savill
Network & Edge Services

Antoine Shagoury
Chief Technology Officer

David Wyshner
Chief Financial Officer
Investment highlights
Investment highlights

- Separation more than doubles our addressable market from $240 billion pre-spin to $510 billion by 2024, with market growth driven by numerous interrelated tailwinds.

- World leader in designing, building, managing and modernizing mission-critical information systems spanning the digital transformation journey.

- Competitive advantage stems from our people, data and intellectual property.

- Trusted long-term partner to over 4,000 blue-chip customers, including 75% of the Fortune 100.

- New freedom to invest for growth while expanding our ecosystem of strategic partners and service capabilities, enhancing customers’ access to a wider range of technology solutions.

- Strong financial characteristics with $19 billion in annuity-like annual revenues, ~15% adjusted EBITDA margins and investment-grade credit ratings.

- Focused, growth-oriented culture, committed to high ESG standards and led by a highly experienced executive team.
Appendix

• Reconciliation of non-GAAP metrics
• Investment-grade credit profile
• Rationale for the spin-off

Some columns and rows in these materials, including the supplemental exhibits, may not add due to the use of rounded figures.
Reconciliation of non-GAAP metrics

Reconciliation of net income to pro forma adjusted pretax income and pro forma adjusted EBITDA ($ in millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical Net Income / (loss), as reported</td>
<td>($2,011)</td>
</tr>
<tr>
<td>Plus: Provision for income taxes</td>
<td>246</td>
</tr>
<tr>
<td><strong>Income / (loss) before income taxes</strong></td>
<td>($1,766)</td>
</tr>
<tr>
<td><strong>Pro forma adjustments</strong></td>
<td></td>
</tr>
<tr>
<td>Transaction accounting adjustments</td>
<td>(421)</td>
</tr>
<tr>
<td>Autonomous entity adjustments</td>
<td>418</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>(51)</td>
</tr>
<tr>
<td><strong>Pro forma income / (loss) before income taxes</strong></td>
<td>($1,820)</td>
</tr>
<tr>
<td><strong>Non-operating adjustments (net of tax)</strong></td>
<td></td>
</tr>
<tr>
<td>Separation-related costs</td>
<td>636</td>
</tr>
<tr>
<td>Workforce rebalancing charges</td>
<td>884</td>
</tr>
<tr>
<td>Excess costs allocations from IBM</td>
<td>591</td>
</tr>
<tr>
<td>Incremental costs to support independence and growth (est)</td>
<td>(375)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>152</td>
</tr>
<tr>
<td><strong>Pro forma adjusted pretax income</strong></td>
<td>$67</td>
</tr>
<tr>
<td>Adjusted pretax margin</td>
<td>0.4%</td>
</tr>
<tr>
<td>Plus: Interest expense</td>
<td>77</td>
</tr>
<tr>
<td>Plus: Depreciation expense</td>
<td>1,395</td>
</tr>
<tr>
<td>Plus: Amortization expense</td>
<td>1,379</td>
</tr>
<tr>
<td><strong>Pro forma adjusted EBITDA</strong></td>
<td>$2,918</td>
</tr>
<tr>
<td><strong>Pro forma adjusted EBITDA margin</strong></td>
<td>15.3%</td>
</tr>
<tr>
<td><strong>Pro forma revenue</strong></td>
<td>$19,096</td>
</tr>
</tbody>
</table>
## Reconciliation of non-GAAP metrics (continued)

Reconciliation of cash flow from operations to pro forma free cash flow and constant currency growth rate ($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Historical cash flow from operations (GAAP)</strong></td>
<td></td>
</tr>
<tr>
<td>Plus: Workforce rebalancing payments</td>
<td>268</td>
</tr>
<tr>
<td>Plus: Pro forma adjustments without workforce rebalancing</td>
<td>(42)</td>
</tr>
<tr>
<td>Plus: non-operating adjustments¹</td>
<td>893</td>
</tr>
<tr>
<td><strong>Adjusted pro forma cash flow from operations</strong></td>
<td>$1,747</td>
</tr>
<tr>
<td>Less: Net capital expenditures</td>
<td>(953)</td>
</tr>
<tr>
<td><strong>Adjusted pro forma free cash flow</strong></td>
<td>$794</td>
</tr>
</tbody>
</table>

### Calculation of revenue growth in constant currency ($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019³</th>
<th>Year-over-year revenue growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical revenue (GAAP)</td>
<td>$19,352</td>
<td>$20,279</td>
<td>(5%)</td>
</tr>
<tr>
<td>Historical revenue growth in constant currency²</td>
<td></td>
<td></td>
<td>(6%)</td>
</tr>
</tbody>
</table>

¹ Non-operating adjustments remove the GAAP impact of workforce rebalancing charges, additional future growth investments and depreciation expense associated with pro forma adjustments.

² 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.

³ The period presented was unintentionally mislabeled in a prior version of this presentation and has been corrected in this version.
## Investment-grade credit profile ($ in millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>$2,013</td>
</tr>
<tr>
<td><strong>Debt:</strong></td>
<td></td>
</tr>
<tr>
<td>Revolving credit facility (undrawn)</td>
<td>-</td>
</tr>
<tr>
<td>Term loan due 2024</td>
<td>$500</td>
</tr>
<tr>
<td>2.05% notes due 2026</td>
<td>700</td>
</tr>
<tr>
<td>2.70% notes due 2028</td>
<td>500</td>
</tr>
<tr>
<td>3.15% notes due 2031</td>
<td>650</td>
</tr>
<tr>
<td>4.10% notes due 2041</td>
<td>550</td>
</tr>
<tr>
<td>Capital leases and other</td>
<td>337</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>$1,224</td>
</tr>
<tr>
<td><strong>Net leverage(^1)</strong></td>
<td>0.4x</td>
</tr>
</tbody>
</table>

\(^1\) Net debt divided by 2020 adjusted EBITDA
Rationale for the spin-off

Value through focus: IBM separation into two industry-leading companies creates strategic flexibility and focus to drive shareholder value

- Creates two industry-leading enterprise technology companies with mission-critical portfolios
- Increased clarity and agility of both companies to focus on their respective operating and financial models
- Freedom of companies to partner and invest for enhanced customer outcomes and drive better growth opportunities
- Spin creates new equity currency which allows the use of stock to pursue M&A transactions and tailored compensation programs
- Creates opportunity for improved financial performance for both growth and value investors resulting in increased valuation

Kyndryl

~$19B
Revenue

#1
Managed Infrastructure Services Provider

IBM (post-spin)

~$59B
Revenue

#1
Hybrid Cloud Platform