

**Consolidated Income Statement**  
International Business Machines Corporation and Subsidiary Companies

(\$ in millions except per share amounts)

For the year ended December 31:	Notes	2023	2022	2021
<b>Revenue</b>				
Services		\$ 30,378	\$ 30,206	\$ 29,225
Sales		30,745	29,673	27,346
Financing		737	651	780
<b>Total revenue</b>	C	<b>61,860</b>	<b>60,530</b>	<b>57,350</b>
<b>Cost</b>				
Services		21,051	21,062	19,147
Sales		6,127	6,374	6,184
Financing		382	406	534
<b>Total cost</b>		<b>27,560</b>	<b>27,842</b>	<b>25,865</b>
<b>Gross profit</b>		<b>34,300</b>	<b>32,687</b>	<b>31,486</b>
<b>Expense and other (income)</b>				
Selling, general and administrative		19,003	18,609	18,745
Research, development and engineering	G	6,775	6,567	6,488
Intellectual property and custom development income		(860)	(663)	(612)
Other (income) and expense	F	(914)	5,803	873
Interest expense	P&T	1,607	1,216	1,155
<b>Total expense and other (income)</b>		<b>25,610</b>	<b>31,531</b>	<b>26,649</b>
<b>Income from continuing operations before income taxes</b>		<b>8,690</b>	<b>1,156</b>	<b>4,837</b>
Provision for/(benefit from) income taxes	H	1,176	(626)	124
<b>Income from continuing operations</b>		<b>7,514</b>	<b>1,783</b>	<b>4,712</b>
Income/(loss) from discontinued operations, net of tax	E	(12)	(143)	1,030
<b>Net income</b> <sup>(1)</sup>		<b>\$ 7,502</b>	<b>\$ 1,639</b>	<b>\$ 5,743</b>
<b>Earnings/(loss) per share of common stock</b> <sup>(1)</sup>				
<b>Assuming dilution</b>				
Continuing operations	I	\$ 8.15	\$ 1.95	\$ 5.21
Discontinued operations	I	(0.01)	(0.16)	1.14
<b>Total</b>	I	<b>\$ 8.14</b>	<b>\$ 1.80</b>	<b>\$ 6.35</b>
<b>Basic</b>				
Continuing operations	I	\$ 8.25	\$ 1.97	\$ 5.26
Discontinued operations	I	(0.01)	(0.16)	1.15
<b>Total</b>	I	<b>\$ 8.23</b>	<b>\$ 1.82</b>	<b>\$ 6.41</b>
<b>Weighted-average number of common shares outstanding</b>				
Assuming dilution		922,073,828	912,269,062	904,641,001
Basic		911,210,319	902,664,190	895,990,771

(1) 2022 includes the impact of a one-time, non-cash pension settlement charge. Refer to note V, "Retirement-Related Benefits," for additional information.

Amounts may not add due to rounding.

The accompanying notes are an integral part of the financial statements.

(\$ in millions)

For the year ended December 31:	Notes	2023	2022	2021 <sup>(1)</sup>
<b>Net income</b>		<b>\$ 7,502</b>	<b>\$ 1,639</b>	<b>\$ 5,743</b>
<b>Other comprehensive income/(loss), before tax</b>				
<b>Foreign currency translation adjustments</b>	S	3	176	987
<b>Net changes related to available-for-sale securities</b>	S			
Unrealized gains/(losses) arising during the period		0	(1)	0
Reclassification of (gains)/losses to net income		—	—	—
<b>Total net changes related to available-for-sale securities</b>		0	(1)	0
<b>Unrealized gains/(losses) on cash flow hedges</b>	S			
Unrealized gains/(losses) arising during the period		207	241	344
Reclassification of (gains)/losses to net income		(159)	(400)	243
<b>Total unrealized gains/(losses) on cash flow hedges</b>		47	(158)	587
<b>Retirement-related benefit plans</b>	S			
Prior service costs/(credits)		2	463	(51)
Net (losses)/gains arising during the period		(3,115)	878	2,433
Curtailments and settlements		5	5,970	94
Amortization of prior service (credits)/costs		(9)	12	9
Amortization of net (gains)/losses		515	1,596	2,484
<b>Total retirement-related benefit plans</b>		(2,602)	8,919	4,969
<b>Other comprehensive income/(loss), before tax</b>	S	(2,552)	8,936	6,542
<b>Income tax (expense)/benefit related to items of other comprehensive income</b>	S	531	(2,442)	(1,703)
<b>Other comprehensive income/(loss)</b>	S	(2,021)	6,494	4,839
<b>Total comprehensive income</b>		<b>\$ 5,481</b>	<b>\$ 8,134</b>	<b>\$ 10,582</b>

(1) Amounts presented have not been recast to exclude discontinued operations.

Amounts may not add due to rounding.

The accompanying notes are an integral part of the financial statements.