

3Q 2025 Earnings



Forward-looking statements and non-GAAP information

Certain comments made in this presentation may be characterized as forward looking under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on the company's current assumptions regarding future business and financial performance. Those statements by their nature address matters that are uncertain to different degrees. Those statements involve a number of factors that could cause actual results to differ materially. Additional information concerning these factors is contained in the Company's filings with the SEC. Copies are available from the SEC, from the IBM website, or from IBM Investor Relations. Any forward-looking statement made during this presentation speaks only as of the date on which it is made. The company assumes no obligation to update or revise any forward-looking statements except as required by law; these charts and the associated remarks and comments are integrally related and are intended to be presented and understood together.

In an effort to provide additional and useful information regarding the company's financial results and other financial information as determined by generally accepted accounting principles (GAAP), the company also discusses, in its earnings press release and presentation materials, certain non-GAAP information including operating earnings and other "operating" financial measures, free cash flow, net cash from operating activities excluding IBM Financing receivables,

adjusted EBITDA and adjustments for currency. The rationale for management's use of this non-GAAP information is included as Exhibit 99.2 to the company's Form 8-K submitted to the SEC on October 22, 2025. The reconciliation of non-GAAP information to GAAP is included in the press release within Exhibit 99.1 to the company's Form 8-K submitted to the SEC on October 22, 2025, as well as on the slides entitled "Non-GAAP supplemental materials" in this presentation.

To provide better transparency, the company also discusses management performance metrics including annual recurring revenue, annual bookings, signings, GenAI book of business, and book-to-bill. The metrics are used to monitor the performance of the business and are viewed as useful decision-making information for management and stakeholders. The rationale for management's use of these performance metrics and their calculation, are included in Exhibit 99.2 to the company's Form 8-K submitted to the SEC on October 22, 2025, or in the Management Discussion section of the company's 2024 Annual Report, which is Exhibit 13 to the Form 10-K submitted with the SEC on February 25, 2025. For other related information please visit the Company's investor relations website at:

<https://www.ibm.com/investor/events/earnings-3q25>



Arvind Krishna

Chairman, President and
Chief Executive Officer



James Kavanaugh

SVP, Finance & Operations
and Chief Financial Officer

CEO perspective

“This quarter we accelerated performance across all of our segments, and again exceeded expectations for revenue, profit and free cash flow. Clients globally continue to leverage our technology and domain expertise to drive productivity in their operations and deliver real business value with AI. Our AI book of business now stands at more than \$9.5 billion.

Given the strength of our business, we are raising our full-year outlook for revenue growth and free cash flow.”

Arvind Krishna

IBM Chairman, President and CEO

Financial highlights

3Q25

\$16.3B

Revenue

\$2.4B

Free cash flow

“New innovation, the strength and diversity of our portfolio, and our disciplined execution led to acceleration in revenue growth and profit in the quarter.

Consistent focus on the fundamentals of our business delivered double-digit growth in adjusted EBITDA, and drove another quarter of strong free cash flow, the fuel for our investments and ability to return value to shareholders.”

James Kavanaugh

IBM SVP & CFO

>7%

Revenue growth yr/yr

22%

Adjusted EBITDA growth

~200bps

Pre-tax margin expansion
(operating)

15%

Earnings per share growth
(operating)

>290bps

Adjusted EBITDA margin
expansion

9%

Free cash flow ytd growth

Software

Investments in innovation accelerating organic revenue growth

Automation growth accelerated to 22%; strength in organic and HashiCorp

Red Hat bookings growth of about 20%

Strong segment profit margin expansion of over 270bps

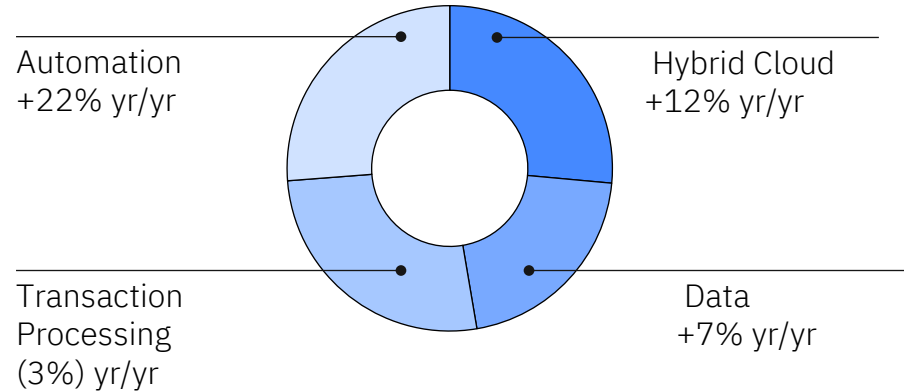
\$7.2B

Revenue

+9%

Revenue growth

Revenue categories-3Q25



Infrastructure

Continued momentum in z17; highest third-quarter revenue in nearly two decades

IBM Z is a significant driver of profitability and free cash flow

Innovation is delivering value across the portfolio

Revenue scale and mix helping drive 420bps of segment profit margin expansion

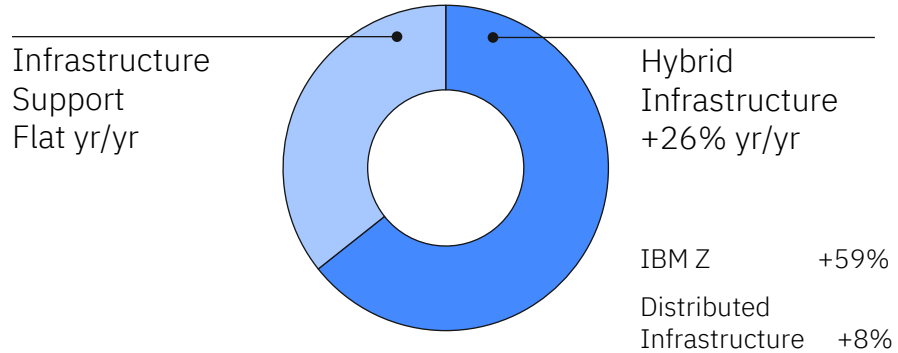
\$3.6B

Revenue

+15%

Revenue growth

Revenue categories-3Q25



Consulting

Returned to growth with sequential improvement across both lines of business

Strong generative AI demand with over \$1.5B bookings in the quarter

Continued improvement in signings quality

Segment profit margin expansion of 200bps; highest segment profit margin in three years

\$5.3B

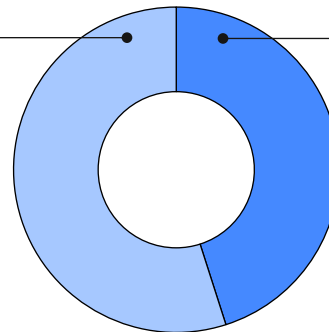
Revenue

+2%

Revenue growth

Revenue categories-3Q25

Strategy and
Technology
Flat yr/yr



Intelligent
Operations
+4% yr/yr

Summary

3Q25 Summary

Highest revenue growth in several years, with sequential acceleration across all segments

Exceeded our expectations across revenue, profitability, and free cash flow

Portfolio mix & productivity driving operating pre-tax margin expansion for the ninth consecutive quarter

GenAI book of business over \$9.5 billion inception-to-date

Generated \$7.2 billion of free cash flow year-to-date, our highest year-to-date free cash flow margin in reported history

2025 Expectations

Raising revenue growth @CC to more than 5%

Raising operating pre-tax margin to expand by over a point

Raising Adjusted EBITDA growth to mid-teens

Raising full-year free cash flow to about \$14 billion

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Supplemental material

Revenue and P&L highlights

Adjusted EBITDA performance

Cash flow and balance sheet highlights

Currency impact on revenue growth

Software & Infrastructure segment details

Consulting segment details

Expense summary

Balance sheet summary

Free cash flow summary

Cash flow (ASC 230)

Software segment categories

Consulting segment categories

Infrastructure segment categories

Non-GAAP supplemental materials

Some columns and rows in these materials, including the supplemental exhibits, may not add due to rounding

Revenue and P&L highlights

Revenue highlights	3Q25	B/(W) Yr/Yr
Revenue	\$16.3	7%
Americas	\$8.1	9%
Europe/ME/Africa	\$5.3	9%
Asia Pacific	\$2.9	Flat

Operating P&L highlights \$	3Q25	B/(W) Yr/Yr
Gross profit	\$9.6	11%
Expense	\$6.6	(7%)
Pre-tax income	\$3.0	22%
Net income	\$2.5	17%
Earnings per share	\$2.65	15%

Adjusted EBITDA	\$4.6	22%
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Operating P&L highlights %	3Q25	B/(W) Yr/Yr
Gross profit margin	58.7%	1.2 pts
Expense E/R	40.2%	0.8 pts
Pre-tax income margin	18.6%	2.0 pts
Net income margin	15.4%	1.0 pts
Tax rate	17.0%	(3.6 pts)

Adjusted EBITDA performance

	QTD 3Q25	Yr/Yr	YTD 3Q25	Yr/Yr
Operating (non-GAAP) pre-tax income from continuing operations	\$3.0	\$0.5	\$8.0	\$1.0
Net interest expense	\$0.3	\$0.1	\$0.9	\$0.3
Depreciation/Amortization of non-acquired intangible assets	\$0.7	\$0.0	\$2.1	\$0.0
Stock-based compensation	\$0.4	\$0.1	\$1.3	\$0.3
Workforce rebalancing charges	\$0.0	(\$0.3)	\$0.4	(\$0.3)
Corporate (gains) and charges*	\$0.0	\$0.4	\$0.0	\$0.6
Adjusted EBITDA	\$4.6	\$0.8	\$12.7	\$1.8

\$ in billions

*Corporate (gains) and charges primarily consists of unique corporate actions such as gains on divestitures and asset sales (e.g., certain QRadars SaaS assets in 2024)

Cash flow and balance sheet highlights

Cash flow	3Q25 YTD	Yr/Yr
Net cash from operations*	\$8.2	\$1.0
Free cash flow**	\$7.2	\$0.6

Select uses of cash	3Q25 YTD	Yr/Yr
Net capital expenditures	\$1.1	\$0.4
Acquisitions	\$7.9	\$5.2
Dividends	\$4.7	\$0.1

Balance sheet	Sep 25	Dec 24	Sep 24
Cash & marketable securities	\$14.9	\$14.8	\$13.7
Total debt	\$63.1	\$55.0	\$56.6

Select debt measures	Sep 25	Dec 24	Sep 24
IBM Financing debt	\$11.3	\$12.1	\$10.4
Core (non-IBM Financing) debt	\$51.8	\$42.9	\$46.2

\$ in billions

*Non-GAAP financial measure; excludes Financing receivables

**Non-GAAP financial measure; adjusts for Financing receivables and net capital expenditures

Currency impact on revenue growth

Quarterly averages per US \$	3Q25	Yr/Yr	Spot @4Q Earnings	4Q25	FY25	1Q26	2Q26	FY26
Euro	0.86	6%	0.86	8%	4%	9%	2%	3%
Pound	0.74	4%	0.75	4%	3%	6%	0%	1%
Yen	147	1%	152	1%	2%	0%	(5%)	(2%)
Revenue impact, future @4Q Earnings Spot		1. 8 pts		~3 pts	~1.5 pts	~3 pts	~0 pts	~0.5 pts
<i>Prior view</i>		1.5-2 pts		~3.5 pts	~1.5 pts			
	US \$B	Yr/Yr						
Revenue as reported	\$16.3	9%						
Currency impact	\$0.3	1. 8 pts						
Revenue @CC		7%						

Software & Infrastructure segment details

Software segment	3Q25	B/(W) Yr/Yr
Revenue	\$7.2	9%
Hybrid Cloud	\$1.9	12%
Automation	\$1.9	22%
Data	\$1.5	7%
Transaction Processing	\$1.9	(3%)
Segment profit	\$2.4	21%
Segment profit margin	32.9%	2.7 pts
Annual recurring revenue	\$23.2	9%

Infrastructure segment	3Q25	B/(W) Yr/Yr
Revenue	\$3.6	15%
Hybrid Infrastructure	\$2.3	26%
IBM Z		59%
Distributed Infrastructure		8%
Infrastructure Support	\$1.3	Flat
Segment profit	\$0.6	53%
Segment profit margin	18.1%	4.2 pts

Consulting segment details

Consulting segment	3Q25	B/(W) Yr/Yr
Revenue	\$5.3	2%
Strategy and Technology	\$2.9	Flat
Intelligent Operations	\$2.4	4%
Gross profit margin	29.3%	0.8 pts
Segment profit	\$0.7	23%
Segment profit margin	12.9%	2.0 pts
Signings	\$5.2	(5%)
Book-to-bill ratio (TTM)	1.12	

Expense summary

Expense	3Q25	B/(W) Yr/Yr	Currency	Acq/ Divest**	Base***
Operating expense & other income	\$6.6	(7%)	(1 pts)	(5 pts)	(1 pts)
SG&A – operating	\$4.4	5%	(1 pts)	(4 pts)	9 pts
R&D – operating	\$2.1	(11%)	0 pts	(6 pts)	(4 pts)
IP and custom development income	(\$0.2)	(8%)			
Other (income)/expense - operating*	(\$0.2)	(65%)			
Interest expense	\$0.5	(15%)			

\$ in billions

*2024 includes a gain from the sale of certain QRadar SaaS assets

**Includes acquisitions in the last twelve months net of non-operating acquisition-related charges and includes impact of closed divested businesses

***Represents the percentage change after excluding the impact of currency translation & hedges, acquisitions and divestitures

Balance sheet summary

	Sep 25	Dec 24	Sep 24
Cash & marketable securities	\$14.9	\$14.8	\$13.7
Core (non-IBM Financing) assets*	\$118.7	\$108.9	\$109.0
IBM Financing assets	\$12.8	\$13.5	\$11.7
Total assets	\$146.3	\$137.2	\$134.3
Other liabilities	\$55.2	\$54.8	\$53.2
Core (non-IBM Financing) debt*	\$51.8	\$42.9	\$46.2
IBM Financing debt	\$11.3	\$12.1	\$10.4
Total debt	\$63.1	\$55.0	\$56.6
Total liabilities	\$118.3	\$109.8	\$109.8
Equity	\$28.0	\$27.4	\$24.5

\$ in billions

*Includes eliminations of inter-company activity

Free cash flow summary

	QTD 3Q25	B/(W) Yr/Yr	YTD 3Q25	B/(W) Yr/Yr
Net cash from operations	\$3.1	\$0.2	\$9.2	\$0.0
Less: IBM Financing receivables	\$0.3	(\$0.6)	\$0.9	(\$0.9)
Net cash from operations (excluding IBM Financing receivables)	\$2.8	\$0.8	\$8.2	\$1.0
Net capital expenditures	(\$0.4)	(\$0.5)	(\$1.1)	(\$0.4)
Free cash flow (excluding IBM Financing receivables)	\$2.4	\$0.3	\$7.2	\$0.6

Cash flow (ASC230)

	QTD 3Q25	QTD 3Q24	YTD 3Q25	YTD 3Q24
Net income from operations	\$1.7	(\$0.3)	\$5.0	\$3.1
Pension settlement charge	—	\$2.7	—	\$2.7
Depreciation / amortization of intangibles*	\$1.3	\$1.3	\$3.7	\$3.6
Stock-based compensation	\$0.4	\$0.3	\$1.3	\$1.0
Operating assets and liabilities / other, net**	(\$0.7)	(\$2.0)	(\$1.8)	(\$3.1)
IBM Financing A/R	\$0.3	\$0.9	\$0.9	\$1.8
Net cash provided by operating activities	\$3.1	\$2.9	\$9.2	\$9.1
Capital expenditures, net of payments & proceeds***	(\$0.4)	\$0.1	(\$1.1)	(\$0.7)
Divestitures, net of cash transferred	—	\$0.0	(\$0.0)	\$0.7
Acquisitions, net of cash acquired	(\$0.1)	(\$2.5)	(\$7.9)	(\$2.7)
Marketable securities / other investments, net	\$0.0	\$0.9	(\$2.7)	(\$0.8)
Net cash provided by/(used in) investing activities	(\$0.4)	(\$1.6)	(\$11.7)	(\$3.6)
Debt, net of payments & proceeds	(\$1.1)	(\$1.3)	\$4.7	(\$0.8)
Dividends	(\$1.6)	(\$1.5)	(\$4.7)	(\$4.6)
Financing - other	(\$0.3)	\$0.0	(\$0.4)	(\$0.0)
Net cash provided by/(used in) financing activities	(\$3.0)	(\$2.8)	(\$0.4)	(\$5.4)
Effect of exchange rate changes on cash	(\$0.1)	\$0.2	\$0.4	(\$0.0)
Net change in cash, cash equivalents & restricted cash	(\$0.4)	(\$1.3)	(\$2.6)	\$0.1

\$ in billions

*Includes operating lease right-of-use assets amortization

**2025 includes a one-time, non-cash income tax charge of \$0.3B associated with the enactment of H.R. 1 in July of 2025, and 2024 includes a tax benefit associated with the pension settlement charge in 3Q

***2024 includes proceeds from the sale of certain QRadars SaaS assets in 3Q

Software segment categories

Revenue categories

The Software portfolio delivers end-to-end enterprise capabilities for Hybrid Cloud and AI:

Hybrid Cloud

incl. RHEL, OpenShift, Ansible, Red Hat AI

Automation

incl. application development & integration, infrastructure lifecycle management
incl. HashiCorp, network management, security software for identity access management and threat management, observability, FinOps, IT financial management, asset lifecycle management

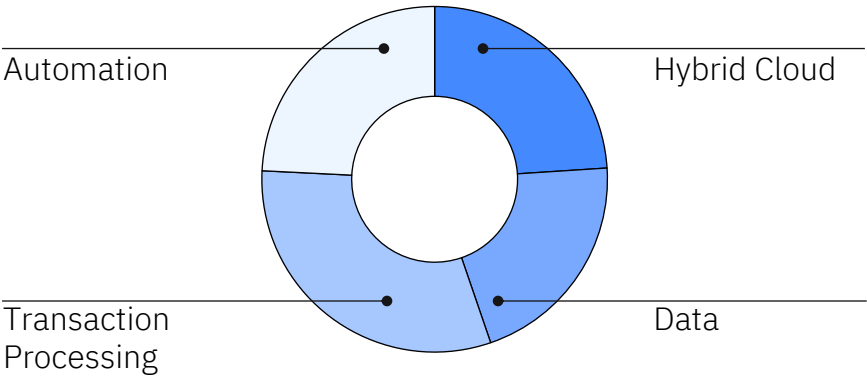
Data

incl. AI assistants, AI tools and governance, databases, data intelligence, data integration, data security

Transaction Processing

incl. Customer Information Control System and storage software, analytics and integration software on IBM operating systems, AI assistants for Z, security software for Z

Revenue categories – FY 2024



Consulting segment categories

Revenue categories

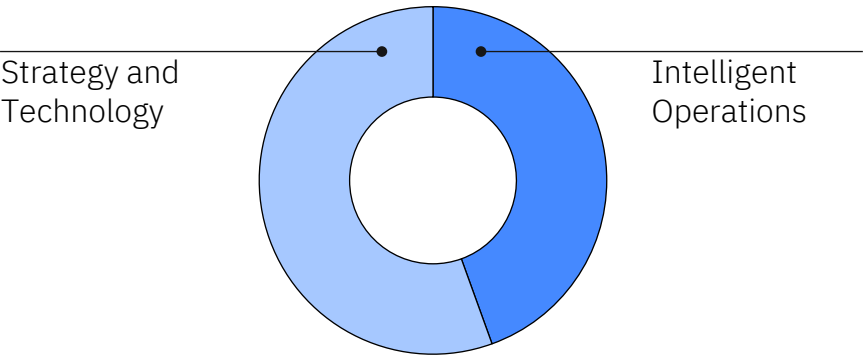
Strategy and Technology

Provides strategy, process design, system implementation, cloud architecture and implementation services to help clients transform their businesses for growth and enable innovation. These services ensure clients benefit from the latest technologies to meet their objectives by leveraging AI and an ecosystem of strategic partners alongside IBM technology and Red Hat, including Adobe, AWS, Microsoft, Oracle, Palo Alto Networks, Salesforce, and SAP, among others.

Intelligent Operations

Focuses on application, cloud platform, and operations services that bring efficiency to clients' processes by operationalizing and running hybrid cloud platforms, managing core business processes, and addressing security holistically across business functions and the IT landscape. These services help clients manage, optimize, and orchestrate custom and ISV packaged applications, enhancing operations through AI-powered solutions for faster, more efficient client outcomes.

Revenue categories – FY 2024



Infrastructure segment categories

Revenue categories

Hybrid Infrastructure

Innovative infrastructure platforms to help meet the new requirements of hybrid multi-cloud and enterprise AI workloads leveraging flexible and as-a-service consumption models:

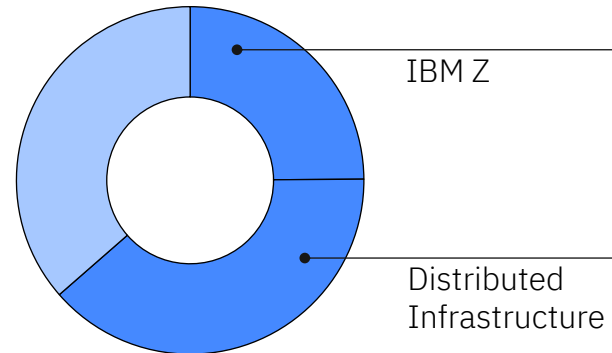
- IBM Z: incl. hardware and operating system
- Distributed Infrastructure: incl. Power hardware and operating system, storage hardware, IBM Cloud IaaS, OEM asset recovery service

Infrastructure Support

Comprehensive, proactive and AI enabled services to maintain and improve the availability and value of clients' IT infrastructure (hardware and software) both on-premises and in the cloud incl. maintenance for IBM products and other technology platforms.

Revenue categories – FY 2024

- Hybrid Infrastructure
- Infrastructure Support



Non-GAAP supplemental materials

Reconciliation of revenue performance – 3Q 2025

	3Q25 Yr/Yr	
	GAAP	@CC
Total revenue	9%	7%
Americas	9%	9%
Europe/ME/Africa	15%	9%
Asia Pacific	Flat	Flat

The above reconciles the non-GAAP financial information contained in the “Financial highlights”, “Revenue and P&L highlights”, and “Prepared remarks” discussions in the company’s earnings presentation. See Exhibit 99.2 included in the company’s Form 8-K dated October 22, 2025, for additional information on the use of these non-GAAP financial measures.

Non-GAAP supplemental materials

Reconciliation of segment revenue performance – 3Q 2025

	3Q25 Yr/Yr			3Q25 Yr/Yr	
	GAAP	@CC		GAAP	@CC
Software	10%	9%	Consulting	3%	2%
Hybrid Cloud	14%	12%	Strategy and Technology	2%	Flat
Automation	24%	22%	Intelligent Operations	5%	4%
Data	8%	7%			
Transaction Processing	(1%)	(3%)	Infrastructure	17%	15%
			Hybrid Infrastructure	28%	26%
			IBM Z	61%	59%
			Distributed Infrastructure	10%	8%
			Infrastructure Support	1%	Flat

The above reconciles the non-GAAP financial information contained in the “Software”, “Consulting”, “Infrastructure”, “Software & Infrastructure segment details”, “Consulting segment details” and “Prepared remarks” discussions in the company’s earnings presentation. See Exhibit 99.2 included in the company’s Form 8-K dated October 22, 2025, for additional information on the use of these non-GAAP financial measures.

Non-GAAP supplemental materials

Reconciliation of revenue performance – 3QYTD 2025

	3Q25 YTD Yr/Yr	
	GAAP	@CC
Total revenue	6%	5%
Automation	18%	17%
Transaction Processing	0%	(1%)

The above reconciles the non-GAAP financial information contained in the “Prepared remarks” discussion in the company’s earnings presentation. See Exhibit 99.2 included in the company’s Form 8-K dated October 22, 2025, for additional information on the use of these non-GAAP financial measures.

Non-GAAP supplemental materials

Reconciliation of expense summary – 3Q 2025

		3Q25	
	GAAP	Non-GAAP adjustments	Operating (non-GAAP)
SG&A			
Currency	(1 pts)	0 pts	(1 pts)
Acquisitions/divestitures	(4 pts)	0 pts	(4 pts)
Base*	8 pts	1 pts	9 pts
R&D			
Currency	0 pts	0 pts	0 pts
Acquisitions/divestitures	(6 pts)	0 pts	(6 pts)
Base*	(4 pts)	0 pts	(4 pts)
Operating expense & other income			
Currency	(1 pts)	0 pts	(1 pts)
Acquisitions/divestitures	(3 pts)	(1 pts)	(5 pts)
Base*,**	29 pts	(30 pts)	(1 pts)

*Represents the percentage change after excluding the impact of currency translation & hedges, acquisitions and divestitures

**2024 includes the impact related to a pension settlement charge

The above reconciles the non-GAAP financial information contained in the “Expense summary” discussion in the company’s earnings presentation. See Exhibit 99.2 included in the company’s Form 8-K dated October 22, 2025, for additional information on the use of these non-GAAP financial measures.

Non-GAAP supplemental materials

Reconciliation of continuing operations – 3Q 2025

		3Q25			
	GAAP	Acquisition- related adjustments	Retirement- related adjustments	Tax reform impacts*	Operating (non-GAAP)
Gross profit	\$9,360	\$231	—	—	\$9,591
Gross profit margin	57.3%	1.4 pts	—	—	58.7%
SG&A	4,748	(354)	—	—	4,394
Other (income) & expense	(173)	(6)	(13)	—	(191)
Total expense	6,931	(359)	(13)	—	6,559
Pre-tax income	2,430	590	13	—	3,033
Pre-tax income margin	14.9%	3.6 pts	0.1 pts	—	18.6%
Tax rate	28.2%	(1.0 pts)	0.0 pts	(10.2 pts)	17.0%
Net income	1,744	454	10	309	2,517
Net income margin	10.7%	2.8 pts	0.1 pts	1.9 pts	15.4%
Earnings per share	\$1.84	\$0.48	\$0.01	\$0.33	\$2.65

\$ in millions (except EPS which is in whole dollars)

*2025 includes a one-time, non-cash income tax charge associated with the enactment of H.R. 1 in July of 2025

The above reconciles the non-GAAP financial information contained in the “Revenue and P&L highlights”, “Expense summary” and “Prepared remarks” discussions in the company’s earnings presentation. See Exhibit 99.2 included in the company’s Form 8-K dated October 22, 2025, for additional information on the use of these non-GAAP financial measures.

Non-GAAP supplemental materials

Reconciliation of GAAP net income to adjusted EBITDA

	QTD 3Q25	Yr/Yr	YTD 3Q25	Yr/Yr
Net income as reported (GAAP)*	\$1.7	\$2.1	\$5.0	\$1.9
Less: income/(loss) from discontinued operations, net of tax	\$0.0	\$0.0	\$0.0	\$0.0
Income from continuing operations	\$1.7	\$2.1	\$5.0	\$1.9
Provision for/(Benefit from) income taxes from continuing operations	\$0.7	\$1.2	\$1.2	\$1.8
Pre-tax income from continuing operations (GAAP)	\$2.4	\$3.2	\$6.2	\$3.7
Non-operating adjustments (before tax)				
Acquisition-related charges**	\$0.6	\$0.1	\$1.7	\$0.3
Non-operating retirement-related costs/(income)*	\$0.0	(\$2.8)	\$0.1	(\$2.9)
Operating (non-GAAP) pre-tax income from continuing operations	\$3.0	\$0.5	\$8.0	\$1.0
Net interest expense	\$0.3	\$0.1	\$0.9	\$0.3
Depreciation/Amortization of non-acquired intangible assets	\$0.7	\$0.0	\$2.1	\$0.0
Stock-based compensation	\$0.4	\$0.1	\$1.3	\$0.3
Workforce rebalancing charges	\$0.0	(\$0.3)	\$0.4	(\$0.3)
Corporate (gains) and charges***	\$0.0	\$0.4	\$0.0	\$0.6
Adjusted EBITDA	\$4.6	\$0.8	\$12.7	\$1.8

\$ in billions

*2024 includes the impact of a pension settlement charge

**Primarily consists of amortization of acquired intangible assets

***Corporate (gains) and charges primarily consists of unique corporate actions such as gains on divestitures and asset sales (e.g., certain QRadar SaaS assets in 2024)

Adjusted EBITDA margin utilized in the “Financial highlights” discussion in the company’s earnings presentation is calculated by dividing Adjusted EBITDA by total revenue

The above reconciles the non-GAAP financial information contained in the “Financial highlights”, “Revenue and P&L highlights”, “Adjusted EBITDA performance” and “Prepared remarks” discussions in the company’s earnings presentation. See Exhibit 99.2 included in the company’s Form 8-K dated October 22, 2025, for additional information on the use of these non-GAAP financial measures.

Non-GAAP supplemental materials

Reconciliation of net cash from operations to adjusted EBITDA

	QTD 3Q25	QTD 3Q24	YTD 3Q25	YTD 3Q24
Net cash provided by operating activities	\$3.1	\$2.9	\$9.2	\$9.1
Add:				
Net interest expense	\$0.3	\$0.3	\$0.9	\$0.7
Provision for/(Benefit from) income taxes from continuing operations	\$0.7	(\$0.5)	\$1.2	(\$0.6)
Less change in:				
Financing receivables	\$0.3	\$0.9	\$0.9	\$1.8
Other assets and liabilities/other, net*	(\$0.8)	(\$2.0)	(\$2.3)	(\$3.5)
Adjusted EBITDA	\$4.6	\$3.8	\$12.7	\$10.8

\$ in billions

*Other assets and liabilities/other, net mainly consists of operating assets and liabilities/other, net in the “Cash flow (ASC230)” discussion, workforce rebalancing charges, non-operating impacts and corporate (gains) and charges

The above reconciles the non-GAAP financial information contained in the “Prepared remarks” discussion in the company’s earnings presentation. See Exhibit 99.2 included in the company’s Form 8-K dated October 22, 2025, for additional information on the use of this non-GAAP financial measure.

Non-GAAP supplemental materials

Reconciliation of pre-tax income margin – FY 2025 expectations

	GAAP B/(W)*	Operating (non-GAAP) B/(W)
Pre-tax income margin		
Pre-tax income margin Yr/Yr	>6 pts	>1 pt

*Includes the impact of one-time, non-cash, U.S. and non-U.S. pension settlement charges in 2024 of \$3.1B

The above reconciles the non-GAAP financial information contained in the “Prepared remarks” discussion in the company’s earnings presentation. See Exhibit 99.2 included in the company’s Form 8-K dated October 22, 2025, for additional information on the use of this non-GAAP financial measure. The reconciliation of IBM’s historical operating pre-tax income guidance to GAAP is included in the company’s 8-K furnished on April 24, 2025.

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