

2Q 2024 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 July 24, 2024. 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 July 24, 2024, 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, 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, as well as other information including the definition of book of business, are included in Exhibit 99.2 to the company's Form 8-K submitted to the SEC on July 24, 2024, or in the Management Discussion section of the company's 2023 Annual Report, which is Exhibit 13 to the Form 10-K submitted with the SEC on February 26, 2024. For other related information please visit the Company's investor relations website at:

<https://www.ibm.com/investor/events/earnings-2024>



Arvind Krishna
Chairman and Chief
Executive Officer



James Kavanaugh
SVP, Finance & Operations
and Chief Financial Officer

CEO perspective

“We had a strong second quarter, exceeding our expectations, driven by growth in both revenue and free cash flow. We continue to see that clients turn to IBM for our technology and our expertise in enterprise AI, and our book of business for generative AI has grown to more than two billion dollars since the launch of watsonx one year ago.

Given our first-half results, we are raising our full-year view of free cash flow, which we now expect to be more than \$12 billion.”

Arvind Krishna

IBM Chairman and CEO



2Q24 Performance



Generative AI



Investments, innovation
and clients

Financial highlights

2Q24

\$15.8B

Revenue

\$4.5B

Free cash flow ytd

“In the quarter, we accelerated our revenue growth as we continue to execute well on our strategy. Our business fundamentals, operating leverage, product mix and productivity initiatives all contributed to significant margin expansion and increased profit and free cash flow.

Our strong cash generation enables us to continue investing in innovation and expertise across the portfolio, while returning value to shareholders through dividends.”

James Kavanaugh

IBM SVP & CFO

Revenue growth rates @CC

4%

Revenue growth

\$1.1B

Free cash flow ytd yr/yr

190bps

Gross margin expansion
(operating)

220bps

Pre-tax margin expansion
(operating)

17%

Pre-tax income growth
(operating)

11%

Diluted EPS growth
(operating)

Software

Strong revenue growth including 6+ points of organic contribution

Accelerated Red Hat annual bookings growth and 6-month revenue under contract up mid-teens

Solid and growing recurring revenue base; ARR* of \$14.1 billion, +9% yr/yr

Gross and segment profit margin expansion

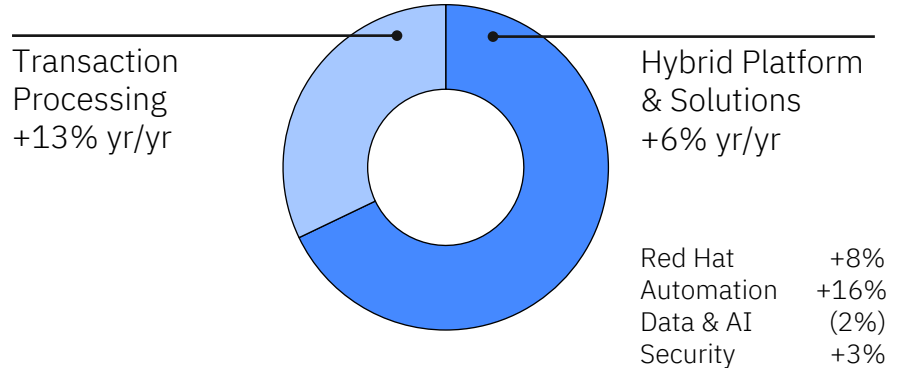
\$6.7B

Revenue

+8%

Revenue growth

Revenue categories



2Q24 results; revenue growth rates @CC

*Annual recurring revenue for Hybrid Platform & Solutions, growth rate @CC

Consulting

Growth driven by large transformational offerings

Book-to-bill ratio of >1.15 for the last year

Strong momentum in generative AI bookings

Discretionary spend constraints continued to impact revenue realization

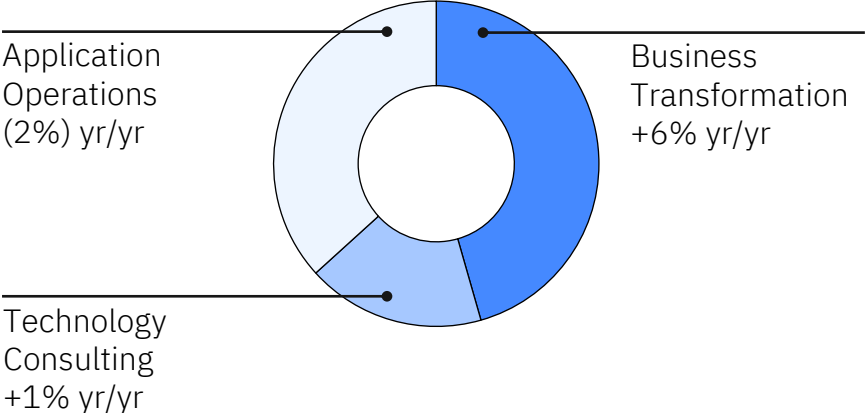
\$5.2B

Revenue

+2%

Revenue growth

Revenue categories



Infrastructure

IBM Z delivered growth, with z16 significantly ahead of prior cycles

Installed MIPS capacity up ~3x over the last few cycles

Distributed Infrastructure performance reflects strength in Power and storage

Continued investment in innovation

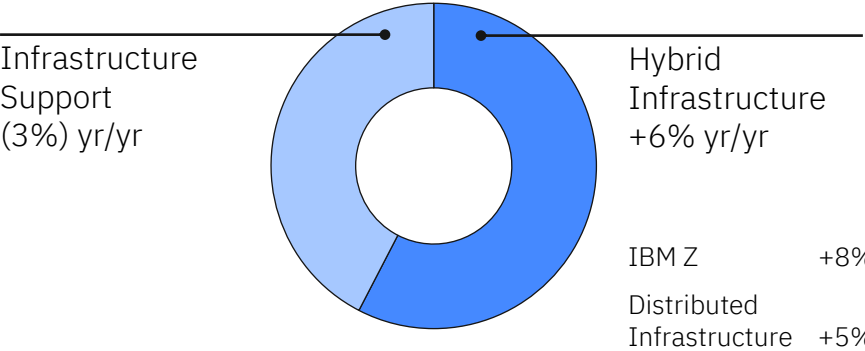
\$3.6B

Revenue

+3%

Revenue growth

Revenue categories



Summary

2Q24 Summary

Exceeded our expectations for key metrics

Investments in innovation driving strong organic growth

Generative AI continues to gain traction; book of business greater than \$2 billion inception to date

Operating leverage and productivity initiatives reflected in margin performance

Strong first half free cash flow generation, +\$1.1 billion ytd yr/yr

2024 Expectations

Revenue growth @CC in line with mid-single digit model

Raising operating pre-tax margin expansion to over half a point

Raising free cash flow to over \$12 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

Cash flow summary

Cash flow (ASC 230)

Software segment categories

Consulting segment categories

Infrastructure segment categories

Non-GAAP supplemental materials

Revenue and P&L highlights

Revenue highlights	2Q24	B/(W) Yr/Yr
Revenue	\$15.8	4%
Americas	\$8.0	(1%)
Europe/ME/Africa	\$4.7	3%
Asia Pacific	\$3.1	17%

Operating P&L highlights \$	2Q24	B/(W) Yr/Yr
Gross profit	\$9.1	5%
Expense	\$6.3	(1%)
Pre-tax income	\$2.8	17%
Net income	\$2.3	14%
Earnings per share	\$2.43	11%

Adjusted EBITDA	\$4.0	10%
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Operating P&L highlights %	2Q24	B/(W) Yr/Yr
Gross profit margin	57.8%	1.9 pts
Expense E/R	40.1%	0.3 pts
Pre-tax income margin	17.7%	2.2 pts
Net income margin	14.4%	1.5 pts
Tax rate	18.5%	(2.1 pts)

Adjusted EBITDA performance

	QTD 2Q24	Yr/Yr	YTD 2Q24	Yr/Yr
Operating (non-GAAP) pre-tax income from continuing operations	\$2.8	\$0.4	\$4.4	\$0.6
Net interest expense	\$0.2	(\$0.0)	\$0.4	\$0.0
Depreciation/Amortization of non-acquired intangible assets	\$0.7	\$0.0	\$1.4	\$0.0
Stock-based compensation	\$0.3	\$0.0	\$0.6	\$0.1
Workforce rebalancing charges	\$0.0	(\$0.1)	\$0.4	\$0.0
Corporate (gains) and charges*	(\$0.0)	\$0.0	(\$0.2)	(\$0.2)
Adjusted EBITDA	\$4.0	\$0.4	\$7.1	\$0.5

\$ in billions

*Corporate (gains) and charges primarily consists of unique corporate actions such as gains on divestitures

Cash flow and balance sheet highlights

Cash flow	2Q24 YTD	Yr/Yr
Net cash from operations*	\$5.3	\$0.9
Free cash flow**	\$4.5	\$1.1

Select uses of cash	2Q24 YTD	Yr/Yr
Net capital expenditures	\$0.8	(\$0.2)
Acquisitions	\$0.2	(\$0.1)
Dividends	\$3.1	\$0.1

Balance sheet	Jun 24	Dec 23	Jun 23
Cash & marketable securities	\$16.0	\$13.5	\$16.3
Total debt	\$56.5	\$56.5	\$57.5

Select debt measures	Jun 24	Dec 23	Jun 23
IBM Financing debt	\$11.1	\$11.9	\$10.6
Core (non-IBM Financing) debt	\$45.4	\$44.7	\$46.9

\$ 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 \$	1Q24	Yr/Yr	2Q24	Yr/Yr	Spot assumed	3Q24	4Q24	FY24
Euro	0.92	1%	0.93	(1%)	0.92	0%	1%	0%
Pound	0.79	4%	0.79	1%	0.77	2%	4%	3%
Yen	148	(12%)	156	(14%)	156	(8%)	(6%)	(10%)
Revenue impact, future @assumed Spot				(2 pts)		~(1.5 pts)	~(1 pts)	(1-2 pts)
<i>Prior view</i>				~(2.5 pts)		(1.5-2 pts)	(1-1.5 pts)	(1.5-2 pts)
			US \$B	Yr/Yr				
Revenue as reported			\$15.8	1.9%				
Currency impact			(\$0.3)	(2 pts)				
Revenue @CC				3.8%				

Software & Infrastructure segment details

Software segment	2Q24	B/(W) Yr/Yr
Revenue	\$6.7	8%
Hybrid Platform & Solutions	\$4.6	6%
Red Hat		8%
Automation		16%
Data & AI		(2%)
Security		3%
Transaction Processing	\$2.2	13%
Segment profit	\$2.1	21%
Segment profit margin	31.3%	3.6 pts
Annual recurring revenue*	\$14.1	9%

Infrastructure segment	2Q24	B/(W) Yr/Yr
Revenue	\$3.6	3%
Hybrid Infrastructure	\$2.4	6%
IBM Z		8%
Distributed Infrastructure		5%
Infrastructure Support	\$1.3	(3%)
Segment profit	\$0.7	(11%)
Segment profit margin	17.9%	(2.3 pts)

Revenue growth rates @CC, \$ in billions

*Annual recurring revenue for Hybrid Platform & Solutions, growth rate @CC

Consulting segment details

Consulting segment	2Q24	B/(W) Yr/Yr
Revenue	\$5.2	2%
Business Transformation	\$2.4	6%
Technology Consulting	\$0.9	1%
Application Operations	\$1.9	(2%)
Gross profit margin	26.3%	0.4 pts
Segment profit	\$0.5	(4%)
Segment profit margin	8.9%	(0.3 pts)
Signings	\$5.7	(2%)
Book-to-bill ratio (TTM)	>1.15	

Expense summary

Expense	2Q24	B/(W) Yr/Yr	Currency	Acq/ Divest*	Base**
Operating expense & other income	\$6.3	(1%)	1 pts	(1 pts)	(1 pts)
<i>impact of workforce rebalancing</i>	\$0.0	2 pts			
SG&A – operating	\$4.7	Flat	1 pts	(1 pts)	0 pts
<i>impact of workforce rebalancing</i>	\$0.0	2 pts			
RD&E	\$1.8	(9%)	0 pts	0 pts	(9 pts)
IP and custom development income	(\$0.2)	(3%)			
Other (income)/expense - operating	(\$0.3)	33%			
Interest expense	\$0.4	(1%)			

\$ in billions

*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

	Jun 24	Dec 23	Jun 23
Cash & marketable securities	\$16.0	\$13.5	\$16.3
Core (non-IBM Financing) assets*	\$105.3	\$107.9	\$103.4
IBM Financing assets	\$12.5	\$13.9	\$12.5
Total assets	\$133.8	\$135.2	\$132.2
Other liabilities	\$53.2	\$56.1	\$52.5
Core (non-IBM Financing) debt*	\$45.4	\$44.7	\$46.9
IBM Financing debt	\$11.1	\$11.9	\$10.6
Total debt	\$56.5	\$56.5	\$57.5
Total liabilities	\$109.7	\$112.6	\$109.9
Equity	\$24.1	\$22.6	\$22.3

\$ in billions

*includes eliminations of inter-company activity

Cash flow summary

	QTD 2Q24	B/(W) Yr/Yr	YTD 2Q24	B/(W) Yr/Yr
Net cash from operations	\$2.1	(\$0.6)	\$6.2	(\$0.2)
Less: IBM Financing receivables	(\$0.9)	(\$1.0)	\$1.0	(\$1.1)
Net cash from operations (excluding IBM Financing receivables)	\$3.0	\$0.4	\$5.3	\$0.9
Net capital expenditures	(\$0.4)	\$0.1	(\$0.8)	\$0.2
Free cash flow (excluding IBM Financing receivables)	\$2.6	\$0.5	\$4.5	\$1.1
Acquisitions	(\$0.2)	\$0.2	(\$0.2)	\$0.1
Divestitures	-	(\$0.0)	\$0.7	\$0.7
Dividends	(\$1.5)	(\$0.0)	(\$3.1)	(\$0.1)
Non-IBM Financing debt	(\$4.2)	(\$3.0)	\$1.1	(\$7.4)
Other (includes IBM Financing net A/R & IBM Financing debt)	(\$0.1)	\$0.3	(\$0.5)	\$0.6
Change in cash & marketable securities	(\$3.3)	(\$2.1)	\$2.5	(\$5.0)

Cash flow (ASC230)

	QTD 2Q24	QTD 2Q23	YTD 2Q24	YTD 2Q23
Net income from operations	\$1.8	\$1.6	\$3.4	\$2.5
Depreciation / amortization of intangibles	\$1.2	\$1.1	\$2.3	\$2.2
Stock-based compensation	\$0.3	\$0.3	\$0.6	\$0.6
Operating assets and liabilities / other, net	(\$0.3)	(\$0.4)	(\$1.1)	(\$0.8)
IBM Financing A/R	(\$0.9)	\$0.1	\$1.0	\$2.0
Net cash provided by operating activities	\$2.1	\$2.6	\$6.2	\$6.4
Capital expenditures, net of payments & proceeds	(\$0.4)	(\$0.5)	(\$0.8)	(\$0.9)
Divestitures, net of cash transferred	-	\$0.0	\$0.7	\$0.0
Acquisitions, net of cash acquired	(\$0.2)	(\$0.3)	(\$0.2)	(\$0.4)
Marketable securities / other investments, net	\$2.8	\$0.8	(\$1.7)	(\$6.7)
Net cash provided by/(used in) investing activities	\$2.2	\$0.0	(\$2.0)	(\$8.0)
Debt, net of payments & proceeds	(\$2.9)	(\$1.1)	\$0.5	\$6.2
Dividends	(\$1.5)	(\$1.5)	(\$3.1)	(\$3.0)
Financing - other	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.2)
Net cash provided by/(used in) financing activities	(\$4.5)	(\$2.7)	(\$2.6)	\$3.0
Effect of exchange rate changes on cash	(\$0.1)	(\$0.0)	(\$0.2)	(\$0.0)
Net change in cash, cash equivalents & restricted cash	(\$0.3)	(\$0.1)	\$1.4	\$1.4

\$ in billions

Software segment categories

Revenue categories

Hybrid Platform & Solutions

Software, infused with AI, to help clients operate, manage, and optimize their IT resources and business processes within hybrid, multi-cloud environments:

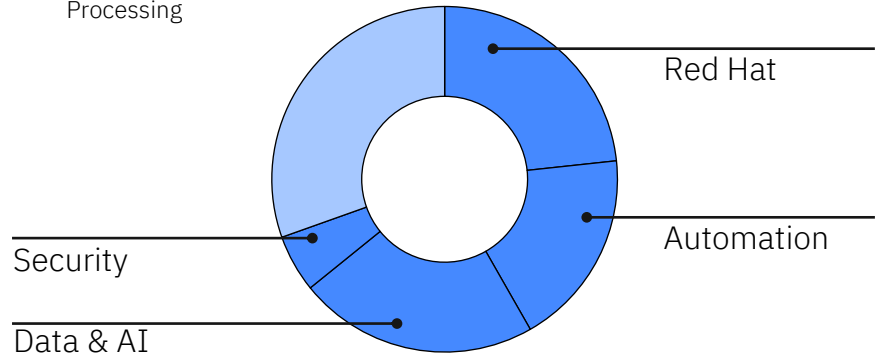
- Red Hat: incl. RHEL, OpenShift, Ansible
- Automation: incl. business automation, AIOps and management, integration, and application servers
- Data & AI: incl. data fabric, customer care, data management, business analytics, dataops & governance, asset & supply chain management, and information exchange
- Security: incl. software for threat, data and identity

Transaction Processing

Software that supports clients' mission-critical on-premise workloads in industries such as banking, airlines and retail incl. transaction processing software such as Customer Information Control System and storage software, and analytics and integration software running on IBM operating systems (e.g., DB2 and WebSphere running on z/OS).

Revenue categories – FY 2023

- Hybrid Platform & Solutions
- Transaction Processing



Consulting segment categories

Revenue categories

Business Transformation

Strategy, process design, system implementation and operations services to improve and transform key business processes.

Deploys AI and automation in business processes to exploit the value of data and includes an ecosystem of partners alongside IBM technology, including strategic partnerships with Adobe, Oracle, Salesforce and SAP, among others.

Technology Consulting

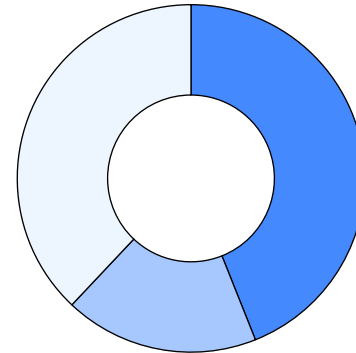
Skills to architect and implement solutions across cloud platforms, including Amazon, Microsoft and IBM, and strategies to transform the enterprise experience and enable innovation, including transformation using AI with watsonx and application modernization for hybrid cloud with Red Hat OpenShift.

Application Operations

Manages, optimizes, orchestrates and secures custom applications and ISV packages for clients. Provides application management, platform engineering, and security services across hybrid cloud environments.

Revenue categories – FY 2023

- Business Transformation
- Technology Consulting
- Application Operations



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:

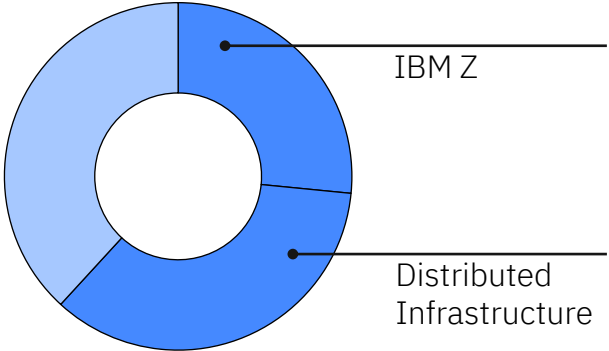
- IBM Z: incl. hardware and operating system
- Distributed Infrastructure: incl. Power hardware and operating system, storage hardware, IBM Cloud IaaS, OEM asset recovery service

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 2023

- Hybrid Infrastructure
- Infrastructure Support



Non-GAAP supplemental materials

Reconciliation of revenue performance – 2Q 2024

	2Q24 Yr/Yr	
	GAAP	@CC
Total revenue	2%	4%
Americas	(1%)	(1%)
Europe/ME/Africa	3%	3%
Asia Pacific	9%	17%

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 July 24, 2024, for additional information on the use of these non-GAAP financial measures.

Non-GAAP supplemental materials

Reconciliation of segment revenue performance – 2Q 2024

	2Q24 Yr/Yr			2Q24 Yr/Yr	
	GAAP	@CC		GAAP	@CC
Software	7%	8%	Consulting	(1%)	2%
Hybrid Platform & Solutions	5%	6%	Business Transformation	3%	6%
Red Hat	7%	8%	Technology Consulting	(3%)	1%
Automation	15%	16%	Application Operations	(4%)	(2%)
Data & AI	(3%)	(2%)			
Security	2%	3%	Infrastructure	1%	3%
Transaction Processing	11%	13%	Hybrid Infrastructure	4%	6%
			IBM Z	6%	8%
			Distributed Infrastructure	3%	5%
			Infrastructure Support	(5%)	(3%)

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 July 24, 2024, for additional information on the use of these non-GAAP financial measures.

Non-GAAP supplemental materials

Reconciliation of expense summary – 2Q 2024

		2Q24	
	GAAP	Non-GAAP adjustments	Operating (non-GAAP)
SG&A			
Currency	1 pts	0 pts	1 pts
Acquisitions/divestitures	(1 pts)	0 pts	(1 pts)
Base*	(1 pts)	1 pts	0 pts
RD&E			
Currency	0 pts	0 pts	0 pts
Acquisitions/divestitures	0 pts	0 pts	0 pts
Base*	(9 pts)	0 pts	(9 pts)
Operating expense & other income			
Currency	0 pts	0 pts	1 pts
Acquisitions/divestitures	(1 pts)	0 pts	(1 pts)
Base*	(3 pts)	2 pts	(1 pts)

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

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 July 24, 2024, for additional information on the use of these non-GAAP financial measures.

Non-GAAP supplemental materials

Reconciliation of continuing operations – 2Q 2024

		2Q24			
	GAAP	Acquisition- related adjustments	Retirement- related adjustments	Tax reform impacts	Operating (non-GAAP)
Gross profit	\$8,950	\$170	—	—	\$9,120
Gross profit margin	56.8%	1.1 pts	—	—	57.8%
SG&A	4,938	(286)	—	—	4,651
Other (income) & expense	(233)	(18)	(98)	—	(349)
Total expense	6,730	(304)	(98)	—	6,328
Pre-tax income	2,219	474	98	—	2,792
Pre-tax income margin	14.1%	3.0 pts	0.6 pts	—	17.7%
Tax rate	17.5%	1.1 pts	0.3 pts	(0.4 pts)	18.5%
Net income	1,830	362	72	12	2,275
Net income margin	11.6%	2.3 pts	0.5 pts	0.1 pts	14.4%
Earnings per share	\$1.96	\$0.39	\$0.08	\$0.01	\$2.43

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

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 July 24, 2024, 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		YTD	
	2Q24	Yr/Yr	2Q24	Yr/Yr
Net income as reported (GAAP)	\$1.8	\$0.3	\$3.4	\$0.9
Less: Income/(loss) from discontinued operations, net of tax	\$0.0	\$0.0	\$0.0	\$0.0
Income from continuing operations	\$1.8	\$0.2	\$3.4	\$0.9
Provision for/(Benefit from) income taxes from continuing operations	\$0.4	(\$0.0)	(\$0.1)	(\$0.7)
Pre-tax income from continuing operations (GAAP)	\$2.2	\$0.2	\$3.3	\$0.2
Non-operating adjustments (before tax)				
Acquisition-related charges*	\$0.5	\$0.1	\$1.0	\$0.2
Non-operating retirement-related costs/(income)	\$0.1	\$0.1	\$0.2	\$0.2
Operating (non-GAAP) pre-tax income from continuing operations	\$2.8	\$0.4	\$4.4	\$0.6
Net interest expense	\$0.2	(\$0.0)	\$0.4	\$0.0
Depreciation/Amortization of non-acquired intangible assets	\$0.7	\$0.0	\$1.4	\$0.0
Stock-based compensation	\$0.3	\$0.0	\$0.6	\$0.1
Workforce rebalancing charges	\$0.0	(\$0.1)	\$0.4	\$0.0
Corporate (gains) and charges**	(\$0.0)	\$0.0	(\$0.2)	(\$0.2)
Adjusted EBITDA	\$4.0	\$0.4	\$7.1	\$0.5

\$ in billions

*Primarily consists of amortization of acquired intangible assets

**Corporate (gains) and charges primarily consists of unique corporate actions such as gains on divestitures

The above reconciles the non-GAAP financial information contained in the "Revenue and P&L highlights", "Prepared remarks" and "Adjusted EBITDA performance" discussions in the company's earnings presentation. See Exhibit 99.2 included in the company's Form 8-K dated July 24, 2024, 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 2Q24	QTD 2Q23	YTD 2Q24	YTD 2Q23
Net cash provided by operating activities	\$2.1	\$2.6	\$6.2	\$6.4
Add:				
Net interest expense	\$0.2	\$0.2	\$0.4	\$0.4
Provision for/(Benefit from) income taxes from continuing operations	\$0.4	\$0.4	(\$0.1)	\$0.5
Less change in:				
Financing receivables	(\$0.9)	\$0.1	\$1.0	\$2.0
Other assets and liabilities/other, net*	(\$0.4)	(\$0.5)	(\$1.5)	(\$1.2)
Adjusted EBITDA	\$4.0	\$3.7	\$7.1	\$6.5

\$ 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 July 24, 2024, for additional information on the use of these non-GAAP financial measures.

Non-GAAP supplemental materials

Reconciliation of tax rate and Pre-tax income margin – FY 2024 expectations

Tax rate	GAAP	Operating (Non-GAAP)
Full-Year 2024*	Mid-to-High Single Digits	Mid Teens

Pre-tax income margin	GAAP B/(W)	Operating (non-GAAP) B/(W)
Pre-tax income margin Yr/Yr	Flat	>0.5 pts

*Includes estimated discrete tax events for the year, actual events will be recorded as they occur

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 July 24, 2024, for additional information on the use of these non-GAAP financial measures.

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