

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kyndryl Danmark ApS for the financial year 1 April 2023 - 31 March 2024.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Brøndby, 23 October 2024
Executive Board:

.....
Tina Grøn Esbech
Man. director

.....
Jesper Nikolaj Fogt
Director

.....
Jimmy Bruhn Hansen
Director

.....
Søren Vendel Hansen
Director

Board of Directors:

.....
Erik Rykind-Blarke
Chairman

.....
Søren Aaberg Iversen

.....
Alan Ejlerskov

.....
Kristina Tønners

.....
Isidora Gagovic

Independent auditor's report

To the shareholder of Kyndryl Danmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2024, and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Kyndryl Danmark ApS for the financial year 1 April 2023 - 31 March 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Copenhagen, 23 October 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Brian Christiansen
State Authorised Public Accountant
mne23371

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

Management's review

Financial highlights

DKK'000	2023/24 12 months	2023 3 months	2022 12 months	2021 12 months
Key figures				
Revenue	1,568,008	416,989	1,787,238	1,731,556
Gross profit	550,320	139,832	651,352	699,520
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	97,565	15,275	177,080	233,237
Operating profit/loss	-53,558	-22,164	5,866	14,978
Net financials	3,900	-1,071	1,738	-9,888
Profit/loss before tax	-47,613	-23,265	7,604	5,090
Profit/loss for the year	-52,629	-18,554	-80,540	3,397
Balance sheet				
Total assets	1,034,880	1,099,654	1,167,418	1,354,761
Investments in property, plant and equipment	37,396	2,196	83,547	106,529
Equity	662,259	750,875	769,429	849,969
Financial ratios				
Operating margin	-3.3%	-5.3%	0.3%	0.9%
Gross margin	35.1%	33.5%	36.4%	40.4%
EBITDA-margin	6.2%	3.7%	9.9%	13.5%
Return on assets	-5.0%	-2.0%	0.5%	1.1%
Equity ratio	64.0%	68.3%	65.9%	62.7%
Return on equity	-7.4%	-2.4%	-9.9%	0.4%
Employees				
Average number of full-time employees	386	430	445	442

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
Operating margin	$\frac{\text{Operating profit/loss (EBIT)}}{\text{Revenue}} \times 100$
Gross margin	$\frac{\text{Gross profit/loss}}{\text{Revenue}} \times 100$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)}}{\text{Revenue}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss after tax}}{\text{Average equity}} \times 100$

Management's review

Non-financial risks

Kyndryl Danmark is not exposed to any risk beyond the normal business risk within the industry.

Anti-corruption and bribery

There have been no cases identified for Kyndryl Danmark during the fiscal period Apr'23 to Mar'24. Please see section "Operating Ethically & Safely" for more details on the topic.

Recognition

The Board of Directors recognizes the great efforts of Kyndryl Danmark's employees. We also thank our customers for the trust they have placed in Kyndryl Danmark. We look forward to continuing our good cooperation in the years to follow.

Financial risks and use of financial instruments

Part of the cost that Kyndryl incurs is charged in a foreign currency. The majority of Kyndryl clients are invoiced in local currency.

Statutory CSR report

Statement of corporate responsibility, cf. §99a - Sustainability and CSR

At Kyndryl, we are powering human progress to drive success in our business, and we apply this same principle to how we approach our Environmental, Social, and Governance (ESG) strategy. In the reporting period, starting April 1, 2023 and ending March 31, 2024, we have continued to focus on promoting policies, programs and practices that motivate people, embedding ESG best practices into our operations and culture. We believe that by ensuring our business operations align to positive outcomes for society and the environment, we can create a more sustainable future for all. As our business continues to grow and develop, we aspire to continue to scale our ESG impact through the strong foundation we have already laid in our first full fiscal year.

Kyndryl's Business Model

From its inception, Kyndryl has maintained an intense focus on reimagining and redefining what it means to be a managed technology services company. We design, build, manage and modernize the mission-critical systems that the world depends on every day. As we navigate an ever-changing global economy that poses new and complex challenges for our customers, our communities, and the planet, we recognize our responsibility to foster sustainable practices, support our people and our communities, and uphold ethical governance. As a purpose-driven company, we are proudly committed to operating at the heart of progress, where innovation, environmental stewardship and social impact converge.

We provide advisory, implementation and managed services in and across a range of technology domains to help our customers manage and modernize enterprise IT environments in support of their business and transformation objectives.

Kyndryl utilizes a flexible labor and delivery model with a balanced mix of global and local talent as needed to meet customer-specific needs, regulatory requirements and data protection and labor laws. We partner with broader ecosystems, including a wide range of hyperscale cloud providers, system integrators, independent software vendors and technology vendors from startups to market leaders.

Management's review

Kyndryl's Materiality Assessment

Kyndryl worked with third-party experts to conduct a materiality assessment which provides an important framework to identify the societal and environmental issues most material for our company and our stakeholders. Understanding the environmental, social, and economic intersections with Kyndryl's business is essential to ensuring that we continue to focus on what matters to our business, stakeholders, and society.

Kyndryl is mapping the environmental, social and governance issues most relevant to our company, as it relates to both potential risks to our business and impact on society. We are leveraging these outputs as we develop our Sustainability and CSR commitments to ensure our goals are aligned with the issue areas where we have an opportunity to make a positive impact. The analysis prioritizes the identified issues of interest according to their relevance both for stakeholders and for Kyndryl's strategy. <https://www.kyndryl.com/gb/en/about-us/corporate-responsibility>

ESG Governance and Risk Management

Kyndryl has a strong commitment to ESG and has established an ESG Executive Committee that meets regularly to address ESG issues and ensure progress against our goals. The ESG Executive Committee oversees the working groups dedicated to each of the three ESG domains. The ESG Executive Committee is a cross-functional team comprised of senior management executives across the finance, human resources, legal, operations, sustainability, and corporate affairs functions to ensure that all Kyndryl's internal stakeholders are represented in our key ESG initiatives and policies. Each of the three working groups has an executive sponsor from Kyndryl's C-suite and a designated leader from senior management. Furthermore, the Kyndryl Board of Directors act as an independent committee overseeing our ESG strategy.

In addition to the ESG Executive Committee and Board oversight of ESG issues, Kyndryl's Enterprise Risk Management (ERM) includes ESG risk mitigation. ERM also addresses aspects coming from other management systems, such as those related to occupational health and safety or business continuity, and issues related to cybersecurity, financial or human resource management.

Powering progress for the environment

Accelerating toward a sustainable future

As the world's leading provider of IT infrastructure services, we acknowledge our environmental impact and our responsibility to promote sustainable practices. We are committed to reducing our greenhouse gas (GHG) emissions and achieving our environmental goals. We're also continuously innovating, designing and delivering sustainability services to assist our customers in achieving their own environmental goals. We believe our abilities are a competitive advantage, particularly as our customers and partners develop their own sustainability strategies.

Kyndryl's Environmental Sustainability Policy (https://www.kyndryl.com/content/dam/kyndrylprogram/cs_ar_as/kyndryl_corporate_policy_139_environmental_sustainability.pdf) outlines our commitment to become a sustainability leader across our business activities and services as we drive positive environmental impact at scale. Our environmental sustainability program is centered on four strategic priorities that are in line with the United Nations Sustainable Development Goals (SDGs), as well as our business objectives and stakeholders' expectations.

Our sustainability priorities:

- Manage climate risk and environmental operational efficiency
- Manage system performance and regulatory compliance
- Be a preferred service provider
- Drive market differentiation

Management's review

GHG inventory, metrics and progress

Last year, in our first full fiscal year as an independent company, we worked to establish our GHG emissions baseline. Since then, we've made important progress toward our emissions reduction goals.

Our GHG and environmental data is collected through software tools that enable effective tracking, measuring and calculating to help us identify trends and opportunities for improvement. We continue to follow best practices aligned with the GHG Protocol and our inventory includes scope 1, 2 and applicable scope 3 emissions associated with carbon dioxide, methane, nitrous oxide and hydrofluorocarbons (Emissions related to other GHGs were not emitted in Kyndryl business operations). To ensure the accuracy and integrity of our reporting, Kyndryl Global engaged a third-party to perform a limited assurance engagement on our scope 1 and 2 GHG emissions metrics. Our 2023 third-party assured scope 3 emissions serve as an estimate for 2024 emissions disclosures across all categories applicable to Kyndryl. We are updating our methodologies based on best practices and lessons learned from our first year of emissions calculations. We are committed to high standards of data accuracy and plan to share our third-party assured fiscal 2024 scope 3 emissions data, as well as any accuracy restatements, by the end of fiscal 2025 (March 31, 2025).

Our path to net-zero

As we developed our net-zero goal, Kyndryl designed an emissions reduction plan and an integrated financial and emissions model that, together, detail the steps and actions needed to reach our goals. Our emissions reduction plan focuses on our internal emissions, primarily from our datacenter operations, as well as our value chain emissions. We continue to update and review this model and our GHG management program to best support our efforts.

To accelerate progress toward our 2030 emissions reduction goals and achieve our 2040 net-zero goal, we are:

Executing our datacenter transformation strategy

As Kyndryl consolidates our legacy datacenters, we are moving IT workloads to more modern and efficient locations that include cloud providers. This benefits both our customers and our business, as these datacenters are more energy efficient and use higher percentages of renewable energy. When considering datacenters to potentially migrate to, we include energy efficiency and renewable energy use as part of our site criteria considerations.

Improving energy efficiency

We are increasing energy efficiency at the locations we operate through IT equipment modernization and refreshing, as well as consolidation and virtualization of IT workloads. We are also implementing cooling and airflow efficiency projects through AI and automation. In fiscal 2024, Kyndryl Global achieved nearly 19,000 MWh of energy efficiency savings, resulting in savings of approximately \$2.6 million.

Additionally, as part of our commitment to both utilizing current technology and reducing our carbon footprint, we have worked to retire, consolidate and replace older, energy intensive mainframes with newer, more energy efficient technology in our datacenters. This helps us meet our environmental goals while improving infrastructure environments for our customers. For Kyndryl Global the approximate carbon savings achieved from our upgrades is 3,500 mtCO₂e, equivalent to over 800 gasoline-powered passenger vehicles driven for one year.

Kyndryl has established one of the largest datacenter portfolios accepted into the EU Code of Conduct for Energy Efficiency in Data Centres (EU CoC) (<https://e3p.jrc.ec.europa.eu/communities/data-centres-code-conduct>). This voluntary initiative was launched in 2008 with the goal of improving datacenter energy efficiency as the sector's energy consumption grows. The guidelines outlined in the EU CoC form the basis of the regulatory requirements of the EU's Energy Efficiency Directive, exemplifying Kyndryl's early commitment to this space. For our datacenters accepted into the initiative—which span across and beyond the EU—we calculated a weighted average power usage effectiveness (PUE) of 1.7 in fiscal 2024. Overall, our datacenters had a weighted average PUE of 1.8 in fiscal 2024.

Kyndryl Denmark

Both our datacenters in Ballerup and Brøndby are participants to the EU CoC. Through energy efficiency projects (CRAC unit optimization), we realized a total of 28,185 kWh of energy savings for FY24.

Management's review

Procuring our purchased electricity from renewable sources

We strive to ensure the responsible use of energy throughout our business by giving preference to renewable energy sources when possible. In fiscal 2024, 51% of Kyndryl Globals purchased electricity came from renewable sources. We are managing our renewable energy procurement to meet our goal of obtaining 100% of our purchased electricity from renewable sources by 2030. The determination of our renewable energy sources and percentage is aligned with guidance from RE100, which is considered an industry best practice.

Kyndryl Denmark

		FY2023 *	FY2024 **
Renewable Energy Usage (%)			
Datacenter Ballerup	▾	100% ▾	100%
Datacenter Brøndby	▾	100% ▾	100%

* FY2023 covers the period from April 1 2022 to March 31 2023
** FY2024 covers the period from April 1 2023 to March 31 2024

Engaging our supply chain

Like many of our peers, scope 3 comprises the largest percentage of our GHG emissions. As outlined in more detail in the section on managing the environmental and social impacts of our supply chain, Kyndryl has identified the suppliers that contribute significantly to our scope 3 category 1 and 2 emissions. In fiscal 2024, Kyndryl Global engaged with 90% of these high-impact suppliers to share our emissions reduction strategy.

Addressing employee commute emissions

Kyndryl conducted an employee engagement survey in the beginning of 2024 to improve the source of our data related to employee commutes. We are working to understand how and where future actions can be implemented to reduce commute-based emissions.

As we progress into fiscal 2025, we continue to improve efforts to track, measure and calculate our GHG emissions and further identify reduction opportunities in collaboration with our stakeholders. We are committed to working toward our 2030 emissions reduction targets and 2040 net-zero goal.

Kyndryl Denmark

	GHG Emissions (kg CO2e)	Total market-based emissions (kg CO2e)	Intensity (kg CO2e/employee)
Scope 1	251,116		
Scope 2	1,468,327	9,979,443	30,706
Scope 3	8,260,000		

Managing our waste

Kyndryl is committed to managing our waste and promoting a circular economy to reduce our environmental impact. We strive to reduce waste at our sites, and we work with suppliers and vendors to promote responsible waste management. This demonstrates our commitment to environmental stewardship as we optimize resources, reduce costs, lower GHG emissions and meet customer expectations and regulatory requirements. We acknowledge the risks of improper waste management, including adverse health and environmental effects, increased emissions from excess waste in landfills and combustion facilities, and potential regulatory consequences.

Our waste primarily comes from facility management at our datacenters and offices, and electronic waste (e-waste) from managing IT assets. We are focused on minimizing these waste sources and sharing our progress.

Management's review

Our waste management strategy

Kyndryl manages our waste challenges and opportunities by prioritizing strategic management practices, listed in order of preference as: prevention, reuse, recycling, recovery, other treatment options and land disposal. We manage our waste in accordance with internal corporate environmental standards and instructions that define our waste hierarchy and the expectations for waste reduction, reuse, recycling and disposal. We also outline the criteria and process for selecting and evaluating our suppliers and vendors that handle our waste.

We have strict waste compliance requirements and management processes at all operated sites. For each site, we develop plans that are reviewed and modified annually to prevent waste and ensure proper management. Kyndryls and vendors receive relevant training.

We also engage with our suppliers and vendors to responsibly handle our waste. We conduct due diligence, including questionnaires and desktop reviews of supporting documentation, such as permits, compliance history, insurance and environmental standards. In addition, Kyndryl works with a service provider to meet Europe's Extended Producer Responsibility compliance requirements.

Kyndryl's Green Guild program brings together over 200 employees who work with Kyndryl offerings as well as our alliance partners to co-create and innovate sustainable solutions for our customers. These include solutions related to sustainable data centers, cloud migration, and digitizing the workplace.

We strive to continuously improve our processes and procedures for waste reduction and diversion, with a focus on responsible media destruction and nonhazardous waste.

Tracking our progress

In 2023, we shared our goal to divert 100% of our IT e-waste from landfills by 2030. For fiscal 2024, our diversion rate of IT e-waste from landfills was 99.99%(11 kilograms), compared to 99.97%(569 kilograms) in fiscal 2023 (IT e-waste diversion rate for fiscal 2023 has been updated to ensure all data was properly captured in diversion rate from landfills).

Kyndryl has a cross-functional process to address IT e-waste from our datacenter operations and work devices used by employees. This includes an internal evaluation process to customize solutions for our customers and maximize existing capacity in datacenters. Because we aim to reuse, recycle or recover most IT e-waste and avoid disposal, we assess IT assets for internal reuse and resale. If an IT asset cannot be reused or resold, we work with our scrap suppliers to properly dispose of the waste.

To ensure the accuracy and integrity of our reporting, we engaged a third-party to perform a limited assurance engagement on our reporting waste metrics. Full data on Kyndryl's waste management for fiscal 2024 can be found in our Environment and People Data Book, along with our methodology and letter of assurance.

Kyndryl Denmark

	FY2023 *	FY2024 **
Waste Generated Actuals (kgs)		
Non-Hazardous Waste (NHW)	60.429	41.575
Hazardous Waste (HW)	3.825	47.982
PELM NHW	70.288	160.124
PELM HW	72	157
Total NHW Generated	130.717	201.699
Total HW Generated	3.897	48.139

* FY2023 covers the period from April 1 2022 to March 31 2023
** FY2024 covers the period from April 1 2023 to March 31 2024

(PELM = Product End-of-Life Management)

Management's review

Our commitment to biodiversity

We have a minimal direct impact on biodiversity, and we have not deemed it to be a material topic. However, we acknowledge the importance of biodiversity and the significant connection between climate and nature. We are taking important steps to determine how we can help protect and restore nature, including conducting a data-centric biodiversity assessment of Kyndryl owned, leased and serviced locations using the Integrated Biodiversity Assessment Tool (IBAT).

As part of our commitment to promote biodiversity, we are also collaborating with the Complutense University of Madrid to create a data-driven, AI-infused decision tool for reforestation and ecosystem restoration, called ReforestAI. This project has been recognized with the 100 Best Ideas award from El Mundo's Actualidad Económica.

Managing system performance and regulatory compliance

Kyndryl's strategic priorities include building and reporting our progress using frameworks and disclosures, such as:

- Sustainability Accounting Standard Board (SASB) Software-IT-Services-Standard
- Taskforce on Climate-related Financial Disclosures (TCFD)
- Global Reporting Initiative (GRI) Standards 2021
- CDP (formerly Carbon Disclosure Project)

These disclosures are available in Kyndryl's Corporate Citizenship Non-Financial Reporting Hub.

Operationalizing our sustainability commitments

To responsibly and proactively manage our environmental, energy and climate impacts, Kyndryl has implemented our global Environmental and Energy Management System (E&EnMS) to assess the full scope of our operations and activities.

We built our E&EnMS holistically and in collaboration with teams across the company to focus on our significant environmental aspects and energy uses.

Our significant environmental aspects include air emissions, energy management, water management (specifically in water stressed areas), unplanned releases, chemical management, hazardous materials transportation, hazardous waste management, product end-of-life management, non-hazardous waste management, and procurement of parts, products, and services.

We provide information regarding our E&EnMS to interested parties through resources such as training sessions, Kyndryl's internal communications hub and various other communications. In fiscal 2024, we achieved a significant milestone by completing internal and external audits of our E&EnMS. The external audits resulted in a global certification for our E&EnMS by an independent certifying body, assuring that our system conforms with the International Organization for Standardization (ISO) 14001 and 50001 standards. This achievement demonstrates our leadership in environmental and energy management.

Compliance and regulations

We are focused on providing resources and programs to enable compliance with applicable environmental, social and governance laws, regulations and permits. We are monitoring, reporting where required, and in compliance with current environmental and other corporate citizenship non-financial reporting requirements. Refer to the section on regulatory readiness for more details.

The latest Kyndryl Global ESG report is available on <https://www.kyndryl.com/us/en/about-us/corporate-responsibility>.

Management's review

Our People & Community: Statement on Corporate Social Responsibility

Our Commitment to Our Community

Kyndryl is focused on supporting our employees and the communities where we live and work. Our Corporate Social Responsibility (CSR) strategy guides our employee and community engagement programming. We align our impact to United Nations Sustainable Development Goals (UN SDGs (Sustainable Development Goals)) and our CSR strategy is centered around three focus areas to drive focused impact: Future Forward Education, Climate Action, and Inclusive Economies. In the period Apr 1, 2023 – March 31, 2024, we have continued to scale the adoption of our employee engagement platform that allows all global employees to volunteer or donate to non-profits and focus on making impact across our three focus areas. Kyndryl's are registering hours on our employee engagement platform (Deed) and we continued these activities in the reporting period with focus on Climate Action. In the reporting period a Volunteering Day was held where Kyndryl's went out in the surroundings of our office locations and collected garbage. We plan to continue these activities in 2024/2025 with focus on Climate Action and Future forward Education Volunteering Days.

In addition to our employee engagement platform, we have globally also partnered with non-profits to expand our positive impact. In Denmark we collaborated with Naturfredningsforeningen in the above-mentioned Climate Action activity. You can read more about all our Global programs and partnerships and our results on our Corporate Social Responsibility website on Kyndryl.com: <https://www.kyndryl.com/us/en/about-us/corporate-responsibility>.

Kyndryl Denmark operates under Kyndryl's Global Health and Safety Management System, which encompasses policies, procedures, and practices designed to prevent and mitigate injury and illness risks. Our resources and procedures, including the Hazard Identification, Risk Assessment, and Control tool, ensure local compliance with high corporate standards for health and safety. These resources are integral to our commitment to maintaining a safe and healthy work environment. Notably, from April 2023 to March 2024, Kyndryl Denmark recorded zero occupational injuries.

The well-being of our employees is not a secondary benefit but a primary priority and strategic focus for Kyndryl. We have a dedicated team of professionals, including doctors and psychologists, who design procedures and programs to support the holistic well-being of our employees. In January 2024, we implemented the Kyndryl Be Well Strategy, focusing on the mental, physical, social, and financial well-being of our employees and the introduction of new programs and offerings. As part of this strategy, starting in Spring 2024, all our employees worldwide, including those at Kyndryl Denmark, will be covered by our employee assistance program, Kyndryl Be Well Services. This program will provide 24/7 support for employees and their family members, including crisis psycho-social support, clinical psychologists, legal advice, financial advice, life coaching, wellness coaching, family advice, and work-life services, among other services related to their holistic well-being and health. These services will be fully confidential and free of charge for all Kyndryl employees and their family members. Kyndryl Be Well Services are the cornerstone of our commitment to enhancing our employees' mental, physical, social, and financial well-being in a preventive and proactive manner.

Additionally, during this fiscal year, we have collaborated with Danica Health Insurance to promote awareness of all the preventive programs available to Kyndryl Denmark employees. This collaboration aims to increase utilization and support our employees in early identification and adopting a preventive mindset and approach. Recognizing that a sedentary work life poses a significant health risk in our industry, we actively work with our occupational health service provider on ergonomic reviews and our well-being team on monthly awareness campaigns that address the prevention of the most common health risks in the industry.

Based on the results of Kyndryl's Materiality Assessment, stakeholder research, and the nature of our business as a services company, we concluded that the use and application of our products and services is most impactful on human rights. Additionally, supply chain and diversity and inclusion issues were prioritized as part of our broad human rights strategy. In the future, Kyndryl intends to monitor human rights risks through a human rights assessment to identify the most material human rights risks for our company and adjust our priorities as necessary.

Further detail on how we uphold this commitment to respecting human rights and our plans to expand our impact can be found in our Human Rights Policy: <https://www.kyndryl.com/us/en/company/human-rights>.

Management's review

Operating Ethically

Kyndryl continue to develop strong governance structure that support our mission to embed accountability, transparency and risk management into our Business. This is embodied into our Kyndryl Code of Conduct. The Kyndryl Code of Conduct (the Code) is our code of ethics, and it sets forth our policies and expectation on several topics. Topics like conflict of interest, compliance with laws (including trading laws), use of our assets, anti-corruption, bribery, and business conduct / fair dealing. It is mandatory for all Kyndryl employees to undergo and certify their completion of the Kyndryl Code of Conducts (the Code) every year. (employees on leave of absence, extended sickness, accident leave, pending termination of employment or similar circumstance may be exempted).

Under the auspices of Kyndryl, employees have been certified during the first quarter of 2024 calendar. Risk have been mitigated because of the Kyndryl Code of Conduct. There have not been any cases identified for Kyndryl Denmark during the fiscal period Apr'23 to Mar'24.

A material risk to Kyndryl is in ensuring the ethical operations of our suppliers throughout our global supply chain. As a member of the Responsible Business Alliance (RBA), we require our suppliers to comply with the RBA code, which outlines provisions for preventing corruption. More information about our membership to RBA can be found in the section 'Kyndryl's Environmental Risk Management' above. In addition to this, Kyndryl has a Corporate Instruction on Foreign Corrupt Practices Act and Anti-Bribery Management Systems. Further, we are working with EcoVadis to manage our supplier program to meet customer and regulatory requirements. In addition to our membership with the RBA, Kyndryl maintains a supplier diversity program and is committed to ensuring sustainable and equitable operations.

Kyndryl also provide global cyber security training to all global employees, contractors, and vendors. In the future, we will continue to communicate our guidelines and expectations regarding anticorruption to employees and business relations through our code of conduct.

Evolve the Kyndryl Culture

In 2022 we introduced The Kyndryl Way –how we define our differentiating services-led culture as we aim to be the employer and partner of choice. The Kyndryl Way is defined as operating a fast, flat, and focused business with engaged employees –“Kyndryls” –who are restless, empathetic, and devoted. Since then, we have been transforming our culture through new behaviors, systems, and symbols to embody these principles and ways of working.

To support our leaders, we launched Leadership Development@Kyndryl –a one-stop shop for equipping and inspiring people-centric leaders with new, contemporary curriculum, workshops, resources, and tools to further hone their leadership skills.

Kyndryl has a global Internal Job Posting Policy –which is foundational to filling open job roles and empowering Kyndryl's to own their careers and advance their skills. Kyndryl is also having a Global Skills and Career Framework as the new foundation for Kyndryl careers journeys. It further empowers Kyndryl's to own their careers by providing market-based information and transparency into their role, the skills and competencies expected for their role, and how they fit into the larger Kyndryl organization, as well as how jobs are organized and the variety of career paths across Kyndryl. This is part of our mission to continuously support our employees and equip them with the tools and skills they need to better serve our customers and grow their careers at Kyndryl.

Management's review

Report on the gender composition of Management

Statement of corporate responsibility, cf. §99b - Gender Distribution

Driving a culture where every employee feels a sense of inclusion and belonging is rooted in The Kyndryl Way. This past year we have created the foundation for an equitable environment, where Kyndryl's can power human progress and innovate. As we continue to progress, inclusion, diversity, and equity (ID&E) will be embedded and strengthened in every aspect of our business. As we reflect, our goals have been achieved through an alignment to our four strategic priorities: connected and inclusive culture, diverse and representative teams, ID&E in our business operations, and community engagement and advocacy. We believe that having diversity among our employees and management strengthens our business.

Priority Accomplishments:

- Launched a modern human capital system that empowers managers to support their people by making it easy to access information and resources and enable our employees to grow their careers with us.
- Demonstrated above industry average levels on Empathy and inclusion index in annual engagement survey.
- Launched five Enterprise Kyndryl Inclusion Networks (KINs) at the beginning of 2022 to drive an inclusive culture, which grew to 70 operating and engaged Country Level KINs.
- Launched fundamental policies committing to Equal Opportunity Employment, Workforce Diversity & Inclusion, and Non-discrimination and Harassment as well as Inclusive Mindset learning to help reduce talent bias.
- Launched programs to ensure we can recruit, develop, and retain diverse talent

Kyndryl has a high focus on attract, retain and develop people with the skills, knowledge and experience needed to continue to deliver on our commitments to clients and society.

Kyndryl Danmark – Gender split all employees (as of March 2024)

The gender distribution is in line with the majority of companies that operate in the IT services industry. Kyndryl Danmark will continue to ensure a high focus on gender distribution.

Gender split all employees (as of March 2024)

Gender	Number of emp.	% share
Female	56	16,4%
Male	285	83,6%
Grand Total	341	100,0%

* Above numbers include the part time hires.

Management's review

5-year overview

	2023	2024	2025	2026	2027
Supreme governing body (Board of directors)					
Total number of members*	3	3			
Underrepresented gender percentages	33%	0%			
Target figures in percentages	40%	40%			
Year of achievement of target figures	2025	2025			
Other management levels (Managers)					
Total number of members**	18	17			
Underrepresented gender percentages	28%	24%			
Target figures in percentages	40%	40%			
Year of achievement of target figures	2025	2025			

*Members elected by employees are excluded

** Other management levels follow ERST definition.

During the fiscal period Apr'23 to Mar'24, Kyndryl recognizes that the gap in the gender distribution is increased. We are focusing on rectifying this through our career programs driven by Kyndryl Global promoting women. Examples of this are the courses " Become a Courageous Female Leader" & "Strategies for Female Empowerment". In addition to this, to promote local female talent, we have launched a Nordic Women's KIN (Kyndryl Inclusion Networks). This applies for all management levels. Kyndryl is an equal opportunities employer and aims to achieve a representative balance of male and female leaders at all levels.

In the hiring process, we focus on interviewing both male and female candidates for all roles to reduce the gap of underrepresented gender distribution.

Overview

Data ethics

Our services, systems, and networks, including cloud-based systems and systems and technologies that we maintain on behalf of our customers, may be used in critical Company, customer or third-party operations, and involve the storage, processing and transmission of sensitive data, including valuable intellectual property, other proprietary or confidential data, regulated data, and personal information of employees, customers and others.

Kyndryl Danmark has a high focus on Data Ethics and has established mandatory training sessions for all employees across our organization. There is education related to cyber security, handling of personal information, general code of conduct and how we manage data.

We are committed to protecting the privacy and confidentiality of personal information of employees and any personal information shared by customers and business partners. Uniform practices for collecting, using, disclosing, storing, accessing, transferring or otherwise processing such information enable us to handle personal information fairly and appropriately, disclosing it and/or transferring it only under appropriate circumstances. Our data privacy policy is aligned with the EU's General Data Protection Regulation (GDPR) and applied globally.

Events after the balance sheet date

Refer note 3 for information regarding events after the balance sheet date.

Outlook

Our expectations for the next fiscal year (April 2024 - March 2025) is that overall revenue will be approximately about DKK 1 600 million. We expect profit before taxes to be between DKK 1 million to DKK 3 million.

Financial statements 1 April 2023 - 31 March 2024

Income statement

Note	DKK'000	2023/24 12 months	2023 3 months
5	Revenue	1,568,008	416,989
	Other operating income	2,045	0
6	Other external expenses	-1,019,733	-277,157
	Gross profit	550,320	139,832
7	Staff costs	-452,755	-124,528
8	Amortisation/depreciation of intangible assets and property, plant and equipment	-149,078	-37,469
	Other operating expenses	0	-29
	Profit/loss before net financials	-51,513	-22,194
9	Financial income	8,291	3,836
	Financial expenses	-4,391	-4,907
	Profit/loss before tax	-47,613	-23,265
10	Tax for the year	-5,016	4,711
	Profit/loss for the year	-52,629	-18,554

Financial statements 1 April 2023 - 31 March 2024

Balance sheet

Note	DKK'000	2023/24	2023
	ASSETS		
	Fixed assets		
12	Intangible assets		
	Goodwill	16,023	40,058
		<u>16,023</u>	<u>40,058</u>
13	Property, plant and equipment		
	Land and buildings	11,529	12,902
	Fixtures and fittings, other plant and equipment	118,814	169,135
	Leasehold improvements	96,383	110,292
	Property, plant and equipment under construction	526	24,838
		<u>227,252</u>	<u>317,167</u>
14	Investments		
	Other securities and investments	2	13
	Deposits, leases	15,451	15,691
		<u>15,453</u>	<u>15,704</u>
	Total fixed assets	<u>258,728</u>	<u>372,929</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	108,745	183,565
15	Unamortized costs to fulfill customer contracts	77,512	111,880
16	Receivables from group enterprises	517,869	368,902
17	Deferred tax assets	0	5,000
	Corporation tax receivable	1,492	1,335
	Other receivables	31,507	8,256
18	Prepayments	36,633	47,627
		<u>773,758</u>	<u>726,565</u>
19	Cash	<u>2,394</u>	<u>160</u>
	Total non-fixed assets	<u>776,152</u>	<u>726,725</u>
	TOTAL ASSETS	<u><u>1,034,880</u></u>	<u><u>1,099,654</u></u>

Financial statements 1 April 2023 - 31 March 2024

Balance sheet

Note	DKK'000	2023/24	2023
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	10,001	10,001
	Share premium account	0	0
	Retained earnings	652,258	740,874
	Total equity	662,259	750,875
	Provisions		
	Other provisions	0	3,219
	Total provisions	0	3,219
	Liabilities other than provisions		
20	Non-current liabilities other than provisions		
	Other payables	4,451	180
21	Deferred income	15,640	42,467
		20,091	42,647
	Current liabilities other than provisions		
20	Short-term part of long-term liabilities other than provisions	49,446	50,659
	Trade payables	126,395	77,479
	Payables to group enterprises	85,594	86,997
	Other payables	91,095	87,778
		352,530	302,913
	Total liabilities other than provisions	372,621	345,560
	TOTAL EQUITY AND LIABILITIES	1,034,880	1,099,654

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 3 Events after the balance sheet date
- 4 Special items
- 11 Appropriation of profit/loss
- 22 Contractual obligations and contingencies, etc.
- 23 Contingent assets
- 24 Security and collateral
- 25 Related parties

Financial statements 1 April 2023 - 31 March 2024

Statement of changes in equity

Note	DKK'000	Share capital	Share premium account	Retained earnings	Total
	Equity at 1 January 2023	10,001	836,571	-77,143	769,429
11	Transfer, see "Appropriation of profit/loss"	0	0	-18,554	-18,554
	Transferred from share premium account	0	-836,571	836,571	0
	Equity at 1 April 2023	10,001	0	740,874	750,875
11	Transfer, see "Appropriation of profit/loss"	0	0	-52,629	-52,629
	Adjustment related to demerger balance as of 1 January 2021 *	0	0	-35,987	-35,987
	Equity at 31 March 2024	10,001	0	652,258	662,259

* Refer to notes 4 and 23 regarding the adjustment related to the demerger balance of 1 January 2021.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies

The annual report of Kyndryl Danmark ApS for 2023/24 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements figures for the 12 months period 1 April 2023 - 31 March 2024 is not comparable with the figures included in the latest Financial Statements comprising the period 1 January - 31 March 2023 (comparison figures).

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Kyndryl Holdings Inc.

Basis of recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

For vertical and downstream intra-group mergers the group method is applied for the combination of the entities. Thereby, the entities are combined at the revaluation value recognised in the consolidated financial statements or which would have been recognised in the consolidated financial statements for the parent company included in the merger. The group method is applied as if the entities had been combined from the date when the parent company acquired the equity investments in the entities included in the merger, and therefore, the comparative figures were restated.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale or disposal of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/ depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	15-20 years
Fixtures and fittings, other plant and equipment	5 years
Leasehold improvements	5 years
Goodwill	4 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement as tax for the year, the portion of the tax for the year that relates to previous years is recognised in the income statement as tax adjustment, prior years, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period of 4 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Deposits, leases

Deposits are measured at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Unamortized costs to fulfill customer contracts

The incremental costs of obtaining a sales contracts that are greater than one-year such as sales commissions are recognized as an asset and amortized over the lifetime of the contract. Incremental costs of obtaining a contract are those costs that Kyndryl incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained and will be recovered from the customer. Amortization periods for the amounts deferred are either 3 years or 6 years depending on the service scope of the contracts signed. For contracts where the period is one year or less the incremental costs are recognized as incurred.

Amortization periods are reassessed annually.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables. Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes and Deferred taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

2 Recognition and measurement uncertainties

The Company are managing larger sourcing contracts where some of these has low profitability. For these contracts detailed analysis has been performed for the the contracts duration period assessing that the contracts will be profitable for the remaining service period. As the analysis is based on projection of future events eg. expected outcome of re-negotiations of contract terms there might be some uncertainty in the estimates and if the applied assumptions not are met partly or in full this could lead to impairment losses for the contracts. Management do not assess that other material uncertainties regarding recognition and measurement exists.

3 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

4 Special items

Adjustment related to Spin off Balance

Kyndryl Denmark has an open accounts receivable with IBM Denmark Aps of 36 Mio DKK due to final settlement of the demerger balance as of 1 January 2021. It is uncertain whether the receivable will be collected in part or in full due to the on-going global settlement of the demerger balance as of 1 January 2021. Consequently, an allowance for bad debt has been provided for the receivable expensed in the equity which has been affected negatively by this amount. The receivables are as per the balance sheet date considered as a contingent asset cf. note 23.

DKK'000	2023/24 12 months	2023 3 months
5 Segment information		
Breakdown of revenue by business segment:		
Service	1,568,008	416,989
	1,568,008	416,989
Breakdown of revenue by geographical segment:		
Local	1,353,556	353,473
Abroad	214,452	63,516
	1,568,008	416,989
6 Fee to the auditors appointed in general meeting		
Statutory audit	1,205	716
Other assurance opinions	2,443	218
Other deliverables	2,417	162
	6,065	1,096

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

DKK'000	2023/24 12 months	2023 3 months
7 Staff costs and incentive programmes		
Wages/salaries	371,870	109,277
Pensions	65,700	14,253
Other social security costs	15,185	998
	<u>452,755</u>	<u>124,528</u>
Average number of full-time employees	<u>386</u>	<u>430</u>
Remuneration to members of Management:		
Executive Board	11,028	2,942
Board of Directors	0	0
	<u>11,028</u>	<u>2,942</u>
<p>The Board of Directors has not received any remuneration in the financial year as the work in the Board is limited.</p>		
Incentive programmes		
<p>The Kyndryl 2021 Long-Term Performance Plan, as amended and restated effective July 27, 2023, is designed to attract, motivate and retain selected employees of, and other individuals providing services to, the Company. These objectives are accomplished by providing long-term incentives and other awards under the Plan, thereby providing Participants with a proprietary interest in the growth and performance of the Company. The Amended and Restated Kyndryl 2021 Long-Term Performance Plan is effective July 27, 2023, conditioned upon shareholder approval by Kyndryl stockholders at the 2023 Annual Meeting.</p>		
<p>The Committee shall determine the type or types of Award(s) to be made to each Participant and shall set forth in the related Award Agreement the terms, conditions, performance requirements, and limitations applicable to each Award. In Kyndryl Denmark eligible employees are currently rewarded with restricted stock units (RSUs). RSUs are stock units granted to employees that entitle the holder to shares of Kyndryl Holding inc. common stock as the award vests, typically over a one- to four-year period.</p>		
<p>As of end of 2024 fiscal year on March 31, 2024, Kyndryl Denmark had 3 participants part of the board of directors or executive board with a total of 12,212 unvested RSUs worth USD 264,145.56 or DKK 1,823,991.13 at a conversion rate of USD 1 – DKK 6.90525. The underlying hi/lo average of Kyndryl's stock price on March 28, 2024 (last business day of Kyndryl's fiscal year) was USD \$21.63. Compared to a year ago when there were 5 participants with a total of 21,329 unvested RSU worth USD 314,816 or DKK 2,163,684 as of March'23'</p>		
8 Amortisation/ depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	24,035	6,008
Depreciation of property, plant and equipment	125,043	31,461
	<u>149,078</u>	<u>37,469</u>
9 Financial income		
Interest receivable, group entities	7,331	358
Other financial income	960	3,478
	<u>8,291</u>	<u>3,836</u>

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

DKK'000	2023/24 12 months	2023 3 months
10 Tax for the year		
Estimated tax charge for the year	16	0
Deferred tax adjustments in the year	5,000	-5,000
Tax adjustments, prior years	0	289
	<u>5,016</u>	<u>-4,711</u>

Estimated tax charge for the year consist of irrecoverable withholding taxes.

11 Appropriation of profit/ loss

Recommended appropriation of profit/ loss

Retained earnings/accumulated loss	-52,629	-18,554
	<u>-52,629</u>	<u>-18,554</u>

12 Intangible assets

DKK'000	Goodwill
Cost at 1 April 2023	94,136
Cost at 31 March 2024	94,136
Impairment losses and amortisation at 1 April 2023	54,078
Amortisation for the year	24,035
Impairment losses and amortisation at 31 March 2024	78,113
Carrying amount at 31 March 2024	<u>16,023</u>
Amortised over	<u>4 years</u>

13 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 April 2023	35,959	938,660	860,475	24,838	1,859,932
Additions	0	22,810	10,935	3,651	37,396
Disposals	0	-112,184	0	-9	-112,193
Transferred	0	0	27,954	-27,954	0
Cost at 31 March 2024	<u>35,959</u>	<u>849,286</u>	<u>899,364</u>	<u>526</u>	<u>1,785,135</u>
Impairment losses and depreciation at 1 April 2023	23,057	769,525	750,183	0	1,542,765
Depreciation	1,373	70,872	52,798	0	125,043
Depreciation and impairment of disposals	0	-109,925	0	0	-109,925
Impairment losses and depreciation at 31 March 2024	<u>24,430</u>	<u>730,472</u>	<u>802,981</u>	<u>0</u>	<u>1,557,883</u>
Carrying amount at 31 March 2024	<u>11,529</u>	<u>118,814</u>	<u>96,383</u>	<u>526</u>	<u>227,252</u>
Depreciated over	<u>15-20 years</u>	<u>5 years</u>	<u>5 years</u>		

PENNEO

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Tina Grøn Esbech

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Isidora Gagovic

Board member

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Søren Vendel Hansen

Director

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Jimmy Bruhn Hansen

Director

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Erik Rykind-Blarke

Chairman of the board

På vegne af: Kyndryl Danmark ApS

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Alan Ejlerskov

Board member

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Jesper Nikolaj Fogt

Director

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Kristina Tønners

Board member

På vegne af: Kyndryl Danmark ApS

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Leif Ulbæk Jensen

State Authorised Public Accountant

På vegne af: PricewaterhouseCoopers Statsautoriseret...

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Brian Christiansen

State Authorised Public Accountant

På vegne af: PricewaterhouseCoopers Statsautoriseret...



Erik Rykind-Blarke

Dirigent

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Brian Christiansen

State Authorised Public Accountant

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Erik Rykind-Blarke

Dirigent

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