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Teradata Reports Third Quarter 2026 Financial Results

- Cash flow from operations of $91 million and Adjusted Free Cash Flow of $96 million[3]
- Third quarter GAAP diluted EPS of $0.40 and non-GAAP diluted EPS of $0.70[2]
- Reiterate full year outlook for Total ARR and Adjusted Free Cash Flow; narrowing the Total Revenue and Recurring Revenue outlook to the high-end of the range

SAN DIEGO – November 5, 2026 -- Teradata (NYSE: **TDC**) today announced its third quarter 2026 financial results.

“In Q3, Teradata marked another quarter of progress against the goals we set at the start of the year, driving total ARR growth, improving profitability and delivering strong free cash flow," said Steve McMillan, president and CEO, Teradata. "The increased pace of new product innovation and new AI service capabilities is driving positive interest from customers.”

Third Quarter 2026 Financial Highlights Compared to Third Quarter 2025

- Total ARR increased to $1.512 billion from $1.490 billion, an increase of 1% as reported and 2% in constant currency[1]
- Public cloud ARR increased to $700 million from $633 million, an increase of 11% as reported and 11% in constant currency[1]
- Total revenue was $399 million versus $416 million, a decrease of 4% as reported and 4% in constant currency[1]
- Recurring revenue was $359 million versus $366 million, a decrease of 2% as reported and 2% in constant currency[1]
- Recurring revenue was 90% of total revenue versus 88%
- GAAP gross margin was 59.6% versus 60.8%
- Non-GAAP gross margin was 60.7% versus 62.3%[2]
- GAAP operating margin was 13.5% versus 14.7%
- Non-GAAP operating margin was 21.8% versus 23.6%[2]
- GAAP diluted EPS was $0.40 versus $0.42 per share

- Non-GAAP diluted EPS was $0.70 versus $0.72 per share[(2)]
- Cash flow from operations was $91 million compared to $94 million
- Free cash flow was $85 million compared to $88 million[(3)]
- Adjusted free cash flow was $96 million compared to $88 million[(3)]

Q3 2026 Product and Innovation Highlights

- Released Teradata Factory for general availability, an integrated GPU system combining analytics, AI, and governance that keeps data within an organization's own walls.
- Evolved Tera into an agentic coworker for enterprise data work, letting anyone analyze data, build AI applications, operate infrastructure, and automate workflows in natural language.
- Announced Tera Context Engine, a vendor-neutral layer that connects databases, data platforms, pipelines, catalogs, models, and AI agents, giving AI governed business knowledge wherever data lives.
- Launched Tera Harness, an execution layer that routes work to the right skills, tools, data, and models, improving AI accuracy, speed, and efficiency.
- Made Teradata's Data Analyst Agent available in AWS Marketplace and integrated Teradata Autonomous Knowledge Platform with Microsoft OneLake, so customers can run Teradata AI on OneLake data without moving or copying it.
- Tera delivered 53% lower cost per reliably solved task than Snowflake Cortex Code, compared to Snowflake's own published benchmark data on the data-eng-bench. This internal test used a public benchmark of data pipeline engineering created by Snowflake Labs and Bespoke Labs.

Outlook

For the full-year 2026, Teradata increases the following ranges:

- GAAP diluted EPS is now expected to be in the range of $4.63 to $4.67
- Non-GAAP diluted EPS is now expected to be in the range of $2.86 to $2.90 per share[(2)]

For the full-year 2026, Teradata narrows to the high-end of the previous ranges:

- Recurring revenue in the range of 1% to 2% year-over-year
- Total revenue in the range of -1% to flat year-over-year

For the full-year 2026, Teradata reaffirms the following ranges:

- Total ARR growth of 2% to 4% year-over-year
- Cash flow from operations of $665 million to $685 million, which includes an after-tax net benefit of $315 million related to a settlement with SAP

- Adjusted free cash flow of $330 million to $350 million[3]

For the fourth quarter of 2026:

- Recurring revenue in the range of -2% to -4% year-over-year
- Total revenue in the range of -4% to -6% year-over-year
- GAAP diluted EPS is expected to be in the range of $0.26 to $0.30 per share
- Non-GAAP diluted EPS is expected to be in the range of $0.58 to $0.62 per share[2]

Earnings Conference Call

The conference call will begin at 1:30 p.m. PT on November 5, 2026. Investors and participants may attend the call by dialing (585) 542-9983 and entering access code 369709903. For investors and participants outside the United States, see global dial-in numbers here, and use access code 369709903.

The live **webcast**, as well as a replay, will be available on the Investor Relations page of the Teradata website at **investor.teradata.com**.

Supplemental Financial Information

Additional information regarding Teradata's operating results is provided below as well as on Teradata's website at investor.teradata.com.

1. The impact of currency is determined by calculating the prior-period results using the current-year monthly average currency rates. See the foreign currency fluctuation schedule, which is used to determine revenue on a constant currency ("CC") basis, on the Investor Relations page of the Company's website at investor.teradata.com.

Revenue
(in millions)

	For the Three Months ended September 30			
	2026	2025	% Change as Reported	% Change in CC
Recurring revenue	$359	$366	(2%)	(2%)
Perpetual software licenses, hardware and other	3	3	0%	(25%)
Consulting services	37	47	(21%)	(19%)
Total revenue	**$399**	**$416**	**(4%)**	**(4%)**
Product Sales	$362	$369	(2%)	(2%)
Consulting Services	37	47	(21%)	(19%)
Total revenue	**$399**	**$416**	**(4%)**	**(4%)**

Revenue
(in millions)

	For the Nine Months ended September 30			
	2026	2025	% Change as Reported	% Change in CC
Recurring revenue	$1,122	$1,078	4%	3%
Perpetual software licenses, hardware and other	12	16	(25%)	(25%)
Consulting services	119	148	(20%)	(19%)
Total revenue	**$1,253**	**$1,242**	**1%**	**0%**
Product Sales	$1,134	$1,094	4%	2%
Consulting Services	119	148	(20%)	(19%)
Total revenue	**$1,253**	**$1,242**	**1%**	**0%**

	As of September 30			
	2026	2025	% Change as Reported	% Change in CC
Annual recurring revenue*	**$1,512**	**$1,490**	**1%**	**2%**
Public cloud ARR**	$700	$633	11%	11%

The impact of currency on ARR is determined by calculating the prior period ending ARR using the current period end currency rates.

*Total Annual Recurring Revenue ("Total ARR") is defined as the annual contract value for all active and contractually binding term-based contracts at the end of the period, including cloud, recurring AI services, subscriptions, hardware rental, maintenance, and software upgrade rights. The Company believes this is a useful metric to investors as it demonstrates progress toward achieving our strategic objectives as outlined in the Form 10-K and Form 10-Q.

**Public cloud ARR is defined as the annual contract value for all active and contractually binding term-based contracts at the end of a period that are operated in a public cloud environment. The Company believes this is a useful metric to investors as it demonstrates progress toward achieving our strategic objectives as outlined in the Form 10-K and Form 10-Q.

2. Teradata reports its results in accordance with GAAP. However, as described below, the Company believes that certain non-GAAP measures such as free cash flow, adjusted free cash flow, non-GAAP gross profit, non-GAAP operating income, non-GAAP net income, and non-GAAP diluted earnings per share, all of which exclude certain items, and which may be reported on a constant currency basis, are useful for investors. Our non-GAAP measures are not meant to be considered in isolation to, as substitutes for, or superior to, results determined in accordance with GAAP, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP. Each of our non-GAAP measures do not have a uniform definition under GAAP and therefore, Teradata's definition may differ from other companies' definitions of these measures.

   The following tables reconcile Teradata's actual and projected results and EPS under GAAP to the Company's actual and projected non-GAAP results and EPS for the periods presented, which exclude certain specified items. Our management internally uses supplemental non-GAAP financial measures, such as gross profit, operating income, net income, and EPS, excluding certain items, to understand, manage and evaluate our business and support operating decisions on a regular basis. The Company believes such non-GAAP financial measures (1) provide useful information to investors regarding the underlying business trends and performance of the Company's ongoing operations, (2) are useful for period-over-period comparisons of such operations and results, that may be more easily compared to peer companies and allow investors a view of the Company's operating results excluding stock-based compensation expense and special items, (3) provide useful information to management and investors regarding present and future business trends, and (4) provide consistency and comparability with past reports and projections of future results.

(in millions, except per share data)	For the Three Months ended September 30			For the Nine Months ended September 30		
Gross Profit:	**2026**	**2025**	**% Chg.**	**2026**	**2025**	**% Chg.**
GAAP Gross Profit	$238	$253	(6%)	$757	$731	4%
% of Revenue	59.6%	60.8%		60.4%	58.9%	
Excluding:						
Stock-based compensation expense	5	4		13	13	
Reorganization and other costs	(1)	2		3	5	
Non-GAAP Gross Profit	$242	$259	(7%)	$773	$749	3%
% of Revenue	60.7%	62.3%		61.7%	60.3%	
Operating Income						
GAAP Operating Income	$54	$61	(11%)	$66	$151	(56%)
% of Revenue	13.5%	14.7%		5.3%	12.2%	
Excluding:						
Stock-based compensation expense	33	29		95	82	
Reorganization and other costs	-	8		14	23	
SAP settlement costs	-	-		121	-	
Non-GAAP Operating Income	$87	$98	(11%)	$296	$256	16%
% of Revenue	21.8%	23.6%		23.6%	20.6%	
Net Income						
GAAP Net Income	$38	$40	(5%)	$419	$93	351%
% of Revenue	9.5%	9.6%		33.4%	7.5%	
Excluding:						
Stock-based compensation expense	33	29		95	82	
Reorganization and other costs	1	7		14	22	
SAP settlement	-	-		(359)	-	
Income tax adjustments[(i)]	(5)	(7)		49	(19)	
Non-GAAP Net Income	$67	$69	(3%)	$218	$178	22%
% of Revenue	16.8%	16.6%		17.4%	14.3%	

Earnings Per Share:	For the Three Months ended September 30 2026	2025	For the Nine Months ended September 30 2026	2025	2026 Outlook Q4	FY
GAAP Earnings Per Share	$0.40	$0.42	$4.36	$0.96	$0.26 - $0.30	$4.63 - $4.67
Excluding:						
Stock-based compensation expense	0.34	0.30	0.99	0.85	0.31	1.30
Reorganization and other costs	0.01	0.07	0.14	0.23	0.08	0.21
SAP Settlement	-	-	(3.73)	-	-	(3.73)
Income tax adjustments[(i)]	(0.05)	(0.07)	0.51	(0.20)	(0.07)	0.45
Non-GAAP Diluted Earnings Per Share	$0.70	$0.72	$2.27	$1.84	$0.58 - $0.62	$2.86 - $2.90

i. Represents the income tax effect of the pre-tax adjustments to reconcile GAAP to Non-GAAP income based on the applicable jurisdictional statutory tax rate of the underlying item, including the $69 million discrete income tax effect of the SAP settlement recorded in the first nine months of 2026. Including the income tax effect assists investors in understanding the tax provision associated with those adjustments and the effective tax rate related to the underlying business and performance of the Company's ongoing operations. As a result of these adjustments, the Company's GAAP effective tax rate and non-GAAP effective tax rate for the three months ended September 30, 2026, was 24.0% and 20.2%, respectively, and September 30, 2025, was 25.9% and 23.3%, respectively. For the nine months ended September 30, 2026, the Company's GAAP effective tax rate and non-GAAP effective tax rate was 21.5% and 23.2%, respectively and September 30, 2025, was 25.6% and 22.3%, respectively.

3. As described below, the Company believes that free cash flow and adjusted free cash flow are useful non-GAAP measures for investors. Free cash flow and adjusted free cash flow do not have a uniform definition under GAAP in the United States and therefore, Teradata's definitions may differ from other companies' definitions of this measure. Teradata defines free cash flow as cash provided by/used in operating activities, less total capital expenditures and adjusted free cash flow as free cash flow less the gross proceeds from the SAP settlement, plus the non-recurring legal and other expenses incurred in connection with the SAP litigation and resulting settlement, and taxes paid specific to the settlement agreement. Teradata's management uses free cash flow and adjusted free cash flow to assess the financial performance of the Company and believes they are useful for investors because they relate the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for among other things, investments in the Company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repay the Company's debt obligations and adjusted free cash flow adjusts the impact of the SAP settlement. Neither free cash flow or adjusted free cash flow represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from these measures. These non-GAAP measures should not be considered as a substitute for, or superior to, cash flows from operating activities under GAAP.

(in millions)	For the Three Months ended September 30 2026	2025	For the Nine Months ended September 30 2026	2025	Outlook 2026
Cash provided by operating activities (GAAP)	$91	$94	$598	$145	$665 to $685
Less total capital expenditures	(6)	(6)	(18)	(11)	(~20)
Free Cash Flow (non-GAAP measure)	$85	$88	$580	$134	$645 to $665
Less SAP gross settlement proceeds	-	-	(480)	-	(480)
Plus legal and other expenses	-	-	121	-	121
Plus taxes specific to the settlement	11	-	33	-	44
Adjusted Free Cash Flow (non-GAAP Measure)	$96	$88	$254	$134	$330 to $350

Note to Investors

This release contains forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements generally relate to opinions, beliefs, and projections of expected future financial and operating performance, business trends, liquidity, and market conditions, among other things. These forward-looking statements are based upon current expectations and assumptions and often can be identified by words such as "expect," "strive," "looking ahead," "outlook," "guidance," "forecast," "anticipate," "continue," "plan," "estimate," "believe," "focus," "see," "commit," "should," "project," "will," "would," "likely," "intend," "potential," or similar expressions. Forward-looking statements in this release include our 2026 fourth quarter and 2026 full year financial outlook and product innovation and demand. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially, including those relating to: our strategy and ongoing business transformation, significant execution risk for our cloud, hybrid, on-premises, Artificial Intelligence ("AI") and Machine Learning ("ML") offerings, operational disruptions and unforeseen circumstances, impact of unanticipated delays or acceleration in our sales cycles to make accurate estimates impacting quarterly operating results, financial guidance and forecasts, the global economic environment and business conditions in general, including inflation, tariffs, and/or recessionary conditions; impact of price increase on our net sales, profit margins and earnings, the ability of our suppliers to meet their commitments to us; the timing of purchases, migrations, or expansions by our current and potential customers, including our ability to retain customers; the rapidly changing and intensely competitive nature of the information technology industry, the data analytics business, and artificial intelligence capabilities; fluctuations in our operating, capital allocation, and cash flow results; our ability to execute and realize the anticipated benefits of our refreshed brand, business transformation program or restructuring, sales and operational execution initiatives, and cost saving initiatives, including restructuring actions; risks inherent in operating in foreign countries, export controls and trade compliance, including sanctions, tariffs, foreign currency fluctuations, and/or acts of war; risks associated with data privacy, IP-enforcement actions, cyberattacks and maintaining secure and effective products for our customers, as well as, internal information technology and control systems; the timely and successful development, production or acquisition, availability and/or market acceptance of new and existing products, product features and services, including for our artificial intelligence, cloud, on-prem and hybrid offerings, tax rates; turnover of our workforce and the ability to attract and retain skilled employees; protecting our intellectual property; availability and successful execution of new alliance and acquisition opportunities; subscription arrangements that may be cancelled or fail to be renewed; the impact on our business and financial reporting from changes in accounting rules; and other factors described from time to time in Teradata's filings with the U.S. Securities and Exchange Commission, including its most recent annual report on Form 10-K, and subsequent quarterly reports on Forms 10-Q or current reports on Forms 8-K, as well as Teradata's annual report to stockholders. Teradata does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

About Teradata

Teradata empowers enterprises to turn intelligence into autonomous action, grounding AI agents in deep business context and trusted data. As AI agents multiply, Teradata is the context foundation, governance layer, and performance backbone that companies need now. The Teradata Autonomous Knowledge Platform puts AI into production across cloud, on-premises, and hybrid environments. See how at **Teradata.com**.

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TERADATA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts - unaudited)

	For the Period Ended September 30					
	Three Months			Nine Months		
	2026	2025	% Chg	2026	2025	% Chg
Revenue						
Recurring	$ 359	$ 366	(2%)	$ 1,122	$1,078	4%
Perpetual software licenses, hardware and other	3	3	0%	12	16	(25%)
Consulting services	37	47	(21%)	119	148	(20%)
Total revenue	399	416	(4%)	1,253	1,242	1%
Gross profit						
Recurring	239	250		759	735	
% of Revenue	66.6%	68.3%		67.6%	68.2%	
Perpetual software licenses, hardware and other	(1)	3		2	4	
% of Revenue	(33.3%)	100.0%		16.7%	25.0%	
Consulting services	-	-		(4)	(8)	
% of Revenue	- %	-		(3.4%)	(5.4%)	
Total gross profit	238	253		757	731	
% of Revenue	59.6%	60.8%		60.4%	58.9%	
Selling, general and administrative expenses	109	122		469	373	
Research and development expenses	75	70		222	207	
Income from operations	54	61		66	151	
% of Revenue	13.5%	14.7%		5.3%	12.2%	
Other (expense) income, net	(4)	(7)		468	(26)	
Income before income taxes	50	54		534	125	
% of Revenue	12.5%	13.0%		42.6%	10.1%	
Income tax expense	12	14		115	32	
% Tax rate	24.0%	25.9%		21.5%	25.6%	
Net income	$ 38	$ 40		$ 419	$ 93	
% of Revenue	9.5%	9.6%		33.4%	7.5%	
Net income per common share						
Basic	$ 0.41	$ 0.42		$ 4.50	$ 0.98	
Diluted	$ 0.40	$ 0.42		$ 4.36	$ 0.96	
Weighted average common shares outstanding						
Basic	92.6	94.2		93.2	94.9	
Diluted	95.5	95.5		96.2	96.5	

TERADATA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions - unaudited)

	September 30, 2026	December 31, 2025	September 30, 2025
Assets			
Current assets			
Cash and cash equivalents	$ 432	$ 493	$ 406
Accounts receivable, net	202	251	309
Inventories	13	13	5
Other current assets	84	80	91
Total current assets	731	837	811
Property and equipment, net	183	198	203
Right of use assets - operating lease, net	7	7	7
Goodwill	397	399	399
Capitalized contract costs, net	38	42	35
Deferred income taxes	164	209	212
Other assets	83	87	94
Total assets	$ 1,603	$ 1,779	$ 1,761
Liabilities and stockholders' equity			
Current liabilities			
Current portion of long-term debt	$ -	$ 25	$ 25
Current portion of finance lease liability	46	50	56
Current portion of operating lease liability	2	2	3
Accounts payable	74	96	100
Payroll and benefits liabilities	116	120	96
Deferred revenue	466	533	527
Other current liabilities	73	88	99
Total current liabilities	777	914	906
Long-term debt	-	431	437
Finance lease liability	43	45	47
Operating lease liability	5	4	5
Pension and other postemployment plan liabilities	110	114	104
Long-term deferred revenue	11	11	12
Deferred tax liabilities	12	12	10
Other liabilities	32	18	21
Total liabilities	990	1,549	1,542
Stockholders' equity			
Common stock	1	1	1
Paid-in capital	2,398	2,305	2,279
Accumulated deficit	(1,636)	(1,923)	(1,923)
Accumulated other comprehensive loss	(150)	(153)	(138)
Total stockholders' equity	613	230	219
Total liabilities and stockholders' equity	$ 1,603	$ 1,779	$ 1,761

TERADATA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions - unaudited)

	For the Period Ended September 30			
	Three Months		Nine Months	
	2026	2025	2026	2025
Operating activities				
Net income	$ 38	$ 40	$ 419	$ 93
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	25	24	73	67
Stock-based compensation expense	33	29	95	82
Deferred income taxes	1	20	41	24
Loss on Blue Chip Swap	-	1	1	1
Changes in assets and liabilities:				
Receivables	54	(16)	49	(75)
Inventories	(8)	-	-	13
Current payables and accrued expenses	39	(12)	(8)	(66)
Deferred revenue	(95)	6	(67)	17
Other assets and liabilities	4	2	(5)	(11)
Net cash provided by operating activities	91	94	598	145
Investing activities				
Expenditures for property and equipment	(5)	(5)	(16)	(10)
Additions to capitalized software	(1)	(1)	(2)	(1)
Business acquisitions and other investing activities, including loss on Blue Chip Swap	-	-	(1)	(1)
Net cash used in investing activities	(6)	(6)	(19)	(12)
Financing activities				
Repurchases of common stock	(57)	(30)	(131)	(102)
Repayments of long-term borrowings	-	(7)	(456)	(19)
Payments of finance leases	(13)	(18)	(45)	(51)
Other financing activities, net	4	5	(3)	3
Net cash used in financing activities	(66)	(50)	(635)	(169)
Effect of exchange rate changes on cash and cash equivalents	(1)	(1)	(5)	22
Increase (decrease) in cash, cash equivalents and restricted cash	18	37	(61)	(14)
Cash, cash equivalents and restricted cash at beginning of period	415	370	494	421
Cash, cash equivalents and restricted cash at end of period	$ 433	$ 407	$ 433	$ 407
Supplemental cash flow disclosure:				
Non-cash investing and financing activities:				
Assets acquired by finance leases	$ 11	$ 15	$ 39	$ 67
Assets acquired by operating leases	$ -	$ -	$ 3	$ 2

TERADATA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions - unaudited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2026	2025	% Change As Reported	% Change Constant Currency [2]	2026	2025	% Change As Reported	% Change Constant Currency [2]
Segment Revenue								
Product Sales	$ 362	$ 369	(2%)	(2%)	$ 1,134	$ 1,094	4%	2%
Consulting Services	37	47	(21%)	(19%)	119	148	(20%)	(19%)
Total segment revenue	399	416	(4%)	(4%)	1,253	1,242	1%	0%
Segment gross profit								
Product Sales	240	255			769	747		
% of Revenue	66.3%	69.1%			67.8%	68.3%		
Consulting Services	2	4			4	2		
% of Revenue	5.4%	8.5%			3.4%	1.4%		
Total segment gross profit	242	259			773	749		
% of Revenue	60.7%	62.3%			61.7%	60.3%		
Reconciling items[1]	(4)	(6)			(16)	(18)		
Total gross profit	$ 238	$ 253			$ 757	$ 731		
% of Revenue	59.6%	60.8%			60.4%	58.9%		

[1] Reconciling items include stock-based compensation, amortization of acquisition-related intangible assets and acquisition, integration and reorganization-related items.
[2] The impact of currency is determined by calculating the prior period results using the current-year monthly average currency rates.