

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-33458

TERADATA CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-3236470
(I.R.S. Employer
Identification No.)

17095 Via Del Campo
San Diego, California 92127
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (866) 548-8348

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol	Name of Each Exchange on which Registered:
Common Stock, \$0.01 par value	TDC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At July 26, 2024, the registrant had approximately 96.1 million shares of common stock outstanding.

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Part 1—FINANCIAL INFORMATION

Item 1. Financial Statements.

Teradata Corporation

Condensed Consolidated Statements of Income (Unaudited)

In millions, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue				
Subscription software licenses	\$ 73	\$ 70	\$ 163	\$ 174
Services and other	295	301	593	586
Total recurring	368	371	756	760
Perpetual software licenses, hardware and other	5	13	13	26
Consulting services	63	78	132	152
Total revenue	436	462	901	938
Cost of revenue				
Subscription software licenses	5	5	10	11
Services and other	105	102	212	194
Total recurring	110	107	222	205
Perpetual software licenses, hardware and other	5	12	13	23
Consulting services	56	67	117	132
Total cost of revenue	171	186	352	360
Gross profit	265	276	549	578
Operating expenses				
Selling, general and administrative expenses	131	167	292	320
Research and development expenses	68	76	143	146
Total operating expenses	199	243	435	466
Income from operations	66	33	114	112
Other expense, net				
Interest expense	(7)	(7)	(15)	(14)
Interest income	2	8	6	15
Other expense	(6)	(10)	(18)	(31)
Total other expense, net	(11)	(9)	(27)	(30)
Income before income taxes	55	24	87	82
Income tax expense	18	7	30	25
Net income	\$ 37	\$ 17	\$ 57	\$ 57
Net income per common share				
Basic	\$ 0.38	\$ 0.17	\$ 0.59	\$ 0.56
Diluted	\$ 0.38	\$ 0.17	\$ 0.58	\$ 0.55
Weighted average common shares outstanding				
Basic	96.5	101.0	97.0	101.2
Diluted	97.4	102.9	98.9	103.3

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

In millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 37	\$ 17	\$ 57	\$ 57
Other comprehensive income (loss):				
Foreign currency translation adjustments	(5)	(3)	(15)	—
Unrealized gain (loss) on cross-currency net investment hedge, before tax	2	(2)	5	(3)
Unrealized gain (loss) on cross-currency net investment hedge, tax portion	—	—	(1)	—
Total currency translation adjustments	(3)	(5)	(11)	(3)
Derivatives:				
Unrealized gain on derivatives, before tax	1	9	6	3
Unrealized gain on derivatives, tax portion	(1)	(2)	(2)	(1)
Unrealized gain on derivatives, net of tax	—	7	4	2
Defined benefit plans:				
Defined benefit plan adjustment, before tax	2	2	4	4
Defined benefit plan adjustment, tax portion	—	(1)	(1)	(1)
Defined benefit plan adjustment, net of tax	2	1	3	3
Other comprehensive (loss) income	(1)	3	(4)	2
Comprehensive income	<u>\$ 36</u>	<u>\$ 20</u>	<u>\$ 53</u>	<u>\$ 59</u>

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per share amounts	June 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 301	\$ 486
Accounts receivable, net	248	286
Inventories	22	13
Other current assets	94	84
Total current assets	665	869
Property and equipment, net	209	239
Right of use assets - operating lease, net	7	9
Goodwill	395	398
Capitalized contract costs, net	52	68
Deferred income taxes	206	221
Other assets	88	69
Total assets	\$ 1,622	\$ 1,873
Liabilities and stockholders' equity		
Current liabilities		
Current portion of long-term debt	\$ 25	\$ 19
Current portion of finance lease liability	62	66
Current portion of operating lease liability	4	6
Accounts payable	85	100
Payroll and benefits liabilities	85	130
Deferred revenue	529	570
Other current liabilities	99	105
Total current liabilities	889	996
Long-term debt	467	480
Finance lease liability	48	63
Operating lease liability	4	6
Pension and other postemployment plan liabilities	93	102
Long-term deferred revenue	10	22
Deferred tax liabilities	7	8
Other liabilities	29	61
Total liabilities	1,547	1,738
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 96.2 and 97.9 shares issued at June 30, 2024 and December 31, 2023, respectively	1	1
Paid-in capital	2,131	2,074
Accumulated deficit	(1,924)	(1,811)
Accumulated other comprehensive loss	(133)	(129)
Total stockholders' equity	75	135
Total liabilities and stockholders' equity	\$ 1,622	\$ 1,873

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Six Months Ended June 30,	
	2024	2023
Operating activities		
Net income	\$ 57	\$ 57
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	53	59
Stock-based compensation expense	63	63
Deferred income taxes	8	2
Loss on Blue Chip Swap	3	—
Changes in assets and liabilities:		
Receivables	38	99
Inventories	(9)	(1)
Current payables and accrued expenses	(64)	(30)
Deferred revenue	(53)	(64)
Other assets and liabilities	(26)	(27)
Net cash provided by operating activities	70	158
Investing activities		
Expenditures for property and equipment	(9)	(6)
Additions to capitalized software	(1)	(1)
Other investing activities, net	(3)	—
Net cash used in investing activities	(13)	(7)
Financing activities		
Repurchases of common stock	(171)	(154)
Repayments of long-term borrowings	(6)	—
Payments of finance leases	(37)	(41)
Other financing activities, net	(6)	(1)
Net cash used in financing activities	(220)	(196)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(22)	(20)
Decrease in cash, cash equivalents and restricted cash	(185)	(65)
Cash, cash equivalents and restricted cash at beginning of period	486	571
Cash, cash equivalents and restricted cash at end of period	\$ 301	\$ 506
Supplemental cash flow disclosure:		
Assets acquired under operating lease	\$ 1	\$ 4
Assets acquired under finance lease	\$ 18	\$ 59

Reconciliation of cash, cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets:

	June 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 301	\$ 486
Restricted cash	—	—
Total cash, cash equivalents and restricted cash	\$ 301	\$ 486

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

In millions	Common Stock		Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
December 31, 2023	98	\$ 1	\$ 2,074	\$ (1,811)	\$ (129)	\$ 135
Net income	—	—	—	20	—	20
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	3	—	29	—	—	29
Repurchases of common stock, retired	(3)	—	—	(127)	—	(127)
Pension and postemployment benefit plans, net of tax	—	—	—	—	1	1
Unrealized gain on derivatives, net of tax	—	—	—	—	4	4
Currency translation adjustment	—	—	—	—	(8)	(8)
March 31, 2024	98	\$ 1	\$ 2,103	\$ (1,918)	\$ (132)	\$ 54
Net income	—	—	—	37	—	37
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	—	—	28	—	—	28
Repurchase of common stock, settled	—	—	—	—	—	—
Repurchases of common stock, retired	(2)	—	—	(43)	—	(43)
Pension and postemployment benefit plans, net of tax	—	—	—	—	2	2
Unrealized gain on derivatives, net of tax	—	—	—	—	—	—
Currency translation adjustment	—	—	—	—	(3)	(3)
June 30, 2024	96	\$ 1	\$ 2,131	\$ (1,924)	\$ (133)	\$ 75

In millions	Common Stock		Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
December 31, 2022	101	\$ 1	\$ 1,941	\$ (1,565)	\$ (119)	\$ 258
Net income	—	—	—	40	—	40
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	3	—	21	—	—	21
Repurchases of common stock, retired	(2)	—	—	(88)	—	(88)
Pension and postemployment benefit plans, net of tax	—	—	—	—	2	2
Unrealized loss on derivatives, net of tax	—	—	—	—	(5)	(5)
Currency translation adjustment	—	—	—	—	2	2
March 31, 2023	102	\$ 1	\$ 1,962	\$ (1,613)	\$ (120)	\$ 230
Net income	—	—	—	17	—	17
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	—	—	40	—	—	40
Repurchases of common stock, retired	(2)	—	—	(72)	—	(72)
Pension and postemployment benefit plans, net of tax	—	—	—	—	1	1
Unrealized gain on derivatives, net of tax	—	—	—	—	7	7
Currency translation adjustment	—	—	—	—	(5)	(5)
June 30, 2023	100	\$ 1	\$ 2,002	\$ (1,668)	\$ (117)	\$ 218

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

These statements have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") and, in accordance with those rules and regulations, do not include all information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In the opinion of management, the condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the results of operations, financial position and cash flows of Teradata Corporation ("Teradata" or the "Company") for the interim periods presented herein. The year-end 2023 condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amounts and disclosures. Actual results may vary from these estimates.

These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Teradata's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Annual Report"). The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year.

2. New Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This standard requires disclosure of significant segment expenses and other segment items by reportable segment. This ASU becomes effective for annual periods beginning in 2024 and interim periods in 2025. We are assessing the impact of this ASU and upon adoption expect that any impact would be limited to additional segment expense disclosures in the footnotes to our Consolidated Financial Statements.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This standard enhances disclosures related to income taxes, including the rate reconciliation and information on income taxes paid. This ASU becomes effective January 1, 2025. We are assessing the impact of this ASU and upon adoption may be required to include certain additional disclosures in the footnotes to our Consolidated Financial Statements.

3. Revenue from Contracts with Customers

Disaggregation of Revenue from Contracts with Customers

The following table presents a disaggregation of revenue:

in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Americas				
Recurring	\$ 222	\$ 230	\$ 466	\$ 486
Perpetual software licenses, hardware and other	2	3	7	8
Consulting services	26	35	54	66
Total Americas	250	268	527	560
EMEA				
Recurring	93	89	192	176
Perpetual software licenses, hardware and other	1	5	3	12
Consulting services	22	24	46	47
Total EMEA	116	118	241	235
APJ				
Recurring	53	52	98	98
Perpetual software licenses, hardware and other	2	5	3	6
Consulting services	15	19	32	39
Total APJ	70	76	133	143
Total Revenue	\$ 436	\$ 462	\$ 901	\$ 938

Rental revenue, which is included in recurring revenue in the above table, was as follows:

in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Rental revenue*	\$ 54	\$ 56	\$ 109	\$ 107

*Rental revenue includes hardware maintenance.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, contract assets, and customer advances and deposits (deferred revenue or contract liabilities) on the condensed consolidated balance sheet. Accounts receivable include amounts due from customers that are unconditional. Contract assets relate to the Company's rights to consideration for goods delivered or services completed and recognized as revenue but billing and the right to receive payment is conditional upon the completion of other performance obligations. Contract assets are included in other current assets on the balance sheet and are transferred to accounts receivable when the rights become unconditional. Deferred revenue consists of advance payments and billings in excess of revenue recognized. Deferred revenue is classified as either current or noncurrent based on the timing of when the Company expects to recognize revenue. These assets and liabilities are reported on a contract-by-contract basis at the end of each reporting period.

The following table provides information about receivables, contract assets and deferred revenue from contracts with customers:

in millions	As of	
	June 30, 2024	December 31, 2023
Accounts receivable, net	\$ 248	\$ 286
Contract assets	\$ 4	\$ 9
Current deferred revenue	\$ 529	\$ 570
Long-term deferred revenue	\$ 10	\$ 22

Revenue recognized during the six months ended June 30, 2024 from amounts included in deferred revenue at the beginning of the period was \$355 million.

Transaction Price Allocated to Unsatisfied Obligations

The following table includes estimated revenue expected to be recognized in the future related to the Company's unsatisfied (or partially satisfied) obligations at June 30, 2024:

in millions	Total at June 30, 2024	Year 1	Year 2 and Thereafter
Remaining unsatisfied obligations	\$ 2,300	\$ 1,367	\$ 933

The amounts above represent the price of firm orders for which work has not been performed or goods have not been delivered and exclude unexercised contract options outside the stated contractual term that do not represent material rights to the customer. Although the Company believes that the contract value in the above table is firm, approximately \$1,165 million of the amount is under contracts that are subject to customer-only general cancellation for convenience terms that the Company is contractually obligated to perform unless the customer notifies us of cancellation. The Company expects to recognize revenue of approximately \$576 million in the next year from contracts that are non-cancelable. The Company believes the inclusion of this information is important to understanding the obligations that the Company is contractually required to perform and provides useful information regarding remaining obligations related to these executed contracts.

4. Contract Costs

The Company capitalizes sales commissions and other contract costs that are incremental direct costs of obtaining customer contracts if the expected amortization period of the asset is greater than one year. These costs are recorded in capitalized contract costs, net on the Company's balance sheet. The capitalized amounts are calculated based on the annual recurring revenue and contract value for individual multi-term contracts. The judgments made in determining the amount of costs incurred include whether the commissions are in fact incremental and would not have occurred absent the customer contract. Costs to obtain a contract are amortized as selling, general and administrative expenses on a straight-line basis over the expected period of benefit, which is typically around four years. These costs are periodically reviewed for impairment. The following table identifies the activity relating to capitalized contract costs:

in millions	December 31, 2023	Capitalized	Amortization	June 30, 2024
Capitalized contract costs	\$ 68	\$ 2	\$ (18)	\$ 52

in millions	December 31, 2022	Capitalized	Amortization	June 30, 2023
Capitalized contract costs	\$ 92	\$ 6	\$ (22)	\$ 76

5. Supplemental Financial Information

In millions	As of	
	June 30, 2024	December 31, 2023
Inventories		
Finished goods	\$ 21	\$ 11
Service parts	1	2
Total inventories	<u>\$ 22</u>	<u>\$ 13</u>
Deferred revenue		
Deferred revenue, current	\$ 529	\$ 570
Long-term deferred revenue	10	22
Total deferred revenue	<u>\$ 539</u>	<u>\$ 592</u>

In millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Other expense				
Foreign currency losses	\$ 2	\$ 7	\$ 11	\$ 25
Other	4	3	7	6
Total Other expense	<u>\$ 6</u>	<u>\$ 10</u>	<u>\$ 18</u>	<u>\$ 31</u>

Argentina Blue Chip Swap Transaction

The Central Bank of Argentina maintains currency controls that limit our ability to access U.S. dollars in Argentina and remit cash from our Argentine operations. There is a foreign exchange mechanism known as Blue Chip Swaps, which effectively results in a parallel U.S. dollar exchange rate. During the three and six months ended June 30, 2024, we entered into Blue Chip Swap transactions in order to remit cash from our Argentine operations that resulted in pre-tax loss on investment of \$1 million and \$3 million, respectively.

6. Income Taxes

Income tax provisions for interim periods are based on estimated annual income tax rates, adjusted to reflect the effects of any significant infrequent or unusual items which are required to be discretely recognized within the current interim period. The Company expects that a majority of its foreign earnings will be repatriated back to the United States ("U.S."). As a result, the effective tax rates in the periods presented are largely based upon the forecasted pre-tax earnings mix and allocation of certain expenses in various taxing jurisdictions where the Company conducts its business.

The effective tax rate is as follows:

In millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Effective tax rate	32.7 %	29.2 %	34.5 %	30.5 %

For the three months ended June 30, 2024, the Company recorded \$1 million of net discrete tax expense, a majority of which related to additional tax expense from stock-based compensation vesting.

For the three months ended June 30, 2023, the Company had no material discrete tax adjustments.

For the six months ended June 30, 2024, the Company recorded \$2 million of net discrete tax expense, a majority of which related to additional tax expense from stock-based compensation vesting.

For the six months ended June 30, 2023, the Company recorded \$2 million of net discrete tax benefits, a majority of which related to the excess tax benefit derived from stock-based compensation vesting.

Effective January 1, 2024, many jurisdictions where we conduct business, including several European Union members and G20 countries, have enacted a 15% global minimum tax on the income generated in each of the jurisdictions in which we operate, referred to as "Pillar Two" of the Global Anti-Base Erosion rules framework that was undertaken by the Organization for Economic Co-operation and Development ("OECD"). We are continuing to monitor developments and evaluate the impacts of the Pillar Two rules, however, as of the date of this Report on Form 10-Q, we do not expect the Pillar Two rules to have a material impact to our annual effective tax rate.

The Company estimates its annual effective tax rate for 2024 to be approximately 33.0%, which takes into consideration, among other things, the forecasted earnings mix by jurisdiction and the impact of discrete tax items to be recognized in 2024. Under U.S. tax law, U.S. shareholders are subject to a tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The Company has elected to provide for the tax expense related to GILTI in the year in which the tax is incurred. Effective on January 1, 2022, the U.S. tax law changed and now requires R&D expenses to be capitalized and amortized for tax purposes under Internal Revenue Code Section 174, which increases the Company's GILTI tax liability. The Company is currently forecasting approximately \$3 million of tax expense related to GILTI in our marginal effective tax rate for 2024.

7. Derivative Instruments and Hedging Activities

As a portion of Teradata's operations is conducted outside the U.S. and in currencies other than the U.S. dollar, the Company is exposed to potential gains and losses from changes in foreign currency exchange rates. In an attempt to mitigate the impact of currency fluctuations, the Company uses foreign exchange forward contracts to hedge transactional exposures resulting predominantly from foreign currency denominated inter-company receivables and payables. The forward contracts are designated as fair value hedges of specified foreign currency denominated inter-company receivables and payables and generally mature in three months or less. The fair values of foreign exchange contracts are based on market spot and forward exchange rates and represent estimates of possible value that may not be realized in the future. Across its portfolio of contracts, Teradata has both long and short positions relative to the U.S. dollar. As a result, Teradata's net exposure is less than the total contract notional amount of the Company's foreign exchange forward contracts.

Gains and losses from foreign exchange forward contracts are fully recognized each period and reported along with the offsetting gain or loss of the related hedged item, either in cost of revenues, operating expenses or in other income (expense), depending on the nature of the related hedged item.

During June 2022, Teradata entered into a cross-currency swap designated as a net investment hedge, to hedge the Euro currency exposure of its net investment in certain foreign subsidiaries. This agreement is a contract to exchange fixed-rate payments in one currency for fixed-rate payments in another currency. Changes in the fair value of this swap are recorded in Accumulated Other Comprehensive Loss in the same manner as foreign currency translation adjustments. In assessing the effectiveness of this hedge, the Company used a method based on changes in spot rates to measure the impact of the foreign currency exchange rate fluctuations on both its foreign subsidiary net investment and the related swap.

The cross-currency swap contract has an expiration date of June 29, 2026. At maturity of the cross-currency swap contract, the Company will deliver the notional amount of €143 million and will receive \$150 million from the counterparty. The Company will receive monthly interest payments from the counterparty based on a fixed interest rate until maturity of the agreements.

In June 2022, Teradata refinanced its long-term debt and its associated interest rate swap ("Prior Interest Rate Swap"), which were due to mature in June 2023. As a result, Teradata terminated its five-year London Interbank Offered Rate ("Libor") interest rate swap that had a \$500 million initial notional amount to hedge the floating interest rate of its Libor term loan. On June 28, 2022, Teradata executed a five-year Secured Overnight Financing Rate ("SOFR") interest rate swap, to fix the interest rate on approximately 90% of the principal balance of the \$500 million term loan, with an initial notional amount of \$450 million. The Company uses interest rate swaps to manage interest rate risks on future interest payments caused by interest rate changes on its variable rate term loan.

The notional amount of the hedge steps down according to the amortization schedule of the term loan. The notional amount of the hedge was \$450 million as of June 30, 2024.

The Company performed an initial effectiveness assessment on the interest rate swap and the net investment hedge foreign currency swap, and the hedges were determined to be effective. The hedges are being evaluated qualitatively on a quarterly basis for effectiveness. Changes in fair value are recorded in Accumulated Other Comprehensive Loss and periodic settlements of the swap will be recorded in interest expense along with the interest on amounts outstanding under the term loan.

The following table identifies the contract notional amount of the Company's derivative financial instruments:

In millions	As of	
	June 30, 2024	December 31, 2023
Contract notional amount of foreign exchange forward contracts	\$ 78	\$ 178
Net contract notional amount of foreign exchange forward contracts	\$ 72	\$ 1
Contract notional amount of foreign currency exchange (net investment hedge)	\$ 150	\$ 150
Contract notional amount of interest rate swap	\$ 450	\$ 450

All derivatives are recognized in the condensed consolidated balance sheets at their fair value. The notional amounts represent agreed-upon amounts on which calculations of dollars to be exchanged are based and are an indication of the extent of Teradata's involvement in such instruments. These notional amounts do not represent amounts exchanged by the parties and, therefore, are not a measure of the instruments. Refer to Note 9 for disclosures related to the fair value of all derivative assets and liabilities.

The Company does not hold or issue derivative financial instruments for trading purposes, nor does it hold or issue leveraged derivative instruments. By using derivative financial instruments to hedge exposures to changes in foreign exchange and interest rates, the Company exposes itself to credit risk. The Company manages exposure to counterparty credit risk by entering into derivative financial instruments with highly rated institutions that can be expected to fully perform under the terms of the applicable contracts.

8. Commitments and Contingencies

Legal Proceedings. In the ordinary course of business, the Company is subject to proceedings, lawsuits, governmental investigations, claims and other matters, including those that relate to the environment, health and safety, employee benefits, export compliance, intellectual property, tax matters, shareholder matters, and other regulatory compliance and general matters. It is not currently a party to any litigation, nor is it aware of any pending or threatened litigation against it, that the Company believes would materially affect its business, operating results, financial condition or cash flows, other than the following.

On June 14, 2024, a putative securities class action lawsuit was filed against the Company and certain of its officers in the United States District Court for the Southern District of California, captioned *Ostrander v. Teradata Corporation*, No. 24-cv-01034 (S.D. Cal.). The complaint asserts claims for alleged violations of federal securities laws related to statements concerning the Company's business and 2023 financial outlook for Total ARR and Public Cloud ARR. The plaintiff seeks to represent a class of certain persons who purchased or otherwise acquired the Company's stock during the period from February 13, 2023 to February 12, 2024 and seeks unspecified damages and other relief. The Company disputes the allegations in the complaint and intends to defend the case vigorously. The case is at an early stage, and the Company cannot reasonably estimate the amount of any potential financial loss or cost that could result from this lawsuit.

On June 19, 2018, the Company and certain of its subsidiaries filed a lawsuit (the "TD-SAP 1" suit) in the U.S. District Court for the Northern District of California against SAP SE, SAP America, Inc., and SAP Labs, LLC (collectively, "SAP"). In the TD-SAP 1 lawsuit, the Company alleged, among other things, that SAP misappropriated certain of the Company's trade secrets within the Company's enterprise data analytics and warehousing products and used such trade secrets to help develop, improve, introduce, and sell one or more competing products. The Company further alleged that SAP employed anticompetitive practices using its substantial market position in the enterprise resource planning applications market to pressure the Company's customers and prospective customers to use one or more of SAP's competing products and reduce or eliminate customers' and prospective customers' use of the Company's offerings. The Company sought an injunction barring SAP's alleged conduct, monetary damages, and other available legal and equitable relief. In July 2019, SAP filed patent infringement counterclaims against the Company based on five of SAP's U.S. patents. On August 31, 2020, the Company filed a second lawsuit against SAP (the "TD-SAP 2" suit) in the U.S. District Court for the Northern District of California, in which the Company alleged infringement by SAP of four of the Company's U.S. patents. On February 16, 2021, SAP filed additional patent infringement counterclaims against the Company in response. On the same day, SAP also filed a lawsuit in Germany (the "TD-SAP 3" suit) for infringement of a single German patent. In November 2021, the district court dismissed the Company's antitrust claims and most of its trade secret claims in the TD-SAP 1 suit. In December 2021, the Company appealed that decision to the U.S. Court of Appeals for the Federal Circuit in Washington, D.C. That Court ruled the appeal should be heard by the Ninth Circuit Court of Appeals; the appeal was transferred to the Ninth Circuit and the court heard oral arguments on February 12, 2024, and the parties are awaiting the Court's ruling. In the meantime, the Company and SAP have entered into a partial settlement agreement that has resulted in full dismissal of all claims and counterclaims in the TD-SAP 2 suit in California and the TD-SAP 3 suit in Germany as well as a stay of all claims and counterclaims remaining in the TD-SAP 1 suit pending resolution of the Company's appeal. Currently, it is not possible to determine the likelihood of a loss or a reasonably estimated range of loss, if any, pertaining to any of SAP's remaining patent counterclaims in the TD-SAP 1 lawsuit.

Other Contingencies. The Company provides its customers with certain indemnification rights. In general, the Company agrees to indemnify the customer if a third party asserts patent or other infringement on the part of the customer for its use of the Company's offerings. The Company has indemnification obligations under its charter and bylaws to its officers and directors, and has entered into indemnification agreements with the officers and directors of its subsidiaries. From time to time, the Company also enters into agreements in connection with its acquisition and divestiture activities that include indemnification obligations by the Company. The fair value of these indemnification obligations is typically not readily determinable due to the conditional nature of the Company's potential obligations and the specific facts and circumstances involved with each particular agreement. As such, the Company has generally not recorded a liability in connection with these indemnification arrangements. Historically, payments made by the Company under these types of agreements have not had a material effect on the Company's consolidated financial condition, results of operations or cash flows.

Concentrations of Risk. The Company is potentially subject to concentrations of credit risk on accounts receivable and financial instruments such as hedging instruments, and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the balance sheet. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions (as counterparties to hedging transactions) and monitoring procedures. Teradata's business often involves large transactions with customers, and if one or more of those customers were to default in its obligations under applicable contractual arrangements, the Company could be exposed to potentially significant losses. However, management believes that the reserves for potential losses were adequate at June 30, 2024 and December 31, 2023.

The Company is also potentially subject to concentrations of supplier risk. Our hardware components are assembled primarily by Flex Ltd. ("Flex"). Flex procures a wide variety of components used in the manufacturing process on behalf of the Company. Although many of these components are available from multiple sources, Teradata utilizes preferred supplier relationships to provide more consistent and optimal quality, cost and delivery. Typically, these preferred suppliers maintain alternative processes and/or facilities to ensure continuity of supply. Given the Company's strategy to outsource its manufacturing activities to Flex and to source certain components from single suppliers, a disruption in production at Flex or at a supplier could impact the timing of customer shipments and/or Teradata's operating results. In addition, a significant change in the forecasts to any of these preferred suppliers could result in purchase obligations for components that may be in excess of demand.

9. Fair Value Measurements

Fair value measurements are established utilizing a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets for identical assets or liabilities; Level 2, defined as significant other observable inputs, such as quoted prices in active markets for similar assets or liabilities, or quoted prices in less-active markets for identical assets; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Company's assets and liabilities measured at fair value on a recurring basis include money market funds, interest rate swaps, foreign currency swaps and foreign currency exchange contracts. A portion of the Company's excess cash reserves are held in money market funds which generate interest income based on the prevailing market rates. Money market funds are included in cash and cash equivalents in the Company's balance sheet. Money market fund holdings are measured at fair value using quoted market prices and are classified within Level 1 of the valuation hierarchy.

When deemed appropriate, the Company minimizes its exposure to changes in foreign currency exchange rates through the use of derivative financial instruments, specifically, foreign exchange forward contracts. Additionally, in June 2022, Teradata executed a five-year interest rate swap with a \$450 million initial notional amount in order to hedge the variable interest rate on its term loan and a four-year cross-currency swap with initial notional amounts of €143 million/\$150 million, as a net investment hedge to hedge the Euro currency exposure of our net investment in certain foreign subsidiaries. The fair value of these contracts and swaps are measured at the end of each interim reporting period using observable inputs other than quoted prices, specifically market spot and forward exchange rates. As such, these derivative instruments are classified within Level 2 of the valuation hierarchy. Fair value of unrealized gains for open contracts are recorded in other assets and the fair value of unrealized losses are recorded in other liabilities in the Company's balance sheet. The fair value of foreign exchange forward contract assets and liabilities at June 30, 2024 and December 31, 2023 was not material. Realized gains and losses from the Company's fair value and net investment hedges net of corresponding gains or losses on the underlying exposures were immaterial for the three and six months ended June 30, 2024 and 2023.

The Company's other assets and liabilities measured at fair value on a recurring basis and subject to fair value disclosure requirements at June 30, 2024 and December 31, 2023 were as follows:

In millions	Total	Fair Value Measurements at Reporting Date Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets					
Money market funds at June 30, 2024	\$ 47	\$ 47	\$ —	\$ —	
Money market funds at December 31, 2023	\$ 152	\$ 152	\$ —	\$ —	
Interest rate swap at June 30, 2024	\$ 14	\$ —	\$ 14	\$ —	
Interest rate swap at December 31, 2023	\$ 8	\$ —	\$ 8	\$ —	
Liabilities					
Foreign currency swap at June 30, 2024	\$ 3	\$ —	\$ 3	\$ —	
Foreign currency swap at December 31, 2023	\$ 8	\$ —	\$ 8	\$ —	

10. Debt

On June 28, 2022, the Company entered into a Credit Agreement that provides for (i) a five-year unsecured term loan in an aggregate principal amount of \$500 million (the "Term Loan"), and (ii) a five-year unsecured revolving credit facility in an aggregate principal amount of up to \$400 million, including a \$50 million sublimit for the issuance of standby letters of credit and a \$50 million sublimit for swingline loans (the "Revolving Facility" and, collectively with the Term Loan, the "Credit Facility"). The Credit Facility replaces the Company's prior revolving credit agreement in the maximum principal of \$400 million and its prior term loan agreement in the initial principal amount of \$500 million, both of which were entered into in 2018 (the "Prior Agreements"). In connection with the execution of the Credit Facility, the \$400 million term loan outstanding under the Prior Agreements was repaid in full.

All outstanding borrowings pursuant to the Revolving Facility are due and payable on June 28, 2027, however, the maturity date of the Revolving Facility may be extended by agreement of the parties for up to two additional one-year periods. The Term Loan is payable in quarterly installments, which commenced on June 30, 2024, with 1.25% of the initial principal amount due on each of the first twelve payment dates, with all remaining principal due on June 28, 2027. Under the terms of the Credit Facility, Teradata from time to time and subject to certain conditions may increase the lending commitments under the Credit Facility in an aggregate principal amount up to an additional \$450 million, to the extent that existing or new lenders agree to provide such additional commitments. The outstanding principal amount of the Credit Facility bears interest at a floating rate based upon, at Teradata's option, a negotiated base rate or an adjusted term SOFR rate, plus in each case, a margin based on the Company's leverage ratio. As disclosed in Note 7, in June 2022, Teradata entered into an interest rate swap to hedge approximately 90% (or \$450 million as of June 30, 2024) of the floating interest rate of the total \$500 million Term Loan and a cross currency swap to hedge a portion of Euro currency exposure of its net investment in certain foreign subsidiaries.

The Credit Facility is unsecured but is guaranteed by certain of Teradata's material domestic subsidiaries and contains certain customary representations and warranties, default provisions, and affirmative and negative covenants, including, among others, covenants regarding the maintenance of a leverage ratio and covenants relating to financial reporting, compliance with laws, subsidiary indebtedness, liens, sale and leaseback transactions, mergers and other fundamental changes, and entry into certain restrictive agreements. Most of the covenants are subject to materiality, thresholds, and exceptions. On September 21, 2023, the Credit Agreement was amended to establish key performance indicators with respect to certain environmental, social, and governance ("ESG") targets, pursuant to which certain positive or negative adjustments would be made to various fees and applicable margin based on Teradata's performance against such ESG targets.

As of June 30, 2024, the Company had no borrowings outstanding under the Revolving Facility, leaving \$400 million in borrowing capacity available under the Revolving Facility and the Term Loan principal outstanding

was \$494 million. The Term Loan is recognized on the Company's balance sheet at the unpaid principal balance, net of deferred issuance costs, and is not subject to fair value measurement. The Company was in compliance with all covenants under the Credit Facility as of June 30, 2024.

For the three months ended June 30, 2024 and June 30, 2023, the blended all-in interest rate on the Credit Facility was 4.41% and 4.40%, respectively.

11. Earnings per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the reported period. The calculation of diluted earnings per share is similar to basic earnings per share, except that the weighted average number of shares outstanding includes the dilution from potential shares resulting from stock options, restricted stock awards and other stock awards. The components of basic and diluted earnings per share are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
In millions, except per share amounts				
Net income attributable to common stockholders	\$ 37	\$ 17	\$ 57	\$ 57
Weighted average outstanding shares of common stock	96.5	101.0	97.0	101.2
Dilutive effect of employee stock options, restricted stock and other stock awards	0.9	1.9	1.9	2.1
Common stock and common stock equivalents	97.4	102.9	98.9	103.3
Net income per share:				
Basic	\$ 0.38	\$ 0.17	\$ 0.59	\$ 0.56
Diluted	\$ 0.38	\$ 0.17	\$ 0.58	\$ 0.55

Options to purchase 0.1 million shares in the six months ended June 30, 2023 were not included in the computation of diluted earnings per share because the exercise prices of these options were greater than the average market price of the common shares for the period, and therefore would have been anti-dilutive. There were no anti-dilutive options excluded for the three and six months ended June 30, 2024 nor the three months ended June 30, 2023.

12. Segment and Other Supplemental Information

Teradata manages its business under three geographic regions, which are also the Company's operating segments: (1) Americas region (North America and Latin America); (2) EMEA region (Europe, Middle East and Africa) and (3) APJ region (Asia Pacific and Japan). For purposes of discussing results by segment, management excludes the impact of certain items, consistent with the manner by which management evaluates the performance of each segment. This format is useful to investors because it allows analysis and comparability of operating trends. It also includes the same information that is used by Teradata management to make decisions regarding the segments and to assess financial performance. The chief operating decision maker, who is the Company's President and Chief Executive Officer, evaluates the performance of the segments based on revenue and multiple profit measures, including segment gross profit. For management reporting purposes, assets are not allocated to the segments.

The following table presents segment revenue and segment gross profit for the Company:

In millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Segment revenue				
Americas	\$ 250	\$ 268	\$ 527	\$ 560
EMEA	116	118	241	235
APJ	70	76	133	143
Total revenue	436	462	901	938
Segment gross profit				
Americas	159	164	336	357
EMEA	71	73	150	147
APJ	41	43	74	82
Total segment gross profit	271	280	560	586
Stock-based compensation costs	5	4	9	8
Acquisition, integration, reorganization and transformation-related costs	1	—	2	—
Total gross profit	265	276	549	578
Selling, general and administrative expenses	131	167	292	320
Research and development expenses	68	76	143	146
Income from operations	\$ 66	\$ 33	\$ 114	\$ 112

13. Subsequent Events

On August 5, 2024, the Company announced that it has realigned its sales function and has initiated global restructuring and cost actions to optimize operations, reduce non-revenue generating expenses, and drive efficiencies for long-term growth and profitability (the "Restructuring"). The Restructuring is expected to result in a reduction of the Company's workforce affecting approximately 9% to 10% of the Company's global workforce. The majority of the actions related to the Restructuring are expected to be completed by the end of 2024, with remaining actions to be completed by the end of 2025.

The Company expects that the majority of the costs relating to the Restructuring will include one-time employee separation benefits, transition support, and other employee-related costs. The Company expects that it will incur total charges related to the Restructuring in the range of approximately \$20 to \$25 million. The Company expects to recognize these charges in 2024 and 2025, with the majority of the expenses recorded in 2024. Cash expenditures related to these actions are estimated at approximately \$45 to \$50 million, of which, approximately \$30 to \$35 million are expected to occur during 2024.

The estimate of the savings (and any reinvestment thereof), costs, charges, and cash expenditures that the Company expects to incur in connection with the Restructuring, and the timing thereof, are subject to a number of assumptions, including local law requirements in various jurisdictions, and actual amounts may differ materially from the estimates. In addition, the Company may incur other costs and charges not currently contemplated due to unanticipated events that may occur, including in connection with the implementation of the Restructuring.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A").

You should read the following discussion in conjunction with the Condensed Consolidated Financial Statements (Unaudited) and the notes to those statements included elsewhere in this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Certain statements contained in the MD&A are forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in other sections of this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Annual Report"). The Company 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.

Overview

At Teradata Corporation ("we," "us," "Teradata," or the "Company"), we believe that people thrive when empowered with trusted information. We are focused on helping organizations improve business performance, enrich customer experiences, and integrate data across the enterprise. As such, we strive to innovate and deliver trusted solutions for their toughest data and analytics challenges. That is why we built our comprehensive open and connected cloud analytics and data platform for artificial intelligence ("AI"). With our Teradata Vantage platform, underpinned by our extensive patented workload management optimization, we are well positioned to help enterprises solve business problems and deliver business breakthroughs with its capabilities to provide harmonized data, trusted AI, and faster innovation. As a result, we believe that we empower our customers - and our customers' customers - to make better, more confident decisions, engage in faster innovation, and drive positive impact within the enterprise.

Teradata is recognized by industry analysts as offering a cloud analytics and data platform with next-generation, cloud-native deployment and expansive analytics capabilities. We believe we are differentiated by providing our analytics and data platform offering across a secure, multi-cloud ecosystem. Our differentiated approach spans deployments in the top Public Cloud service provider platforms of AWS, Microsoft Azure, and Google Cloud, as well as private cloud platform instances, on-premises, and hybrid environments.

We are continuing to execute on our key priorities, including supporting our on-premises customers, migrating customers to the cloud, upgrading customers from VantageCloud Enterprise to VantageCloud Lake, expanding our Teradata Vantage analytics and data platform product offering (which includes VantageCloud Enterprise, VantageCloud Lake, and ClearScape Analytics), adding new customers and expanding our footprint with existing customers, informing our customers of our AI capabilities, increasing our focus on diversity and inclusiveness, and driving operational excellence and agility across the Company.

To allow for greater transparency regarding the progress we are making toward achieving our strategic objectives, we utilize the following financial and performance metrics:

- Annual Recurring Revenue ("ARR") - annual value at a point in time of recurring contracts.
- Total Annual Recurring Revenue ("Total ARR") - annual value at a point in time of all recurring contracts, including subscription, cloud, software upgrade rights, and maintenance. Total ARR does not include managed services and third-party software.
- Public Cloud ARR (included within Total ARR) - annual value at a point in time of all contracts related to Public Cloud implementations of Teradata VantageCloud and does not include ARR related to private or managed cloud implementations.
- Cloud Net Expansion Rate - Teradata calculates its last-twelve months dollar-based cloud net expansion rate as of a fiscal quarter end as follows:
 - We identify the ARR for active cloud customers in the fiscal quarter ending one year prior to the given fiscal quarter (the "base period");

- We then identify the Public Cloud ARR in the given fiscal quarter (the "current period") from the same set of active cloud customers as the base period, including increases in usage, as well as reductions and cancellations, and additional conversions of on-premises revenues to the cloud for customers active in the base period, all in constant currency; and
- The quarterly dollar-based, Cloud Net Expansion Rate is calculated by taking the ARR from the current period and dividing by the ARR from the base period.

The last twelve-month dollar-based cloud net expansion rate is calculated by taking the average of the quarterly dollar-based cloud net expansion rate from the last fiscal quarter and the prior three fiscal quarters.

Second Quarter Financial Overview

As more fully discussed in later sections of this MD&A, the following were what we view as the more significant financial items for the second quarter of 2024:

- At the end of the second quarter of 2024, ARR was \$1.465 billion compared to \$1.523 billion in the second quarter of 2023, decreasing 4% as compared to the second quarter of 2023, including a 1% negative impact from foreign currency translation.
- At the end of the second quarter of 2024, Public Cloud ARR was \$542 million compared to \$414 million in the second quarter of 2023, increasing 31% as compared to the second quarter of 2023, including a 1% negative impact from foreign currency fluctuations.
- Total revenue was \$436 million for the second quarter of 2024, a 6% decrease compared to the second quarter of 2023, with recurring revenue down 1%. Perpetual software licenses, hardware and other revenue decreased 62%, and consulting services revenue decreased 19%. Foreign currency fluctuations had a 3% adverse impact on total revenue for the quarter compared to the prior year.
- Gross margin increased to 60.8% in the second quarter of 2024 from 59.7% in the second quarter of 2023, primarily due to improved Public Cloud margin rates and lower overall perpetual and consulting services revenue compared to the prior year.
- Operating expenses for the second quarter of 2024 decreased 18% compared to the second quarter of 2023, primarily due to lower expenses and stock-based compensation expense in the second quarter of 2024.
- Operating income was \$66 million in the second quarter of 2024, compared to \$33 million in the second quarter of 2023.
- Net income in the second quarter of 2024 was \$37 million, compared to \$17 million in the second quarter of 2023.
- Cloud Net Expansion Rate for the second quarter of 2024 was 123%, compared to 121% for the second quarter of 2023.

Results of Operations for the Three Months Ended June 30, 2024 **Compared to the Three Months Ended June 30, 2023**

Revenue

In millions	2024	% of Revenue	2023	% of Revenue
Recurring	\$ 368	84.4 %	\$ 371	80.3 %
Perpetual software licenses, hardware and other	5	1.1 %	13	2.8 %
Consulting services	63	14.4 %	78	16.9 %
Total revenue	\$ 436	100 %	\$ 462	100 %

Total revenue decreased \$26 million, or 6%, in the second quarter of 2024, including a 3% negative impact from foreign currency fluctuations. Recurring revenue was down 1% as compared to the second quarter of 2023 and included a 3% negative impact from foreign currency fluctuations. Recurring revenue for the second quarter of 2024 included strong growth from Public Cloud revenue and a slight positive impact from annual upfront software subscription revenue associated with on-premises subscription software, partially offset by anticipated on-premises erosions and 3% of negative impact from foreign currency fluctuations. Revenues from perpetual software licenses, hardware and other decreased 62%, or \$8 million in the second quarter of 2024, primarily due to the timing of deals and a low overall volume from this revenue category, as aligned with our strategic shift towards recurring revenue. Consulting services revenue decreased 19% in the second quarter of 2024, including a 4% negative impact from foreign currency fluctuations.

Financial and Performance Measures

Our Total ARR is composed of three main categories: (1) Public Cloud ARR, (2) ARR related to on-premises subscription-based contracts and private cloud ("Subscription ARR"), and (3) ARR related to our legacy perpetual maintenance and software upgrade rights. At June 30, 2024 and 2023 our Total ARR consisted of:

In millions	2024	2023
Public Cloud	\$ 542	\$ 414
Subscription	802	876
Maintenance and Software upgrade rights	121	233
Total ARR	\$ 1,465	\$ 1,523

Cloud Net Expansion rate	123 %	121 %
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At the end of the second quarter of 2024, Total ARR decreased 4% as compared to the second quarter of 2023, including a 1% negative impact from foreign currency fluctuations. At the end of the second quarter of 2024, Public Cloud ARR increased 31% as compared to the second quarter of 2023, including a 1% negative impact from foreign currency fluctuations. Public Cloud ARR growth in the second quarter of 2024 was driven by greater market awareness and customer demand of Teradata VantageCloud, our Public Cloud offering. The decreases in subscription ARR and maintenance and software upgrade rights ARR were driven by customer migrations to Public Cloud ARR, on-premises erosions, elongated deal closing cycles and lower on-premises expansion activity.

In the second quarter of 2024, we experienced the following trends as compared to the second quarter of 2023:

- Customers expanding into additional cloud capabilities as they see value when they migrate to VantageCloud as compared to the capabilities they had in an on-premises environment.
- Elongated deal closing cycles that have resulted in anticipated deal closings moving to future quarters.
- On-premises expansion activity being pushed out to future quarters.
- Uncertain industry macro-economic environment resulting in delayed customer spending.

As a portion of the Company's operations and revenue occur outside the United States, and in currencies other than the U.S. dollar, the Company is exposed to fluctuations in foreign currency exchange rates. Based on currency rates

as of June 30, 2024, Teradata is now estimating a 1.75%-to-2.25% negative impact from currency translation on our 2024 full-year total reported revenues.

We expect to see elongated deal closing cycles to continue and are now expecting on-premises expansion activity to be pushed out to future quarters, each negatively impacting Total ARR growth in 2024. We expect expansion and migration activity as the primary contributors for Public Cloud ARR growth in 2024.

Gross Profit

In millions	2024	% of Revenue	2023	% of Revenue
Recurring	\$ 258	70.1 %	\$ 264	71.2 %
Perpetual software licenses, hardware and other	—	— %	1	7.7 %
Consulting services	7	11.1 %	11	14.1 %
Total gross profit	\$ 265	60.8 %	\$ 276	59.7 %

The decrease in recurring revenue gross profit as a percentage of revenue was primarily due to a higher mix of Public Cloud revenues versus on-premises revenue as compared to the prior-year period, offset in part by continued improvement in our Public Cloud margin rate.

The decrease in perpetual software licenses, hardware and other gross profit as a percentage of revenue was primarily driven by deal mix and the timing of revenue.

Consulting services gross profit as a percentage of revenue decreased as compared to the prior year primarily due to the decrease in revenue as compared to the prior-year period.

Operating Expenses

In millions	2024	% of Revenue	2023	% of Revenue
Selling, general and administrative expenses	\$ 131	30.0 %	\$ 167	36.1 %
Research and development expenses	68	15.6 %	76	16.5 %
Total operating expenses	\$ 199	45.6 %	\$ 243	52.6 %

Selling, general and administrative ("SG&A") expense decreased year over year due to continued cost discipline focused on cost reductions across the Company, as well as lower variable incentive compensation and stock-based compensation expense. Research and development ("R&D") expense decreased year over year also due to continued cost discipline efforts.

Other Expense, net

In millions	2024	2023
Interest income	\$ 2	\$ 8
Interest expense	(7)	(7)
Other	(6)	(10)
Other expense, net	\$ (11)	\$ (9)

Other expense, net in the second quarter of 2024 and 2023 is comprised primarily of interest expense on long-term debt and finance leases, losses resulting from foreign currency transactions, as well as benefit costs on our pension and postemployment plans, partially offset by interest income earned on our cash and cash equivalents. Other expense is lower in 2024 primarily due to decreased foreign currency losses of \$5 million as compared to the prior period. Interest income is lower primarily due to a lower overall cash balance.

As disclosed in Note 5 of Notes to Condensed Consolidated Financial Statements (Unaudited), during the second quarter of 2024, we entered into a Blue Chip Swap transaction in order to remit cash from our Argentine operations that resulted in a pre-tax loss on investment of \$1 million, that is reported in "Other" expense.

Provision for Income Taxes

Income tax provisions for interim periods are based on estimated annual income tax rates, adjusted to reflect the effects of any significant infrequent or unusual items which are required to be discretely recognized within the current interim period.

The effective tax rates for the three months ended June 30, 2024 and 2023 were as follows:

	2024	2023
Effective tax rate	32.7 %	29.2 %

For the three months ended June 30, 2024, the Company recorded \$1 million of net discrete tax expense, a majority of which related to tax expense from stock-based compensation vesting.

For the three months ended June 30, 2023, the Company had no material discrete tax adjustments.

Effective January 1, 2024, many jurisdictions where we conduct business, including several European Union members and G20 countries, have enacted a 15% global minimum tax on the income generated in each of the jurisdictions in which we operate, referred to as "Pillar Two" of the Global Anti-Base Erosion rules framework that was undertaken by the Organization for Economic Co-operation and Development ("OECD"). We are continuing to monitor developments and evaluate the impacts of the Pillar Two rules; we do not expect the Pillar Two rules to have a material impact to our annual effective tax rate.

Effective on January 1, 2022, the U.S. tax law changed to require that R&D expenses be capitalized and amortized for tax purposes under Internal Revenue Code Section 174. This requirement has an impact on global intangible low-taxed income ("GILTI") tax. We are currently forecasting approximately \$3 million of tax expense related to GILTI in our marginal effective tax rate for 2024.

We expect that a majority of our foreign earnings will be repatriated to the U.S. As a result, the effective tax rates in the periods presented are largely based upon the forecasted pre-tax earnings mix between the U.S. and other foreign taxing jurisdictions where we conduct our business.

We estimate that the full-year effective tax rate for 2024 will be approximately 33%, which takes into consideration, among other things, the forecasted earnings mix by jurisdiction, the estimated impact to GILTI tax (including the requirement to capitalize R&D for tax purposes), and the estimated discrete items to be recognized in 2024. The forecasted tax rate is based on the foreign profits being taxed at an overall effective tax rate of approximately 23%, as compared to the U.S. federal statutory tax rate of 21%.

Revenue and Gross Profit by Operating Segment

Teradata manages its business under three geographic regions, which are also our operating segments: (1) Americas region (North America and Latin America); (2) EMEA region (Europe, Middle East, and Africa) and (3) APJ region (Asia Pacific and Japan). For purposes of discussing results by segment, management excludes the impact of certain items, consistent with the manner by which management evaluates the performance of each segment. This format is useful to investors because it allows analysis and comparability of operating trends. It also includes the same information that is used by our management to make decisions regarding the segments and to assess financial performance. The chief operating decision maker ("CODM"), who is our President and Chief Executive Officer, evaluates the performance of the segments based on revenue and multiple profit measures, including segment gross profit. For management reporting purposes, assets are not allocated to the segments. Our segment results are reconciled to total company results reported under GAAP in Note 12 of Notes to Condensed Consolidated Financial Statements (Unaudited).

As a result of recent changes to the go-to-market organization that will be implemented in the third quarter of 2024, the Company is assessing the potential impact to the presentation of our current operating segments, including what discrete financial information will be shared with and reviewed by the CODM to evaluate performance in the future.

The following table presents segment revenue and segment gross profit for the Company for the three months ended June 30:

In millions	2024	% of Revenue	2023	% of Revenue
Segment revenue				
Americas	\$ 250	57.3 %	\$ 268	58.0 %
EMEA	116	26.6 %	118	25.5 %
APJ	70	16.1 %	76	16.5 %
Total segment revenue	<u>\$ 436</u>	<u>100 %</u>	<u>\$ 462</u>	<u>100 %</u>
Segment gross profit				
Americas	\$ 159	63.6 %	\$ 164	61.2 %
EMEA	71	61.2 %	73	61.9 %
APJ	41	58.6 %	43	56.6 %
Total segment gross profit	<u>\$ 271</u>	<u>62.2 %</u>	<u>\$ 280</u>	<u>60.6 %</u>

Americas

Americas revenue decreased 7% as compared to the prior year, including a 3% adverse impact from foreign currency fluctuations. The decrease in revenues was due to a decrease in recurring revenue of 3%, and a consulting revenue decrease of 26% (\$9 million), as compared to the prior year. Segment gross profit as a percentage of revenues increased with the benefit of improved Public Cloud margins as compared to the prior-year period and a lower mix of consulting services revenue.

EMEA

EMEA revenue decreased 2%, including a 4% adverse impact from foreign currency fluctuations. Total EMEA revenue included an increase of 4% in recurring revenue, off-set by a decrease of 80% (\$4 million) in perpetual software licenses, hardware and other revenue. Consulting revenue decreased by 8% (\$2 million) year over year. Segment gross profit as a percentage of revenues was down slightly compared to the prior-year period as the mix impact of a greater proportion of Public Cloud revenues were partially offset by improved Public Cloud margin rates as compared to the prior-year period.

APJ

APJ revenue decreased 8%, including a 4% adverse impact from foreign currency fluctuations. Recurring revenue increased by 2% (\$1 million), and consulting revenue decreased by 21% (\$4 million). Perpetual software licenses, hardware and other revenue was down 60% (\$3 million). Segment gross profit as a percentage of revenues was higher primarily due to an overall higher mix of recurring revenue compared to the prior-year period.

Results of Operations for the Six Months Ended June 30, 2024

Compared to the Six Months Ended June 30, 2023

Revenue

In millions	2024	% of Revenue	2023	% of Revenue
Recurring	\$ 756	83.9 %	\$ 760	81.0 %
Perpetual software licenses, hardware and other	13	1.4 %	26	2.8 %
Consulting services	132	14.7 %	152	16.2 %
Total revenue	\$ 901	100 %	\$ 938	100 %

Total revenue decreased \$37 million, or 4%, in the first six months of 2024, and included a 2% adverse impact from foreign currency fluctuations. Recurring revenue decreased 1%, including 2% of negative impact from foreign currency fluctuations. Within recurring revenue, Public Cloud revenue increased primarily due to expansions and migrations.

Revenues from perpetual software licenses, hardware and other were down 50% in the first six months of 2024, including 1% of adverse impact from foreign currency fluctuations, as customers continue to transition to subscription-based offerings, consistent with our overall strategy.

Consulting services revenue decreased 13% in the first six months of 2024, including a 4% negative impact from foreign currency fluctuations. The decrease is aligned with our overall strategy as our consulting business is focusing on higher-margin engagements. Consulting services revenue was also negatively impacted by ceasing our direct operations in China.

Gross Profit

In millions	2024	% of Revenue	2023	% of Revenue
Recurring	\$ 534	70.6 %	\$ 555	73.0 %
Perpetual software licenses, hardware and other	—	— %	3	11.5 %
Consulting services	15	11.4 %	20	13.2 %
Total gross profit	\$ 549	60.9 %	\$ 578	61.6 %

Recurring revenue gross profit as a percentage of revenue was down from the prior year, as the impact of a larger percentage of Public Cloud revenue was partially offset by improvements in that Public Cloud margin rate.

The decrease in perpetual software licenses, hardware and other gross profit as a percentage of revenue was primarily driven by deal mix and overall lower revenue volume as compared to the prior year.

Consulting services gross profit as a percentage of revenue decreased as compared to the prior year primarily due to the decrease in revenue versus the prior-year period, which was partially offset through capacity management. We continue to refocus our consulting organization on Vantage-oriented offerings and reduce our footprint in non-core consulting engagements.

Operating Expenses

In millions	2024	% of Revenue	2023	% of Revenue
Selling, general and administrative expenses	\$ 292	32.4 %	\$ 320	34.1 %
Research and development expenses	143	15.9 %	146	15.6 %
Total operating expenses	\$ 435	48.3 %	\$ 466	49.7 %

SG&A expenses decreased 9% for the first six months of 2024 as compared to the prior year, primarily due to continued cost discipline focused on cost reductions across the Company.

R&D expenses decreased for the first six months of 2024 as compared to prior year, due to continued cost discipline and lower outside services costs.

Other Expense, net

In millions	2024	2023
Interest income	\$ 6	\$ 15
Interest expense	(15)	(14)
Other	(18)	(31)
Other expense, net	\$ (27)	\$ (30)

Other expense, net for the six months of 2024 and 2023 is comprised primarily of interest expense on long-term debt and finance leases, losses resulting from foreign currency transactions, and benefit costs associated with our pension and postemployment plans, partially offset by interest income earned on our cash and cash equivalents. Other expense is lower in the first six months of 2024 as compared to the first six months of 2023 primarily due to \$14 million lower costs resulting from foreign currency transactions compared to the prior period. Interest income is lower primarily due to a lower overall cash balance.

As disclosed in Note 5 of Notes to Condensed Consolidated Financial Statements (Unaudited), during the six months ended June 30, 2024, we entered into Blue Chip Swap transactions in order to remit cash from our Argentine operations that resulted in a pre-tax loss on investment of \$3 million that is reported in "Other" expense.

Provision for Income Taxes

The effective tax rates for the six months ended June 30, 2024 and 2023 were as follows:

	2024	2023
Effective tax rate	34.5 %	30.5 %

For the six months ended June 30, 2024, the Company recorded \$2 million of net discrete tax expense, a majority of which related to tax expense from stock-based compensation vesting.

For the six months ended June 30, 2023, the Company recorded \$2 million of net discrete tax benefits, a majority of which related to the excess tax benefit derived from stock-based compensation vesting.

Revenue and Gross Profit by Operating Segment

The following table presents segment revenue and segment gross profit for the Six Months Ended June 30,:

In millions	2024	% of Revenue	2023	% of Revenue
Segment revenue				
Americas	\$ 527	58.5 %	\$ 560	59.7 %
EMEA	241	26.7 %	235	25.1 %
APJ	133	14.8 %	143	15.2 %
Total segment revenue	\$ 901	100 %	\$ 938	100 %
Segment gross profit				
Americas	\$ 336	63.8 %	\$ 357	63.8 %
EMEA	150	62.2 %	147	62.6 %
APJ	74	55.6 %	82	57.3 %
Total segment gross profit	\$ 560	62.2 %	\$ 586	62.5 %

Americas

Americas revenue was down 6% as compared to the prior year, and included 2% of negative impact from foreign currency fluctuations. Recurring revenue was down 4%, while perpetual software licenses, hardware and other revenue decreased 13% (\$1 million). Perpetual software licenses, hardware and other was down primarily due to the timing of transactions in the period, and the strategic shift towards recurring revenue. Consulting revenue decreased 18% (\$12 million). Segment gross profit as a percentage of revenues was flat from the prior-year period with benefit from the gross profit associated with upfront revenue and improved Public Cloud margin rates compared to the prior period largely offset by a higher mix of Public Cloud revenue.

EMEA

EMEA revenue increased 3%, which included a 1% adverse impact from foreign currency fluctuations. The overall increase in revenue included an increase of 9% in recurring revenue, a 2% decrease in consulting revenue and a 75% (\$9 million) decrease in perpetual software licenses, hardware and other revenue. Recurring revenue benefited from growth in Public Cloud revenues. Segment gross profit as a percentage of revenues was down slightly from the prior year, as the impact of a higher proportion of Public Cloud revenue was offset in part by improved Public Cloud margin rates.

APJ

APJ revenue decreased 7%, which included a 5% adverse impact from foreign currency fluctuations. The overall decrease in revenue included a decrease in consulting revenue of 18% (\$7 million), and a decrease in perpetual software licenses, hardware and other revenue of 50% (\$3 million). Recurring revenue was flat compared to the prior-year period. Segment gross profit as a percentage of revenues was negatively impacted by lower overall revenue and a higher proportion of Public Cloud revenue, offset in part by improved Public Cloud margin rates as compared to the prior year.

Financial Condition, Liquidity and Capital Resources

Cash provided by operating activities was \$70 million, which decreased by \$88 million in the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease in cash provided by operating activities was primarily due to working capital dynamics including the impact of lower billings. Teradata used approximately \$18 million of cash in the first six months of 2024 for reorganizing and transforming its operations and go-to-market functions to align to its strategy, as compared to \$23 million in the first six months of 2023. Teradata expects that approximately \$30 to \$35 million in additional cash will be used in the last six months of 2024 in connection with the implementation of the Restructuring discussed in Note 13 of Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata's management uses a financial measure called "free cash flow," which is not a measure defined under GAAP. We use free cash flow (which we define as net cash provided by operating activities less investing activities related to capital expenditures for property and equipment and additions to capitalized software) as one measure of assessing the financial performance of the Company, and this may differ from the definitions used by other companies. The components that are used to calculate free cash flow are GAAP measures taken directly from the Condensed Consolidated Statements of Cash Flows (Unaudited). We believe that free cash flow information is useful for investors because it relates 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 available after capital expenditures, for among other things, investments in the Company's existing businesses, strategic acquisitions and repurchases of Teradata common stock. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered a substitute for, or superior to, cash flows from operating activities under GAAP.

The table below shows net cash provided by operating activities and net cash used in investing activities related to capital expenditures, along with free cash flow, for the following periods:

In millions	Six Months Ended June 30,	
	2024	2023
Net cash provided by operating activities	\$ 70	\$ 158
Less:		
Expenditures for property and equipment	(9)	(6)
Additions to capitalized software	(1)	(1)
Free cash flow	\$ 60	\$ 151

Financing activities and certain other investing activities are not included in our calculation of free cash flow. As disclosed in Note 5 of Notes to Condensed Consolidated Financial Statements (Unaudited), during the six months ended June 30, 2024, we entered into Blue Chip Swap transactions in order to remit cash from our Argentine operations that resulted in a pre-tax loss on investment of \$3 million that is reported as an investing activity for cash flow purposes. There were no other material investing activities for the six months ended June 30, 2024 and 2023.

Teradata's financing activities for the six months ended June 30, 2024 and 2023 primarily consisted of cash outflows for share repurchases and payments on our finance leases. At June 30, 2024, we had no outstanding borrowings on our \$400 million Revolving Facility (as defined below).

We have two share repurchase programs that were authorized by our Board of Directors:

- The dilution offset share repurchase program allows us to repurchase Teradata common stock to the extent (i) cash is received from the exercise of stock options and (ii) employees' purchase Teradata stock pursuant to the Teradata Employee Stock Purchase Plan ("ESPP"). The purpose of the dilution offset share repurchase program is to offset dilution from shares issued pursuant to the exercise of stock options and shares purchased under the ESPP.

- Our open market share repurchase program provides for the repurchase of Teradata stock periodically on an ongoing basis in open market transactions, through 10b5-1 programs, through accelerated share repurchase programs, in privately negotiated transactions, or through the use of derivative instruments, in accordance with applicable securities rules regarding issuer repurchases. The open market share repurchase program will expire on December 31, 2025. On November 1, 2021, our Board of Directors authorized an additional \$1 billion for share repurchases under the open market share repurchase program. There is a total authority of \$392 million remaining under the open market share repurchase program as of June 30, 2024.

In the aggregate under the dilution offset share repurchase program and the open market share repurchase program, we repurchased approximately 4.4 million shares of common stock at an average price per share of \$39.24 in the six months ended June 30, 2024.

Share repurchases are reported on a trade date basis. Our share repurchase activity depends on factors such as our working capital needs, our cash requirements for capital investments, our stock price, and economic and market conditions.

Other financing activities, including net share settlement for the payroll tax liability of section 16 officers (as discussed in Item 2. Unregistered Sales of Equity Securities and Use of Proceeds), offset by proceeds from the ESPP and the exercise of stock options, net of tax was a net outflow of \$6 million for the six months ended June 30, 2024 and a net outflow of \$1 million (including fees from the credit facility agreement) for the six months ended June 30, 2023. The ESPP proceeds are included in other financing activities, net in the Condensed Consolidated Statements of Cash Flows (Unaudited).

Our total cash and cash equivalents held outside the United States in various foreign subsidiaries was \$281 million as of June 30, 2024 and \$428 million as of December 31, 2023. The remaining balance held in the United States ("U.S.") was \$20 million as of June 30, 2024 and \$58 million as of December 31, 2023. The Company expects that a majority of its foreign earnings will be repatriated to the U.S. Effective January 1, 2018, the U.S. moved to a territorial system of international taxation, and as such will generally not subject future foreign earnings to U.S. taxation upon repatriation in future years.

Management believes current cash, cash generated from operations and the \$400 million available under the Credit Facility will be sufficient to satisfy future working capital, research and development activities, capital expenditures, pension contributions, and other financing requirements for at least the next twelve months. The Company principally holds its cash and cash equivalents in bank deposits and highly-rated money market funds.

The Company's ability to generate positive cash flows from operations is dependent on general economic conditions, competitive pressures, and other business and risk factors described in the 2023 Annual Report and elsewhere in this Quarterly Report on Form 10-Q. If the Company is unable to generate sufficient cash flows from operations, or otherwise comply with the terms of the Credit Facility or its term loan agreement, the Company may be required to seek additional financing alternatives.

Long-term Debt. On June 28, 2022, we entered into a Credit Agreement that provides for (i) a five-year unsecured term loan in an aggregate principal amount of \$500 million (the "Term Loan"), and (ii) a five-year unsecured revolving credit facility in an aggregate principal amount of up to \$400 million, including a \$50 million sublimit for the issuance of standby letters of credit and a \$50 million sublimit for swingline loans (the "Revolving Facility" and, collectively with the Term Loan, the "Credit Facility"). The Credit Facility replaces our prior revolving credit agreement in the maximum principal of \$400 million and our prior term loan agreement in the principal amount of \$500 million, both of which were entered into in 2018 (the "Prior Agreements"). In connection with the execution of the Credit Facility, the \$400 million term loan outstanding under the Prior Agreements was repaid in full. Our long-term debt is discussed in Note 10 of Notes to Condensed Consolidated Financial Statements (Unaudited). In addition, as disclosed in Note 7 of Notes to Condensed Consolidated Financial Statements (Unaudited), Teradata entered into an interest rate swap to hedge approximately 90% of the floating interest rate of the outstanding principal of the \$500 million Term Loan and a cross currency swap to hedge a portion of Euro currency exposure of its net investment in certain foreign subsidiaries.

On September 21, 2023, the Credit Agreement was amended to establish key performance indicators with respect to certain environmental, social, and governance ("ESG") targets, pursuant to which certain positive or negative adjustments would be made to various fees and applicable margin based on Teradata's performance against such ESG targets.

Contractual and Other Commercial Commitments. There has been no significant change in our contractual and other commercial commitments as described in the 2023 Annual Report. Our commitments and contingencies are discussed in Note 8 of Notes to Condensed Consolidated Financial Statements (Unaudited).

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with GAAP. In connection with the preparation of these financial statements, we are required to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and the related disclosure of contingent liabilities. These assumptions, estimates and judgments are based on historical experience and assumptions that are believed to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment. Our critical accounting policies are those that require assumptions to be made about matters that are highly uncertain. Different estimates could have a material impact on our financial results. Judgments and uncertainties affecting the application of these policies and estimates may result in materially different amounts being reported under different conditions or circumstances. Our management periodically reviews these estimates and assumptions to ensure that our financial statements are presented fairly and are materially correct. We assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to us as of June 30, 2024 and through the date of this report. The accounting matters assessed included, but were not limited to, our allowance for doubtful accounts, stock-based compensation, the carrying value of our goodwill and other long-lived assets, financial assets, valuation allowances for tax assets and revenue recognition.

In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require significant management judgment in its application. There are also areas in which management's judgment in selecting among available alternatives would not produce a materially different result. The significant accounting policies and estimates that we believe are the most critical to aid in fully understanding and evaluating our reported financial results are discussed in the 2023 Annual Report. Teradata's senior management has reviewed these critical accounting policies and related disclosures and determined that there were no significant changes in our critical accounting policies in the six months ended June 30, 2024.

New Accounting Pronouncements

See discussion in Note 2 of Notes to Condensed Consolidated Financial Statements (Unaudited) for new accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have not been any material changes to the market risk factors previously disclosed in Part II, Item 7A of the 2023 Annual Report.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Teradata maintains a system of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including, as appropriate, the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

We are in the process of implementing a new global cloud enterprise resource planning ("ERP") system that is occurring in phases throughout 2024. The ERP system is designed to improve and modernize the efficiency of certain financial and related transaction processes, accurately maintain Teradata's financial records, enhance operational functionality, and provide timely information to our management team related to the operation of the business. We expect that the new ERP system will enhance and modernize our overall system of internal controls over financial reporting through further automation and integration of business processes, although it is not being implemented in response to any identified deficiency in Teradata's internal controls over financial reporting. As such, the implementation of our ERP system will likely affect the processes that constitute our internal control over financial reporting and will require testing for controls effectiveness as the implementation progresses. Based on the implementation status as of the filing of this Quarterly Report on Form 10-Q, we have concluded that the implementation of the ERP system thus far has not materially affected our internal control over financial reporting. However, as the next phases of the ERP system implementation are concluded, we will evaluate whether any process and/or controls changes in connection with the new ERP system necessitate changes in the design of and testing for effectiveness of internal controls over financial reporting.

Other than the ongoing ERP implementation, there have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information required to be set forth under this Part II, Item 1 is incorporated by reference to Note 8, Commitments and Contingencies—Legal Proceedings of the Notes to Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

There have not been any material changes to the risk factors previously disclosed in Part I, Item 1A of the 2023 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Company Common Stock

From time to time, the Company's Section 16 officers sell to the Company shares of the Company's common stock received upon vesting of restricted share units at the current market price to cover their withholding tax obligations. For the six months ended June 30, 2024, the total of these purchases was 291,779 shares at an average price of \$43.90 per share. The following table provides information relating to the Company's share repurchase programs for the six months ended June 30, 2024:

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Dilution Offset Program ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Open Market Share Repurchase Program ⁽²⁾	Maximum Dollar Value that May Yet Be Purchased Under the Dilution Offset Program	Maximum Dollar Value that May Yet Be Purchased Under the Open Market Share Repurchase Program
January 2024	685,038	\$ 45.98	34,671	650,367	\$ 739,335	\$ 524,031,105
February 2024	1,149,985	\$ 40.04	—	1,149,985	\$ 869,602	\$ 477,990,695
March 2024	1,334,239	\$ 38.26	130,721	1,203,518	\$ 2,145,031	\$ 431,946,444
First Quarter Total	3,169,262	\$ 40.57	165,392	3,003,870	\$ 2,145,031	\$ 431,946,444
April 2024	586,586	\$ 37.50	52,159	534,427	\$ 207,411	\$ 411,946,825
May 2024	450,457	\$ 34.19	—	450,457	\$ 207,411	\$ 396,547,188
June 2024	149,054	\$ 32.87	6,030	143,024	\$ 44,982	\$ 391,847,459
Second Quarter Total	1,186,097	\$ 35.66	58,189	1,127,908	\$ 44,982	\$ 391,847,459

(1) The dilution offset share repurchase program allows the Company to repurchase Teradata common stock to the extent of cash received from the exercise of stock options and purchases under the ESPP to offset dilution from shares issued pursuant to these plans.

(2) The open market share repurchase program authorized by the Board allows the Company to repurchase outstanding shares of Teradata common stock. Share repurchases made by the Company are reported on a trade date basis. The open market share repurchase program expires on December 31, 2025.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

None

Item 5. Other Information.

During the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

**Exhibit Number
per Item 601 of
Regulation S-K**

Description

<u>3.1</u>	<u>Amended and Restated Certificate of Incorporation of Teradata Corporation as amended and restated on September 24, 2007 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated September 25, 2007 (SEC file number 001-33458)).</u>
<u>3.2</u>	<u>Amended and Restated By-Laws of Teradata Corporation, as amended and restated on October 31, 2022 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated November 1, 2022).</u>
<u>4.1</u>	<u>Common Stock Certificate of Teradata Corporation (incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q dated November 13, 2007 (SEC file number 001-33458)).</u>
<u>10.1*</u>	<u>Teradata 2023 Stock Incentive Plan (Amended and Restated on February 23, 2024). (Incorporated herein by reference to Appendix A to Teradata Corporation's 2024 Proxy Statement on Schedule 14A dated March 26, 2024 (SEC File No. 001-33458)).</u>
<u>10.2*</u>	<u>Offer letter between Richard Petley and the Company dated May 29, 2024.</u>
<u>31.1</u>	<u>Certification pursuant to Rule 13a-14(a), dated August 6, 2024.</u>
<u>31.2</u>	<u>Certification pursuant to Rule 13a-14(a), dated August 6, 2024.</u>
<u>32</u>	<u>Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 6, 2024.</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Management contract or compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TERADATA CORPORATION

Date: August 6, 2024

By: /s/ Claire Bramley
Claire Bramley
Chief Financial Officer



May 29, 2024

Richard Petley

Dear Richard,

I am delighted to extend you this offer with Teradata Corporation and its affiliates ("Teradata" or "Company") as Chief Revenue Officer, based in our London, UK office and reporting to Steve McMillan, Chief Executive Officer, subject to the conditions set forth below.

This letter outlines the key elements of your role, compensation and related arrangements.

Date of Commencement of Role: Your new role of Chief Revenue Officer with the Company commenced on April 5, 2024 (the "Commencement Date").

Date of Continuous Employment: Your employment with the Company commenced on April 4, 2022.

Base Salary: Your base salary is £425,000 per annum and will be retroactive to your Commencement Date, paid monthly via BACS transfer on the 24th of each month for the current calendar month subject to adjustment for any lost time or National Insurance deductions while on sickness absence in the previous month.

Management Incentive Plan (MIP): You will be eligible to participate in Teradata's Management Incentive Plan (the "MIP"). Teradata's MIP is a performance-based annual incentive program for executive officers. Under the MIP, the Compensation and People Committee (the "Committee") of Teradata's Board of Directors (the "Board") establishes an annual bonus program based upon financial and/or strategic performance results achieved by Teradata, as well as your individual performance against your business objectives. Your MIP target incentive opportunity shall equal 100% of your base salary, which would bring your total targeted annual compensation to £850,000. Incentive awards are subject to discretionary adjustment by the Committee as outlined in the MIP and, if earned, will be paid in the first calendar quarter following the performance year. No MIP award is guaranteed, and unless an exception applies as expressly set forth in the MIP, you must be employed by Teradata on the date MIP awards are paid to be eligible to receive an MIP award. The MIP is subject to amendment by Teradata in accordance with the terms of the Plan.

Annual Equity Award (Performance-Based / Restricted Share Units): You will be eligible to participate in Teradata's annual equity award program for executive officers. Annual awards are typically determined by the Committee in the first quarter of each year and are generally comprised of a mixture of performance-based restricted share units ("PBRsUs") and service-based restricted share units ("RSUs"). The precise nature of the award and vesting schedules will be determined by the Committee together in its discretion. Subject to approval by the Committee, you will receive an additional annual equity award for 2024 with a target value of \$1,033,000 USD (the "2024 Equity Award"). The actual number of shares for your 2024 Equity Award will be determined by dividing the target value by the preceding 20-day average of Teradata's common stock prior to, but not including the effective date of the award. We anticipate that the 2024 Equity Award would be effective May 14, 2024 and be allocated 60% to PBRsUs (subject to a three (3)-year performance period commencing January 1, 2024 and achievement of the same goals applicable to other senior executives of Teradata) and 40% to RSUs (vesting in three (3) equal annual instalments). The 2024 Annual Equity Award will be governed by the terms and conditions of the Teradata 2023 Stock Incentive Plan, as amended ("Plan") and your PBRsU and RSU equity award

agreements, which you will be required to accept in connection with the award. In addition, for avoidance of doubt, Teradata's standard practice with respect to the settlement of PBRSU awards is to distribute any vested shares earned in connection with such awards promptly after the performance achievement is certified by the Committee in the first quarter following the end of the applicable performance period.

Compensation Clawback: The Company shall be entitled, pursuant to the Employment Rights Act 1996, at any time during the employment and upon or after its termination (howsoever arising) to deduct from the salary and/or any other sums due to you, any sums owed by you to the Company. In addition, Teradata may deduct from your salary, MIP, any unvested equity, and/or any other sums due to you, or any other sums owed to you, any money owed to Teradata by you, whether pursuant to Teradata's clawback policies or otherwise.

Stock Ownership Guidelines: The Chief Revenue Officer position is subject to Teradata's Stock Ownership Guidelines holding requirement as established by the Committee (currently, 3x annual base pay), which are subject to change from time to time in the Committee's discretion.

Executive Severance and Change in Control Plan: You will participate in the Teradata Change in Control Plan. Teradata also maintains the Teradata Executive Severance Plan (the "ESP"), which provides eligible executives in the U.S. with separation benefits upon certain terminations other than in connection with a change in control. Because you are not a U.S.-based employee, you are not eligible to participate in the ESP. However, the Committee has approved certain enhanced severance protections for you that are similar to those provided to Level I participants in the ESP (with appropriate changes to account for differences in applicable law). Consequently, provided your primary place of residence is the United Kingdom at the time of a Qualified Termination (as defined in Attachment B), you would be eligible to receive the greater of (i) the notice of termination and other payments upon the terms, and subject to the conditions, of any required United Kingdom severance guidelines at the time of the Qualified Termination or (ii) separation benefits substantially equivalent to what an executive would be entitled to receive as a Level I participant under the ESP, upon the terms, and subject to the conditions, set forth on Attachment B and in this letter. These plans are subject to amendment or termination by Teradata in accordance with their terms, and your participation is subject to your signing a participation agreement under the ESP.

Car Allowance: In your capacity as Chief Revenue Officer, you are eligible to receive a car allowance in the amount of £9,000 per annum, taxed at source and paid monthly with your salary.

Travel: As you will be required to travel globally in your role, any business-related travel will be reimbursed as a Company business expense. Such expenses include the cost of airfare, lodging, and a rental car or ride services. Travel expenses will be reimbursed upon receipt, in accordance with the Company's Travel and Expense Policy. In addition, in connection with any such business travel for the Company, notwithstanding anything to the contrary in the Company's Travel and Expense Policy, you will be permitted to fly business class for flights of any duration whether internationally or domestically.

Hours: Your normal working week is 40 hours, Monday to Friday. You may be required to work such hours as are reasonably necessary for the proper performance of your duties, for the avoidance of doubt you will not be paid overtime for such additional hours.

Collective Bargaining: There is no collective agreement in force in respect of your employment.

Private Health Care (Family): As part of your benefits package the Company will subscribe to Private Health Insurance Cover for you, and your spouse / partner / family where appropriate. You will find further details on the Benefit portal.

Flexible Benefits: The Company operates a program of flexible benefits, which gives you the opportunity to tailor your overall package to suit your individual needs. The total value of all elements of your compensation will remain the same, but this program gives you the opportunity to influence the balance of your pay and benefits, and to have more say in which benefits you receive. In the Benefit portal you can find full details of the Teradata Benefits Plan UK, our flexible benefits program, to assist you in making your choices.

Pension Plan: In lieu of the Teradata Pension Plan ("The Plan"), you have elected to receive an equal benefit through a pension cash allowance. The Plan includes a death benefit should a member pass away while employed of a lump sum of three times annual pensionable salary at the date of death payable to the members dependents, and a prolonged disability arrangement should a member be unable to continue working due to illness or disability. Life assurance and disability arrangement is provided under The Plan, however, all employees are covered even if there is no contribution into The Plan. Teradata reserves the right to alter, amend or terminate its pension plans at any time.

Holidays: In addition to UK bank holidays, you will initially be entitled to 24 days paid holiday per annum (or a pro-rata portion in relation to the number of days (part-time), or months you are contracted to work for the Company in a calendar year). Your annual entitlement will accrue at a rate of 2 days (or equivalent pro-rata part-time days) per full calendar month worked and will increase by 1 day for every 5 years of service completed, to a maximum of 29 days after 25 years' service. Full details of the rules governing the taking and carryover of holidays are provided within the relevant section of the intranet. If, on termination of your employment, you have taken more holiday than your accrued entitlement, Teradata shall be entitled to recover the excess holiday pay calculated at 1/260th of your full-time equivalent base salary for each excess day by deducting it from any payments due to you or otherwise.

Sick Pay: Subject to your compliance with this agreement and the Teradata's sickness policy (as amended from time to time) you may be eligible to receive sick pay in accordance with the sickness policy. This may be amended from time to time and is available on the intranet. This does not affect any entitlement you may have to receive Statutory Sick Pay ("**SSP**") for the same periods of sickness absence, although any sick pay you receive from the Company shall be inclusive of any SSP due to you. If you are absent from work due to illness, you shall notify the Company of the reason for the absence as soon as possible. You shall certify your absence in accordance with our sickness policy which is available on the intranet.

Indemnification and D&O Coverage: The Company shall indemnify you to the full extent provided for in its corporate certificate of incorporation, bylaws or any other indemnification policy or procedure as in effect from time to time and applicable to its other directors and officers, and you will be entitled to the protection of the insurance policies the Company maintains generally for the benefit of its directors and officers against all costs, charges, liabilities and expenses incurred or sustained by you in connection with any action, suit or proceeding to which you may be made a party by reason of you being or having been a director, officer or employee of the Company or any of its affiliates or you serving or having served any other enterprise, plan or trust as a director, officer, employee or fiduciary at the request of the Company or any of its affiliates (other than any dispute, claim or controversy arising under or relating to this letter) pursuant to the terms and conditions of such policies.

Governing Law and Jurisdiction: Any dispute or claim (including non-contractual disputes or claims) arising out of or in connection your employment shall be governed by and construed in accordance with the law of England and Wales. Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement or its subject matter or formation.

Remedies: You acknowledge and agree that, in the event of your breach of any provision of this letter, including Attachments A, B, and C, the Company will sustain irreparable injury and will not have an

adequate remedy at law. Accordingly, you agree that in the event of a breach or a threatened breach by you of any of the provisions of this letter, including Attachments A, B, and C, the Company, in addition to any other rights and remedies existing in its favour, may (i) apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security), (ii) cease any further payments or benefits under the letter, including Attachments A, B, and C, and (iii) require you to repay any severance benefits provided by the Company hereunder. Nothing in this section will be deemed to limit the Company's remedies at law or in equity for any breach by you of any of the provisions of this section that may be pursued or availed of by the Company.

Whistleblower Protections: Nothing contained in this letter, including Attachments A, B, and C shall limit your ability to file a charge or complaint with any governmental agency or commission in the United States of America (a "Government Agency"). In addition, nothing in this letter, including Attachments A, B, and C or any other Company agreement, policy, practice, procedure, directive or instruction shall prohibit you from reporting possible violations of laws or regulations to any Government Agency or making other disclosures that are protected under the whistleblower provisions of applicable laws or regulations. You do not need prior authorization of any kind to make any such reports or disclosures, and you are not required to notify the Company that you have made such reports or disclosures. Nothing in this letter, including Attachments A, B, and C shall limit any right you may have to receive a whistleblower award or bounty for information provided to a Government Agency.

This letter, together with Attachments A, B and C, forms the complete and exclusive statement of your employment with Teradata. It will supersede any other agreements or promises made to you by anyone, whether oral or written. Changes in your employment terms, other than those changes expressly reserved to Teradata's discretion in this letter, require a written modification signed by you and an officer of Teradata.

If you have any questions regarding the details of this offer, please do not hesitate to contact me.

Yours sincerely,

/s/ Steve McMillan
Steve McMillan
Chief Executive Officer

ACCEPTANCE:

I accept the offer by Teradata Corporation on the terms described in this letter.

/s/ Richard Petley
Richard Petley

June 5, 2024
Date

ATTACHMENT A CONDITIONS OF EMPLOYMENT

Code of Conduct & Conflicts of Interest Certifications: You agree to read and abide by Teradata's Code of Conduct and to disclose in writing all actual and potential conflicts of interest which pertain to you. Company policy requires that you be free of any investment, association, or relationship (whether your own or your family's) with individuals or companies who are in competition or have some existing or potential business arrangement with Teradata, which might afford you personal gain, or adversely affect the best interests of the Company.

Confidential Information, Restrictive Covenants, and Invention Assignment: You must read, execute, and agree to abide by Teradata's Employee Confidential Information and Invention Assignment Agreement included as Attachment C ("IA Agreement"). In addition, as a condition of receiving equity awards under the Company's equity compensation program ("Equity Awards") and accepting benefits thereunder, you have agreed in the award agreements governing the Equity Awards (the "Equity Agreements") to certain restrictive covenants. You hereby agree that the IA Agreement and Equity Agreements and the restrictive covenants and conditions therein will be enforceable against you regardless of the jurisdiction where you reside.

Non-Disparagement: You shall not disparage the Company or any of its affiliates or their respective directors, officers, employees, agents, shareholders, successors and assigns (both individually and in their official capacities with the Company and its affiliates) or any of their goods, services, employees, customers, business relationships, reputation or financial condition. The Company agrees that, following a termination, it will instruct its executive officers not to disparage you or your business relationships or reputation. For purposes hereof, to "disparage" means to make statements, whether oral or written, whether direct or indirect, whether true or false and whether acting alone or through any other person, that cast the subject of the statement in a critical or unfavourable light or that otherwise cause damage to, or intend to embarrass, the subject of the statement. Nothing in the foregoing will preclude either party from providing truthful disclosures as required by, or to the extent, if any, expressly authorized or exempted by, applicable law or legal process.

Notice Periods: If you wish to resign from the Company, you must give 12 weeks' notice in writing irrespective of your length of service. The Company may at its discretion agree to make payment in lieu of all or part of this notice period, in which case you would not be required to work during your notice period. Any payment in lieu will be equal to the base salary (as at the date of termination) which you would have been entitled to receive under this agreement less income tax and National Insurance contributions. For the avoidance of doubt, any payment in lieu shall not include any element in relation to bonus, commission, compensation for loss of benefits or holiday entitlement that would have accrued during the notice period for which the payment in lieu is made. During the period of notice, the Company may require you to carry out no duties and may request that you remain at home and be available for work duties as and when required during this period. Should the Company have reason to terminate your employment, other than as a result of gross misconduct, 12 weeks' notice will apply.

Data Protection: Teradata will collect and process information relating to you in accordance with the Privacy notice which is on the intranet. You shall comply with the Data protection policy when handling personal data in the course of employment including personal data relating to any employee, worker, contractor, customer, client, supplier or agent of ours.

Outside Submissions: It is most important that the Company shall not be placed in a position of confidential trust or relationship with respect to any unsolicited disclosure of information received from anyone outside the Company. In order that all matters relating to outside submission of information may

be handled in a legally correct manner, any idea or suggestion submitted to you by a customer or other third party concerning technical developments or products including software, should be forwarded by you unanswered to International Patents Department, Head Office, 3 London Bridge Street, London, United Kingdom SE1 9SG.

Cooperation: During your employment with the Company and thereafter, you shall cooperate with the Company, without additional consideration, in any internal investigation or administrative, regulatory, or judicial proceeding as reasonably requested by the Company including, without limitation, being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information, and turning over to the Company all relevant and potentially relevant documents and records that are or may come into your possession, all at times and on schedules that are reasonably consistent with your other permitted activities and commitments, if you are then employed by the Company, and otherwise taking into account your reasonable business obligations.

ATTACHMENT B

Participant Severance Benefits

In the event of a Qualified Termination, then subject to your execution and non-revocation of a release of claims on a form provided by the Company (the "Release of Claims") and your continuing compliance with the conditions and restrictive covenants in your employment letter and Attachments A, B, and C thereto, including the Employee Confidential Information and Invention Assignment Agreement, you shall be entitled to the following compensation and benefits. Capitalized terms not otherwise defined in this Attachment B will have the meanings set forth in the Executive Severance Plan ("ESP").

(i) Severance Pay. The Company shall pay or cause to be paid to you an amount equal to the sum of your Annual Base Salary and your target annual incentive opportunity in effect for the year of termination. Any severance payable pursuant to this paragraph (i) shall be paid in substantially equal installments in accordance with normal payroll procedures over a one-year period commencing on your Date of Termination, with the first installment commencing on the first payroll date to occur on or immediately after the date the Release of Claims becomes effective and irrevocable in accordance with its terms. The first such installment shall include all amounts accrued after the Date of Termination to the date of such installment and the remaining installments shall be payable as otherwise scheduled assuming that payments had begun on the first regular payroll date after the Date of Termination. Should the Company pay in lieu of notice for any portion of the 12-week notice period provided for in your employment letter, any severance pay will be reduced by the amount you received during such notice period. Severance pay and pay in lieu of notice will not be provided after the initial twelve (12) months after termination.

(ii) Pro-Rated Annual Incentive. The Participant shall be eligible to receive a pro-rata annual incentive payment calculated based on the number of days the participant was active in the incentive plan, the year-end performance of the incentive plan, and subject to the terms and conditions of the incentive plan and ESP, which will be paid at the same time other participants in the Management Incentive Plan.

(iii) Outplacement. During the one-year period commencing on your Date of Termination, you will be entitled to participate in the Company's applicable outplacement assistance program for similarly situated officers and senior executives, with outplacement services provided by the Company's

selected outplacement services provider, and subject to the same terms and conditions as applicable to similarly situated officers and senior executives in the event of a reduction-in-force.

(iv) Equity Awards. Each outstanding equity award of the Company granted to you shall be treated as provided in the applicable Company equity plan and award agreement; provided, however, that, unless the applicable equity plan and award agreement would provide a greater benefit: (i) you shall be entitled to pro-rated vesting of all outstanding service-based and performance-based restricted share unit awards granted by the Company, determined under the pro-ration methodology employed by the Company from time-to-time and, in the case of any performance-based restricted share unit awards for which the applicable performance period has not been completed as of the date of termination, subject to actual achievement of the applicable performance goals, as determined by the Committee after the end of the applicable performance period; and (ii) if you are at least age 55 at the time of your Qualified Termination, you shall receive an extra year of vesting credit for purposes of calculating the vesting of your outstanding service-based restricted share units granted by the Company (but not for purposes of calculating the vesting of your outstanding performance-based restricted share units granted by the Company).

Except as provided below, any severance payments or benefits received by you under this Attachment B shall be inclusive of, and not in addition to, any UK Statutory Redundance Pay and in lieu of any benefits under the Teradata Reduction-in-Force Program or any other severance or reduction-in-force plan, program, policy, agreement or arrangement maintained by the Company or an Affiliate and is inclusive of any severance or separation pay benefit that may be required under applicable law (including, but not limited to, any notice of termination (or payment in lieu thereof) or redundancy pay).

Notwithstanding anything contained in this Attachment B or your employment letter to the contrary, if your employment with the Company and its Affiliates is terminated in circumstances under which you become entitled to severance payments or benefits pursuant to Section 4.1 of the Change in Control Plan (CIC Plan), then you shall not be entitled to any severance payments or benefits under this Attachment B as a result of such termination of employment and, in lieu of, and not in duplication of, any severance payments or benefits you would otherwise be entitled to receive under this Attachment B, you shall receive the severance payments or benefits to which you are entitled under the CIC Plan (as amended from time to time), payable or provided under the terms, and subject to the conditions, of the CIC Plan (as amended from time to time).

ATTACHMENT C

EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT

In consideration of my employment or continued employment by Teradata Corporation, its direct and indirect subsidiaries, parents, affiliates, predecessors, successors and assigns ("**Teradata**" or the "**Company**"), and the compensation and benefits provided to me now and during my employment with the Company, I hereby enter into this Employee Confidential Information and Invention Assignment Agreement (the "**Agreement**"), which will be deemed effective as of the first day of my employment with the Company:

1 Confidential Information Protections.

1.1 Recognition of Company's Rights; Nondisclosure. I understand and acknowledge that my employment by Company creates a relationship of confidence and trust with respect to Company's Confidential Information (as defined below) and that Company has a protectable interest therein. At all times during and after my employment, I will hold in confidence and will not disclose, use, lecture upon, or publish any of Company's Confidential Information, except as

such disclosure, use or publication may be required in connection with my work for Company, or unless an officer of Company expressly authorizes such disclosure. I will obtain Company's written approval before publishing or submitting for publication any material (written, oral, or otherwise) that discloses and/or incorporates any Confidential Information. I hereby assign to Teradata any rights I may have or acquire in such Confidential Information and recognize that all Confidential Information shall be the sole and exclusive property of Teradata and its assigns. I will take all reasonable precautions to prevent the inadvertent accidental disclosure of Confidential Information. Notwithstanding the foregoing, I shall not be held criminally or civilly liable under trade secret laws for the disclosure of a trade secret that: (1) is made in confidence to a government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

1.2 Confidential Information. The term "**Confidential Information**" shall mean any and all confidential knowledge, data or information of Company. By way of illustration but not limitation, "**Confidential Information**" includes (a) trade secrets, inventions, mask works, ideas, processes, methodologies, formulas, software in source or object code versions, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all Intellectual Property Rights therein (collectively, "**Inventions**"); (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of obtaining business, forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Company business, suppliers and supplier information, and purchasing; (c) information regarding customers and potential customers of Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by Company, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of Company and other non-public information relating to customers and potential customers; (d) information regarding any of Company's business partners and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by Company, and other non-public information relating to business partners; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information which a competitor of Company could use to the competitive disadvantage of Company. Notwithstanding the foregoing, it is understood that, at all such times, I am free to use information which is generally known in the trade or industry through no breach of this Agreement or other act or omission by me. Further, notwithstanding the foregoing or any other agreement between the Company and me, nothing in this Agreement shall limit my right to discuss my employment or report possible violations of law or regulation with any government agency, to discuss the terms and conditions of my employment with others to the extent expressly permitted by applicable law.

1.3 Third Party Information. I understand, in addition, that Company has received and in the future will receive from third parties their confidential and/or proprietary knowledge, data or information ("**Third Party Information**") subject to a duty on Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During my employment and thereafter, I will hold any such Third Party Information in confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for Company) or use, except in connection with my work for

Company, Third Party Information unless expressly authorized by an officer of Company in writing.

1.4 No Improper Use of Information of Prior Employers and Others. During my employment by Company, I will not improperly use or disclose confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person. I understand Company employees have been instructed to not accept any such confidential information or trade secrets and my disclosure of such confidential information or trade secrets may subject me to discipline.

2 Assignments of Inventions.

2.1 Definitions. As used in this Agreement, the term **“Intellectual Property Rights”** means all trade secrets, Copyrights, trademarks, mask work rights, patents and other intellectual property rights recognized by the laws of any jurisdiction or country; the term **“Copyright”** means the exclusive legal right to reproduce, perform, display, distribute, transmit digitally, and make derivative works of a work of authorship (as a literary, musical, or artistic work) recognized by the laws of any jurisdiction or country; and the term **“Moral Rights”** means all paternity, integrity, disclosure, withdrawal, special and any other similar rights recognized by the laws of any jurisdiction or country.

2.2 Excluded Inventions and Other Inventions. Attached hereto as **Attachment 1** is a list describing all existing Inventions, if any, that may relate to Company’s business or actual or demonstrably anticipated research or development and that were made by me or acquired by me prior to the commencement of my employment with, and which are not to be assigned to, Company (**“Excluded Inventions”**). If no such list is attached, I represent and agree that it is because I have no rights in any existing Inventions that may relate to Company’s business or actual or demonstrably anticipated research or development. For purposes of this Agreement, **“Other Inventions”** means Inventions in which I have or may have an interest, as of the commencement of my employment, other than Company Inventions (defined below) and Excluded Inventions. I acknowledge and agree that if I use any Excluded Inventions or any Other Inventions in the scope of my employment, or if I include any Excluded Inventions or Other Inventions in any product or service of Company, or if my rights in any Excluded Inventions or Other Inventions may block or interfere with, or may otherwise be required for, the exercise by Company of any rights assigned to Company under this Agreement, I will immediately so notify Company in writing. Unless Company and I agree otherwise in writing as to particular Excluded Inventions or Other Inventions, I hereby grant to Company, in such circumstances (whether or not I give Company notice as required above), a non-exclusive, perpetual, transferable, fully-paid and royalty-free, irrevocable and worldwide license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, transmit digitally, publicly perform, and publicly display in any form or medium (whether now known or later developed), make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in such Excluded Inventions and Other Inventions. To the extent that any third parties have rights in any such Excluded Inventions or Other Inventions, I hereby represent and warrant that such third party or parties have validly and irrevocably granted to me the right to grant the license stated above.

2.3 Assignment of Company Inventions. Inventions assigned to Teradata, or to a third party as directed by Teradata pursuant to Section 2.6, are referred to in this Agreement as

“Company Inventions.” Subject to Section 2.4 (Unassigned or Nonassignable Inventions) and except for Excluded Inventions set forth in **Attachment 1** and Other Inventions, I hereby assign to Teradata all my right, title, and interest in and to any and all Inventions (and all Intellectual Property Rights with respect thereto) made, conceived, reduced to practice, or learned by me, either alone or with others, during the period of my employment by Company. To the extent that applicable laws do not allow a present assignment of future Intellectual Property Rights, I agree to assign in the future (when any copyrightable and/or patentable Inventions are first fixed in a tangible medium of expression) my Intellectual Property Rights in and to such Inventions. Any assignment of Company Inventions (and all Intellectual Property Rights with respect thereto) hereunder includes an assignment of all Moral Rights. To the extent such Moral Rights cannot be assigned to Teradata and to the extent the following is allowed by the laws in any country where Moral Rights exist, I hereby unconditionally and irrevocably waive the enforcement of such Moral Rights, and all claims and causes of action of any kind against Company or related to Company’s customers, with respect to such rights. I further acknowledge and agree that neither my successors-in-interest nor legal heirs retain any Moral Rights in any Company Inventions (and any Intellectual Property Rights with respect thereto).

2.4 Unassigned or Nonassignable Inventions. I recognize that this Agreement will not be deemed to require assignment of any Invention that I developed entirely on my own time without using Company’s equipment, supplies, facilities, trade secrets or Confidential Information, except for those Inventions that either (i) relate at the time of conception or reduction to practice of the Invention directly to Company’s actual or anticipated business, research or development, or (ii) result from or are connected with work performed by me for Company. In addition, this Agreement does not apply to any Invention which qualifies fully for protection from assignment to Company under any specifically applicable law, regulation, rule or public policy (**“Specific Inventions Law”**).

2.5 Obligation to Keep Company Informed. During the period of my employment and for one (1) year after termination of my employment, I will promptly and fully disclose to Company in writing all Inventions authored, conceived, or reduced to practice by me, either alone or jointly with others. In addition, I will promptly disclose to Company all patent applications filed by me or on my behalf within one (1) year after termination of employment. At the time of each such disclosure, I will advise Company in writing of any Inventions that I believe fully qualify for protection under the provisions of the Specific Inventions Law; and I will at that time provide to Company in writing all evidence necessary to substantiate that belief. Company will keep in confidence and will not use for any purpose or disclose to third parties without my consent any confidential information disclosed in writing to Company pursuant to this Agreement relating to Inventions that qualify fully for protection under the Specific Inventions Law. I will preserve the confidentiality of any Invention that does not fully qualify for protection under the Specific Inventions Law.

2.6 Government or Third Party. I agree that, as directed by Company, I will assign to a third party, including without limitation the United States, all my right, title, and interest in and to any particular Company Invention.

2.7 Ownership of Work Product. I agree that Teradata will exclusively own all work product that is made by me (solely or jointly with others) within the scope of my employment, and I hereby irrevocably and unconditionally assign to Teradata all right, title, and interest worldwide in and to such work product. I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by Copyright are “works made for hire,” pursuant to United States Copyright Act (17 U.S.C., Section 101) or other applicable jurisdiction. I understand and agree

that I have no right to publish on, submit for publishing, or use for any publication any work product protected by this Section, except as necessary to perform services for Company.

2.8 Enforcement of Intellectual Property Rights and Assistance. I will assist Company in every proper way to obtain, and from time to time enforce, United States and foreign Intellectual Property Rights and Moral Rights relating to Company Inventions in any and all countries. To that end I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Intellectual Property Rights and the assignment thereof. In addition, I will execute, verify and deliver assignments of such Intellectual Property Rights to Teradata or its designee. My obligation to assist Company with respect to Intellectual Property Rights relating to such Company Inventions in any and all countries will continue beyond the termination of my employment. In the event Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in this paragraph, I hereby irrevocably designate and appoint Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and in my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of this Agreement with the same legal force and effect as if executed by me. I hereby waive and quitclaim to Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Intellectual Property Rights assigned under this Agreement to Teradata.

2.9 Incorporation of Software Code. I agree that I will not incorporate into any Company software or otherwise deliver to Company any software code licensed under the GNU General Public License or Lesser General Public License or any other license that, by its terms, requires or conditions the use or distribution of such code on the disclosure, licensing, or distribution of any source code owned or licensed by Company **except** in strict compliance with Company's policies regarding the use of such software.

- 3 **Records.** I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that is required by Company) of all Confidential Information developed by me and all Company Inventions made by me during the period of my employment at Company, which records will be available to and remain the sole property of Company at all times.
- 4 **Duty of Loyalty.** I agree that during the period of my employment by Company and for the one (1) year period after the date my employment ends for any reason, I will not, without Company's express written consent, directly or indirectly (a) engage in any other employment or (b) engage in any other activities that are competitive with, or would otherwise conflict with, my employment by Company.
- 5 **No Solicitation of Employees, Consultants, or Contractors.** I agree that during the period of my employment and for the one (1) year period after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, I will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others, except on behalf of Company, solicit, induce, encourage, or participate in soliciting, inducing or encouraging any employee, consultant, or independent contractor of Company to terminate his, her or its relationship with Company, even if I did not initiate the discussion or seek out the contact.
- 6 **Reasonableness of Restrictions.** I agree that I have read this entire Agreement and understand it. I agree that the restrictions contained in this Agreement are reasonable, proper, and

necessitated by Company's legitimate business interests. I represent and agree that I am entering into this Agreement freely and with knowledge of its contents with the intent to be bound by the Agreement and the restrictions contained in it.

- 7 **No Conflicting Agreement or Obligation.** I represent that my employment by Company does not and will not breach any agreement with any former employer or third party, including any noncompete agreement or any agreement to keep in confidence or refrain from using information acquired by me prior to my employment by Company. I further represent that I have not entered into, and will not enter into, any agreement, either written or oral, in conflict with my obligations under this Agreement.
- 8 **Return Of Company Property.** Subject to the nondisclosure requirements of Section 1.1 above, upon termination of my employment or upon Company's request at any other time, I will deliver to Company any and all of Company's property and equipment (including any Company-issued laptop or printer) and any and all drawings, notes, memoranda, specifications, devices, formulas and documents, together with all copies thereof, and any other material containing or disclosing any Company Inventions, Third Party Information or Confidential Information of Company. I agree that I will not copy, delete, or alter any information contained upon my Company computer or Company equipment before I return it to Company. In addition, if I have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company information, including but not limited to, Confidential Information, I agree to provide Company with a computer-useable copy of all such Confidential Information and then permanently delete and expunge such Confidential Information from those systems; and I agree to provide Company access to my system as reasonably requested to verify that the necessary copying and/or deletion is completed. I further agree that any property situated on Company's premises and owned by Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company's personnel at any time with or without notice.
- 9 **Publicity.** I hereby consent to any and all uses and displays by Teradata and its agents of my name, voice, likeness, image, appearance and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, advertising, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes and all other printed and electronic forms and media throughout the world, at any time during or after the period of my employment by Teradata, for all legitimate business purposes of Teradata ("**Permitted Uses**"). I hereby forever release Teradata and its directors, officers, employees and agents from any and all claims, actions, damages, losses, costs, expenses and liability of any kind, arising under any legal or equitable theory whatsoever at any time during or after the period of my employment by Teradata, in connection with any Permitted Use.
- 10 **Legal and Equitable Remedies.**
- 10.1 I agree that it may be impossible to assess the damages caused by my violation of this Agreement or any of its terms. I agree that any threatened or actual violation of this Agreement or any of its terms will constitute immediate and irreparable injury to Company, and Company will have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that Company may have for a breach or threatened breach of this Agreement.
- 10.2 In the event Company enforces this Agreement through a court or arbitration order, I agree that the restrictions of Sections 5 will remain in effect for a period of twelve (12) months from the effective date of the order enforcing the Agreement.

11 **Notices.** Any notices required or permitted under this Agreement will be given to Company at its headquarters location at the time notice is given, and to me at my address as listed on Company payroll, or at such other address as Company or I may designate by written notice to the other. Notice will be effective upon receipt or refusal of delivery. If delivered by certified or registered mail, notice will be considered to have been given five (5) business days after it was mailed, as evidenced by the postmark. If delivered by courier or express mail service, notice will be considered to have been given on the delivery date reflected by the courier or express mail service receipt.

12 **Notification Of New Employer.** If I leave the employ of Company, I consent to the notification of my new employer of my rights and obligations under this Agreement, by Company providing a copy of this Agreement or otherwise.

13 **General Provisions.**

13.1 Governing Law. This Agreement will be governed by and construed according to the laws of the jurisdiction in which I primarily reside and work for Teradata.

13.2 Severability. In case any one or more of the provisions, subsections, or sentences contained in this Agreement will, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained in this Agreement. If moreover, any one or more of the provisions contained in this Agreement will for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it will then appear.

13.3 Successors and Assigns. This Agreement is for my benefit and the benefit of Company, its successors, assigns, parent corporations, direct and indirect subsidiaries, affiliates, and purchasers, and will be binding upon my heirs, executors, administrators and other legal representatives.

13.4 Survival. This Agreement shall survive the termination of my employment, regardless of the reason, and the assignment of this Agreement by Company to any successor in interest or other assignee.

13.5 Intentionally Left Blank.

13.6 Waiver. No waiver by Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach. No waiver by Company of any right under this Agreement will be construed as a waiver of any other right. Company will not be required to give notice to enforce strict adherence to all terms of this Agreement.

13.7 Export. I agree not to export, reexport, or transfer, directly or indirectly, any U.S. technical data acquired from Company or any products utilizing such data, in violation of the United States export laws or regulations.

13.8 Entire Agreement. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter of this Agreement and supersedes and merges all prior discussions between the parties; provided, however, prior to the execution of this Agreement, if Company and I were parties to any agreement regarding the subject matter hereof, that agreement will be superseded by this Agreement prospectively only. No modification of or amendment to this Agreement, or any waiver of any rights under this Agreement, will be

effective unless in writing and signed by me and an authorized officer of the Company. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement. If no other agreement governs nondisclosure and assignment of inventions during any period in which I was previously engaged or am in the future engaged by Company as an independent contractor, the obligations pursuant to sections of this Agreement titled “Confidential Information Protections” and “Assignment of Inventions” shall apply. Any dispute related to this Agreement will be subject to resolution through Teradata’s Internal Dispute Resolution policy and process.

Employee:
I have read, understand, and Accept this agreement.
/s/ Richard Petley

By: Richard Petley *(Signature)*

Title: CR

Date: June 5, 2024

COMPANY:
Accepted and agreed:
/s/ Steve McMillan

By: Steve McMillan *(Signature)*

Title: CE

Date: May 29, 202

ATTACHMENT 1
Prior Inventions

TO: Teradata Corporation

FROM: Rich Petley

DATE: June 5, 2024

SUBJECT: Prior Inventions

1. Except as listed in Section 2 below, the following is a complete list of all inventions or improvements relevant to the subject matter of my employment by Teradata Corporation (“**Company**”) that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my engagement by Company:

- ☒ No inventions or improvements.
☐ See below:

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to inventions or improvements generally listed below, the intellectual property rights and duty of confidentiality with respect to which I owe to the following party(ies):

Invention or Improvement Party(ies) Relationship

- 1.
- 2.
- 3.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECURITIES
EXCHANGE ACT RULE 13a-14**

I, Stephen McMillan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Teradata Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2024

/s/ Stephen McMillan

Stephen McMillan

President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECURITIES
EXCHANGE ACT RULE 13a-14**

I, Claire Bramley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Teradata Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2024

/s/ Claire Bramley

Claire Bramley

Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Teradata Corporation, a Delaware corporation (the “Company”), on Form 10-Q for the period ended June 30, 2024 as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002), that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification (i) is given to such officers’ knowledge, based upon such officers’ investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document.

Date: August 6, 2024

/s/ Stephen McMillan

Stephen McMillan

President and Chief Executive Officer

Date: August 6, 2024

/s/ Claire Bramley

Claire Bramley

Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to Teradata Corporation and will be retained by Teradata Corporation and furnished to the United States Securities and Exchange Commission or its staff upon request.