

**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 September 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 | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

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 October 25, 2024, the registrant had approximately 95.7 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<br>September 30, |              | Nine Months Ended<br>September 30, |              |
|---------------------------------------------------|-------------------------------------|--------------|------------------------------------|--------------|
|                                                   | 2024                                | 2023         | 2024                               | 2023         |
| <b>Revenue</b>                                    |                                     |              |                                    |              |
| Subscription software licenses                    | \$ 72                               | \$ 66        | \$ 235                             | \$ 240       |
| Services and other                                | 300                                 | 294          | 893                                | 880          |
| Total recurring                                   | 372                                 | 360          | 1,128                              | 1,120        |
| Perpetual software licenses, hardware and other   | 7                                   | 7            | 20                                 | 33           |
| Consulting services                               | 61                                  | 71           | 193                                | 223          |
| <b>Total revenue</b>                              | <b>440</b>                          | <b>438</b>   | <b>1,341</b>                       | <b>1,376</b> |
| <b>Cost of revenue</b>                            |                                     |              |                                    |              |
| Subscription software licenses                    | 4                                   | 5            | 14                                 | 16           |
| Services and other                                | 107                                 | 100          | 319                                | 294          |
| Total recurring                                   | 111                                 | 105          | 333                                | 310          |
| Perpetual software licenses, hardware and other   | 5                                   | 7            | 18                                 | 30           |
| Consulting services                               | 58                                  | 67           | 175                                | 199          |
| <b>Total cost of revenue</b>                      | <b>174</b>                          | <b>179</b>   | <b>526</b>                         | <b>539</b>   |
| <b>Gross profit</b>                               | <b>266</b>                          | <b>259</b>   | <b>815</b>                         | <b>837</b>   |
| <b>Operating expenses</b>                         |                                     |              |                                    |              |
| Selling, general and administrative expenses      | 137                                 | 156          | 429                                | 476          |
| Research and development expenses                 | 73                                  | 76           | 216                                | 222          |
| <b>Total operating expenses</b>                   | <b>210</b>                          | <b>232</b>   | <b>645</b>                         | <b>698</b>   |
| <b>Income from operations</b>                     | <b>56</b>                           | <b>27</b>    | <b>170</b>                         | <b>139</b>   |
| <b>Other expense, net</b>                         |                                     |              |                                    |              |
| Interest expense                                  | (7)                                 | (8)          | (22)                               | (22)         |
| Interest income                                   | 3                                   | 7            | 9                                  | 22           |
| Other expense                                     | (5)                                 | (13)         | (23)                               | (44)         |
| <b>Total other expense, net</b>                   | <b>(9)</b>                          | <b>(14)</b>  | <b>(36)</b>                        | <b>(44)</b>  |
| <b>Income before income taxes</b>                 | <b>47</b>                           | <b>13</b>    | <b>134</b>                         | <b>95</b>    |
| Income tax expense                                | 15                                  | 1            | 45                                 | 26           |
| <b>Net income</b>                                 | <b>\$ 32</b>                        | <b>\$ 12</b> | <b>\$ 89</b>                       | <b>\$ 69</b> |
| <b>Net income per common share</b>                |                                     |              |                                    |              |
| Basic                                             | \$ 0.33                             | \$ 0.12      | \$ 0.92                            | \$ 0.69      |
| Diluted                                           | \$ 0.33                             | \$ 0.12      | \$ 0.91                            | \$ 0.67      |
| <b>Weighted average common shares outstanding</b> |                                     |              |                                    |              |
| Basic                                             | 96.1                                | 99.2         | 96.7                               | 100.5        |
| Diluted                                           | 97.0                                | 102.0        | 98.3                               | 102.8        |

See Notes to Condensed Consolidated Financial Statements (Unaudited).

**Teradata Corporation**  
**Condensed Consolidated Statements of Comprehensive Income (Unaudited)**

| In millions                                                                | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |              |
|----------------------------------------------------------------------------|-------------------------------------|-------------|------------------------------------|--------------|
|                                                                            | 2024                                | 2023        | 2024                               | 2023         |
| <b>Net income</b>                                                          | \$ 32                               | \$ 12       | \$ 89                              | \$ 69        |
| Other comprehensive income (loss):                                         |                                     |             |                                    |              |
| Foreign currency translation adjustments                                   | 9                                   | (17)        | (6)                                | (17)         |
| Unrealized (loss) gain on cross-currency net investment hedge, before tax  | (4)                                 | 3           | 1                                  | —            |
| Unrealized (loss) gain on cross-currency net investment hedge, tax portion | 1                                   | —           | —                                  | —            |
| Total currency translation adjustments                                     | 6                                   | (14)        | (5)                                | (17)         |
| Derivatives:                                                               |                                     |             |                                    |              |
| Unrealized (loss) gain on derivatives, before tax                          | (12)                                | 4           | (6)                                | 7            |
| Unrealized (loss) gain on derivatives, tax portion                         | 3                                   | —           | 1                                  | (1)          |
| Unrealized (loss) gain on derivatives, net of tax                          | (9)                                 | 4           | (5)                                | 6            |
| Defined benefit plans:                                                     |                                     |             |                                    |              |
| Defined benefit plan adjustment, before tax                                | 3                                   | 2           | 7                                  | 6            |
| Defined benefit plan adjustment, tax portion                               | (1)                                 | (1)         | (2)                                | (2)          |
| Defined benefit plan adjustment, net of tax                                | 2                                   | 1           | 5                                  | 4            |
| Other comprehensive loss                                                   | (1)                                 | (9)         | (5)                                | (7)          |
| <b>Comprehensive income</b>                                                | <u>\$ 31</u>                        | <u>\$ 3</u> | <u>\$ 84</u>                       | <u>\$ 62</u> |

See Notes to Condensed Consolidated Financial Statements (Unaudited).

**Teradata Corporation**  
**Condensed Consolidated Balance Sheets (Unaudited)**

| In millions, except per share amounts                                                                                                                            | September 30,<br>2024 | December 31,<br>2023 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| <b>Assets</b>                                                                                                                                                    |                       |                      |
| Current assets                                                                                                                                                   |                       |                      |
| Cash and cash equivalents                                                                                                                                        | \$ 348                | \$ 486               |
| Accounts receivable, net                                                                                                                                         | 247                   | 286                  |
| Inventories                                                                                                                                                      | 16                    | 13                   |
| Other current assets                                                                                                                                             | 92                    | 84                   |
| Total current assets                                                                                                                                             | 703                   | 869                  |
| Property and equipment, net                                                                                                                                      | 202                   | 239                  |
| Right of use assets - operating lease, net                                                                                                                       | 6                     | 9                    |
| Goodwill                                                                                                                                                         | 399                   | 398                  |
| Capitalized contract costs, net                                                                                                                                  | 49                    | 68                   |
| Deferred income taxes                                                                                                                                            | 215                   | 221                  |
| Other assets                                                                                                                                                     | 85                    | 69                   |
| <b>Total assets</b>                                                                                                                                              | <b>\$ 1,659</b>       | <b>\$ 1,873</b>      |
| <b>Liabilities and stockholders' equity</b>                                                                                                                      |                       |                      |
| Current liabilities                                                                                                                                              |                       |                      |
| Current portion of long-term debt                                                                                                                                | \$ 25                 | \$ 19                |
| Current portion of finance lease liability                                                                                                                       | 60                    | 66                   |
| Current portion of operating lease liability                                                                                                                     | 4                     | 6                    |
| Accounts payable                                                                                                                                                 | 85                    | 100                  |
| Payroll and benefits liabilities                                                                                                                                 | 105                   | 130                  |
| Deferred revenue                                                                                                                                                 | 482                   | 570                  |
| Other current liabilities                                                                                                                                        | 114                   | 105                  |
| Total current liabilities                                                                                                                                        | 875                   | 996                  |
| Long-term debt                                                                                                                                                   | 461                   | 480                  |
| Finance lease liability                                                                                                                                          | 40                    | 63                   |
| Operating lease liability                                                                                                                                        | 3                     | 6                    |
| Pension and other postemployment plan liabilities                                                                                                                | 96                    | 102                  |
| Long-term deferred revenue                                                                                                                                       | 13                    | 22                   |
| Deferred tax liabilities                                                                                                                                         | 8                     | 8                    |
| Other liabilities                                                                                                                                                | 38                    | 61                   |
| <b>Total liabilities</b>                                                                                                                                         | <b>1,534</b>          | <b>1,738</b>         |
| <b>Commitments and contingencies (Note 8)</b>                                                                                                                    |                       |                      |
| <b>Stockholders' equity</b>                                                                                                                                      |                       |                      |
| Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively | —                     | —                    |
| Common stock: par value \$0.01 per share, 500.0 shares authorized, 96.0 and 97.9 shares issued at September 30, 2024 and December 31, 2023, respectively         | 1                     | 1                    |
| Paid-in capital                                                                                                                                                  | 2,166                 | 2,074                |
| Accumulated deficit                                                                                                                                              | (1,908)               | (1,811)              |
| Accumulated other comprehensive loss                                                                                                                             | (134)                 | (129)                |
| <b>Total stockholders' equity</b>                                                                                                                                | <b>125</b>            | <b>135</b>           |
| <b>Total liabilities and stockholders' equity</b>                                                                                                                | <b>\$ 1,659</b>       | <b>\$ 1,873</b>      |

See Notes to Condensed Consolidated Financial Statements (Unaudited).

**Teradata Corporation**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**

| In millions                                                                       | Nine Months Ended September 30, |               |
|-----------------------------------------------------------------------------------|---------------------------------|---------------|
|                                                                                   | 2024                            | 2023          |
| <b>Operating activities</b>                                                       |                                 |               |
| Net income                                                                        | \$ 89                           | \$ 69         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                 |               |
| Depreciation and amortization                                                     | 78                              | 86            |
| Stock-based compensation expense                                                  | 92                              | 96            |
| Deferred income taxes                                                             | 5                               | 1             |
| Loss on Blue Chip Swap                                                            | 3                               | —             |
| Changes in assets and liabilities:                                                |                                 |               |
| Receivables                                                                       | 39                              | 78            |
| Inventories                                                                       | (3)                             | —             |
| Current payables and accrued expenses                                             | (37)                            | (9)           |
| Deferred revenue                                                                  | (97)                            | (104)         |
| Other assets and liabilities                                                      | (22)                            | (18)          |
| <b>Net cash provided by operating activities</b>                                  | <b>147</b>                      | <b>199</b>    |
| <b>Investing activities</b>                                                       |                                 |               |
| Expenditures for property and equipment                                           | (17)                            | (11)          |
| Additions to capitalized software                                                 | (1)                             | (1)           |
| Other investing activities, net                                                   | (5)                             | (16)          |
| <b>Net cash used in investing activities</b>                                      | <b>(23)</b>                     | <b>(28)</b>   |
| <b>Financing activities</b>                                                       |                                 |               |
| Repurchases of common stock                                                       | (186)                           | (301)         |
| Repayments of long-term borrowings                                                | (13)                            | —             |
| Payments of finance leases                                                        | (54)                            | (62)          |
| Other financing activities, net                                                   | (1)                             | 6             |
| <b>Net cash used in financing activities</b>                                      | <b>(254)</b>                    | <b>(357)</b>  |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash     | (8)                             | (36)          |
| Decrease in cash, cash equivalents and restricted cash                            | (138)                           | (222)         |
| Cash, cash equivalents and restricted cash at beginning of period                 | 486                             | 571           |
| <b>Cash, cash equivalents and restricted cash at end of period</b>                | <b>\$ 348</b>                   | <b>\$ 349</b> |
| <b>Supplemental cash flow disclosure:</b>                                         |                                 |               |
| Assets acquired under operating lease                                             | \$ 1                            | \$ 6          |
| Assets acquired under finance lease                                               | \$ 25                           | \$ 80         |

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

|                                                         | September 30,<br>2024 | December 31,<br>2023 |
|---------------------------------------------------------|-----------------------|----------------------|
| Cash and cash equivalents                               | \$ 348                | \$ 486               |
| Restricted cash                                         | —                     | —                    |
| <b>Total cash, cash equivalents and restricted cash</b> | <b>\$ 348</b>         | <b>\$ 486</b>        |

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<br>Capital | Accumulated<br>Deficit | Accumulated Other<br>Comprehensive<br>Loss | Total  |
|------------------------------------------------------------------------------------------------|--------------|--------|--------------------|------------------------|--------------------------------------------|--------|
|                                                                                                | Shares       | Amount |                    |                        |                                            |        |
| <b>December 31, 2023</b>                                                                       | 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)    |
| <b>March 31, 2024</b>                                                                          | 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     |
| Repurchases of common stock, retired                                                           | (2)          | —      | —                  | (43)                   | —                                          | (43)   |
| Pension and postemployment benefit plans, net of tax                                           | —            | —      | —                  | —                      | 2                                          | 2      |
| Currency translation adjustment                                                                | —            | —      | —                  | —                      | (3)                                        | (3)    |
| <b>June 30, 2024</b>                                                                           | 96           | \$ 1   | \$ 2,131           | \$ (1,924)             | \$ (133)                                   | \$ 75  |
| Net income                                                                                     | —            | —      | —                  | 32                     | —                                          | 32     |
| Employee stock compensation, employee stock purchase programs and option exercises, net of tax | —            | —      | 35                 | —                      | —                                          | 35     |
| Repurchases of common stock, retired                                                           | —            | —      | —                  | (16)                   | —                                          | (16)   |
| Pension and postemployment benefit plans, net of tax                                           | —            | —      | —                  | —                      | 2                                          | 2      |
| Unrealized loss on derivatives, net of tax                                                     | —            | —      | —                  | —                      | (9)                                        | (9)    |
| Currency translation adjustment                                                                | —            | —      | —                  | —                      | 6                                          | 6      |
| <b>September 30, 2024</b>                                                                      | 96           | \$ 1   | \$ 2,166           | \$ (1,908)             | \$ (134)                                   | \$ 125 |

| In millions                                                                                    | Common Stock |             | Paid-in<br>Capital | Accumulated<br>Deficit | Accumulated Other<br>Comprehensive<br>Loss | Total         |
|------------------------------------------------------------------------------------------------|--------------|-------------|--------------------|------------------------|--------------------------------------------|---------------|
|                                                                                                | Shares       | Amount      |                    |                        |                                            |               |
| <b>December 31, 2022</b>                                                                       | <b>101</b>   | <b>\$ 1</b> | <b>\$ 1,941</b>    | <b>\$ (1,565)</b>      | <b>\$ (119)</b>                            | <b>\$ 258</b> |
| 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             |
| <b>March 31, 2023</b>                                                                          | <b>102</b>   | <b>\$ 1</b> | <b>\$ 1,962</b>    | <b>\$ (1,613)</b>      | <b>\$ (120)</b>                            | <b>\$ 230</b> |
| 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)           |
| <b>June 30, 2023</b>                                                                           | <b>100</b>   | <b>\$ 1</b> | <b>\$ 2,002</b>    | <b>\$ (1,668)</b>      | <b>\$ (117)</b>                            | <b>\$ 218</b> |
| Net income                                                                                     | —            | —           | —                  | 12                     | —                                          | 12            |
| Employee stock compensation, employee stock purchase programs and option exercises, net of tax | —            | —           | 42                 | —                      | —                                          | 42            |
| Repurchases of common stock, retired                                                           | (2)          | —           | —                  | (141)                  | —                                          | (141)         |
| Pension and postemployment benefit plans, net of tax                                           | —            | —           | —                  | —                      | 1                                          | 1             |
| Unrealized gain on derivatives, net of tax                                                     | —            | —           | —                  | —                      | 4                                          | 4             |
| Currency translation adjustment                                                                | —            | —           | —                  | —                      | (14)                                       | (14)          |
| <b>September 30, 2023</b>                                                                      | <b>98</b>    | <b>\$ 1</b> | <b>\$ 2,044</b>    | <b>\$ (1,797)</b>      | <b>\$ (126)</b>                            | <b>\$ 122</b> |

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 September 30, |               | Nine Months Ended September 30, |                 |
|---------------------------------------------------|----------------------------------|---------------|---------------------------------|-----------------|
|                                                   | 2024                             | 2023          | 2024                            | 2023            |
| <b>North America and Latin America (Americas)</b> |                                  |               |                                 |                 |
| Recurring                                         | \$ 229                           | \$ 231        | \$ 695                          | \$ 717          |
| Perpetual software licenses, hardware and other   | —                                | 2             | 7                               | 10              |
| Consulting services                               | 26                               | 31            | 80                              | 97              |
| <b>Total Americas</b>                             | <b>255</b>                       | <b>264</b>    | <b>782</b>                      | <b>824</b>      |
| <b>Europe, Middle East and Africa (EMEA)</b>      |                                  |               |                                 |                 |
| Recurring                                         | 95                               | 87            | 287                             | 263             |
| Perpetual software licenses, hardware and other   | 5                                | 4             | 8                               | 16              |
| Consulting services                               | 21                               | 22            | 67                              | 69              |
| <b>Total EMEA</b>                                 | <b>121</b>                       | <b>113</b>    | <b>362</b>                      | <b>348</b>      |
| <b>Asia Pacific and Japan (APJ)</b>               |                                  |               |                                 |                 |
| Recurring                                         | 48                               | 42            | 146                             | 140             |
| Perpetual software licenses, hardware and other   | 2                                | 1             | 5                               | 7               |
| Consulting services                               | 14                               | 18            | 46                              | 57              |
| <b>Total APJ</b>                                  | <b>64</b>                        | <b>61</b>     | <b>197</b>                      | <b>204</b>      |
| <b>Total Revenue</b>                              | <b>\$ 440</b>                    | <b>\$ 438</b> | <b>\$ 1,341</b>                 | <b>\$ 1,376</b> |

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

| in millions     | Three Months Ended September 30, |       | Nine Months Ended September 30, |        |
|-----------------|----------------------------------|-------|---------------------------------|--------|
|                 | 2024                             | 2023  | 2024                            | 2023   |
| Rental revenue* | \$ 53                            | \$ 56 | \$ 162                          | \$ 163 |

\*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              |                   |
|----------------------------|--------------------|-------------------|
|                            | September 30, 2024 | December 31, 2023 |
| Accounts receivable, net   | \$ 247             | \$ 286            |
| Contract assets            | \$ 6               | \$ 9              |
| Current deferred revenue   | \$ 482             | \$ 570            |
| Long-term deferred revenue | \$ 13              | \$ 22             |

Revenue recognized during the nine months ended September 30, 2024 from amounts included in deferred revenue at the beginning of the period was \$456 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 September 30, 2024:

| in millions                       | Total at September 30, 2024 | Year 1   | Year 2 and Thereafter |
|-----------------------------------|-----------------------------|----------|-----------------------|
| Remaining unsatisfied obligations | \$ 2,182                    | \$ 1,235 | \$ 947                |

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 \$1,213 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 \$485 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 | September 30, 2024 |
|----------------------------|-------------------|-------------|--------------|--------------------|
| Capitalized contract costs | \$ 68             | \$ 6        | \$ (25)      | \$ 49              |

  

| in millions                | December 31, 2022 | Capitalized | Amortization | September 30, 2023 |
|----------------------------|-------------------|-------------|--------------|--------------------|
| Capitalized contract costs | \$ 92             | \$ 12       | \$ (32)      | \$ 72              |

## 5. Supplemental Financial Information

| In millions                   | As of                 |                      |
|-------------------------------|-----------------------|----------------------|
|                               | September 30,<br>2024 | December 31,<br>2023 |
| <b>Inventories</b>            |                       |                      |
| Finished goods                | \$ 15                 | \$ 11                |
| Service parts                 | 1                     | 2                    |
| <b>Total inventories</b>      | <u>\$ 16</u>          | <u>\$ 13</u>         |
| <b>Deferred revenue</b>       |                       |                      |
| Deferred revenue, current     | \$ 482                | \$ 570               |
| Long-term deferred revenue    | 13                    | 22                   |
| <b>Total deferred revenue</b> | <u>\$ 495</u>         | <u>\$ 592</u>        |

| In millions                | Three Months Ended September 30, |              | Nine Months Ended September 30, |              |
|----------------------------|----------------------------------|--------------|---------------------------------|--------------|
|                            | 2024                             | 2023         | 2024                            | 2023         |
| <b>Other expense</b>       |                                  |              |                                 |              |
| Foreign currency losses    | \$ —                             | \$ 8         | \$ 11                           | \$ 33        |
| Other                      | 5                                | 5            | 12                              | 11           |
| <b>Total Other expense</b> | <u>\$ 5</u>                      | <u>\$ 13</u> | <u>\$ 23</u>                    | <u>\$ 44</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. The Company did not transact any Blue Chip Swaps during the three months ended September 30, 2024. In the prior quarters of 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 \$3 million for the nine months ended September 30, 2024.

## 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 September 30, |       | Nine Months Ended September 30, |        |
|--------------------|----------------------------------|-------|---------------------------------|--------|
|                    | 2024                             | 2023  | 2024                            | 2023   |
| Effective tax rate | 31.9 %                           | 7.7 % | 33.6 %                          | 27.4 % |

For the three months ended September 30, 2024, the Company had no material discrete tax adjustments.

For the three months ended September 30, 2023, the Company recorded \$4 million of net discrete tax benefits, a majority of which related to adjustments to the Company's accrual for unrecognized tax benefits in accordance with FIN 48 for the lapse of statute of limitations.

For the nine months ended September 30, 2024, the Company recorded \$3 million of net discrete tax expense, a majority of which related to additional tax expense from stock-based compensation vesting.

For the nine months ended September 30, 2023, the Company recorded \$6 million of net discrete tax benefits, \$3 million of which related to adjustments to the Company's accrual for unrecognized tax benefits in accordance with FIN 48 and \$3 million related to the excess tax benefit derived from stock-based compensation vesting.

Effective January 1, 2024, many jurisdictions where the Company conducts 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 the Company operates, 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"). The Company continues to monitor developments and evaluate the impacts of the Pillar Two rules, however, as of the date of this Report on Form 10-Q, the Company does not expect the Pillar Two rules to have a material impact to its annual effective tax rate.

The Company estimates its annual effective tax rate for 2024 to be approximately 34.0%, 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 \$4 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 \$444 million as of September 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                 |                      |
|------------------------------------------------------------------------------|-----------------------|----------------------|
|                                                                              | September 30,<br>2024 | December 31,<br>2023 |
| Contract notional amount of foreign exchange forward contracts               | \$ 67                 | \$ 178               |
| Net contract notional amount of foreign exchange forward contracts           | \$ 6                  | \$ 1                 |
| Contract notional amount of foreign currency exchange (net investment hedge) | \$ 150                | \$ 150               |
| Contract notional amount of interest rate swap                               | \$ 444                | \$ 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 (the "Court"), 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. On October 7, 2024, the Court appointed a lead plaintiff and lead counsel. 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 September 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 September 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 nine months ended September 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 September 30, 2024 and December 31, 2023 were as follows:

|                                             |        | Fair Value Measurements at Reporting Date Using                            |                                                           |                                                    |  |
|---------------------------------------------|--------|----------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|--|
|                                             |        | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |  |
| In millions                                 | Total  |                                                                            |                                                           |                                                    |  |
| Assets                                      |        |                                                                            |                                                           |                                                    |  |
| Money market funds at September 30, 2024    | \$ 50  | \$ 50                                                                      | \$ —                                                      | \$ —                                               |  |
| Money market funds at December 31, 2023     | \$ 152 | \$ 152                                                                     | \$ —                                                      | \$ —                                               |  |
| Interest rate swap at September 30, 2024    | \$ 2   | \$ —                                                                       | \$ 2                                                      | \$ —                                               |  |
| Interest rate swap at December 31, 2023     | \$ 8   | \$ —                                                                       | \$ 8                                                      | \$ —                                               |  |
| Liabilities                                 |        |                                                                            |                                                           |                                                    |  |
| Foreign currency swap at September 30, 2024 | \$ 9   | \$ —                                                                       | \$ 9                                                      | \$ —                                               |  |
| 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 \$444 million as of September 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 September 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 \$487 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 September 30, 2024.

For the three months ended September 30, 2024 and September 30, 2023, the blended all-in interest rate on the Credit Facility was 4.21% and 4.45%, 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<br>September 30, |         | Nine Months Ended<br>September 30, |         |
|------------------------------------------------------------------------------------|-------------------------------------|---------|------------------------------------|---------|
|                                                                                    | 2024                                | 2023    | 2024                               | 2023    |
| In millions, except per share amounts                                              |                                     |         |                                    |         |
| Net income attributable to common stockholders                                     | \$ 32                               | \$ 12   | \$ 89                              | \$ 69   |
| Weighted average outstanding shares of common stock                                | 96.1                                | 99.2    | 96.7                               | 100.5   |
| Dilutive effect of employee stock options, restricted stock and other stock awards | 0.9                                 | 2.8     | 1.6                                | 2.3     |
| Common stock and common stock equivalents                                          | 97.0                                | 102.0   | 98.3                               | 102.8   |
| Net income per share:                                                              |                                     |         |                                    |         |
| Basic                                                                              | \$ 0.33                             | \$ 0.12 | \$ 0.92                            | \$ 0.69 |
| Diluted                                                                            | \$ 0.33                             | \$ 0.12 | \$ 0.91                            | \$ 0.67 |

Options to purchase 0.1 million shares in the nine months ended September 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 nine months ended September 30, 2024 nor the three months ended September 30, 2023.

## 12. Segment and Other Supplemental Information

On August 5, 2024, Teradata announced that it realigned its sales function and initiated global restructuring to optimize operations. Due to these organizational changes Teradata now manages its business under two segments, which are also the Company's new operating segments: (1) Product Sales and (2) Consulting Services. The Company's Product Sales segment represents the results for the Recurring Revenue and Perpetual Software Licenses, Hardware and Other line items and the Consulting Services segment represents the Consulting Services line item, each as disclosed in the Company's financial statements and in the tables in this Form 10-Q. 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. Prior period segment information has been reclassified to conform to the current period presentation.

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

| In millions                                                                | Three Months Ended<br>September 30, |              | Nine Months Ended<br>September 30, |               |
|----------------------------------------------------------------------------|-------------------------------------|--------------|------------------------------------|---------------|
|                                                                            | 2024                                | 2023         | 2024                               | 2023          |
| <b>Segment revenue</b>                                                     |                                     |              |                                    |               |
| Product Sales                                                              | \$ 379                              | \$ 367       | \$ 1,148                           | \$ 1,153      |
| Consulting Services                                                        | 61                                  | 71           | 193                                | 223           |
| <b>Total revenue</b>                                                       | <b>440</b>                          | <b>438</b>   | <b>1,341</b>                       | <b>1,376</b>  |
| <b>Segment gross profit</b>                                                |                                     |              |                                    |               |
| Product Sales                                                              | 265                                 | 258          | 805                                | 820           |
| Consulting Services                                                        | 6                                   | 6            | 26                                 | 30            |
| <b>Total segment gross profit</b>                                          | <b>271</b>                          | <b>264</b>   | <b>831</b>                         | <b>850</b>    |
| Stock-based compensation expense                                           | 4                                   | 4            | 13                                 | 12            |
| Acquisition, integration, reorganization, and transformation-related costs | 1                                   | 1            | 3                                  | 1             |
| <b>Total gross profit</b>                                                  | <b>266</b>                          | <b>259</b>   | <b>815</b>                         | <b>837</b>    |
| Selling, general and administrative expenses                               | 137                                 | 156          | 429                                | 476           |
| Research and development expenses                                          | 73                                  | 76           | 216                                | 222           |
| <b>Income from operations</b>                                              | <b>\$ 56</b>                        | <b>\$ 27</b> | <b>\$ 170</b>                      | <b>\$ 139</b> |

### 13. Reorganization and Business Transformation

On August 5, 2024, the Company announced that it realigned its sales function and 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 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.

The 2024 activity and the reserves related to the Restructuring are as follows:

|                              | Expense accruals | Cash payments | Balance at September 30,<br>2024 |
|------------------------------|------------------|---------------|----------------------------------|
| Employee separation benefits | \$ 11            | \$ (3)        | \$ 8                             |

## 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.

### **Third 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 third quarter of 2024:

- At the end of the third quarter of 2024, ARR was \$1.482 billion compared to \$1.524 billion at the end of the third quarter of 2023, decreasing 3% as compared to the third quarter of 2023, including a 1% positive impact from foreign currency translation.
- At the end of the third quarter of 2024, Public Cloud ARR was \$570 million compared to \$454 million at the end of the third quarter of 2023, increasing 26% as compared to the third quarter of 2023, including a 2% positive impact from foreign currency fluctuations.
- Total revenue was \$440 million for the third quarter of 2024, increasing by \$2 million compared to the third quarter of 2023, with recurring revenue up 3%. Perpetual software licenses, hardware and other revenue was flat, and consulting services revenue decreased 14%. Foreign currency fluctuations had a 2% adverse impact on total revenue for the quarter compared to the prior year.
- Gross margin increased to 60.5% in the third quarter of 2024 from 59.1% in the third quarter of 2023, primarily due to improved Public Cloud margin rates and lower overall consulting services revenue compared to the prior year.
- Operating expenses for the third quarter of 2024 decreased 9% compared to the third quarter of 2023, primarily due to lower employee compensation expenses including stock-based compensation expense in the third quarter of 2024.
- Operating income was \$56 million in the third quarter of 2024, compared to \$27 million in the third quarter of 2023.
- Net income in the third quarter of 2024 was \$32 million, compared to \$12 million in the third quarter of 2023.
- Cloud Net Expansion Rate for the third quarter of 2024 was 120%, compared to 123% for the third quarter of 2023.

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

### **Revenue**

| In millions                                     | 2024          | % of Revenue | 2023          | % of Revenue |
|-------------------------------------------------|---------------|--------------|---------------|--------------|
| Recurring                                       | \$ 372        | 84.6 %       | \$ 360        | 82.2 %       |
| Perpetual software licenses, hardware and other | 7             | 1.6 %        | 7             | 1.6 %        |
| Consulting services                             | 61            | 13.8 %       | 71            | 16.2 %       |
| <b>Total revenue</b>                            | <b>\$ 440</b> | <b>100 %</b> | <b>\$ 438</b> | <b>100 %</b> |

Total revenue increased \$2 million, or 0%, in the third quarter of 2024, including a 2% negative impact from foreign currency fluctuations. Recurring revenue was up 3% as compared to the third quarter of 2023 and included a 2% negative impact from foreign currency fluctuations. Recurring revenue for the third quarter of 2024 included strong growth from Public Cloud revenue and a positive impact from annual upfront software subscription revenue associated with on-premises subscription software. Revenues from perpetual software licenses, hardware and other were flat year over year. Consulting services revenue decreased 14% in the third quarter of 2024, including a 2% negative impact from foreign currency fluctuations. The consulting services revenue decrease is an expected result of our overall strategy to have our consulting business focused on higher-margin engagements.

### **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 September 30, 2024 and 2023 our Total ARR consisted of:

| In millions                             | 2024            | 2023            |
|-----------------------------------------|-----------------|-----------------|
| Public Cloud                            | \$ 570          | \$ 454          |
| Subscription                            | 793             | 872             |
| Maintenance and Software upgrade rights | 119             | 198             |
| <b>Total ARR</b>                        | <b>\$ 1,482</b> | <b>\$ 1,524</b> |
| <b>Cloud Net Expansion rate</b>         | <b>120 %</b>    | <b>123 %</b>    |

At the end of the third quarter of 2024, Total ARR decreased 3% as compared to the third quarter of 2023, including a 1% positive impact from foreign currency fluctuations. At the end of the third quarter of 2024, Public Cloud ARR increased 26% as compared to the third quarter of 2023, including a 2% positive impact from foreign currency fluctuations. Public Cloud ARR growth in the third quarter of 2024 was primarily 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 primarily driven by customer migrations to Public Cloud ARR, on-premises erosions, elongated deal closing cycles and lower on-premises expansion activity.

In the third quarter of 2024, we experienced the following trends as compared to the third 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 September 30, 2024, Teradata is now estimating a 1.25%-to-1.75% negative impact from currency translation on our 2024 full-year total reported revenues.

We expect to see elongated deal closing cycles continue and are now expecting cloud migration activity with some customer accounts to be pushed out to future quarters, which will negatively impact Public Cloud 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                                       | \$ 261        | 70.2 %        | \$ 255        | 70.8 %        |
| Perpetual software licenses, hardware and other | 2             | 28.6 %        | —             | — %           |
| Consulting services                             | 3             | 4.9 %         | 4             | 5.6 %         |
| <b>Total gross profit</b>                       | <b>\$ 266</b> | <b>60.5 %</b> | <b>\$ 259</b> | <b>59.1 %</b> |

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, and the positive margin impact from annual upfront software subscription revenue.

The increase 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 | \$ 137        | 31.1 %        | \$ 156        | 35.6 %        |
| Research and development expenses            | 73            | 16.6 %        | 76            | 17.4 %        |
| <b>Total operating expenses</b>              | <b>\$ 210</b> | <b>47.7 %</b> | <b>\$ 232</b> | <b>53.0 %</b> |

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           | \$ 3          | \$ 7           |
| Interest expense          | (7)           | (8)            |
| Other                     | (5)           | (13)           |
| <b>Other expense, net</b> | <b>\$ (9)</b> | <b>\$ (14)</b> |

Other expense, net in the third 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 \$8 million as compared to the prior period. Interest income is lower primarily due to a lower average cash balance.

## 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 September 30, 2024 and 2023 were as follows:

|                    | 2024   | 2023  |
|--------------------|--------|-------|
| Effective tax rate | 31.9 % | 7.7 % |

For the three months ended September 30, 2024, the Company had no material discrete tax adjustments.

For the three months ended September 30, 2023, the Company recorded \$4 million of net discrete tax benefit, a majority of which related to adjustments to the Company's accrual for unrecognized tax benefits in accordance with FIN 48 for the lapse of statute of limitations.

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 \$4 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 34%, 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

On August 5, 2024, Teradata announced that it realigned its sales function and initiated global restructuring to optimize operations. Due to these organizational changes, Teradata now manages its business under two segments, which are also the Company's new operating segments: (1) Product Sales and (2) Consulting Services. Teradata's Product Sales segment represents the results for the Recurring Revenue and Perpetual Software Licenses, Hardware and Other line items and the Consulting Services segment represents the Consulting Services line item, each as disclosed in the Company's financial statements and in the tables in this Form 10-Q. As the revenue and gross margin trends for these business categories are already discussed in the sections above, there is no separate segment discussion presented here. Our segment information is presented in Note 12 of Notes to Condensed Consolidated Financial Statements (Unaudited).

## **Results of Operations for the Nine Months Ended September 30, 2024**

### **Compared to the Nine Months Ended September 30, 2023**

#### **Revenue**

| In millions                                     | 2024            | % of Revenue | 2023            | % of Revenue |
|-------------------------------------------------|-----------------|--------------|-----------------|--------------|
| Recurring                                       | \$ 1,128        | 84.1 %       | \$ 1,120        | 81.4 %       |
| Perpetual software licenses, hardware and other | 20              | 1.5 %        | 33              | 2.4 %        |
| Consulting services                             | 193             | 14.4 %       | 223             | 16.2 %       |
| <b>Total revenue</b>                            | <b>\$ 1,341</b> | <b>100 %</b> | <b>\$ 1,376</b> | <b>100 %</b> |

Total revenue decreased \$35 million, or 3%, in the first nine months of 2024, and included a 2% adverse impact from foreign currency fluctuations. Recurring revenue increased 1%, including 1% 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 39% in the first nine months of 2024, as customers continue to transition to subscription-based offerings, consistent with our overall strategy.

Consulting services revenue decreased 13% in the first nine months of 2024, including a 3% negative impact from foreign currency fluctuations. The consulting services revenue decrease is an expected result of our overall strategy to have our consulting business focused 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                                       | \$ 795        | 70.5 %        | \$ 810        | 72.3 %        |
| Perpetual software licenses, hardware and other | 2             | 10.0 %        | 3             | 9.1 %         |
| Consulting services                             | 18            | 9.3 %         | 24            | 10.8 %        |
| <b>Total gross profit</b>                       | <b>\$ 815</b> | <b>60.8 %</b> | <b>\$ 837</b> | <b>60.8 %</b> |

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 increase 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 | \$ 429        | 32.0 %        | \$ 476        | 34.6 %        |
| Research and development expenses            | 216           | 16.1 %        | 222           | 16.1 %        |
| <b>Total operating expenses</b>              | <b>\$ 645</b> | <b>48.1 %</b> | <b>\$ 698</b> | <b>50.7 %</b> |

SG&A expenses decreased 10% for the first nine 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 nine months of 2024 as compared to prior year, primarily due to continued cost discipline.

## Other Expense, net

| In millions               | 2024           | 2023           |
|---------------------------|----------------|----------------|
| Interest income           | \$ 9           | \$ 22          |
| Interest expense          | (22)           | (22)           |
| Other                     | (23)           | (44)           |
| <b>Other expense, net</b> | <b>\$ (36)</b> | <b>\$ (44)</b> |

Other expense, net for the nine 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 nine months of 2024 as compared to the first nine months of 2023 primarily due to \$22 million lower costs resulting from foreign currency transactions compared to the prior period. Interest income is lower primarily due to a lower average cash balance.

As disclosed in Note 5 of Notes to Condensed Consolidated Financial Statements (Unaudited), during the nine months ended September 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 nine months ended September 30, 2024 and 2023 were as follows:

|                    | 2024   | 2023   |
|--------------------|--------|--------|
| Effective tax rate | 33.6 % | 27.4 % |

For the nine months ended September 30, 2024, the Company recorded \$3 million of net discrete tax expense, a majority of which related to tax expense from stock-based compensation vesting.

For the nine months ended September 30, 2023, the Company recorded \$6 million of net discrete tax benefits, \$3 million of which related to adjustments to the Company's accrual for unrecognized tax benefits in accordance with FIN 48 for the lapse of statute of limitations and \$3 million related to the excess tax benefit derived from stock-based compensation vesting.

## **Financial Condition, Liquidity and Capital Resources**

Cash provided by operating activities was \$147 million, which decreased by \$52 million in the nine months ended September 30, 2024 compared to the nine months ended September 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 \$24 million of cash in the first nine months of 2024 for reorganizing and transforming its operations and go-to-market functions to align to its strategy, as compared to \$30 million in the first nine months of 2023. Teradata expects that approximately \$25 to \$30 million in additional cash will be used in the last three 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                               | Nine Months Ended<br>September 30, |               |
|-------------------------------------------|------------------------------------|---------------|
|                                           | 2024                               | 2023          |
| Net cash provided by operating activities | \$ 147                             | \$ 199        |
| Less:                                     |                                    |               |
| Expenditures for property and equipment   | (17)                               | (11)          |
| Additions to capitalized software         | (1)                                | (1)           |
| <b>Free cash flow</b>                     | <b>\$ 129</b>                      | <b>\$ 187</b> |

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 nine months ended September 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 was also an immaterial holdback payment related to our strategic acquisition of Stemma Technologies, made in the nine months ended September 30, 2024.

Teradata's financing activities for the nine months ended September 30, 2024 and 2023 primarily consisted of cash outflows for share repurchases and payments on our finance leases. At September 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 \$381 million remaining under the open market share repurchase program as of September 30, 2024.

In the aggregate under the dilution offset share repurchase program and the open market share repurchase program, we repurchased approximately 4.9 million shares of common stock at an average price per share of \$38.07 in the nine months ended September 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 \$1 million for the nine months ended September 30, 2024 and a net inflow of \$6 million (including fees from the credit facility agreement) for the nine months ended September 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 \$328 million as of September 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 September 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% (or \$444 million as of September 30, 2024) 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. As of September 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 \$487 million.

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 September 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 nine months ended September 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 September 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 September 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 nine months ended September 30, 2024, the total of these purchases was 294,934 shares at an average price of \$43.80 per share. The following table provides information relating to the Company's share repurchase programs for the nine months ended September 30, 2024:

| Month                       | Total<br>Number<br>of Shares<br>Purchased | Average<br>Price<br>Paid<br>per Share | Total<br>Number<br>of Shares<br>Purchased<br>as Part of<br>Publicly<br>Announced<br>Dilution<br>Offset Program <sup>(1)</sup> | Total<br>Number<br>of Shares<br>Purchased<br>as Part of<br>Publicly<br>Announced<br>Open Market<br>Share<br>Repurchase<br>Program <sup>(2)</sup> | Maximum<br>Dollar<br>Value<br>that May<br>Yet Be<br>Purchased<br>Under the<br>Dilution<br>Offset Program | Maximum<br>Dollar<br>Value<br>that May<br>Yet Be<br>Purchased<br>Under the<br>Open Market<br>Share<br>Repurchase<br>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                                                                                                              |
| <b>First Quarter Total</b>  | <b>3,169,262</b>                          | <b>\$ 40.57</b>                       | <b>165,392</b>                                                                                                                | <b>3,003,870</b>                                                                                                                                 | <b>\$ 2,145,031</b>                                                                                      | <b>\$ 431,946,444</b>                                                                                                       |
| 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                                                                                                              |
| <b>Second Quarter Total</b> | <b>1,186,097</b>                          | <b>\$ 35.66</b>                       | <b>58,189</b>                                                                                                                 | <b>1,127,908</b>                                                                                                                                 | <b>\$ 44,982</b>                                                                                         | <b>\$ 391,847,459</b>                                                                                                       |
| July 2024                   | 66,100                                    | \$ 33.28                              | —                                                                                                                             | 66,100                                                                                                                                           | \$ 44,982                                                                                                | \$ 389,647,842                                                                                                              |
| August 2024                 | 194,279                                   | \$ 27.79                              | —                                                                                                                             | 194,279                                                                                                                                          | \$ 44,982                                                                                                | \$ 384,248,135                                                                                                              |
| September 2024              | 293,483                                   | \$ 28.62                              | 179,990                                                                                                                       | 113,493                                                                                                                                          | \$ 317,370                                                                                               | \$ 380,888,273                                                                                                              |
| <b>Third Quarter Total</b>  | <b>553,862</b>                            | <b>\$ 28.89</b>                       | <b>179,990</b>                                                                                                                | <b>373,872</b>                                                                                                                                   | <b>\$ 317,370</b>                                                                                        | <b>\$ 380,888,273</b>                                                                                                       |

(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 September 30, 2024, other than the officer shown in the table below, 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.

| Name (Title)                                | Action  | Date               | Trading Arrangement |                      | Aggregate Number of<br>Shares that could be Sold<br>under the Rule 10b5-1<br>Plan | Expiration Date |
|---------------------------------------------|---------|--------------------|---------------------|----------------------|-----------------------------------------------------------------------------------|-----------------|
|                                             |         |                    | Rule 10b5-1*        | Non-Rule<br>10b5-1** |                                                                                   |                 |
| Claire Bramley (Chief<br>Financial Officer) | Adopted | September 12, 2024 | x                   |                      | Up to 84,947 <sup>(1)</sup>                                                       | March 14, 2025  |

\* Intended to satisfy the affirmative defense of Rule 10b5-1(c).

\*\*Not intended to satisfy the affirmative defense of Rule 10b5-1(c).

<sup>(1)</sup>Ms. Bramley's Rule 10b5-1 trading arrangement includes the sale of 100% of the net shares (the number is not yet determinable) after shares are withheld to satisfy tax obligations upon the vesting of 40,512 restricted share units ("RSUs") and 44,435 performance-based RSUs (which such number for purposes of this disclosure is based on the target amount of performance-based RSUs granted to Ms. Bramley in 2022, but the number of shares of common stock subject to Ms. Bramley's trading plan may vary based on the Company's actual performance achieved at the end of the applicable 2024 performance period for the performance-based RSUs).

**Item 6. Exhibits.**

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

**Description**

|                             |                                                                                                                                                                                                                                                                                   |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#"><u>3.1</u></a>  | <a href="#"><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></a> |
| <a href="#"><u>3.2</u></a>  | <a href="#"><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></a>                                                     |
| <a href="#"><u>4.1</u></a>  | <a href="#"><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></a>                                                                      |
| <a href="#"><u>31.1</u></a> | <a href="#"><u>Certification pursuant to Rule 13a-14(a), dated November 5, 2024.</u></a>                                                                                                                                                                                          |
| <a href="#"><u>31.2</u></a> | <a href="#"><u>Certification pursuant to Rule 13a-14(a), dated November 5, 2024.</u></a>                                                                                                                                                                                          |
| <a href="#"><u>32</u></a>   | <a href="#"><u>Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 5, 2024.</u></a>                                                                                                             |
| 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).                                                                                                                                                                                         |

## **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: November 5, 2024

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

**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: November 5, 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: November 5, 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 September 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: November 5, 2024

/s/ Stephen McMillan

\_\_\_\_\_  
Stephen McMillan

President and Chief Executive Officer

Date: November 5, 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.