

TERADATA CORPORATION RECONCILIATION OF RESULTS - GAAP TO NON-GAAP Reflects the Impact of Special Items (in millions, except per share amounts - unaudited) For the Three Months Ended March 31										
	2026					2025				
	GAAP	Stock-based Compensation Expense	Other Special Items ²	SAP Settlement	Non-GAAP ¹	GAAP	Stock-based Compensation Expense	Other Special Items ³	Non-GAAP ¹	% Change Non-GAAP Yr/Yr
Revenue										
Recurring	\$ 400	\$ -	\$ -	\$ -	\$ 400	\$ 358	\$ -	\$ -	\$ 358	12%
Perpetual software licenses, hardware and other	1	-	-	-	1	10	-	-	10	-90%
Product Sales	401	-	-		401	368	-	-	368	9%
Consulting services	43	-	-	-	43	50	-	-	50	-14%
Total revenue	444	-	-	-	444	418	-	-	418	6%
Gross profit										
Recurring	277	(2)	(1)	-	280	250	(2)	-	252	11%
% of Revenue	69.3%				70.0%	69.8%			70.4%	
Perpetual software licenses, hardware and other	1	-	-	-	1	1	-	-	1	0%
% of Revenue	100.0%				100.0%	10.0%			10.0%	
Product Sales	278	(2)	(1)		281	251	(2)	-	253	11%
% of Revenue	69.3%				70.1%	68.2%			68.8%	
Consulting services	(2)	(2)	(2)	-	2	(3)	(2)	-	(1)	-300%
% of Revenue	-4.7%				4.7%	-6.0%			-2.0%	
Total gross profit	276	(4)	(3)	-	283	248	(4)	-	252	12%
% of Revenue	62.2%				63.7%	59.3%			60.3%	
Selling, general and administrative expenses	240	17	4	121	98	116	12	3	101	-3%
Research and development expenses	72	8	-	-	64	66	6	-	60	7%
Total expenses	312	25	4	121	162	182	18	3	161	1%
% of Revenue	70.3%				36.5%	43.5%			38.5%	
(Loss) income from operations	(36)	(29)	(7)	(121)	121	66	(22)	(3)	91	33%
% of Revenue	(8.1%)				27.3%	15.8%			21.8%	
Other income (expense), net	473	-	-	480	(7)	(8)	-	-	(8)	
Income before income taxes	437	(29)	(7)	359	114	58	(22)	(3)	83	37%
Income tax expense	102	(5)	(1)	79	29	14	(3)	(2)	19	
% Tax rate	23.3%				25.4%	24.1%			22.9%	
Net income	\$ 335	\$ (24)	\$ (6)	\$ 280	\$ 85	\$ 44	\$ (19)	\$ (1)	\$ 64	33%
% of Revenue	75.5%				19.1%	10.5%			15.3%	
Net income per common share										
Basic	\$ 3.60	\$ (0.26)	\$ (0.06)	\$ 3.01	\$ 0.91	\$ 0.46	\$ (0.20)	\$ (0.01)	\$ 0.67	35%
Diluted	\$ 3.47	\$ (0.25)	\$ (0.06)	\$ 2.90	\$ 0.88	\$ 0.45	\$ (0.20)	\$ (0.01)	\$ 0.66	33%
Weighted average common shares outstanding										
Basic	93.0				93.0	95.1			95.1	
Diluted	96.6				96.6	97.4			97.4	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company. Non-GAAP measures should not be used as a substitute for, or superior to, the Company's reported GAAP results.

2) Special items for the three months ended March 31, 2026 include \$7 million (\$6 million after-tax) for reorganization, transformation and other activities.

3) Special items for the three months ended March 31, 2025 include \$3 million (\$1 million after-tax) for reorganization, transformation and other activities.

Teradata calculates free cash flow, a non-GAAP financial measure, as follows:

	Three Months Ended March 31	
	2026	2025
Net income (GAAP)	\$ 335	\$ 44
Net cash provided by operating activities (GAAP)	\$ 401	\$ 8
Less capital expenditures for:		
Expenditures for property and equipment	(10)	(1)
Additions to capitalized software	(1)	-
Free Cash Flow (non-GAAP measure) ¹	\$ 390	\$ 7

Note 1: Free cash flow does not have a uniform definition under generally accepted accounting principles in the United States (GAAP) and therefore, Teradata's definition may differ from other companies' definitions of this measure. Teradata's management uses free cash flow to assess the financial performance of the Company and believes it 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 generated after capital expenditures which can be used for among other things, investments in the company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repay the Company's debt obligations. 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 as a substitute for, or superior to, cash flows from operating activities under GAAP.