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, 2026

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	**75-3236470**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

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

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

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

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

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

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

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

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

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

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

At October 23, 2026, the registrant had approximately 91.4 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 September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Revenue				
Subscription software licenses	$ 55	$ 60	$ 207	$ 208
Services and other	304	306	915	870
Total recurring	359	366	1,122	1,078
Perpetual software licenses, hardware and other	3	3	12	16
Consulting services	37	47	119	148
Total revenue	399	416	1,253	1,242
Cost of revenue				
Subscription software licenses	7	5	26	15
Services and other	113	111	337	328
Total recurring	120	116	363	343
Perpetual software licenses, hardware and other	4	—	10	12
Consulting services	37	47	123	156
Total cost of revenue	161	163	496	511
Gross profit	238	253	757	731
Operating expenses				
Selling, general and administrative expenses	109	122	469	373
Research and development expenses	75	70	222	207
Total operating expenses	184	192	691	580
Income from operations	54	61	66	151
Other (expense) income, net				
Interest expense	(2)	(7)	(14)	(20)
Interest income	3	2	13	7
Other (expense) income	(5)	(2)	469	(13)
Total other (expense) income, net	(4)	(7)	468	(26)
Income before income taxes	50	54	534	125
Income tax expense	12	14	115	32
Net income	$ 38	$ 40	$ 419	$ 93
Net income per common share				
Basic	$ 0.41	$ 0.42	$ 4.50	$ 0.98
Diluted	$ 0.40	$ 0.42	$ 4.36	$ 0.96
Weighted average common shares outstanding				
Basic	92.6	94.2	93.2	94.9
Diluted	95.5	95.5	96.2	96.5

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 38	$ 40	$ 419	$ 93
Other comprehensive income:				
Foreign currency translation adjustments	—	(2)	(2)	24
Unrealized gain (loss) on cross-currency net investment hedge, before tax	1	—	3	(18)
Unrealized gain (loss) on cross-currency net investment hedge, tax portion	—	—	(1)	4
Total currency translation adjustments	1	(2)	—	10
Derivatives:				
Derivative change, before tax	—	(1)	(1)	(7)
Derivatives, tax portion	—	1	—	2
Derivative change, net of tax	—	—	(1)	(5)
Defined benefit plans:				
Reclassification of loss to net income, before tax	2	2	6	6
Defined benefit plans, tax portion	(1)	(1)	(2)	(2)
Defined benefit plans, net of tax	1	1	4	4
Other comprehensive income	2	(1)	3	9
Comprehensive income	$ 40	$ 39	$ 422	$ 102

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per share amounts	September 30, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 432	$ 493
Accounts receivable, net	202	251
Inventories	13	13
Other current assets	84	80
Total current assets	731	837
Property and equipment, net	183	198
Right of use assets - operating lease, net	7	7
Goodwill	397	399
Capitalized contract costs, net	38	42
Deferred income taxes	164	209
Other assets	83	87
Total assets	$ 1,603	$ 1,779
Liabilities and stockholders' equity		
Current liabilities		
Current portion of long-term debt	$ —	$ 25
Current portion of finance lease liability	46	50
Current portion of operating lease liability	2	2
Accounts payable	74	96
Payroll and benefits liabilities	116	120
Deferred revenue	466	533
Other current liabilities	73	88
Total current liabilities	777	914
Long-term debt	—	431
Finance lease liability	43	45
Operating lease liability	5	4
Pension and other postemployment plan liabilities	110	114
Long-term deferred revenue	11	11
Deferred tax liabilities	12	12
Other liabilities	32	18
Total liabilities	990	1,549
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock: par value $0.01 per share, 100.0 shares authorized, no shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	—	—
Common stock: par value $0.01 per share, 500.0 shares authorized, 91.8 and 92.5 shares issued at September 30, 2026 and December 31, 2025, respectively	1	1
Paid-in capital	2,398	2,305
Accumulated deficit	(1,636)	(1,923)
Accumulated other comprehensive loss	(150)	(153)
Total stockholders' equity	613	230
Total liabilities and stockholders' equity	$ 1,603	$ 1,779

See Notes to Condensed Consolidated Financial Statements (Unaudited).

Teradata Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Nine Months Ended September 30, 2026	2025
Operating activities		
Net income	$ 419	$ 93
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	73	67
Stock-based compensation expense	95	82
Deferred income taxes	41	24
Loss on Blue Chip Swap	1	1
Changes in assets and liabilities:		
Receivables	49	(75)
Inventories	—	13
Current payables and accrued expenses	(8)	(66)
Deferred revenue	(67)	17
Other assets and liabilities	(5)	(11)
Net cash provided by operating activities	598	145
Investing activities		
Expenditures for property and equipment	(16)	(10)
Additions to capitalized software	(2)	(1)
Other investing activities, net	(1)	(1)
Net cash used in investing activities	(19)	(12)
Financing activities		
Repurchases of common stock	(131)	(102)
Repayments of long-term borrowings	(456)	(19)
Payments of finance leases	(45)	(51)
Other financing activities, net	(3)	3
Net cash used in financing activities	(635)	(169)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5)	22
Decrease in cash, cash equivalents and restricted cash	(61)	(14)
Cash, cash equivalents and restricted cash at beginning of period	494	421
Cash, cash equivalents and restricted cash at end of period	$ 433	$ 407
Supplemental cash flow disclosure:		
Assets acquired under operating lease	$ 3	$ 2
Assets acquired under finance lease	$ 39	$ 67

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

	September 30, 2026	December 31, 2025
Cash and cash equivalents	$ 432	$ 493
Restricted cash	1	1
Total cash, cash equivalents and restricted cash	$ 433	$ 494

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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

In millions	Common Stock Shares	Common Stock Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
December 31, 2025	93	$ 1	$ 2,305	$ (1,923)	$ (153)	$ 230
Net income	—	—	—	335	—	335
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	2	—	25	—	—	25
Repurchases of common stock, retired	(1)	—	—	(33)	—	(33)
Pension and postemployment benefit plans, net of tax	—	—	—	—	1	1
Unrealized gain on derivatives, net of tax	—	—	—	—	1	1
Currency translation adjustment	—	—	—	—	(2)	(2)
March 31, 2026	94	$ 1	$ 2,330	$ (1,621)	$ (153)	$ 557
Net income	—	—	—	46	—	46
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	—	—	31	—	—	31
Repurchases of common stock, retired	(1)	—	—	(42)	—	(42)
Pension and postemployment benefit plans, net of tax	—	—	—	—	2	2
Derivative change, net of tax	—	—	—	—	(2)	(2)
Currency translation adjustment	—	—	—	—	1	1
June 30, 2026	93	$ 1	$ 2,361	$ (1,617)	$ (152)	$ 593
Net income	—	—	—	38	—	38
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	—	—	37	—	—	37
Repurchases of common stock, retired	(1)	—	—	(57)	—	(57)
Pension and postemployment benefit plans, net of tax	—	—	—	—	1	1
Currency translation adjustment	—	—	—	—	1	1
September 30, 2026	92	$ 1	$ 2,398	$ (1,636)	$ (150)	$ 613

In millions	Common Stock Shares	Common Stock Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
December 31, 2024	95	$ 1	$ 2,192	$ (1,913)	$ (147)	$ 133
Net income	—	—	—	44	—	44
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	2	—	22	—	—	22
Repurchases of common stock, retired	(1)	—	—	(44)	—	(44)
Pension and postemployment benefit plans, net of tax	—	—	—	—	2	2
Unrealized loss on derivatives, net of tax	—	—	—	—	(3)	(3)
Currency translation adjustment	—	—	—	—	4	4
March 31, 2025	96	$ 1	$ 2,214	$ (1,913)	$ (144)	$ 158
Net income	—	—	—	9	—	9
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	—	—	30	—	—	30
Repurchases of common stock, retired	(1)	—	—	(28)	—	(28)
Pension and postemployment benefit plans, net of tax		—	—	—	1	1
Unrealized loss on derivatives, net of tax	—	—	—	—	(2)	(2)
Currency translation adjustment	—	—	—	—	8	8
June 30, 2025	95	$ 1	$ 2,244	$ (1,932)	$ (137)	$ 176
Net income	—	—	—	40	—	40
Employee stock compensation, employee stock purchase programs and option exercises, net of tax	—	—	35	—	—	35
Repurchases of common stock, retired	(1)	—	—	(31)	—	(31)
Pension and postemployment benefit plans, net of tax	—	—	—	—	1	1
Currency translation adjustment	—	—	—	—	(2)	(2)
September 30, 2025	94	$ 1	$ 2,279	$ (1,923)	$ (138)	$ 219

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 2025 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, 2025 (the "2025 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 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (ASU 2024-03). The new guidance requires disaggregated information about certain income statement expense line items on an annual and interim basis. This guidance will be effective for annual periods beginning the year ended December 31, 2027 and for interim periods thereafter. The new standard permits early adoption and can be applied prospectively or retrospectively. We are evaluating the effect that this guidance will have on our Consolidated Financial Statements.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software (ASU 2025-06). The new guidance eliminates the requirement to classify software development costs by project stage, instead, entities now capitalize internal-use software costs when management has both authorized and committed funding for the project and it is probable the software will be completed and used as intended. This guidance will be effective for annual periods beginning after December 15, 2027, and interim periods within those annual periods. Early adoption is permitted and the standard may be applied prospectively, retrospectively, or using a modified approach. We are evaluating the effect that this guidance will have on 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
in millions	2026	2025	2026	2025
United States				
Recurring	$ 186	$ 198	$ 580	$ 580
Perpetual software licenses and hardware	—	1	1	6
Consulting services	10	13	30	41
Total United States	196	212	611	627
International				
Recurring	$ 173	$ 168	$ 542	$ 498
Perpetual software licenses and hardware	3	2	11	10
Consulting services	27	34	89	107
Total International	203	204	642	615
Total Revenue	$ 399	$ 416	$ 1,253	$ 1,242

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
in millions	2026	2025	2026	2025
Rental revenue*	$ 58	$ 51	$ 174	$ 151

*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, 2026	As of December 31, 2025
Accounts receivable, net	$ 202	$ 251
Contract assets	$ 4	$ 6
Current deferred revenue	$ 466	$ 533
Long-term deferred revenue	$ 11	$ 11

Revenue recognized during the nine months ended September 30, 2026 from amounts included in deferred revenue at the beginning of the period was $373 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, 2026:

in millions	Total at September 30, 2026	Year 1	Year 2 and Thereafter
Remaining unsatisfied obligations	$ 1,997	$ 1,305	$ 692

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 $1,068 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 $492 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, 2025	Capitalized	Amortization	September 30, 2026
Capitalized contract costs	$ 42	$ 11	$ (15)	$ 38

in millions	December 31, 2024	Capitalized	Amortization	September 30, 2025
Capitalized contract costs	$ 46	$ 7	$ (18)	$ 35

5. Supplemental Financial Information

In millions	As of September 30, 2026	As of December 31, 2025
Deferred revenue		
Deferred revenue, current	$ 466	$ 533
Long-term deferred revenue	11	11
Total deferred revenue	$ 477	$ 544

In millions	Three Months Ended September 30 2026	Three Months Ended September 30 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Selling, general and administrative expenses				
SAP legal settlement fees	$ —	$ —	$ 121	$ —
Other	109	122	348	373
Selling, general and administrative expenses	$ 109	$ 122	$ 469	$ 373

In millions	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Other (expense) income				
SAP legal settlement amount	$ —	$ —	$ 480	$ —
Foreign currency losses	$ —	—	$ (2)	$ (4)
Other	(5)	(2)	(9)	(9)
Total Other (expense) income	$ (5)	$ (2)	$ 469	$ (13)

SAP Legal Settlement

Teradata had been involved in several litigation proceedings (collectively, the "SAP Litigation") against SAP SE, SAP America, Inc., and SAP Labs, LLC (collectively, "SAP" and with "Teradata" the "Parties"). On February 19, 2026, Teradata entered into a Settlement Agreement (the "SAP Settlement Agreement") with SAP, pursuant to which the Parties agreed, among other things, to (i) resolve all past and pending litigation between the Parties, including the SAP Litigation and (ii) mutual releases of all claims and liabilities asserted or that could have been asserted in the SAP Litigation. During the three months ended March 31, 2026, as a result of the SAP Settlement Agreement, Teradata received a gross payment of $480 million (the "SAP Legal Settlement Amount"). Additionally, the Company recorded $121 million in selling, general and administrative expenses for the associated fees and expenses for the SAP Settlement Agreement, including a customary contingent fee arrangement and other outstanding legal fees incurred in connection with the SAP Litigation (the "SAP Legal Settlement Fees"). The net cash benefit of the SAP Settlement Amount after the SAP Legal Settlement Fees was approximately $359 million before taxes (the "SAP Settlement Net Proceeds").

Other: Interest Rate Swap Termination

During the three months ended June 30, 2026, the Company recorded a gain of approximately $3 million related to the derivative's fair value upon termination of the Company's interest rate swap, see Note 7, Derivative Instruments and Hedging Activities, for further details.

Other: Argentina Blue Chip Swap Transactions

The Central Bank of Argentina continues to impose foreign exchange controls that restrict access to U.S. dollars and the remittance of funds outside Argentina. These controls have led to the development of alternative foreign exchange mechanisms, including Blue Chip Swaps, through which market-based exchange rates for U.S. dollars are established that differ from official exchange rates. During the three months ended September 30, 2026 and 2025, the Company incurred immaterial pre-tax investment losses related to Blue Chip Swap transactions. During the nine months ended September 30, 2026 and 2025, the Company incurred $1 million of pre-tax investment losses related to Blue Chip Swap transactions.

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 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	2026	2025	2026	2025
Effective tax rate	24.0 %	25.9 %	21.5 %	25.6 %

For the three months ended September 30, 2026, the Company had no material discrete tax adjustments.

For the three months ended September 30, 2025, the Company had no material discrete tax adjustments.

For the nine months ended September 30, 2026, the Company recorded $66 million of net discrete tax expense, a majority of which related to the tax expense impact resulting from the $359 million of SAP Settlement Net Proceeds recognized in the first quarter of 2026.

For the nine months ended September 30, 2025, the Company recorded $1 million of net discrete tax benefit, as the discrete tax benefit recognized in the first quarter of 2025 related to the reversal of uncertain tax positions due to the Company's completion of its IRS audit of its 2020 tax return, was offset by incremental tax expense 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 2026 to be approximately 23%, which takes into consideration, among other things, the forecasted earnings mix by jurisdiction and the impact of discrete tax items to be recognized in 2026. Under U.S. tax law, U.S. shareholders are subject to a tax on the net controlled foreign corporations tested income ("NCTI"), (formerly global intangible low-taxed income ("GILTI") tax) earned by certain foreign subsidiaries. The Company has elected to provide for the tax expense related to NCTI in the year in which the tax is incurred, if any. For the nine months ended September 30, 2026, the Company has recorded $5 million of NCTI net tax expense as a discrete item related to the impacts from the SAP Settlement Agreement.

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 uses foreign exchange forward contracts designated as fair value hedges to mitigate the impact of

currency fluctuations on foreign currency denominated assets and liabilities. These contracts generally mature in three months or less; Teradata holds both long and short positions such that net exposure is less than total contract notional amount.

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.

On June 17, 2026, the Company restructured its net investment hedge by terminating its existing cross-currency swap and simultaneously entering into two replacement cross-currency swaps (designated as net investment hedges of the Company's euro-denominated net investment in certain foreign subsidiaries) of approximately €71 million / $75 million, each. One swap matures on June 29, 2029 and the second swap matures on June 30, 2031. The restructuring extended the hedge horizon without changing the Company's risk management objective. In connection with the restructuring, the Company made a cash payment of approximately $1 million to reduce the embedded market value of the original swap. The remaining fair value was incorporated into the pricing of the replacement swaps and is being recognized consistent with the accounting for net investment hedges.

As of September 30, 2026, the Company maintained these two cross-currency swaps with an aggregate notional amount of €143 million and $150 million from the counterparty. The Company receives monthly interest payments from the counterparty based on a fixed interest rate until maturity of the agreements. Under the agreements, the Company will deliver Euro notional amounts and receive U.S. dollar notional amounts at maturity and receives fixed-rate interest payments from the counterparties over the remaining terms of the swaps.

The Company performed an effectiveness assessment upon designation of the replacement swaps and concluded they were highly effective. Effectiveness is evaluated quarterly. Changes in fair value are recorded in Accumulated other comprehensive loss and periodic settlements are recorded in interest income. The Company will systematically amortize the initial excluded component, which was immaterial at inception, to interest income over the term of the hedging relationships.

On June 24, 2026, the Company repaid the outstanding balance of its term loan and terminated the related five-year Secured Overnight Financing Rate ("SOFR") based interest rate swap (initial notional amount of $450 million, stepping down per the term loan amortization schedule). As a result of the debt extinguishment, the forecasted interest payments previously designated as the hedged transactions were no longer probable of occurring and the Company discontinued hedge accounting. Amounts previously deferred in Accumulated Other Comprehensive Loss associated with the interest rate swap were reclassified into earnings. The Company received approximately $4 million upon termination of the interest rate swap, including less than $1 million related to accrued interest settlements and approximately $3 million related to the derivative's fair value.

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

	As of	
In millions	**September 30, 2026**	**December 31, 2025**
Contract notional amount of foreign exchange forward contracts	$ 39	$ 81
Net contract notional amount of foreign exchange forward contracts	$ 10	$ 7
Aggregate Contract notional amount of foreign currency exchanges (net investment hedges)	$ 150	$ 150

All derivatives are recorded at fair value in the condensed consolidated balance sheets. Notional amounts do not represent amounts exchanged and are not a measure of the instruments. See Note 9, Fair Value Measurements.

The Company does not hold or issue derivatives for trading or speculative purposes. Counterparty credit risk is managed by transacting exclusively with highly rated financial institutions.

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 and other regulatory compliance and general matters, including for Foreign Corrupt Practices Act and shareholder matters. It is not 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 Contingencies. Additionally, 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 its officers and directors and 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, 2026 and December 31, 2025.

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, industry-wide capacity allocations and production prioritization by component manufacturers, including manufacturers of NAND Flash Memory ("NAND") and Dynamic Random Access Memory ("DRAM") technologies, driven in part by increasing demand for artificial intelligence infrastructure, may constrain the availability of critical components, increase costs, extend lead times and adversely affect the Company's ability to manufacture and deliver products to customers in a timely manner. 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

The Company measures fair value using a three-tier hierarchy: Level 1 (quoted prices in active markets for identical assets/liabilities), Level 2 (significant other observable inputs), and Level 3 (unobservable inputs). Assets and liabilities are classified based on the lowest level of input significant to the measurement. The Company's recurring fair value measurements include money market funds (Level 1, included in cash and cash equivalents) and derivative instruments (Level 2).

The Company uses foreign exchange forward contracts and cross-currency swaps to manage foreign currency exposure. During the three months ended June 30, 2026, the Company restructured its net investment hedge cross-

currency swaps (aggregate notional value of €143 million/$150 million) and terminated its interest rate swap in connection with the repayment of its term loan. See Note 7, Derivative Instruments and Hedging Activities, for further detail.

Derivative fair values are measured using market spot and forward exchange rates (Level 2). Unrealized gains are recorded in other assets and unrealized losses in other liabilities, classified between current and long-term by remaining duration. Fair values of foreign exchange forward contracts and realized hedge gains/losses (net of underlying exposure offsets) were not material for the three and nine months ended September 30, 2026 and 2025.

The Company's other assets and other liabilities measured at fair value on a recurring basis and subject to fair value disclosure requirements at September 30, 2026 and December 31, 2025 were as follows:

		Fair Value Measurements at Reporting Date Using		
In millions	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds at September 30, 2026	$ 82	$ 82	$ —	$ —
Money market funds at December 31, 2025	$ 162	$ 162	$ —	$ —
Interest rate swap at December 31, 2025	$ 1	$ —	$ 1	$ —
Liabilities				
3 Year foreign currency swap at September 30, 2026	$ 6	$ —	$ 6	$ —
5 Year foreign currency swap at September 30, 2026	$ 7	$ —	$ 7	$ —
4 Year foreign currency swap at December 31, 2025	$ 18	$ —	$ 18	$ —

10. Debt

On June 24, 2026, the Company entered into a Credit Agreement with Bank of America, N.A., as Administrative Agent and the lenders party thereto (the "Credit Agreement"). The Credit Agreement provides for 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 Credit Facility"). The Credit Agreement replaces the Company's prior credit agreement entered into on June 28, 2022, which provided for a revolving credit facility in the maximum principal amount of $400 million and a term loan ("Prior Term Loan") commitment in the principal amount of $500 million (the "Prior Credit Agreement"). In connection with the execution of the Credit Agreement, and using proceeds from the SAP Legal Settlement Amount (see Note 5, Supplemental Financial Information), the Company repaid in full the outstanding $450 million Prior Term Loan under the Prior Credit Agreement. In connection with the repayment of the Prior Term Loan, the Company recognized an immaterial loss on extinguishment of debt related primarily to the write-off of unamortized debt issuance costs associated with the Prior Credit Agreement. The Company incurred and capitalized approximately $1 million of debt issuance costs in connection with entering into the Credit Agreement, which are being amortized over the term of the Revolving Credit Facility.

All outstanding borrowings pursuant to the Revolving Credit Facility are due and payable on June 24, 2031, with two optional one-year extensions available by agreement of the parties. Under the terms of the Credit Agreement, Teradata may request an increase in the Revolving Credit Facility in an aggregate principal amount of up to an additional $200 million, with the commitment amount to be increased solely to the extent that existing and/or new lenders agree to provide such additional commitments. At its option, the Company may designate up to $100 million of loans under the Revolving Credit Facility to be denominated in British Pounds Sterling, Euros and Japanese Yen. The outstanding principal amount of the Revolving Credit Facility bears interest at a floating rate based upon, at the Company's option, a negotiated base rate or a rate generally based on SOFR, plus in each case, an

applicable margin based on the Company's leverage ratio. The applicable margin ranges from 0.00% to 0.50% for base rate borrowings and from 1.00% to 1.50% for SOFR-based and foreign currency borrowings.

The Credit Agreement is unsecured but is guaranteed by certain material domestic subsidiaries, and contains customary representations, default provisions, and covenants, including maintenance of a leverage ratio. The Credit Agreement does not include the sustainability-linked provisions contained in the Prior Credit Agreement.

As of September 30, 2026, the Company had no borrowings outstanding under the Revolving Credit Facility, leaving $400 million in borrowing capacity available under the Revolving Credit Facility. The Company was in compliance with all covenants under the Credit Agreement as of September 30, 2026.

For the three months ended September 30, 2025, the blended all-in interest rate associated with the Prior Term Loan was 4.14%.

In connection with the Prior Term Loan repayment, the Company terminated its related interest rate swap and received cash proceeds (excluding accrued interest) of $3 million. See Note 7, Derivative Instruments and Hedging Activities, for additional information.

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 September 30,		Nine Months Ended September 30,	
In millions, except per share amounts	2026	2025	2026	2025
Net income attributable to common stockholders	$ 38	$ 40	$ 419	$ 93
Weighted average outstanding shares of common stock	92.6	94.2	93.2	94.9
Dilutive effect of employee stock options, restricted stock and other stock awards	2.9	1.3	3.0	1.6
Common stock and common stock equivalents	95.5	95.5	96.2	96.5
Net income per share:				
Basic	$ 0.41	$ 0.42	$ 4.50	$ 0.98
Diluted	$ 0.40	$ 0.42	$ 4.36	$ 0.96

Options to purchase 0.1 million shares in the three and nine months ended September 30, 2025, 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 share options for the three and nine months ended September 30, 2026.

12. Segment and Other Supplemental Information

Teradata manages its business under two segments, which are also the Company’s 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.

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

In millions	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Segment revenue				
Product Sales	$ 362	$ 369	$ 1,134	$ 1,094
Consulting Services	37	47	119	148
Total revenue	399	416	1,253	1,242
Segment cost of revenue				
Product Sales [1]	122	114	365	347
Consulting Services [2]	35	43	115	146
Total segment cost of revenue	157	157	480	493
Segment gross profit				
Product Sales	240	255	769	747
Consulting Services	2	4	4	2
Total segment gross profit	242	259	773	749
Stock-based compensation expense	5	4	13	13
Acquisition, integration, reorganization, and transformation-related costs	(1)	2	3	5
Total gross profit	238	253	757	731
Selling, general and administrative expenses	109	122	469	373
Research and development expenses	75	70	222	207
Income from operations	$ 54	$ 61	$ 66	$ 151

[1] Cost of Product Sales, for the three months ended September 30, included product costs of $60 million in 2026 and $60 million in 2025 for Public Cloud fees and direct product and third-party software costs associated with the Company's perpetual product sales. Depreciation expense for the three months ended September 30, included in Cost of Product Sales, was $19 million in 2026, and $18 million in 2025. The remaining cost of Product Sales included payroll and benefits costs, and corporate allocations including back-office information technology, real estate, and other support services.

Cost of Product Sales, for the nine months ended September 30, included product costs of $180 million in 2026 and $183 million in 2025 for Public Cloud fees and direct product and third-party software costs associated with the Company's perpetual product sales. Depreciation expense for the nine months ended September 30, included in Cost of Product Sales, was $57 million in 2026, and $53 million in 2025. The remaining cost of Product Sales included payroll and benefits costs, and corporate allocations including back-office information technology, real estate, and other support services.

[2] Cost of Consulting Services, for the three months ended September 30, included payroll and benefit costs of $25 million in 2026 and $29 million in 2025. The remaining cost of Consulting Services included corporate allocations, including back-office information technology, real estate, and other support services.

Cost of Consulting Services, for the nine months ended September 30, included payroll and benefit costs of $79 million in 2026 and $94 million in 2025. The remaining cost of Consulting Services included corporate allocations, including back-office information technology, real estate, and other support services.

Certain items, including stock-based compensation and reorganization-related costs, were excluded from segment gross profit to conform to the way the Company manages and reviews the results by segment.

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 actions related to the Restructuring were completed as of June 30, 2026.

The majority of the costs related to the Restructuring include one-time employee separation benefits, transition support, and other employee-related costs. The Company recognized costs of $20 million related to the Restructuring in 2025 and 2024. Cash expenditures related to these actions were $45 million. The Company recorded $41 million of cash payments from these actions in 2025 and 2024, and $4 million of cash payments in the nine months ended September 30, 2026.

Not included in the table below are approximately $2 million in 2026 of cash payments for international employees which did not have a material impact on the Condensed Consolidated Statements of Income as the Company accounts for its International postemployment benefits under Accounting Standards Codification 712, Compensation - Nonretirement Postemployment Benefits ("ASC 712"), which uses actuarial estimates to accrue for severance benefits over the course of employees' service period.

The Company may enter into additional restructuring programs and incur future additional restructuring expenses associated with these plans or new plans. At this time, we are unable to estimate the range of costs associated with any such future phases of any of our restructuring programs or the total costs we may incur in connection with such future programs.

The 2026 activity and the reserves related to the Restructuring are as follows:

In millions	Balance at December 31, 2025	Expense accruals	Cash payments	Balance at September 30, 2026
Employee separation benefits	$ 2	$ —	$ (2)	$ —

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 2025 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 are focused on helping organizations activate the intelligence in their enterprise and turn the insights from across their organization into outcomes. We believe that we have architected our platform for autonomous AI operations and organizations' toughest data and analytics challenges, particularly as enterprises are evaluating how to cost-effectively deploy agentic AI. We've also seen an emergence of hybrid environments that reflected a growing understanding of how enterprises can best leverage both on-premises and cloud deployment options to meet their diverse organizational needs.

With our AI and knowledge platform, underpinned by our extensive patented workload management optimization technology, we believe we are well positioned to help enterprises become more autonomous, while enabling our customers to focus on managing, securing, and providing trustworthy data for AI and analytics across hybrid and multi-cloud environments.

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 contract value for all active and contractually binding term-based contracts at the end of the period, including cloud, recurring AI services, subscriptions, hardware rental, maintenance and software upgrade rights.
- Public Cloud ARR (included within Total ARR) - annual contract value for all active and contractually binding term-based contracts at the end of the period that are operated in a public cloud environment.

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 2026:

- At the end of the third quarter of 2026, Total ARR was $1.512 billion compared to $1.490 billion at the end of the third quarter of 2025, increasing 1% as compared to the third quarter of 2025, including a 1% negative impact from foreign currency fluctuations.
- At the end of the third quarter of 2026, Public Cloud ARR was $700 million compared to $633 million at the end of the third quarter of 2025, increasing 11% as compared to the third quarter of 2025, with an immaterial negative impact from foreign currency fluctuations.
- Total revenue was $399 million for the third quarter of 2026, decreasing by $17 million compared to the third quarter of 2025, with recurring revenue down 2%. Perpetual software licenses, hardware and other revenue was flat year over year, and consulting services revenue decreased 21%. Foreign currency fluctuations did not have a material impact on total revenue for the quarter compared to the prior year.
- Gross margin decreased to 59.6% in the third quarter of 2026 from 60.8% in the third quarter of 2025, primarily due to a higher mix of Public Cloud revenue, the timing of infrastructure charges, and adverse deal mix within the Perpetual software licenses, hardware and other revenue in the period.
- Operating expenses for the third quarter of 2026 decreased 4% compared to the third quarter of 2025, largely from lower salary and wage expense in the third quarter of 2026, due to the impact of restructuring actions taken in the prior year, as well as incremental provisions for uncollectable accounts in the prior year that didn't recur in the current period.
- The Company saw an operating income of $54 million in the third quarter of 2026, compared to operating income of $61 million in the third quarter of 2025.
- Net income in the third quarter of 2026 was $38 million, compared to $40 million in the third quarter of 2025.

Results of Operations for the Three Months Ended September 30, 2026
Compared to the Three Months Ended September 30, 2025

Revenue

In millions	2026	% of Revenue	2025	% of Revenue
Recurring	$ 359	90.0 %	$ 366	88.0 %
Perpetual software licenses, hardware and other	3	0.7 %	3	0.7 %
Consulting services	37	9.3 %	47	11.3 %
Total revenue	$ 399	100 %	$ 416	100 %

Total revenue decreased $17 million, or 4%, in the third quarter of 2026, with no material impact from foreign currency fluctuations. Recurring revenue decreased 2% as compared to the third quarter of 2025, with no material impact from foreign currency fluctuations. The decrease in recurring revenue for the third quarter of 2026 was impacted by lower annual upfront software subscription revenue, offset in part by growth from Public Cloud revenue. Revenue from perpetual software licenses, hardware and other was flat year over year, primarily consisting of perpetual hardware. Consulting services revenue decreased 21% or $10 million in the third quarter of 2026, with a 2% negative impact from foreign currency exchange rate fluctuations. The consulting services revenue decrease is primarily the result of lower order performance from the second half of 2025 and first half of 2026.

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, 2026 and 2025 our Total ARR consisted of:

In millions	2026	2025
Public Cloud	$ 700	$ 633
Subscription	744	765
Maintenance and Software upgrade rights	68	92
Total ARR	$ 1,512	$ 1,490

At the end of the third quarter of 2026, Total ARR increased 1% as compared to the third quarter of 2025, including a 1% negative impact from foreign currency fluctuations. At the end of the third quarter of 2026, Public Cloud ARR increased 11% as compared to the third quarter of 2025, with an immaterial impact from foreign currency fluctuations. Public Cloud ARR growth in the third quarter of 2026 was primarily driven by customer demand of our Public Cloud offering and customer migrations. The decreases in Subscriptions and Maintenance and Software upgrade rights ARR were primarily driven by customer migrations to Public Cloud ARR and on-premises erosions.

In the third quarter of 2026, we experienced the following trends:

- Customers expanding into additional cloud capabilities as they see value when they migrate to our Public Cloud offering.
- Customer interest in AI-driven use cases continues to grow across various industries, including initial transactions incorporating our AI capabilities.
- Some customers implementing cloud migration projects on a staged basis over time.
- Began transitioning customers to a new unit-based pricing model designed to provide greater flexibility in how customers consume compute capacity across deployment options, including elastic and consumption-oriented purchasing.

As a portion of the Company’s operations and revenue occur outside the United States, and in currencies other than the United States ("U.S.") dollar, the Company is exposed to fluctuations in foreign currency exchange rates. Based on currency rates as of September 30, 2026, Teradata is now estimating an approximately 0.5% positive impact from currency translation on our 2026 full-year total reported revenues.

We expect expansion and to a lesser degree, migration activity as the primary contributors for Public Cloud ARR growth in 2026.

Gross Profit

In millions	2026	% of Revenue	2025	% of Revenue
Recurring	$ 239	66.6 %	$ 250	68.3 %
Perpetual software licenses, hardware and other	(1)	(33.3)%	3	100.0 %
Consulting services	—	— %	—	— %
Total gross profit	$ 238	59.6 %	$ 253	60.8 %

The decrease in recurring revenue gross profit as a percentage of revenue was impacted by a higher mix of Public Cloud revenues versus on-premises revenue as compared to the prior-year period, the impact of upfront subscription software revenue recognized earlier in the year, as well as the timing of certain infrastructure charges recognized in the period, offset in part by continued improvement in our Public Cloud margin rate.

Perpetual software licenses, hardware and other gross profit as a percentage of revenue decreased as compared to the prior-year period primarily due to deal mix.

Consulting services gross profit as a percentage of revenue was flat as compared to the prior year as cost reduction efforts were taken reflective of the revenue decline over the past year.

Operating Expenses

In millions	2026	% of Revenue	2025	% of Revenue
Selling, general and administrative expenses	$ 109	27.3 %	$ 122	29.3 %
Research and development expenses	75	18.8 %	70	16.8 %
Total operating expenses	$ 184	46.1 %	$ 192	46.2 %

Selling, general and administrative ("SG&A") expense decreased year over year due to lower employee salary and wage expense, the result of continued budget discipline focused on cost reductions across the Company, including the impact of restructuring actions taken in the prior year, as well as incremental provisions for uncollectable accounts in the prior year that didn't recur in the current period. Research and development ("R&D") expense increased year over year due to investments in Public Cloud and AI-related technology opportunities offset in part by continued cost reduction initiatives.

Other Expense, net

In millions	2026	2025
Interest income	$ 3	$ 2
Interest expense	(2)	(7)
Other	(5)	(2)
Other expense, net	$ (4)	$ (7)

Other expense, net in the third quarter of 2026 and 2025 is comprised primarily of interest expense on finance leases, as well as benefit costs on our pension and postemployment plans, offset in part by interest income earned on our cash and cash equivalents, and gains/losses from foreign currency transactions.

As disclosed in Note 5 of Notes to Condensed Consolidated Financial Statements (Unaudited), during the three months ended September 30, 2026 and 2025, the Company incurred immaterial pre-tax investment losses related to Blue Chip Swap transactions.

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, 2026 and 2025 were as follows:

	2026	2025
Effective tax rate	24.0 %	25.9 %

For the three months ended September 30, 2026, the Company had no material discrete tax adjustments.

For the three months ended September 30, 2025, the Company had no material discrete tax adjustments.

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

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 2026 will be approximately 23%, which takes into consideration, among other things, the forecasted earnings mix by jurisdiction, the estimated impact to NCTI tax, and the estimated discrete items to be recognized in 2026.

The forecasted tax rate is based on the foreign profits being taxed at an overall effective tax rate of approximately 20%, as compared to the U.S. federal statutory tax rate of 21%.

Revenue and Gross Profit by Operating Segment

Teradata manages its business under two segments, which are also the Company’s 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, Segment and Other Supplemental Information, of the Notes to Condensed Consolidated Financial Statements (Unaudited).

Results of Operations for the Nine Months Ended September 30, 2026

Compared to the Nine Months Ended September 30, 2025

Revenue

In millions	2026	% of Revenue	2025	% of Revenue
Recurring	$ 1,122	89.5 %	$ 1,078	86.8 %
Perpetual software licenses, hardware and other	12	1.0 %	16	1.3 %
Consulting services	119	9.5 %	148	11.9 %
Total revenue	$ 1,253	100 %	$ 1,242	100 %

Total revenue increased $11 million, or 1%, in the first nine months of 2026, with a 1% positive impact from foreign currency fluctuations. Recurring revenue increased 4%, with a 1% positive impact from foreign currency fluctuations, and benefit from higher Public Cloud revenue, which increased primarily due to expansions and migrations.

Revenues from perpetual software licenses, hardware and other decreased $4 million, or 25% year over year in the first nine months of 2026.

Consulting services revenue decreased 20% in the first nine months of 2026, with a 1% negative impact from foreign currency fluctuations. The consulting services revenue decrease is primarily the result of lower order performance from the second half of 2025 and the first half of 2026.

Gross Profit

In millions	2026	% of Revenue	2025	% of Revenue
Recurring	$ 759	67.6 %	$ 735	68.2 %
Perpetual software licenses, hardware and other	2	16.7 %	4	25.0 %
Consulting services	(4)	(3.4)%	(8)	(5.4)%
Total gross profit	$ 757	60.4 %	$ 731	58.9 %

Recurring revenue gross profit as a percentage of revenue was down slightly, with the impact of a higher mix of Public Cloud revenues versus on-premises revenue largely offset by continued improvement in our Public Cloud margin rate as compared to the prior-year period.

Perpetual software licenses, hardware and other gross profit as a percentage of revenue decreased as compared to the prior-year period primarily due to deal mix.

Consulting services gross profit as a percentage of revenue improved somewhat as compared to the prior year primarily due to cost reduction efforts taken over the past year.

Operating Expenses

In millions	2026	% of Revenue	2025	% of Revenue
Selling, general and administrative expenses	$ 469	37.4 %	$ 373	30.0 %
Research and development expenses	222	17.7 %	207	16.7 %
Total operating expenses	$ 691	55.1 %	$ 580	46.7 %

SG&A expenses increased 26% for the first nine months of 2026 as compared to the prior year, primarily due to the impact of the $121 million of expenses incurred in connection with the SAP litigation and related settlement and an increase in stock-based compensation expense partially offset by continued budget discipline focused on cost reductions across the Company, including the impact of restructuring actions taken in the prior year.

R&D expenses increased for the first nine months of 2026 as compared to prior year, due to investments in Public Cloud and AI-related technology opportunities offset in part by continued cost reduction initiatives.

Other Income (Expense), net

In millions	2026	2025
Interest income	$ 13	$ 7
Interest expense	(14)	(20)
Other	469	(13)
Other income (expense), net	$ 468	$ (26)

Other income (expense), net for the nine months of 2026 and 2025 is comprised primarily of the SAP Legal Settlement Amount proceeds, interest income earned on our cash and cash equivalents, and gains from foreign currency transactions, offset in part by interest expense on long-term debt (which was paid off in June 2026) and finance leases, as well as benefit costs associated with our pension and postemployment plans. Interest income is higher primarily due to higher average cash balances during the current year as compared to the prior period. Other income (expense) has improved by $494 million year-over-year primarily due to the receipt of the SAP Legal Settlement Amount as disclosed in more detail in Item 1. Financial Statements to this Quarterly Report on Form 10-Q for the quarter ended September 30, 2026 (the "Form 10-Q") (see Note 5. Supplemental Financial Information).

During the second quarter of 2026, the Company recorded a gain of approximately $3 million related to the fair value of the Company's interest rate swap upon its termination, see Note 7, Derivative Instruments and Hedging Activities, for further details. As disclosed in Note 5 of Notes to Condensed Consolidated Financial Statements (Unaudited), during the nine months ended September 30, 2026 and 2025, the Company incurred $1 million of pre-tax investment losses related to Blue Chip Swap transactions.

Provision for Income Taxes

The effective tax rates for the nine months ended September 30, 2026 and 2025 were as follows:

	2026	2025
Effective tax rate	21.5 %	25.6 %

For the nine months ended September 30, 2026, the Company recorded $66 million of net discrete tax expense, a majority of which related to the tax expense impact from the receipt of the SAP Settlement Net Proceeds.

For the nine months ended September 30, 2025, the Company recorded $1 million of net discrete tax benefit, as the discrete tax benefit recognized in the first quarter of 2025 related to the reversal of uncertain tax positions due to the Company's completion of the IRS audit of its 2020 tax return, was mostly offset by incremental tax expense from stock-based compensation vesting.

Financial Condition, Liquidity and Capital Resources

Cash provided by operating activities was $598 million, which increased by $453 million in the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. $326 million of the increase was due to the SAP Settlement Net Proceeds received as a result of the SAP Settlement Agreement as discussed in Note 5, Supplemental Financial Information, of the Notes to Condensed Consolidated Financial Statements (Unaudited) of this Form 10-Q. Teradata used approximately $29 million of cash in the first nine months of 2026 for severance payments, as compared to $20 million in the first nine months of 2025.

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:

	Nine Months Ended September 30,	
In millions	**2026**	**2025**
Net cash provided by operating activities	$ 598	$ 145
Less:		
Expenditures for property and equipment	(16)	(10)
Additions to capitalized software	(2)	(1)
Free cash flow	$ 580	$ 134

As disclosed in Note 5, Supplemental Financial Information, of the Notes to Condensed Consolidated Financial Statements (Unaudited), during the nine months ended September 30, 2026, we received $480 million cash from the SAP Settlement Agreement and paid $121 million in related expenses. Additionally, approximately $33 million in cash taxes related to the SAP Settlement Net Proceeds were paid during the nine months ended September 30, 2026, that was reported as an operating activity for cash flow purposes.

Financing activities and certain other investing activities, are not included in our calculation of free cash flow. There were no material other investing activities for the nine months ended September 30, 2026.

Teradata's financing activities for the nine months ended September 30, 2026 and 2025 primarily consisted of cash outflows for term loan debt repayments, share repurchases and payments on our finance leases. Financing cash outflows were higher in 2026 primarily due to the repayment of the remaining $450 million principal balance of the Company's term loan debt, compared to regularly scheduled principal payments on the term loan debt during 2025. At September 30, 2026, we had no outstanding borrowings on our $400 million Revolving Credit 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.

- On November 17, 2025, the Board approved a share repurchase program (the "Repurchase Program") authorizing the Company to repurchase up to $500 million of its common stock. The Repurchase Program became effective on January 1, 2026, does not have an expiration date, and will continue until otherwise modified, suspended, or terminated. The purchases under the Repurchase Program may be made from time to time in the open market, in privately negotiated transactions, or by other means, including through Rule 10b5-1 trading plans, in accordance with applicable securities law and other regulatory requirements. The Repurchase Program does not obligate the Company to repurchase any shares under the authorization and the timing and amount of any repurchases will depend on a variety of factors, including the price of the Company's common stock, general business and market conditions, and other investment considerations. There is a total authority of $377 million remaining under the Repurchase Program as of September 30, 2026.

In the aggregate under the dilution offset share repurchase program and the Repurchase Program, we repurchased approximately 4.5 million shares of common stock at an average price per share of $29.55 in the nine months ended September 30, 2026.

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 $3 million for the nine months ended September 30, 2026 and a net inflow of $3 million for the nine months ended September 30, 2025. 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 $413 million as of September 30, 2026 and $462 million as of December 31, 2025. The remaining balance held in the U.S. was $19 million as of September 30, 2026 and $32 million as of December 31, 2025. 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 Revolving 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 2025 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 Revolving Credit Facility, the Company may be required to seek additional financing alternatives.

Long-term Debt. On June 24, 2026, the Company entered into a Credit Agreement with Bank of America, N.A., as Administrative Agent and the lenders party thereto (the "Credit Agreement"). The Credit Agreement provides for 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 Credit Facility"). The Revolving Credit Facility replaces our prior credit agreement which was entered into in 2022 (the "Prior Agreement"). In connection with the execution of the Revolving Credit Facility, the $450 million term loan outstanding under the Prior Agreement was repaid in full. Our long-term debt is discussed in Note 10, Debt, of the Notes to Condensed Consolidated Financial Statements (Unaudited). In addition, as disclosed in Note 7 Derivative Instruments and Hedging Activities, of the Notes to Condensed Consolidated Financial Statements (Unaudited), Teradata entered into two cross currency swaps to hedge a portion of Euro currency exposure of its net investment in certain foreign subsidiaries. As of September 30, 2026, the Company had no borrowings outstanding under the Revolving Credit Facility, leaving $400 million in borrowing capacity available under the Revolving Credit Facility.

The material terms and conditions of Revolving Credit Facility are substantially similar to the material terms and conditions of the Prior Agreement, except for the removal of sustainability features and the term loan commitment present in the Prior Agreement and certain other changes to covenants and other matters.

Contractual and Other Commercial Commitments. Other than the Credit Agreement, interest rate swap termination and new cross currency swaps, there has been no significant change in our contractual and other commercial commitments as described in the 2025 Annual Report. Our commitments and contingencies are discussed in Note 8, Commitments and Contingencies, of the 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, 2026 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 2025 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, 2026.

New Accounting Pronouncements

See discussion in Note 2, New Accounting Pronouncements, of the 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 2025 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, 2026, 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

There have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter ended September 30, 2026 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 and Note 5, Supplemental Financial Information 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 IA of the 2025 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, 2026, the total of these purchases was 348,235 shares at an average price of $33.99 per share.

The following table provides information relating to the Company’s share repurchase programs for the nine months ended September 30, 2026:

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Dilution Offset Program [1]	Total Number of Shares Purchased as Part of Publicly Announced Share Repurchase Program [2]	Maximum Dollar Value that May Yet Be Purchased Under the Dilution Offset Program	Maximum Dollar Value that May Yet Be Purchased Under the Share Repurchase Program
January 2026	370,593	$ 30.24	—	370,593	$ 100,850	$ 488,793,270
February 2026	353,009	$ 30.16	—	353,009	$ 309,772	$ 478,146,852
March 2026	454,006	$ 27.16	156,515	297,491	$ 305,707	$ 470,301,056
First Quarter Total	**1,177,608**	**$ 29.03**	**156,515**	**1,021,093**	**$ 305,707**	**$ 470,301,056**
April 2026	449,012	$ 26.20	—	449,012	$ 305,707	$ 458,534,710
May 2026	399,735	$ 31.88	—	399,735	$ 522,974	$ 445,791,115
June 2026	483,167	$ 33.10	—	483,167	$ 730,792	$ 429,798,114
Second Quarter Total	**1,331,914**	**$ 30.41**	**—**	**1,331,914**	**$ 730,792**	**$ 429,798,114**
July 2026	565,476	$ 31.51	—	565,476	$ 730,792	$ 411,977,147
August 2026	695,289	$ 27.98	—	695,289	$ 730,792	$ 392,524,155
September 2026	690,236	$ 28.74	166,033	524,203	$ 308,181	$ 377,412,339
Third Quarter Total	**1,951,001**	**$ 29.27**	**166,033**	**1,784,968**	**$ 308,181**	**$ 377,412,339**

(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 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 share repurchase program has no expiration date and the purchases under program may be made from time to time in the open market, in privately negotiated transactions, or by other means, including through Rule 10b5-1 trading plans, in accordance with applicable securities law and other regulatory requirements.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

None

Item 5. Other Information.

During the three months ended September 30, 2026, no director or officer of Teradata Corporation adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number per Item 601 of Regulation S-K	Description
3.1	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)).
3.2	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).
4.1	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)).
10.1*	Form of Indemnification Agreement between Teradata Corporation and each of its directors and executive officers (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed August 17, 2026 (SEC file number 001-33458)).
10.2*	Teradata Employee Stock Purchase Plan (Amended and Restated as of September 1, 2026) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated August 5, 2026 (SEC file number 001-33458)).
31.1	Certification pursuant to Rule 13a-14(a), dated November 6, 2026.
31.2	Certification pursuant to Rule 13a-14(a), dated November 6, 2026.
32	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 6, 2026.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Management contracts or compensatory plans, contracts or arrangements.

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 6, 2026

By: /s/ John Ederer

John Ederer
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 6, 2026

/s/ Stephen McMillan

Stephen McMillan

President and Chief Executive Officer

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

I, John Ederer, 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 6, 2026

/s/ John Ederer

John Ederer

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, 2026 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 6, 2026

/s/ Stephen McMillan
Stephen McMillan
President and Chief Executive Officer

Date: November 6, 2026

/s/ John Ederer
John Ederer
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.