

Teradata (UK) Limited
(Registered number: 06239196)

Annual Report and Financial Statements
For the Year Ended 31 December 2021



Teradata (UK) Limited

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Teradata (UK) Limited

Director and Other Information

Director

Pascal Mazure

Company secretary

Christine Brennan

Registered office

3 London Bridge Street
London
SE1 9SG

Registered number

06239196

Independent auditor

BDO
Statutory Auditor
Beaux lane House
Mercer street lower
Dublin 2

Bankers

Citibank NA
Canada Square
Canary Wharf
London
E14 5LB
United Kingdom

Solicitors

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London
EC1A 2FG

Teradata (UK) Limited

Strategic Report for the Year Ended 31 December 2021

The director presents the strategic report for the year ended 31 December 2021.

Principal activities

Teradata is a provider of a leading connected multi-cloud data platform for enterprise analytics, focused on helping companies leverage all their data across an enterprise, at scale. Teradata has broadened its market opportunity by evolving from an on-premises only, enterprise data warehouse company to a provider of a connected multi-cloud, data platform for enterprise analytics. We help our customers integrate and simplify their data and analytics ecosystem, streamline access and management of data, and use analytics to derive business value from diverse data types. We also provide marketing and analytic applications that are designed to leverage data to help customers discover and exploit new insights such as:

- improving organisations' effectiveness in marketing to their customers,
- determining and maximising customer and product profitability,
- more accurately forecasting consumer demand, and
- creating more predictable and less costly supply chains.

Our business consulting services include a broad range of offerings, including support for organizations to establish a data and analytics vision, enable a multi-cloud ecosystem architecture, and identify and operationalize analytical opportunities to ensure their ecosystem investments deliver significant value. Our value-added consulting services provide expertise in data architecture services, cloud ("software as a service", "analytics as a service"), private cloud, managed services, and related installation services.

Teradata UK focus our efforts on the leading companies across a broad set of industries, including banking and financial services, insurance, telecommunications, entertainment (including gaming and media), retail, government, manufacturing, transportation, and travel. We currently have relationships with over 50 major organisations operating in these sectors, although the extent to which any given customer contributes to our revenues generally varies significantly from year to year and quarter to quarter.

Business review

The global pandemic continues to impact the global economy up to the date of signing these financial statements, however the director does not believe that the trade of the company has been negatively impacted.

Turnover in 2021 increased from its 2020 level by 23%, as a result of the company focusing its consulting resources on strategic engagements that have driven increased software consumption within its targeted customer base and an increase in the level of hardware sold to customers. This increase in the sale of goods has resulted in a fall in gross margin, but has been accompanied by a fall in administrative expenses.

As a business we continued to: -

- deliver services that enable customers to achieve best-in-class analytics.
- target multiple market segments, with our extended family of compatible data warehouse platforms and Aster solution.
- invest in partnerships to successfully maximise solutions available on our platforms.
- actively search for new sales territories.

Teradata (UK) Limited

Strategic Report (continued)

For the Year Ended 31 December 2021

Overall, analytics are growing in importance as global businesses seek new means to drive business value from the ever-increasing amounts and types of data and, as a result, we expect Teradata's market leading position and investments in strategic areas of focus to position us for future growth. This growth is not expected to be without its challenges from general economic conditions, competitive pressures, alternative technologies, and other risks and uncertainties. However, we believe that our market and revenue generation potential remain strong, as existing customers continue to invest in and expand the size and scope of their analytical ecosystems due to growth in the number of users, amounts of data, and types and complexity of workloads, queries and analytics.

Results and dividends

The company's loss after taxation for the year ended 31 December 2021 amounted to £2,063,000 (2020: profit £926,000).

The company is in a strong financial position at 31 December 2021 with £10.8 million (2020: £8.0 million) in cash and cash equivalents and equity shareholders' funds of £12.0 million (2020: £13.7 million).

Key performance indicators

KPIs are monitored by Teradata Group management at group level in the US and local management is responsible for the day-to-day activities of the company. The activities of the company are dependent on group's strategy for each division of business. Activities in the United Kingdom are monitored based on revenue, gross margin and operating expenses from the business. The performance of the business during 2020 against the KPIs noted below was in line with the director's expectations and the forecasts prepared for the year.

	2021 £'000	2020 £'000	2019 £'000
Revenue	59,623	48,346	48,037
Gross margin	39,207	40,181	41,363
Operating expenses	38,353	38,880	39,368

Management also monitors a number of non-financial KPIs to align company performance to strategic goals.

	2021	2020
Staff retention	76%	71%
Debtors' days	120 days	107 days

Principal risks and uncertainties

Economic Pressures and Uncertainty

The IT industry in which we operate is susceptible to significant changes in the strength of the economy and the financial health of companies that make capital commitments for new technologies. Accordingly, adverse global economic, inflationary, and market conditions, including in certain economic sectors in which many of our customers operate (such as retail, manufacturing, financial services or government) may adversely impact our business, the timing of purchases or the ability of our customers to fulfil their obligations to us.

Teradata (UK) Limited

Strategic Report (continued)

For the Year Ended 31 December 2021

Principal risks and uncertainties (continued)

Competition

The IT industry is intensely competitive and evolving, and competitive pressures could adversely affect our pricing practices or demand for our products and services. Our industry is characterised by rapidly changing technology, evolving industry standards, frequent new product instructions, and price and cost reductions. To compete successfully in this environment, we must rapidly and continually design, develop and market solutions and related products and services that are valued in the marketplace.

Open Source Software

The growing market acceptance of open source software and lower cost alternatives present benefits and challenges for our industry. We have developed a version of the Teradata database software to operate on open source and alternative platforms and have incorporated other types of open source software into our products, allowing us to enhance certain solutions without incurring substantial additional research and development costs and expand our solution offerings.

Analytic Data Solutions Market

If the overall analytic data solutions market declines or does not grow, we may sell fewer products and services and our business may not be able to sustain and/or grow its current level of operations. As the market trends toward more limited IT spending, there could be fewer customer transactions, or smaller transactions, or customers delaying investments in our products and services.

Cloud-first strategy

Our failure to successfully execute our cloud-first strategy and achieve the anticipated benefits of our business transformation, which includes successfully developing and launching cloud-based products and product enhancements and/or enabling our data platform to operate effectively in cloud environments, could have a material adverse effect on our competitive position, business, brand and reputation. The successful implementation of our cloud-first strategy and completion of our business transformation presents organizational and infrastructure challenges

Renewal Rates and Support Services Pricing Pressures

If our existing customers fail to renew their support agreements, or if customers do not license updated software products on terms favourable to us, our recurring revenues could be adversely affected.

Replacements of older Teradata systems often result in less hardware maintenance revenue since Teradata's newer hardware is designed to be more powerful, use less energy and require less floor space. However, it is common that when a customer replaces an older platform, they often also expand the size and scope of their Teradata system, resulting in an increase in maintenance revenue, though not at the same rate as product revenue.

Teradata (UK) Limited

Strategic Report (continued)

For the Year Ended 31 December 2021

Employment of disabled persons

The company is committed to providing equal opportunities to employees. The company gives full consideration to application for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Should employees become disabled during employment, every effort would be made to continue their employment and, if necessary, appropriate training would be provided.

Employee involvement

The company regards communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting performance through management channels.

Future developments

The company's on-going execution of its cloud-first strategy to focus on cloud-based products and product enhancements and/or enabling our data platform to operate effectively in cloud environments. It also addresses customers' changing behaviours in how they buy, consume and deploy analytic solutions.

We continue to believe that analytics will remain a high priority for companies and longer term will drive growth for Teradata's leading solutions. VantageCloud Lake data platform that includes Teradata's ClearScape Analytics enables an expanded set of customers and workloads beyond what Teradata is traditionally known for: rather than focusing mainly on information technology (IT)-managed enterprise workloads, VantageCloud Lake is a self-service offering designed to bring the unparalleled capabilities of Vantage to broader and more diverse use cases

Statement by the directors on performance of their statutory duties in accordance with s.172(1) Companies Act 2006

The director is required to act in the way he considers would be most likely to promote the success of the company for the benefits of its members as a whole, with regards to the matters below, and working in collaboration with the company's senior leadership team and the Teradata group management team in order to achieve this.

(a) The likely consequences of any decision in the long term.

The directors are required to prepare forecasts by group management. These forecast require the board to consider the long term impact of all strategic decisions.

(b) The interests of the company's employees

The board considers our employees to be our greatest asset and the interests of our employees are always considered when decisions are made. We conduct staff surveys to obtain the views of our employees. The result of these staff surveys are presented to the board and shared with employees together with action plans to address issues raised.

Teradata (UK) Limited

Strategic Report (continued)

For the Year Ended 31 December 2021

Statement by the directors on performance of their statutory duties in accordance with s.172(1) Companies Act 2006 (continued)

In addition, we hold regular employee briefings to update all employees on business performance and development. We encourage and recognise employee contribution to the company's success through feedback in staff appraisals and performance based remuneration policies.

- (c) The need to foster the company's business relationships with suppliers, customers, and others.

Teradata is very focused on its customers and consumers. The director and senior leadership team work closely with customers to build long term relationship, which is reflected in our high customer retention.

Whilst the majority of purchases are made from the Teradata group, we have a procurement team in place who work closely with other third party suppliers across the business. We aim to work in partnership with our suppliers, to treat them fairly and to use them to drive innovation, change and efficiency across the business. We expect our suppliers to reflect similar values and behaviours to our own.

- (d) The impact of the company's operations on the community and the environment.

We have an impact on the communities and society we operate within. The Teradata cares program is designed to make a positive difference where we live and work, with a strategic focus on doing good with data. Teradata employees are encouraged and empowered to seek out opportunities to engage with their individual communities according to their own specific interests. Key areas of focus include improving youth education, strengthening neighbourhoods and caring for the environment and supporting sustainability.

- (e) The desirability of the company maintaining a reputation for high standards of business conduct.

We believe it's crucial that we are trusted by all stakeholders to maintain the highest standards in everything we do as a business. We aim to always do the right thing with our customers, consumers, and suppliers.

The Teradata ethics and compliance program is designed to identify and address the needs and expectations of Teradata's internal and external stakeholders. A review of who the stakeholders are and what their needs and expectations are, is undertaken no less than annually by the ethics and compliance office. We have an employee code of conduct which all employees must read and understand. Additionally, all employees undertake an annual ethics e-learning course. Teradata has a low-risk appetite for reputational risk such considerations are always part of the decision-making process.

- (f) The need to act fairly between members of the company.

Teradata (UK) Ltd. Is a wholly owned subsidiary of Teradata Corporation and the director and senior management have regular and open dialogue with its representatives.

Teradata (UK) Limited

Strategic Report (continued)

For the Year Ended 31 December 2021

COVID-19 and going concern


In March 2020, a global pandemic was declared by the WHO related to the rapidly growing outbreak of COVID-19. The director has considered the continuing impact in 2021 of the current Covid-19 pandemic on the company's operations, with a particular focus on its effect on the company's employees, customers and suppliers. To date, COVID-19 has not had any significant impact on, or disruption of, the company's operations.

The company is in a strong financial position at 31 December 2021, with £10.8 million cash and cash equivalents, net current assets of £2.2 million and equity shareholders funds of £12 million.

The director has taken account of the impact on the Company of the COVID-19 related restrictions on activities from in its going concern assessment, with a particular focus on its effect on the company's employees, customers and suppliers. The company is continuing its move from a perpetual to a recurring revenue model for external customers and are focusing its consulting resources on higher margin engagements. Consistent with the position across Teradata Corporation, the company is focused on managing its cost base.

The director has considered that current uncertainties surrounding COVID-19 would not have a material impact on our ability to continue as a going concern as of the approval date. The director has received confirmation from Teradata Corporation that it intends to support the company for at least 12 months from the date of approval of these financial statements and after making enquiries the directors are satisfied that Teradata Corporation, as the provider of working capital and software services to the company, has the ability to provide this support. Therefore, the director is satisfied that the going concern basis is appropriate in the preparation of these financial statements.

This report was approved by the sole director and signed.

DocuSigned by:

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Pascal Mazure
Director

Date: 28 September 2021

Teradata (UK) Limited

Streamlined energy and carbon reporting for the Year Ended 31 December 2021

Emissions and energy consumption

The UK Government's streamlined energy and carbon reporting (SER) policy was implemented on the 1st April 2019. The tables below are a summary of greenhouse gas emissions and energy consumption for the year ended 31st December 2021.

	2021 KWh	2020 KWh
Total Energy Consumption KWh		
Electricity	58,301	65,262
Natural Gas	12,223	18,206
Motor Fuel	80,810	314,315
	Tons CO2E	Tons CO2E
Emissions in Metric Tons CO2E		
Electricity	12	15
Natural Gas	2	4
Motor Fuel	25	96
Emissions Intensity Ratio Metric		
Metric Tons CO2E / GBP revenue in Millions	.65	2.4

Methodology

Emissions are calculated primarily using metered activity data, but estimates based on appropriate proxies when metered activity data is not available. Teradata uses the 2020 CHG Conversion Factors for Company Reporting published by the UK's department for business, energy, and industrial strategy to calculate emissions.

Comparison to previous year

Intensity ratio

We measure our annual emissions in relation to total turnover (our 'intensity ratio'). As a revenue-based business, total turnover is quantifiable factor associated with our activities. For the year ended 31 December 2021, the tonne per £m of revenue was .65tCO_{2e}.

Primary energy efficiency measures implemented

The director is mindful of environmental issues and takes all reasonable steps to ensure that the emissions from the company's rented business space is minimised.

Teradata (UK) Limited

Director's Report for the Year Ended 31 December 2021

The director presents his report and audited financial statements for the year ended 31 December 2021.

Directors

The sole director who served during the year was:

Pascal Mazure

Results and dividends

The company's loss after taxation for the year ended 31 December 2021 amounted to £2,063,000 (2020: profit of £926,000).

The director does not recommend the payment of a dividend (2020 dividend payment: nil).

Director's responsibilities statement

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 2006. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Matters covered in the strategic report

As permitted by S414c (11) of the Companies Act 2006, the director has elected to disclose information, required to be in the director's report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

Teradata (UK) Limited

Director's Report (continued) For the Year Ended 31 December 2021

Auditors


In accordance with section 487(2) of the Companies Act 2006, the auditors, BDO, were appointed during the year to fill a casual vacancy and will continue in office.

Disclosure of information to auditor

Each of the persons who is a director at the time when this director's report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information

This report was approved by the sole director and signed.

DocuSigned by:

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Pascal Mazure
Director

Date: 28 September 2021

Independent Auditor's Report to the Members of TeraData (UK) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TeraData (UK) Limited ('the Company') for the financial year ended 31 December 2021 set out on pages 15 to 39, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is applicable law

United Kingdom Accounting Standards, including FRS 101 the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its loss for the year then ended.
- have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework:
- and the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK's) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- In our opinion, the director's report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you, in our opinion.

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us
- The financial statements are not in agreement with the accounting records and returns, or
- Certain disclosures of director's remuneration specified by the law are not made; or
- We have not received all the information and explanation we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the director's report and from the requirement to prepare a strategic report

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA'S (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements.

The objectives of our audit, in respect to fraud are, to identify and assess the risks of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory framework that are applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial framework (FRS101 and Companies Act 2006)
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes.

Independent auditor's report to the members of the TeraData (UK) Limited

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it is considered there was a susceptibility of fraud. We considered the programs and controls that the Company has established to address the risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors these programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free of fraud or error.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's) website <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Teresa Morahan
Senior Statutory Auditor
For and on behalf of
BDO
Dublin
Statutory Audit Firm
AI223876

Date: 29th September 2022

Teradata (UK) Limited

Statement of Comprehensive Income for the year ended 31 December 2021


	Note	2021 £'000	2020 £'000
Profit and Loss Account			
Turnover	4	59,624	48,346
Cost of sales		(20,417)	(8,165)
Gross profit		39,207	40,181
Administrative expenses		(38,143)	(38,693)
Impairment of goodwill		(3,100)	-
Operating (loss) / profit	5	(2,036)	1,488
Interest receivable and similar income	9	-	12
Interest payable and similar charges	10	(210)	(187)
Loss / profit before taxation		(2,246)	1,313
Taxation on profit	11	183	(387)
Loss / Profit for the financial year		(2,063)	926
Other Comprehensive Income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) / profit for the financial year		(2,063)	926

The notes on pages 19 to 40 form part of these financial statements.

Teradata (UK) Limited**Statement of Financial Position
(Registered number: 06239196)**

At 31 December	Note	2021	2020
	e	£'000	£'000
Fixed assets			
Intangible assets	12	6,107	9,206
Tangible assets	13	6,092	7,260
		<u>12,198</u>	<u>16,466</u>
Current assets			
Stock	14	3,631	724
Receivables: amounts falling due after more than one year	15	2,669	2,079
Receivables: amounts falling due within one year	15	21,942	20,645
Cash and cash equivalents		10,825	7,993
		<u>39,066</u>	<u>31,441</u>
Creditors			
Amounts falling due within one year	16	(36,914)	(31,431)
		<u>2,153</u>	<u>10</u>
Net current assets / (liabilities)			
		<u>14,351</u>	<u>16,476</u>
Creditors			
Amounts falling due after more than one year	16	(2,051)	(2,484)
Provision for liabilities	17	(275)	(321)
		<u>12,025</u>	<u>13,671</u>
Net assets			
Capital and reserves			
Share capital	18	3,375	3,375
Share option reserve		8,890	8,473
Retained earnings		(240)	1,823
		<u>12,025</u>	<u>13,671</u>
Total equity			

The financial statements were approved and authorised for issue by the sole director.

DocuSigned by:

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Pascal Mazure
 Director

Date: 28 September 2021.

Teradata (UK) Limited

Statement of Changes in Equity for the year ended 31 December 2021

	Called up share capital	Share options reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2020	3,375	8,585	897	12,857
Profit for the financial year (as restated)	-	-	926	926
Total comprehensive income for the financial year	-	-	926	926
Currency translation adjustment	-	-	-	-
Share-based payments charge (as restated)	-	787	-	787
Share-based payments recharge	-	(899)	-	(899)
At 31 December 2020 and at 1 January 2021	3,375	8,473	1,823	13,671
Loss for the financial year	-	-	(2,063)	(2,063)
Total comprehensive loss for the financial year	-	-	(2,063)	(2,063)
Share based payments charge	-	1,830	-	1,830
Share based payments recharged	-	(1,413)	-	(1,413)
At 31 December 2021	3,375	8,890	(240)	12,025

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1. General information

The financial statements of Teradata UK Limited for the year ended 31 December 2021 were authorised for issue by the sole director on the 28 September 2022.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The principal place of business and registered office is 3 London Bridge Street, London, SE1 9SG.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006.

The principal accounting policies adopted by the company are set out in note 2.

2. Accounting policies

Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

The company was, at the end of the year, a wholly-owned subsidiary of Teradata Corporation, a company incorporated in the United States, whose registered office is 17095 Via Del Campo, San Diego, CA 92127, United States of America. In accordance with the exemption given in Section 401 of the Companies Act 2006, the company is not required to produce, and has not published, consolidated accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has applied the exemptions available under FRS 101 in respect of the following disclosures as equivalent disclosure is included in the parent company financial statements (see note 24):

- statement of cash flows and related notes
- disclosures in respect of the compensation of Key Management Personnel
- certain disclosures relating to financial instruments
- certain disclosures relating to share based payment arrangements

The company's financial statements are presented in Sterling, which is also the company's functional currency. All values are rounded to the nearest thousand pounds (£'000).

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied for all years presented, unless otherwise stated.

The new standards not yet effective IFRSs that are likely to have an impact on the financial statements are:

- A) Amendments to IFRS 1 – permits a subsidiary to measure cumulative translation differences based on the parents date of transition to FRS 1
- B) Amendments to IFRS 9 – amendment of which fees to include when applying 10% test.

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

- C) IFRS 16 – provides lessees with an exemption from assessing whether a covid-19 related rent concession is a lease modification.
- D) Classification of liability current vs non current

Going concern and impact of Covid-19

In March 2020, a global pandemic was declared by the WHO related to the rapidly growing outbreak of COVID-19. The director has considered the impact of the current Covid-19 pandemic on the company's operations, with a particular focus on its effect on the company's employees, customers and suppliers. To date, COVID-19 has not had any significant impact on, or disruption of, the company's operations. The global pandemic continues to impact the global economy up to the date of signing these financial statements.

The director has formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company is continuing its move from a perpetual to a recurring revenue model for external customers and is focusing its consulting resources on higher margin engagements. Consistent with the position across the Teradata Corporation the company is focused on managing its cost base.

The director has received confirmation from Teradata Corporation, the sole supplier of software services, that it intends to support the company for at least 12 months from the date of approval of these financial statements and after making enquiries the director is satisfied that Teradata Corporation has the ability to provide this support.

The director has considered that current uncertainties surrounding COVID-19 would not have a material impact on the company's ability to continue as a going concern as of the approval date. Therefore, the director is satisfied that the going concern basis is appropriate in the preparation of these financial statements.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued. Goodwill is capitalised as an intangible asset in line with the requirements of FRS101. It is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss.

Impairment is when the carrying amount exceeds the recoverable amount, being the higher of the value in use and the fair value less costs to sell.

The recoverable amount of the cash generating unit was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period, followed by an extrapolation of expected cash flows for the remaining useful life, using a growth rate determined by management. The discount rate reflects appropriate adjustments relating to market risk.

Long term growth rate	2.8%
Discount rate	13.2%

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

The Companies Act 2006 requires acquired goodwill to be reduced by provisions for amortisation calculated to write off the amount systematically over a period chosen by the director, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure from the requirements of the Companies Act 2006, for the overriding purpose of giving a true and fair view.

The effect of this departure has not been quantified because it is impracticable and, in the opinion of the director, would be misleading. However, the effect of amortising over a useful life of 10 years would be a charge of £921,000 (2020: £921,000) against operating profit, and a reduction of £4,987,000 (2020: £4,066,000) in the carrying value of goodwill in the balance sheet.

Tangible fixed assets

All tangible assets are stated at historic cost less depreciation. The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

At each reporting date the company makes an assessment of any indication of impairment. If such an indication exists, the recoverable amount of the asset is determined at the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying value exceeds the recoverable amount. Adjustments to write-down permanently impaired assets are booked to operating expenses.

Depreciation is calculated so as to write off the cost of fixed assets, less any residual value on a straight line basis over the expected useful economic lives of the assets concerned. Depreciation costs are booked to operating expenses. The principal annual rates used for this purpose are:

Fixtures and fittings	20%
Office equipment	20%-25%
Rental equipment	over the rental term
Leasehold improvements	over the lease term
Right-of-use assets	over the lease term

Fixed assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal of the asset is included in the Statement of Comprehensive Income in the period of derecognition.

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. A residual value of 20% is calculated on right-of-use assets.

Stock

Stock is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, valued on a first in first out basis and consists of consumables and finished goods purchased for resale. Where necessary, provision is made for obsolete, slow moving and defective stock. Any movements in the provisions are recognised immediately in the Statement of Comprehensive Income.

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

Current taxation

Tax is recognised in the Statement of Comprehensive Income. Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if, and when, all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Share based payments

The company participates in an equity-settled, share-based compensation plan managed by Teradata Corporation. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each Statement of Financial Position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Statement of Comprehensive Income. The credit entry is taken to reserves because the equity is issued by the ultimate parent company, Teradata Corporation.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

Related party transactions

In accordance with FRS 101, the company has taken advantage of the exemption from disclosing transactions with wholly owned entities that are part of Teradata Corporation group, as the company is a wholly owned subsidiary of Teradata Corporation.

FRS 101 also exempts entities from disclosure of compensation for key management personnel as required by IAS 24. There were no other related party transactions.

IFRS 15: Revenue from contracts with customers

The company adopted IFRS 15 from 1 January 2018 using the cumulative catch up method.

The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below.

A transaction price is allocated to each performance obligation in an amount that depicts the amount of consideration to which Teradata expects to be entitled for satisfying each performance obligation. The amount of consideration is allocated at contract inception on a relative standalone selling price basis. The standalone selling price is the price to which Teradata would sell a promised good or service separately to a customer.

Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Management assessed the impact of application of the new standard and there was no material impact on the company's financial statements.

Turnover

Turnover represents sales on the invoiced value of goods and services supplied, excluding value added tax and trade discounts.

Turnover is generated from delivering goods, rendering services and performing other activities that constitute the company's central operations to customers in accordance with contractual terms and conditions.

It is the company's policy to recognise a sale when it is a) realised or realisable and b) the earnings process is complete. The company defines this as occurring upon completion of its contractual obligations to the customer as evidenced by performance, transfer of title and risk of loss to the customer and fulfilment of the other revenue recognition criteria defined herein.

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

Turnover (continued)

Maintenance services revenue is recognised over the period during which the services are rendered.

Hardware revenue is recognised at the point of delivery unless the customer's ability to use the hardware is contingent on the existence of a service contract. Where the ability to use the hardware is contingent on the existence of a service contract the revenue recognised on the sale of hardware is recognised over the duration of the service contract.

Turnover generated from the leasing of assets is recognised on a straight line basis over the expected lifetime of the lease.

Turnover generated from the provision of professional services and training is recognised at the point of delivery.

The criteria that must be met in all transactions before revenue recognition can occur are:

- Persuasive evidence that an arrangement exists
- Delivery of product and/or service has occurred
- The fee is fixed or determinable
- Collectability is probable

Each of the above four conditions must be met by the end of an accounting period in order to recognise revenue from a particular transaction. If any condition fails to be satisfied, revenue recognition must be deferred until the period in which the final condition is met.

Contract assets primarily relate to the company's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

Costs to obtain or fulfil a contract relate to commissions paid to staff and prepaid software costs. These are recognised in receivables and amortised on a straight line basis over the life of the contracts that they relate.

Deferred revenue is measured at the amount of consideration received from the customer and represents Teradata's obligation to transfer goods or services in the future.

Customers are invoiced inline with the payment schedules set out in their purchase agreements. Any differences that arise between the timing of the revenue to be recognised and that invoiced are recognised as a contract asset or liability.

The company has standard credit terms of 30 days.

IFRS 16 'Leases'

The Company adopted account standard IFRS 16 'Leases'- which replaces IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease, effective 1 January 2019.

IFRS 16 provides a single lessee accounting model, eliminating the distinction between operating and finance leases for lessees and instead requiring all lessees to recognise right of use assets and lease liabilities for all leases subject to some limited exemptions for short term

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

Leases (continued)

leases and leases of low value assets. The Company leases an office building and a number of motor vehicles and the agreements are typically made for fixed term periods.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

Leases (continued)

If the contractual terms of a lease are renegotiated with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and the right-of-use-asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in the profit and loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Further details of the types of provisions held are provided in note 17.

Foreign currencies

Functional and presentation currency

The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 8 represents contributions payable by the company to the fund.

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

Short-term employee benefits

Employee entitlement to annual leave is recognised when it accrues to the employee. An accrual is made for the estimated liability of annual leave as a result of services rendered by employees up to the statement of financial position date.

Trade Receivable

A Trade Receivable is any amount due from an external customer arising from the sale or lease of equipment, supplies, or services. Receivables are recorded, at the time of sale or when a clear customer obligation exists and remain on the books until the account is collected, written off, or sold. Trade receivables are classified as current assets if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

IFRS 9: Financial instruments

The company adopted IFRS 9 from 1 January 2018 using the cumulative effect approach. The standard introduced new classification and measurement models for financial assets.

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held for trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12 month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Directly attributable transaction costs are included in the initial measurement of financial assets and liabilities only with respect to those assets and liabilities that are not subsequently measured at fair value through profit and loss. At each balance sheet date, the company assesses whether there is any objective evidence that any financial asset is impaired.

Financial assets and liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the financial asset or liability. Financial assets are derecognised from the balance sheet when the company's contractual

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

IFRS 9: Financial instruments (continued)

rights to the cash flows expire or the company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the company's balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

Management assessed the impact of application of the new standard and there was no material impact on the company's financial statements.

Assets held at amortised cost

Assets held at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(a) those that the company intends to sell immediately or in the short term, which are classified as held-for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; or

(b) those for which the holder may not recover substantially all of their initial investment, other than because of credit deterioration.

Assets held at amortised cost mainly consist of trade and other receivables. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest model. Where payments are not due for more than one year, they are shown in the financial statements at their net present value to reflect the economic cost of delayed payment. The company provides goods and services to substantially all of its customers on credit terms.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables include settlement processing obligations representing transactions that have been processed but not yet funded together with funds withheld from merchants that serve as collateral to minimise contingent liabilities associated with any losses that may occur under the merchant agreement ("merchant rolling reserve").

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

3. Key estimates and judgements

The financial statements are prepared in accordance with FRS 101. In connection with the preparation of these financial statements, the director is 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. The 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 the 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. The director periodically reviews these estimates and assumptions to ensure that the financial statements are presented fairly and are materially correct.

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 the director believes are the most critical to aid in fully understanding and evaluating our reported financial results are discussed in the paragraphs below.

Stock-based compensation

The compensation cost for stock awards is measured at fair value and recognised over the service period for which awards are expected to vest. Pricing models, including the Black-Scholes option pricing model and Monte Carlo simulation model, are used to estimate the fair value of stock-based compensation at the date of grant. These valuation models require the input of subjective assumptions, including expected volatility and expected term. In addition, estimates are made for forfeitures of options granted which are not expected to vest. The estimation of stock awards that will ultimately vest requires judgment, and to the extent that

actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period in which estimates are revised.

Many factors are considered when estimating expected forfeitures including types of awards and historical experience. Actual results and future changes in estimates may differ substantially from our current estimates.

Allocation of turnover to goods and services provided to customers

Turnover is recognised when goods and services are delivered to customers. Goods and services may be delivered to a customer at different times under the same contract, hence it is necessary to allocate the amount payable by the customer between goods and services on a 'relative standalone selling price basis'; this requires the identification of performance obligations and the determination of standalone selling prices for the identified performance obligations.

Impairment of goodwill

The director has exercised judgement in determining whether there is an indicator of impairment of the company's goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the investments. In preparing the financial statements the director identified indicators of impairment.

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

A review is performed at each reporting date to ascertain whether there is any impairment in the carrying value of goodwill. Such a review consists of determining the present value of future cash flows expected to be recovered from the cash generating unit to which the goodwill belongs and comparing the results against the carrying value of goodwill. Estimates are used in determining the future profitability and cash-granting ability of the cash-generating unit and the pre-tax discount rate used in discounting these project cash flows. Actual outcomes could be different from the estimates. In preparing the financial statements the director found goodwill to be impaired by £3,100,000

4. Turnover

Turnover is primarily generated in three markets; data warehousing, big data analytics and marketing applications.

Analysis of turnover by country of destination:	2021	2020
	£'000	£'000
UK	59,624	48,346
	59,624	48,346

Analysis of turnover by class of business:	2021	2020
	£'000	£'000
Sale of goods	24,557	23,528
Rendering of services	35,067	24,818
	59,624	48,346

Analysis of turnover by pattern of revenue recognition:	2021	2020
	£'000	£'000
Point in time	10,514	5,562
Over time	49,110	42,784
	59,624	48,346

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2021:

	2021	2020
	£'000	£'000
Revenue expected to be recognised in less than one year	13,585	32,320
Revenue expected to be recognised in 2 – 5 years	36,823	13,487
Total	50,408	45,807

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

Contract balances

	Contract assets For the year ended 31 December 2021 \$000	Contract assets For the year ended 31 December 2020 \$000
At 1 January	111	457
Transfers in the period from contract assets to trade receivables	(111)	(457)
Amounts included in contract liabilities that was recognised as revenue during the period	-	-
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	-	111
Cash received in advance of performance and not recognised as revenue during the period	-	-
	<u>-</u>	<u>111</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation charge / amortisation	2,310	2,115
Right of use depreciation	784	620
Impairment of trade debtors	334	-
Amortisation of costs to obtain or fulfil a contract with a customer	1,749	3,265
Net foreign currency exchange differences	(272)	582
Cost of inventory recognised within cost of sales	2,995	7,319
Research and development costs	119	366
	<u>119</u>	<u>366</u>

6. Auditor's remuneration

The company paid the following amounts to its auditors for services provided during the year:

	2021 £'000	2020 £'000
Audit of the financial statements	55	58
	<u>55</u>	<u>58</u>

Teradata (UK) Limited**Notes to the Financial Statements for the Year Ended 31 December 2021****7. Employee information and directors' emoluments**

The average monthly number of employees, including the director, during the year was as follows:

	2021	2020
	Number	Number
Management and administration	38	52
Engineering and technical support	63	72
Sales	58	63
	159	187

	2021	2020
	£'000	£'000
Staff costs including director's remuneration were as follows:		
Wages and salaries	22,461	24,528
Social security costs	2,879	3,324
Other pension costs – note 8	1,263	1,602
Share based payments – note 22	1,831	787
	28,434	30,241

Employee entitlement to annual leave is recognised when it accrues to the employee. An accrual is made for the estimated liability of annual leave as a result of service rendered by employees up to the end of the financial year.

The expected cost of compensated absences is recognised as an expense as the employee render service that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Director's emoluments

	2021	2020
	£'000	£'000
Aggregate emoluments and benefits	-	-
Retirement benefits	-	-
	-	-

During the year no director (2020: nil) exercised share options and became entitled to receive shares under the Teradata Corporation 2007 Stock Incentive Plan. Retirement benefits were accruing to no director (2020: nil) in respect of defined contribution pension schemes./

The highest paid director received remuneration of £nil (2020: £Nil). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2020: £Nil). The directors were remunerated in a fellow Teradata group company./

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

8. Retirement benefits

The company has a defined contribution plan for its employees. Payments charged to the statement of comprehensive income during the year amounted to £1,263,000 (2020: £1,602,000). The outstanding liability as at 31 December 2021 was £Nil (2020: £Nil).

9. Interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable	0	12

10. Interest payable and similar charges

	2021 £'000	2020 £'000
Interest payable	210	187

11. Taxation

Analysis of the tax charge:	2021 £'000	2020 £'000
Corporation tax charge for the year	314	387
Prior years over provision	(497)	
Total tax (refund) charge	(183)	387

The tax assessed for the period is lower (2020: Higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2021 £'000	2020 £'000
Loss profit on ordinary activities before tax	(2,246)	1,313
Profit multiplied by the applicable rate of tax in the UK of 19% (2020: 19%)	(427)	249
Expenses not deductible for tax purposes	593	20
Accelerated capital allowances and timing differences	178	163
prior years over provision	(497)	-
Utilisation of tax losses	(30)	(45)
Total tax charge	(183)	387

Deferred tax assets not recognised in the financial statements are as follows:

	2021 £'000	2020 £'000
Depreciation in excess of capital allowances	334	55
Short term timing differences	118	133
Tax losses carried forward	425	455
	877	643

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

The company has estimated trading losses available for carry forward against future trading profits of £2,235,000 (2020 £2,390,000)

The potential deferred tax asset is not recognised as the director regards it as uncertain that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The tax losses were transferred from Big Data Partnership Limited to the company as a result of the asset transfer completed in July 2016

In the Spring Budget 2021 on 3 March 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2021. As such no adjustment had been made to the tax balances in these financial statements.

12. Intangible fixed assets

	Goodwill	Total
Cost	£'000	£'000
At 1 January 2020	30,715	30,715
Additions	-	-
At 31 December 2020	30,715	30,715
Accumulated amortisation and impairment		
At 1 January 2020	(21,509)	(21,509)
Charge for the financial year	(3,099)	-
At 31 December 2020	(24,608)	(21,509)
Net book value		
At 31 December 2021	6,107	9,206
At 31 December 2020	9,206	9,206

Goodwill

Goodwill which arose from the separation of the Teradata business from NCR Corporation in 2007 is now fully amortised.

Goodwill which arose from the acquisition of Aprimo (UK) Ltd in 2011 is now fully impaired.

Goodwill which arose from the acquisition of eCircle Limited in 2014 is now fully impaired.

Goodwill arose during the acquisition of Big Data Partnership Limited on 21 July 2016, and has a net book value of £6,106,781. It is subject to an annual impairment review under Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Such a review consists of determining the present value of future cash flows expected to be recovered from the cash generating unit to which the goodwill belongs and comparing the results against the carrying value of goodwill. Estimates are used in determining the future profitability and cash-granting ability of the cash-generating unit and the pre-tax discount rate used in discounting these project cash flows. Actual outcomes could be different from the estimates. In preparing the financial statements the director found goodwill to be impaired by £3,100,000

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

13. Tangible fixed assets

	Leasehold Improvements	Fixtures, Fittings & Equipment	Rental Equipment	Right of use Assets	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	1,195	2,285	6,657	3,641	13,778
Effect of modification to lease term				1,081	1,081
Additions	281		1,176	-	1,457
Disposal	-	(666)	-	-	(666)
At 31 December 2021	1,476	1,619	7,833	4,722	15,656
Accumulated depreciation & Amortisation					
At 1 January 2021	(650)	(1,326)	(3,355)	(1,187)	(6,518)
Effect of modification to lease term				(532)	(532)
Disposal		586			586
Charge for the financial year	(188)	(279)	(1,843)	(784)	(3,094)
At 31 December 2021	(838)	(1,019)	(5,198)	(2,503)	(9,558)
Net book value At 31 December 2021	638	600	2,636	2,218	6,092
At 31 December 2020	545	959	3,302	2,454	7,260
	PY				

Lessee and Lessor agreed in August 2021 to increase the annual lease payments to GBP 934,500 for the remaining three years of the lease. This increase was back dated to February 2020. The difference of GBP 465K between the original lease liability and the modified lease liability is adjusted against Right of Use asset.

14. Stock

	2021	2020
	£'000	£'000
Finished goods	3,525	559
Consumables	106	165
	3,631	724

There is no significant difference between the replacement cost of finished goods and consumables and their carrying amounts.

Finished goods is presented net of a provision of £248,000 (2020: £274,000) in relation to slow or obsolete stock.

Teradata (UK) Limited**Notes to the Financial Statements for the Year Ended 31 December 2021****15. Receivables****a) Amounts falling due within one year**

	2021	2020
	£'000	£'000
Trade receivables	18,058	14,194
Amounts owed by group undertakings	1,110	2,787
Prepayments and accrued income	288	736
Costs to obtain or fulfil a contract	2,448	2,919
Other receivables	38	9
	21,942	20,645

Included in receivables

- Trade receivables impairment provision during the year is £nil (2020: £nil).
- The amount owed by group undertakings relates to current trading balances and falls due within one month. This amount is unsecured and does not bear any interest.

b) Amounts falling due after one year

	2021	2020
	£'000	£'000
Costs to obtain or fulfil a contract	2,588	2,021
Other receivables	81	58
	2,669	2,079

16. Creditors:**a) Amounts falling due within one year**

	2021	2020
	£'000	£'000
Trade creditors	857	906
Amounts owed to group undertakings	8,140	2,196
Taxation and social security	4,245	4,582
Lease Liabilities	825	721
Other creditors	-	19
Accruals and deferred income	22,847	23,007
	36,914	31,431

The amount owed to group undertakings relates to a current trading balance and falls due within one month. This amount is unsecured and does not bear any interest.

Teradata (UK) Limited**Notes to the Financial Statements for the Year Ended 31 December 2021****16. Creditors (continued)****b) Amounts falling due after one year**

	2021	2020
	£'000	£'000
Amounts falling due after one year and less than five years:		
Deferred income	386	121
Lease Liabilities	1,665	2,363
	<u>2,051</u>	<u>2,484</u>

17. Provisions for liabilities

	Warranty £'000	Lease restoration £'000	Employee expenses £'000	W.E.E.E £'000	Total £'000
At 1 January 2021	22	185	109	5	321
Charge for the year	-	6		-	
Transfer to accruals and deferred income	(22)	79	(109)	-	(46)
At 31 December 2021	<u>0</u>	<u>270</u>	<u>0</u>	<u>5</u>	<u>275</u>

Warranty

The company provides its customers a standard manufacturer's warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. Estimated future obligations due to warranty claims are based upon historical factors such as labour rates, average repair time, travel time, number of service calls and cost of replacement parts.

For each consummated sale, the company recognises the total customer revenue and records the associated warranty liability using pre-established warranty percentages for that product class.

Lease restoration

A dilapidation provision is in place for the estimated future costs to restore the company's offices to their original condition when the respective leases end. The provision is based on third party evidence where applicable.

Employee expenses

A provision is in place for the estimated future employee costs. These costs are not subject to future performance, and are payable in May 2022.

W.E.E.E (Waste electrical and electronic equipment)

The provision for waste electrical and electronic equipment is calculated based on hardware sales. Any unused provision is released after 5 years.

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

18. Share capital

	2021	2020
	£	£
Shares classified as equity		
Allotted, called-up and fully paid		
3,375,002 ordinary shares of £1 each	3,375,002	3,375,002

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

19. Financial and capital commitments

As at 31 December 2021, the company has annual commitments under non-cancellable leases as follows:

	2021	2020
	£'000	£'000
Due within one year	935	841
Due within two to five years	1,986	2,663
	<u>2,921</u>	<u>3,504</u>

The company did not have any capital commitments at 31 December 2021. (2020: £nil.)

20. Lease arrangements: Lessor

At the balance sheet date, the company had hardware rental contracts with customers for the following future minimum lease payments:

	2021	2020
	£'000	£'000
Due within one year	11,577	10,447
Due within two to five years	7,385	8,632
	<u>18,962</u>	<u>19,079</u>

21. Reserves

Retained earnings

Retained earnings includes all current and prior period retained profits and losses.

Share options reserves

The share options reserve includes all equity-settled share based payments in the current and prior year periods.

22. Share based payments

The company participates in its ultimate parent company's worldwide share compensation program under which the corporation grants options and share rights to eligible employees of its subsidiary companies.

The total charge for the year relating to employee share based payment plans was £1,830,921 (2020: £787,184), all of which related to equity-settled share based payment transactions.

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

22. Share based payments (continued)

Stock options

The Compensation and Human Resource Committee of Teradata's Board of Directors has discretion to determine the material terms and conditions of option awards under both the 2007 Stock Incentive Plan and the 2012 Stock Incentive Plan (collectively, the "Teradata SIP"), provided that (i) the exercise price must be no less than the fair market value of Teradata common stock (as defined in both plans) on the date of grant, and (ii) the term must be no longer than ten years. Option grants generally have a four year vesting period.

For the year ended 31 December 2021, there were no options granted. Equity-settled share-based payments are measured at fair value at the grant date, estimated using the Black-Scholes option-pricing model.

Restricted Stock and Restricted Stock Units

The Teradata SIP provides for the issuance of restricted stock, as well as restricted stock units. These grants consist of both service-based and performance-based awards. Service-based awards typically vest over a three to four year period beginning on the effective date of grant. These grants are not subject to future performance measures. The cost of these awards, determined to be the fair market value at the date of grant, is expensed over the vesting period. For substantially all restricted stock grants, at the date of grant, the recipient has all rights of a stockholder, subject to certain restrictions on transferability and a risk of forfeiture. Performance-based grants are subject to future performance measurements over a one to four year period.

All performance-based shares that are earned in respect of an award will become vested at the end of the performance and/or service period provided the employee is continuously employed by the company and applicable performance measures are met. The fair value of each performance-based award is determined on the grant date, based on the company's stock price, and assumes that performance targets will be achieved. Over the performance period, the number of shares of stock that will be issued is adjusted upward or downward based upon management's assessment of the probability of achievement of performance targets. The ultimate number of shares issued and the related compensation cost recognised as expense will be based on a comparison of the final achievement of performance metrics to the specified targets.

Additional information concerning stock options outstanding as at 31 December 2021 is as follows:

Range of Exercise Prices USD	Number of Options	Weighted Average Exercise Price	Weighted Average remaining life
13.00 - 29.99	15,895	28.29	4.95
30.00 – 39.99	10,564	30.63	3.91
40.00 – 44.99	4,870	44.38	2.91
45.00 – 49.99	3,845	45.35	1.92
50.00 – 62.00	4,522	61.55	0.9

Teradata (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

23. Ultimate and immediate parent companies and controlling party

The company's immediate parent company is Teradata Netherlands BV, a company incorporated in The Netherlands. Teradata Corporation is the ultimate parent company and ultimate controlling party of the smallest and largest group of which the company is a member and for which group financial statements are drawn up.

Financial statements can be obtained from:

Teradata Corporation
World Headquarters
17095 Via Del Campo
San Diego, CA 92127
United States of America

24. Approval of financial statements

The financial statements were approved and authorised for issue by the sole director on 28 September 2021 and were signed on that date.