Teradyne, Inc. Certain Non-GAAP financial measures discussed during the Fourth Quarter of 2023 Earnings Conference Call January 31, 2024

On the Company's earnings conference call on January 31, 2024, the following non-GAAP financial measures were discussed or presented:

Q4 2023 – EPS (\$0.79), Operating Profit (20.1% and \$135M), Gross Margin (56.6% and \$380M), Operating Expenses (36.5% and \$245M), Tax Rate excluding discrete items (12.6%), Effective Tax Rate (12.6% and \$18M), Free Cash Flow (\$246M), Net Income (\$127M)

2023 – Gross Margin (57.4% and \$1,537M), Opex (37.0% and \$990M), Operating Profit (20.4% and \$547M), Effective Tax Rate (15.5% and \$88M), EPS (\$2.93), Diluted shares (164M), Free Cash Flow (\$425M)

2022 - Gross Margin (59.2% and \$1,867M), Opex (31.7% and \$999M), Operating Profit (27.5% and \$868M), Effective Tax Rate (16.3% and \$138M), EPS (\$4.25), Diluted shares (168M), Free Cash Flow (\$415M)

Q3'23 –GM (56.6% and \$398M), Operating Expenses (34.5% and \$243M), Operating Profit (22.1% and \$156M), EPS (\$0.80), FCF (\$140M), Effective Tax Rate (15.7% or \$24M), shares (162M)

Q4'22 – GM (57.4% and \$420M), Operating Expenses (34.4% and \$252M), Operating Profit (23.1% and \$169M), EPS (\$0.92), FCF (\$149M), Effective Tax Rate (12.3% or \$21M), shares (164M)

2026E New Model Target EPS (\$5.50 to \$7.50)

2024 – Forecasted Tax Rate (16%), Forecasted Operating Expense increase (5%-7%)

Q1'24 Guidance – GM (53.6-54.5%), Opex (46-42%), Operating Profit (8-12%), tax rate (16.0%), EPS (\$0.22 to \$0.38), shares (162M)

FCF – 2015 (\$323M), 2016 (\$370M), 2017 (\$521M), 2018 (\$370M), 2019 (\$444M), 2020 (\$684M), 2021 (\$966M)

EPS -2017 (\$2.34), 2018 (\$2.37), 2019 (\$2.86), 2020 (\$4.62), 2021 (\$5.98)

2023 Robotics PBIT (-8%)

GAAP to Non-GAAP Earnings Reconciliation (In millions, except per share amounts)

									Quarter	Ended										
	December 2023		6 of Net evenues					Octobe 202	3	% of Net Revenues					Dec	ember 31, 2022	% of Net Revenues			
Net revenues	\$ 67	0.6						\$ 7	703.7						S	731.8	and the second se			
Gross profit GAAP and non-GAAP	31	9.5	56.6%					3	398.3	56.6%						420.4	57.4%			
Income from operations - GAAP	12	4.3	18.5%					1	44.0	20.5%						166.6	22.8%			
Restructuring and other (1)		6.0	0.9%						6.9	1.0%						(2.4)	-0.3%			
Acquired intangible assets amortization		4.7	0.7%						4.7	0.7%						4.7	0.6%			
Income from operations - non-GAAP	\$ 13	5.0	20.1%					\$ 1	155.6	22.1%					\$	168.9	23.1%			
					Net In per Comm		are					Net In per Comm		e				Р	Net Inc	
	December 2023		6 of Net evenues	Ba	asie	D	iluted	Octob 202		% of Net Revenues		Basic	Dil	uted	Dec	ember 31, 2022	% of Net Revenues	Bas	ie	Diluted
Net income - GAAP		7.1	17.5%	S	0.77	s	0.72		28.1	18.2%	S	0.83	S	0.78	S	172.3	23.5%		1.11	\$ 1.0
Restructuring and other (1)		6.0	0.9%		0.04		0.04		6.9	1.0%		0.04		0.04		(2.4)	-0.3%		(0.02)	(0.0)
Acquired intangible assets amortization		4.7	0.7%		0.03		0.03		4.7	0.7%		0.03		0.03		4.7	0.6%		0.03	0.0
Pension mark-to-market adjustment (2)		2.6	0.4%		0.02		0.02		0.1	0.0%		0.00		0.00		(25.6)	-3.5%	<u></u>	0.16)	(0.1)
Gain on foreign exchange option		7.5)	-1.1%		(0.05)		(0.05)		-	-		-		-		_	-		-	
Exclude discrete tax adjustments		3.3	0.5%		0.02		0.02		(4.8)	-0.7%		(0.03)		(0.03)		(2.8)	-0.4%		(0.02)	(0.0)
Non-GAAP tax adjustments		1.0	0.1%		0.01		0.01		(3.5)	-0.5%		(0.02)		(0.02)		4.5	0.6%		0.03	0.0
Convertible share adjustment (3)		-	-		-		-		-	-		-		-		-	-		-	0.0
Net income - non-GAAP	\$ 12	7.2	19.0%	s	0.83	S	0.79	\$ 1	31.5	18.7%	s	0.86	s	0.80	S	150.8	20.6%	s	0.97	\$ 0.93
GAAP and non-GAAP weighted average common shares -																				
basic	15	2.8						1	153.8							155.8				
GAAP weighted average common shares - diluted Exclude dilutive shares related to convertible note	16	2.1						1	164.1							165.5				
transaction		0.2)							(0.6)							(1.2)				
Non-GAAP weighted average common shares - diluted	14	1.9						1	63.4							164.3				

				fonths Ended				
	December 31, 2023	% of Net Revenues	1 welve A	ionths Ended	December 31, 2022	% of Net Revenues		
Net Revenues	\$ 2,676.3				\$ 3,155.0			
Gross profit GAAP and non-GAAP	1,536.7	57.4%			1,867.2	59.2%		
Income from operations - GAAP	501.1	18.7%			831.9	26.4%		
Restructuring and other (1)	21.3	0.8%			17.2	0.5%		
Acquired intangible assets amortization	19.0	0.7%			19.3	0.6%		
Equity modification charge (2)	5.9	0.2%			-	_		
Income from operations - non-GAAP	\$ 547.3	20.4%			\$ 868.4	27.5%		
				ncome mon Share			Net In per Comm	
	December 31,			000	December 31,	27 Contract 1997	10.00	
	2023	% of Net Revenues	Basic	Diluted	2022	% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 448.8	16.8%	\$ 2.91	\$ 2.73	\$ 715.5	22.7%	\$ 4.52	\$ 4.22
Restructuring and other (1)	21.3	0.8%	0.14	0.13	17.2	0.5%	0.11	0.10
Acquired intangible assets amortization	19.0	0.7%	0.12	0.12	19.3	0.6%	0.12	0.11
Equity modification charge (2)	5.9	0.2%	0.04	0.04	_	-	-	-
Pension mark-to-market adjustment (3)	2.7	0.1%	0.02	0.02	(25.6)	-0.8%	(0.16)	(0.15)
Gain on foreign exchange option	(7.5)	-0.3%	(0.05)	(0.05)		—		
Exclude discrete tax adjustments	(3.4)	-0.1%	(0.02)	(0.02)	(12.1)	-0.4%	(0.08)	(0.07)
Non-GAAP tax adjustments	(7.7)	-0.3%	(0.05)	(0.05)	(1.4)	0.0%	(0.01)	(0.01)
Convertible share adjustment (4)	_	-	_	0.01	_	_	_	0.05
Net income - non-GAAP	\$ 479.1	17.9%	\$ 3.10	\$ 2.93	\$ 712.9	22.6%	\$ 4.50	\$ 4.25
GAAP and non-GAAP weighted average common shares - basic	154.3				158.4			
GAAP weighted average common shares - diluted	164.3				169.7			
Exclude dilutive shares from convertible note	(0.6)				(1.8)			
Non-GAAP weighted average common shares - diluted	163.7				167.9			

GAAP to Non-GAAP Reconciliation of First Quarter 2024 guidance:

GAAP and non-GAAP first quarter revenue guidance:	\$540) million	to \$590) million
GAAP net income per diluted share	\$	0.19	\$	0.35
Exclude acquired intangible assets amortization		0.03		0.03
Exclude restructuring and other charges		0.01		0.01
Non-GAAP tax adjustments		(0.01)		(0.01)
Non-GAAP net income per diluted share	\$	0.22	\$	0.38

						Twelve Mo	nths Ended	1					
	Dee	cember 31, 2021	% of Net Revenues				Dec	ember 31, 2020	% of Net Revenues				
Net Revenues	\$	3,702.9					\$	3,121.5					
Gross profit GAAP	\$	2,206.7	59.6%				\$	1,785.7	57.2%				
Inventory step-up		-	-					0.4	0.0%				
Gross profit non-GAAP	\$	2,206.7	59.6%				\$	1,786.1	57.2%				
Income from operations - GAAP	\$	1,208.7	32.6%				\$	928.4	29.7%				
Acquired intangible assets amortization		21.5	0.6%					30.8	1.0%				
Restructuring and other (1)		1.3	0.0%					(13.2)	-0.4%				
Inventory step-up		-	-					0.4	0.0%				
Equity modification charge		-	-					0.8	0.0%				
Income from operations - non-GAAP	\$	1,231.5	33.3%				\$	947.2	30.3%				
				Net Inc	come						Net In	come	
	Dee	cember 31,	% of Net				Dec	ember 31,	% of Net				
		2021	Revenues	 Basic		luted		2020	Revenues	B	asic	Di	luted
Net income - GAAP	\$	1,020.8	27.6%	\$ 6.19	\$	5.56	\$	784.1	25.1%	\$	4.72	\$	4.28
Acquired intangible assets amortization		21.5	0.6%	0.13		0.12		30.8	1.0%		0.19		0.17
Restructuring and other (1)		1.3	0.0%	0.01		0.01		(13.2)	-0.4%		(0.08)		(0.07)
		10.0	0.00/	0.00		0.00			0 500		0.00		0.00

		1.0	0.070	0.01	0.01	(10.2)	0.470	(0.00)	(0.07)
Interest and other (2)		10.3	0.3%	0.06	0.06	14.4	0.5%	0.09	0.08
Loss on convertible debt conversions (2)		28.8	0.8%	0.17	0.16	-	-	-	-
Pension mark-to-market adjustment (2)		(2.2)	-0.1%	(0.01)	(0.01)	10.3	0.3%	0.06	0.06
Inventory step-up		-	-	-	-	0.4	0.0%	0.00	0.00
Equity modification charge		-	-	-	-	0.8	0.0%	0.00	0.00
Exclude discrete tax adjustments		(28.6)	-0.8%	(0.17)	(0.16)	(15.2)	-0.5%	(0.09)	(0.08)
Non-GAAP tax adjustments		(1.5)	0.0%	(0.01)	(0.01)	(11.9)	-0.4%	(0.07)	(0.07)
Convertible share adjustment (3)		-	-	-	0.24	-	-	-	0.25
Net income - non-GAAP	\$1,	050.4	28.4%	\$ 6.37	\$ 5.98	\$ 800.5	25.6%	\$ 4.82	\$ 4.62
GAAP and non-GAAP weighted average common shares - basic		165.0				166.1			
GAAP weighted average common shares - diluted		183.6				183.0			
Exclude dilutive shares from convertible note		(7.4)				(8.5)			
Non-GAAP weighted average common shares - diluted		176.2				174.5			

						Twelve Mor	ths Ended	I				
	De	cember 31, 2019	% of Net Revenues					ember 31, 2018	% of Net Revenues			
NetRevenues	\$	2,295.0					\$	2,100.8				
Gross profit GAAP	\$	1,339.8	58.4%				\$	1,220.4	58.1%			
Inventory step-up		0.4	0.0%					0.4	0.0%			
Gross profit non-GAAP	\$	1,340.2	58.4%				\$	1,220.8	58.1%			
Income from operations - GAAP	\$	553.7	24.1%				\$	473.8	22.6%			
Acquired intangible assets amortization		40.1	1.7%					39.2	1.9%			
Equity modification charge (1)		2.1	0.1%						-			
Restructuring and other (2)		(13.9)	-0.6%					15.2	0.7%			
Inventory step-up		0.4	0.0%					0.4	0.0%			
Income from operations - non-GAAP	\$	582.4	25.4%				\$	528.6	25.2%			
				Net Income per	rcommo	n share				Net Income pe	r common	share
	De	ember 31, 2019	% of Net Revenues	Basic		Diluted		ember 31, 2018	% of Net Revenues	Basic	D	luted
Net income - GAAP	\$	467.5	20.4%	\$ 2.74	\$	2.60	\$	451.8	21.5%	\$ 2.41	\$	2.35
Acquired intangible assets amortization		40.1	1.7%	0.24		0.22		39.2	1.9%	0.21		0.20
Interest and other (3)		28.7	1.3%	0.17		0.16		13.1	0.6%	0.07		0.07
Equity modification charge (1)		2.1	0.1%	0.01		0.01				-		-
Restructuring and other (2)		(13.9)	-0.6%	(0.08)		(80.0)		15.2	0.7%	80.0		0.08
Inventory step-up		0.4	0.0%	0.00		0.00		0.4	0.0%	0.00		0.00
Pension mark-to-market adjustment (3)		8.2	0.4%	0.05		0.05		(3.3)	-0.2%	(0.02)		(0.02)
Exclude discrete tax adjustments (4)		(22.6)	-1.0%	(0.13)		(0.13)		(59.4)	-2.8%	(0.32)		(0.31)
Non-GAAP tax adjustments		(16.7)	-0.7%	(0.10)		(0.09)		(8.4)	-0.4%	(0.04)		(0.04)
Convertible share adjustment (5)			. <u> </u>	 -		0.11				 <u> </u>		0.04
Net income - non-GAAP (5)	\$	493.8	21.5%	\$ 2.90	\$	2.86	\$	448.6	21.4%	\$ 2.39	\$	2.37
GAAP and non-GAAP weighted average common shares - basic		170.4						187.7				
		179.5						192.6				
GAAP weighted average common shares - diluted												
GAAP weighted average common shares - diluted Exclude dilutive shares from convertible note Non-GAAP weighted average common shares - diluted (5)		(4.9)						(3.2)				

			Twelve M	onths Ende	ed		
	ember 31, 2017	% of Net Revenues			ember 31, 2016	% of Net Revenues	
etRevenues	\$ 2,136.6			\$	1,753.3		
ross profit - GAAP	\$ 1,223.9	57.3%		\$	959.6	54.7%	
Pension mark-to-market adjustment (1)	(2.8)	-0.1%			(1.0)	-0.1%	
ross profit - non-GAAP	\$ 1,221.1	57.2%		\$	958.6	54.7%	
come (loss) from operations - GAAP	\$ 530.0	24.8%		\$	(60.0)	-3.4%	
Acquired intangible assets amortization	30.5	1.4%			52.6	3.0%	
Restructuring and other (2)	9.4	0.4%			21.9	1.2%	
Pension mark-to-market adjustment (1)	(6.3)	-0.3%			(3.2)	-0.2%	
Goodwill impairment (3)	-	-			254.9	14.5%	
Acquired intangible assets impairment (3)	-	-			83.3	4.8%	
come from operations - non-GAAP	\$ 563.6	26.4%		\$	349.5	19.9%	
			Net Income per Common Share				Net (Loss) Income per Common Shar

	ember 31, 2017	% of Net Revenues	E	Basic	D	iluted	ember 31, 2016	% of Net Revenues	E	asic	Di	iluted
Net income (loss) - GAAP	\$ 257.7	12.1%	\$	1.30	\$	1.28	\$ (43.4)	-2.5%	\$	(0.21)	\$	(0.21)
Acquired intangible assets amortization	30.5	1.4%		0.15		0.15	52.6	3.0%		0.26		0.26
Interest and other (4)	12.4	0.6%		0.06		0.06	0.6	0.0%		0.00		0.00
Restructuring and other (2)	9.4	0.4%		0.05		0.05	21.9	1.2%		0.11		0.11
Pension mark-to-market adjustment (1)	(6.3)	-0.3%		(0.03)		(0.03)	(3.2)	-0.2%		(0.02)		(0.02)
Goodwill impairment (3)	-	-		-		-	254.9	14.5%		1.26		1.25
Acquired intangible assets impairment (3)	-	-		-		-	83.3	4.8%		0.41		0.41
Exclude discrete tax adjustments (5)	178.3	8.3%		0.90		0.89	(4.5)	-0.3%		(0.02)		(0.02)
Non-GAAP tax adjustments (6)	 (12.8)	-0.6%		(0.06)		(0.06)	 (53.3)	-3.0%		(0.26)		(0.26)
Net income - non-GAAP	\$ 469.2	22.0%	\$	2.37	\$	2.34	\$ 308.9	17.6%	\$	1.52	\$	1.51
GAAP and non-GAAP weighted average common shares - basic	198.1						202.6					
GAAP weighted average common shares - diluted	201.6						202.6					
Exclude dilutive shares from convertible note	(1.3)						-					
Include dilutive shares	-						1.8					
Non-GAAP weighted average common shares - diluted	 200.3						 204.4					

	Q	4'22	Q	3'23	(Q4'23	Q1'24 Lo	w Guidance	Q1'24 Hig	gh Guidance
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$254	35%	\$254	36%	\$255	38%	\$255	47%	\$257	43%
Intangible Asset Amortization	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	\$2	0%	-\$7	-1%	-\$6	-1%	-\$2	0%	-\$2	0%
Equity Modification Charge										
Non GAAP Operating Expenses	\$252	34%	\$243	34%	\$245	36%	\$248	46%	\$250	42%

	20	022	20	023
	<u>\$'s</u>	% of sales	<u>\$'s</u>	% of sales
GAAP Operating Expenses	\$1,035	33%	\$1,036	39%
Intangible Asset Amortization	-\$19	-1%	-\$19	-1%
Restructuring and Other	-\$17	-1%	-\$21	-1%
Equity Modification Charge			-\$6	0%
Non GAAP Operating Expenses	\$999	32%	\$990	37%

	Q4'22		Q	3'23	Q4'23		
-	<u>\$'s</u>	<u>%</u>	<u>\$'s</u>	<u>%</u>	<u>\$'s</u>	<u>%</u>	
GAAP Income Tax	\$23	12%	\$16	11%	\$23	21%	
Exclude discrete tax adjustments	\$3	1%	\$5	3%	-\$3	-3%	
Tax effect of non-GAAP adjustments	-\$5	-2%	\$4	2%	-\$1	-1%	
Effect of Higher Non-GAAP PBT		1%		-1%		-4%	
Non GAAP Income Tax	\$21	12%	\$24	16%	\$18	13%	

	202	2	20	23
	<u>\$'s</u>	%	<u>\$'s</u>	%
GAAP Income Tax	\$125	15%	\$77	15%
Exclude discrete tax adjustments	\$12	1%	\$4	1%
Tax effect of non-GAAP adjustments	\$1	0%	\$8	1%
Effect of Higher Non-GAAP PBT		0%		-1%
Non GAAP Income Tax	\$138	16%	\$88	16%

Q1'24 GAAP Guidance Diluted Shares	163
Exclude dilutive shares from convertible note	-1
Q1'24 Non-GAAP Guidance Diluted Shares	162

Q1'24 Guidance:	Low End	<u>High End</u>
GAAP Operating Profit as % of Sales	6%	11%
Acquired intangible asset amortization	1%	1%
Restructuring and Other	<u>0%</u>	<u>0%</u>
Non-GAAP Operating Profit as % of Sales	8%	12%

GAAP to Non-GAAP Reconciliation of First Quarter 2024 guidance:

GAAP and non-GAAP first quarter revenue guidance:	\$540	million	to \$59	0 million
GAAP net income per diluted share	\$	0.19	\$	0.35
Exclude acquired intangible assets am ortization		0.03		0.03
Exclude restructuring and other charges		0.01		0.01
Non-GAAP tax adjustments		(0.01)		(0.01)
Non-GAAP net income per diluted share	\$	0.22	\$	0.38

FY 2024 GAAP estimated tax rate	16.00%
Adjustment for Non GAAP items	<u>0.00%</u>
FY 2024 Non GAAP estimated tax rate	16.00%

	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q4'22	Q3'23	Q4'23
GAAP Cash Flow from Operations, Excl Disc Ops	\$413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 1,098	\$ 578	\$ 585	\$ 183	\$ 174	\$ 249
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (132)	\$ (163)	\$ (160)	\$ (35)	\$ (35)	\$ (44)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 966	\$ 415	\$ 426	\$ 149	\$ 140	\$ 204

FY 2023 Robotics Operating Loss

GAAP income from operations as a % of revenue	-13%
Exclude acquired intangible asset amortization	5%
Non-GAAP income from operations as a % of revenue	-8%

	Low	High
2024 Operating Expenses	<u>\$1</u>	
2024 GAAP Operating Expenses	1,059	1,078
Exclude acquired intangible asset amortization	(19) (19)
Q4 2023 Non-GAAP Operating Expenses	1,040	1,059

	Low	High
2026 Updated Mid Term Earnings Model		<u>\$M</u>
2026 GAAP Diluted EPS	5.4	19 7.49
Add back acquired intangible asset amortization	0.0	0.01
2026 Non-GAAP Diluted EPS	5.5	50 7.50