

TERADYNE

Financial Results for Q3 2023

October 26, 2023





SAFE HARBOR (page 1 of 2)

This presentation contains forward-looking statements regarding Teradyne's future business prospects, results of operations, market conditions, earnings per share, the impact of supply chain conditions on the business, customer sales expectations, the payment of a quarterly dividend, the repurchase of Teradyne common stock pursuant to a share repurchase program, the impact of the Israel-Hamas conflict, the continued impact of the global COVID-19 pandemic, and the impact of U.S. and Chinese export and tariff laws, including regulations published by the U.S. Department of Commerce. Such statements are based on the current assumptions and expectations of Teradyne's management and are neither promises nor guarantees of future performance, events, customer sales, supply chain conditions or improvements, earnings per share, use of cash, payment of dividends, repurchases of common stock, payment of the senior convertible notes, the impact of the COVID-19 pandemic, the impact of the Israel-Hamas conflict, the impact of any tariffs or export controls imposed by the U.S. or China, compliance with trade protection measures or export restrictions, the impact of U.S. Department of Commerce or other government agency regulations relating to Huawei, HiSilicon and other customers or potential customers, the impact of U.S. Department of Commerce export control regulations for certain U.S. products and technology sold to military end users or for military end-use in China, or the impact of regulations published by the U.S. Department of Commerce relating to the export of semiconductors and semiconductor manufacturing equipment destined to certain end users and for certain end uses in China. There can be no assurance that management's estimates of Teradyne's future results or other forward-looking statements will be achieved. Specifically, Teradyne's 2026 earnings model is aspirational and includes many assumptions. There can be no assurance that these assumptions will be accurate or that model results will be achieved. As set forth below, there are many factors that could cause our 2026 earnings model and actual results to differ materially from those presently expected. Additionally, the current dividend and share repurchase programs may be modified, suspended or discontinued at any time.

On October 7, 2022, the U.S. Department of Commerce published regulations restricting the export to China of advanced semiconductors, supercomputer technology, equipment for the manufacturing of advanced semiconductors and components and technology for the manufacturing in China of certain semiconductor manufacturing equipment. As previously disclosed, the restrictions impacted Teradyne's sales to certain companies in China and Teradyne's manufacturing and development operations in China. Teradyne mitigated the impact of these restrictions on its business by obtaining licenses from the Department of Commerce. On October 17, 2023, the Department of Commerce released new rules updating the exporting controls issued on October 7, 2022. The new rules which take effect on November 17, 2023 significantly limit the impact of the October 7, 2022 restrictions on Teradyne's business. However, the regulations may continue to have an adverse impact on certain actual or potential customers of Teradyne and on the global semiconductor industry. To the extent the regulations impact actual and potential customers or disrupt the global semiconductor industry, Teradyne's business and revenues will be adversely impacted.



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Important factors that could cause actual results, the 2026 earnings model, earnings per share, use of cash, dividend payments, repurchases of common stock, or payment of the senior convertible notes to differ materially from those presently expected include: conditions affecting the markets in which Teradyne operates; decreased or delayed product demand from one or more significant customers; development, delivery and acceptance of new products; the ability to grow the Robotics business; increased research and development spending; deterioration of Teradyne's financial condition; the continued impact of the COVID-19 pandemic and related government responses on the market and demand for Teradyne's products, on its contract manufacturers and supply chain, and on its workforce; the impact of a supply shortage on our supply chain and contract manufacturers; the consummation and success of any mergers or acquisitions; unexpected cash needs; insufficient cash flow to make required payments and pay the principal amount on the senior convertible notes; the business judgment of the board of directors that a declaration of a dividend or the repurchase of common stock is not in the Company's best interests; additional U.S. or global tax regulations or guidance; the impact of any tariffs or export controls imposed by the U.S. or China; compliance with trade protection measures or export restrictions; the impact of U.S. Department of Commerce or other government agency regulations relating to Huawei, HiSilicon and other customers or potential customers; the impact of U.S. Department Commerce export control regulations for certain U.S. products and technology sold to military end users or for military end-use in China; the impact of the Israel-Hamas conflict; the impact of regulations published by the U.S. Department of Commerce relating to semiconductors and semiconductor manufacturing equipment destined for certain end uses in China; and other events, factors and risks disclosed in filings with the SEC, including, but not limited to, the "Risk Factors" sections of Teradyne's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and Quarterly Report on Form 10-Q for the fiscal quarter ended July 2, 2023. The forward-looking statements provided by Teradyne in this presentation represent management's views as of the date of this presentation. Teradyne anticipates that subsequent events and developments may cause management's views to change. However, while Teradyne may elect to update these forward-looking statements at some point in the future, Teradyne specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Teradyne's views as of any date subsequent to the date of this presentation.

Business Update and Outlook

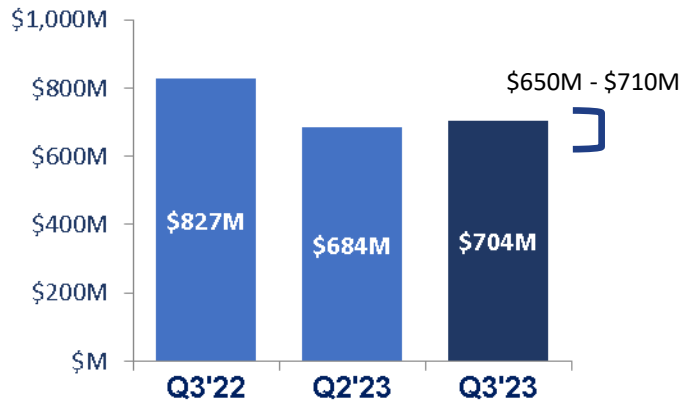
Greg Smith, Teradyne President and CEO



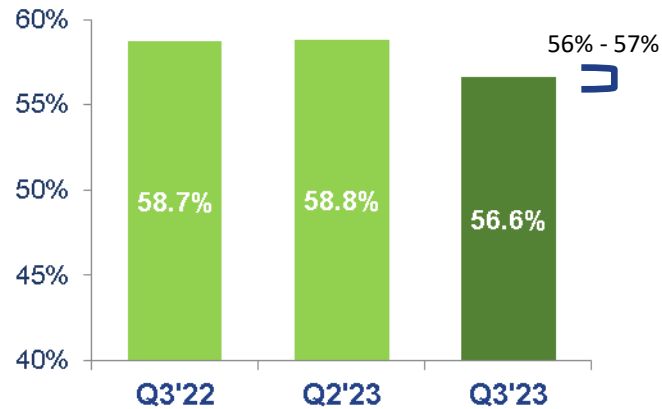
Q3'23 Summary

Sales of \$704M, Gross Margins of 56.6%, Non-GAAP EPS of \$0.80

Q3'23 Guidance Range



Quarterly Revenue



Gross Margin %



Non-GAAP EPS⁽¹⁾

- Semiconductor SOC strength in Automotive, Image Sensor Test
- DDR5 & HBM Memory demand high
- Robotics sales above plan on stabilizing demand; Universal Robots' new product success

- Gross Margins declined from Q2'23 and were in line with guidance
- Resiliency spending and mix are the main drivers of the lower gross margins in Q3'23

- Non-GAAP EPS \$0.80
- Repurchased 1.1 million shares for \$120 million⁽²⁾, \$106.99 per share average

(1) See appendix for GAAP to Non-GAAP reconciliation

(2) Includes \$1.1M of excise tax to be paid in 2024



Q3'23 Summary, 2023 - 2024 Outlook

- Q3'23 sales and earnings near the top of our guidance range on above plan Robotics shipments and resolved supply constraints in Test
- 2H'23 results playing out inline with July outlook
- 2023 SOC Test Market Forecast: \$3.7 - \$4.1B, consistent with July outlook
 - Automotive test demand in SOC test remains strong
 - Mobility related demand in SOC test remains weak, bright spot in Image Sensor test demand
- 2023 Memory Test Market Forecast: expect to be at the low end of \$0.9 - \$1.0B, unchanged from July outlook
 - Technology driven retooling for NAND, DDR5/LPDDR5 and HBM DRAM strong
 - Memory legacy capacity test demand remains weak
- Teradyne Robotics demand stabilizing in 2H-23 with incremental improvement in Global PMI's and new products
 - Q3'23 Robotics sales up 20% from Q2'23 on Universal Robots growth
 - Universal Robots new product (UR20) demand high and product ramp executing well with over 300 units shipped in Q3
- Expect Test & Robotics markets to grow enabling higher Teradyne sales in 2024
 - Key drivers: Strength of smartphone recovery and industrial activity trends

Third Quarter 2023 Financial Results and Fourth Quarter 2023 Guidance

Sanjay Mehta, Teradyne Vice President and Chief Financial Officer



Q3'23 Non-GAAP Results

	Q3'22 Actual ⁽¹⁾		Q2'23 Actual ⁽¹⁾		Q3'23 Actual ⁽¹⁾	
Sales		\$827M		\$684M		\$704M
Gross Margin	58.7%	\$485M	58.8%	\$402M	56.6%	\$398M
R&D	13.5%	\$112M	15.4%	\$106M	14.8%	\$104M
SG&A	<u>16.4%</u>	<u>\$136M</u>	<u>21.3%</u>	<u>\$146M</u>	<u>19.7%</u>	<u>\$138M</u>
OPEX	29.9%	\$247M	36.7%	\$251M	34.5%	\$243M
Operating Profit	28.8%	\$238M	22.1%	\$151M	22.1%	\$156M
Income Taxes (& effective tax rate)	18.7%	\$44M	17.2%	\$27M	15.7%	\$24M
EPS		\$1.15		\$0.79		\$0.80
Diluted Shares		165M		164M		163M

(1) See attached appendix for GAAP to non-GAAP reconciliations



Q3'23 Segment Summary

Semiconductor Test

\$498M

Sales down 14% vs Q3'22
Mobility demand soft

Automotive and Image
Sensor demand remained
strong in SOC test

Memory Test sales down in
Q3'23 due to timing of
shipments; expect 2H'23 to
be flat with 2H'22

Semi Product	\$376M
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Semi Service	\$122M
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System Test

\$83M

Sales down 28% vs Q3'22

Storage Test shipments down
46% vs Q3'22 on weak HDD
and SLT (mobility) demand

Defense/Aerospace and
Production Board Test
combined down 2% on weak
PBT demand partially offset by
D/A growth

Wireless Test

\$37M

Sales down 20% vs Q3'22
due to lower consumer PC
and smartphone demand

Lower adoption of new WiFi
standards in 2023

Robotics

\$86M

Sales down 4% vs Q3'22 but
demand stabilized, up 20%
from Q2'23

UR sales down 4% from
Q3'22, up 22% from Q2'23
driven by UR20

MiR sales down 3% from
Q3'22, up 10% from Q2'23

Total Company Product: \$552M

Total Company Service: \$152M

3rd Quarter
Sales

2023 Q3 Key Highlights

Semi Test
Sales Detail

Balance Sheet & Capital Return

	Q3'22 Actual	Q2'23 Actual	Q3'23 Actual
Cash and Marketable Securities	\$887M	\$813M	\$820M
Inventory	\$311M	\$347M	\$323M
DSO	58 Days	66 Days	59 Days
Capital Additions	\$39M	\$39M	\$35M
Depreciation and Amortization ⁽¹⁾	\$41M	\$41M	\$41M
Free Cash Flow ⁽²⁾	\$233M	\$104M	\$140M
Capital Return	Buybacks ⁽³⁾	\$217M	\$120M
	Dividends	\$17M	\$17M

(1) Includes depreciation, stock-based compensation, amortization of acquired intangible assets

(2) Teradyne calculates free cash flow as: GAAP Cash flow from operations, excluding discontinued operations, less property, plant and equipment additions; see GAAP to non-GAAP reconciliations.

(3) Includes \$1.3M in Q2'23 and \$1.1M in Q3'23 of excise tax to be paid in 2024

Q4'23 Non-GAAP Guidance

\$s in millions, except EPS	Q3'23 Actual ⁽¹⁾	Q4'23 Guidance ⁽¹⁾
Sales	\$704M	\$640M - \$700M
Gross Margin	56.6%	56% - 57%
OPEX	34.5%	38% - 35%
Operating Profit	22.1%	18% - 22%
Effective Tax Rate	15.7%	16.5%
EPS	\$0.80	\$0.61 - \$0.81
Diluted Shares	163M	162M



Q3'23 Summary, 2023 - 2024 Outlook

- Q3'23 sales and earnings near the top of our guidance range on above plan Robotics shipments and resolved supply constraints in Test
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 - Universal Robots new product (UR20) demand high and product ramp executing well with over 300 units shipped in Q3
- Expect Test & Robotics markets to grow enabling higher Teradyne sales in 2024
 - Key drivers: Strength of smartphone recovery and industrial activity trends
- Q4'23 Guidance: Revenue of \$640M to \$700M and non-GAAP EPS of \$0.61 - \$0.81

Supplemental Information

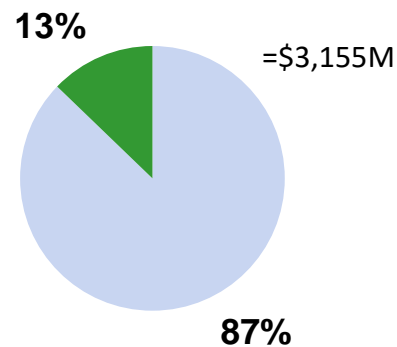


Teradyne Non-GAAP Earnings Model

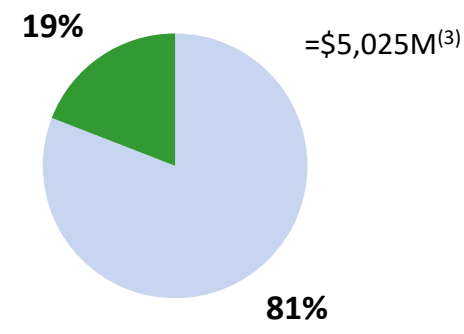
Financial Model ⁽¹⁾⁽²⁾

	2022	2026E (New Model)
TER Revenue (\$M)	\$3,155	\$4,500 — \$5,550
Growth off 2022		9% — 15%
Gross Margin %	59%	59% — 60%
OPEX %	32%	28% — 26%
Operating Profit %	28%	31% — 34%
Non-GAAP EPS	\$4.25	\$7.50 — \$10.00

2022 Sales Mix



2026E Sales Mix⁽³⁾



Automated Test Robotics

2023E Model Assumptions

Metric	Old Model	New Model	Comment
Robotics Revenue CAGR	32-45% off '20/'21 Average	20-30% off 2022	Drivers are labor shortages, cost and low penetration rate
Test Revenue CAGR	7-11% off '20/'21 Average	8-13% off 2022	On 9% trendline from 2016 Drivers are complexity, Compute and Auto markets

(1) See attached appendix for GAAP to non-GAAP reconciliations

(2) Financial Model updated as of 1/26/23

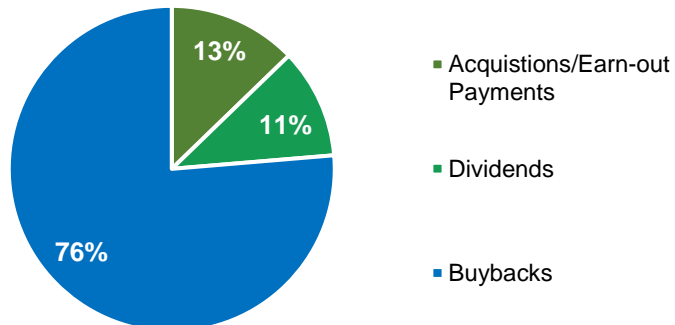
(3) 2026E sales mix is at mid-point of model range

History of Capital Allocation

- Since 2015, 78M shares repurchased at an average price of ~\$48 per share

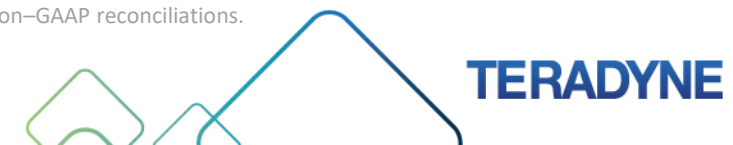
(\$M)	2015	2016	2017	2018	2019	2020	2021	2022	9mo'23	Cumulative
Buybacks ⁽¹⁾	300	146	200	823	500	88	600	752	349	3,759
Dividends	51	49	55	67	61	66	66	70	51	537
Acquisitions	283	15	1	194	115	9	12	-	-	629
Total	633	210	257	1,085	676	163	678	822	400	4,925
Free Cash Flow ⁽²⁾	323	370	521	370	444	684	966	415	221	4,315
% of FCF	109%	53%	49%	240%	126%	23%	69%	198%	181%	114%

Cumulative Capital Allocation
Breakdown 2015 - Q3'23



(1) 9mos '23 includes \$2.8M of excise tax to be paid in 2024

(2) Teradyne calculates free cash flow as: GAAP Cash flow from operations, excluding discontinued operations, less property, plant and equipment additions net of gov't subsidies; see GAAP to non-GAAP reconciliations.



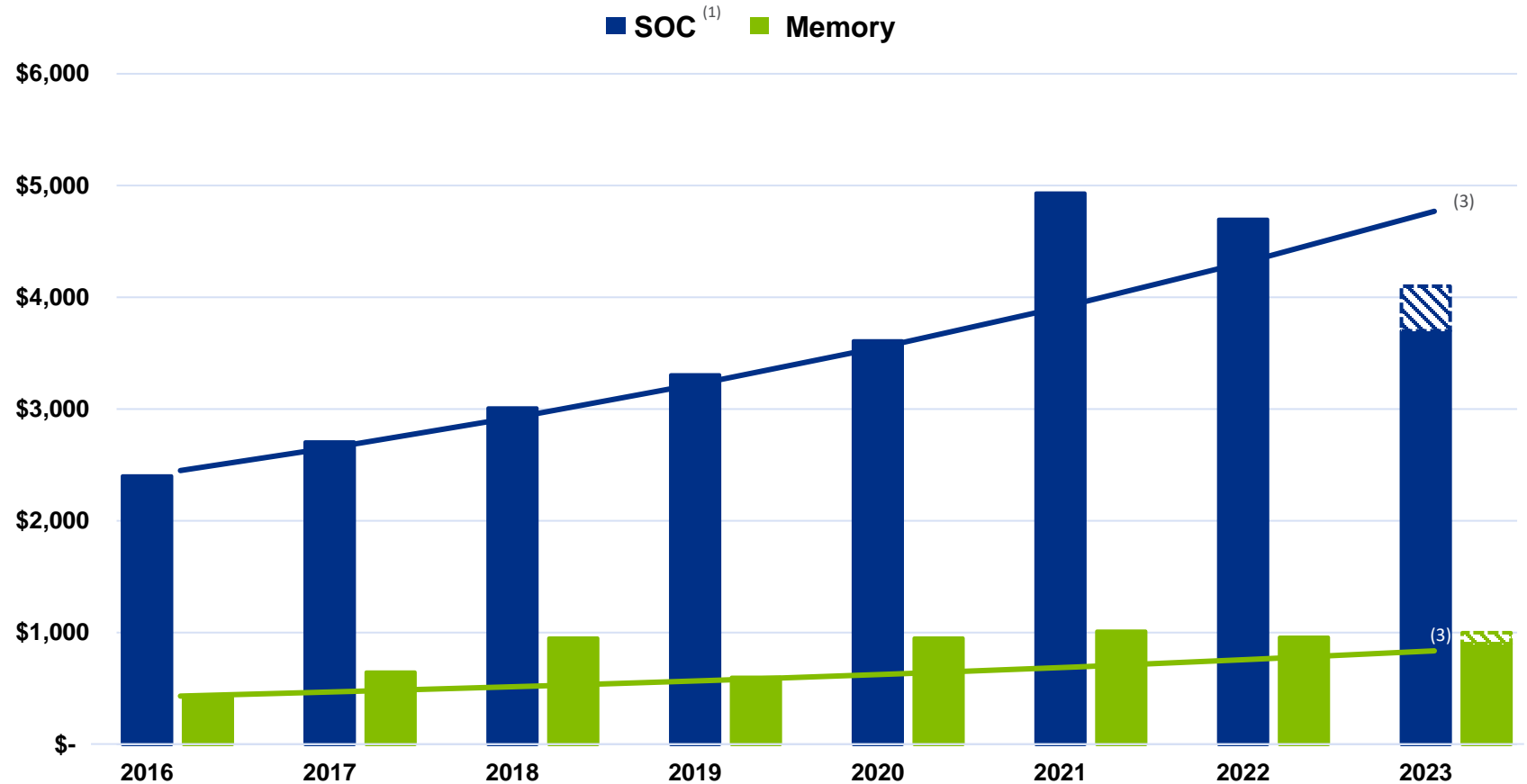
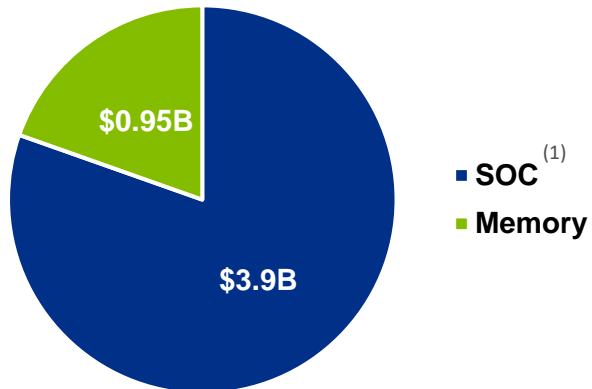
Semiconductor Test Market Growth Trends Are Favorable

Semiconductor Test

SOC market powered by unit growth, complexity, new technology adoption

Memory test driven by bit growth, diversity, higher bandwidth

2023 Market Sizes⁽²⁾



1) SOC data includes product and service; market data from SEMI WWSEMS report and internal estimates
 2) 2023 represents midpoint of range
 3) Trendline reflects 10% CAGR from 2016

Appendix | GAAP to Non-GAAP Reconciliation

In addition to disclosing results that are determined in accordance with GAAP, Teradyne also discloses in this presentation and on the earnings call non-GAAP results of operations that exclude certain income items and charges. These results are provided as a complement to results provided in accordance with GAAP. These non-GAAP performance measures are used to make operational decisions, to determine employee compensation, to forecast future operational results, and for comparison with the Company's business plan, historical operating results and the operating results of the Company's competitors. Management believes each of these non-GAAP performance measures provides useful supplemental information for investors, allowing greater transparency to the information used by management in its operational decision making and in the review of the Company's financial and operational performance, as well as facilitating meaningful comparisons of the Company's results in the current period compared with those in prior and future periods. A reconciliation of each available GAAP to non-GAAP financial measure discussed in this presentation is contained in the following slides and on the Teradyne website at www.teradyne.com by clicking on "Investors" and then selecting the "GAAP to Non-GAAP Reconciliation" link. The non-GAAP performance measures discussed in this presentation may not be comparable to similarly titled measures used by other companies. The presentation of non-GAAP measures is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP.

Appendix | GAAP to Non-GAAP Reconciliation

	October 1, 2023		Quarter Ended July 2, 2023		October 2, 2022	
	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues
Net revenues	\$ 703.7		\$ 684.4		\$ 827.1	
Gross profit GAAP and non-GAAP	\$ 398.3	56.6%	\$ 402.5	58.8%	\$ 485.4	58.7%
Income from operations - GAAP	\$ 144.0	20.5%	\$ 139.9	20.4%	\$ 231.5	28.0%
Restructuring and other (1)	6.9	1.0%	6.4	0.9%	1.8	0.2%
Acquired intangible assets amortization	4.7	0.7%	4.8	0.7%	4.7	0.6%
Income from operations - non-GAAP	\$ 155.6	22.1%	\$ 151.1	22.1%	\$ 238.0	28.8%

	October 1, 2023		Net Income per Common Share		July 2, 2023		Net Income per Common Share		October 2, 2022		Net Income per Common Share	
	\$	% of Net Revenues	Basic	Diluted	\$	% of Net Revenues	Basic	Diluted	\$	% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 128.1	18.2%	\$ 0.83	\$ 0.78	\$ 120.1	17.5%	\$ 0.78	\$ 0.73	\$ 183.5	22.2%	\$ 1.17	\$ 1.10
Restructuring and other (1)	6.9	1.0%	0.04	0.04	6.4	0.9%	0.04	0.04	1.8	0.2%	0.01	0.01
Acquired intangible assets amortization	4.7	0.7%	0.03	0.03	4.8	0.7%	0.03	0.03	4.7	0.6%	0.03	0.03
Pension mark-to-market adjustment (2)	0.1	0.0%	0.00	0.00	0.1	0.0%	0.00	0.00	-	-	-	-
Exclude discrete tax adjustments	(4.8)	-0.7%	(0.03)	(0.03)	0.5	0.1%	0.00	0.00	(0.5)	-0.1%	(0.00)	(0.00)
Non-GAAP tax adjustments	(3.5)	-0.5%	(0.02)	(0.02)	(2.9)	-0.4%	(0.02)	(0.02)	(0.3)	0.0%	(0.00)	(0.00)
Convertible share adjustment (3)	-	-	-	-	-	-	-	-	-	-	-	0.01
Net income - non-GAAP	\$ 131.5	18.7%	\$ 0.86	\$ 0.80	\$ 129.0	18.8%	\$ 0.83	\$ 0.79	\$ 189.2	22.9%	\$ 1.21	\$ 1.15

	October 1, 2023	July 2, 2023	October 2, 2022
GAAP and non-GAAP weighted average common shares - basic	153.8	154.8	156.4
GAAP weighted average common shares - diluted	164.1	164.8	166.7
Exclude dilutive shares related to convertible note transaction	(0.6)	(0.7)	(1.5)
Non-GAAP weighted average common shares - diluted	163.5	164.1	165.2

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	October 1, 2023	Quarter Ended July 2, 2023	October 2, 2022
Employee severance	\$ 4.7	\$ 5.1	\$ 1.2
Contract termination	1.5	-	-
Other	0.6	1.2	0.6
	<u>\$ 6.9</u>	<u>\$ 6.4</u>	<u>\$ 1.8</u>

(2) For the quarters ended October 1, 2023 and July 2, 2023 adjustment to exclude actuarial loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the quarter ended October 2, 2022, the non-GAAP diluted EPS calculation adds back \$0.2 million of convertible debt interest expense to non-GAAP net income. For the quarters ended October 1, 2023, July 2, 2023, and October 2, 2022, non-GAAP weighted average diluted common shares include 9.2 million, 8.9 million and 8.3 million shares, respectively, from the convertible note hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2022	% of Net Revenues	December 31, 2021	% of Net Revenues
Net Revenues	\$ 3,155.0		\$ 3,702.9	
Gross profit GAAP and non-GAAP	\$ 1,867.2	59.2%	\$ 2,206.7	59.6%
Income from operations - GAAP	\$ 831.9	26.4%	\$ 1,200.7	32.4%
Restructuring and other (1)	17.2	0.5%	9.3	0.3%
Acquired intangible assets amortization	19.3	0.6%	21.5	0.6%
Income from operations - non-GAAP	\$ 868.4	27.5%	\$ 1,231.5	33.3%

	Net Income per Common Share				Net Income per Common Share			
	December 31, 2022	% of Net Revenues	Basic	Diluted	December 31, 2021	% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 715.5	22.7%	\$ 4.52	\$ 4.22	\$ 1,014.6	27.4%	\$ 6.15	\$ 5.53
Restructuring and other (1)	17.2	0.5%	0.11	0.10	9.3	0.3%	0.06	0.05
Acquired intangible assets amortization	19.3	0.6%	0.12	0.11	21.5	0.6%	0.13	0.12
Loss on convertible debt conversions (2)	-	-	-	-	28.8	0.8%	0.17	0.16
Interest and other (2)	-	-	-	-	10.3	0.3%	0.06	0.06
Pension mark-to-market adjustment (2)	(25.6)	-0.8%	(0.16)	(0.15)	(2.2)	-0.1%	(0.01)	(0.01)
Exclude discrete tax adjustments	(12.1)	-0.4%	(0.08)	(0.07)	(28.6)	-0.8%	(0.17)	(0.16)
Non-GAAP tax adjustments	(1.4)	0.0%	(0.01)	(0.01)	(3.4)	-0.1%	(0.02)	(0.02)
Convertible share adjustment (3)	-	-	-	0.05	-	-	-	0.24
Net income - non-GAAP	\$ 712.9	22.6%	\$ 4.50	\$ 4.25	\$ 1,050.3	28.4%	\$ 6.37	\$ 5.98

GAAP and non-GAAP weighted average common shares - basic	158.4	165.0
GAAP weighted average common shares - diluted	169.7	183.6
Exclude dilutive shares from convertible note	(1.8)	(7.4)
Non-GAAP weighted average common shares - diluted	167.9	176.2

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Twelve Months Ended	
	December 31, 2022	December 31, 2021
Litigation settlement	\$ 14.7	\$ 12.0
Employee severance	2.9	1.5
Gain on sale of asset	(3.4)	-
Contingent consideration fair value adjustment	-	(7.2)
Other	3.0	3.0
	<u>\$ 17.2</u>	<u>\$ 9.3</u>

(2) For the twelve months ended December 31, 2021, adjustment to exclude loss on convertible debt conversions. For the twelve months ended December 31, 2021, interest and other included non-cash convertible debt interest expense. For the twelve months ended December 31, 2022 and December 31, 2021, adjustment to exclude actuarial gain recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the twelve months ended December 31, 2022 and December 31, 2021, the non-GAAP diluted EPS calculation adds back \$1.0 million and \$3.7 million, respectively, of convertible debt interest expense to non-GAAP net income. For the twelve months ended December 31, 2022 and December 31, 2021, non-GAAP weighted average diluted common shares include 8.8 million and 10.0 million shares, respectively, related to the convertible debt hedge transaction.

(4) Currency exchange rates are used to convert the operating results for countries where the functional currency is not the U.S. dollar into U.S. dollars. We calculate the effect of changes in currency exchange rates as the difference between period activity translated using the period's currency exchange rates and the rates as of December 31, 2021.

Appendix | GAAP to Non-GAAP Reconciliation

	Q3'22		Q2'23		Q3'23		Q4'23 Low Guidance		Q4'23 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$254	31%	\$263	38%	\$254	36%	\$249	39%	\$251	36%
Intangible Asset Amortization	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	-\$2	0%	-\$6	-1%	-\$7	-1%	-\$2	0%	-\$2	0%
Equity Modification Charge				0%						
Non GAAP Operating Expenses	\$247	30%	\$251	37%	\$243	34%	\$242	38%	\$244	35%

	Q3'22		Q2'23		Q3'23			2022	
	\$'s	%	\$'s	%	\$'s	%		\$'s	% of sales
GAAP Income Tax	\$43	19%	\$24	17%	\$16	11%	GAAP Operating Expenses	\$1,035	33%
Exclude discrete tax adjustments	\$1	0%	-\$1	0%	\$5	3%	Intangible Asset Amortization	-\$19	-1%
Tax effect of non-GAAP adjustments	\$0	0%	\$3	2%	\$4	2%	Restructuring and Other	-\$17	-1%
Effect of Higher Non-GAAP PBT		-1%		-1%		-1%	Equity Modification Charge		
Non GAAP Income Tax	\$44	19%	\$27	17%	\$24	16%	Non GAAP Operating Expenses	\$999	32%

Q4'23 GAAP Guidance Diluted Shares	163
Exclude dilutive shares from convertible note	-1
Q4'23 Non-GAAP Guidance Diluted Shares	162

Q4'23 Guidance:	Low End	High End
GAAP Operating Profit as % of Sales	17%	21%
Acquired intangible asset amortization	1%	1%
Restructuring and Other	0%	0%
Non-GAAP Operating Profit as % of Sales	18%	22%

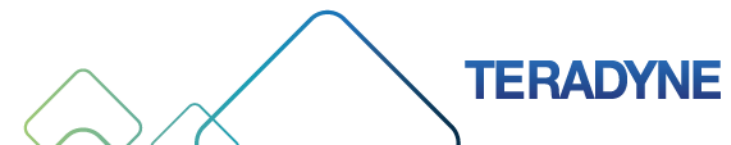
GAAP to Non-GAAP Reconciliation of Fourth Quarter 2023 guidance:

GAAP and non-GAAP fourth quarter revenue guidance:	\$640 million	to	\$700 million	FY 2023 GAAP estimated tax rate	15.75%
GAAP net income per diluted share	\$ 0.58		\$ 0.78	Adjustment for Non GAAP items	0.75%
Exclude acquired intangible assets amortization	0.03		0.03	FY 2023 Non GAAP estimated tax rate	16.50%
Exclude restructuring and other charges	0.01		0.01		
Non-GAAP tax adjustments	(0.01)		(0.01)		
Non-GAAP net income per diluted share	\$ 0.61		\$ 0.81		

Appendix | GAAP to Non-GAAP Reconciliation

- Teradyne determines non-GAAP operating cash flow (“Free Cash Flow”) by adjusting GAAP cash flow from operations excluding discontinued operations, less property, plant and equipment additions. Free cash flow is considered a non-GAAP financial measure. Teradyne believes that free cash flow, which measures our ability to generate cash from our business operations, is an important financial measure for use in evaluating Teradyne’s financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, income (loss) from continuing operations or net income (loss) as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.
- Teradyne believes it is important to view free cash flow as a measure that provides supplemental information to Teradyne’s entire statement of cash flows.
- Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Teradyne to calculate free cash flow may differ from the methods other companies use to calculate their free cash flow.
- The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, a GAAP measure, which we believe to be the GAAP financial measure most directly comparable to free cash flow.

	2015	2016	2017	2018	2019	2020	2021	2022	Q3'22	Q2'23	Q3'23	9mo23
GAAP Cash Flow from Operations, Excl Disc Ops	\$ 413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 1,098	\$ 578	\$ 272	\$ 143	\$ 174	\$ 336
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (132)	\$ (163)	\$ (39)	\$ (39)	\$ (35)	\$ (115)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 966	\$ 415	\$ 233	\$ 104	\$ 140	\$ 221



Appendix | GAAP to Non-GAAP Reconciliation

2026 Model Range

	<u>FY 2026 Low</u>	<u>FY 2026 Mid</u>	<u>FY 2026 High</u>
2026 Estimated GAAP Diluted EPS	\$ 7.49	\$ 8.74	\$ 9.99
Add Back Intangible Asset Amortization	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
2026 Estimated Non-GAAP Diluted EPS	\$ 7.50	\$ 8.75	\$ 10.00