

Financial Results for Q4 and Full Year 2024

January 30, 2025





SAFE HARBOR

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Business Update and Outlook

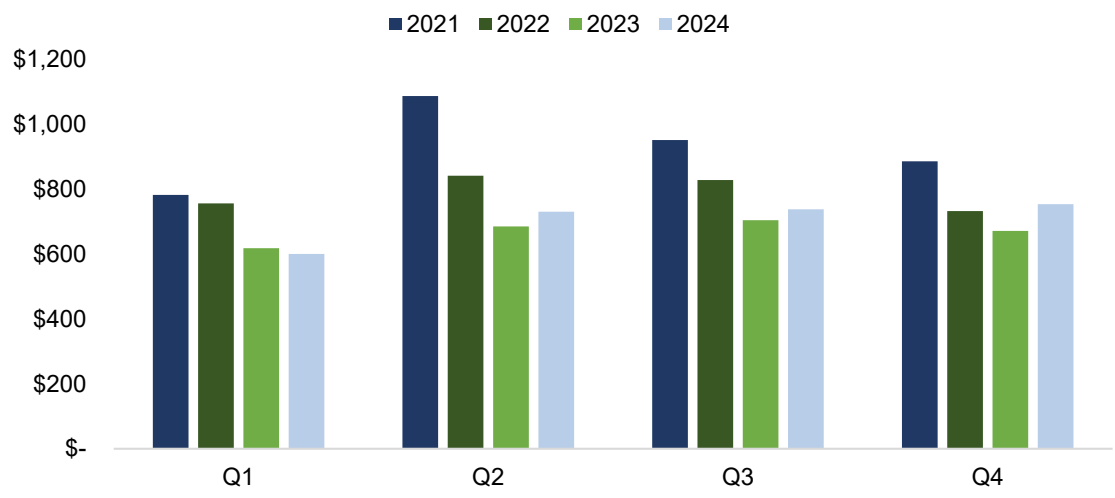
Greg Smith, President and CEO



TERADYNE

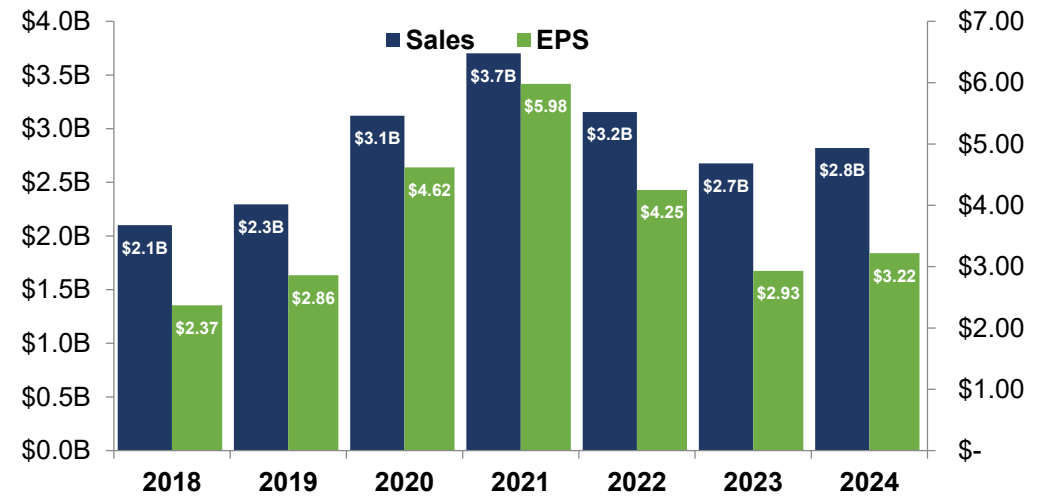
Q4'24 and 2024 Summary

Q4 Sales of \$753M, Non-GAAP EPS of \$0.95, 2024 Sales of \$2,820M, Non-GAAP EPS of \$3.22



Quarterly Sales by Year (\$M)

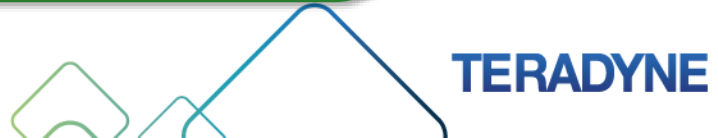
- Stronger SoC and Memory demand drove Q4'24 sales up ~16% excluding DIS from Q4'23 (12% as reported)
- Robotics sales up 11% sequentially, down 24% YoY



Full Year Sales/Non-GAAP EPS(1)

- Sales up 8% from 2023 excluding the impact from the DIS divestiture (5% as reported)
- Full year 2024 Non-GAAP EPS of \$3.22, up 10% from 2023

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



Q4'24 and 2024 Summary & 2025 Full Year Outlook

Q4 Summary

Q4'24 sales of \$753M and non-GAAP EPS of \$0.95 (both at the high end of guidance range)

- Semi Test strength on broad-based demand in Compute (AI, networking), Mobile, Auto/Industrial, and Memory (HBM, DRAM Final Test)
- Robotics continues to facing on-going end market weakness but delivering on AI product portfolio (MiR 1200 Pallet Jack, UR AI Accelerator)

2024 Summary

Total Company revenue \$2.8B up 8% YoY excluding impact of DIS divestiture (5% as reported)

Non-GAAP EPS \$3.22, up 10% YoY

SOC revenue growth of 13%, excluding DIS

- Revenue product mix in SOC roughly equal for Compute, Mobile and Auto/Industrial (34%/32%/34%)
- Compute revenue growth >3.5x YoY
- Compute Vertically Integrated Producer (VIP) TAM ~\$300M in 2024

Memory revenue growth of 30% YoY on strong HBM / DRAM demand

Robotics down 3% YoY, outperforming industrial automation peer group

2025 Outlook and Mid-Term Earnings Model

2025 ATE TAM growth ~5%, share growth low-single digits driven by VIP Compute and modest second half recovery in Mobile, Auto/Industrial

Other product test businesses expected to improve double digits YoY

Robotics focused on AI-enabled SAM expansion with a consolidated go-to-market strategy

Mid-Term Outlook for Test

- AI and electrification expected to be TAM drivers over the mid-term. 2nm/GAA enables growth of Edge AI applications
- Expect balanced growth across SOC (Compute, Mobile, Auto/Industrial), and Memory
- Expect significant growth in IST (System Level Test) driven by increasing quality requirements in Compute and Mobile applications

Mid-Term Robotics

- AI expands the range of applications and makes robotics solutions easier to implement
- New products/services and channel improvements expected to drive above market growth through 2028+

Fourth Quarter and Full Year 2024 Financial Results, Mid-Term Earnings Model Update and First Quarter 2025 Guidance

Sanjay Mehta, Vice President and Chief Financial Officer



Q4'24 Business Unit Summary

Q4'24 Sales

Q4'24 Key Highlights

Semi Test Sales Detail

Semiconductor Test (w/IST)

\$561M

Sales up 28% vs Q4'23 excl. DIS, (22% as reported)

SOC up 40% vs Q4'23 excl. DIS, (31% as reported) due to strength in Compute (VIPs and networking) and Mobile

Memory Test sales up 8% vs Q4'23 driven by HBM and DRAM FT

IST sales of \$19M

Semi Product	\$466M
Semi Service	\$95M

Robotics

\$98M

Sales up 11% QoQ but down 24% from Q4'23

Continued end market weakness in Industrial Automation

Other Product Test (System Test and Wireless Test)

\$94M

Sales up 14% vs Q4'23

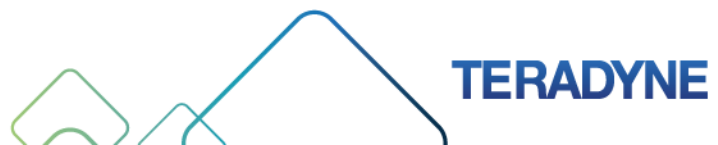
Strength in connectivity as key WIFI 7 socket wins gain traction

System Test sales of \$58M

Wireless Test sales of \$36M

Total Company Product: \$627M

Total Company Service: \$126M



Q4'24 Non-GAAP Results

\$ in millions, except EPS	Q4'23 Actual ⁽¹⁾		Q3'24 Actual ⁽¹⁾		Q4'24 Actual ⁽¹⁾	
Sales		\$671M		\$737M		\$753M
Gross Margin	56.6%	\$380M	59.7%	\$440M	59.4%	\$447M
R&D	15.2%	\$102M	15.9%	\$117M	17.1%	\$128M
SG&A	<u>21.2%</u>	<u>\$142M</u>	<u>21.4%</u>	<u>\$158M</u>	<u>20.7%</u>	<u>\$156M</u>
OPEX	36.5%	\$245M	37.3%	\$275M	37.8%	\$284M
Operating Profit	20.1%	\$135M	22.4%	\$165M	21.7%	\$163M
Income Taxes (& effective tax rate)	12.6%	\$18M	13.8%	\$23M	7.6%	\$13M
EPS		\$0.79		\$0.90		\$0.95
Diluted Shares		162M		164M		163M

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



Annual Non-GAAP Results

\$ in millions, except EPS	2023 ⁽¹⁾		2024 ⁽¹⁾	
Sales		\$2,676M		\$2,820M
Gross Margin	57.4%	\$1,537M	58.6%	\$1,653M
R&D	15.6%	\$418M	16.3%	\$461M
SG&A	<u>21.4%</u>	<u>\$571M</u>	<u>21.8%</u>	<u>\$615M</u>
OPEX	37.0%	\$990M	38.2%	\$1,076M
Operating Profit	20.4%	\$547M	20.4%	\$576M
Income Taxes (& effective tax rate)	15.5%	\$88M	12.6%	\$75M
EPS		\$2.93		\$3.22
Diluted Shares ⁽²⁾		164M		163M

9 (1) See attached appendix for GAAP to non-GAAP reconciliations.
 (2) Share count is full year average.



2024 Business Unit Summary

2024 Sales

2024 Key Highlights

Semi Test Sales Detail

Semiconductor Test (w/IST)

\$2,124M

Sales up 12.5% vs 2023, excl. DIS (9% as reported)

SOC up 13% vs 2023, excl. DIS (7% as reported) due to growth in Mobile and continued momentum in Compute

Memory Test sales up 30% vs 2023 driven by HBM DRAM

IST sales of \$85M

Semi Product	\$1,712M
Semi Service	\$412M

Robotics

\$365M

Sales down 3% from 2023

Continued end-market weakness in Industrial Automation

Other Product Test (System Test and Wireless Test)

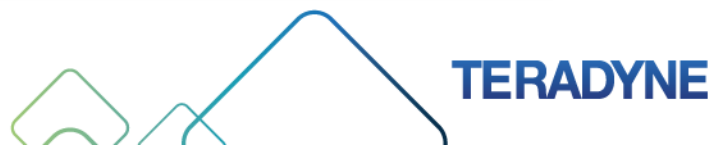
\$331M

Sales down 4% vs 2023

System Test sales of \$201M, roughly flat YoY

Wireless Test sales of \$130M, down due to weaker UWB end market

Total Company Product: \$2,295M
 Total Company Service: \$525M



Q1'25 Non-GAAP Guidance

\$ in millions, except EPS	Q4'24 Actual ⁽¹⁾	Q1'25 Guidance ⁽¹⁾
Sales	\$753M	\$660M - \$700M
Gross Margin	59.4%	58.5% - 59.5%
OPEX	37.8%	42.5% - 41.5%
Operating Profit	21.7%	16.0% - 18.0%
Effective Tax Rate	7.6%	15.0%
EPS	\$0.95	\$0.58 - \$0.68
Diluted Shares	163M	163M

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

Balance Sheet & Capital Allocation

\$ in millions	Q4'23 Actual	Q3'24 Actual	Q4'24 Actual	
Cash and Marketable Securities	\$937M	\$678M	\$724M	
Inventory	\$310M	\$297M	\$298M	
DSO	57 Days	60 Days	58 Days	
Capital Additions	\$44M	\$52M	\$57M	
Depreciation and Amortization ⁽¹⁾	\$40M	\$45M	\$49M	
Free Cash Flow ⁽²⁾	\$204M	\$114M	\$225M	
Capital Return	Buybacks ⁽³⁾	\$51M	\$25M	\$144M
	Dividends	\$17M	\$20M	\$19M

(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) Inclusive of excise taxes, as applicable

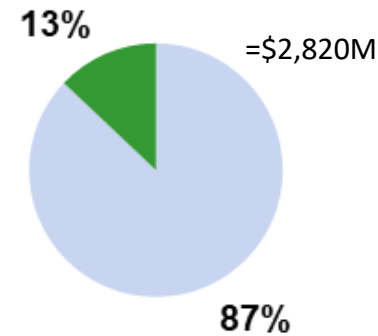
Teradyne Non-GAAP 2028 Earnings Model

27% EPS CAGR from '24 to '28 at Mid-Point

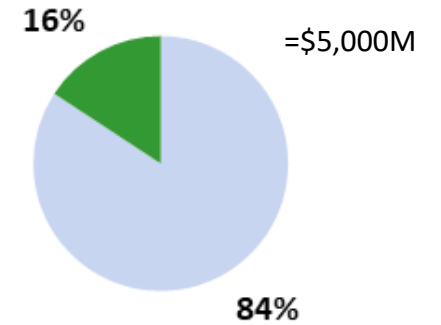
Financial Model⁽¹⁾⁽²⁾

	2024	2028E (New Model)
TER Revenue (\$M)	\$2,820	\$4,500 — \$5,500
Growth off 2024		12% — 18%
Gross Margin %	59%	59% — 60%
OPEX %	38%	31% — 28%
Operating Profit %	20%	28% — 32%
Non-GAAP EPS	\$3.22	\$7.00 — \$9.50

2024 Sales Mix



2028E Sales Mix⁽³⁾



Automated Test Robotics

Model Assumptions

Metric	Old Model	New Model	Comment
Test Revenue CAGR	12-18% off 2023	12-17% off 2024	Drivers: AI – Compute and Memory growth, recovery in Mobility and Auto/Ind markets, IST growth tied to SLT
Robotics Revenue CAGR	20-30% off 2023	18-24% off 2024	Drivers: AI expanding SAM and reducing implementation complexity. Persistent labor shortages in high wage countries

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

(2) Financial Model Updated as of 1/30/2025

(3) 2028E sales mix is at mid-point of model range



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Mid-Term Robotics

- AI expands the range of applications and makes robotics solutions easier to implement
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Q1'25: Sales expected to be in the range of \$660 - \$700M | GAAP EPS of \$0.48 - \$0.59 | Non-GAAP EPS of \$0.58 - \$0.68

Supplemental Information



Semiconductor Test TAM Estimates

Semi ATE TAM Est. Ranges

(\$ in billions)	2023 Historical Estimate	2024 Historical Estimate	2025 TAM Est as of 1/25
SOC	\$4.0	\$4.6	\$4.7 – \$5.1
Memory	\$0.9	\$1.4	\$1.3 – \$1.5
Total Semi ATE	\$4.9	\$6.0	\$6.0 - \$6.6

Semi ATE TAM Est. Mid-Point

(\$ in billions)	2023 Historical Estimate	Prior 2024 Estimate (October 2024)	Current 2024 Estimate (Jan 2025)	2025 TAM Est as of 1/25 (at mid point)
Total SOC	\$4.0	\$4.2	\$4.6	\$4.9
Compute	\$1.4	\$1.8	\$2.2	\$2.3
Mobile	\$0.9	\$0.8	\$0.8	\$0.9
Industrial / Auto	\$1.0	\$0.9	\$0.9	\$1.0
SOC Service	\$0.7	\$0.7	\$0.7	\$0.7
Memory Test	\$0.9	\$1.4	\$1.4	\$1.4
Total Semi ATE	\$4.9	\$5.6	\$6.0	\$6.3

Historical Revenue (Segment Changes)

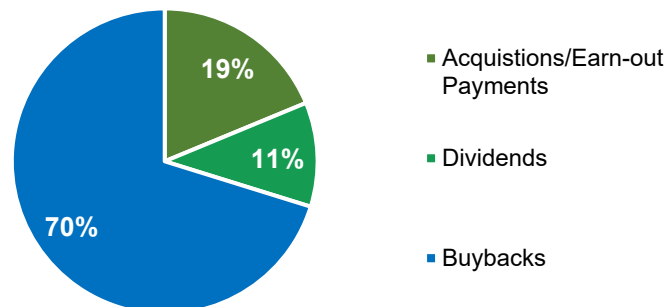
	Q4'23	FY2023	Q1'24	Q2'24	Q3'24	Q4'24	FY2024
SemiTest	\$460M	\$1,957M	\$435M	\$560M	\$569M	\$561M	\$2,124M
Robotics	\$129M	\$375M	\$88M	\$90M	\$89M	\$98M	\$365M
All Other (Product Test):							
System Test Group	\$57M	\$200M	\$53M	\$43M	\$48M	\$58M	\$201M
Wireless	<u>\$25M</u>	<u>\$144M</u>	<u>\$25M</u>	<u>\$36M</u>	<u>\$33M</u>	<u>\$36M</u>	<u>\$130M</u>
Total: All Other (Product Test)	\$82M	\$344M	\$77M	\$80M	\$80M	\$94M	\$331M
Total Company	\$671M	\$2,676M	\$600M	\$730M	\$737M	\$753M	\$2,820M

History of Capital Allocation

Since 2015, 80M shares repurchased at an average price of ~\$50 per share

(\$M)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Cumulative
Buybacks ⁽¹⁾	300	146	200	823	500	88	600	752	401	199	4,009
Dividends	51	49	55	67	61	66	66	70	68	76	630
Acquisitions/Investments ⁽²⁾	283	15	1	194	115	9	12	-	-	442	1,071
Total	633	210	257	1,085	676	163	678	822	468	717	5,711
Free Cash Flow ⁽³⁾	323	370	521	370	444	684	966	415	426	474	4,993
% of FCF returned ⁽⁴⁾	109%	53%	49%	240%	126%	23%	69%	198%	110%	58%	93%

Cumulative Capital Allocation
Breakdown 2015 - 2024



- (1) Inclusive of excise taxes, as applicable
- (2) Net acquisitions includes acquisitions, minority investments and divestitures
- (3) 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.
- (4) Teradyne calculates % of FCF returned as Buybacks plus Dividends divided by Free Cash Flow

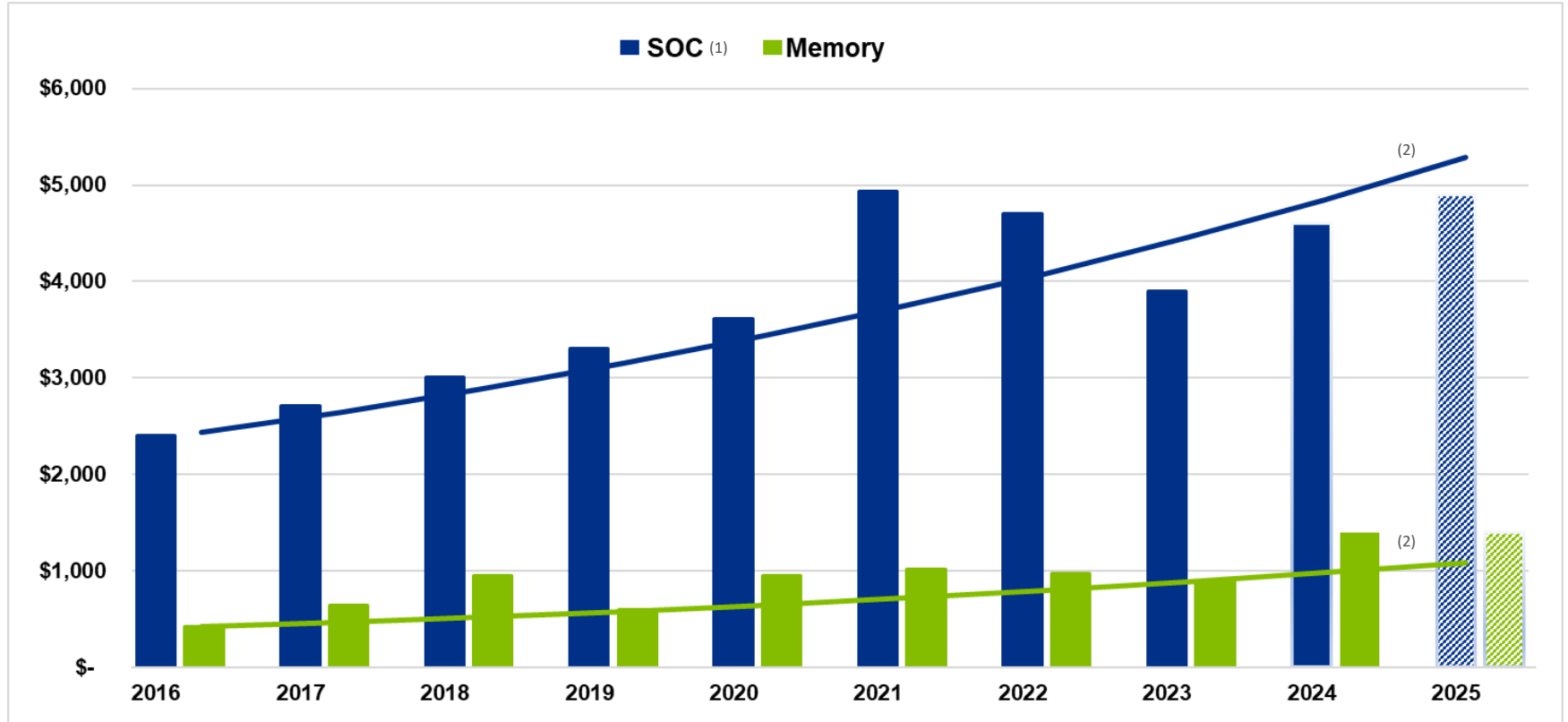
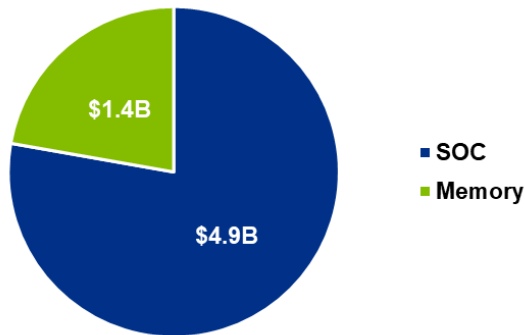
Semiconductor Test Market Growth Trends Are Favorable

Semiconductor Test

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

Memory test driven by bit growth, diversity, higher bandwidth

2025 Market Sizes



(1) SOC data includes product and service; market data from SEMI WWSEMS report and internal estimates

(2) Trendline reflects 9% and 11% CAGRs from 2016 for SOC and Memory, respectively



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

GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	Quarter Ended					
	December 31, 2024		September 29, 2024		December 31, 2023	
		% of Net Revenues		% of Net Revenues		% of Net Revenues
Net revenues	\$ 752.9		\$ 737.3		\$ 670.6	
Gross profit - GAAP	447.3	59.4%	436.5	59.2%	379.5	56.6%
Legal settlement (1)	—	—	3.6	0	0	0
Gross profit - non-GAAP	447.3	59.4%	440.1	59.7%	379.9	56.6%
Income from operations - GAAP	153.6	20.4%	152.1	20.6%	124.3	18.5%
Acquired intangible assets amortization	4.7	0.6%	4.7	0.6%	4.7	0.7%
Restructuring and other (2)	4.6	0.6%	4.6	0.6%	6.0	0.9%
Legal settlement (1)	—	—	3.6	0.5%	—	—
Loss (Gain) on sale of business (3)	0.4	0.0%	—	—	—	—
Income from operations - non-GAAP	\$ 163.2	21.7%	\$ 165.0	22.4%	\$ 135.0	20.1%

	Net Income per Common Share				Net Income per Common Share				Net Income per Common Share			
	December 31, 2024		September 29, 2024		December 31, 2023		December 31, 2023		December 31, 2023		December 31, 2023	
		% of Net Revenues	Basic	Diluted		% of Net Revenues	Basic	Diluted		% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 146.3	19.4%	\$ 0.90	\$ 0.90	\$ 145.6	19.7%	\$ 0.89	\$ 0.89	\$ 117.1	17.5%	\$ 0.77	\$ 0.72
Amortization of equity method investment	8.0	1.1%	0.05	0.05	2.4	0.3%	0.01	0.01	—	—	—	—
Acquired intangible assets amortization	4.7	0.6%	0.03	0.03	4.7	0.6%	0.03	0.03	4.7	0.7%	0.03	0.03
Restructuring and other (2)	4.6	0.6%	0.03	0.03	4.6	0.6%	0.03	0.03	6.0	0.9%	0.04	0.04
Loss (gain) on sale of business (3)	0.4	0.1%	0.00	0.00	—	—	—	—	—	—	—	—
Legal settlement (1)	—	—	—	—	3.6	0.5%	0.02	0.02	—	—	—	—
Loss (gain) on foreign exchange option	—	—	—	—	—	—	—	—	(7.5)	-1.1%	—	(0.05)
Pension mark-to-market adjustment (4)	(1.8)	-0.2%	(0.01)	(0.01)	(2.3)	-0.3%	(0.01)	(0.01)	2.6	0.4%	0.02	0.02
Exclude discrete tax adjustments	(8.0)	-1.1%	(0.05)	(0.05)	(8.9)	-1.2%	(0.05)	(0.05)	3.3	0.5%	0.02	0.02
Non-GAAP tax adjustments	0.9	0.1%	0.01	0.01	(2.1)	-0.3%	(0.01)	(0.01)	1.0	0.1%	0.01	0.01
Net income - non-GAAP	\$ 155.0	20.6%	\$ 0.95	\$ 0.95	\$ 147.6	20.0%	\$ 0.91	\$ 0.90	\$ 127.2	19.0%	\$ 0.83	\$ 0.79

	December 31, 2024	September 29, 2024	December 31, 2023
GAAP and non-GAAP weighted average common shares - basic	162.5	163.0	152.8
GAAP weighted average common shares - diluted (6)	163.2	164.3	162.1
Exclude dilutive shares related to convertible note transaction	—	—	(0.2)
Non-GAAP weighted average common shares - diluted	163.2	164.3	161.9

Appendix | GAAP to Non-GAAP Reconciliation

- (1) For the quarter ended September 29, 2024, legal settlement includes charges for a settlement following a judgment against the Company for infringement of expired patents.
- (2) Restructuring and other consists of:

	Quarter Ended		
	December 31, 2024	September 29, 2024	December 31, 2023
Lease terminations	\$ 1.3	\$ —	\$ —
Employee severance	0.4	1.3	2.9
Acquisition and divestiture related expenses	—	—	3.1
Other	2.9	3.3	—
	<u>\$ 4.6</u>	<u>\$ 4.6</u>	<u>\$ 6.0</u>

- (3) On May 27, 2024, Teradyne sold DIS, a component of the Semiconductor Test segment, to Technoprobe, for \$85.0 million, net of cash and cash equivalents sold and a working capital adjustment. Teradyne recorded a true-up during the quarter ended December 31, 2024.
- (4) For the quarters ended December 31, 2024, September 29, 2024 and December 31, 2023, adjustments to exclude actuarial gains and losses, respectively, recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.
- (5) For the quarters ended September 29, 2024, and December 31, 2023, non-GAAP weighted average diluted common shares included 0.5 million and 8.6 million shares, respectively, from the convertible note hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended							
	December 31,		December 31,		December 31,		December 31,	
	2024	% of Net Revenues	2023	% of Net Revenues	2023	% of Net Revenues	2023	% of Net Revenues
Net Revenues	\$ 2,819.9		\$ 2,676.3					
Gross profit- GAAP	1,648.9	58.5%	1,536.7	57.4%				
Legal settlement(1)	3.6	0.1%	—	—				
Gross profit- non-GAAP	1,652.5	58.6%	1,536.7	57.4%				
Income from operations- GAAP	593.8	21.1%	501.1	18.7%				
Acquired intangible assets amortization	18.8	0.7%	19.0	0.7%				
Restructuring and other(2)	15.6	0.6%	21.3	0.8%				
Legal settlement(1)	3.6	0.1%	—	—				
Equity modification charge(3)	1.7	0.1%	5.9	0.2%				
Loss(gain) on sale of business(4)	(57.1)	-2.0%	—	—				
Income from operations- non-GAAP	\$ 576.3	20.4%	\$ 547.3	20.4%				

	Net Income per Common Share				Net Income per Common Share			
	December 31,		December 31,		December 31,		December 31,	
	2024	% of Net Revenues	Basic	Diluted	2023	% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 542.4	19.2%	\$ 3.39	\$ 3.32	\$ 448.8	16.8%	\$ 2.91	\$ 2.73
Acquired intangible assets amortization	18.8	0.7%	0.12	0.11	19.0	0.7%	0.12	0.12
Restructuring and other(2)	15.6	0.6%	0.10	0.10	21.8	0.8%	0.14	0.13
Amortization of equity method investment	10.4	0.4%	0.07	0.06	—	—	—	—
Loss(gain) on foreign exchange option	9.8	0.3%	0.06	0.06	(7.5)	-0.3%	(0.05)	(0.05)
Legal settlement(1)	3.6	0.1%	0.02	0.02	—	—	—	—
Equity modification charge(3)	1.7	0.1%	0.01	0.01	5.9	0.2%	0.04	0.04
Pension mark-to-market adjustment(5)	(4.4)	-0.2%	(0.03)	(0.03)	2.7	0.1%	0.02	0.02
Loss(gain) on sale of business(4)	(57.1)	-2.0%	(0.36)	(0.35)	—	—	—	—
Exclude discrete tax adjustments	(8.7)	-0.3%	(0.05)	(0.05)	(3.4)	-0.1%	(0.02)	(0.02)
Non-GAAP tax adjustments	(6.9)	-0.2%	(0.04)	(0.04)	(7.7)	-0.3%	(0.05)	(0.05)
Convertible share adjustment(6)	—	—	—	—	—	—	—	0.01
Net income - non-GAAP	\$ 525.1	18.6%	\$ 3.29	\$ 3.22	\$ 479.6	17.9%	\$ 3.11	\$ 2.93

GAAP and non-GAAP weighted average common shares- basic	159.8	154.3
GAAP weighted average common shares- diluted(6)	163.3	164.3
Exclude dilutive shares from convertible note	—	(0.6)
Non-GAAP weighted average common shares- diluted	163.3	163.7

Appendix | GAAP to Non-GAAP Reconciliation

- (1) For the twelve months ended December 31, 2024, a legal settlement includes charges for a settlement following a judgment against the Company for infringement of expired patents.
- (2) Restructuring and other consists of:

	Twelve Months Ended	
	December 31, 2024	December 31, 2023
Employee severance	\$ 5.2	\$ 14.8
Acquisition and divestiture related expenses	2.2	3.1
Lease terminations	1.3	—
Contract termination	—	1.5
Other	6.8	1.9
	\$ 15.6	\$ 21.3

- (3) For the twelve months ended December 31, 2024, selling and administrative expenses included an equity charge of \$1.7 million for the modification of Teradyne's executives' retirement agreements. For the twelve months ended October 1, 2023, selling and administrative expenses included an equity charge of \$5.9 million for the modification of Teradyne's retired CEO's outstanding equity awards in connection with his February 1, 2023, retirement.
- (4) On May 27, 2024, Teradyne sold DIS, a component of the Semiconductor Test segment, to Technoprobe, for \$85.0 million, net of cash and cash equivalents sold and a working capital adjustment. Teradyne true-up the gain related to the sale of DIS during the quarter ended December 31, 2024.
- (5) For twelve months ended December 31, 2024, and December 31, 2023, adjustments to exclude actuarial gains and losses, respectively, recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.
- (6) For the twelve months ended December 31, 2024 and December 31, 2023, non-GAAP weighted average diluted common shares included 3.6 million and 8.9 million shares, respectively, from the convertible note hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended									
	December 31, 2023				December 31, 2022					
		% of Net Revenues				% 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%				
			Net Income per Common Share						Net Income per Common Share	
	December 31, 2023	% of Net Revenues	Basic	Diluted	December 31, 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					

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Twelve Months Ended	
	December 31, 2023	December 31, 2022
Employee severance	\$ 14.9	\$ 2.9
Acquisition and divestiture related expenses	3.1	—
Contract termination	1.5	—
Litigation settlement	—	14.7
Gain on sale of asset	—	(3.4)
Other	1.8	3.0
	<u>\$ 21.3</u>	<u>\$ 17.2</u>

(2) For the twelve months ended December 31, 2023, selling and administrative expenses include an equity charge of \$5.9 million for the modification of Teradyne's retired CEO's outstanding equity awards in connection with his February 1, 2023 retirement.

(3) For the twelve months ended December 31, 2023 adjustment to exclude actuarial loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(4) For the twelve months ended December 31, 2023 and December 31, 2022, the non-GAAP diluted EPS calculation adds back \$0.2 million and \$1.0 million, respectively, of convertible debt interest expense to non-GAAP net income. For the twelve months ended December 31, 2023 and December 31, 2022, non-GAAP weighted average diluted common shares include 8.9 million and 8.8 million shares, respectively, related to the convertible debt hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended							
	December 31, 2022				December 31, 2021			
		% of Net Revenues	Net Income per Common Share			% of Net Revenues	Net Income per Common Share	
			Basic	Diluted			Basic	Diluted
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 - 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>

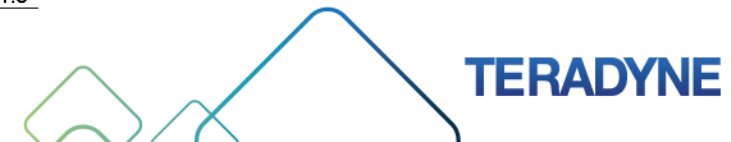
(2) For the twelve months ended December 31, 2021, adjustment to exclude loss on convertible debt conversions. For the twelve months ended December 31, 2021, interest and other included non-cash convertible debt interest expense. For the twelve months ended December 31, 2022 and December 31, 2021, adjustment 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

	Twelve Months Ended							
	December 31, 2021		December 31, 2020		December 31, 2020		December 31, 2020	
		% of Net Revenues			% of Net Revenues		% 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 Income				Net Income	
	December 31, 2021	% of Net Revenues	Basic	Diluted	December 31, 2020	% of Net Revenues	Basic	Diluted
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)
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			



Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Twelve Months Ended	
	December 31, 2021	December 31, 2020
Employee severance	\$ 1.5	\$ 2.3
Acquisition related expenses and compensation	0.5	2.5
Contingent consideration fair value adjustment	(7.2)	(23.3)
Other	6.5	5.2
	<u>\$ 1.3</u>	<u>\$ (13.2)</u>

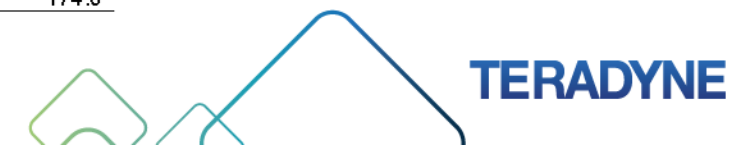
- (2) For the twelve months ended December 31, 2021 and December 31, 2020, interest and other included non-cash convertible debt interest expense. For the twelve months ended December 31, 2021, adjustment to exclude loss on convertible debt conversions. For the twelve months ended December 31, 2021 and December 31, 2020, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.
- (3) For the twelve months ended December 31, 2021 and December 31, 2020, the non-GAAP diluted EPS calculation adds back \$3.7 million and \$6.8 million, respectively, of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 10.0 million and 7.0 million shares, respectively, related to the convertible debt hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2020	% of Net Revenues	December 31, 2019	% of Net Revenues
Net Revenues	\$ 3,121.5		\$ 2,295.0	
Gross profit GAAP	\$ 1,785.7	57.2%	\$ 1,339.8	58.4%
Inventory step-up	0.4	0.0%	0.4	0.0%
Gross profit non-GAAP	\$ 1,786.1	57.2%	\$ 1,340.2	58.4%
Income from operations - GAAP	\$ 928.4	29.7%	\$ 553.7	24.1%
Acquired intangible assets amortization	30.8	1.0%	40.1	1.7%
Restructuring and other (1)	(13.2)	-0.4%	(13.9)	-0.6%
Inventory step-up	0.4	0.0%	0.4	0.0%
Equity modification charge (2)	0.8	0.0%	2.1	0.1%
Income from operations - non-GAAP	\$ 947.2	30.3%	\$ 582.4	25.4%

	December 31, 2020	% of Net Revenues	Net Income per Common Share		December 31, 2019	% of Net Revenues	Net Income per Common Share	
			Basic	Diluted			Basic	Diluted
Net income - GAAP	\$ 784.1	25.1%	\$ 4.72	\$ 4.28	\$ 467.5	20.4%	\$ 2.74	\$ 2.60
Acquired intangible assets amortization	30.8	1.0%	0.19	0.17	40.1	1.7%	0.24	0.22
Interest and other (3)	14.4	0.5%	0.09	0.08	28.7	1.3%	0.17	0.16
Pension mark-to-market adjustments (3)	10.3	0.3%	0.06	0.06	8.2	0.4%	0.05	0.05
Restructuring and other (1)	(13.2)	-0.4%	(0.08)	(0.07)	(13.9)	-0.6%	(0.08)	(0.08)
Inventory step-up	0.4	0.0%	0.00	0.00	0.4	0.0%	0.00	0.00
Equity modification charge (2)	0.8	0.0%	0.00	0.00	2.1	0.1%	0.01	0.01
Exclude discrete tax adjustments (4)	(15.2)	-0.5%	(0.09)	(0.08)	(22.6)	-1.0%	(0.13)	(0.13)
Non-GAAP tax adjustments	(11.9)	-0.4%	(0.07)	(0.07)	(16.7)	-0.7%	(0.10)	(0.09)
Convertible share adjustment (5)	-	-	-	0.25	-	-	-	0.11
Net income - non-GAAP	\$ 800.5	25.6%	\$ 4.82	\$ 4.62	\$ 493.8	21.5%	\$ 2.90	\$ 2.86

GAAP and non-GAAP weighted average common shares - basic	166.1		170.4
GAAP weighted average common shares - diluted	183.0		179.5
Exclude dilutive shares from convertible note	(8.5)		(4.9)
Non-GAAP weighted average common shares - diluted	174.5		174.6



Appendix | GAAP to Non-GAAP Reconciliation

- (1) Restructuring and other consists of:

	Twelve Months Ended	
	December 31, 2020	December 31, 2019
Contingent consideration fair value adjustment	\$ (23.3)	\$ (19.3)
Contract termination settlement fee	4.0	-
Acquisition related expenses and compensation	2.5	2.5
Employee severance	2.3	2.9
Other	1.2	-
	<u>\$ (13.2)</u>	<u>\$ (13.9)</u>

- (2) For the twelve months ended December 31, 2019, selling and administrative expenses include an equity charge for the modification of Teradyne's retired CFO's outstanding equity awards to allow continued vesting and maintain the original term in connection with his July 17, 2019 retirement.
- (3) For the twelve months ended December 31, 2020 and December 31, 2019, Interest and other included non-cash convertible debt interest expense. For the twelve months ended December 31, 2020 and December 31, 2019, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting. For the twelve months ended December 31, 2019, adjustment to exclude impairment charge related to Realwear.
- (4) For the twelve months ended December 31, 2020 and December 31, 2019, adjustment to exclude discrete income tax items. For the twelve months ended December 31, 2019, income tax (benefit) provision includes a \$26 million tax benefit from the release of uncertain tax position reserves due to the IRS completion of its audit of Teradyne's 2015 Federal tax return and includes a \$15 million tax provision related to the finalization
- (5) For the twelve months ended December 31, 2020 and December 31, 2019, the non-GAAP diluted EPS calculation adds back \$5.3 million and \$5.2 million, respectively, of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 7.0 million and 2.7 million shares, respectively, from the convertible note hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended							
	December 31, 2019	% of Net Revenues	December 31, 2018	% of Net Revenues				
Net Revenues	\$ 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%				
	December 31, 2019	% of Net Revenues	Net Income per common share		December 31, 2018	% of Net Revenues	Net Income per common share	
			Basic	Diluted			Basic	Diluted
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)	(0.08)	15.2	0.7%	0.08	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)	-	-	-	0.11	-	-	-	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			
GAAP weighted average common shares - diluted	179.5				192.6			
Exclude dilutive shares from convertible note	(4.9)				(3.2)			
Non-GAAP weighted average common shares - diluted (5)	174.6				189.4			

Appendix | GAAP to Non-GAAP Reconciliation

- (1) For the twelve months ended December 31, 2019, selling and administrative expenses include an equity charge for the modification of Teradyne's retired CFO's outstanding equity awards to allow continued vesting and maintain the original term in connection with his July 17, 2019 retirement.
- (2) Restructuring and other consists of:

	Twelve Months Ended	
	December 31, 2019	December 31, 2018
Contingent consideration fair value adjustment	\$ (19.3)	\$ 1.0
Employee severance	2.9	8.7
Acquisition related expenses and compensation	2.5	4.6
Other	—	0.9
	<u>\$ (13.9)</u>	<u>\$ 15.2</u>

- (3) For the twelve months ended December 31, 2019 and December 31, 2018, Interest and other included non-cash convertible debt interest expense. For the twelve months ended December 31, 2019 and December 31, 2018, adjustments to exclude actuarial losses (gains) recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.
- (4) For the twelve months ended December 31, 2019 and December 31, 2018, adjustment to exclude discrete income tax items. For the twelve months ended December 31, 2019, GAAP income tax provision (benefit) includes a \$26 million tax benefit from the release of uncertain tax position reserves due to the IRS completion of its audit of Teradyne's 2015 Federal tax return. For the twelve months ended December 31, 2018, adjustment to treat the \$52 million tax benefit related to the finalization of our toll tax charge as a discrete item.
- (5) For the twelve months ended December 31, 2019, the non-GAAP diluted EPS calculation adds back \$5.2 million of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 2.7 million shares related to the convertible debt hedge transaction.

MiR's revenue increase for the period January 1, 2019 to December 31, 2019 compared to the period April 23, 2018 to December 31, 2018 is 84%. MiR's pro-forma revenue increase for the period January 1, 2019 to December 31, 2019 compared to the period January 1, 2018 to December 31, 2018 is 43%.

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2017	% of Net Revenues	December 31, 2016	% of Net Revenues
Net Revenues	\$ 2,136.6		\$ 1,753.3	
Gross 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%
Gross profit - non-GAAP	\$ 1,221.1	57.2%	\$ 958.6	54.7%
Income (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%
Income from operations - non-GAAP	\$ 563.6	26.4%	\$ 349.5	19.9%

	December 31, 2017	% of Net Revenues	Net Income per Common Share		December 31, 2016	% of Net Revenues	Net (Loss) Income per Common Share	
			Basic	Diluted			Basic	Diluted
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

(1) Actuarial gains recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

Appendix | GAAP to Non-GAAP Reconciliation

(2) Restructuring and other consists of:

	Twelve Months Ended	
	December 31, 2017	December 31, 2016
Contingent consideration fair value adjustment	\$ 7.8	\$ 15.9
Employee severance	3.8	6.0
Impairment of fixed assets	1.1	—
Facility related	1.0	—
Expenses and impairment of fixed assets related to Japan earthquake	0.8	5.4
Property insurance recovery	(5.1)	(5.4)
	<u>\$ 9.4</u>	<u>\$ 21.9</u>

(3) Goodwill and acquired intangible assets impairment related to Teradyne's Wireless Test business segment.

(4) For the twelve months ended December 31, 2017 and December 31, 2016, interest and other included non-cash convertible debt interest expense.

(5) For the twelve months ended December 31, 2017 and December 31, 2016, adjustment to exclude discrete income tax items. For the twelve months ended December 31, 2017, adjustment to treat the \$184 million expense related to the estimated impact of U.S. tax policy changes as a discrete item. For the twelve months ended December 31, 2016, adjustment to treat Wireless Test business segment goodwill and intangible assets impairments as discrete tax items.

(6) For periods after December 31, 2016, the non-GAAP annual effective tax rate is based on a with and without calculation with respect to non-GAAP reconciling items.

Appendix | GAAP to Non-GAAP Reconciliation

	Q4'23		Q3'24		Q4'24		Q1'25 Low Guidance		Q1'25 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$255	38%	\$284	39%	\$294	39%	\$293	44%	\$299	43%
Intangible Asset Amortization	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	-\$6	-1%	-\$5	-1%	-\$5	-1%	-\$6	-1%	-\$6	-1%
Equity Modification Charge										
Loss (gain) on the sale of business					\$0	0%				
Non GAAP Operating Expenses	\$245	36%	\$275	37%	\$284	38%	\$282	43%	\$288	41%

Q1'25 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	14%	17%
Acquired intangible asset amortization	1%	1%
Restructuring and Other	1%	1%
Non-GAAP Operating Profit as % of Sales	16%	18%

	2023		2024	
	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$1,036	39%	\$1,055	37%
Intangible Asset Amortization	-\$19	-1%	-\$19	-1%
Restructuring and Other	-\$21	-1%	-\$16	-1%
Equity Modification Charge	-\$6	0%	-\$2	0%
Loss (gain) on the sale of business			\$57	2%
Non GAAP Operating Expenses	\$990	37%	\$1,076	38%

	2023		2024	
	\$'s	%	\$'s	%
GAAP Income Tax	\$77	15%	\$60	10%
Exclude discrete tax adjustments	\$3	1%	\$9	1%
Tax effect of non-GAAP adjustments	\$8	1%	\$7	1%
Effect of Higher Non-GAAP PBT		-1%		0%
Non GAAP Income Tax	\$88	16%	\$75	13%

	Q4'23		Q3'24		Q4'24	
	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$23	16%	\$12	8%	\$5	4%
Exclude discrete tax adjustments	-\$3	-2%	\$9	6%	\$8	5%
Tax effect of non-GAAP adjustments	-\$1	-1%	\$2	1%	-\$1	-1%
Effect of Higher Non-GAAP PBT		-1%		-1%		0%
Non GAAP Income Tax	\$18	13%	\$23	14%	\$13	8%

Q1'25 GAAP Guidance Diluted Shares	163
Exclude dilutive shares from convertible note	0
Q1'25 Non-GAAP Guidance Diluted Shares	163

GAAP to Non-GAAP Reconciliation of First Quarter 2025 guidance:

GAAP and non-GAAP first quarter revenue guidance:	\$660 million	to	\$700 million
GAAP net income per diluted share	\$ 0.48	\$	0.59
Exclude acquired intangible assets amortization	0.03		0.03
Exclude restructuring and other charges	0.03		0.03
Exclude equity method investment amortization	0.05		0.05
Non-GAAP tax adjustments	(0.01)		(0.01)
Non-GAAP net income per diluted share	\$ 0.58	\$	0.68

FY 2025 GAAP estimated tax rate	15.25%
Adjustment for Non GAAP items	-0.25%
FY 2025 Non GAAP estimated tax rate	15.00%

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	2023	2024	Q4'23	Q3'24	Q4'24
GAAP Cash Flow from Operations, Excl Disc Ops	\$413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 1,098	\$ 578	\$ 585	\$ 672	\$ 249	\$ 166	\$ 283
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (132)	\$ (163)	\$ (160)	\$ (198)	\$ (44)	\$ (52)	\$ (57)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 966	\$ 415	\$ 426	\$ 474	\$ 204	\$ 114	\$ 225

Appendix | GAAP to Non-GAAP Reconciliation

2028 Model Range

	<u>FY 2028 Low</u>	<u>FY 2028 Mid</u>	<u>FY 2028 High</u>
2028 Estimated GAAP Diluted EPS	\$ 6.81	\$ 8.06	\$ 9.31
Add Back Intangible Asset Amortization	<u>\$ 0.19</u>	<u>\$ 0.19</u>	<u>\$ 0.19</u>
2028 Estimated Non-GAAP Diluted EPS	\$ 7.00	\$ 8.25	\$ 9.50