



Financial Results for Q4 and Full Year 2023

January 31, 2024





SAFE HARBOR (page 1 of 1)

This presentation contains forward-looking statements including statements regarding Teradyne’s future business prospects, financial performance or position and results of operations. You can identify forward-looking statements by their use of forward-looking words such as “anticipate,” “expect,” “plan,” “could,” “may,” “will,” “believe,” “estimate,” “goal” or other comparable terms. Forward-looking statements in this presentation address various matters, including statements regarding Teradyne’s financial guidance, future business prospects, results of operations, market size and conditions, earnings per share, mid-term earnings model, sales mix, customer product development, customer demand and sales expectations, and the payment of a quarterly dividend, the repurchase of Teradyne common stock pursuant to a share repurchase program. Investors are cautioned that such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements due to known and unknown risks, uncertainties, assumptions, and other factors. Such factors include, but are not limited to, macroeconomic factors and slowdowns or downturns in economic conditions generally and in the markets in which Teradyne operates; decreased or delayed product demand from one or more significant customers; a slowdown or inability in the development, delivery and acceptance of new products; the ability to grow the Robotics business; the impact of increased research and development spending; the impact of epidemics or pandemics such as COVID-19; 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; the business judgment of the board of directors that a declaration of a dividend or the repurchase of common stock is not in Teradyne’s best interests; changes to U.S. or global tax regulations or guidance; the impact of any tariffs or export controls imposed by the U.S. or China; 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; the impact of the Israel-Hamas conflict; and 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. The risks included above are not exhaustive. For a more detailed description of the risk factors associated with Teradyne, please refer to 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 October 1, 2023. Many of these factors are macroeconomic in nature and are, therefore, beyond Teradyne’s control. We caution readers not to place undue reliance on any forward-looking statements included in this presentation which speak only as of the date of this presentation. Teradyne specifically disclaims any obligation to update any forward-looking information contained in this presentation or with respect to the announcements described herein.

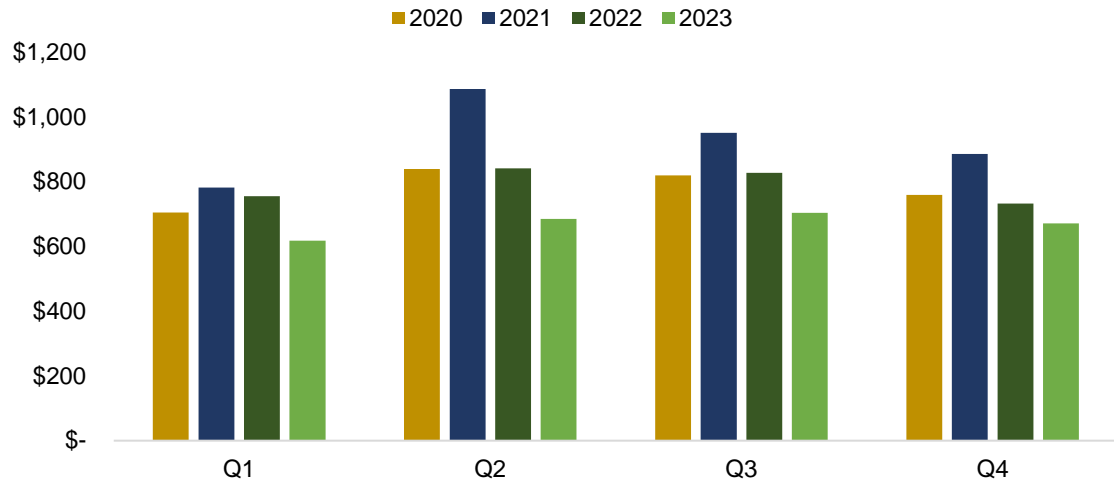
Business Update and Outlook

Greg Smith, Teradyne President and CEO



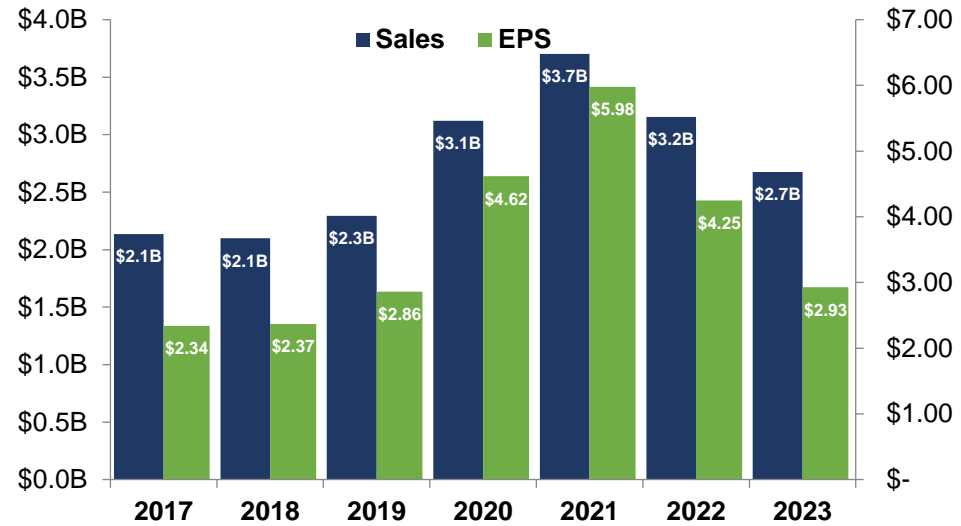
Q4'23 and 2023 Summary

Q4 Sales of \$671M, Non-GAAP EPS of \$0.79, 2023 Sales of \$2,676M, Non-GAAP EPS of \$2.93



Quarterly Sales by Year (\$M)

- Q4'23 sales down ~8% YoY on softer test demand
- Q4'23 Semiconductor test: Memory shipments strong, SOC weaker
- Q4'23 Robotics sales up 17% YoY, and up 50% sequentially



Full Year Sales/Non-GAAP EPS(1)

- Sales down 15% from 2022
- Full year 2023 Non-GAAP EPS of \$2.93 down 31% from 2022

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



Q4 and 2023 Summary & 2024 Outlook

- Q4 and 2023 Summary:
 - Memory test shipments grew 11% sequentially and 47% year on year in Q4 on HBM and DDR5 demand
 - Robotics shipments grew 50% sequentially and 17% year on year in Q4 on UR20, UR30 and stable legacy robot demand
 - Total Company revenues at \$2.7B, non-GAAP EPS of \$2.93
 - SOC test market ~\$3.9B, down ~17% year on year. Mobility segment estimated to have declined ~40% year on year
 - Memory test market ~\$900M, down ~9% year on year
 - Other test markets weakened in '23 on reduced end market demand
 - 2023 Robotics revenue impacted by continued softness in market demand
- 2024 Outlook and 2026 Mid-Term Earnings Model Update:
 - Expect roughly flat revenue in '24 with stronger second half (44% in 1H vs 56% in 2H)
 - Test revenue down on sale of interface business, robotics revenue up on new products and channel improvements
 - Estimate '24 SOC Test market to be about flat with '23, Memory Test market expected to grow ~10% from '23
 - Earnings Model growth drivers remain in place
 - Test: mobile processing recovery, AI/Cloud compute, HBM and advanced memory, automotive ADAS & EV, Edge AI and other complexity drivers along with unit growth
 - Robotics: expanding range of applications, new products, channel improvements, industry labor shortages, labor costs, expected to drive growth through 2026+

Fourth Quarter and Full Year 2023 Financial Results, Mid-Term Earnings Model Update and First Quarter 2024 Guidance

Sanjay Mehta, Teradyne Vice President and Chief Financial Officer



Q4'23 Non-GAAP Results

	Q4'22 Actual ⁽¹⁾		Q3'23 Actual ⁽¹⁾		Q4'23 Actual ⁽¹⁾	
Sales		\$732M		\$704M		\$671M
Gross Margin	57.4%	\$420M	56.6%	\$398M	56.6%	\$380M
R&D	14.9%	\$109M	14.8%	\$104M	15.2%	\$102M
SG&A	<u>19.5%</u>	<u>\$143M</u>	<u>19.7%</u>	<u>\$138M</u>	<u>21.2%</u>	<u>\$142M</u>
OPEX	34.4%	\$252M	34.5%	\$243M	36.5%	\$245M
Operating Profit	23.1%	\$169M	22.1%	\$156M	20.1%	\$135M
Income Taxes (& effective tax rate)	12.3%	\$21M	15.7%	\$24M	12.6%	\$18M
EPS		\$0.92		\$0.80		\$0.79
Diluted Shares		164M		163M		162M

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



Q4'23 Segment Summary

Semiconductor Test

\$431M

Sales down 10% vs Q4'22
 SOC test down 20% vs Q4'22
 on weak mobility and industrial demand
 Memory Test sales up 47%
 vs Q4'22 on high DRAM/HBM demand

Semi Product	\$320M
Semi Service	\$112M

System Test

\$86M

Sales down 14% vs Q4'22
 Storage Test shipments down
 37% vs Q4'22 on weak HDD
 and SLT (mobility) demand
 Defense/Aerospace and
 Production Board Test
 combined up 6% on D&A
 growth

Wireless Test

\$25M

Sales down 38% vs Q4'22
 Lower consumer PC,
 networking and smartphone
 demand

Robotics

\$129M

Sales up 17% vs Q4'22 and
 up 50% from Q3'23
 UR sales up 21% from
 Q4'22, up 47% from Q3'23
 driven by UR20, UR30
 demand
 MiR sales flat from Q4'22,
 up 67% from Q3'23

Total Company Product: \$531M
 Total Company Service: \$140M

4th Quarter
Sales

2023 Q4 Key Highlights

Semi Test
Sales Detail



Annual Non-GAAP Results

\$s in millions, except EPS	2022 ⁽¹⁾		2023 ⁽¹⁾	
Sales		\$3,155M		\$2,676M
Gross Margin	59.2%	\$1,867M	57.4%	\$1,537M
R&D	14.0%	\$441M	15.6%	\$418M
SG&A	<u>17.7%</u>	<u>\$558M</u>	<u>21.4%</u>	<u>\$571M</u>
OPEX	31.7%	\$999M	37.0%	\$990M
Operating Profit	27.5%	\$868M	20.4%	\$547M
Income Taxes (& effective tax rate)	16.3%	\$138M	15.5%	\$88M
EPS		\$4.25		\$2.93
Diluted Shares ⁽²⁾		168M		164M

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

(2) Share count is full year average.



2023 Segment Summary

Semiconductor Test

\$1,819M

Sales down 13% YoY vs ATE market down 16%

43% 2023 memory market share

Announced strategic partnership with Technoprobe

Semi Product	\$1,355M
Semi Service	\$464M

System Test

\$338M

Sales down 28% YoY on weak HDD and SLT (mobility) demand

New strategic wins in SLT for mobility and compute

Defense/Aerospace and Production Board Test sales flat YoY

Wireless Test

\$144M

Sales down 28% YoY on lower consumer PC, networking and smartphone demand

Strong win rate for WiFi7 design-ins

Robotics

\$375M

Sales down 7% YoY on weak end market conditions

Successful UR20 launch with greater than 1,000 cobots shipped in 2H2023

Total Company Product: \$2,096M

Total Company Service: \$580M

2023 Sales

2023 Key Highlights

Semi Test Sales Detail

Q1'24 Non-GAAP Guidance

\$s in millions, except EPS	Q4'23 Actual ⁽¹⁾	Q1'24 Guidance ⁽¹⁾
Sales	\$671M	\$540M - \$590M
Gross Margin	56.6%	53.5% - 54.5%
OPEX	36.5%	46% - 42%
Operating Profit	20.1%	8% - 12%
Effective Tax Rate	12.6%	16.0%
EPS	\$0.79	\$0.22 - \$0.38
Diluted Shares	162M	162M



Balance Sheet & Capital Return

	Q4'22 Actual	Q3'23 Actual	Q4'23 Actual
Cash and Marketable Securities	\$1,005M	\$820M	\$937M
Inventory	\$325M	\$323M	\$310M
DSO	60 Days	59 Days	57 Days
Capital Additions	\$35M	\$35M	\$44M
Depreciation and Amortization ⁽¹⁾	\$39M	\$41M	\$40M
Free Cash Flow ⁽²⁾	\$149M	\$140M	\$204M
Capital Return	Buybacks ⁽³⁾	\$2M	\$51M
	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.

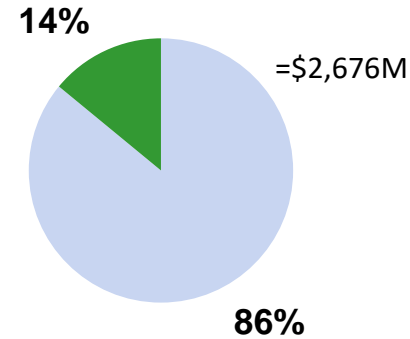
(3) Includes \$1.1M in Q3'23 and \$.5M in Q4'23 of excise tax to be paid in 2024

Teradyne Non-GAAP Mid-Term Earnings Model

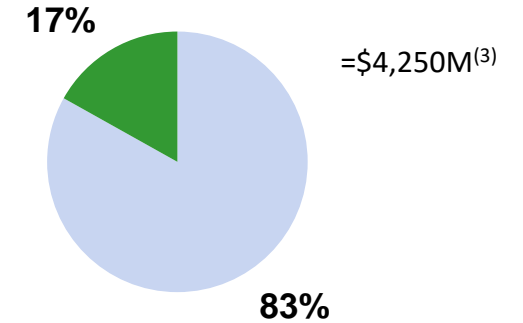
Financial Model ⁽¹⁾⁽²⁾

	2023	2026E (Updated Model)	
TER Revenue (\$M)	\$2,676	\$3,900	\$4,600
Growth off 2023		13%	20%
Gross Margin %	57%	59%	60%
OPEX %	37%	31%	28%
Operating Profit %	20%	28%	32%
Non-GAAP EPS	\$2.93	\$5.50	\$7.50

2023 Sales Mix



2026E Sales Mix⁽³⁾



Automated Test Robotics

Model Assumptions

Metric	Old Model	New Model	Comment
Robotics Revenue CAGR	20-30% off 2022	20-30% off 2023	Drivers are labor shortages, cost and low penetration rate
Test Revenue CAGR	8-13% off 2022	12-18% off 2023	Drivers are complexity, Compute, Mobility and Auto markets

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

(2) Financial Model updated as of 1/30/24

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

Q4 and 2023 Summary & 2024 Outlook

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 - Earnings Model growth drivers remain in place
 - Test: mobile processing recovery, AI/Cloud compute, HBM and advanced memory, automotive ADAS & EV, Edge AI and other complexity drivers along with unit growth
 - Robotics: expanding range of applications, new products, channel improvements, industry labor shortages, labor costs, expected to drive growth through 2026+
- Q1'24 Sales expected to be in the range of \$540-590M, GAAP EPS of \$0.19-0.35, Non-GAAP EPS of \$0.22-\$0.38

Supplemental Information

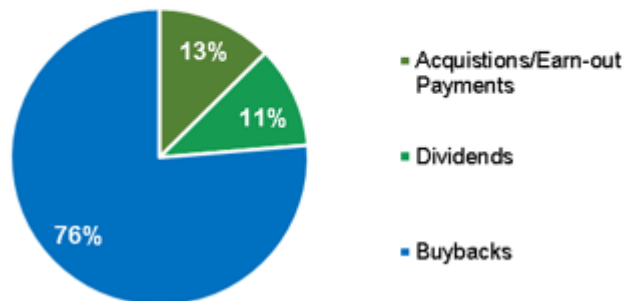


History of Capital Allocation

- Since 2015, 78.3M shares repurchased at an average price of ~\$49 per share

(\$M)	2015	2016	2017	2018	2019	2020	2021	2022	2023	Cumulative
Buybacks ⁽¹⁾	300	146	200	823	500	88	600	752	401	3,811
Dividends	51	49	55	67	61	66	66	70	68	554
Acquisitions	283	15	1	194	115	9	12	-	-	629
Total	633	210	257	1,085	676	163	678	822	468 ⁽⁴⁾	4,993
Free Cash Flow ⁽²⁾	323	370	521	370	444	684	966	415	426	4,519
% of FCF returned ⁽³⁾	109%	53%	49%	240%	126%	23%	69%	198%	110%	97%

Cumulative Capital Allocation
Breakdown 2015 - 2023

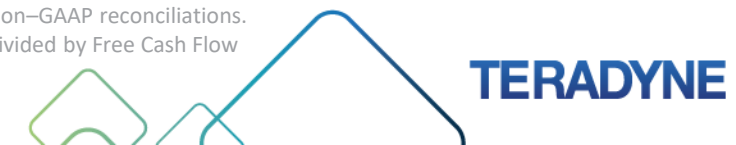


(1) 2023 includes \$3.3M of excise tax to be paid in 2024

(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.

(3) Teradyne calculates % of FCF returned as Buybacks plus Dividends divided by Free Cash Flow

(4) Total rounds to 468



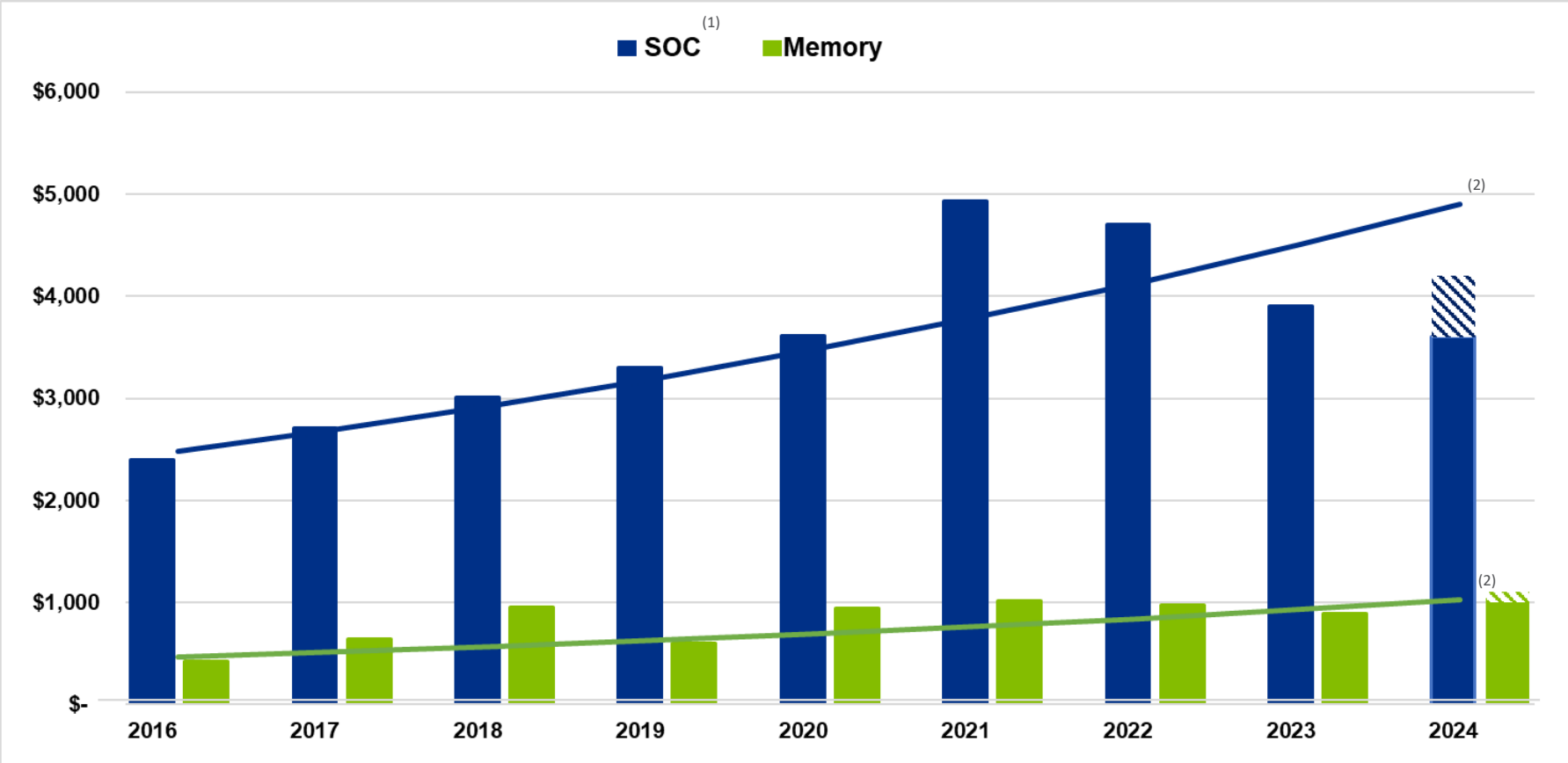
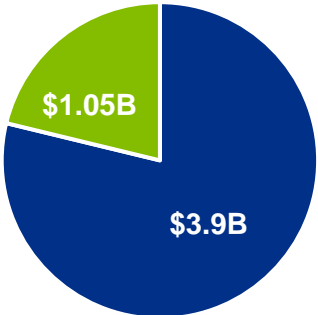
Semiconductor Test Market Growth Trends Are Favorable

Semiconductor Test

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

Memory test driven by bit growth, diversity, higher bandwidth

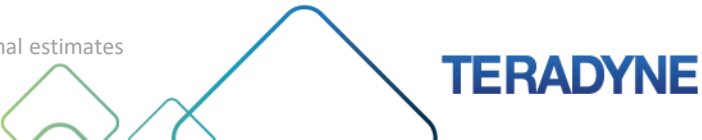
2024 Market Sizes at Mid-Point of Range



(1)

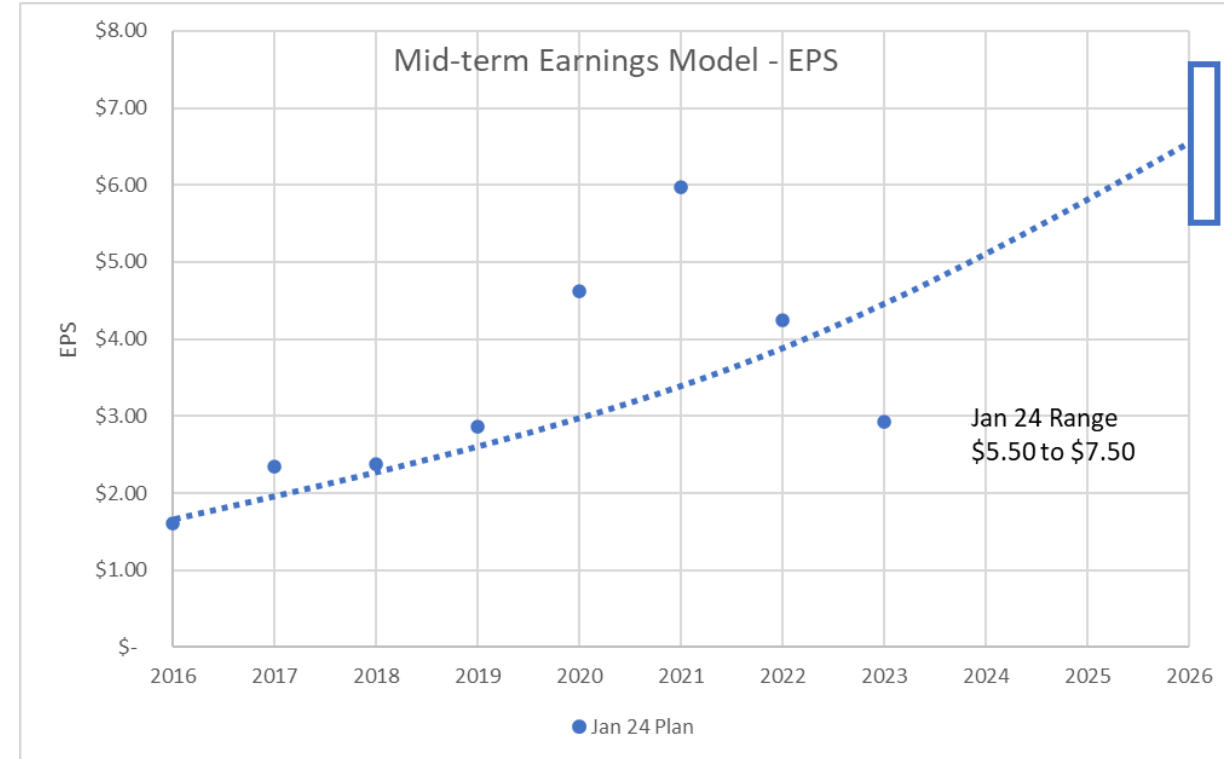
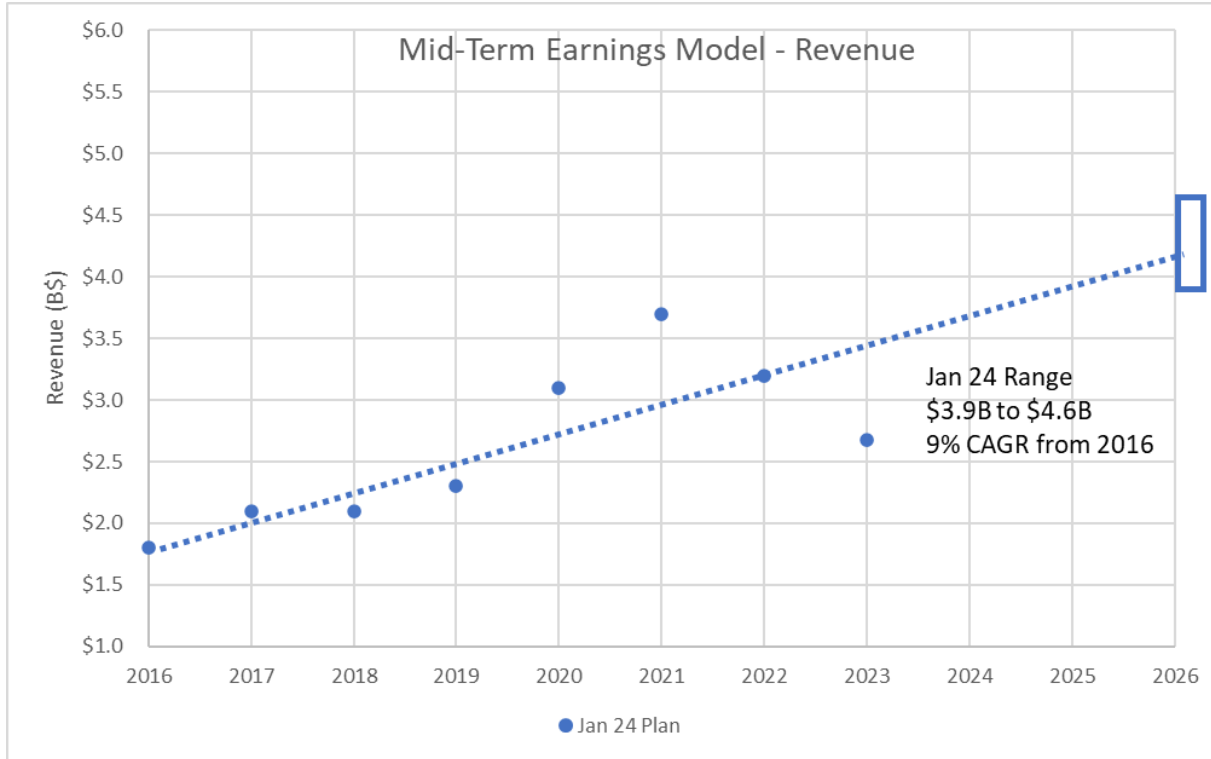
■ SOC
■ Memory

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

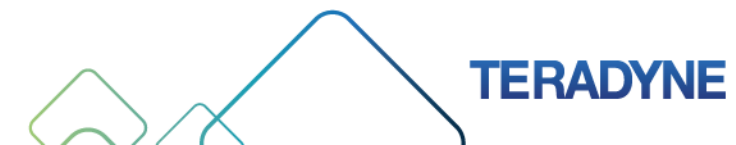


Teradyne Mid-Term Earnings Model

EPS revised downward, but showing 125% growth from 2023 to 2026



- Enterprise revenue below trend in 2023 and 2024 with revenue growth above trend in outer years
 - SemiTest revenue rebound tied to ATE market recovery along with share gains in Compute segment
 - Robotics grows at 20% to 30%, larger than Test growth
- EPS follows revenue growth, however, grows faster than revenue due to share repurchases over time



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, 2023		October 1, 2023		December 31, 2022	
	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues
Net revenues	670.6		703.7		731.8	
Gross profit GAAP and non-GAAP	379.5	56.6%	398.3	56.6%	420.4	57.4%
Income from operations - GAAP	124.3	18.5%	144.0	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	135.0	20.1%	155.6	22.1%	168.9	23.1%

	December 31, 2023		Net Income per Common Share		October 1, 2023		Net Income per Common Share		December 31, 2022		Net Income per Common Share	
	\$	% of Net Revenues	Basic	Diluted	\$	% of Net Revenues	Basic	Diluted	\$	% of Net Revenues	Basic	Diluted
Net income - GAAP	117.1	17.5%	0.77	0.72	128.1	18.2%	0.83	0.78	172.3	23.5%	1.11	1.04
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)	(0.01)
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	0.03
Pension mark-to-market adjustment (2)	2.6	0.4%	0.02	0.02	0.1	0.0%	0.00	0.00	(26)	-3.5%	(0.16)	(0.15)
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)	(0.02)
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	0.03
Convertible share adjustment (3)	-	-	-	-	-	-	-	-	-	-	-	0.01
Net income - non-GAAP	127.2	19.0%	0.83	0.79	131.5	18.7%	0.86	0.80	150.8	20.6%	0.97	0.92

GAAP and non-GAAP weighted average common shares - basic	152.8		153.8		155.8
GAAP weighted average common shares - diluted	162.2		164.1		165.5
Exclude dilutive shares related to convertible note transaction	(0.3)		(0.6)		(1.2)
Non-GAAP weighted average common shares - diluted	161.9		163.4		164.3

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Quarter Ended		
	December 31, 2023	October 1, 2023	December 31, 2022
Acquisition and divestiture related expenses	\$ 3.1	\$ —	\$ —
Employee severance	3.0	4.7	0.8
Contract termination	—	1.5	—
Gain on sale of asset	—	—	(3.4)
Other	(0.1)	0.7	0.3
	<u>\$ 6.0</u>	<u>\$ 6.9</u>	<u>\$ (2.4)</u>

(2) For the quarters ended December 31, 2023, October 1, 2023 and December 31, 2022 adjustment to exclude actuarial loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the quarters ended December 31, 2023, October 1, 2023, and December 31, 2022, non-GAAP weighted average diluted common shares include 8.6 million, 9.2 million and 7.9 million shares, respectively, from the convertible note hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2023	% of Net Revenues	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%

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

(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, 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

	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

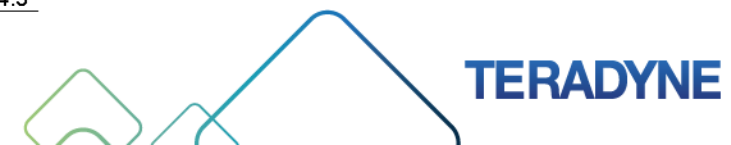
- (1) Restructuring and other consists of:

	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, 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, 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		December 31, 2018					
	% of Net Revenues	Basic	Diluted	% of Net Revenues	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

	Q4'22		Q3'23		Q4'23		Q1'24 Low Guidance		Q1'24 High 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%

	Q4'22		Q3'23		Q4'23		2022		2023	
	\$'s	%	\$'s	%	\$'s	%	\$'s	% of sales	\$'s	% of sales
GAAP Income Tax	\$23	12%	\$16	11%	\$23	16%	\$1,035	33%	\$1,036	39%
Exclude discrete tax adjustments	\$3	1%	\$5	3%	-\$3	-2%	-\$19	-1%	-\$19	-1%
Tax effect of non-GAAP adjustments	-\$5	-2%	\$4	2%	-\$1	-1%	-\$17	-1%	-\$21	-1%
Effect of Higher Non-GAAP PBT		1%		-1%		-1%			-\$6	0%
Non GAAP Income Tax	\$21	12%	\$24	16%	\$18	13%	\$999	32%	\$990	37%

	2022		2023	
	\$'s	%	\$'s	%
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%

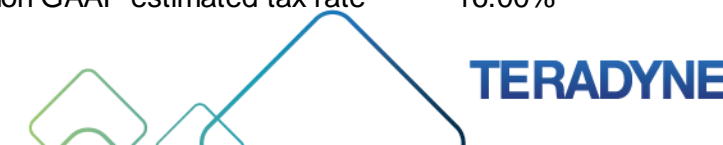
Q1'24 Guidance:	Low End	High End
GAAP Operating Profit as % of Sales	6%	11%
Acquired intangible asset amortization	1%	1%
Restructuring and Other	0%	0%
Non-GAAP Operating Profit as % of Sales	8%	12%

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

GAAP and non-GAAP first quarter revenue guidance:	\$540 million to \$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

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

FY 2024 GAAP estimated tax rate	16.00%
Adjustment for Non GAAP items	0.00%
FY 2024 Non GAAP estimated tax rate	16.00%



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	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

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	\$ 5.49	\$ 6.49	\$ 7.49
Add Back Intangible Asset Amortization	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
2026 Estimated Non-GAAP Diluted EPS	\$ 5.50	\$ 6.50	\$ 7.50