

Financial Results for Q1 2022

April 27, 2022





SAFE HARBOR (page 1 of 3)

This presentation contains forward-looking statements regarding Teradyne’s future business prospects, the impact of the global pandemic of the novel strain of the coronavirus (COVID-19), 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, sanctions against Russia and Russian companies, and the impact of U.S. and Chinese export and tariff laws. 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 improvement, earnings per share, use of cash, payment of dividends, repurchases of common stock, payment of the senior convertible notes, supply chain conditions, the impact of the COVID-19 pandemic, sanctions against Russia and Russian companies, or the impact of U.S. and Chinese export and tariff laws. 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 2024 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 2024 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 May 16, 2019, Huawei and 68 of its affiliates, including HiSilicon, were added to the U.S. Department of Commerce Entity List under U.S. Export Administration Regulations (the “EAR”). This action by the U.S. Department of Commerce imposed new export licensing requirements on exports, re-exports, and in-country transfers of all U.S. - regulated products, software and technology to the designated Huawei entities. On August 17, 2020, the U.S. Department of Commerce published final regulations expanding the scope of the U.S. EAR to include additional products that became subject to export restrictions relating to Huawei entities including HiSilicon. These new regulations restrict the sale to Huawei and the designated Huawei entities of certain non-U.S. made items, such as semiconductor devices, manufactured for or sold to Huawei entities including HiSilicon under specific, detailed conditions set forth in the new regulations. These new regulations have negatively impacted our sales to Huawei, HiSilicon and their suppliers. Teradyne is taking appropriate actions, including filing for licenses with the U.S. Department of Commerce. However, Teradyne cannot be certain that the actions it takes will mitigate the risks associated with the new export controls that impact its business. It is uncertain the extent these new regulations and any other additional regulations that may be implemented by the U.S. Department of Commerce or other government agency may have on Teradyne’s business and financial results.

On April 28, 2020, the U.S. Department of Commerce published new export control regulations for certain U.S. products and technology sold to military end users or for military end-use in China, Russia and Venezuela. The definition of military end user is broad. The regulations went into effect on June 29, 2020. In December 2020, the U.S. Department of Commerce issued a list of companies in China and other countries that it considered to be military end users. Teradyne does not expect that compliance with the new export controls will significantly impact its ability to sell products to its customers in China or to manufacture products in China. The new export controls, however, could disrupt the Company’s supply chain, increase compliance costs and impact the demand for the Company’s products in China and, thus, have a material adverse impact on Teradyne’s business, financial condition or results of operations. In addition, while the Company maintains an export compliance program, its compliance controls could be circumvented, exposing the Company to legal liabilities. Teradyne continues to assess the impact of the new export controls on its business and operations and take appropriate actions, including filing for licenses with the U.S. Department of Commerce, to minimize any disruption. However, Teradyne cannot be certain that the actions it takes will mitigate all the risks associated with the export controls that may impact its business. In response to the regulations issued by the U.S. Department of Commerce, the Chinese government has passed new laws that may impact Teradyne’s business activities in China. The Company continues to assess the potential impact of these new Chinese laws and to monitor relevant laws and regulations issued by the Chinese government.



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Following Russia's invasion of Ukraine in February 2022, the U.S. and other countries imposed significant sanctions against the Russian government and many Russian companies and individuals. Although Teradyne does not have significant operations in Russia, the sanctions could impact Teradyne's business in other countries and could have a negative impact on the Company's supply chain, either of which could adversely affect Teradyne's business and financial results.

COVID-19 has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, government vaccination mandates and other government regulations. These measures have impacted and may further impact Teradyne's workforce and operations, the operations of its customers, and those of its contract manufacturers and suppliers. As Teradyne implements measures to comply with additional regulations, the Company may experience increased compliance costs, increased risk of non-compliance and increased risk of employee attrition.

The COVID-19 pandemic has adversely impacted the Company's results of operations, including increased costs company-wide and constraints within the Company's supply chain. The Company cannot accurately estimate the amount of the impact on Teradyne's 2022 financial results and to its future financial results. The COVID-19 outbreak has significantly increased economic and demand uncertainty in Teradyne's markets. This uncertainty resulted in a significant decrease in demand for certain Teradyne products and could continue to impact demand for an uncertain period of time. The spread of COVID-19 has caused Teradyne to modify its business practices (including employee travel, employees working remotely, and cancellation of in person participation in meetings, events and conferences) and the Company may take further actions as may be required by government authorities or that it determines are in the best interests of its employees, customers, contract manufacturers and suppliers. There is uncertainty that such measures will be sufficient to mitigate the risks posed by the virus, and Teradyne's ability to perform critical functions could be impacted. The degree to which COVID-19 continues to impact Teradyne's results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and continued spread of the virus, its severity, the actions to contain the virus or the availability and impact of vaccines in countries where the Company does business, and how quickly and to what extent normal economic and operating conditions can resume.



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Important factors that could cause actual results, the 2024 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 Industrial Automation 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 the global semiconductor supply shortage on our supply chain and contract manufacturers; the consummation and success of any mergers or acquisitions; demand for products by the Company's largest customers; 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. tax regulations or IRS guidance; the impact of any tariffs or export controls imposed in 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; sanctions imposed against the Russian government and certain Russian companies and individuals by the U.S., and other countries; 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, 2021. 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

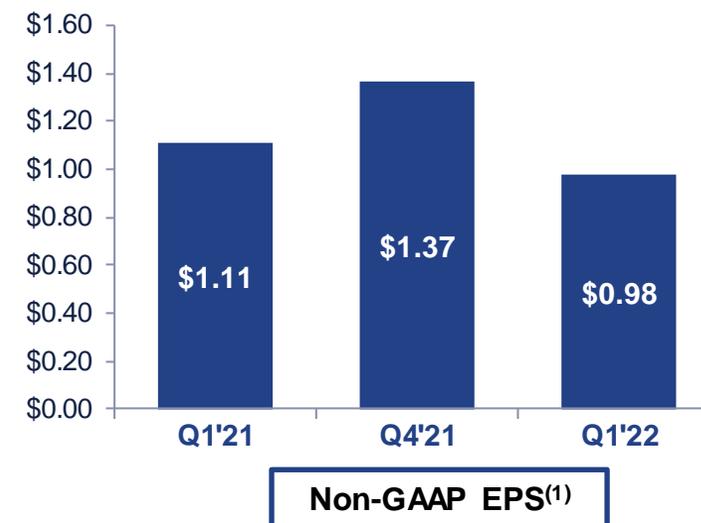
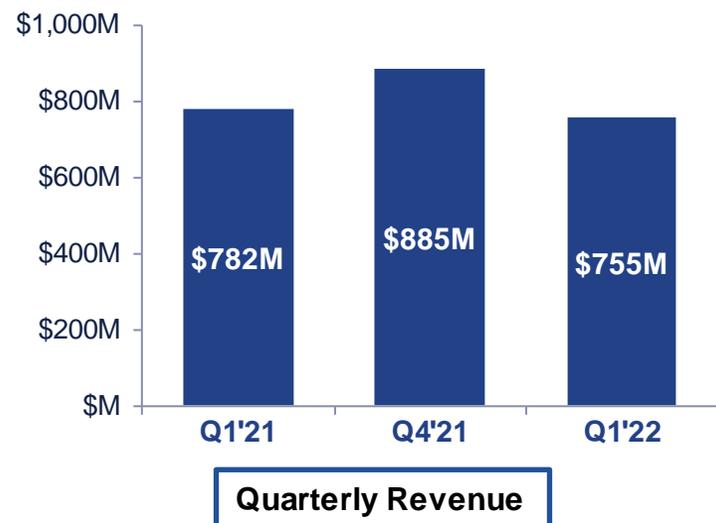
Mark Jagiela, Teradyne President and CEO



TERADYNE

Q1'22 Summary

Sales of \$755M, Gross Margins of 60.2%, Non-GAAP EPS of \$0.98
Industrial Automation up 29% Year over Year



- Automotive, Memory, and Wireless Test demand improved through Q1
- Industrial Automation sales grew 29% YoY despite material shortages

- Gross Margins improved 110 bps vs Q1'21 and 70 bps from Q4'21
- Favorable product mix main driver of the improvement

- Non-GAAP EPS \$0.98
- Repurchased 1.75 million shares / \$201 million, \$115.12/sh average

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

April 2022 Update

- Increasing SOC test demand, primarily in Automotive end market driving 2022 TAM to the high end of \$4.6-5.0B estimate range
 - Growing automotive device complexity, ADAS related processors and EV devices are long-term SOC test demand drivers
- Memory TAM expected to remain at ~\$1B but NAND demand incrementally stronger, DRAM incrementally weaker
- LitePoint grew 26% in Q1'22 vs Q1'21 on growing WiFi 6E, WiFi 7, and other wireless technology demand
- IA shipments impacted by component shortages in Q1; expect revenue growth rate to expand sequentially through 2022
 - UR: U.S. region strongest with 55% growth in Q1'22 vs Q1'21; UR global welding sales grew >100% in Q1'22 vs Q1'21
 - MiR: Shipments of higher payload, higher ASP products growing; Large customer fleets expanding
- Demand improvements in test balanced by increasing supply issues which are impacting Q2 revenue

First Quarter 2022 Financial Results and Second Quarter 2022 Guidance

Sanjay Mehta, Teradyne Vice President and Chief Financial Officer



Q1'22 Non-GAAP Results

\$s in millions, except EPS	Q1'21 Actual ⁽¹⁾		Q4'21 Actual ⁽¹⁾		Q1'22 Actual ⁽¹⁾	
Sales		\$782M		\$885M		\$755M
Gross Margin	59.1%	\$462M	59.5%	\$527M	60.2%	\$455M
R&D	12.8%	\$100M	12.4%	\$110M	14.3%	\$108M
SG&A	<u>16.6%</u>	<u>\$130M</u>	<u>16.1%</u>	<u>\$143M</u>	<u>18.6%</u>	<u>\$140M</u>
OPEX	29.5%	\$230M	28.6%	\$253M	32.9%	\$248M
Operating Profit	29.6%	\$231M	31.0%	\$274M	27.4%	\$207M
Income Taxes (& effective tax rate)	14.8%	\$34M	13.6%	\$38M	16.0%	\$32M
EPS		\$1.11		\$1.37		\$0.98
Diluted Shares		177M		175M		173M

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

Q1'22 Segment Summary

1st
Quarter
Sales

2022 Q1 Key Highlights

Semi Test
Sales Detail

Semiconductor Test

\$482M

Sales down 9% vs Q1'21

Mobility and compute end markets largest in SOC test

FLASH final, DRAM wafer test markets largest in memory test

Semi Product	\$408M
Semi Service	\$106M ⁽¹⁾

System Test

\$119M

Sales down 11% vs Q1'21

Defense/Aerospace and PBT shipments up 30%

Storage Test shipments down 28%

Wireless Test

\$52M

Sales up 26% vs Q1'21

Continued strong Wi-Fi 6/6E/7 demand

Growing UltraWide Band (UWB) test demand

Industrial Automation

\$103M

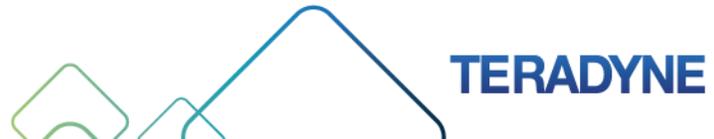
Sales up 29% vs Q1'21

UR sales up 30% on 55% growth in US and global welding demand

MiR sales up 22%; high payload apps and large fleets growing

Total Company Service: \$129M⁽¹⁾

(1) Corrected, prior version showed Semi Service of \$75M and Total Company Service of \$99M



Balance Sheet & Capital Return

	Q1'21 Actual	Q4'21 Actual	Q1'22 Actual
Cash and Marketable Securities	\$1,425M	\$1,500M	\$1,203M
Inventory	\$262M	\$243M	\$259M
DSO	70 Days	55 Days	67 Days
Capital Additions	\$39M	\$29M	\$44M
Depreciation and Amortization ⁽¹⁾	\$46M	\$41M	\$41M
Free Cash Flow ⁽²⁾	(\$1M)	\$302M	(\$37M)
Capital Return { Buybacks Dividends	\$45M	\$194M	\$201M
	\$17M	\$16M	\$18M

(1) Includes depreciation, stock based compensation, amortization of acquired intangible assets and amortization of the non-cash convertible debt discount

(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.

Q2'22 Non-GAAP Guidance

\$s in millions, except EPS	Q1'22 Actual⁽¹⁾	Q2'22 Guidance⁽¹⁾
Sales	\$755M	\$780M - \$870M
Gross Margin	60.2%	60% - 61%
OPEX	33%	34% - 31%
Operating Profit	27%	26% - 30%
Effective Tax Rate	16%	16%
EPS	\$0.98	\$1.00 - \$1.29
Diluted Shares	173M	170M

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



April 2022 Update

- Increasing SOC test demand, primarily in Automotive end market driving 2022 TAM to the high end of \$4.6-5.0B estimate range
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- LitePoint grew 26% in Q1'22 vs Q1'21 on growing WiFi 6E, WiFi 7, and other wireless technology demand
- IA shipments impacted by component shortages in Q1; expect revenue growth rate to expand sequentially through 2022
 - UR: U.S. region strongest with 55% growth in Q1'22 vs Q1'21; UR global welding sales grew >100% in Q1'22 vs Q1'21
 - MiR: Shipments of higher payload, higher ASP products growing; Large customer fleets expanding
- Demand improvements in test balanced by increasing supply issues which are impacting Q2 revenue
- Q2'22 sales expected to be in the range of \$780-870M, GAAP EPS of \$0.96-1.25, Non-GAAP EPS of \$1.00-\$1.29
- Expect sequential quarterly sales growth through 2022

Supplemental Information

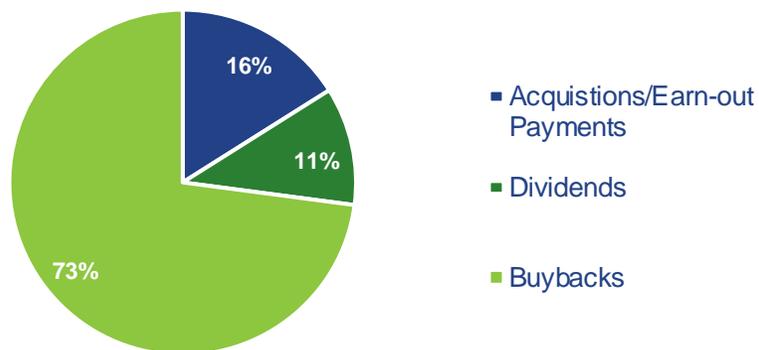


History of Balanced Capital Allocation

- Since 2015, 68.9M shares repurchased at an average price of ~\$42 per share

(\$M)	2015	2016	2017	2018	2019	2020	2021	Q1'22	Cumulative
Buybacks	\$300M	\$146M	\$200M	\$823M	\$500M	\$88M	\$600M	\$201M	\$2,859M
Dividends	\$51M	\$49M	\$55M	\$67M	\$61M	\$66M	\$66M	\$18M	\$434M
Acquisitions	\$283M	\$15M	\$1M	\$194M	\$115M	\$9M	\$12M	\$0M	\$629M
Total	\$633M	\$210M	\$257M	\$1,085M	\$676M	\$163M	\$678M	\$219M	\$3,922M
Free Cash Flow ⁽¹⁾	\$323M	\$370M	\$521M	\$370M	\$444M	\$684M	\$966M	(\$37M)	\$3,641M

**Cumulative Capital Allocation
Breakdown 2015 - Q1'22**



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

Teradyne Non-GAAP Earnings Model

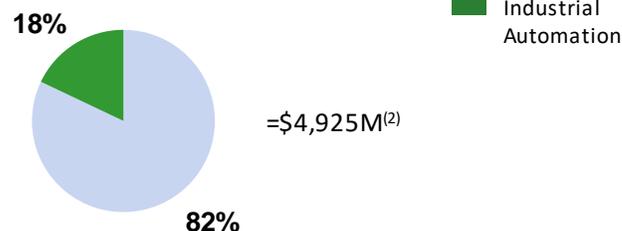
Financial Model

	'19/'20 Avg	'20/'21 Avg	2024E (Old Model)	2024E (New Model)	
TER Revenue (\$M)	\$2,708	\$3,412	\$3,500 — \$4,250	\$4,600 — \$5,250	+ 27% ⁽²⁾
Growth off '19/'20			7% — 12%	14% — 18%	
Gross Margin %	57%	58%	58% — 59%	59% — 60%	
OPEX %	30%	27%	29% — 28%	28% — 26%	
Operating Profit %	28%	32%	30% — 31%	31% — 34%	
Non-GAAP EPS	\$3.74	\$5.29	\$5.25 — \$6.75	\$7.00 — \$9.00	+ 33% ⁽²⁾

'20/'21 Sales Mix



2024 Sales Mix⁽¹⁾



2024E Model Assumptions

- Test revenues grow from 2020/2021 average revenues of \$3.1B at 7-11% CAGR
- Industrial Automation revenues grow from 2020/2021 average revenues of \$328M at 32-45% CAGR
- Tax rate assumes current laws

(1) 2024E sales mix is at mid-point of model range

(2) Growth at midpoint from old model to new model



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)

	April 3, 2022		December 31, 2021		April 4, 2021	
	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues
Net revenues	755.4		885.0		781.6	
Gross profit GAAP and non-GAAP	454.9	60.2%	527.0	59.5%	461.6	59.1%
Income from operations - GAAP	185.9	24.6%	256.4	29.0%	233.0	29.8%
Restructuring and other (1)	15.7	2.1%	12.7	1.4%	(7.1)	-0.9%
Acquired intangible assets amortization	5.1	0.7%	5.2	0.6%	5.5	0.7%
Income from operations - non-GAAP	206.7	27.4%	274.3	31.0%	231.4	29.6%

	April 3, 2022		December 31, 2021		April 4, 2021	
	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues
Net income - GAAP	161.9	21.4%	224.0	25.3%	205.5	26.3%
Restructuring and other (1)	15.7	2.1%	12.7	1.4%	(7.1)	-0.9%
Acquired intangible assets amortization	5.1	0.7%	5.2	0.6%	5.5	0.7%
Loss on convertible debt conversions (2)	-	-	3.4	0.4%	4.1	0.5%
Interest and other (2)	-	-	1.2	0.1%	3.6	0.5%
Pension mark-to-market adjustment (2)	-	-	(1.6)	-0.2%	-	-
Exclude discrete tax adjustments	(10.4)	-1.4%	(6.5)	-0.7%	(15.1)	-1.9%
Non-GAAP tax adjustments	(3.3)	-0.4%	(0.2)	0.0%	(0.3)	0.0%
Convertible share adjustment (3)	-	-	-	-	-	-
Net income - non-GAAP	169.0	22.4%	238.2	26.9%	196.2	25.1%

	April 3, 2022		December 31, 2021		April 4, 2021	
	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues
Net income - GAAP	1.00		1.38		1.23	
Restructuring and other (1)	0.10		0.08		(0.04)	
Acquired intangible assets amortization	0.03		0.03		0.03	
Loss on convertible debt conversions (2)	-		0.02		0.02	
Interest and other (2)	-		0.01		0.02	
Pension mark-to-market adjustment (2)	-		(0.01)		-	
Exclude discrete tax adjustments	(0.06)		(0.04)		(0.09)	
Non-GAAP tax adjustments	(0.02)		(0.00)		(0.00)	
Convertible share adjustment (3)	-		-		-	
Net income - non-GAAP	1.04		1.46		1.18	

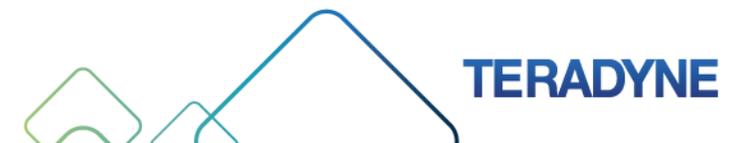
	April 3, 2022	December 31, 2021	April 4, 2021
GAAP and non-GAAP weighted average common shares - basic	162.0	162.8	166.5
GAAP weighted average common shares - diluted	175.6	178.0	187.7
Exclude dilutive shares related to convertible note transaction	(2.5)	(3.4)	(10.3)
Non-GAAP weighted average common shares - diluted	173.1	174.6	177.4

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	April 3, 2022	Quarter Ended December 31, 2021	April 4, 2021
Litigation Settlement	\$ 14.7	\$ 12.0	\$ -
Employee severance	0.6	0.3	0.2
Acquisition related expenses and compensation	(0.2)	0.2	(0.2)
Contingent consideration fair value adjustment	-	-	(7.2)
Other	0.7	0.3	0.1
	<u>\$ 15.7</u>	<u>\$ 12.7</u>	<u>\$ (7.1)</u>

- (2) For the quarters ended December 31, 2021 and April 4, 2021, adjustment to exclude loss on convertible debt conversions. For the quarters ended December 31, 2021 and April 4, 2021, Interest and other included non-cash convertible debt interest expense. For the quarter ended December 31 2021, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.
- (3) For the quarters ended April 3, 2022, December 31 2021 and April 4, 2021, the non-GAAP diluted EPS calculation adds back \$0.3 million, \$0.3 million and \$1.2 million, respectively, of convertible debt interest expense to non-GAAP net income. For the quarters ended April 3, 2022, December 31 2021, and April 4, 2021, non-GAAP weighted average diluted common shares include 10.0 million, 10.5 million and 9.4 million shares, respectively, from the convertible note 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, 2021		December 31, 2020		December 31, 2020		December 31, 2020	
		% of Net Revenues	Net Income		% of Net Revenues	Net Income		
			Basic	Diluted		Basic	Diluted	
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 - 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

	Q1'21		Q4'21		Q1'22		Q2'22 Low Guidance		Q2'22 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$229	29%	\$271	31%	\$269	36%	\$269	34%	\$272	31%
Intangible Asset Amortization	-\$6	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	\$7	1%	-\$13	-1%	-\$16	-2%				
Equity Modification Charge										
Non GAAP Operating Expenses	\$230	29%	\$253	29%	\$248	33%	\$264	34%	\$267	31%

	2019		2020		2021	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$786	34%	\$857	27%	\$998	27%
Intangible Asset Amortization	-\$40	-2%	-\$31	-1%	-\$21	-1%
Restructuring and Other	\$14	1%	\$13	0%	-\$1	0%
Equity Modification Charge	-\$2	0%	-\$1	0%		0%
Non GAAP Operating Expenses	\$758	33%	\$839	27%	\$975	26%

Q2'22 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	26%	30%
Acquired intangible asset amortization	1%	1%
Non-GAAP Operating Profit as % of Sales	26%	30%

	Q1'21		Q4'21		Q1'22	
	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$18	8%	\$33	12%	\$18	10%
Exclude discrete tax adjustments	\$15	6%	\$7	2%	\$10	6%
Tax effect of non-GAAP adjustments	\$0	0%	-\$2	-1%	\$3	2%
Effect of Higher Non-GAAP PBT		0%		-1%		-2%
Non GAAP Income Tax	\$34	15%	\$38	14%	\$32	16%

Q2'22 GAAP Guidance Diluted Shares	172
Exclude dilutive shares from convertible note	-2
Q2'22 Non-GAAP Guidance Diluted Shares	170

GAAP to Non-GAAP Reconciliation of Second Quarter 2022 guidance:

GAAP and non-GAAP second quarter revenue guidance:	\$780 million	to	\$870 million
GAAP net income per diluted share	\$ 0.97		\$ 1.25
Exclude acquired intangible assets amortization	0.03		0.03
Convertible share adjustment	0.01		0.01
Non-GAAP net income per diluted share	\$ 1.00		\$ 1.29

FY 2022 GAAP estimated tax rate	16.00%
Adjustment for Non GAAP items	0.00%
FY 2022 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	Q1'21	Q4'21	Q1'22
GAAP Cash Flow from Operations, Excl Disc Ops	\$413	\$455	\$ 626	\$ 477	\$ 579	\$ 869	\$1,098	\$ 38	\$ 331	\$ 7
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (132)	\$ (39)	\$ (29)	\$ (44)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$323	\$370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 966	\$ (1)	\$ 302	\$ (37)

Appendix | GAAP to Non-GAAP Reconciliation

Old 2024 Model Range

	<u>FY 2024 Low</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Operating Expenses as a % of Sales	29%	29%
Less Intangible Asset Amortization as a % of Sales	1%	0%
2024 Estimated Non-GAAP Operating Expenses as a % of Sales	<u>29%</u>	<u>28%</u>
	<u>FY 2024 Low</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Operating Profit as a % of Sales	29%	31%
Add back Intangible Asset Amortization as a % of Sales	1%	0%
2024 Estimated Non-GAAP Operating Profit as a % of Sales	<u>30%</u>	<u>31%</u>
	<u>FY 2024 Low</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Diluted EPS	\$ 5.15	\$ 6.65
Add back Intangible Asset Amortization	\$ 0.10	\$ 0.10
2024 Estimates Non-GAAP Diluted EPS	<u>\$ 5.25</u>	<u>\$ 6.75</u>

Appendix | GAAP to Non-GAAP Reconciliation

New 2024 Model Range

	<u>FY 2024 Low</u>	<u>FY 2024 Mid</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Diluted EPS	\$ 6.90	\$ 7.90	\$ 8.90
Add Back Intangible Asset Amortization	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
2024 Estimated Non-GAAP Diluted EPS	\$ 7.00	\$ 8.00	\$ 9.00