

## Financial Results for Q4 and Full Year 2021

January 27, 2022



# SAFE HARBOR (page 1 of 2)

This presentation contains forward-looking statements regarding Teradyne's future business prospects, the impact of the COVID-19 pandemic, results of operations, market conditions, earnings per share, supply chain impact on the business, customer sales expectations, the payment of a quarterly dividend, the repurchase of Teradyne common stock pursuant to a share repurchase program, 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, the impact of the COVID-19 pandemic, 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.

## SAFE HARBOR (page 2 of 2)

The global pandemic of the novel strain of the coronavirus (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 2021 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.

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; 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, 2020 and Quarterly Report on Form 10-Q for the fiscal quarter ended October 3, 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.

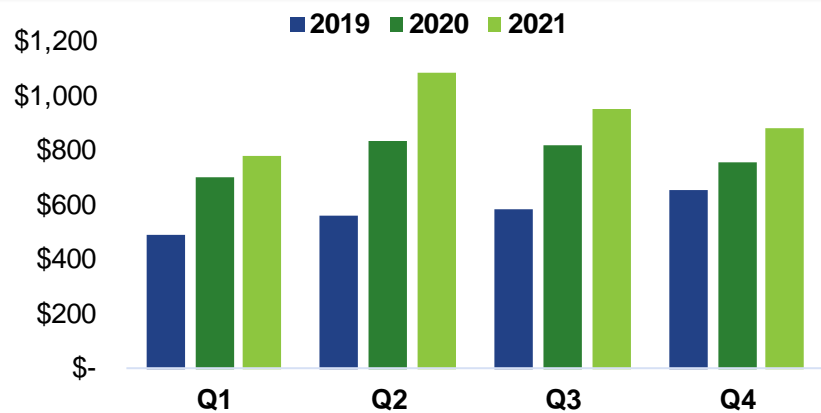
# Business Update and Outlook

Mark Jagiela, Teradyne President and CEO

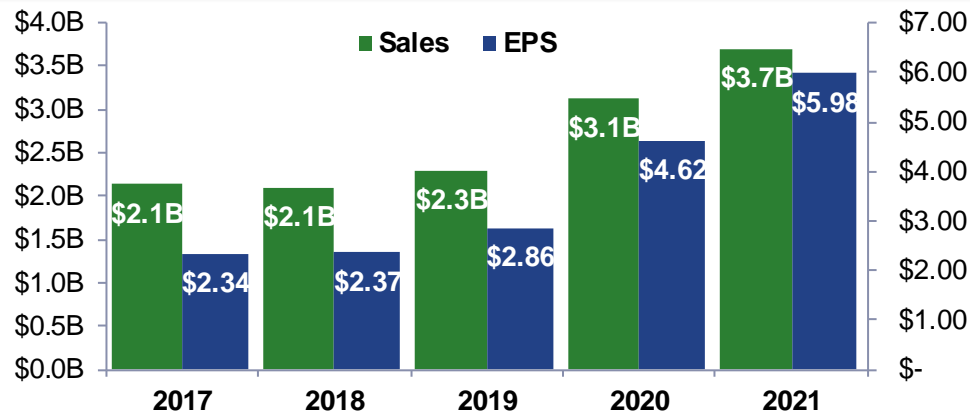


# Q4'21 and 2021 Summary

All Segments' Revenue Grew Year on Year  
2021 Sales of \$3,703M, Non-GAAP EPS of \$5.98



Quarterly Sales by Year (\$M)



Full Year Sales/Non-GAAP EPS(1)

- Q4'21 sales up 17% and non-GAAP EPS up 25% from Q4'20
- Q4'21 Semiconductor test strength in mobility
- Q4'21 Universal Robots sales up 22% from Q4'20, 18% from Q3'21

- Sales up 19% from 2020
- Full year 2021 Non-GAAP EPS of \$5.98 up 29% from 2020
- Revenue CAGR of 15% since 2017
- Non-GAAP EPS CAGR of 26% since 2017

(1) See appendix for GAAP to Non-GAAP reconciliation  
(2) CAGR reflects 2017-2021



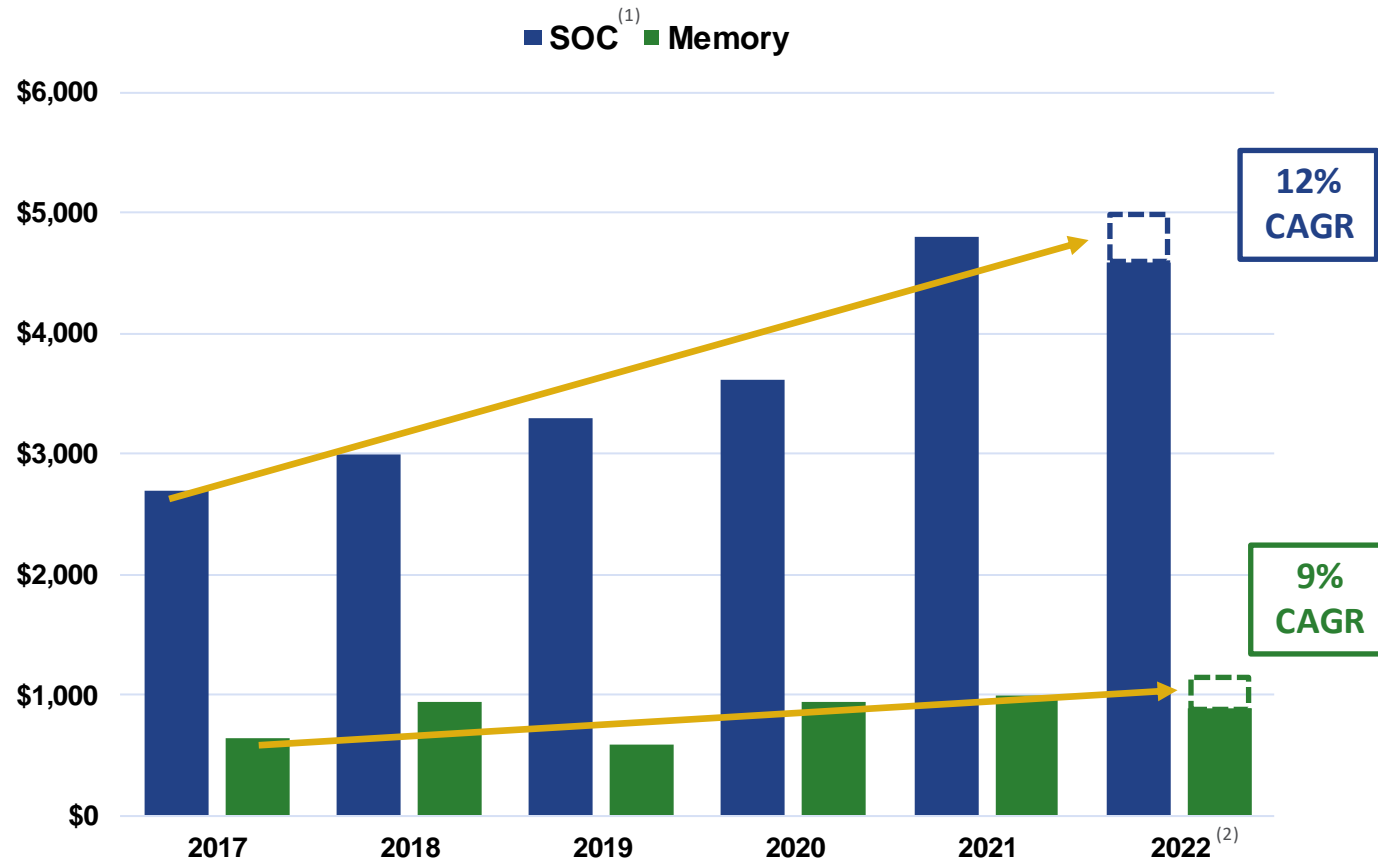
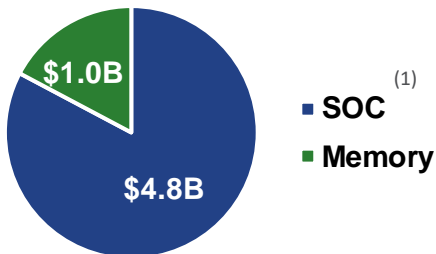
# Semiconductor Test Markets are Growing

## Semiconductor Test

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

Memory test driven by bit growth, diversity, higher bandwidth

### 2022 Market Sizes<sup>(2)</sup>



1) SOC data includes product and service; market data from SEMI WWSEMS report and internal estimates  
2) 2022 represents midpoint of guided range, CAGR's based on midpoint of 2022 range

# 2021 Highlights & 2022 Outlook

- The Q4 Headlines:
  - Company revenue up 17%, Test +16%, IA +23% compared with Q4'20
  - Test: Broad based strength with SemiTest, Storage Test, Wireless Test all growing double digits from Q4'20
  - IA: Universal Robots and MiR expanded the range of tasks served and grew distributor network from Q4'20
- 2021 Highlights:
  - Total Company revenues grew 19% and Non-GAAP EPS grew 29% vs 2021
  - 20% increase is SOC test sales driven by complexity and unit growth in compute, automotive, analog/industrial and continued strength in mobility markets
  - Record Memory Test revenue in '21 from strong NAND test demand
  - Storage Test (HDD and System Level Test) revenue grew 19% from '20 on increased SLT demand
  - Wireless test revenue grew 25% in '21 on increased network, location & security, and cellular test demand
  - Industrial Automation (IA) sales grew 34% in 2021 with UR growing 41% and MiR growing 42%. AutoGuide sales declined
- 2022 Outlook:
  - 2022 first half revenues likely down 15% - 20% vs 2021 due to push out of 3nm technology ramp in '23
  - Estimate SOC Test market to be \$4.6-5.0B, Memory Test market \$0.9-1.1B
  - Expect continued strong IA demand, expect 35%+ growth for the full year

# Fourth Quarter and Full Year 2021 Financial Results, Earnings Model Update, and First Quarter 2022 Guidance

Sanjay Mehta, Teradyne Vice President and Chief Financial Officer





# Q4'21 Non-GAAP Results

\$s in millions, except EPS	Q4'20 Actual <sup>(1)</sup>		Q3'21 Actual <sup>(1)</sup>		Q4'21 Actual <sup>(1)</sup>	
Sales		\$759M		\$951M		<b>\$885M</b>
Gross Margin	59.3%	\$450M	60.1%	\$571M	59.5%	<b>\$527M</b>
R&D	13.3%	\$101M	11.3%	\$107M	12.4%	<b>\$110M</b>
SG&A	<u>16.3%</u>	<u>\$123M</u>	<u>14.2%</u>	<u>\$135M</u>	<u>16.1%</u>	<u><b>\$143M</b></u>
OPEX	29.5%	\$224M	25.5%	\$242M	28.6%	<b>\$253M</b>
Operating Profit	29.7%	\$226M	34.6%	\$329M	31.0%	<b>\$274M</b>
Income Taxes (& effective tax rate)	14.5%	\$33M	14.8%	\$49M	13.6%	<b>\$38M</b>
EPS		\$1.10		\$1.59		<b>\$1.37</b>
Diluted Shares		177M		176M		<b>175M</b>

# Q4'21 Segment Summary

## Semiconductor Test

\$592M

Sales up 13% vs Q4'20

Mobile applications processor, RF, image sensor test demand strong

FLASH Memory test shipments remain strong

## System Test

\$127M

Sales up 23% vs Q4'20

Defense/Aerospace shipments up sequentially and y/y

Storage Test shipments up sequentially and y/y

## Wireless Test

\$52M

Sales up 31% vs Q4'20

Record Q4 sales on continued strong Wi-Fi 6/6E/7 demand

Expanding customer base in the growing UltraWide Band (UWB) market

## Industrial Automation

\$113M

Sales up 23% vs Q4'20

UR sales up on broad based geographic and end market demand

MiR sales up on growing new product adoption

Semi Product	\$491M
Semi Service	\$102M <sup>(1)</sup>

Total Company Service: \$126M<sup>(1)</sup>

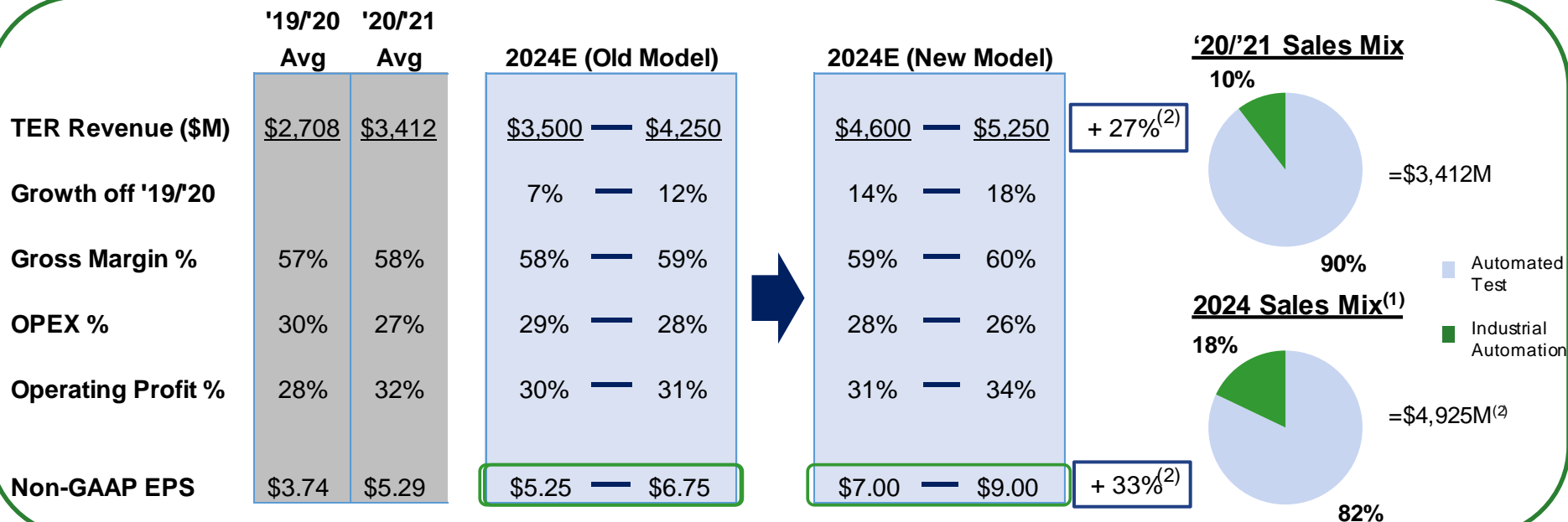
<sup>10</sup> (1) Corrected, prior version showed Semi Service of \$73M and Total Company Service of \$97M

# Q1'22 Non-GAAP Guidance

\$s in millions, except EPS	Q4'21 Actual <sup>(1)</sup>	Q1'22 Guidance <sup>(1)</sup>
Sales	\$885M	<b>\$700M - \$770M</b>
Gross Margin	59.5%	<b>58.5% - 59.5%</b>
OPEX	29%	<b>36% - 33%</b>
Operating Profit	31%	<b>22% - 26%</b>
Effective Tax Rate	13.6%	<b>15.0%</b>
EPS	\$1.37	<b>\$0.76 - \$0.98</b>
Diluted Shares	175M	<b>175M</b>

# Teradyne Non-GAAP Earnings Model

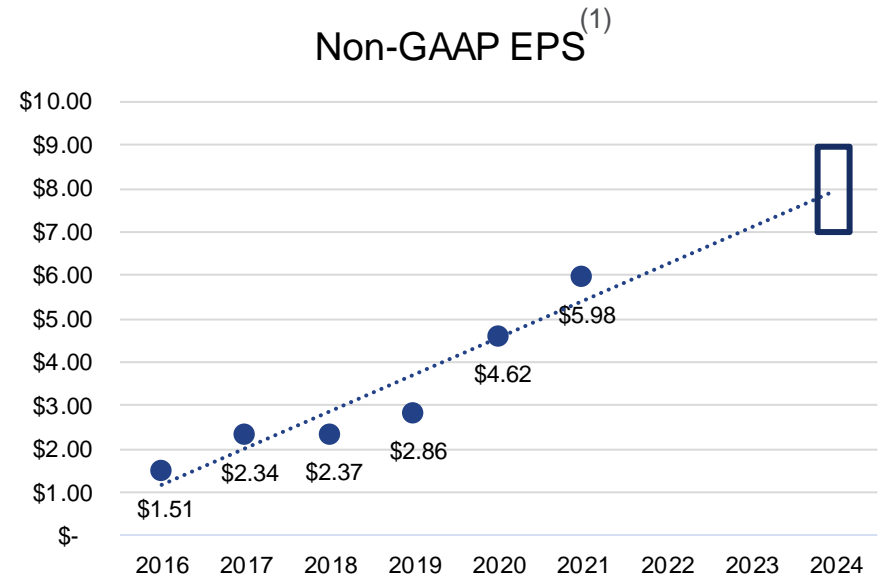
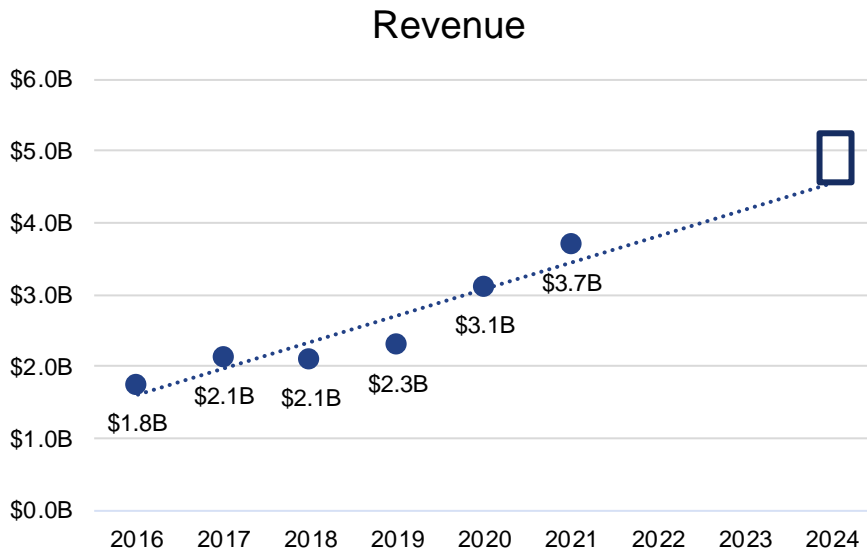
## Financial Model




## 2024E Model Assumptions

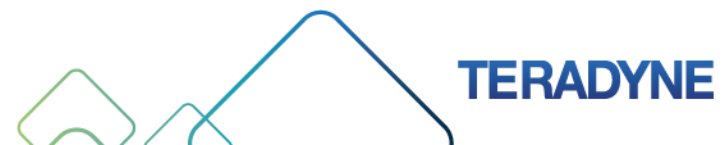
- Test revenues grow from 2020/2021 average revenues of \$3.1B at 7-11% CAGR
- Industrial Automation revenues grow from 2020/2021 average revenues of \$328M at 32-45% CAGR
- Tax rate assumes current laws

# 2024 Bottom-Up Earnings Model In-Line with Recent Growth Trends



 = 2024 Earnings Model Range of \$4.6B-\$5.25B of Sales, \$7.00-\$9.00 of non-GAAP EPS<sup>(1)</sup>

- Revenue growth driven by:
  - Test: Increasing electronic device complexity and unit growth
  - Industrial Automation: Expansion of distribution and range of tasks served by UR and MiR
- Non-GAAP EPS growth driven by:
  - Increased Revenue
  - Improved Gross Margin
  - Increased OPEX leverage
  - Lower share count reflecting share repurchases

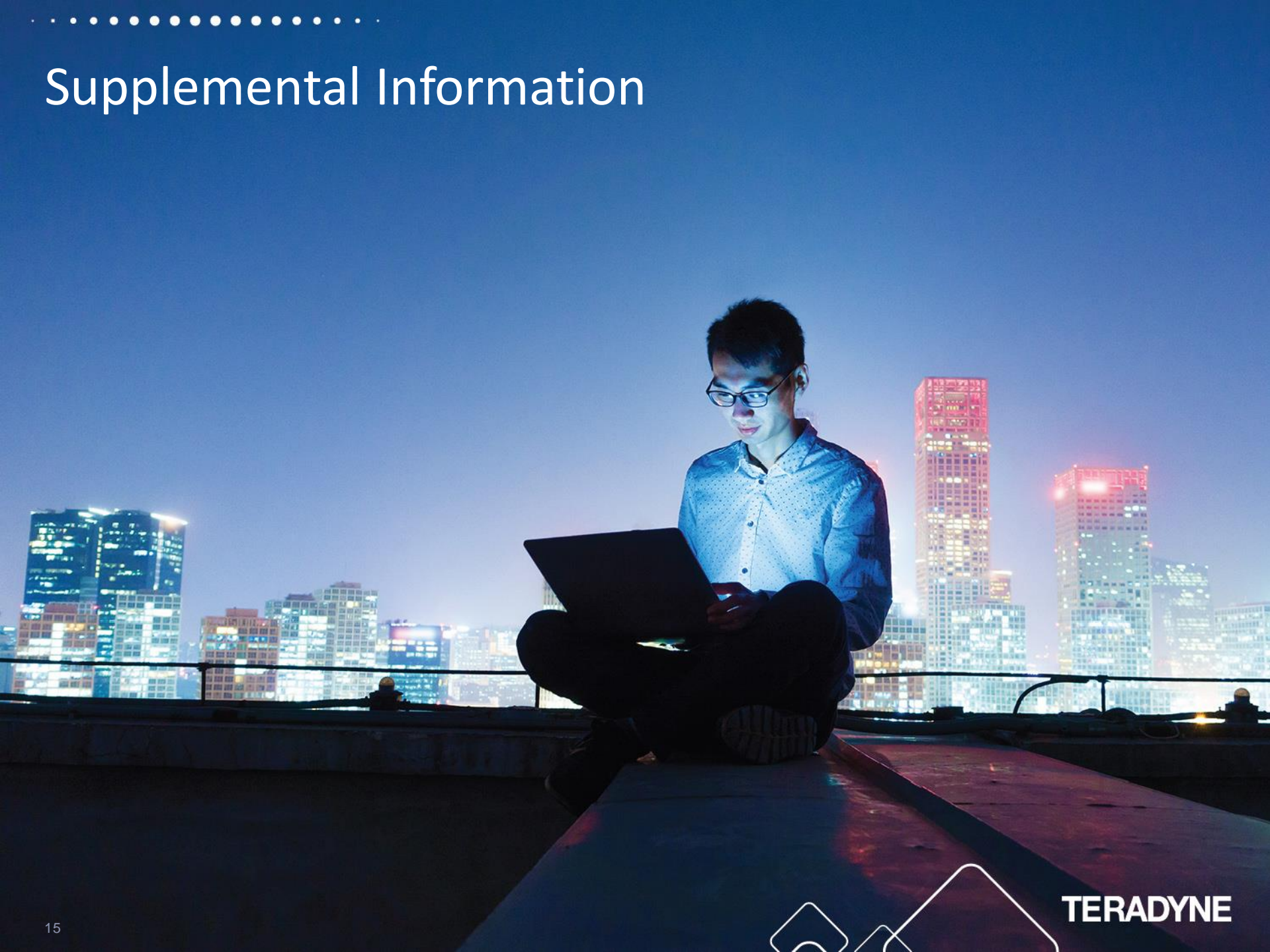




# 2021 Highlights & 2022 Outlook Summary

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- **2022 Outlook:**
  - 2022 first half revenues likely down 15% - 20% vs 2021 due to push out of 3nm technology ramp in '23
  - Estimate SOC Test market to be \$4.6-5.0B, Memory Test market \$0.9-1.1B
  - Expect continued strong IA demand, expect 35%+ growth for the full year
  - \$750M of share repurchases expected with 10% quarterly dividend increase
- **2024 Earnings Model Update**
  - Expect \$8.00 EPS in 2024 at midpoint, up 33% from prior model midpoint of \$6.00
  - Revenue at \$4.9B at midpoint, up 27% from prior model midpoint of \$3.9B

# Supplemental Information



# Annual Non-GAAP Results

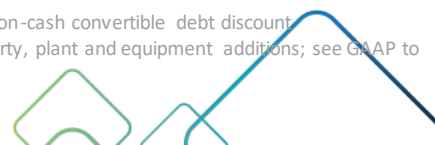
\$s in millions, except EPS	2020 <sup>(1)</sup>		2021 <sup>(1)</sup>	
Sales		\$3,121M		<b>\$3,703M</b>
Gross Margin	57%	\$1,786M	60%	<b>\$2,207M</b>
R&D	12%	\$375M	12%	<b>\$428M</b>
SG&A	<u>15%</u>	<u>\$464M</u>	<u>15%</u>	<b><u>\$548M</u></b>
OPEX	26%	\$839M	26%	<b>\$975M</b>
Operating Profit	30%	\$947M	33%	<b>\$1,231M</b>
Income Taxes ( <i>&amp; effective tax rate</i> )	15.25%	\$144M	14.5%	<b>\$178M</b>
EPS		\$4.62		<b>\$5.98</b>
Diluted Shares		175M		<b>176M</b>

# Balance Sheet & Capital Return

	Q4'20 Actual	Q3'21 Actual	Q4'21 Actual
Cash and Marketable Securities	\$1,554M	\$1,450M	<b>\$1,500M</b>
Inventory	\$222M	\$224M	<b>\$243M</b>
DSO	62 Days	57 Days	<b>55 Days</b>
Capital Additions	\$38M	\$29M	<b>\$29M</b>
Depreciation and Amortization <sup>(1)</sup>	\$44M	\$42M	<b>\$41M</b>
Free Cash Flow <sup>(2)</sup>	\$222M	\$493M	<b>\$302M</b>
Capital Return { Buybacks Dividends	\$0M	\$210M	<b>\$194M</b>
	\$17M	\$16M	<b>\$16M</b>

(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.

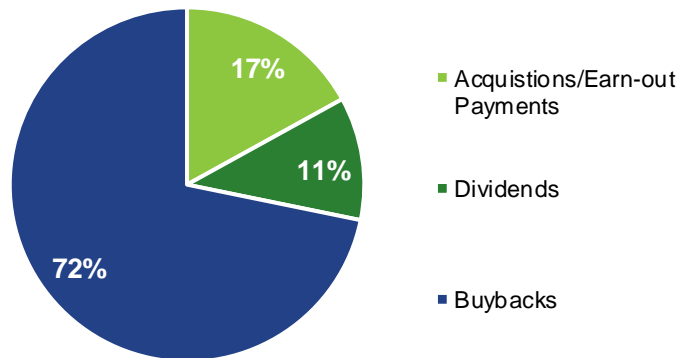


# History of Balanced Capital Allocation

- Since 2015, 67.1M shares repurchased at an average price of ~\$40 per share

(\$M)	2015	2016	2017	2018	2019	2020	2021	Cumulative
Buybacks	300	146	200	823	500	88	600	2,658
Dividends	51	49	55	67	61	66	66	416
Acquisitions	283	15	1	194	115	9	12	629
Total	633	210	257	1,085	676	163	678	3,703
Free Cash Flow <sup>(1)</sup>	323	370	521	370	444	684	966	3,678

Cumulative Capital Allocation  
Breakdown 2015 - 2021



(1) 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.



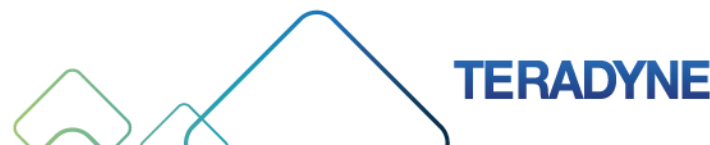


## Appendix | GAAP to Non-GAAP Reconciliation

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](http://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

	Quarter Ended											
	December 31, 2021		October 3, 2021		December 31, 2020							
		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		
Net revenues	\$ 885.0		\$ 950.5		\$ 759.0							
Gross profit GAAP	\$ 527.0	59.5%	\$ 571.0	60.1%	\$ 449.8	59.3%						
Gross profit non-GAAP	\$ 527.0	59.5%	\$ 571.0	60.1%	\$ 449.8	59.3%						
Income from operations - GAAP	\$ 264.4	29.9%	\$ 322.4	33.9%	\$ 234.1	30.8%						
Restructuring and other (1)	4.7	0.5%	1.2	0.1%	(15.1)	-2.0%						
Acquired intangible assets amortization	5.2	0.6%	5.4	0.6%	5.8	0.8%						
Equity modification charge	-	-	-	-	0.8	0.1%						
Income from operations - non-GAAP	\$ 274.3	31.0%	\$ 329.0	34.6%	\$ 225.6	29.7%						
	December 31, 2021		October 3, 2021		December 31, 2020							
	% of Net Revenues	Basic	Diluted	% of Net Revenues	Basic	Diluted	% of Net Revenues	Basic	Diluted			
Net income - GAAP	\$ 230.3	26.0%	\$ 1.41	\$ 1.29	\$ 256.7	27.0%	\$ 1.56	\$ 1.41	\$ 196.3	25.9%	\$ 1.18	\$ 1.05
Restructuring and other (1)	4.7	0.5%	0.03	0.03	1.2	0.1%	0.01	0.01	(15.1)	-2.0%	(0.09)	(0.08)
Acquired intangible assets amortization	5.2	0.6%	0.03	0.03	5.4	0.6%	0.03	0.03	5.8	0.8%	0.03	0.03
Loss on convertible debt conversions (2)	3.4	0.4%	0.02	0.02	20.2	2.1%	0.12	0.11	-	-	-	-
Interest and other (2)	1.2	0.1%	0.01	0.01	2.3	0.2%	0.01	0.01	3.7	0.5%	0.02	0.02
Pension mark-to-market adjustment (2)	(1.6)	-0.2%	(0.01)	(0.01)	-	-	-	-	7.7	1.0%	0.05	0.04
Equity modification charge	-	-	-	-	-	-	-	-	0.8	0.1%	0.00	0.00
Exclude discrete tax adjustments	(6.5)	-0.7%	(0.04)	(0.04)	(5.9)	-0.6%	(0.04)	(0.03)	(2.1)	-0.3%	(0.01)	(0.01)
Non-GAAP tax adjustments	1.7	0.2%	0.01	0.01	(1.3)	-0.1%	(0.01)	(0.01)	(3.9)	-0.5%	(0.02)	(0.02)
Convertible share adjustment (3)	-	-	-	0.03	-	-	-	0.06	-	-	-	0.06
Net income - non-GAAP	\$ 238.4	26.9%	\$ 1.46	\$ 1.37	\$ 278.6	29.3%	\$ 1.69	\$ 1.59	\$ 193.2	25.5%	\$ 1.16	\$ 1.10
GAAP and non-GAAP weighted average common shares - basic		162.8				164.6				166.1		
GAAP weighted average common shares - diluted		178.0				182.0				186.8		
Exclude dilutive shares related to convertible note transaction		(3.4)				(6.5)				(10.0)		
Non-GAAP weighted average common shares - diluted		174.6				175.5				176.8		



# Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	December 31, 2021	Quarter Ended October 3, 2021	December 31, 2020
Employee severance	\$ 0.3	\$ 0.6	\$ 1.1
Acquisition related expenses and compensation	0.2	0.3	(0.9)
Contingent consideration fair value adjustment	-	-	(15.3)
Other	4.3	0.3	-
	<u>\$ 4.7</u>	<u>\$ 1.2</u>	<u>\$ (15.1)</u>

(2) For the quarters ended December 31, 2021, October 3, 2021, and December 31, 2020, Interest and other includes non-cash convertible debt interest expense. For the quarters ended December 31, 2021 and October 3, 2021, adjustment to exclude loss on convertible debt conversions. For the quarters 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

(3) For the quarters ended December 31, 2021, October 3, 2021, and December 31, 2020, the non-GAAP diluted EPS calculation adds back \$0.4 million, \$0.5 million, and \$1.7 million, respectively, of convertible debt interest expense to non-GAAP net income, and non-GAAP weighted average diluted common shares include 10.5 million, 9.8 million and 8.9 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:

	<b>Twelve Months Ended</b>	
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
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	% of Net Revenues	December 31, 2020	% of Net Revenues
Net Revenues	\$ 3,702.9		\$ 3,121.5	
Gross profit GAAP	\$ 2,206.7	59.6%	\$ 1,785.7	57.2%
Inventory step-up	-	-	0.4	0.0%
Gross profit non-GAAP	\$ 2,206.7	59.6%	\$ 1,786.1	57.2%
Income from operations - GAAP	\$ 1,208.7	32.6%	\$ 928.4	29.7%
Acquired intangible assets amortization	21.5	0.6%	30.8	1.0%
Restructuring and other (1)	1.3	0.0%	(13.2)	-0.4%
Inventory step-up	-	-	0.4	0.0%
Equity modification charge	-	-	0.8	0.0%
Income from operations - non-GAAP	\$ 1,231.5	33.3%	\$ 947.2	30.3%

	December 31, 2021		Net Income		December 31, 2020		Net Income	
	% of Net Revenues	Basic	Diluted	% 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		December 31, 2018		December 31, 2018		December 31, 2018	
		% of Net Revenues	Net Income per common share		% of Net Revenues	Net Income per common share		
			Basic	Diluted		Basic	Diluted	
Net Revenues	\$ 2,295.0							
Gross profit GAAP	\$ 1,339.8	58.4%			\$ 1,220.4	58.1%		
Inventory step-up	0.4	0.0%			0.4	0.0%		
Gross profit non-GAAP	\$ 1,340.2	58.4%			\$ 1,220.8	58.1%		
Income from operations - GAAP	\$ 553.7	24.1%			\$ 473.8	22.6%		
Acquired intangible assets amortization	40.1	1.7%			39.2	1.9%		
Equity modification charge (1)	2.1	0.1%			-	-		
Restructuring and other (2)	(13.9)	-0.6%			15.2	0.7%		
Inventory step-up	0.4	0.0%			0.4	0.0%		
Income from operations - non-GAAP	\$ 582.4	25.4%			\$ 528.6	25.2%		
Net income - 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

	Twelve Months Ended							
	December 31, 2017				December 31, 2016			
	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 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%		
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			

# Appendix | GAAP to Non-GAAP Reconciliation

	Q4'20		Q3'21		Q4'21		Q1'22 Low Guidance		Q1'22 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$216	28%	\$249	26%	\$263	30%	\$259	37%	\$262	34%
Intangible Asset Amortization	-\$6	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	\$15	2%	-\$1	0%	-\$5	-1%				
Equity Modification Charge	-\$1			0%						
Non GAAP Operating Expenses	\$224	30%	\$242	25%	\$253	29%	\$254	36%	\$257	33%

	Q4'20		Q3'21		Q4'21		2020		2021	
	\$'s	%	\$'s	%	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$27	12%	\$41	14%	\$33	12%	\$117	13%	\$148	13%
Exclude discrete tax adjustments	\$2	1%	\$6	2%	\$7	2%	\$15	2%	\$29	2%
Tax effect of non-GAAP adjustments	\$4	2%	\$1	0%	-\$2	-1%	\$12	1%	\$2	0%
Effect of Higher Non-GAAP PBT		0%		-1%		-1%		-1%		-1%
Non GAAP Income Tax	\$33	14%	\$48	15%	\$38	14%	\$144	15%	\$178	15%

## Q1'22 Guidance:

GAAP net interest and other income	\$1.3
Exclude non cash convertible debt interest	-\$1.2
Loss on convertible debt conversions	-\$3.4
Pension to mark-to-market adjustment	\$1.6
Non-GAAP net interest and other income	-\$1.7

## Q1'22 Guidance

GAAP net interest and other income	-\$4.0
Exclude non cash convertible debt interest	\$3.1
Non-GAAP net interest and other income	-\$0.9

## Q1'22 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	22%	25%
Acquired intangible asset amortization	1%	1%
Non-GAAP Operating Profit as % of Sales	22%	26%
Q1'22 GAAP Guidance Diluted Shares		177
Exclude dilutive shares from convertible note		-3
Q1'22 Non-GAAP Guidance Diluted Shares		175

FY 2022 GAAP estimated tax rate	15.00%
Adjustment for Non GAAP items	0.00%
FY 2022 Non GAAP estimated tax rate	15.00%

## GAAP to Non-GAAP Reconciliation of First Quarter 2022 guidance:

GAAP and non-GAAP first quarter revenue guidance:	\$700 million	to	\$770 million
GAAP net income per diluted share	\$ 0.71		\$ 0.93
Exclude acquired intangible assets amortization	0.03		0.03
Exclude non-cash convertible debt interest	0.01		0.01
Tax effect of non-GAAP adjustments	(0.01)		(0.01)
Convertible share adjustment	0.01		0.02
Non-GAAP net income per diluted share	\$ 0.76		\$ 0.98



# Appendix | GAAP to Non-GAAP Reconciliation

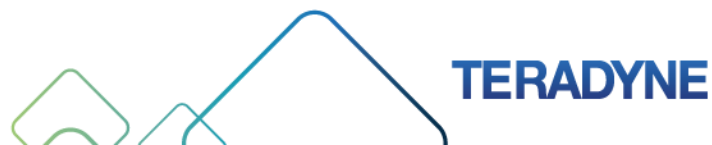
	Q4'21	Q3'21	Q4'20	FY2021	FY2020
GAAP SG&A expense	143	135	124	548	465
Exclude stock compensation related to equity modification	-	-	(1)	-	(1)
Non-GAAP SG&A expense	143	135	123	548	464

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

# 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	Q4'20	Q3'21	Q4'21
GAAP Cash Flow from Operations, Excl Disc Ops	\$ 413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 1,098	\$ 260	\$ 523	\$ 331
Less Property, Plant, and Equipment Additions net of Govt Subsidy	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (132)	\$ (38)	\$ (29)	\$ (29)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 966	\$ 222	\$ 493	\$ 302



# 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