

Teradyne, Inc.
Certain Non-GAAP financial measures discussed during the
First Quarter of 2024 Earnings Conference Call
April 25, 2024

On the Company's earnings conference call on April 25, 2024, the following non-GAAP financial measures were discussed or presented:

Q1 2024 – EPS (\$0.51), Operating Profit (14.8% and \$89M), Gross Margin (56.6% and \$339M), Operating Expenses (41.8% and \$251M), Effective Tax Rate (15.5% and \$15M), Free Cash Flow (-\$37M), Net Income (\$83M)

Q4 2023 – EPS (\$0.79), Operating Profit (20.1% and \$135M), Gross Margin (56.6% and \$380M), Operating Expenses (36.5% and \$245M), Effective Tax Rate (12.6% and \$18M), Free Cash Flow (\$204M), Net Income (\$127M)

Q1 2023 – EPS (\$0.55), Operating Profit (17.1% and \$106M), Gross Margin (57.7% and \$356M), Operating Expenses (40.6% and \$251M), Effective Tax Rate (16.75% and \$18M), Free Cash Flow (-\$22M), Net Income (\$91M)

2026 Updated Mid-Term Earnings Model GM – (59-60%), OPEX (28-31%), Operating Profit (28-32%), EPS (\$5.50 - \$7.50)

2024 Guidance – GM (58-59%), Forecasted Tax Rate (15.5%), Forecasted Operating Expense increase (5%-7%)

Q2'24 Guidance – GM (57-58%), Opex (36-39%), Operating Profit (18-22%), Midpoint Operating Profit (20%), tax rate (15.5%), EPS (\$0.64 to \$0.84), shares (162M)

FCF – 2015 (\$323M), 2016 (\$370M), 2017 (\$521M), 2018 (\$370M), 2019 (\$444M), 2020 (\$684M), 2021 (\$966M), 2022 (\$415M), 2023 (\$426M)

GAAP to Non-GAAP Earnings Reconciliation
(In millions, except per share amounts)

	Quarter Ended					
	March 31, 2024	% of Net Revenues	December 31, 2023		April 2, 2023	
Net revenues	\$ 599.8		\$ 670.6		\$ 617.5	
Gross profit GAAP and non-GAAP	339.3	56.6%	379.5	56.6%	356.4	57.7%
Income from operations - GAAP	77.8	13.0%	124.3	18.3%	92.9	15.0%
Acquired intangible assets amortization	4.7	0.8%	4.7	0.7%	4.8	0.8%
Restructuring and other (1)	4.4	0.7%	6.0	0.9%	2.0	0.3%
Equity Modification Charge (4)	1.7	0.3%	—	0.0%	5.9	1.0%
Income from operations - non-GAAP	\$ 88.6	14.8%	\$ 135.0	20.1%	\$ 105.6	17.1%

	Net Income per Common Share		December 31, 2023		Net Income per Common Share		Net Income per Common Share			
	March 31, 2024	% of Net Revenues	Basic	Diluted	% of Net Revenues	Basic	Diluted	Basic	Diluted	
Net income - GAAP	\$ 64.2	10.7%	\$ 0.42	\$ 0.40	\$ 117.1	17.5%	\$ 0.77	\$ 0.72	\$ 83.5	13.5%
Loss (gain) of foreign exchange option	13.9	2.3%	0.09	0.09	(7.5)	-1.1%	(0.05)	(0.05)	—	—
Acquired intangible assets amortization	4.7	0.8%	0.03	0.03	4.7	0.7%	0.03	0.03	4.8	0.8%
Restructuring and other (1)	4.4	0.7%	0.03	0.03	6.0	0.9%	0.04	0.04	2.0	0.3%
Equity Modification Charge (4)	1.7	0.3%	0.01	0.01	—	—	—	—	5.9	1.0%
Pension mark-to-market adjustment (2)	—	—	—	—	2.6	0.4%	0.02	0.02	—	—
Exclude discrete tax adjustments	(2.2)	-0.4%	(0.01)	(0.01)	3.3	0.5%	0.02	0.02	(2.5)	-0.4%
Non-GAAP tax adjustments	(4.2)	-0.7%	(0.03)	(0.03)	1.0	0.1%	0.01	0.01	(2.4)	-0.4%
Net income - non-GAAP	\$ 82.5	13.8%	\$ 0.54	\$ 0.51	\$ 127.2	19.0%	\$ 0.83	\$ 0.79	\$ 91.3	14.8%

GAAP and non-GAAP weighted average common shares - basic	153.0		152.8		155.9	
GAAP weighted average common shares - diluted (3)	162.3		162.1		166.3	
Exclude dilutive shares related to convertible note transaction	—		(0.2)		(0.9)	
Non-GAAP weighted average common shares - diluted	162.3		161.9		165.4	

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

GAAP and non-GAAP second quarter revenue guidance:	\$665 million	to	\$725 million
GAAP net income per diluted share	\$ 0.90	\$	1.10
Exclude gain on divestiture	(0.36)		(0.36)
Exclude acquired intangible assets amortization	0.03		0.03
Non-GAAP tax adjustments	0.07		0.07
Non-GAAP net income per diluted share	\$ 0.64	\$	0.84

	Q1'23		Q4'23		Q1'24		Q2'24 Low Guidance		Q2'24 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$264	43%	\$255	38%	\$262	44%	\$264	40%	\$266	37%
Intangible Asset Amortization	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	-\$2	0%	-\$6	-1%	-\$4	-1%		0%		0%
Equity Modification Charge	-\$6	-1%			-\$2	0%				
Non GAAP Operating Expenses	\$251	41%	\$245	36%	\$251	42%	\$259	39%	\$262	36%

	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q1'23	Q4'23	Q1'24
GAAP Cash Flow from Operations, Excl Disc Ops	\$ 413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 1,098	\$ 578	\$ 585	\$ 19	\$ 249	\$ 7
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (132)	\$ (163)	\$ (160)	\$ (41)	\$ (44)	\$ (44)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 966	\$ 415	\$ 426	\$ (22)	\$ 204	\$ (37)

	Q1'23		Q4'23		Q1'24	
	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$14	14%	\$23	16%	\$9	12%
Exclude discrete tax adjustments	\$3	3%	-\$3	-2%	\$2	3%
Tax effect of non-GAAP adjustments	\$2	2%	-\$1	-1%	\$4	6%
Effect of Higher Non-GAAP PBT		-2%		-1%		-5%
Non GAAP Income Tax	\$18	17%	\$18	13%	\$15	16%

Q2'24 Guidance:

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

FY 2024 GAAP estimated tax rate	15.00%
Adjustment for Non GAAP items	<u>0.50%</u>
FY 2024 Non GAAP estimated tax rate	15.50%

	<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	\$ 0.01	\$ 0.01	\$ 0.01
2026 Estimated Non-GAAP Diluted EPS	\$ 5.50	\$ 6.50	\$ 7.50

	Low	High
2024 Operating Expenses		
	\$M	\$M
2024 GAAP Operating Expenses	1,063	1,084
Exclude acquired intangible asset amortization	19	19
Exclude Restructuring and Other	4	4
Exclude Equity Modification Charge	2	2
2024 Non-GAAP Operating Expenses	<u>1,040</u>	<u>1,059</u>