

Teradyne, Inc.

**Certain Non-GAAP financial measures discussed during the
Third Quarter of 2024 Earnings Conference Call**

October 24, 2024

On the Company's earnings conference call on October 24, 2024, the following non-GAAP financial measures were discussed or presented:

Q3 2024- EPS (\$0.90), Operating Profit (22.4% and \$165M), Gross Margin (59.7% and \$440M), Operating Expenses (37.3% and \$275M), Effective Tax Rate (13.8% or \$23M), Shares (164M), Free Cash Flow (\$114M), Net income (\$147.6M)

Q2 2024 – EPS (\$0.86), Operating Profit (21.9% and \$160M), Gross Margin (58.3% and \$426M), Operating Expenses (36.5% and 266M), Effective Tax rate (15.0% and \$24M), Shares (163M), Free Cash Flow (\$171M), Net Income (\$140.0M)

Q3 2023 – EPS (\$0.80), Operating Profit (22.1% and \$156M), Gross Margin (56.6% and \$398M), Operating Expenses (34.5% and \$243M), Effective Tax Rate (15.7% or \$24M), shares (163M), Free Cash Flow (\$140M), Net income (\$131.5M)

Q4'24 Guidance – EPS (\$0.80 to \$0.97), %, Operating Profit (21.0 -24.0%), Gross Margin (59.5%-60.5%), Operating Expenses (36.5%-38.5%) Midpoint Operating Profit Rate (23%), tax rate (14.5%), shares (164M),

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

FCF - 2015 (\$323M), 2016 (\$370M), 2017 (\$521M), 2018 (\$370M), 2019 (\$444M), 2020 (\$684M), 2021 (\$966M), 2022 (\$415M), 2023 (\$426M), YTD Q3'24 (\$249M)

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

	Quarter Ended											
	September 29, 2024		June 30, 2024		June 30, 2024		October 1, 2023		October 1, 2023		October 1, 2023	
	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues
Net revenues	\$ 727.3		\$ 729.9		\$ 729.9		\$ 703.7		\$ 703.7		\$ 703.7	
Gross profit - GAAP	436.5	59.2%	425.8	58.3%	425.8	58.3%	398.3	56.6%	398.3	56.6%	398.3	56.6%
Legal settlement (1)	3.6	0.5%	—	—	—	—	—	—	—	—	—	—
Gross profit - non-GAAP	440.1	59.7%	425.8	58.3%	425.8	58.3%	398.3	56.6%	398.3	56.6%	398.3	56.6%
Income from operations - GAAP	152.1	20.6%	210.4	28.8%	210.4	28.8%	144.0	20.5%	144.0	20.5%	144.0	20.5%
Acquired intangible assets amortization	4.7	0.6%	4.7	0.6%	4.7	0.6%	4.7	0.7%	4.7	0.7%	4.7	0.7%
Restructuring and other (2)	4.6	0.6%	2.0	0.3%	2.0	0.3%	6.9	1.0%	6.9	1.0%	6.9	1.0%
Non-recurring legal judgment (1)	3.6	0.5%	—	—	—	—	—	—	—	—	—	—
Gain on sale of business (3)	—	—	(57.5)	-7.9%	(57.5)	-7.9%	—	—	—	—	—	—
Income from operations - non-GAAP	\$ 165.0	22.4%	\$ 159.6	21.9%	\$ 159.6	21.9%	\$ 155.6	22.1%	\$ 155.6	22.1%	\$ 155.6	22.1%

	Net Income per Common Share				Net Income per Common Share				Net Income per Common Share			
	September 29, 2024	% of Net Revenues	Basic	Diluted	June 30, 2024	% of Net Revenues	Basic	Diluted	October 1, 2023	% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 145.6	19.7%	\$ 0.89	\$ 0.89	\$ 186.3	25.3%	\$ 1.18	\$ 1.14	\$ 128.1	18.2%	\$ 0.83	\$ 0.78
Acquired intangible assets amortization	4.7	0.6%	0.03	0.03	4.7	0.6%	0.03	0.03	4.7	0.7%	0.03	0.03
Restructuring and other (2)	4.6	0.6%	0.03	0.03	2.0	0.3%	0.01	0.01	6.9	1.0%	0.04	0.04
Legal settlement (1)	3.6	0.5%	0.02	0.02	—	—	—	—	—	—	—	—
Amortization of equity method investment	2.4	0.3%	0.01	0.01	—	—	—	—	—	—	—	—
Loss (gain) on foreign exchange option	—	—	—	—	(4.2)	-0.6%	(0.03)	(0.03)	—	—	—	—
Gain on sale of business (3)	—	—	—	—	(57.5)	-7.9%	(0.36)	(0.35)	—	—	—	—
Pension mark-to-market adjustment (4)	(2.3)	-0.3%	(0.01)	(0.01)	(0.3)	0.0%	(0.00)	(0.00)	0.1	0.0%	0.00	0.00
Exclude discrete tax adjustments	(8.9)	-1.2%	(0.05)	(0.05)	10.5	1.4%	0.07	0.06	(4.8)	-0.7%	(0.03)	(0.03)
Non-GAAP tax adjustments	(2.1)	-0.3%	(0.01)	(0.01)	(1.5)	-0.2%	(0.01)	(0.01)	(3.5)	-0.5%	(0.02)	(0.02)
Net income - non-GAAP	\$ 147.6	20.0%	\$ 0.91	\$ 0.90	\$ 140.0	19.2%	\$ 0.89	\$ 0.86	\$ 131.5	18.7%	\$ 0.86	\$ 0.80

GAAP and non-GAAP weighted average common shares - basic	163.0		157.8		153.8	
GAAP weighted average common shares - diluted (6)	164.3		163.5		164.1	
Exclude dilutive shares related to convertible note transaction	—		—		(0.6)	
Non-GAAP weighted average common shares - diluted	164.3		163.5		163.4	

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

GAAP and non-GAAP fourth quarter revenue guidance:	\$710 million	to	\$760 million
GAAP net income per diluted share	0.73	\$	0.91
Exclude acquired intangible assets amortization	0.03		0.03
Exclude equity method investment amortization	0.05		0.05
Non-GAAP tax adjustments	(0.01)		(0.01)
Non-GAAP net income per diluted share	\$ 0.80	\$	0.97

	Q3'23		Q2'24		Q3'24		Q4'24 Low Guidance		Q4'24 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$254	36%	\$215	30%	\$284	39%	\$277	41%	\$281	38%
Intangible Asset Amortization	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	-\$7	-1%	-\$2	0%	-\$5	-1%	—	—	—	—
Equity Modification Charge	—	—	—	—	—	—	—	—	—	—
Loss (gain) on the sale of business	—	—	\$57	8%	—	—	—	—	—	—
Non GAAP Operating Expenses	\$243	34%	\$266	36%	\$275	37%	\$272	40%	\$276	37%

	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3'23	Q1'24	Q2'24	Q3'24
GAAP Cash Flow from Operations, Excl Disc Ops	\$ 413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 1,098	\$ 578	\$ 585	\$ 174	\$ 7	\$ 216	\$ 166
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (132)	\$ (163)	\$ (160)	\$ (35)	\$ (44)	\$ (45)	\$ (52)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 966	\$ 415	\$ 426	\$ 140	\$ (37)	\$ 171	\$ 114

	Q3'23		Q2'24		Q3'24	
	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$16	11%	\$33	15%	\$12	8%
Exclude discrete tax adjustments	\$5	3%	-\$11	-5%	\$9	6%
Tax effect of non-GAAP adjustments	\$4	2%	\$2	1%	\$2	1%
Effect of Higher Non-GAAP PBT	—	—	—	—	—	-1%
Non GAAP Income Tax	\$24	16%	\$24	15%	\$23	14%

Q4'24 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	21%	24%
Acquired intangible asset amortization	1%	1%
Restructuring and Other	0%	0%
Non-GAAP Operating Profit as % of Sales	21%	24%

FY 2024 GAAP estimated tax rate	14.00%
Adjustment for Non GAAP items	<u>0.50%</u>
FY 2024 Non GAAP estimated tax rate	14.50%

	<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

Q4'24 GAAP Guidance Diluted Shares	164
Exclude dilutive shares from convertible note	<u>0</u>
Q4'24 Non-GAAP Guidance Diluted Shares	164