

Teradyne, Inc.

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

July 25, 2024

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

Q2 2024- EPS (\$0.86), Operating Profit (21.9% and \$160M), Operating Expenses (36.5% and \$266M), Effective Tax Rate (14.6% or \$24M), Shares (163M), Free Cash Flow (\$171M), Net income (\$140.0M)

Q1 2024- EPS (\$0.51), Operating Profit (14.8% and \$89M), Operating Expenses (41.8% and 251M), Effective Tax rate (15.5% and \$15M), Shares (162M), Free Cash Flow (\$-37M), Net Income (\$82.5M)

Q2 2023 - EPS (\$0.79), Operating Profit (22.1% and \$151M), Operating Expenses (36.7% and \$251M), Effective Tax Rate (17.2% or \$27M), shares (164M), Free Cash Flow (\$104M), Net income (\$129M)

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

2024 Guidance - Forecasted Tax Rate (15%), Forecasted Operating Expense increase (8%)

Q3'24 Guidance – Operating Expenses (38-40%), EPS (\$0.66 to \$0.86), Operating Profit (18.5-21.5%), Midpoint Operating Profit Rate (20%), tax rate (15%), shares (164M),

FCF - 2015 (\$323M), 2016 (\$370M), 2017 (\$521M), 2018 (\$370M), 2019 (\$444M), 2020 (\$684M), 2021 (\$966M), 2022 (\$415M), 2023 (\$426M), 1H'24 (\$134M)

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

	Quarter Ended					
	June 30, 2024	% of Net Revenue	March 31, 2024	% of Net Revenue	July 2, 2023	% of Net Revenue
Net revenues	\$ 729.9		\$ 599.8		\$ 684.4	
Gross profit GAAP and non-GAAP	425.8	58.3%	339.3	56.6%	402.5	58.8%
Income from operations - GAAP	210.4	28.8%	77.8	13.0%	139.9	20.4%
Acquired intangible assets amortization	4.7	0.6%	4.7	0.8%	4.8	0.7%
Restructuring and other (1)	2.0	0.3%	4.4	0.7%	6.4	0.9%
Equity modification charge (2)	—	0.0%	1.7	0.3%	—	0.0%
Gain on sale of business (3)	(57.5)	-7.9%	—	0.0%	—	0.0%
Income from operations - non-GAAP	\$ 159.6	21.9%	\$ 88.6	14.8%	\$ 151.1	22.1%

	June 30, 2024		% of Net Revenue		Net Income per Common Share		March 31, 2024		% of Net Revenue		Net Income per Common Share		July 2, 2023		% of Net Revenue		Net Income per Common Share	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted		
Net income - GAAP	\$ 186.3	\$ 186.3	25.5%	25.5%	\$ 1.18	\$ 1.14	\$ 64.2	\$ 64.2	10.7%	10.7%	\$ 0.42	\$ 0.40	\$ 120.1	\$ 120.1	17.3%	17.3%	\$ 0.78	\$ 0.73
Acquired intangible assets amortization	4.7	4.7	0.6%	0.6%	0.03	0.03	4.7	4.7	0.8%	0.8%	0.03	0.03	4.8	4.8	0.7%	0.7%	—	0.03
Restructuring and other (1)	2.0	2.0	0.3%	0.3%	0.01	0.01	4.4	4.4	0.7%	0.7%	0.03	0.03	6.4	6.4	0.9%	0.9%	0.04	0.04
Equity Modification Charge (2)	—	—	0.0%	0.0%	—	—	—	—	0.3%	0.3%	0.01	0.01	—	—	—	—	—	—
Pension mark-to-market adjustment (4)	(0.3)	(0.3)	0.0%	0.0%	(0.00)	(0.00)	—	—	—	—	—	—	0.1	0.1	0.0%	0.0%	0.00	0.00
Loss (gain) on foreign exchange option	(4.2)	(4.2)	-0.6%	-0.6%	(0.03)	(0.03)	13.9	13.9	2.3%	2.3%	0.09	0.09	—	—	—	—	—	—
Gain on sale of business (3)	(57.5)	(57.5)	-7.9%	-7.9%	(0.36)	(0.35)	—	—	—	—	—	—	—	—	—	—	—	—
Exclude discrete tax adjustments	10.5	10.5	1.4%	1.4%	0.07	0.06	(2.2)	(2.2)	-0.4%	-0.4%	(0.01)	(0.01)	0.5	0.5	0.1%	0.1%	0.00	0.00
Non-GAAP tax adjustments	(1.5)	(1.5)	-0.2%	-0.2%	(0.01)	(0.01)	(4.2)	(4.2)	-0.7%	-0.7%	(0.03)	(0.03)	(2.9)	(2.9)	-0.4%	-0.4%	(0.02)	(0.02)
Net income - non-GAAP	\$ 140.0	\$ 140.0	19.2%	19.2%	\$ 0.89	\$ 0.86	\$ 82.5	\$ 82.5	13.8%	13.8%	\$ 0.54	\$ 0.51	\$ 129.0	\$ 129.0	18.8%	18.8%	\$ 0.83	\$ 0.79
GAAP and non-GAAP weighted average common shares - basic	157.8	157.8					153.0	153.0					154.8	154.8				
GAAP weighted average common shares - diluted (5)	163.5	163.5					162.3	162.3					164.8	164.8				
Exclude dilutive shares related to convertible note transaction	—	—					—	—					(0.7)	(0.7)				
Non-GAAP weighted average common shares - diluted	163.5	163.5					162.3	162.3					164.1	164.1				

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

GAAP and non-GAAP third quarter revenue guidance:	\$680 million	to	\$740 million
GAAP net income per diluted share	\$ 0.62	\$	0.82
Exclude acquired intangible assets amortization	0.03		0.03
Exclude equity method investment amortization	0.02		0.02
Non-GAAP tax adjustments	(0.01)		(0.01)
Non-GAAP net income per diluted share	\$ 0.66	\$	0.86

	Q2'23		Q1'24		Q2'24		Q3'24 Low Guidance		Q3'24 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$263	38%	\$262	44%	\$215	30%	\$278	41%	\$282	38%
Intangible Asset Amortization	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	-\$6	-1%	-\$4	-1%	-\$2	0%	—	—	—	—
Equity Modification Charge	—	—	—	—	—	—	—	—	—	—
Loss (gain) on the sale of business	—	—	—	—	\$57	8%	—	—	—	—
Non GAAP Operating Expenses	\$251	37%	\$251	42%	\$266	36%	\$273	40%	\$277	37%

	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q2'23	Q1'24	Q2'24
GAAP Cash Flow from Operations, Excl Disc Ops	\$ 413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 1,098	\$ 578	\$ 585	\$ 143	\$ 7	\$ 216
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	\$(90)	\$(85)	\$(105)	\$(107)	\$(135)	\$(185)	\$(132)	\$(163)	\$(160)	\$(39)	\$(44)	\$(45)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 966	\$ 415	\$ 426	\$ 104	\$(37)	\$ 171

	Q2'23		Q1'24		Q2'24	
	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$24	17%	\$9	12%	\$33	15%
Exclude discrete tax adjustments	-\$1	0%	\$2	3%	-\$11	-5%
Tax effect of non-GAAP adjustments	\$3	2%	\$4	6%	\$2	1%
Effect of Higher Non-GAAP PBT	—	—	—	—	—	—
Non GAAP Income Tax	\$27	17%	\$15	16%	\$24	15%

Q3'24 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	18%	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	14.25%
Adjustment for Non GAAP items	<u>0.75%</u>
FY 2024 Non GAAP estimated tax rate	15.00%

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	<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

Q3'24 GAAP Guidance Diluted Shares	164
Exclude dilutive shares from convertible note	<u>0</u>
Q3'24 Non-GAAP Guidance Diluted Shares	164

(in thousands \$)

	2023	2024 Guidance
GAAP Operating Expenses	1,035,680	1,038,301
Intangible Assets Amortization	(18,999)	(18,983)
Restructuring and Other	(21,277)	(6,440)
Equity Modification change	(5,900)	(1,700)
(Loss) gain on the sale of business	-	57,486
Non GAAP operating expenses	<u>989,504</u>	<u>1,068,664</u>