

**Teradyne, Inc.**

**Certain Non-GAAP financial measures discussed during the  
First Quarter of 2022 Earnings Conference Call  
April 27, 2022**

On the Company's earnings conference call on April 27, 2022, the following non-GAAP financial measures were discussed or presented:

- Q1'22 net income (\$169M)
- Annual expected Industrial Automation segment operating profit (5% to 15%)
- 2021 Industrial Automation segment operating profit (4%)
- Q2'22 Guidance Midpoint Operating Profit Rate (28%)
- 2022 Operating Expense Guidance over 2021 (11% to 13%)
- Q1'22 – Operating Expenses (32.9% and \$248M), Operating Profit (27.4% and \$207M), EPS (\$0.98), Free Cash Flow (-\$37M), Effective Tax Rate (16% or \$32M), Diluted shares (173M)
- Q1'21 – Operating Expenses (29.5% and \$230M), Operating Profit (29.6% and \$231M), EPS (\$1.11), Free Cash Flow (-\$1M), Effective Tax Rate (14.8% or \$34M), Diluted shares (177M)
- Q4'21 – Operating Expenses (28.6% and \$253M), Operating Profit (31.0% and \$274M), EPS (\$1.37), Free Cash Flow (\$302M), Effective Tax Rate (13.6% or \$38M), shares (175M)
- Free Cash Flow – 2015 (\$323M), 2016 (\$370M), 2017 (\$521M), 2018 (\$370M), 2019 (\$444M), 2020 (\$684M), 2021 (\$966M)
- Q2'22 Guidance – Operating Expenses (34-31%), Operating Profit (26-30%), EPS (\$1.00 to \$1.29), Effective Tax Rate (16%), Diluted shares (170M)
- 2024E New Model Target EPS (\$7.00 to \$9.00)
- 2024E Old Model Target Operating Expenses (29-28%), PBIT (30-31%), EPS (\$5.25 to \$6.75)
- 2019 and 2020 Averages – GM (57%), Operating Expenses (30%), PBIT (28%), EPS (\$3.74)
- 2020 and 2021 Averages - GM (58%), Operating Expenses (27%), PBIT (32%), EPS (\$5.29)

|  |                                 |     |
|--|---------------------------------|-----|
|  | <b>Mid Guidance<br/>Q2 2022</b> |     |
| GAAP income from operations as a % of revenue (\$825M)         | 27%                             |     |
| Exclude acquired intangible asset amortization                 | 1%                              |     |
| Non-GAAP income from operations as a % of revenue (\$825M)     | 28%                             |     |
| <b>FY 2022 Estimated Operating Expense Increase</b>            |                                 |     |
| FY 2022 GAAP Operating Expense Increase over FY 2021           | 12%                             | 14% |
| Exclude acquired intangible asset amortization                 | -1%                             | -1% |
| FY 2022 Non-GAAP Operating Expense Increase over FY 2021       | 11%                             | 13% |
| <b>FY 2021<br/>Industrial<br/>Automation<br/>Segment</b>       |                                 |     |
| GAAP income from operations as a % of revenue (\$376M)         | -2%                             |     |
| Exclude acquired intangible asset amortization                 | 5%                              |     |
| Exclude restructuring and other                                | 1%                              |     |
| Non-GAAP income from operations as a % of revenue (\$376M)     | 4%                              |     |
| <b>Estimated Industrial Automation Annual Operating Profit</b> |                                 |     |
| GAAP income from operations as a % of revenue                  | 2%                              | 13% |
| Exclude acquired intangible asset amortization                 | 2%                              | 2%  |
| Non-GAAP income from operations as a % of revenue              | 5%                              | 15% |



## 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.

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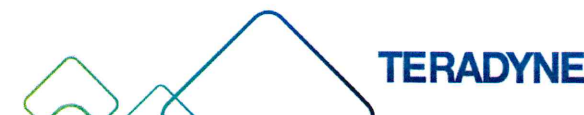
# Appendix | GAAP to Non-GAAP Reconciliation

## GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

|   | Quarter Ended |                   | Quarter Ended     |                   | Quarter Ended |                   | Quarter Ended     |                   | Quarter Ended |                   |
|---|---------------|-------------------|-------------------|-------------------|---------------|-------------------|-------------------|-------------------|---------------|-------------------|
|   | April 3, 2022 | % of Net Revenues | December 31, 2021 | % of Net Revenues | April 4, 2021 | % of Net Revenues | December 31, 2020 | % of Net Revenues | April 3, 2020 | % of Net Revenues |
| Net revenues  | \$ 755.4      |                   | \$ 885.0          |                   | \$ 781.6      |                   | \$ 885.0          |                   | \$ 781.6      |                   |
| Gross profit GAAP and non-GAAP                                  | \$ 454.9      | 60.2%             | \$ 527.0          | 59.5%             | \$ 461.6      | 59.1%             | \$ 527.0          | 59.5%             | \$ 461.6      | 59.1%             |
| Income from operations - GAAP                                   | \$ 185.9      | 24.6%             | \$ 256.4          | 29.0%             | \$ 233.0      | 29.8%             | \$ 256.4          | 29.0%             | \$ 233.0      | 29.8%             |
| Restructuring and other (1)                                     | 15.7          | 2.1%              | 12.7              | 1.4%              | (7.1)         | -0.9%             | 12.7              | 1.4%              | (7.1)         | -0.9%             |
| Acquired intangible assets amortization                         | 5.1           | 0.7%              | 5.2               | 0.6%              | 5.5           | 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%             | \$ 274.3          | 31.0%             | \$ 231.4      | 29.6%             |
|   |               |                   |                   |                   |               |                   |                   |                   |               |                   |
|   | Quarter Ended |                   | Quarter Ended     |                   | Quarter Ended |                   | Quarter Ended     |                   | Quarter Ended |                   |
|   | April 3, 2022 | % of Net Revenues | December 31, 2021 | % of Net Revenues | April 4, 2021 | % of Net Revenues | December 31, 2020 | % of Net Revenues | April 3, 2020 | % of Net Revenues |
| Net income - GAAP   | \$ 161.9      | 21.4%             | \$ 224.0          | 25.3%             | \$ 205.5      | 26.3%             | \$ 224.0          | 25.3%             | \$ 205.5      | 26.3%             |
| Restructuring and other (1)                                     | 15.7          | 2.1%              | 12.7              | 1.4%              | (7.1)         | -0.9%             | 12.7              | 1.4%              | (7.1)         | -0.9%             |
| Acquired intangible assets amortization                         | 5.1           | 0.7%              | 5.2               | 0.6%              | 5.5           | 0.7%              | 5.2               | 0.6%              | 5.5           | 0.7%              |
| Loss on convertible debt conversions (2)                        | -             | -                 | 3.4               | 0.4%              | 4.1           | 0.5%              | 3.4               | 0.4%              | 4.1           | 0.5%              |
| Interest and other (2)  | -             | -                 | 1.2               | 0.1%              | 3.6           | 0.5%              | 1.2               | 0.1%              | 3.6           | 0.5%              |
| Pension mark-to-market adjustment (2)                           | -             | -                 | (1.6)             | -0.2%             | -             | -                 | (1.6)             | -0.2%             | -             | -                 |
| Exclude discrete tax adjustments                                | (10.4)        | -1.4%             | (6.5)             | -0.7%             | (15.1)        | -1.9%             | (6.5)             | -0.7%             | (15.1)        | -1.9%             |
| Non-GAAP tax adjustments  | (3.3)         | -0.4%             | (0.2)             | 0.0%              | (0.3)         | 0.0%              | (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%             | \$ 238.2          | 26.9%             | \$ 196.2      | 25.1%             |
|   |               |                   |                   |                   |               |                   |                   |                   |               |                   |
|   | Quarter Ended |                   | Quarter Ended     |                   | Quarter Ended |                   | Quarter Ended     |                   | Quarter Ended |                   |
|   | April 3, 2022 | % of Net Revenues | December 31, 2021 | % of Net Revenues | April 4, 2021 | % of Net Revenues | December 31, 2020 | % of Net Revenues | April 3, 2020 | % of Net Revenues |
| Net income - GAAP   | \$ 1.00       |                   | \$ 1.38           |                   | \$ 1.23       |                   | \$ 1.38           |                   | \$ 1.23       |                   |
| Restructuring and other (1)                                     | 0.10          |                   | 0.08              |                   | (0.04)        |                   | 0.08              |                   | (0.04)        |                   |
| Acquired intangible assets amortization                         | 0.03          |                   | 0.03              |                   | 0.03          |                   | 0.03              |                   | 0.03          |                   |
| Loss on convertible debt conversions (2)                        | -             |                   | 0.02              |                   | 0.02          |                   | 0.02              |                   | 0.02          |                   |
| Interest and other (2)  | -             |                   | 0.01              |                   | 0.02          |                   | 0.01              |                   | 0.02          |                   |
| Pension mark-to-market adjustment (2)                           | -             |                   | (0.01)            |                   | -             |                   | (0.01)            |                   | -             |                   |
| Exclude discrete tax adjustments                                | (0.06)        |                   | (0.04)            |                   | (0.09)        |                   | (0.04)            |                   | (0.09)        |                   |
| Non-GAAP tax adjustments  | (0.02)        |                   | (0.00)            |                   | (0.00)        |                   | (0.00)            |                   | (0.00)        |                   |
| Convertible share adjustment (3)                                | -             |                   | -                 |                   | -             |                   | -                 |                   | -             |                   |
| Net income - non-GAAP   | \$ 1.04       |                   | \$ 1.46           |                   | \$ 1.18       |                   | \$ 1.46           |                   | \$ 1.18       |                   |
|   |               |                   |                   |                   |               |                   |                   |                   |               |                   |
|   | Quarter Ended |                   | Quarter Ended     |                   | Quarter Ended |                   | Quarter Ended     |                   | Quarter Ended |                   |
|   | April 3, 2022 | % of Net Revenues | December 31, 2021 | % of Net Revenues | April 4, 2021 | % of Net Revenues | December 31, 2020 | % of Net Revenues | April 3, 2020 | % of Net Revenues |
| GAAP and non-GAAP weighted average common shares - basic        | 162.0         |                   | 162.8             |                   | 166.5         |                   | 162.8             |                   | 166.5         |                   |
| GAAP weighted average common shares - diluted                   | 175.6         |                   | 178.0             |                   | 187.7         |                   | 178.0             |                   | 187.7         |                   |
| Exclude dilutive shares related to convertible note transaction | (2.5)         |                   | (3.4)             |                   | (10.3)        |                   | (3.4)             |                   | (10.3)        |                   |
| Non-GAAP weighted average common shares - diluted               | 173.1         |                   | 174.6             |                   | 177.4         |                   | 174.6             |                   | 177.4         |                   |

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## Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

|  | April 3,<br>2022 | Quarter Ended<br>December 31,<br>2021 | April 4,<br>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.

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## Appendix | GAAP to Non-GAAP Reconciliation

### Twelve Months Ended

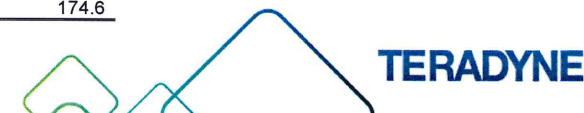
|   | December 31,<br>2020 | % of Net<br>Revenues |  |  | December 31,<br>2019 | % of Net<br>Revenues |  |  |
|---|----------------------|----------------------|--|--|----------------------|----------------------|--|--|
| Net Revenues                            | \$ 3,121.5           |                      |  |  | \$ 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,<br>2020 | % of Net<br>Revenues | Net Income<br>per Common Share |         | December 31,<br>2019 | % of Net<br>Revenues | Net Income<br>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 |  |  |  |



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## Appendix | GAAP to Non-GAAP Reconciliation

- (1) Restructuring and other consists of:

|  | Twelve Months Ended  |                      |
|--|----------------------|----------------------|
|  | December 31,<br>2020 | December 31,<br>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,<br>2021 | % of Net<br>Revenues | December 31,<br>2020 | % of Net<br>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,<br>2021 |                      | Net Income |         |
|--|----------------------|----------------------|------------|---------|
|  | December 31,<br>2021 | % of Net<br>Revenues | Basic      | Diluted |
| Net income - GAAP                        | \$ 1,020.8           | 27.6%                | \$ 6.19    | \$ 5.56 |
| Acquired intangible assets amortization  | 21.5                 | 0.6%                 | 0.13       | 0.12    |
| Restructuring and other (1)              | 1.3                  | 0.0%                 | 0.01       | 0.01    |
| Interest and other (2)                   | 10.3                 | 0.3%                 | 0.06       | 0.06    |
| 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)  |
| Inventory step-up                        | -                    | -                    | -          | -       |
| Equity modification charge               | -                    | -                    | -          | -       |
| Exclude discrete tax adjustments         | (28.6)               | -0.8%                | (0.17)     | (0.16)  |
| Non-GAAP tax adjustments                 | (1.5)                | 0.0%                 | (0.01)     | (0.01)  |
| Convertible share adjustment (3)         | -                    | -                    | -          | 0.24    |
| Net income - non-GAAP                    | \$ 1,050.4           | 28.4%                | \$ 6.37    | \$ 5.98 |

|  | December 31,<br>2020 |                      | Net Income |         |
|--|----------------------|----------------------|------------|---------|
|  | December 31,<br>2020 | % of Net<br>Revenues | Basic      | Diluted |
| Net income - GAAP                        | \$ 784.1             | 25.1%                | \$ 4.72    | \$ 4.28 |
| Acquired intangible assets amortization  | 30.8                 | 1.0%                 | 0.19       | 0.17    |
| Restructuring and other (1)              | (13.2)               | -0.4%                | (0.08)     | (0.07)  |
| Interest and other (2)                   | 14.4                 | 0.5%                 | 0.09       | 0.08    |
| Loss on convertible debt conversions (2) | -                    | -                    | -          | -       |
| Pension mark-to-market adjustment (2)    | 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         | (15.2)               | -0.5%                | (0.09)     | (0.08)  |
| Non-GAAP tax adjustments                 | (11.9)               | -0.4%                | (0.07)     | (0.07)  |
| Convertible share adjustment (3)         | -                    | -                    | -          | 0.25    |
| Net income - non-GAAP                    | \$ 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 |



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## Appendix | GAAP to Non-GAAP Reconciliation

- (1) Restructuring and other consists of:

|  | Twelve Months Ended  |                      |
|--|----------------------|----------------------|
|  | December 31,<br>2021 | December 31,<br>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:

|   |  |
|---|--|
| GAAP net income per diluted share               |  |
| Exclude acquired intangible assets amortization |  |
| Convertible share adjustment                    |  |
| Non-GAAP net income per diluted share           |  |

|               |    |               |
|---------------|----|---------------|
| \$780 million | to | \$870 million |
| \$ 0.97       |    | \$ 1.25       |
| 0.03          |    | 0.03          |
| 0.01          |    | 0.01          |
| \$ 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% |



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## 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 | <u>\$ (90)</u> | <u>\$ (85)</u> | <u>\$ (105)</u> | <u>\$ (107)</u> | <u>\$ (135)</u> | <u>\$ (185)</u> | <u>\$ (132)</u> | <u>\$ (39)</u> | <u>\$ (29)</u> | <u>\$ (44)</u> |
| Non-GAAP Operating Cash Flow ("Free Cash Flow")                    | \$323          | \$370          | \$521           | \$370           | \$444           | \$684           | \$966           | \$ (1)         | \$302          | \$ (37)        |



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## 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 | \$ 0.10            | \$ 0.10            | \$ 0.10             |
| 2024 Estimated Non-GAAP Diluted EPS    | \$ 7.00            | \$ 8.00            | \$ 9.00             |

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