

# Teradyne Reports Fourth Quarter and Fiscal Year 2023 Results

Jan 30, 2024 5:10 PM

- Revenue of \$671 million in Q4'23, down 8% from Q4'22
- Revenue of \$2,676 million in FY 2023, down 15% from FY 2022
- Record Robotics revenue in Q4'23, up 50% from Q3'23 and 17% from Q4'22

|               | <u>Q4'23</u> | <u>Q4'22</u> | <u>Q3'23</u> | <u>FY 2023</u> | <u>FY 2022</u> |
|---------------|--------------|--------------|--------------|----------------|----------------|
| Revenue (mil) | \$ 671       | \$ 732       | \$ 704       | \$ 2,676       | \$ 3,155       |
| GAAP EPS      | \$ 0.72      | \$ 1.04      | \$ 0.78      | \$ 2.73        | \$ 4.22        |
| Non-GAAP EPS  | \$ 0.79      | \$ 0.92      | \$ 0.80      | \$ 2.93        | \$ 4.25        |

**NORTH READING, MA / ACCESSWIRE / January 30, 2024 / Teradyne, Inc.** (NASDAQ:TER) reported revenue of \$671 million for the fourth quarter of 2023 of which \$431 million was in Semiconductor Test, \$86 million in System Test, \$25 million in Wireless Test and \$129 million in Robotics. GAAP net income for the fourth quarter was \$117 million or \$0.72 per diluted share. On a non-GAAP basis, Teradyne's net income in the fourth quarter was \$127 million, or \$0.79 per diluted share, which excluded pension actuarial losses, acquired intangible asset amortization, restructuring and other charges, and included the related tax impact on non-GAAP adjustments.

"We closed out 2023 with Q4 revenue and profit in line with our guidance as strong demand for memory test systems and 50% quarterly growth of Robotics revenue offset weakening demand for System-on-a-Chip (SOC) test systems," said Teradyne CEO Greg Smith. "Looking into the new year, we expect low tester utilization will impact demand in the first half of the year but anticipate the full year Semiconductor test demand to incrementally improve from 2023. In Robotics, after expected seasonal weakness in Q1, we project consistent quarterly growth powered by new products, new applications and improvements in our global distribution channels."

Guidance for the first quarter of 2024 is revenue of \$540 million to \$590 million, with GAAP net income of \$0.19 to \$0.35 per diluted share and non-GAAP net income of \$0.22 to \$0.38 per diluted share. Non-GAAP guidance excludes acquired intangible asset amortization and includes the related tax impact on non-GAAP adjustments.

## Webcast

A conference call to discuss the fourth quarter results, along with management's business outlook, will follow at 8:30 a.m. ET, Wednesday, January 31, 2024. Interested investors should access the webcast at [www.teradyne.com](http://www.teradyne.com) and click on "Investors" at least five minutes before the call begins. Presentation materials will be available starting at 8:30 a.m. ET. A replay will be available on the Teradyne website at [www.teradyne.com/investors](http://www.teradyne.com/investors).

## Non-GAAP Results

In addition to disclosing results that are determined in accordance with GAAP, Teradyne also discloses 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. Non-GAAP income from operations and non-GAAP net income exclude acquired intangible assets amortization,

restructuring and other, pension actuarial gains and losses, stock compensation modification expense, discrete income tax adjustments, and includes the related tax impact on non-GAAP adjustments. GAAP requires that these items be included in determining income from operations and net income. Non-GAAP income from operations, non-GAAP net income, non-GAAP income from operations as a percentage of revenue, non-GAAP net income as a percentage of revenue, and non-GAAP net income per share are non-GAAP performance measures presented to provide meaningful supplemental information regarding Teradyne's baseline performance before gains, losses or other charges that may not be indicative of Teradyne's current core business or future outlook. These non-GAAP performance measures are used to make operational decisions, to determine employee compensation, to forecast future operational results, and for comparison with Teradyne's business plan, historical operating results and the operating results of Teradyne's competitors. Non-GAAP diluted shares include the impact of Teradyne's call option on its shares. 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 Teradyne's financial and operational performance, as well as facilitating meaningful comparisons of Teradyne'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 press release is contained in the attached exhibits and on the Teradyne website at [www.teradyne.com](http://www.teradyne.com) by clicking on "Investor Relations" and then selecting "Financials" and the "GAAP to Non-GAAP Reconciliation" link. The non-GAAP performance measures discussed in this press release 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.

## **About Teradyne**

Teradyne ([NASDAQ:TER](https://www.nasdaq.com/symbol/ter)) test technology helps bring high-quality innovations such as smart devices, life-saving medical equipment and data storage systems to market, faster. Its advanced test solutions for semiconductors, electronic systems, wireless devices and more ensure that products perform as they were designed. Its robotics offerings include collaborative and mobile robots that help manufacturers of all sizes increase productivity, improve safety, and lower costs. In 2023, Teradyne had revenue of \$2.7 billion and today employs over 6,500 people worldwide. For more information, visit [teradyne.com](http://teradyne.com). Teradyne<sup>®</sup> is a registered trademark of Teradyne, Inc., in the U.S. and other countries.

## **Safe Harbor Statement**

This release contains forward-looking statements including statements regarding Teradyne's future business prospects, financial performance or position and results of operations. You can identify forward-looking statements by their use of forward-looking words such as "anticipate," "expect," "plan," "could," "may," "will," "believe," "estimate," "goal" or other comparable terms. Forward-looking statements in this press release address various matters, including statements regarding Teradyne's financial guidance. Investors are cautioned that such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements due to known and unknown risks, uncertainties, assumptions, and other factors. Such factors include, but are not limited to, macroeconomic factors and slowdowns or downturns in economic conditions generally and in the markets in which Teradyne operates; decreased or delayed product demand from one or more significant customers; a slowdown or inability in the development, delivery and acceptance of new products; the ability to grow the Robotics business; the impact of increased research and development spending; the impact of epidemics or pandemics such as COVID-19; the impact of a supply shortage on our supply chain and contract manufacturers; the consummation and success of any mergers or acquisitions; unexpected cash

needs; the business judgment of the board of directors that a declaration of a dividend or the repurchase of common stock is not in Teradyne's best interests; changes to U.S. or global tax regulations or guidance; the impact of any tariffs or export controls imposed by the U.S. or China; the impact of U.S. Department of Commerce or other government agency regulations relating to Huawei, HiSilicon and other customers or potential customers; the impact of U.S. Department of Commerce export control regulations for certain U.S. products and technology sold to military end users or for military end-use in China; the impact of the Israel-Hamas conflict; the impact of regulations published by the U.S. Department of Commerce relating to semiconductors and semiconductor manufacturing equipment destined for certain end uses in China. The risks included above are not exhaustive. For a more detailed description of the risk factors associated with Teradyne, please refer to Teradyne's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and Quarterly Report on Form 10-Q for the fiscal quarter ended October 1, 2023. Many of these factors are macroeconomic in nature and are, therefore, beyond Teradyne's control. We caution readers not to place undue reliance on any forward-looking statements included in this press release which speak only as to the date of this press release. Teradyne specifically disclaims any obligation to update any forward-looking information contained in this press release or with respect to the announcements described herein.

## TERADYNE, INC. REPORT FOR FOURTH FISCAL QUARTER OF 2023

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

|  | Quarter Ended           |                       |                         | Twelve Months Ended     |                         |
|--|-------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
|  | December<br>31,<br>2023 | October<br>1,<br>2023 | December<br>31,<br>2022 | December<br>31,<br>2023 | December<br>31,<br>2022 |
| Net revenues   | \$ 670,600              | \$ 703,732            | \$ 731,836              | \$ 2,676,298            | \$ 3,155,045            |
| Cost of revenues (exclusive of acquired intangible assets amortization shown separately below) (1) | 291,055                 | 305,441               | 311,387                 | 1,139,550               | 1,287,894               |
| Gross profit   | 379,545                 | 398,291               | 420,449                 | 1,536,748               | 1,867,151               |
| Operating expenses:  |                         |                       |                         |                         |                         |
| Selling and administrative (2)   | 142,336                 | 138,330               | 142,752                 | 577,315                 | 558,103                 |
| Engineering and development  | 102,207                 | 104,413               | 108,810                 | 418,089                 | 440,591                 |
| Acquired intangible assets amortization  | 4,651                   | 4,720                 | 4,670                   | 18,999                  | 19,333                  |
| Restructuring and other (3)  | 6,027                   | 6,856                 | (2,369)                 | 21,277                  | 17,185                  |
| Operating expenses   | 255,221                 | 254,319               | 253,863                 | 1,035,680               | 1,035,212               |
| Income from operations   | 124,324                 | 143,972               | 166,586                 | 501,068                 | 831,939                 |
| Interest and other (income) expense (4)  | (15,482)                | (308)                 | (28,651)                | (24,504)                | (8,446)                 |
| Income before income taxes   | 139,806                 | 144,280               | 195,237                 | 525,572                 | 840,385                 |
| Income tax provision   | 22,752                  | 16,164                | 22,936                  | 76,820                  | 124,884                 |
| Net income   | \$ 117,054              | \$ 128,116            | \$ 172,301              | \$ 448,752              | \$ 715,501              |

Net income per common share:

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Basic  | \$ 0.77 | \$ 0.83 | \$ 1.11 | \$ 2.91 | \$ 4.52 |
| Diluted                                      | \$ 0.72 | \$ 0.78 | \$ 1.04 | \$ 2.73 | \$ 4.22 |
| Weighted average common shares - basic       | 152,812 | 153,762 | 155,762 | 154,310 | 158,434 |
| Weighted average common shares - diluted (5) | 162,106 | 164,050 | 165,468 | 164,304 | 169,734 |
| Cash dividend declared per common share      | \$ 0.11 | \$ 0.11 | \$ 0.11 | \$ 0.44 | \$ 0.44 |

(1) Cost of revenues includes:

|   | Quarter Ended     |                 |                   | Twelve Months Ended |                   |
|---|-------------------|-----------------|-------------------|---------------------|-------------------|
|   | December 31, 2023 | October 1, 2023 | December 31, 2022 | December 31, 2023   | December 31, 2022 |
| Provision for excess and obsolete inventory | \$ 5,289          | \$ 11,728       | \$ 11,787         | \$ 28,358           | \$ 31,452         |
| Sale of previously written down inventory   | (1,115)           | (1,198)         | (828)             | (5,161)             | (1,808)           |
|   | \$ 4,174          | \$ 10,530       | \$ 10,959         | \$ 23,197           | \$ 29,644         |

(2) For the twelve months ended December 31, 2023, selling and administrative expenses included an equity charge of \$5.9 million for the modification of Teradyne's retired CEO's outstanding equity awards in connection with his February 1, 2023 retirement.

(3) Restructuring and other consists of:

|  | Quarter Ended     |                 |                   | Twelve Months Ended |                   |
|--|-------------------|-----------------|-------------------|---------------------|-------------------|
|  | December 31, 2023 | October 1, 2023 | December 31, 2022 | December 31, 2023   | December 31, 2022 |
| Acquisition and divestiture related expenses | \$ 3,132          | \$ -            | \$ -              | \$ 3,132            | \$ -              |
| Employee severance                           | 2,892             | 4,658           | 775               | 14,727              | 2,924             |
| Contract termination                         | -                 | 1,511           | -                 | 1,511               | -                 |
| Litigation settlement                        | -                 | -               | -                 | -                   | 14,700            |
| Gain on sale of asset                        | -                 | -               | (3,410)           | -                   | (3,410)           |
| Other  | 3                 | 687             | 266               | 1,907               | 2,971             |
|  | \$ 6,027          | \$ 6,856        | \$ (2,369)        | \$ 21,277           | \$ 17,185         |

(4) Interest and other (income) expense includes:

|  | Quarter Ended     |                 | Twelve Months Ended |                   |
|--|-------------------|-----------------|---------------------|-------------------|
|  | December 31, 2023 | October 1, 2023 | December 31, 2022   | December 31, 2022 |

|                                  |          |       |             |          |             |
|----------------------------------|----------|-------|-------------|----------|-------------|
| Pension actuarial losses (gains) | \$ 2,575 | \$ 72 | \$ (25,592) | \$ 2,703 | \$ (25,584) |
| Gain on foreign exchange option  | (7,464)  | -     | -           | (7,464)  | -           |

(5) Under GAAP, when calculating diluted earnings per share, convertible debt must be assumed to have converted if the effect on EPS would be dilutive. Diluted shares assume the conversion of the convertible debt as the effect would be dilutive. Accordingly, for the quarters ended December 31, 2023, October 1, 2023 and December 31, 2022, 0.2 million, 0.6 million and 1.2 million shares, respectively, have been included in diluted shares. For the twelve months ended December 31, 2023 and December 31, 2022, 0.6 million and 1.8 million shares, respectively, have been included in diluted shares. For the quarters ended December 31, 2023, October 1, 2023 and December 31, 2022, diluted shares also included 8.6 million, 9.2 million and 7.9 million shares, respectively, from the convertible note hedge transaction. For the twelve months ended December 31, 2023 and December 31, 2022, diluted shares included 8.9 million and 8.8 million shares, respectively, from the convertible note hedge transaction.

CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands)

|  | <b>December<br/>31,<br/>2023</b> | <b>December<br/>31,<br/>2022</b> |
|--|----------------------------------|----------------------------------|
| <b>Assets</b>                                    |                                  |                                  |
| Cash and cash equivalents                        | \$ 757,571                       | \$ 854,773                       |
| Marketable securities                            | 62,154                           | 39,612                           |
| Accounts receivable, net                         | 422,124                          | 491,145                          |
| Inventories, net                                 | 309,974                          | 325,019                          |
| Prepayments                                      | 548,970                          | 532,962                          |
| Other current assets                             | 37,992                           | 14,404                           |
| Current assets held for sale                     | 23,250                           | -                                |
| Total current assets                             | <u>2,162,035</u>                 | <u>2,257,915</u>                 |
| Property, plant and equipment, net               | 445,492                          | 418,683                          |
| Operating lease right-of-use assets, net         | 73,417                           | 73,734                           |
| Marketable securities                            | 117,434                          | 110,777                          |
| Deferred tax assets                              | 175,775                          | 142,784                          |
| Retirement plans assets                          | 11,504                           | 11,761                           |
| Other assets                                     | 38,580                           | 28,925                           |
| Acquired intangible assets, net                  | 35,404                           | 53,478                           |
| Goodwill   | 415,652                          | 403,195                          |
| Assets held for sale                             | 11,531                           | -                                |
| Total assets                                     | <u><u>\$ 3,486,824</u></u>       | <u><u>\$ 3,501,252</u></u>       |
| <b>Liabilities</b>                               |                                  |                                  |
| Accounts payable                                 | \$ 180,131                       | \$ 139,722                       |
| Accrued employees' compensation and withholdings | 191,750                          | 212,266                          |
| Deferred revenue and customer advances           | 99,804                           | 148,285                          |
| Other accrued liabilities                        | 114,712                          | 112,271                          |
| Operating lease liabilities                      | 17,522                           | 18,594                           |

|  |              |              |
|--|--------------|--------------|
| Income taxes payable                             | 48,653       | 65,010       |
| Current debt                                     | -            | 50,115       |
| Current liabilities held for sale                | 7,379        | -            |
| Total current liabilities                        | 659,951      | 746,263      |
| Retirement plans liabilities                     | 132,090      | 116,005      |
| Long-term deferred revenue and customer advances | 37,282       | 45,131       |
| Long-term other accrued liabilities              | 19,998       | 15,981       |
| Deferred tax liabilities                         | 183          | 3,267        |
| Long-term operating lease liabilities            | 65,092       | 64,176       |
| Long-term income taxes payable                   | 44,331       | 59,135       |
| Liabilities held for sale                        | 2,000        | -            |
| Total liabilities                                | 960,927      | 1,049,958    |
| Shareholders' equity                             | 2,525,897    | 2,451,294    |
| Total liabilities and shareholders' equity       | \$ 3,486,824 | \$ 3,501,252 |

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands)

|   | <u>Quarter Ended</u>             |                                  | <u>Twelve Months Ended</u>       |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | <u>December<br/>31,<br/>2023</u> | <u>December<br/>31,<br/>2022</u> | <u>December<br/>31,<br/>2023</u> | <u>December<br/>31,<br/>2022</u> |
| Cash flows from operating activities:   |                                  |                                  |                                  |                                  |
| Net income  | \$ 117,054                       | \$ 172,301                       | \$ 448,752                       | \$ 715,501                       |
| Adjustments to reconcile net income<br>to net cash provided by operating<br>activities: |                                  |                                  |                                  |                                  |
| Depreciation  | 23,260                           | 22,861                           | 92,118                           | 90,763                           |
| Stock-based compensation  | 12,443                           | 10,808                           | 57,682                           | 48,228                           |
| Provision for excess and obsolete<br>inventory  | 5,289                            | 11,787                           | 28,358                           | 31,452                           |
| Amortization  | 4,685                            | 4,900                            | 18,768                           | 19,912                           |
| Deferred taxes  | (13,616)                         | (10,320)                         | (37,642)                         | (38,693)                         |
| (Gains) losses on investments   | (11,756)                         | (1,451)                          | (14,915)                         | 9,985                            |
| Retirement plans actuarial losses<br>(gains)  | 2,575                            | (25,592)                         | 2,703                            | (25,584)                         |
| Gains on sale of asset  | -                                | (3,410)                          | -                                | (3,410)                          |
| Other   | (811)                            | 1,621                            | (955)                            | 2,353                            |
| Changes in operating assets and<br>liabilities  |                                  |                                  |                                  |                                  |
| Accounts receivable   | 40,786                           | 46,380                           | 70,977                           | 50,628                           |
| Inventories   | (1,068)                          | (11,992)                         | 5,327                            | (80,809)                         |
| Prepayments and other assets  | 20,881                           | (46,382)                         | (43,101)                         | (140,713)                        |
| Accounts payable and other<br>liabilities   | 42,783                           | 11,911                           | 46,782                           | (60,507)                         |

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Deferred revenue and customer advances                                   | (7,693)           | (337)             | (57,210)          | (6,233)           |
| Retirement plans contributions   | (1,794)           | (1,219)           | (5,492)           | (5,116)           |
| Income taxes   | <u>15,762</u>     | <u>1,536</u>      | <u>(26,921)</u>   | <u>(29,834)</u>   |
| Net cash provided by operating activities                                | <u>248,780</u>    | <u>183,402</u>    | <u>585,231</u>    | <u>577,923</u>    |
| Cash flows from investing activities:                                    |                   |                   |                   |                   |
| Purchases of property, plant and equipment                               | (44,336)          | (34,577)          | (159,642)         | (163,249)         |
| Purchases of marketable securities                                       | (24,120)          | (20,234)          | (161,906)         | (287,409)         |
| Proceeds from sales of marketable securities                             | 24,438            | 8,858             | 61,401            | 268,058           |
| Proceeds from maturities of marketable securities                        | 13,595            | 40,849            | 85,042            | 222,941           |
| Issuance of convertible loan   | -                 | -                 | (5,000)           | -                 |
| Proceeds from life insurance   | -                 | -                 | 460               | -                 |
| Proceeds from sale of asset  | <u>-</u>          | <u>3,410</u>      | <u>-</u>          | <u>3,410</u>      |
| Net cash (used for) provided by investing activities                     | <u>(30,423)</u>   | <u>(1,694)</u>    | <u>(179,645)</u>  | <u>43,751</u>     |
| Cash flows from financing activities:                                    |                   |                   |                   |                   |
| Repurchase of common stock   | (50,749)          | (2,082)           | (397,241)         | (752,082)         |
| Payments of convertible debt principal                                   | (23,529)          | (14,754)          | (50,264)          | (66,759)          |
| Dividend payments  | (16,797)          | (17,133)          | (67,878)          | (69,711)          |
| Payments related to net settlement of employee stock compensation awards | (202)             | (183)             | (20,788)          | (33,170)          |
| Issuance of common stock under stock purchase and stock option plans     | <u>175</u>        | <u>-</u>          | <u>34,259</u>     | <u>28,733</u>     |
| Net cash used for financing activities                                   | <u>(91,102)</u>   | <u>(34,152)</u>   | <u>(501,912)</u>  | <u>(892,989)</u>  |
| Effects of exchange rate changes on cash and cash equivalents            | <u>(6,645)</u>    | <u>(3,529)</u>    | <u>(876)</u>      | <u>3,889</u>      |
| Increase (decrease) in cash and cash equivalents                         | 120,610           | 144,027           | (97,202)          | (267,426)         |
| Cash and cash equivalents at beginning of period                         | <u>636,961</u>    | <u>710,746</u>    | <u>854,773</u>    | <u>1,122,199</u>  |
| Cash and cash equivalents at end of period                               | <u>\$ 757,571</u> | <u>\$ 854,773</u> | <u>\$ 757,571</u> | <u>\$ 854,773</u> |

### GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

| Quarter Ended     |                   |                 |                   |                   |                   |
|-------------------|-------------------|-----------------|-------------------|-------------------|-------------------|
| December 31, 2023 | % of Net Revenues | October 1, 2023 | % of Net Revenues | December 31, 2022 | % of Net Revenues |
|                   |                   |                 |                   |                   |                   |

|   |    |       |        |    |       |        |    |        |        |
|---|----|-------|--------|----|-------|--------|----|--------|--------|
| Net revenues                            | \$ | 670.6 |        | \$ | 703.7 |        | \$ | 731.8  |        |
| Gross profit GAAP and non-GAAP          |    | 379.5 | 56.6 % |    | 398.3 | 56.6 % |    | 420.4  | 57.4 % |
| Income from operations - GAAP           |    | 124.3 | 18.5 % |    | 144.0 | 20.5 % |    | 166.6  | 22.8 % |
| Restructuring and other (1)             |    | 6.0   | 0.9 %  |    | 6.9   | 1.0 %  |    | (2.4 ) | -0.3 % |
| Acquired intangible assets amortization |    | 4.7   | 0.7 %  |    | 4.7   | 0.7 %  |    | 4.7    | 0.6 %  |
| Income from operations - non-GAAP       | \$ | 135.0 | 20.1 % | \$ | 155.6 | 22.1 % | \$ | 168.9  | 23.1 % |

**Net Income per Common Share**

**Net Income per Common Share**

|   | <b>December 31, 2023</b> | <b>% of Net Revenues</b> | <b>Basic</b> | <b>Diluted</b> | <b>October 1, 2023</b> | <b>% of Net Revenues</b> | <b>Basic</b> | <b>Diluted</b> | <b>December 31, 2022</b> |
|---|--------------------------|--------------------------|--------------|----------------|------------------------|--------------------------|--------------|----------------|--------------------------|
| Net income - GAAP                       | \$ 117.1                 | 17.5 %                   | \$ 0.77      | \$ 0.72        | \$ 128.1               | 18.2 %                   | \$ 0.83      | \$ 0.78        | \$ 177.0                 |
| Restructuring and other (1)             | 6.0                      | 0.9 %                    | 0.04         | 0.04           | 6.9                    | 1.0 %                    | 0.04         | 0.04           | (0.1)                    |
| Acquired intangible assets amortization | 4.7                      | 0.7 %                    | 0.03         | 0.03           | 4.7                    | 0.7 %                    | 0.03         | 0.03           | 0.0                      |
| Pension mark-to-market adjustment (2)   | 2.6                      | 0.4 %                    | 0.02         | 0.02           | 0.1                    | 0.0 %                    | 0.00         | 0.00           | (2.0)                    |



|   |          |       |         |         |          |       |         |         |          |
|---|----------|-------|---------|---------|----------|-------|---------|---------|----------|
| Gain on foreign exchange option                                 | (7.5)    | -1.1% | (0.05)  | (0.05)  | -        | -     | -       | -       | -        |
| Exclude discrete tax adjustments                                | 3.3      | 0.5%  | 0.02    | 0.02    | (4.8)    | -0.7% | (0.03)  | (0.03)  | (0.03)   |
| Non-GAAP tax adjustments  | 1.0      | 0.1%  | 0.01    | 0.01    | (3.5)    | -0.5% | (0.02)  | (0.02)  | (0.02)   |
| Convertible share adjustment (3)                                | -        | -     | -       | -       | -        | -     | -       | -       | -        |
| Net income - non-GAAP   | \$ 127.2 | 19.0% | \$ 0.83 | \$ 0.79 | \$ 131.5 | 18.7% | \$ 0.86 | \$ 0.80 | \$ 151.5 |
| GAAP and non-GAAP weighted average common shares - basic        | 152.8    |       |         |         | 153.8    |       |         |         | 153.8    |
| GAAP weighted average common shares - diluted                   | 162.1    |       |         |         | 164.1    |       |         |         | 164.1    |
| Exclude dilutive shares related to convertible note transaction | (0.2)    |       |         |         | (0.6)    |       |         |         | (0.6)    |
| Non-GAAP weighted average common shares - diluted               | 161.9    |       |         |         | 163.4    |       |         |         | 163.4    |

(1) Restructuring and other consists of:

|  | <b>Quarter Ended</b>             |                            |                                  |
|--|----------------------------------|----------------------------|----------------------------------|
|  | <b>December<br/>31,<br/>2023</b> | <b>October 1,<br/>2023</b> | <b>December<br/>31,<br/>2022</b> |
| Acquisition and divestiture related expenses | \$ 3.1                           | \$ -                       | \$ -                             |
| Employee severance                           | 2.9                              | 4.7                        | 0.8                              |
| Contract termination                         | -                                | 1.5                        | -                                |
| Gain on sale of asset                        | -                                | -                          | (3.4)                            |
| Other  | -                                | 0.6                        | 0.3                              |
|  | <u>\$ 6.0</u>                    | <u>\$ 6.9</u>              | <u>\$ (2.4)</u>                  |

(2) For the quarters ended December 31, 2023, October 1, 2023 and December 31, 2022 adjustment to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the quarter ended December 31, 2022, the non-GAAP diluted EPS calculation adds back \$0.2 million of convertible debt interest expense to non-GAAP net income. For the quarters ended December 31, 2023, October 1, 2023, and December 31, 2022, non-GAAP weighted average diluted common shares include 8.6 million, 9.2 million and 7.9 million shares, respectively, from the convertible note hedge transaction.

|   | <b>Twelve Months Ended</b>       |                              |                                  |                              |
|---|----------------------------------|------------------------------|----------------------------------|------------------------------|
|   | <b>December<br/>31,<br/>2023</b> | <b>% of Net<br/>Revenues</b> | <b>December<br/>31,<br/>2022</b> | <b>% of Net<br/>Revenues</b> |
| Net Revenues                            | \$ 2,676.3                       |                              | \$ 3,155.0                       |                              |
| Gross profit GAAP and non-GAAP          | 1,536.7                          | 57.4<br>%                    | 1,867.2                          | 59.2<br>%                    |
| Income from operations - GAAP           | 501.1                            | 18.7<br>%                    | 831.9                            | 26.4<br>%                    |
| Restructuring and other (1)             | 21.3                             | 0.8<br>%                     | 17.2                             | 0.5<br>%                     |
| Acquired intangible assets amortization | 19.0                             | 0.7<br>%                     | 19.3                             | 0.6<br>%                     |
| Equity modification charge (2)          | 5.9                              | 0.2<br>%                     | -                                | -                            |
| Income from operations - non-GAAP       | <u>\$ 547.3</u>                  | <u>20.4</u><br><u>%</u>      | <u>\$ 868.4</u>                  | <u>27.5</u><br><u>%</u>      |

|   | Net Income per Common Share |                   |                   |         | Net Income per Common Share |                   |                   |         |
|---|-----------------------------|-------------------|-------------------|---------|-----------------------------|-------------------|-------------------|---------|
|   | December 31, 2023           |                   | December 31, 2022 |         | December 31, 2023           |                   | December 31, 2022 |         |
|   |                             | % of Net Revenues | Basic             | Diluted |                             | % of Net Revenues | Basic             | Diluted |
| Net income - GAAP                       | \$ 448.8                    | 16.8 %            | \$ 2.91           | \$ 2.73 | \$ 715.5                    | 22.7 %            | \$ 4.52           | \$ 4.22 |
| Restructuring and other (1)             | 21.3                        | 0.8 %             | 0.14              | 0.13    | 17.2                        | 0.5 %             | 0.11              | 0.10    |
| Acquired intangible assets amortization | 19.0                        | 0.7 %             | 0.12              | 0.12    | 19.3                        | 0.6 %             | 0.12              | 0.11    |
| Equity modification charge (2)          | 5.9                         | 0.2 %             | 0.04              | 0.04    | -                           | -                 | -                 | -       |
| Pension mark-to-market adjustment (3)   | 2.7                         | 0.1 %             | 0.02              | 0.02    | (25.6 )                     | -0.8 %            | (0.16 )           | (0.15 ) |
| Gain on foreign exchange option         | (7.5 )                      | -0.3 %            | (0.05 )           | (0.05 ) | -                           | -                 | -                 | -       |
| Exclude discrete tax adjustments        | (3.4 )                      | -0.1 %            | (0.02 )           | (0.02 ) | (12.1 )                     | -0.4 %            | (0.08 )           | (0.07 ) |
| Non-GAAP tax adjustments                | (7.7 )                      | -0.3 %            | (0.05 )           | (0.05 ) | (1.4 )                      | 0.0 %             | (0.01 )           | (0.01 ) |
| Convertible share                       | -                           | -                 | -                 | 0.01    | -                           | -                 | -                 | 0.05    |

|   |    |       |      |   |    |       |      |   |    |
|---|----|-------|------|---|----|-------|------|---|----|
| adjustment<br>(4)   |    |       |      |   |    |       |      |   |    |
| Net income -<br>non-GAAP  | \$ | 479.1 | 17.9 | % | \$ | 3.10  | 2.93 | % | \$ |
|   |    |       |      |   |    |       |      |   |    |
| GAAP and<br>non-GAAP<br>weighted<br>average<br>common shares<br>- basic |    | 154.3 |      |   |    | 158.4 |      |   |    |
| GAAP<br>weighted<br>average<br>common shares<br>- diluted               |    | 164.3 |      |   |    | 169.7 |      |   |    |
| Exclude<br>dilutive shares<br>from<br>convertible<br>note               |    | (0.6  |      |   |    | (1.8  |      |   |    |
|   |    | )     |      |   |    | )     |      |   |    |
| Non-GAAP<br>weighted<br>average<br>common shares<br>- diluted           |    | 163.7 |      |   |    | 167.9 |      |   |    |

(1) Restructuring and other consists of:

|  | <u>Twelve Months Ended</u>       |                                  |
|--|----------------------------------|----------------------------------|
|  | <u>December<br/>31,<br/>2023</u> | <u>December<br/>31,<br/>2022</u> |
| Employee severance                           | \$ 14.8                          | \$ 2.9                           |
| Acquisition and divestiture related expenses | 3.1                              | -                                |
| Contract termination                         | 1.5                              | -                                |
| Litigation settlement                        | -                                | 14.7                             |
| Gain on sale of asset                        | -                                | (3.4)                            |
| Other  | 1.9                              | 3.0                              |
|  | <u>\$ 21.3</u>                   | <u>\$ 17.2</u>                   |

(2) For the twelve months ended December 31, 2023, selling and administrative expenses include an equity charge of \$5.9 million for the modification of Teradyne's retired CEO's outstanding equity awards in connection with his February 1, 2023 retirement.

(3) For the twelve months ended December 31, 2023 and December 31, 2022, adjustment to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(4) For the twelve months ended December 31, 2023 and December 31, 2022, the non-GAAP diluted EPS calculation adds back \$0.2 million and \$1.0 million, respectively, of convertible debt interest expense to non-GAAP net income. For the twelve months ended December 31, 2023 and December 31, 2022, non-GAAP weighted average diluted common shares include 8.9 million and 8.8 million shares, respectively, related to the convertible debt hedge transaction.

**GAAP to Non-GAAP Reconciliation of First Quarter 2024 guidance:**

|   |                |    |                |
|---|----------------|----|----------------|
| GAAP and non-GAAP first quarter revenue guidance: | \$540 million  | to | \$590 million  |
| GAAP net income per diluted share                 | \$ 0.19        |    | \$ 0.35        |
| Exclude acquired intangible assets amortization   | 0.03           |    | 0.03           |
| Exclude restructuring and other charges           | 0.01           |    | 0.01           |
| Non-GAAP tax adjustments                          | <u>(0.01 )</u> |    | <u>(0.01 )</u> |
| Non-GAAP net income per diluted share             | \$ 0.22        |    | \$ 0.38        |

For press releases and other information of interest to investors, please visit Teradyne's homepage at <http://www.teradyne.com>.

Contact: Teradyne, Inc.  
 Andy Blanchard 978-370-2425  
 Vice President of Corporate Relations

**SOURCE:** Teradyne, Inc.

View the original [press release on accesswire.com](#)