

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 29, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 001-06462

TERADYNE, INC.

(Exact name of registrant as specified in its charter)

Massachusetts
(State or Other Jurisdiction of
Incorporation or Organization)

600 Riverpark Drive, North Reading,
Massachusetts
(Address of Principal Executive Offices)

04-2272148
(I.R.S. Employer
Identification No.)

01864
(Zip Code)

978-370-2700

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|----------------------|--|
| Common Stock, par value \$0.125 per share | TER | Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act (check one):

| | | | |
|---------------------------|-------------------------------------|-------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Emerging growth company | <input type="checkbox"/> |
| Smaller reporting company | <input type="checkbox"/> | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's only class of Common Stock as of July 28, 2025, was 159,073,532 shares.

TERADYNE, INC.

INDEX

| | <u>Page No.</u> |
|--|---------------------|
| <u>PART I. FINANCIAL INFORMATION</u> | |
| Item 1. <u>Financial Statements (Unaudited):</u> | 1 |
| <u>Condensed Consolidated Balance Sheets as of June 29, 2025, and December 31, 2024</u> | 1 |
| <u>Condensed Consolidated Statements of Operations for the Three and Six Months ended June 29, 2025, and June 30, 2024</u> | 2 |
| <u>Condensed Consolidated Statements of Comprehensive Income for the Three and Six Months ended June 29, 2025, and June 30, 2024</u> | 3 |
| <u>Condensed Statements of Shareholders' Equity for the Three and Six Months Ended June 29, 2025, and June 30, 2024</u> | 4 |
| <u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 29, 2025, and June 30, 2024</u> | 5 |
| <u>Notes to Condensed Consolidated Financial Statements</u> | 6 |
| Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 29 |
| Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u> | 38 |
| Item 4. <u>Controls and Procedures</u> | 39 |
| <u>PART II. OTHER INFORMATION</u> | |
| Item 1. <u>Legal Proceedings</u> | 40 |
| Item 1A. <u>Risk Factors</u> | 40 |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 41 |
| Item 4. <u>Mine Safety Disclosures</u> | 41 |
| Item 5. <u>Other Information</u> | 42 |
| Item 6. <u>Exhibits</u> | 43 |

PART I

Item 1: Financial Statements

TERADYNE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

| | June 29, 2025 | December 31, 2024 |
|---|--|----------------------|
| | (in thousands, except per share amount) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 339,252 | \$ 553,354 |
| Marketable securities | 28,638 | 46,312 |
| Accounts receivable, less allowance for credit losses of \$1,708 and \$2,111 at June 29, 2025 and December 31, 2024, respectively | 433,001 | 471,426 |
| Inventories, net | 350,505 | 298,492 |
| Prepayments | 412,981 | 429,086 |
| Other current assets | 19,230 | 17,727 |
| Total current assets | 1,583,607 | 1,816,397 |
| Property, plant and equipment, net | 559,813 | 508,171 |
| Operating lease right-of-use assets, net | 67,407 | 70,185 |
| Marketable securities | 120,684 | 124,121 |
| Deferred tax assets | 239,809 | 222,438 |
| Retirement plans assets | 11,922 | 11,994 |
| Equity method investment | 545,414 | 494,494 |
| Other assets | 54,503 | 49,620 |
| Acquired intangible assets, net | 58,233 | 15,927 |
| Goodwill | 520,470 | 395,367 |
| Total assets | <u>\$ 3,761,862</u> | <u>\$ 3,708,714</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ 172,025 | \$ 134,792 |
| Accrued employees' compensation and withholdings | 176,482 | 204,991 |
| Deferred revenue and customer advances | 123,989 | 107,710 |
| Other accrued liabilities | 110,143 | 90,777 |
| Operating lease liabilities | 19,770 | 18,699 |
| Income taxes payable | 72,856 | 67,610 |
| Total current liabilities | 675,265 | 624,579 |
| Retirement plans liabilities | 139,249 | 133,338 |
| Long-term deferred revenue and customer advances | 40,414 | 40,505 |
| Deferred tax liabilities | 6,756 | 1,038 |
| Long-term other accrued liabilities | 8,186 | 7,442 |
| Long-term operating lease liabilities | 54,691 | 57,922 |
| Long-term incomes taxes payable | — | 24,596 |
| Total liabilities | <u>924,561</u> | <u>889,420</u> |
| Commitments and contingencies (Note S) | | |
| SHAREHOLDERS' EQUITY | | |
| Common stock, \$0.125 par value, 1,000,000 shares authorized; 159,210 and 161,722 shares issued and outstanding at June 29, 2025, and December 31, 2024, respectively | 19,901 | 20,215 |
| Additional paid-in capital | 1,941,501 | 1,909,538 |
| Accumulated other comprehensive loss (gain) | 41,036 | (81,220) |
| Retained earnings | 834,863 | 970,761 |
| Total shareholders' equity | <u>2,837,301</u> | <u>2,819,294</u> |
| Total liabilities and shareholders' equity | <u>\$ 3,761,862</u> | <u>\$ 3,708,714</u> |

The accompanying notes, together with the Notes to Consolidated Financial Statements included in Teradyne's Annual Report on Form 10-K for the year ended December 31, 2024, are an integral part of the condensed consolidated financial statements.

TERADYNE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | For the Three Months Ended | | For the Six Months Ended | |
|--|---|---------------|---|---------------|
| | June 29, 2025 | June 30, 2024 | June 29, 2025 | June 30, 2024 |
| | (in thousands, except per share amount) | | (in thousands, except per share amount) | |
| Revenues: | | | | |
| Products | \$ 522,657 | \$ 596,877 | \$ 1,084,614 | \$ 1,055,310 |
| Services | 129,140 | 133,002 | 252,863 | 274,388 |
| Total revenues | 651,797 | 729,879 | 1,337,477 | 1,329,698 |
| Cost of revenues: | | | | |
| Cost of products | 232,422 | 250,236 | 456,564 | 450,999 |
| Cost of services | 46,363 | 53,799 | 92,564 | 113,573 |
| Total cost of revenues (exclusive of acquired intangible assets amortization shown separately below) | 278,785 | 304,035 | 549,128 | 564,572 |
| Gross profit | 373,012 | 425,844 | 788,349 | 765,126 |
| Operating expenses: | | | | |
| Selling and administrative | 157,782 | 154,470 | 315,039 | 303,658 |
| Engineering and development | 118,382 | 111,816 | 236,570 | 215,015 |
| Acquired intangible assets amortization | 3,733 | 4,664 | 8,306 | 9,361 |
| Restructuring and other | 2,372 | 2,012 | 16,887 | 6,440 |
| Gain on sale of business | — | (57,486) | — | (57,486) |
| Total operating expenses | 282,269 | 215,476 | 576,802 | 476,988 |
| Income from operations | 90,743 | 210,368 | 211,547 | 288,138 |
| Non-operating (income) expense: | | | | |
| Interest income | (4,351) | (6,715) | (9,427) | (14,582) |
| Interest expense | 805 | 1,530 | 1,600 | 2,190 |
| Other (income) expense, net | (2,270) | (3,850) | 3,790 | 8,225 |
| Income before income taxes and equity in net earnings of affiliate | 96,559 | 219,403 | 215,584 | 292,305 |
| Income tax provision | 12,260 | 33,130 | 26,804 | 41,835 |
| Income before equity in net earnings of affiliate | 84,299 | 186,273 | 188,780 | 250,470 |
| Equity in net earnings of affiliate | (5,927) | — | (11,511) | — |
| Net income | \$ 78,372 | \$ 186,273 | \$ 177,269 | \$ 250,470 |
| Net income per common share: | | | | |
| Basic | \$ 0.49 | \$ 1.18 | \$ 1.10 | \$ 1.61 |
| Diluted | \$ 0.49 | \$ 1.14 | \$ 1.10 | \$ 1.54 |
| Weighted average common shares—basic | 159,967 | 157,804 | 160,734 | 155,426 |
| Weighted average common shares—diluted | 160,135 | 163,470 | 161,065 | 162,909 |

The accompanying notes, together with the Notes to Consolidated Financial Statements included in Teradyne's Annual Report on Form 10-K for the year ended December 31, 2024, are an integral part of the condensed consolidated financial statements.

TERADYNE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

| | For the Three Months Ended | | For the Six Months Ended | |
|--|----------------------------|------------------|--------------------------|------------------|
| | June 29, 2025 | June 30, 2024 | June 29, 2025 | June 30, 2024 |
| | (in thousands) | | (in thousands) | |
| Net income | \$ 78,372 | \$ 186,273 | \$ 177,269 | \$ 250,470 |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustment, net of tax of \$0, \$0, \$0, and \$0, respectively | 82,997 | (3,629) | 122,316 | (15,087) |
| Available-for-sale marketable securities: | | | | |
| Unrealized (losses) gains on marketable securities arising during period, net of tax of \$(17), \$(183), \$115 and \$(404), respectively | (35) | (721) | 585 | (1,622) |
| Less: Reclassification adjustment for (gains) losses included in net income, net of tax of \$6, \$(4), \$27, and \$26, respectively | 15 | (13) | 89 | 92 |
| | (20) | (734) | 674 | (1,530) |
| Cash flow hedges: | | | | |
| Unrealized gains arising during period, net of tax of \$(51), \$0, \$(109), and \$358, respectively | (179) | — | (381) | 1,274 |
| Less: Reclassification adjustment for losses (gains) included in net income, net of tax of \$66, \$0, \$(100) and \$(500) respectively | 232 | — | (350) | (1,780) |
| | 53 | — | (731) | (506) |
| Defined benefit post-retirement plan: | | | | |
| Amortization of prior service credit, net of tax of \$0, \$0, \$(1), and \$(1), respectively | (2) | (2) | (3) | (3) |
| Other comprehensive income (loss) | 83,028 | (4,365) | 122,256 | (17,126) |
| Comprehensive income | \$ 161,400 | \$ 181,908 | \$ 299,525 | \$ 233,344 |

The accompanying notes, together with the Notes to Consolidated Financial Statements included in Teradyne's Annual Report on Form 10-K for the year ended December 31, 2024, are an integral part of the condensed consolidated financial statements.

TERADYNE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

| | Shareholders' Equity | | | | | |
|--|---------------------------|------------------------------|----------------------------------|--|----------------------|----------------------------------|
| | Common Stock Shares | Common Stock Par Value | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total Shareholders' Equity |
| | (in thousands) | | | | | |
| For the Three Months Ended June 29, 2025 | | | | | | |
| Balance, March 30, 2025 | 160,674 | \$ 20,084 | \$ 1,926,180 | \$ (41,992) | \$ 893,227 | \$ 2,797,499 |
| Net issuance of common stock under stock-based plans | 16 | 2 | (231) | | | (229) |
| Stock-based compensation expense | | | 15,552 | | | 15,552 |
| Repurchase of common stock | (1,480) | (185) | | | (117,550) | (117,735) |
| Cash dividends (\$0.12 per share) | | | | | (19,186) | (19,186) |
| Net income | | | | | 78,372 | 78,372 |
| Other comprehensive income (loss) | | | | 83,028 | | 83,028 |
| Balance, June 29, 2025 | <u>159,210</u> | <u>\$ 19,901</u> | <u>\$ 1,941,501</u> | <u>\$ 41,036</u> | <u>\$ 834,863</u> | <u>\$ 2,837,301</u> |
| For the Three Months Ended June 30, 2024 | | | | | | |
| Balance, March 31, 2024 | 153,757 | \$ 19,220 | \$ 1,848,088 | \$ (39,739) | \$ 730,260 | \$ 2,557,829 |
| Net issuance of common stock under stock-based plans | 125 | 15 | 4,615 | | | 4,630 |
| Stock-based compensation expense | | | 13,660 | | | 13,660 |
| Warrant exercises | 7,998 | 1,000 | (1,012) | | | (12) |
| Repurchase of common stock | (78) | (10) | | | (8,185) | (8,195) |
| Cash dividends (\$0.12 per share) | | | | | (19,008) | (19,008) |
| Net income | | | | | 186,273 | 186,273 |
| Other comprehensive income (loss) | | | | (4,365) | | (4,365) |
| Balance, June 30, 2024 | <u>161,802</u> | <u>\$ 20,225</u> | <u>\$ 1,865,351</u> | <u>\$ (44,104)</u> | <u>\$ 889,340</u> | <u>\$ 2,730,812</u> |

| | Shareholders' Equity | | | | | |
|--|---------------------------|------------------------------|----------------------------------|--|----------------------|----------------------------------|
| | Common Stock Shares | Common Stock Par Value | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total Shareholders' Equity |
| | (in thousands) | | | | | |
| For the Six Months Ended June 29, 2025 | | | | | | |
| Balance, December 31, 2024 | 161,722 | \$ 20,215 | \$ 1,909,538 | \$ (81,220) | \$ 970,761 | \$ 2,819,294 |
| Net issuance of common stock under stock-based plans | 448 | 56 | (218) | | | (162) |
| Stock-based compensation expense | | | 32,181 | | | 32,181 |
| Repurchase of common stock | (2,960) | (370) | | | (274,567) | (274,937) |
| Cash dividends (\$0.12 per share) | | | | | (38,600) | (38,600) |
| Net income | | | | | 177,269 | 177,269 |
| Other comprehensive income (loss) | | | | 122,256 | | 122,256 |
| Balance, June 29, 2025 | <u>159,210</u> | <u>\$ 19,901</u> | <u>\$ 1,941,501</u> | <u>\$ 41,036</u> | <u>\$ 834,863</u> | <u>\$ 2,837,301</u> |
| For the Six Months Ended June 30, 2024 | | | | | | |
| Balance, December 31, 2023 | 152,698 | \$ 19,087 | \$ 1,827,274 | \$ (26,978) | \$ 706,514 | \$ 2,525,897 |
| Net issuance of common stock under stock-based plans | 591 | 73 | 8,373 | | | 8,446 |
| Stock-based compensation expense | | | 30,818 | | | 30,818 |
| Warrant exercises | 8,812 | 1,102 | (1,114) | | | (12) |
| Repurchase of common stock | (299) | (37) | | | (30,253) | (30,290) |
| Cash dividends (\$0.12 per share) | | | | | (37,391) | (37,391) |
| Net income | | | | | 250,470 | 250,470 |
| Other comprehensive income (loss) | | | | (17,126) | | (17,126) |
| Balance, June 30, 2024 | <u>161,802</u> | <u>\$ 20,225</u> | <u>\$ 1,865,351</u> | <u>\$ (44,104)</u> | <u>\$ 889,340</u> | <u>\$ 2,730,812</u> |

The accompanying notes, together with the Notes to Consolidated Financial Statements included in Teradyne's Annual Report on Form 10-K for the year ended December 31, 2024, are an integral part of the condensed consolidated financial statements.

TERADYNE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | For the Six Months Ended | |
|---|--------------------------|------------------|
| | June 29, 2025 | June 30, 2024 |
| | (in thousands) | |
| Cash flows from operating activities: | | |
| Net income | \$ 177,269 | \$ 250,470 |
| Adjustments to reconcile net income from operations to net cash provided by operating activities: | | |
| Depreciation | 52,835 | 48,927 |
| Stock-based compensation | 32,031 | 30,693 |
| Equity in net earnings of affiliate | 11,511 | — |
| Losses (gains) on investments | (1,078) | 13,090 |
| Provision for excess and obsolete inventory | 12,347 | 9,438 |
| Amortization | 8,856 | 9,397 |
| Gain on sale of business | — | (57,486) |
| Deferred taxes | (14,998) | (16,830) |
| Retirement plan actuarial losses (gains) | 127 | (250) |
| Other | 3,168 | 1,240 |
| Changes in operating assets and liabilities, net of businesses acquired: | | |
| Accounts receivable | 49,496 | (54,211) |
| Inventories | (23,707) | 17,102 |
| Prepayments and other assets | 30,879 | 22,190 |
| Accounts payable and other liabilities | 17,135 | (53,009) |
| Deferred revenue and customer advances | 13,056 | 2,739 |
| Retirement plans contributions | (5,576) | (2,774) |
| Income taxes | (19,625) | 2,622 |
| Net cash provided by operating activities | 343,726 | 223,348 |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (114,429) | (88,869) |
| Acquisition of businesses, net of cash acquired | (144,380) | — |
| Purchase of investment in a business | (5,368) | (524,653) |
| Purchases of marketable securities | (17,150) | (27,757) |
| Proceeds from the sale of a business, net of cash and cash equivalents sold | — | 87,172 |
| Proceeds from maturities of marketable securities | 32,603 | 26,858 |
| Proceeds from sales of marketable securities | 8,487 | 21,289 |
| Proceeds from insurance | — | 873 |
| Net cash used for investing activities | (240,237) | (505,087) |
| Cash flows from financing activities: | | |
| Repayments of borrowings on revolving credit facility | — | (185,000) |
| Dividend payments | (38,584) | (37,370) |
| Repurchase of common stock | (274,873) | (30,306) |
| Payments related to net settlement of employee stock compensation awards | (14,954) | (13,434) |
| Proceeds from borrowings on revolving credit facility | — | 185,000 |
| Issuance of common stock under stock purchase and stock option plans | 14,792 | 21,836 |
| Net cash used for financing activities | (313,619) | (59,274) |
| Effects of exchange rate changes on cash and cash equivalents | (3,972) | 5,346 |
| Decrease in cash and cash equivalents | (214,102) | (335,667) |
| Cash and cash equivalents at beginning of period | 553,354 | 757,571 |
| Cash and cash equivalents at end of period | \$ 339,252 | \$ 421,904 |
| Non-cash investing activities: | | |
| Capital expenditures incurred but not yet paid: | \$ 4,722 | \$ 3,124 |

The accompanying notes, together with the Notes to Consolidated Financial Statements included in Teradyne's Annual Report on Form 10-K for the year ended December 31, 2024, are an integral part of the condensed consolidated financial statements.

TERADYNE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

A. THE COMPANY

Teradyne, Inc. ("Teradyne") is a leading global provider of automated test equipment and robotics solutions. Teradyne's automated test systems are used to test semiconductors, wireless products, data storage, silicon photonics, and complex electronics systems in many industries including consumer electronics, wireless, automotive, industrial, computing, communications, and aerospace and defense industries. Teradyne's robotics product offerings consist primarily of collaborative robotic arms and autonomous mobile robots used by global manufacturing, logistics and industrial customers to improve quality and increase manufacturing and material handling efficiency while reducing costs. In the first quarter of 2025, Teradyne identified opportunities for operational synergies amongst our production board test, defense and aerospace, and wireless test businesses leading to the creation of the Product Test division as a new segment effective March 2025. Teradyne's automated test equipment and robotics products and services include:

- semiconductor test ("Semiconductor Test") systems;
- robotics ("Robotics") products; and
- product test ("Product Test") systems, which include defense/aerospace ("Defense/Aerospace") test instrumentation and systems, circuit-board test and inspection ("Production Board Test") systems, wireless test systems ("Wireless Test"), and photonic integrated circuit ("PIC") test solutions.

B. ACCOUNTING POLICIES

Basis of Presentation

The condensed consolidated interim financial statements include the accounts of Teradyne and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated. These condensed consolidated interim financial statements are unaudited and reflect all normal recurring adjustments that are, in the opinion of management, necessary for the fair statement of such condensed consolidated interim financial statements. The December 31, 2024, condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by United States of America generally accepted accounting principles ("U.S. GAAP") for complete financial statements. The accompanying financial information should be read in conjunction with the consolidated financial statements and notes thereto contained in Teradyne's Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission ("SEC") on February 20, 2025, for the year ended December 31, 2024.

Preparation of Financial Statements and Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an on-going basis, management evaluates its estimates, including those related to inventories, investments, goodwill, intangible and other long-lived assets, accounts receivable, income taxes, deferred tax assets and liabilities, pensions, warranties, and loss contingencies. Management bases its estimates on historical experience and on appropriate and customary assumptions that are believed to be reasonable under the circumstances, which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date of issuance of this Quarterly Report on Form 10-Q. These estimates may change, as new events occur and additional information is obtained. Actual results may differ significantly from these estimates under different assumptions or conditions.

C. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2023-09 – "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", which requires expanded disclosures relating to the tax rate reconciliation, income taxes paid, income (loss) before income tax expense (benefit) and income tax expense (benefit), requiring a greater disaggregation of information for each. The provisions of ASU 2023-09 are effective for fiscal years beginning after December 15, 2024. Teradyne will apply the amendments in this update on a prospective basis. This ASU will have no impact on results of operations, cash flows or financial condition.

In November 2024, the FASB issued ASU 2024-03-*"Income Statement - Reporting Comprehensive Income -Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses"*, which requires disclosure of additional expense information on an annual and interim basis, including the amounts of inventory purchases, employee compensation, depreciation and intangible amortization included within each income statement expense caption. This standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The amendments in this update should be applied on a prospective basis, but retrospective application is permitted. Teradyne is currently evaluating the impact of this new standard.

D. ACQUISITIONS

Quantifi Photonics

On May 31, 2025, Teradyne acquired all of the issued and outstanding shares of Quantifi Photonics ("Quantifi"), a privately held company in New Zealand and a leader in photonic integrated circuit ("PIC") test solutions for a total purchase price of approximately \$127.2 million, subject to customary working capital adjustments. The acquisition of Quantifi is expected to enable Teradyne to deliver scalable PIC test solutions. Teradyne's allocation of the purchase price was goodwill of \$83.1 million, which is not deductible for tax purposes, acquired intangible assets of \$43.6 million with a weighted average estimated useful life of 10.0 years, and \$0.6 million of net tangible assets. The goodwill is attributable to cost synergies, assembled workforce and anticipated incremental revenue streams. Teradyne's estimates and assumptions used in determining the estimated fair values of certain assets and liabilities are subject to change within the measurement period (up to one year from the acquisition date) as a result of additional information obtained with regards to facts and circumstances that existed as of the acquisition date. The results of Quantifi have been included in Teradyne's Product Test segment from the date of acquisition.

Based upon a preliminary valuation, the total purchase price was allocated as follows:

| | <u>Purchase Price Allocation</u> (in thousands) | |
|---|--|----------------|
| Goodwill | \$ | 83,068 |
| Intangible Assets | | 43,600 |
| Tangible assets acquired and liabilities assumed: | | |
| Current assets | | 6,148 |
| Long-term deferred tax assets | | 6,271 |
| Other non-current assets | | 2,516 |
| Accounts payable and current liabilities | | (1,609) |
| Long-term deferred tax liabilities | | (12,208) |
| Other long-term liabilities | | (548) |
| Total purchase price | \$ | <u>127,238</u> |

Teradyne estimated the fair value of intangible assets using the income and cost approaches. The fair value of Developed technology was estimated using the Multi-Period Excess Earnings Method. Acquired intangible assets are amortized on a straight-line basis over their estimated useful lives. Components of these intangible assets and their estimated useful lives at the acquisition date are as follows:

| | <u>Fair Value</u> (in thousands) | <u>Estimated Useful Life</u> (in years) |
|---------------------------|-------------------------------------|--|
| Developed technology | \$ 38,600 | 10.0 |
| Trademarks and tradenames | 4,400 | 10.0 |
| Customer relationships | 600 | 8.0 |
| Total Intangible Assets | <u>\$ 43,600</u> | <u>10.0</u> |

Teradyne has not included Quantifi's contribution to total company revenue or income from operations before income taxes or pro forma financial information as the impact of the acquisition on the condensed consolidated financial statements is not material.

Automated Test Equipment Technology

On January 31, 2025, Teradyne acquired from Infineon Technologies AG ("Infineon") its automated test equipment technology and associated development team ("AET") based in Regensburg, Germany for a total purchase price of 17.6 million Euros, equivalent to \$18.3 million, subject to customary adjustments. AET adds resources and expertise to Teradyne and strengthens the relationship

between Teradyne and Infineon. The AET acquisition was accounted for as a business combination and, accordingly, the results have been included in Teradyne's Semiconductor Test segment from the date of acquisition. As of the acquisition date, Teradyne's purchase price allocation was goodwill of \$1.3 million for expected synergies from combining operations, acquired intangible assets of \$6.4 million, consisting of developed technology and customer relationships, with a weighted average estimated useful life of 4.6 years, and \$10.7 million of net tangible assets, including \$11.7 million of inventory. The fair values of the tangible and identifiable intangible assets acquired and liabilities assumed are based on management's estimates and assumptions. The acquisition was not material to Teradyne's condensed consolidated financial statements.

E. REVENUE

Disaggregation of Revenue

The following table provides information about disaggregated revenue by timing of revenue recognition, primary geographical market, and major product lines.

| | Semiconductor Test | | | Robotics | Product Test | Total |
|---|--------------------|-------------------|------------------|-------------------|-------------------|---------------------|
| | System on-a-Chip | Memory | IST | | | |
| (in thousands) | | | | | | |
| For the Three Months Ended June 29, 2025 | | | | | | |
| <i>Timing of Revenue Recognition</i> | | | | | | |
| Point in Time | \$ 325,588 | \$ 51,993 | \$ 28,827 | \$ 72,724 | \$ 66,159 | \$ 545,291 |
| Over Time | 71,000 | 8,950 | 5,520 | 2,142 | 18,894 | 106,506 |
| Total | \$ 396,588 | \$ 60,943 | \$ 34,347 | \$ 74,866 | \$ 85,053 | \$ 651,797 |
| <i>Geographical Market</i> | | | | | | |
| Asia Pacific | \$ 364,883 | \$ 58,467 | \$ 32,468 | \$ 15,939 | \$ 34,901 | \$ 506,658 |
| Americas | 15,920 | 2,077 | 1,879 | 27,160 | 42,229 | \$ 89,265 |
| Europe, Middle East and Africa | 15,785 | 399 | — | 31,767 | 7,923 | \$ 55,874 |
| Total | \$ 396,588 | \$ 60,943 | \$ 34,347 | \$ 74,866 | \$ 85,053 | \$ 651,797 |
| For the Three Months Ended June 30, 2024 | | | | | | |
| <i>Timing of Revenue Recognition</i> | | | | | | |
| Point in Time | \$ 343,536 | \$ 121,662 | \$ 12,463 | \$ 88,217 | \$ 63,329 | \$ 629,207 |
| Over Time | 70,048 | 7,318 | 4,889 | 2,030 | 16,387 | \$ 100,672 |
| Total | \$ 413,584 | \$ 128,980 | \$ 17,352 | \$ 90,247 | \$ 79,716 | \$ 729,879 |
| <i>Geographical Market</i> | | | | | | |
| Asia Pacific | \$ 381,631 | \$ 124,497 | \$ 17,304 | \$ 20,203 | \$ 33,248 | \$ 576,883 |
| Americas | 20,211 | 3,254 | 48 | 35,010 | 33,537 | \$ 92,060 |
| Europe, Middle East and Africa | 11,742 | 1,229 | — | 35,034 | 12,931 | \$ 60,936 |
| Total | \$ 413,584 | \$ 128,980 | \$ 17,352 | \$ 90,247 | \$ 79,716 | \$ 729,879 |
| For the Six Months Ended June 29, 2025 | | | | | | |
| <i>Timing of Revenue Recognition</i> | | | | | | |
| Point in Time | \$ 663,278 | \$ 153,656 | \$ 51,719 | \$ 139,870 | \$ 122,717 | \$ 1,131,240 |
| Over Time | 139,700 | 16,695 | 9,334 | 3,983 | 36,525 | \$ 206,237 |
| Total | \$ 802,978 | \$ 170,351 | \$ 61,053 | \$ 143,853 | \$ 159,242 | \$ 1,337,477 |
| <i>Geographical Market</i> | | | | | | |
| Asia Pacific | \$ 722,985 | \$ 166,149 | \$ 58,484 | \$ 31,001 | \$ 60,447 | \$ 1,039,066 |
| Americas | 50,972 | 2,994 | 2,569 | 59,631 | 83,014 | \$ 199,180 |
| Europe, Middle East and Africa | 29,021 | 1,208 | — | 53,221 | 15,781 | \$ 99,231 |
| Total | \$ 802,978 | \$ 170,351 | \$ 61,053 | \$ 143,853 | \$ 159,242 | \$ 1,337,477 |
| For the Six Months Ended June 30, 2024 | | | | | | |
| <i>Timing of Revenue Recognition</i> | | | | | | |
| Point in Time | \$ 573,127 | \$ 224,098 | \$ 29,096 | \$ 173,400 | \$ 125,684 | \$ 1,125,405 |
| Over Time | 142,764 | 14,828 | 10,771 | 4,501 | 31,429 | \$ 204,293 |
| Total | \$ 715,891 | \$ 238,926 | \$ 39,867 | \$ 177,901 | \$ 157,113 | \$ 1,329,698 |
| <i>Geographical Market</i> | | | | | | |
| Asia Pacific | \$ 652,197 | \$ 220,103 | \$ 37,169 | \$ 34,782 | \$ 56,306 | \$ 1,000,557 |
| Americas | 42,762 | 12,306 | 2,698 | 69,640 | 73,305 | \$ 200,711 |
| Europe, Middle East and Africa | 20,932 | 6,517 | — | 73,479 | 27,502 | \$ 128,430 |
| Total | \$ 715,891 | \$ 238,926 | \$ 39,867 | \$ 177,901 | \$ 157,113 | \$ 1,329,698 |

Contract Balances

During the three and six months ended June 29, 2025, Teradyne recognized \$22.2 million and \$47.5 million, respectively, that was included within the deferred revenue and customer advances balances at the beginning of the period. During the three and six months ended June 30, 2024, Teradyne recognized \$18.7 million and \$46.9 million, respectively, that was included within the deferred revenue and customer advances balances at the beginning of the period. This revenue primarily relates to undelivered hardware, extended warranties, training, application support, and post contract support. Each of these represents a distinct performance obligation. As of June 29, 2025, Teradyne had \$930.8 million of unsatisfied performance obligations. Teradyne expects to recognize approximately 86.4% of the remaining performance obligations in the next 12 months and the remainder in 1-3 years.

Deferred revenue and customer advances consist of the following and are included in short and long-term deferred revenue and customer advances on the balance sheet:

| | June 29, 2025 | December 31, 2024 |
|---|-------------------|----------------------|
| | (in thousands) | |
| Maintenance, service and training | \$ 59,876 | \$ 58,473 |
| Customer advances, undelivered elements and other | 57,776 | 48,118 |
| Extended warranty | 46,751 | 41,624 |
| Total deferred revenue and customer advances | <u>\$ 164,403</u> | <u>\$ 148,215</u> |

Accounts Receivable

During the three and six months ended June 29, 2025, and June 30, 2024, Teradyne sold certain trade accounts receivables on a non-recourse basis to third-party financial institutions pursuant to factoring agreements. During the three months ended June 29, 2025, and June 30, 2024, total trade accounts receivable sold under the factoring agreements were \$12.2 million and \$57.3 million, respectively. During the six months ended June 29, 2025, and June 30, 2024, total trade accounts receivable sold under the factoring agreements were \$23.1 million and \$80.7 million, respectively. Factoring fees for the sales of receivables were recorded in interest expense and were not material. Teradyne accounted for these transactions as sales of receivables and presented cash proceeds as cash provided by operating activities in the condensed consolidated statements of cash flows.

F. EQUITY METHOD INVESTMENT

On May 27, 2024, Teradyne paid 483.1 million Euros, equivalent to \$524.1 million, to purchase a combination of previously issued and outstanding shares and shares newly issued by Technoprobe, S.p.A. ("Technoprobe"). The shares purchased represent 10% of the issued and outstanding shares of Technoprobe. Teradyne also received a board seat as part of the purchase. Teradyne accounts for this investment using the equity method as a result of being able to exercise significant influence over the operating and financial decisions of Technoprobe. The carrying value of this equity method investment as of June 29, 2025, was \$545.4 million in the condensed consolidated balance sheets.

| | (in thousands) |
|--|-------------------|
| Balance at December 31, 2024 | \$ 494,494 |
| Other comprehensive income related to investment | 20,716 |
| Equity in net earnings of affiliate | (5,584) |
| Balance at March 30, 2025 | <u>\$ 509,626</u> |
| Other comprehensive income related to investment | 41,715 |
| Equity in net earnings of affiliate | (5,927) |
| Balance at June 29, 2025 | <u>\$ 545,414</u> |

Based on the quoted closing price of Technoprobe stock as of June 29, 2025, the fair value of the publicly traded investment was \$569.9 million.

Teradyne's equity method basis difference was calculated as the difference between the investment and the amount of underlying equity in net assets acquired. The basis differences, net of tax, will be amortized over the estimated useful lives.

Teradyne made an accounting policy election to report its share of Technoprobe's results on a 3-month lag, which is applied consistently from period to period. Teradyne records its share of Technoprobe's net income or loss and the amortization of equity method basis difference, as 'Equity in net earnings of affiliate' in the condensed consolidated statements of operations. Teradyne

includes its share of Technoprobe's other comprehensive income and a cumulative translation adjustment in the condensed consolidated statements of comprehensive income.

G. DISPOSITIONS

On May 27, 2024, Teradyne completed the sale of the Device Interface Solutions ("DIS") business, a component of the Semiconductor Test segment, to Technoprobe for \$85.0 million in cash, net of cash and cash equivalents sold, and a customary working capital adjustment. The sale resulted in a pre-tax gain of \$57.1 million recorded as 'Gain on sale of business' in the condensed consolidated statement of operations. The transaction did not meet the criteria to be classified as a discontinued operation, as it did not represent a strategic shift that will have a major effect on operations and financial results.

H. INVENTORIES

Inventories, net consisted of the following at June 29, 2025, and December 31, 2024:

| | June 29, 2025 | December 31, 2024 |
|------------------------|-------------------|----------------------|
| | (in thousands) | |
| Raw material | \$ 263,994 | \$ 225,915 |
| Work-in-process | 51,142 | 41,964 |
| Finished goods | 35,369 | 30,613 |
| Total inventories, net | <u>\$ 350,505</u> | <u>\$ 298,492</u> |

Inventory reserves at June 29, 2025, and December 31, 2024, were \$145.0 million and \$141.4 million, respectively.

I. FINANCIAL INSTRUMENTS

Cash Equivalents

Teradyne considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents.

Marketable Securities

Teradyne's equity and debt mutual funds are classified as Level 1 and available-for-sale debt securities are classified as Level 2. The vast majority of Level 2 securities are fixed income securities priced by second party pricing vendors. These pricing vendors utilize the most recent observable market information in pricing these securities or, if specific prices are not available, use other observable inputs like market transactions involving identical or comparable securities.

During the three and six months ended June 29, 2025, and June 30, 2024, there were no transfers in or out of Level 1, Level 2, or Level 3 financial instruments.

Realized gains recorded in the three and six months ended June 29, 2025, were \$0.4 million and \$1.2 million, respectively. Realized gains recorded in the three and six months ended June 30, 2024, were \$0.3 million and \$1.3 million, respectively. Realized losses recorded in the three and six months ended June 29, 2025, were \$0.1 million and \$1.4 million, respectively. Realized losses recorded in the three and six months ended June 30, 2024, were \$0.1 million and \$0.3 million, respectively. Realized gains and losses are included in 'Other (income) expense, net' in the condensed consolidated statement of operations.

Unrealized gains on equity securities recorded in the three and six months ended June 29, 2025, were \$4.1 million and \$4.4 million, respectively. Unrealized gains on equity securities recorded in the three and six months ended June 30, 2024, were \$1.0 million and \$3.6 million, respectively. Unrealized losses on equity securities recorded in six months ended June 29, 2025, were \$3.1 million. Unrealized losses on equity securities in the three and six months ended June 30, 2024, were \$0.4 million and \$0.4 million, respectively. Unrealized gains and losses on equity securities are included in 'Other (income) expense, net' in the condensed consolidated statement of operations.

Unrealized gains and losses on available-for-sale debt securities are included in 'Accumulated other comprehensive income (loss)' in the condensed consolidated balance sheet.

The cost of securities sold is based on average cost.

The following tables set forth by fair value hierarchy Teradyne's financial assets and liabilities that were measured at fair value on a recurring basis as of June 29, 2025, and December 31, 2024.

| | June 29, 2025 | | | |
|---|--|--|--|--------------------------|
| | Quoted Prices in Active Markets for Identical Instruments (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| | (in thousands) | | | |
| Assets | | | | |
| Cash | \$ 146,193 | \$ — | \$ — | \$ 146,193 |
| Cash equivalents | 189,910 | 3,149 | — | 193,059 |
| Available-for-sale securities: | | | | |
| U.S. Treasury securities | — | 41,910 | — | 41,910 |
| Corporate debt securities | — | 35,059 | — | 35,059 |
| Debt mutual funds | 12,350 | — | — | 12,350 |
| U.S. government agency securities | — | 4,040 | — | 4,040 |
| Certificates of deposit and time deposits | — | 1,694 | — | 1,694 |
| Non-U.S. government securities | — | 962 | — | 962 |
| Equity securities: | | | | |
| Mutual funds | 53,307 | — | — | 53,307 |
| | <u>\$ 401,760</u> | <u>\$ 86,814</u> | <u>\$ —</u> | <u>\$ 488,574</u> |
| Derivative assets | — | 1,334 | — | 1,334 |
| Total | <u>\$ 401,760</u> | <u>\$ 88,148</u> | <u>\$ —</u> | <u>\$ 489,908</u> |
| Liabilities | | | | |
| Derivative liabilities | — | 1,373 | — | \$ 1,373 |
| Total | <u>\$ —</u> | <u>\$ 1,373</u> | <u>\$ —</u> | <u>\$ 1,373</u> |
| Reported as follows: | | | | |
| | (Level 1) | (Level 2) | (Level 3) | Total |
| | (in thousands) | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 336,103 | \$ 3,149 | \$ — | \$ 339,252 |
| Marketable securities | — | 28,638 | — | 28,638 |
| Long-term marketable securities | 65,657 | 55,027 | — | 120,684 |
| Prepayments | — | 1,334 | — | 1,334 |
| Total | <u>\$ 401,760</u> | <u>\$ 88,148</u> | <u>\$ —</u> | <u>\$ 489,908</u> |
| Liabilities | | | | |
| Other current liabilities | \$ — | \$ 1,373 | \$ — | \$ 1,373 |
| Total | <u>\$ —</u> | <u>\$ 1,373</u> | <u>\$ —</u> | <u>\$ 1,373</u> |

| | December 31, 2024 | | | |
|---|--|---|--|-------------------|
| | Quoted Prices in Active Markets for Identical Instruments (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| | (in thousands) | | | |
| Assets | | | | |
| Cash | \$ 261,176 | \$ — | \$ — | \$ 261,176 |
| Cash equivalents | 283,037 | 9,141 | — | 292,178 |
| Available-for-sale securities: | | | | |
| Corporate debt securities | — | 35,696 | — | 35,696 |
| U.S. Treasury securities | — | 44,942 | — | 44,942 |
| Certificates of deposit and time deposits | — | 21,689 | — | 21,689 |
| Debt mutual funds | 8,951 | — | — | 8,951 |
| U.S. government agency securities | — | 3,970 | — | 3,970 |
| Non-U.S. government securities | — | 773 | — | 773 |
| Equity securities: | | | | |
| Mutual Funds | 54,412 | — | — | 54,412 |
| | <u>\$ 607,576</u> | <u>\$ 116,211</u> | <u>\$ —</u> | <u>\$ 723,787</u> |
| Derivative assets | — | 1,665 | — | 1,665 |
| Total | <u>\$ 607,576</u> | <u>\$ 117,876</u> | <u>\$ —</u> | <u>\$ 725,452</u> |
| Liabilities | | | | |
| Derivative liabilities | — | 1,324 | — | 1,324 |
| Total | <u>\$ —</u> | <u>\$ 1,324</u> | <u>\$ —</u> | <u>\$ 1,324</u> |

Reported as follows:

| | (Level 1) | (Level 2) | (Level 3) | Total |
|---------------------------------|-------------------|-------------------|-------------|-------------------|
| | (in thousands) | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 544,213 | \$ 9,141 | \$ — | \$ 553,354 |
| Marketable securities | — | 46,312 | — | 46,312 |
| Long-term marketable securities | 63,363 | 60,758 | — | 124,121 |
| Prepayments | — | 1,665 | — | 1,665 |
| Total | <u>\$ 607,576</u> | <u>\$ 117,876</u> | <u>\$ —</u> | <u>\$ 725,452</u> |
| Liabilities | | | | |
| Other current liabilities | \$ — | \$ 1,324 | \$ — | \$ 1,324 |
| Total | <u>\$ —</u> | <u>\$ 1,324</u> | <u>\$ —</u> | <u>\$ 1,324</u> |

The carrying amounts and fair values of Teradyne's financial instruments at June 29, 2025, and December 31, 2024, were as follows:

| | June 29, 2025 | | December 31, 2024 | |
|---------------------------|----------------|------------|-------------------|------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| | (in thousands) | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 339,252 | \$ 339,252 | \$ 553,354 | \$ 553,354 |
| Marketable securities | 149,322 | 149,322 | 170,433 | 170,433 |
| Derivative assets | 1,334 | 1,334 | 1,665 | 1,665 |
| Liabilities | | | | |
| Derivative liabilities | 1,373 | 1,373 | 1,324 | 1,324 |

The fair values of accounts receivable, net and accounts payable approximate the carrying value due to the short-term nature of these instruments.

The following table summarizes the composition of available-for-sale marketable securities at June 29, 2025:

| | June 29, 2025 | | | | |
|---|--------------------|--------------------|--|-------------------------|---|
| | Available-for-Sale | | | | |
| | Cost | Unrealized Gain | Unrealized (Loss) (in thousands) | Fair Market Value | Fair Market Value of Investments with Unrealized Losses |
| U.S. Treasury securities | \$ 46,656 | \$ 37 | \$ (4,783) | \$ 41,910 | \$ 32,277 |
| Corporate debt securities | 39,262 | 186 | (4,389) | 35,059 | 24,249 |
| Debt mutual funds | 12,564 | — | (214) | 12,350 | 2,715 |
| U.S. government agency securities | 4,041 | — | (1) | 4,040 | 2,318 |
| Certificates of deposit and time deposits | 1,694 | — | — | 1,694 | — |
| Non-U.S. government securities | 962 | — | — | 962 | — |
| | <u>\$ 105,179</u> | <u>\$ 223</u> | <u>\$ (9,387)</u> | <u>\$ 96,015</u> | <u>\$ 61,559</u> |

Reported as follows:

| | June 29, 2025 | | | | |
|---------------------------------|--------------------|--------------------|--|-------------------------|---|
| | Available-for-Sale | | | | |
| | Cost | Unrealized Gain | Unrealized (Loss) (in thousands) | Fair Market Value | Fair Market Value of Investments with Unrealized Losses |
| Marketable securities | \$ 28,684 | \$ 6 | \$ (52) | \$ 28,638 | \$ 19,524 |
| Long-term marketable securities | 76,495 | 217 | (9,335) | 67,377 | 42,035 |
| | <u>\$ 105,179</u> | <u>\$ 223</u> | <u>\$ (9,387)</u> | <u>\$ 96,015</u> | <u>\$ 61,559</u> |

The following table summarizes the composition of available-for-sale marketable securities at December 31, 2024:

| | December 31, 2024 | | | | |
|---|--------------------|--------------------|--|-------------------------|---|
| | Available-for-Sale | | | | |
| | Cost | Unrealized Gain | Unrealized (Loss) (in thousands) | Fair Market Value | Fair Market Value of Investments with Unrealized Losses |
| U.S. Treasury securities | \$ 49,879 | \$ 14 | \$ (4,951) | \$ 44,942 | \$ 30,530 |
| Corporate debt securities | 40,395 | 79 | (4,778) | 35,696 | 27,824 |
| Certificates of deposit and time deposits | 21,689 | — | — | 21,689 | — |
| Debt mutual funds | 9,299 | — | (348) | 8,951 | 3,238 |
| U.S. government agency securities | 3,966 | 5 | (1) | 3,970 | 1,946 |
| Non-U.S. government securities | 773 | — | — | 773 | — |
| | <u>\$ 126,001</u> | <u>\$ 98</u> | <u>\$ (10,078)</u> | <u>\$ 116,021</u> | <u>\$ 63,538</u> |

Reported as follows:

| | December 31, 2024 | | | | |
|---------------------------------|--------------------|--------------------|--|-------------------------|---|
| | Available-for-Sale | | | | |
| | Cost | Unrealized Gain | Unrealized (Loss) (in thousands) | Fair Market Value | Fair Market Value of Investments with Unrealized Losses |
| Marketable securities | \$ 46,349 | \$ 16 | \$ (53) | \$ 46,312 | \$ 10,454 |
| Long-term marketable securities | 79,652 | 82 | (10,025) | 69,709 | 53,084 |
| | <u>\$ 126,001</u> | <u>\$ 98</u> | <u>\$ (10,078)</u> | <u>\$ 116,021</u> | <u>\$ 63,538</u> |

As of June 29, 2025, the fair market value of investments with unrealized losses less than one year and greater than one year totaled \$22.1 million and \$39.4 million, respectively. As of December 31, 2024, the fair market value of investments with unrealized losses for less than one year and greater than one year totaled \$22.6 million and \$40.9 million, respectively.

Teradyne reviews its investments to identify and evaluate investments that have an indication of possible impairment. Based on this review, Teradyne determined that the unrealized losses related to these investments at June 29, 2025, and December 31, 2024, were not other than temporary.

The contractual maturities of investments in available-for-sale securities held at June 29, 2025, were as follows:

| | June 29, 2025 | |
|------------------------------------|------------------|-------------------|
| | Cost | Fair Market Value |
| | (in thousands) | |
| Due within one year | \$ 28,684 | \$ 28,638 |
| Due after 1 year through 5 years | 20,756 | 20,560 |
| Due after 5 years through 10 years | 7,716 | 7,721 |
| Due after 10 years | 35,459 | 26,746 |
| Total | <u>\$ 92,615</u> | <u>\$ 83,665</u> |

Contractual maturities of investments in available-for-sale securities held at June 29, 2025, exclude debt mutual funds with a fair market value of \$12.4 million as they do not have a contractual maturity date.

Derivatives

Teradyne conducts business in various foreign countries, with certain transactions denominated in local currencies. As a result, Teradyne is exposed to risks relating to changes in foreign currency exchange rates. Teradyne's foreign currency risk management objective is to minimize the effect of exchange rate fluctuations associated with the remeasurement of monetary assets and liabilities denominated in foreign currencies, and changes in its cash inflows attributable to the forecasted cash flows from certain foreign currency denominated revenues.

To minimize the effect of exchange rate fluctuations associated with the remeasurement of monetary assets and liabilities denominated in foreign currencies, Teradyne enters into foreign currency forward contracts. The change in fair value of these derivatives is recorded directly in earnings and is used to offset the change in value of monetary assets and liabilities denominated in foreign currencies.

Teradyne also enters into foreign currency forward and option contracts designated as cash flow hedges to hedge the risk of changes in its cash inflows attributable to changes in foreign currency exchange rates. The cash flow hedges have maturities of less than six months and mature in the period of revenue recognition for certain products and services in backlog and forecasted to be recognized in a future period. Teradyne evaluates cash flow hedges for effectiveness at inception based on the critical terms match method. The hedges are not expected to incur any ineffectiveness however a quarterly qualitative assessment of effectiveness is done to determine if the critical terms match method remains appropriate to use. The change in fair value of the contracts is recorded in accumulated other comprehensive income (loss) and reclassified to earnings at maturity date.

Teradyne does not use derivative financial instruments for speculative purposes.

At June 29, 2025, and December 31, 2024, Teradyne had the following contracts to buy and sell non-U.S. currencies for U.S. dollars and other non-U.S. currencies with the following notional amounts:

| | Gross Notional Value | |
|------------------------------------|-----------------------------|------------------------------|
| | June 29, 2025 | December 31, 2024 |
| | (in millions) | |
| Currency Hedged (Buy/Sell) | | |
| U.S. dollar/Singapore dollar | 35.6 | — |
| U.S. dollar/Taiwan dollar | 17.1 | 14.5 |
| U.S. dollar/Japanese yen | 13.6 | 12.6 |
| U.S. dollar/Korean won | 10.8 | 4.2 |
| U.S. dollar/British pound sterling | 1.7 | 1.2 |
| U.S. dollar/Danish krone | 0.2 | — |
| Euro/U.S. dollar | 21.6 | 22.3 |
| Danish krone/Chinese yuan | 7.4 | 10.5 |
| Philippine peso/U.S. dollar | 1.9 | 9.4 |
| Chinese yuan/U.S. dollar | 1.3 | 1.6 |
| Danish krone/U.S. dollar | 0.8 | 16.9 |
| Singapore dollar/U.S. dollar | — | 28.9 |
| Total | \$ 112.0 | \$ 122.1 |

The fair value of the outstanding contracts was a net loss of \$0.1 million and a net loss of \$0.6 million at June 29, 2025, and December 31, 2024, respectively.

Unrealized gains and losses on foreign currency forward contracts and foreign currency remeasurement gains and losses on monetary assets and liabilities are included in 'Other (income) expense, net' in the condensed consolidated statement of operations.

At June 29, 2025, and December 31, 2024, Teradyne had the following cash flow hedge contracts to buy and sell non-U.S. currencies for U.S. dollars with the following notional amounts:

| | Gross Notional Value | |
|-----------------------------------|-----------------------------|------------------------------|
| | June 29, 2025 | December 31, 2024 |
| | (in millions) | |
| Currency Hedged (Buy/Sell) | | |
| U.S. dollar/Japanese yen | \$ — | \$ 15.6 |
| Total | \$ — | \$ 15.6 |

The fair value of the outstanding cash flow hedge contracts was a gain of \$0.9 million at December 31, 2024.

Unrealized gains and losses on foreign currency cash flow hedge contracts are included in accumulated other comprehensive income (loss). At maturity, the gains or losses associated with cash flow hedge contracts are recorded to revenue.

On November 7, 2023, in connection with Teradyne's agreement to acquire a 10% investment in Technoprobe, Teradyne purchased a call option to buy 481.0 million Euros. The expiration date of the option was April 26, 2024. On April 12, 2024, Teradyne entered into a forward to buy 481.0 million Euros which expired on May 23, 2024. For the three and six months ended June 30, 2024, a realized gain of \$4.2 million and a realized loss of \$9.8 million was recorded in 'Other (income) expense, net' in the condensed consolidated statement of operations, respectively.

The following table summarizes the fair value of derivative instruments as of June 29, 2025, and December 31, 2024:

| | Balance Sheet Location | June 29, 2025 | December 31, 2024 |
|--|---------------------------|------------------|----------------------|
| | | (in thousands) | |
| Derivatives not designated as hedging instruments: | | | |
| Foreign exchange forward contracts | Other current assets | 1,334 | 725 |
| Foreign exchange forward contracts | Other current liabilities | (1,373) | (1,324) |
| Derivatives designated as hedging instruments: | | | |
| Foreign exchange forward contracts | Other current assets | — | 940 |
| Total derivatives | | <u>\$ (39)</u> | <u>\$ 341</u> |

The following table summarizes the effect of derivative instruments recognized in the statement of operations for the three and six months ended June 29, 2025, and June 30, 2024:

| Location of (Gains) Losses Recognized in Statement of Operations | For the Three Months Ended | | For the Six Months Ended | | |
|--|-------------------------------|------------------|-----------------------------|------------------|-----------------|
| | June 29, 2025 | June 30, 2024 | June 29, 2025 | June 30, 2024 | |
| | (in thousands) | | (in thousands) | | |
| Derivatives not designated as hedging instruments: | | | | | |
| Foreign exchange forward contracts (1) | Other (income) expense, net | \$ 122 | \$ (2,444) | \$ (45) | \$ (4,144) |
| Foreign exchange option contracts | Other (income) expense, net | — | (4,154) | — | 9,764 |
| Derivatives designated as hedging instruments: | | | | | |
| Foreign exchange forward and option contracts | Revenue | 298 | — | (449) | (2,280) |
| Total Derivatives | | <u>\$ 420</u> | <u>\$ (6,598)</u> | <u>\$ (494)</u> | <u>\$ 3,340</u> |

- (1) The table does not reflect the corresponding gains and losses from the remeasurement of the monetary assets and liabilities denominated in foreign currencies. For the three and six months ended June 29, 2025, net losses from remeasurement of monetary assets and liabilities denominated in foreign currencies were \$1.2 million and \$3.4 million, respectively. For the three and six months ended June 30, 2024, net losses from remeasurement of monetary assets and liabilities denominated in foreign currencies were \$3.3 million and \$6.0 million, respectively.

See Note J: “Debt” regarding derivatives related to the convertible senior notes.

J. DEBT

Convertible Senior Notes

On December 12, 2016, Teradyne completed a private offering of \$460.0 million aggregate principal amount of 1.25% convertible senior unsecured notes (the “Notes”). The Notes matured on December 15, 2023.

Concurrent with the offering of the Notes, Teradyne entered into convertible note hedge transactions (the “Note Hedge Transactions”) with the initial purchasers or their affiliates (the “Option Counterparties”). The Note Hedge Transactions covered, subject to customary anti-dilution adjustments, the number of shares of the common stock that underlie the Notes. Separately and concurrent with the pricing of the Notes, Teradyne entered into warrant transactions with the Option Counterparties (the “Warrant Transactions”) in which it sold net-share-settled (or, at its election subject to certain conditions, cash-settled) warrants to the Option Counterparties. The Warrant Transactions, which began expiring on March 18, 2024, and continued to expire through July 10, 2024, covered, subject to customary anti-dilution adjustments, approximately 1.3 million shares of common stock. During the three and six months ended June 30, 2024, 11.7 million and 13.4 million warrants expired, resulting in the issuance of 8.0 million and 8.8 million shares of Teradyne common stock, respectively.

Revolving Credit Facility

On May 1, 2020, Teradyne entered into a credit agreement (the “Credit Agreement”) with Truist Bank, as administrative agent and collateral agent, and the lenders party thereto. The Credit Agreement provided for a three-year, senior secured revolving credit facility of \$400.0 million (the “Credit Facility”).

On December 10, 2021, the Credit Agreement was amended to extend the maturity date of the Credit Facility to December 10, 2026. On October 5, 2022, the Credit Agreement was amended to increase the amount of the Credit Facility to \$750.0 million from \$400.0 million. On November 7, 2023, the Credit Agreement was amended to allow for the purchase of the shares of Technoprobe.

The Credit Agreement provides that, subject to customary conditions, Teradyne may seek to obtain from existing or new lenders the available incremental amount under the Credit Facility, not to exceed the greater of \$200.0 million or 15% of consolidated EBIDTA. The interest rate applicable to loans under the Credit Facility are, at Teradyne's option, equal to either a base rate plus a margin ranging from 0.00% to 0.75% per annum or SOFR plus a margin ranging from 1.10% to 1.85% per annum, based on the consolidated leverage ratio of Teradyne. In addition, Teradyne will pay a commitment fee on the unused portion of the commitments under the Credit Facility ranging from 0.15% to 0.25% per annum, based on the then applicable consolidated leverage ratio.

Teradyne is not required to repay any loans under the Credit Facility prior to maturity, subject to certain customary exceptions. Teradyne is permitted to prepay all or any portion of the loans under the Credit Facility prior to maturity without premium or penalty, other than customary SOFR breakage costs.

The Credit Agreement contains customary events of default, representations, warranties and affirmative and negative covenants that, among other things, limit Teradyne's ability to sell assets, grant liens on assets, incur other secured indebtedness and make certain investments and restricted payments, all subject to exceptions set forth in the Credit Agreement. The Credit Agreement also requires Teradyne to satisfy two financial ratios measured as of the end of each fiscal quarter: a consolidated leverage ratio and an interest coverage ratio.

The Credit Facility is guaranteed by certain of Teradyne's domestic subsidiaries and collateralized by assets of Teradyne and such subsidiaries, including a pledge of 65% of the capital stock of certain foreign subsidiaries.

On May 16, 2024, Teradyne borrowed \$185.0 million under the Credit Agreement to support the acquisition of 10% of the issued and outstanding shares of Technoprobe. Teradyne fully repaid its borrowings on the revolving credit facility prior to June 30, 2024. There was no outstanding revolver balance as of June 29, 2025.

As of August 1, 2025, the Credit Facility was undrawn, and Teradyne was in compliance with all covenants under the Credit Agreement.

K. PREPAYMENTS

Prepayments consist of the following:

| | June 29, 2025 | December 31, 2024 |
|--|-------------------|----------------------|
| | (in thousands) | |
| Contract manufacturer and supplier prepayments | \$ 370,110 | \$ 365,875 |
| Prepaid maintenance and other services | 19,935 | 22,176 |
| Prepaid taxes | 11,349 | 22,211 |
| Other prepayments | 11,587 | 18,824 |
| Total prepayments | <u>\$ 412,981</u> | <u>\$ 429,086</u> |

L. PRODUCT WARRANTY

Teradyne generally provides a one-year warranty on its products, commencing upon installation, acceptance or shipment. A provision is recorded upon revenue recognition as cost of revenues for estimated warranty expense based on historical experience. Related costs are charged to the warranty accrual as incurred. The balance below is included in other accrued liabilities.

| | For the Three Months Ended | | For the Six Months Ended | |
|--|-------------------------------|------------------|-----------------------------|------------------|
| | June 29, 2025 | June 30, 2024 | June 29, 2025 | June 30, 2024 |
| | (in thousands) | | (in thousands) | |
| Balance at beginning of period | \$ 13,076 | \$ 15,324 | \$ 12,962 | \$ 15,698 |
| Accruals for warranties issued during the period | 4,210 | 2,922 | 10,155 | 6,181 |
| Accruals related to pre-existing warranties | (369) | (284) | (921) | (967) |
| Settlements made during the period | (4,679) | (2,718) | (9,958) | (5,668) |
| Balance at end of period | <u>\$ 12,238</u> | <u>\$ 15,244</u> | <u>\$ 12,238</u> | <u>\$ 15,244</u> |

When Teradyne receives revenue for extended warranties, beyond one year, it is deferred and recognized on a straight-line basis over the contract period. Related costs are expensed as incurred. The balance below is included in short and long-term deferred revenue and customer advances.

| | For the Three Months Ended | | For the Six Months Ended | |
|---|----------------------------|------------------|--------------------------|------------------|
| | June 29, 2025 | June 30, 2024 | June 29, 2025 | June 30, 2024 |
| | (in thousands) | | (in thousands) | |
| Balance at beginning of period | \$ 44,312 | \$ 34,509 | \$ 41,624 | \$ 34,897 |
| Deferral of new extended warranty revenue | 9,705 | 5,688 | 17,643 | 12,602 |
| Recognition of extended warranty deferred revenue | (7,266) | (6,685) | (12,516) | (13,987) |
| Balance at end of period | <u>\$ 46,751</u> | <u>\$ 33,512</u> | <u>\$ 46,751</u> | <u>\$ 33,512</u> |

M. STOCK-BASED COMPENSATION

Under Teradyne’s stock compensation plans, Teradyne grants time-based restricted stock units, performance-based restricted stock units and stock options, and employees are eligible to purchase Teradyne’s common stock through its Employee Stock Purchase Plan (“ESPP”).

Service-based restricted stock unit awards granted to employees vest in equal annual installments over four years. Restricted stock unit awards granted to non-employee directors vest after a one-year period, with 100% of the award vesting on the earlier of (a) the first anniversary of the grant date or (b) the date of the following year’s Annual Meeting of Shareholders. Teradyne expenses the cost of the restricted stock unit awards subject to time-based vesting, which is determined to be the fair market value of the shares at the date of grant, ratably over the period during which the restrictions lapse.

Performance-based restricted stock units (“PRSUs”) granted to Teradyne’s executive officers may have a performance metric based on relative total shareholder return (“TSR”). Teradyne’s three-year TSR performance is measured against the New York Stock Exchange (“NYSE”) Composite Index. The final number of TSR PRSUs that vest will vary based upon the level of performance achieved from 0% to 200% of the target shares. The TSR PRSUs will vest upon the three-year anniversary of the grant date. The TSR PRSUs are valued using a Monte Carlo simulation model. The number of units expected to be earned, based upon the achievement of the TSR market condition, is factored into the grant date Monte Carlo valuation. Compensation expense is recognized on a straight-line basis over the shorter of the three-year service period or the period from the grant to the date described in the retirement provisions below.

PRSUs granted to Teradyne’s executive officers may also have a performance metric based on three-year cumulative non-GAAP profit before interest and tax (“PBIT”) as a percent of Teradyne’s revenue. Non-GAAP PBIT is a financial measure equal to GAAP income from operations less restructuring and other, net; amortization of acquired intangible assets; acquisition and divestiture related charges or credits; pension actuarial gains and losses; non-cash convertible debt interest expense; and other non-recurring gains and charges such as ERP implementation related costs and equity modification charges. The final number of PBIT PRSUs that vest will vary based upon the level of performance achieved from 0% to 200% of the target shares. The PBIT PRSUs will vest upon the three-year anniversary of the grant date. Compensation expense is recognized on a straight-line basis over the shorter of the three-year service period or the period from the grant date to the date described in the retirement provisions below. Compensation expense for executive officers meeting the retirement provisions prior to the grant date is recognized during the year following the grant. Compensation expense is recognized based on the number of units that are earned based upon the three-year Teradyne PBIT as a percent of Teradyne’s revenue, provided the executive officer remains an employee at the end of the three-year period subject to the retirement and termination eligibility provisions noted below.

If a PRSU recipient’s employment ends prior to the determination of the performance percentage due to (1) permanent disability or death or (2) retirement or termination other than for cause, after attaining both at least age 60 and at least 10 years of service, then all or a portion of the recipient’s PRSUs (based on the actual performance percentage achieved on the determination date) will vest on the date the performance percentage is determined. Except as set forth in the preceding sentence, no PRSUs will vest if the executive officer is no longer an employee at the end of the three-year period. Stock options to purchase Teradyne’s common stock at 100% of the fair market value on the grant date vest in equal annual installments over four years from the grant date and have a maximum term of seven years.

On January 22, 2024, the Board enacted the Executive Retirement Policy for Restricted Stock Unit and Option Vesting (the "Retirement Policy"). Under the Retirement Policy, an executive officer that is over the age of 65 and has 10 or more years of service as of the effective date of his or her retirement will be eligible for continued vesting of his or her unvested time-based restricted stock units and stock options granted prior to his or her retirement date.

During the six months ended June 29, 2025, and June 30, 2024, Teradyne granted 0.6 million and 0.5 million of service-based restricted stock unit awards to employees at a weighted average grant date fair value of \$112.40 and \$95.06, respectively, and less than 0.1 million and 0.1 million of service-based restricted stock unit awards to non-employee directors at a weighted average grant date fair value of \$76.98 and \$120.38, respectively.

During the six months ended June 29, 2025, and June 30, 2024, Teradyne granted 0.1 million and 0.1 million of PBIT PRSUs with a weighted average grant date fair value of \$108.34 and \$94.51, respectively.

During the six months ended June 29, 2025, and June 30, 2024, Teradyne granted 0.1 million and 0.1 million of TSR PRSUs, with a weighted average grant date fair value of \$108.26 and \$102.51, respectively. The grant date fair value was estimated using the Monte Carlo simulation model with the following assumptions:

| | For the Six Months Ended | |
|--|--------------------------|---------------|
| | June 29, 2025 | June 30, 2024 |
| Risk-free interest rate | 4.1% | 3.9% |
| Teradyne volatility-historical | 41.7% | 42.4% |
| NYSE Composite Index volatility-historical | 14.7% | 15.6% |
| Dividend yield | 0.4% | 0.5% |

Expected volatility was based on the historical volatility of Teradyne's stock and the NYSE Composite Index over the most recent three-year period. The risk-free interest rate was determined using the U.S. Treasury yield curve in effect at the time of the applicable grant. Dividend yield was based upon an estimated annual dividend amount of \$0.48 per share divided by Teradyne's stock price on the grant dates, which have a weighted average grant date stock price of \$109.49 for the 2025 grants, and an estimated annual dividend amount of \$0.48 per share divided by Teradyne's stock price on the grant date of \$95.83 for the 2024 grant.

During the six months ended June 29, 2025, and June 30, 2024, Teradyne granted 0.1 million and 0.1 million of service-based stock options to executive officers at a weighted average grant date fair value of \$41.93 and \$37.50, respectively.

The fair value of stock options was estimated using the Black-Scholes option-pricing model with the following assumptions:

| | For the Six Months Ended | |
|-------------------------|--------------------------|---------------|
| | June 29, 2025 | June 30, 2024 |
| Expected life (years) | 4.0 | 4.0 |
| Risk-free interest rate | 4.2% | 4.0% |
| Volatility-historical | 43.9% | 46.3% |
| Dividend yield | 0.4% | 0.5% |

Teradyne determined the stock options' expected life based upon historical exercise data for executive officers, the age of the executive officers and the terms of the stock option grant. Volatility was determined using historical volatility for a period equal to the expected life. The risk-free interest rate was determined using the U.S. Treasury yield curve in effect at the time of grant. Dividend yield was based upon an estimated annual dividend amount of \$0.48 per share divided by Teradyne's stock price on the grant date, which have a weighted average grant date stock price of \$109.29 for the 2025 grant and an estimated annual dividend amount of \$0.48 per share divided by Teradyne's stock price on the grant date of \$95.14 for the 2024 grant.

N. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in accumulated other comprehensive income (loss), which are presented net of tax, consist of the following:

| | Foreign Currency Translation Adjustment | Unrealized (Losses) Gains on Marketable Securities | Unrealized (Losses) Gains on Cash Flow Hedges | Retirement Plans Prior Service Credit | Total |
|--|--|--|---|--|--------------------|
| | (in thousands) | | | | |
| Six Months Ended June 29, 2025 | | | | | |
| Balance at December 31, 2024, net of tax of \$0, \$(2,174), \$209, \$(1,134), respectively | \$ (75,289) | \$ (7,807) | \$ 731 | \$ 1,145 | \$ (81,220) |
| Other comprehensive (loss) gain before reclassifications, net of tax of \$0, \$115, \$(109), \$0, respectively | 122,316 | 585 | (381) | — | 122,520 |
| Amounts reclassified from accumulated other comprehensive income (loss), net of tax of \$0, \$27, \$(100), \$(1), respectively | — | 89 | (350) | (3) | (264) |
| Net current period other comprehensive loss, net of tax of \$0, \$142, \$(209), \$(1), respectively | 122,316 | 674 | (731) | (3) | 122,256 |
| Balance at June 29, 2025, net of tax of \$0, \$(2,032), \$0, \$(1,135), respectively | <u>\$ 47,027</u> | <u>\$ (7,133)</u> | <u>\$ —</u> | <u>\$ 1,142</u> | <u>\$ 41,036</u> |
| Six Months Ended June 30, 2024 | | | | | |
| Balance at December 31, 2023, net of tax of \$0, \$(1,728), \$142, \$(1,132), respectively | \$ (22,442) | \$ (6,194) | \$ 506 | \$ 1,152 | \$ (26,978) |
| Other comprehensive (loss) gain before reclassifications, net of tax of \$0, \$(404), \$358, \$0, respectively | (15,087) | (1,622) | 1,274 | — | (15,435) |
| Amounts reclassified from accumulated other comprehensive income (loss), net of tax of \$0, \$26, \$(500), \$(1), respectively | — | 92 | (1,780) | (3) | (1,691) |
| Net current period other comprehensive loss, net of tax of \$0, \$(378), \$(142), \$(1), respectively | (15,087) | (1,530) | (506) | (3) | (17,126) |
| Balance at June 30, 2024, net of tax of \$0, \$(2,106), \$0, \$(1,133), respectively | <u>\$ (37,529)</u> | <u>\$ (7,724)</u> | <u>\$ —</u> | <u>\$ 1,149</u> | <u>\$ (44,104)</u> |

Reclassifications out of accumulated other comprehensive income (loss) to the statement of operations for the three and six months ended June 29, 2025, and June 30, 2024, were as follows:

| Details about Accumulated Other Comprehensive Income (Loss) Components | For the Three Months Ended | | For the Six Months Ended | | Affected Line Item in the Statements of Operations |
|--|----------------------------|---------------|--------------------------|-----------------|--|
| | June 29, 2025 | June 30, 2024 | June 29, 2025 | June 30, 2024 | |
| | (in thousands) | | (in thousands) | | |
| Available-for-sale marketable securities: | | | | | |
| Unrealized (losses) gains, net of tax of \$(6), \$4, \$(27), \$(26), respectively | \$ (15) | \$ 13 | \$ (89) | \$ (92) | Other (income) expense, net |
| Cash flow hedges: | | | | | |
| Unrealized (losses) gains, net of tax of \$(66), \$0, \$100, \$500, respectively | (232) | — | 350 | 1,780 | Revenue |
| Defined benefit pension and postretirement plans: | | | | | |
| Amortization of prior service credit, net of tax of \$0, \$0, \$1, \$1, respectively | 2 | 2 | 3 | 3 | (a) |
| Total reclassifications, net of tax of \$(72), \$4, \$74, \$475 respectively | <u>\$ (245)</u> | <u>\$ 15</u> | <u>\$ 264</u> | <u>\$ 1,691</u> | Net income |

(a) The amortization of prior service credit is included in the computation of net periodic postretirement benefit cost. See Note R: "Retirement Plans."

O. GOODWILL AND ACQUIRED INTANGIBLE ASSETS

Goodwill

Goodwill is considered impaired when the carrying value of a reporting unit exceeds its estimated fair value. Teradyne performs its annual goodwill impairment test as required under the provisions of Accounting Standards Codification ("ASC") 350-10, "Intangibles—Goodwill and Other" on December 31 of each fiscal year unless there are negative qualitative factors relating to macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, and other relevant events and changes during an interim period. The presence of such factors could under certain circumstances be a triggering event that causes

us to perform a goodwill impairment test. In assessing these factors and as a result of deterioration of forecasted 2025 revenues and earnings, which are now expected to be a loss, the Company identified a triggering event for the Robotics reporting unit at June 29, 2025. Teradyne performed an interim quantitative analysis to determine if the fair value of the Robotics reporting unit had fallen below its carrying value using an income and market approach, which were weighted equally. The quantitative analysis performed as of June 29, 2025, required the use of key estimates including forecasted future cash flows and management's anticipated business outlook for the reporting unit. The result of this analysis indicated the fair value of the reporting unit was substantially higher than its carrying value and no impairment was recorded to goodwill. During the period ended June 29, 2025, there were no triggering events identified at any of the Company's other reporting units.

As a result of the goodwill triggering event described above, Teradyne also performed an interim impairment test for our long-lived assets, including intangible assets, as of June 29, 2025. The fair value of the long-lived and intangible assets was determined based on the undiscounted cash flows method. No impairment resulted from these interim impairment tests.

The changes in the carrying amount of goodwill by reportable segments for the six months ended June 29, 2025, were as follows:

| | Robotics | Semiconductor Test | Product Test | Total |
|---|-------------------|-----------------------|-------------------|-------------------|
| | (in thousands) | | | |
| Balance at December 31, 2024 | | | | |
| Goodwill | \$ 375,298 | \$ 262,117 | \$ 520,518 | \$ 1,157,933 |
| Accumulated impairment losses | — | (260,540) | (502,026) | (762,566) |
| Total Goodwill | <u>375,298</u> | <u>1,577</u> | <u>18,492</u> | <u>395,367</u> |
| AET acquisition | — | 1,257 | — | 1,257 |
| Quantifi acquisition | — | — | 83,068 | 83,068 |
| Foreign currency translation adjustment | 40,570 | 208 | — | 40,778 |
| Balance at June 29, 2025 | | | | |
| Goodwill | \$ 415,868 | \$ 263,582 | \$ 603,586 | \$ 1,283,036 |
| Accumulated impairment losses | — | (260,540) | (502,026) | (762,566) |
| Total Goodwill | <u>\$ 415,868</u> | <u>\$ 3,042</u> | <u>\$ 101,560</u> | <u>\$ 520,470</u> |

Intangible Assets

Teradyne reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate.

Amortizable intangible assets consist of the following and are included in intangible assets, net on the balance sheet:

| | Gross Carrying Amount | Accumulated Amortization | Foreign Currency Translation Adjustment | Net Carrying Amount |
|------------------------------|-----------------------------|-----------------------------|--|---------------------------|
| | (in thousands) | | | |
| Balance at June 29, 2025 | | | | |
| Developed technology | \$ 308,925 | \$ (260,597) | \$ (5,342) | \$ 42,986 |
| Customer relationships | 56,480 | (50,715) | 204 | 5,969 |
| Tradenames and trademarks | 63,407 | (52,808) | (1,321) | 9,278 |
| Total intangible assets | <u>\$ 428,812</u> | <u>\$ (364,120)</u> | <u>\$ (6,459)</u> | <u>\$ 58,233</u> |
| Balance at December 31, 2024 | | | | |
| Developed technology | \$ 267,706 | \$ (255,448) | \$ (5,820) | \$ 6,438 |
| Customer relationships | 52,109 | (49,562) | 204 | 2,751 |
| Tradenames and trademarks | 59,007 | (50,805) | (1,464) | 6,738 |
| Total intangible assets | <u>\$ 378,822</u> | <u>\$ (355,815)</u> | <u>\$ (7,080)</u> | <u>\$ 15,927</u> |

Aggregate intangible asset amortization expense was \$3.7 million and \$8.3 million, respectively, for the three and six months ended June 29, 2025, and \$4.7 million and \$9.4 million, respectively, for the three and six months ended June 30, 2024.

Estimated intangible asset amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

| Year | Amortization Expense (in thousands) |
|------------|---|
| 2025 | \$ 6,476 |
| 2026 | 7,531 |
| 2027 | 6,315 |
| 2028 | 6,234 |
| 2029 | 4,866 |
| Thereafter | 26,811 |

P. NET INCOME PER COMMON SHARE

The following table sets forth the computation of basic and diluted net income per common share:

| | For the Three Months Ended | | For the Six Months Ended | |
|---|---|------------------|---|------------------|
| | June 29, 2025 | June 30, 2024 | June 29, 2025 | June 30, 2024 |
| | (in thousands, except per share amounts) | | (in thousands, except per share amounts) | |
| Net income for basic and diluted net income per share | \$ 78,372 | \$ 186,273 | \$ 177,269 | \$ 250,470 |
| Weighted average common shares-basic | 159,967 | 157,804 | 160,734 | 155,426 |
| Effect of dilutive potential common shares: | | | | |
| Convertible note hedge warrant shares (1) | — | 4,930 | — | 6,896 |
| Restricted stock units | 160 | 726 | 302 | 573 |
| Stock options | 2 | 9 | 3 | 12 |
| Employee stock purchase plan | 6 | 1 | 26 | 2 |
| Dilutive potential common shares | 168 | 5,666 | 331 | 7,483 |
| Weighted average common shares-diluted | 160,135 | 163,470 | 161,065 | 162,909 |
| Net income per common share-basic | \$ 0.49 | \$ 1.18 | \$ 1.10 | \$ 1.61 |
| Net income per common share-diluted | \$ 0.49 | \$ 1.14 | \$ 1.10 | \$ 1.54 |

- (1) Convertible notes hedge warrant shares were calculated using the difference between the average Teradyne stock price for the period and the warrant price, multiplied by the number of warrant shares. The result of this calculation, representing the total intrinsic value of the warrant, was divided by the average Teradyne stock price for the period.

The computation of diluted net income per common share for the three and six months ended June 29, 2025, excludes the effect of the potential vesting of 1.4 million and 1.9 million, respectively, of restricted stock units because the effect would have been anti-dilutive.

The computation of diluted net income per common share for the three and six months ended June 30, 2024, excludes the effect of the potential vesting of 0.1 million and 0.5 million, respectively, of restricted stock units because the effect would have been anti-dilutive.

Q. RESTRUCTURING AND OTHER

During the three months ended June 29, 2025, Teradyne recorded \$2.3 million of severance charges, \$0.8 million of which is related to the Robotics restructuring which was initiated during the three months ended March 30, 2025, and impacted approximately 150 employees. During the three months ended June 29, 2025, Teradyne made \$3.9 million of Robotics severance payments. Teradyne expects all Robotics severance payments to be made prior to the end of our third quarter.

During the three months ended June 30, 2024, Teradyne recorded \$2.0 million of severance charges related to headcount reductions of 35 people, primarily in Robotics.

During the six months ended June 29, 2025, Teradyne recorded \$13.7 million of severance charges, \$10.0 million of which is related to the Robotics restructuring which impacted approximately 150 employees, and \$2.1 million of which related to Product Test. During the six months ended June 29, 2025, Teradyne made \$8.1 million of Robotics severance payments. Teradyne expects all Robotics severance payments to be made prior to the end of our third quarter. Additionally, Teradyne recorded \$1.6 million of

acquisition and divestiture expenses related primarily to the Quantifi acquisition, and \$1.2 million of charges related to lease terminations.

During the six months ended June 30, 2024, Teradyne recorded \$2.2 million of acquisition and divestiture expenses related to the Technoprobe transactions, and \$4.2 million of severance and other charges, primarily related to headcount reductions of 66 people, primarily in Robotics and Semiconductor Test, which included charges related to a voluntary early retirement program for employees meeting certain conditions.

R. RETIREMENT PLANS

ASC 715, “Compensation—Retirement Benefits,” requires an employer with defined benefit plans or other postretirement benefit plans to recognize an asset or a liability on its balance sheet for the overfunded or underfunded status of the plans as defined by ASC 715. The pension asset or liability represents a difference between the fair value of the pension plan’s assets and the projected benefit obligation at December 31. Teradyne uses a December 31 measurement date for all its plans.

Defined Benefit Pension Plans

Teradyne has defined benefit pension plans covering a portion of domestic employees and employees of certain non-U.S. subsidiaries. Benefits under these plans are based on employees’ years of service and compensation. Teradyne’s funding policy is to make contributions to these plans in accordance with local laws and to the extent that such contributions are tax deductible. The assets of the U.S. qualified pension plan consist primarily of fixed income and equity securities. In addition, Teradyne has an unfunded supplemental executive defined benefit plan in the United States to provide retirement benefits in excess of levels allowed by the Employment Retirement Income Security Act (“ERISA”) and the Internal Revenue Code (the “IRC”), as well as unfunded qualified foreign plans.

In the six months ended June 29, 2025, and June 30, 2024, Teradyne contributed \$1.6 million and \$1.6 million, respectively, to the U.S. supplemental executive defined benefit pension plan, and \$3.3 million and \$0.5 million, respectively, to certain qualified pension plans for non-U.S. subsidiaries.

For the three and six months ended June 29, 2025, and June 30, 2024, Teradyne’s net periodic pension cost was comprised of the following:

| | For the Three Months Ended | | | |
|---------------------------------|----------------------------|---------------|---------------|--------------|
| | June 29, 2025 | | June 30, 2024 | |
| | United States | Foreign | United States | Foreign |
| | (in thousands) | | | |
| Service cost | \$ 96 | \$ 150 | \$ 217 | \$ 114 |
| Interest cost | 1,165 | 301 | 1,646 | 243 |
| Expected return on plan assets | (665) | (25) | (1,265) | (18) |
| Net actuarial loss (gain) | 41 | — | 111 | (242) |
| Settlement loss (gain) | — | — | — | (24) |
| Total net periodic pension cost | <u>\$ 637</u> | <u>\$ 426</u> | <u>\$ 709</u> | <u>\$ 73</u> |

| | For the Six Months Ended | | | |
|---------------------------------|--------------------------|---------------|-----------------|---------------|
| | June 29, 2025 | | June 30, 2024 | |
| | United States | Foreign | United States | Foreign |
| | (in thousands) | | | |
| Service cost | \$ 309 | \$ 289 | \$ 448 | \$ 231 |
| Interest cost | 2,873 | 595 | 3,293 | 489 |
| Expected return on plan assets | (1,981) | (50) | (2,533) | (34) |
| Net actuarial loss (gain) | 41 | — | 111 | (242) |
| Settlement loss (gain) | — | — | — | (24) |
| Total net periodic pension cost | <u>\$ 1,242</u> | <u>\$ 834</u> | <u>\$ 1,319</u> | <u>\$ 420</u> |

Postretirement Benefit Plan

In addition to receiving pension benefits, Teradyne employees in the United States who meet early retirement eligibility requirements as of their termination dates may participate in Teradyne's Welfare Plan, which includes medical and dental benefits up to age 65. Death benefits provide a fixed sum to retirees' survivors and are available to all retirees. Substantially all of Teradyne's current U.S. employees could become eligible for these benefits and the existing benefit obligation relates primarily to those employees. During the six months ended June 29, 2025, Teradyne recorded special termination benefit charges associated with a voluntary early retirement program.

For the three and six months ended June 29, 2025, and June 30, 2024, Teradyne's net periodic postretirement benefit cost was comprised of the following:

| | For the Three Months Ended | | For the Six Months Ended | |
|--|----------------------------|---------------|--------------------------|---------------|
| | June 29, 2025 | June 30, 2024 | June 29, 2025 | June 30, 2024 |
| | (in thousands) | | (in thousands) | |
| Service cost | \$ 8 | \$ 9 | \$ 18 | \$ 18 |
| Interest cost | 80 | 72 | 153 | 145 |
| Amortization of prior service credit | (2) | (2) | (4) | (4) |
| Special termination benefits | — | 170 | 684 | 462 |
| Net actuarial loss (gain) | 87 | (94) | 87 | (94) |
| Total net periodic postretirement benefit cost | <u>\$ 173</u> | <u>\$ 155</u> | <u>\$ 938</u> | <u>\$ 527</u> |

S. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of June 29, 2025, Teradyne had entered into purchase commitments for certain components and materials. The purchase commitments covered by the agreements aggregate to approximately \$406.9 million, of which \$400.8 million is for less than one year.

Legal Claims

Teradyne is subject to various legal proceedings and claims which have arisen in the ordinary course of business such as, but not limited to, patent, employment, commercial and environmental matters. Teradyne believes that it has meritorious defenses against all pending claims and intends to vigorously contest them. While it is not possible to predict or determine the outcomes of any pending claims or to provide possible ranges of losses that may arise, Teradyne believes the potential losses associated with all of these actions are unlikely to have a material adverse effect on its business, financial position or results of operations.

Guarantees and Indemnification Obligations

Teradyne provides indemnification, to the extent permitted by law, to its officers, directors, employees and agents for liabilities arising from certain events or occurrences, while the officer, director, employee, or agent, is or was serving, at Teradyne's request in such capacity. Teradyne may enter into indemnification agreements with certain of its officers and directors. With respect to acquisitions, Teradyne provides indemnifications to or assumes indemnification obligations for the current and former directors, officers and employees of the acquired companies in accordance with the acquired companies' by-laws and charter. As a matter of practice, Teradyne has maintained directors' and officers' liability insurance coverage including coverage for directors and officers of acquired companies.

Teradyne enters into agreements in the ordinary course of business with customers, resellers, distributors, integrators and suppliers. Most of these agreements require Teradyne to defend and/or indemnify the other party against intellectual property infringement claims brought by a third party with respect to Teradyne's products. From time to time, Teradyne also indemnifies customers and business partners for damages, losses and liabilities they may suffer or incur relating to personal injury, personal property damage, product liability, breach of confidentiality obligations and environmental claims relating to the use of Teradyne's products and services or resulting from the acts or omissions of Teradyne, its employees, authorized agents or subcontractors. On occasion, Teradyne has also provided guarantees to customers regarding the delivery and performance of its products in addition to the warranty described below.

As a matter of ordinary course of business, Teradyne warrants that its products will substantially perform in accordance with its standard published specifications in effect at the time of delivery. Most warranties have a one-year duration commencing from installation. A provision is recorded upon revenue recognition to cost of revenues for estimated warranty expense based upon historical experience. When Teradyne receives revenue for extended warranties beyond the standard duration, the revenue is deferred and recognized on a straight-line basis over the contract period. Related costs are expensed as incurred. As of June 29, 2025, and December 31, 2024, Teradyne had a product warranty accrual of \$12.2 million and \$13.0 million, respectively, included in other accrued liabilities and revenue deferrals related to extended warranties of \$46.8 million and \$41.6 million, respectively, included in short and long-term deferred revenue and customer advances.

In addition, in the ordinary course of business, Teradyne provides minimum purchase guarantees to certain vendors to ensure continuity of supply against the market demand. Although some of these guarantees provide penalties for cancellations and/or modifications to the purchase commitments as the market demand decreases, most of the guarantees do not. Therefore, as the market demand decreases, Teradyne re-evaluates these guarantees and determines what charges, if any, should be recorded.

With respect to its agreements covering product, business or entity divestitures and acquisitions, Teradyne provides certain representations, warranties and covenants to purchasers and agrees to indemnify and hold such purchasers harmless against breaches of such representations, warranties and covenants. Many of the indemnification claims have a definite expiration date while some remain in force indefinitely. With respect to its acquisitions, Teradyne may, from time to time, assume the liability for certain events or occurrences that took place prior to the date of acquisition.

As a matter of ordinary course of business, Teradyne occasionally guarantees certain indebtedness obligations of its subsidiary companies, limited to the borrowings from financial institutions, purchase commitments to certain vendors and lease commitments to landlords.

Based on historical experience and information known as of June 29, 2025, and December 31, 2024, except for product warranty, Teradyne has not recorded any liabilities for these guarantees and obligations because the amount would be immaterial.

T. INCOME TAXES

The effective tax rate for the three months ended June 29, 2025, and June 30, 2024, was 12.7% and 15.1%, respectively. The decrease in the effective tax rate from the three months ended June 29, 2025, to the three months ended June 30, 2024, is primarily attributable to the benefit of a projected shift in the geographic distribution of income and increases in benefits related to tax credits and the international provision of the U.S. Tax Cuts and Jobs Act of 2017.

The effective tax rate for the six months ended June 29, 2025, and June 30, 2024, was 12.4% and 14.3%, respectively. The decrease in the effective tax rate from the six months ended June 30, 2024, to the six months ended June 29, 2025, is primarily attributable to increases in benefits related to tax credits and the international provision of the U.S. Tax Cuts and Jobs Act of 2017.

On a quarterly basis, Teradyne evaluates the realizability of the deferred tax assets by jurisdiction and assesses the need for a valuation allowance. As of June 29, 2025, Teradyne believes that it will ultimately realize the deferred tax assets recorded on the condensed consolidated balance sheet. However, should Teradyne believe that it is more-likely-than-not that the deferred tax assets would not be realized, the tax provision would increase in the period in which Teradyne determined that the realizability was not likely. Teradyne considers the probability of future taxable income and historical profitability, among other factors, in assessing the realizability of the deferred tax assets.

As of both June 29, 2025, and December 31, 2024, Teradyne had \$6.8 million of reserves for uncertain tax positions.

As of June 29, 2025, Teradyne estimates that it is reasonably possible that the balance of unrecognized tax benefits may decrease approximately \$0.7 million in the next twelve months because of a lapse of statutes of limitation. The estimated decrease relates to U.S. federal research and development credits.

Teradyne recognizes interest and penalties related to income tax matters in income tax expense. As of June 29, 2025, and December 31, 2024, \$0.3 million and \$0.3 million, respectively, of interest and penalties were accrued for uncertain tax positions. For the six months ended June 29, 2025, and June 30, 2024, an expense of \$0.0 million and \$0.5 million, respectively, was recorded for interest and penalties related to income tax items.

Teradyne qualifies for a tax holiday in Singapore by fulfilling the requirements of an agreement with the Singapore Economic Development Board under which certain headcount and spending requirements must be met. The tax savings due to the tax holiday for the six months ended June 29, 2025, were \$3.6 million, or \$0.02 per diluted share. The tax savings due to the tax holiday for the six

months ended June 30, 2024, were \$4.9 million, or \$0.03 per diluted share. In November 2020, Teradyne entered into an agreement with the Singapore Economic Development Board which extended Teradyne's Singapore tax holiday under substantially similar terms to the agreement which expired on December 31, 2020. The new tax holiday is scheduled to expire on December 31, 2025.

The Organization for Economic Cooperation and Development (the "OECD") has introduced a framework to implement a global minimum tax of 15% for certain multinational companies, referred to as Pillar Two. While it is uncertain whether the United States will enact legislation to adopt Pillar Two, certain countries in which Teradyne operates have enacted Pillar Two legislation, and other countries are in the process of introducing draft Pillar Two legislation. Teradyne is closely monitoring these developments and evaluating the potential future impact on its effective tax rate. As of June 29, 2025, the effective tax rate was immaterially impacted by Pillar Two in some of Teradyne's foreign jurisdictions.

On July 4, 2025, H.R. 1, commonly referred to as the "One Big Beautiful Bill Act" ("OBBBA"), was signed into law, enacting significant changes to U.S. corporate tax law. As of the date of this filing, Teradyne does not expect the OBBBA to have a material impact on the condensed consolidated financial statements or the future tax positions in any tax jurisdictions where Teradyne operates. Teradyne continues to evaluate the provisions of the OBBBA and will incorporate any necessary adjustments as further guidance becomes available.

U. SEGMENT INFORMATION

As of December 31, 2024, Teradyne had two reportable segments (Semiconductor Test and Robotics) and four operating segments (Semiconductor Test, System Test, Wireless Test, and Robotics). Effective March 2025, Teradyne's Chief Operating Decision Maker ("CODM") (Teradyne's Chief Executive Officer) placed Regan Mills as President, Product Test, which as of that date included Production Board Test, Defense/Aerospace, and Wireless Test. As noted in 'Note D. Acquisitions' and based on the underlying business activities and established reporting structure, PIC Testing (acquired during the period) was aggregated into Product Test for the period ended June 29, 2025, and will be for all future periods. As a result, Teradyne has three reportable segments (Semiconductor Test, Robotics, and Product Test). As of June 29, 2025, each of Teradyne's reportable segments represents an individual operating segment. All prior period disclosures have been recast to conform to the current segment structure and presentation requirements.

The Semiconductor Test segment includes operations related to the design, manufacturing and marketing of semiconductor test products and services inclusive of storage and system level test products. The Robotics segment includes operations related to the design, manufacturing and marketing of collaborative robotic arms and autonomous mobile robots. The Product Test segment includes operations related to the design, manufacturing and marketing of products and services for defense/aerospace test, circuit-board test, wireless test systems, and silicon photonics testing. Each reportable segment has a segment manager who is accountable to and maintains regular contact with Teradyne's CODM to discuss operating activities, financial results, forecasts, and plans for the segment.

The CODM uses business segment income (loss) before income taxes predominantly in the annual budgeting and forecasting process. The CODM also uses this measure when making decisions about the allocation of operating and capital resources to each segment. The accounting policies of the business segments are the same as those described in Teradyne's Annual Report on Form 10-K in Note B: "Accounting Policies."

Segment information for the three and six months ended June 29, 2025, and June 30, 2024, is as follows:

| | Semiconductor Test | Robotics | Product Test | Total Reportable Segments | Corporate and Eliminations | Consolidated |
|---|-----------------------|------------|--------------|---------------------------------|-------------------------------|--------------|
| | (in thousands) | | | | | |
| Three months ended June 29, 2025 | | | | | | |
| Revenues | \$ 491,878 | \$ 74,866 | \$ 85,053 | \$ 651,797 | \$ — | \$ 651,797 |
| Less: | | | | | | |
| Cost of revenues | 207,201 | 34,155 | 33,090 | 274,446 | — | 274,446 |
| Engineering and development | 82,126 | 14,069 | 12,674 | 108,869 | — | 108,869 |
| Selling and marketing | 52,590 | 24,241 | 11,663 | 88,494 | — | 88,494 |
| General and administrative | 26,132 | 9,879 | 5,696 | 41,707 | 919 | 42,626 |
| Other segment items (1)(2) | 28,066 | 11,055 | 6,378 | 45,499 | (4,696) | 40,803 |
| Income (loss) before taxes (2) | 95,763 | (18,533) | 15,552 | 92,782 | 3,777 | 96,559 |
| Total assets (3) | 1,349,429 | 745,839 | 358,829 | 2,454,097 | 1,307,765 | 3,761,862 |
| Property additions | 43,593 | 3,528 | 3,287 | 50,408 | — | 50,408 |
| Depreciation and amortization expense | 23,395 | 6,068 | 1,926 | 31,389 | — | 31,389 |
| Three months ended June 30, 2024 | | | | | | |
| Revenues | \$ 559,916 | \$ 90,247 | \$ 79,716 | \$ 729,879 | \$ — | \$ 729,879 |
| Less: | | | | | | |
| Cost of revenues | 230,904 | 37,409 | 28,649 | 296,962 | — | 296,962 |
| Engineering and development | 70,961 | 16,187 | 10,889 | 98,037 | — | 98,037 |
| Selling and marketing | 47,113 | 28,580 | 12,021 | 87,714 | — | 87,714 |
| General and administrative | 21,524 | 12,429 | 5,248 | 39,201 | (18) | 39,183 |
| Other segment items (1)(2) | 32,207 | 13,558 | 6,638 | 52,403 | (63,823) | (11,420) |
| Income (loss) before taxes (2) | 157,207 | (17,916) | 16,271 | 155,562 | 63,841 | 219,403 |
| Total assets (3) | 1,353,880 | 731,264 | 211,339 | 2,296,483 | 1,335,223 | 3,631,706 |
| Property additions | 35,685 | 7,607 | 1,554 | 44,846 | — | 44,846 |
| Depreciation and amortization expense | 21,394 | 7,127 | 1,715 | 30,236 | (32) | 30,204 |
| Six months ended June 29, 2025 | | | | | | |
| Revenues | \$ 1,034,382 | \$ 143,853 | \$ 159,242 | \$ 1,337,477 | \$ — | \$ 1,337,477 |
| Less: | | | | | | |
| Cost of revenues | 409,948 | 66,447 | 63,125 | 539,520 | — | 539,520 |
| Engineering and development | 162,337 | 29,924 | 24,213 | 216,474 | — | 216,474 |
| Selling and marketing | 104,287 | 48,755 | 23,400 | 176,442 | — | 176,442 |
| General and administrative | 52,684 | 19,744 | 10,665 | 83,093 | 2,681 | 85,774 |
| Other segment items (1)(2) | 53,561 | 34,693 | 13,651 | 101,905 | 1,778 | 103,683 |
| Income (loss) before taxes (2) | 251,565 | (55,710) | 24,188 | 220,043 | (4,459) | 215,584 |
| Total assets (3) | 1,349,429 | 745,839 | 358,829 | 2,454,097 | 1,307,765 | 3,761,862 |
| Property additions | 103,325 | 6,204 | 6,065 | 115,594 | — | 115,594 |
| Depreciation and amortization expense | 46,260 | 12,009 | 3,432 | 61,701 | (10) | 61,691 |
| Six months ended June 30, 2024 | | | | | | |
| Revenues | \$ 994,686 | \$ 177,901 | \$ 157,111 | \$ 1,329,698 | \$ — | \$ 1,329,698 |
| Less: | | | | | | |
| Cost of revenues | 423,797 | 71,862 | 56,927 | 552,586 | — | 552,586 |
| Engineering and development | 136,609 | 31,974 | 22,689 | 191,272 | — | 191,272 |
| Selling and marketing | 92,100 | 53,401 | 24,202 | 169,703 | — | 169,703 |
| General and administrative | 42,586 | 25,646 | 10,364 | 78,596 | 1,754 | 80,350 |
| Other segment items (1)(2) | 58,992 | 26,910 | 13,142 | 99,044 | (55,562) | 43,482 |
| Income (loss) before taxes (2) | 240,602 | (31,892) | 29,787 | 238,497 | 53,808 | 292,305 |
| Total assets (3) | 1,353,880 | 731,264 | 211,339 | 2,296,483 | 1,335,223 | 3,631,706 |
| Property additions | 72,239 | 13,319 | 3,311 | 88,869 | — | 88,869 |
| Depreciation and amortization expense | 41,264 | 13,558 | 3,465 | 58,287 | 37 | 58,324 |

- (1) For each reportable segment, the other segment items category includes equity and variable compensation, acquired intangible assets amortization, inventory step-up, and restructuring and other charges.
- (2) Included in Corporate and Eliminations are interest income, interest expense, net foreign exchange gains (losses), intercompany eliminations, severance charges, pension and postretirement plan actuarial gains (losses), acquisition and divestiture related expenses, ERP implementation related costs, and an expense for the modification of outstanding equity awards.
- (3) Total assets are attributable to each segment. Corporate assets consist of cash and cash equivalents, marketable securities, and certain other assets.

V. SHAREHOLDERS' EQUITY

Stock Repurchase Program

In January 2023, Teradyne's Board of Directors cancelled its January 2021 repurchase program and approved a new repurchase program for up to \$2.0 billion of common stock. As of January 1, 2023, share repurchases in excess of issuances are subject to a 1% excise tax, which is included as part of the cost basis of the shares acquired. Teradyne intends to repurchase up to a total of \$1.0 billion of its common stock in 2025 and 2026 based on market conditions.

During the six months ended June 29, 2025, Teradyne repurchased 3.0 million shares of common stock for a total cost of \$277.3 million at an average price of \$93.67 per share. The cumulative repurchases under the January 2023 repurchase program as of June 29, 2025, were 8.6 million shares of common stock for \$877.2 million at an average price per share of \$101.90.

During the six months ended June 30, 2024, Teradyne repurchased 0.3 million shares of common stock for a total cost of \$30.3 million at an average price of \$101.40 per share.

The total cost of shares acquired includes commissions and related excise tax and is recorded as a reduction to retained earnings.

Dividend

Holders of Teradyne's common stock are entitled to receive dividends when they are declared by Teradyne's Board of Directors.

In January 2025, and May 2025, Teradyne's Board of Directors declared a quarterly cash dividend of \$0.12 per share. Dividend payments for the three and six months ended June 29, 2025, were \$19.2 million and \$38.6 million, respectively.

In January 2024, and May 2024, Teradyne's Board of Directors declared a quarterly cash dividend of \$0.12 per share. Dividend payments for the three and six months ended June 30, 2024, were \$19.0 million and \$37.4 million, respectively.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Statements in this Quarterly Report on Form 10-Q which are not historical facts, so called "forward-looking statements," are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including those detailed in our filings with the Securities and Exchange Commission. See also Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024. Readers are cautioned not to place undue reliance on these forward-looking statements which reflect management's analysis only as of the date hereof. We assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting forward-looking statements, except as may be required by law.

Overview

We are a leading global provider of automated test equipment and robotics products. Our automated test systems are used to test semiconductors, wireless products, data storage, silicon photonics, and complex electronics systems in many industries including consumer electronics, wireless, automotive, industrial, computing, communications, and aerospace and defense industries. Our robotics product offerings consist primarily of collaborative robotic arms and autonomous mobile robots used by global manufacturing, logistics and industrial customers to improve quality and increase manufacturing and material handling efficiency, while reducing costs. In the first quarter of 2025, we identified opportunities for operational synergies amongst our production board test, defense and aerospace, and wireless test businesses leading to the creation of the Product Test division as a new segment effective March 2025. Our automated test equipment and robotics products and services include:

- semiconductor test ("Semiconductor Test") systems;
- robotics ("Robotics") products; and
- product test ("Product Test") systems, which includes defense/aerospace ("Defense/Aerospace") test instrumentation and systems, circuit-board test and inspection ("Production Board Test") systems, wireless test systems ("Wireless Test"), and photonic integrated circuit ("PIC") test solutions.

The market for our test products is concentrated with a limited number of significant customers accounting for a substantial portion of the purchases of test equipment. A few customers drive significant demand for our products both through direct sales and sales to the customer's supply partners. We expect that sales of our test products will continue to be concentrated with a limited number of significant customers for the foreseeable future.

Although total company revenue in the second quarter declined year over year and sequentially, we have seen demand in Semiconductor Test for the second half of the year strengthening, specifically in AI Compute, networking and memory. In the second quarter, Robotics was impacted by ongoing macroeconomic challenges and leadership changes, which resulted in a quarterly loss. We are focused on our channel transformation strategy as we transition toward serving large direct customers and we are continuing to cautiously manage operating expenses to deliver profitability in Robotics in the mid-term.

On May 31, 2025, we acquired privately held Quantifi Photonics ("Quantifi"), a leader in PIC test solutions for a total purchase price of approximately \$127.2 million. This acquisition is expected to enable the delivery of scalable PIC test solutions and is included in our Product Test segment. Over time, we also intend to leverage the engineering expertise and technology to enhance functionality and create additional differentiation in our Semiconductor Test business, specifically with integration into our UltraFlexPlus platform.

On January 31, 2025, we acquired Infineon Technologies AG's ("Infineon") automated test equipment technology and associated development team ("AET") based in Regensburg, Germany for a total purchase price of 17.6 million Euros, equivalent to \$18.3 million. AET adds resources and expertise to our company and strengthens the relationship between Teradyne and this key customer. AET is included in our Semiconductor Test segment.

While revenues in our test businesses are predominantly in U.S. dollars, the majority of our Robotics revenue is denominated in foreign currencies. Strengthening of the U.S. dollar would negatively affect Robotics revenue growth in 2025.

Our capital allocation plan will continue to be balanced between investing in organic and inorganic growth and returning cash to shareholders through share repurchases and dividends. During the first six months of 2025 we completed the acquisitions of Quantifi and AET and additionally, we returned \$313.5 million to shareholders through \$274.9 million of share buybacks and \$38.6 million of dividend payments.

On July 4, 2025, H.R. 1, commonly referred to as the "One Big Beautiful Bill Act" ("OBBBA"), was signed into law, enacting significant changes to U.S. corporate tax law. As of the date of this filing, we do not expect the OBBBA to have a material impact on our condensed consolidated financial statements or our future tax positions in any tax jurisdictions where we operate. We continue to evaluate the provisions of the OBBBA and will incorporate any necessary adjustments as further guidance becomes available.

On April 2, 2025, the US government announced reciprocal tariffs which could impact our businesses. A pause until August 1, 2025, was instituted on the reciprocal tariffs (August 14 for China). We continue to assess the potential impact of the tariffs, but based on currently available information we do not anticipate a material impact to our costs as a result of these measures. However, the ramifications on end customer demand remains unclear as the global economy works through trade negotiations.

For information regarding risks associated with import-export control regulations and similar applicable laws and regulations, see Part II - Item 1A "Risk Factors- Risks Related to Legal and Regulatory Compliance" included elsewhere in this Form 10-K.

Critical Accounting Policies and Estimates

We have identified the policies which are critical to understanding our business and our results of operations. There have been no significant changes during the six months ended June 29, 2025, to the items disclosed as our critical accounting policies and estimates in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Critical accounting estimates are complex and may require significant judgment by management. Changes to the underlying assumptions may have a material impact on our financial condition and results of operations. These estimates may change, as new events occur and additional information is obtained. Actual results could differ significantly from these estimates under different assumptions or conditions.

Preparation of Financial Statements and Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and judgments that affect the amounts reported in the financial statements. Actual results may differ significantly from these estimates under different assumptions or conditions.

**SELECTED RELATIONSHIPS WITHIN THE CONDENSED CONSOLIDATED
STATEMENTS OF OPERATIONS**

| | For the Three Months Ended | | For the Six Months Ended | |
|---|-------------------------------|------------------|-----------------------------|------------------|
| | June 29, 2025 | June 30, 2024 | June 29, 2025 | June 30, 2024 |
| Percentage of revenues: | | | | |
| Revenues: | | | | |
| Products | 80% | 82% | 81% | 79% |
| Services | 20 | 18 | 19 | 21 |
| Total revenues | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |
| Cost of revenues: | | | | |
| Cost of products | 36 | 34 | 34 | 34 |
| Cost of services | 7 | 7 | 7 | 9 |
| Total cost of revenues (exclusive of acquired intangible assets amortization shown separately below) | <u>43</u> | <u>42</u> | <u>41</u> | <u>42</u> |
| Gross profit | 57 | 58 | 59 | 58 |
| Operating expenses: | | | | |
| Selling and administrative | 24 | 21 | 24 | 23 |
| Engineering and development | 18 | 15 | 18 | 16 |
| Acquired intangible assets amortization | 1 | 1 | 1 | 1 |
| Restructuring and other | — | — | 1 | — |
| Gain on sale of business | — | (8) | — | (4) |
| Total operating expenses | <u>43</u> | <u>30</u> | <u>43</u> | <u>36</u> |
| Income from operations | 14 | 29 | 16 | 22 |
| Non-operating (income) expense: | | | | |
| Interest income | (1) | (1) | (1) | (1) |
| Interest expense | — | — | — | — |
| Other (income) expense, net | — | (1) | — | 1 |
| Income before income taxes and equity in net earnings of affiliate | 15 | 30 | 16 | 22 |
| Income tax provision | 2 | 5 | 2 | 3 |
| Income before equity in net earnings of affiliate | 13 | 26 | 14 | 19 |
| Equity in net earnings of affiliate | (1) | — | (1) | — |
| Net income | <u>12%</u> | <u>26%</u> | <u>13%</u> | <u>19%</u> |

Results of Operations

Second Quarter 2025 Compared to Second Quarter 2024

Revenues

Revenues by our reportable segments were as follows:

| | For the Three Months Ended | | Dollar Change |
|--------------------|----------------------------|-----------------|------------------|
| | June 29, 2025 | June 30, 2024 | |
| | (in millions) | | |
| Semiconductor Test | \$ 491.9 | \$ 559.9 | \$ (68.0) |
| Robotics | 74.9 | 90.2 | (15.3) |
| Product Test | 85.1 | 79.7 | 5.4 |
| | <u>\$ 651.8</u> | <u>\$ 729.9</u> | <u>\$ (78.1)</u> |

The decrease in Semiconductor Test revenues of \$68.0 million, or 12.1%, was driven primarily by lower sales for memory applications. The decrease in Robotics revenues of \$15.3 million, or 17.0%, was primarily due to lower sales of collaborative robotic arms due to market weakness. The increase in Product Test revenues of \$5.4 million, or 6.8%, was driven by higher Defense/Aerospace, Production Board Test, and wireless tester sales.

Revenues by country as a percentage of total revenues were as follows (1):

| | For the Three Months Ended | |
|---------------|----------------------------|---------------|
| | June 29, 2025 | June 30, 2024 |
| Taiwan | 35% | 21% |
| China | 16 | 13 |
| United States | 12 | 11 |
| Europe | 9 | 8 |
| Korea | 7 | 29 |
| Philippines | 5 | 1 |
| Japan | 4 | 9 |
| Malaysia | 4 | 1 |
| Singapore | 3 | 2 |
| Thailand | 2 | 2 |
| Rest of World | 3 | 3 |
| | <u>100%</u> | <u>100%</u> |

(1) Revenues attributable to a country are based on location of customer site.

Gross Profit

Our gross profit was as follows:

| | For the Three Months Ended | | Dollar/Point Change |
|---------------------------|----------------------------|---------------|---------------------|
| | June 29, 2025 | June 30, 2024 | |
| | (in millions) | | |
| Gross profit | \$ 373.0 | \$ 425.8 | \$ (52.8) |
| Percent of total revenues | 57.2% | 58.3% | (1.1) |

Gross profit as a percent of revenue decreased by 1.1 points, primarily due to lower volume overall and margin declines at Robotics.

Selling and Administrative

Selling and administrative expenses were as follows:

| | For the Three Months Ended | | Dollar Change |
|----------------------------|----------------------------|---------------|---------------|
| | June 29, 2025 | June 30, 2024 | |
| | | (in millions) | |
| Selling and administrative | \$ 157.8 | \$ 154.5 | \$ 3.3 |
| Percent of total revenues | 24.2% | 21.2% | |

The increase of \$3.3 million in selling and administrative expenses was primarily driven by higher spending in Semiconductor Test, partially offset by a reduction in spending in Robotics.

Engineering and Development

Engineering and development expenses were as follows:

| | For the Three Months Ended | | Dollar Change |
|-----------------------------|----------------------------|---------------|---------------|
| | June 29, 2025 | June 30, 2024 | |
| | | (in millions) | |
| Engineering and development | \$ 118.4 | \$ 111.8 | \$ 6.6 |
| Percent of total revenues | 18.2% | 15.3% | |

The increase of \$6.6 million in engineering and development expenses was primarily due to higher spending in Semiconductor Test, partially offset by a reduction in spending in Robotics.

Restructuring and Other

During the three months ended June 29, 2025, we recorded \$2.3 million of severance charges, \$0.8 million of which is related to the Robotics restructuring which was initiated during the three months ended March 30, 2025, and impacted approximately 150 employees. During the three months ended June 29, 2025, we made \$3.9 million of Robotics severance payments. We expect all outstanding Robotics severance payments to be made prior to the end of our third quarter.

During the three months ended June 30, 2024, we recorded \$2.0 million of severance charges related to headcount reductions of 35 people, primarily in Robotics.

Interest and Other

| | For the Three Months Ended | | Dollar Change |
|-----------------------------|----------------------------|---------------|---------------|
| | June 29, 2025 | June 30, 2024 | |
| | | (in millions) | |
| Interest income | \$ (4.4) | \$ (6.7) | \$ 2.3 |
| Interest expense | 0.8 | 1.5 | \$ (0.7) |
| Other (income) expense, net | (2.3) | (3.9) | \$ 1.6 |

The decrease in interest income was driven primarily by lower cash balances in the current period.

Income (Loss) Before Income Taxes and Equity in Net Earnings of Affiliate

| | For the Three Months Ended | | |
|--------------------------------|-----------------------------------|----------------------|----------------------|
| | June 29, 2025 | June 30, 2024 | Dollar Change |
| | (in millions) | | |
| Semiconductor Test | \$ 95.8 | \$ 157.2 | \$ (61.4) |
| Robotics | (18.5) | (17.9) | (0.6) |
| Product Test | 15.6 | 16.3 | (0.7) |
| Corporate and Eliminations (1) | 3.8 | 63.8 | (60.0) |
| | <u>\$ 96.7</u> | <u>\$ 219.4</u> | <u>\$ (122.7)</u> |

- (1) Included in Corporate and Eliminations are interest income, interest expense, net foreign exchange gains (losses), intercompany eliminations, severance charges, pension and postretirement plan actuarial gains (losses), contingent consideration adjustments, acquisition and divestiture related expenses, gain on sale of business and an expense for the modification of Teradyne's former chief executive officer's outstanding equity awards.

The decrease in income before income taxes and equity in net earnings of affiliate in Semiconductor Test was driven primarily by lower sales in memory. The decrease in income before income taxes and equity in net earnings of affiliate in Robotics was primarily due to lower sales of collaborative robotic arms, partially offset by lower operating expenses.

Income Taxes

The effective tax rate for the three months ended June 29, 2025, and June 30, 2024, was 12.7% and 15.1%, respectively. The decrease in the effective tax rate from the three months ended June 30, 2024, to the three months ended June 29, 2025, is primarily attributable to the benefit of a projected shift in the geographic distribution of income and increases in benefits related to tax credits and the international provision of the U.S. Tax Cuts and Jobs Act of 2017.

Six Months 2025 Compared to Six Months 2024

Revenues

Revenues by our reportable segments were as follows:

| | For the Six Months Ended | | |
|--------------------|---------------------------------|----------------------|----------------------|
| | June 29, 2025 | June 30, 2024 | Dollar Change |
| | (in millions) | | |
| Semiconductor Test | \$ 1,034.4 | \$ 994.7 | \$ 39.7 |
| Robotics | 143.9 | 177.9 | (34.0) |
| Product Test | 159.2 | 157.1 | 2.1 |
| | <u>\$ 1,337.5</u> | <u>\$ 1,329.7</u> | <u>\$ 7.8</u> |

The increase in Semiconductor Test revenues of \$39.7 million, or 4.0%, was driven primarily by higher sales in mobility and in compute for artificial intelligence applications partially offset by the divestiture of the DIS business and declines in memory. The decrease in Robotics revenues of \$34.0 million, or 19.1%, was primarily due to lower sales of collaborative robotic arms due to market weakness.

Revenues by country as a percentage of total revenues were as follows (1):

| | For the Six Months Ended | |
|---------------|--------------------------|---------------|
| | June 29, 2025 | June 30, 2024 |
| Taiwan | 31% | 17% |
| China | 17 | 10 |
| United States | 12 | 14 |
| Korea | 10 | 28 |
| Europe | 7 | 9 |
| Singapore | 6 | 2 |
| Philippines | 4 | 2 |
| Japan | 3 | 10 |
| Malaysia | 3 | 2 |
| Thailand | 2 | 2 |
| Rest of World | 5 | 4 |
| | 100% | 100% |

(1) Revenues attributable to a country are based on location of customer site.

Gross Profit

Our gross profit was as follows:

| | For the Six Months Ended | | Dollar/Point Change |
|---------------------------|--------------------------|---------------|---------------------|
| | June 29, 2025 | June 30, 2024 | |
| | | (in millions) | |
| Gross profit | \$ 788.3 | \$ 765.1 | \$ 23.2 |
| Percent of total revenues | 58.9% | 57.5% | 1.4 |

Gross profit as a percent of revenue increased by 1.4 points, primarily due to product mix in Semiconductor Test.

Selling and Administrative

Selling and administrative expenses were as follows:

| | For the Six Months Ended | | Dollar Change |
|----------------------------|--------------------------|---------------|---------------|
| | June 29, 2025 | June 30, 2024 | |
| | | (in millions) | |
| Selling and administrative | \$ 315.0 | \$ 303.7 | \$ 11.3 |
| Percent of total revenues | 23.6% | 22.8% | |

The increase of \$11.3 million in selling and administrative expenses was primarily due to higher spending in Semiconductor Test partially offset by lower spending in Robotics.

Engineering and Development

Engineering and development expenses were as follows:

| | For the Six Months Ended | | Dollar Change |
|-----------------------------|--------------------------|---------------|---------------|
| | June 29, 2025 | June 30, 2024 | |
| | | (in millions) | |
| Engineering and development | \$ 236.6 | \$ 215.0 | \$ 21.6 |
| Percent of total revenues | 17.7% | 16.2% | |

The increase of \$21.6 million in engineering and development expenses was primarily due to higher spending in Semiconductor Test partially offset by lower spending in Robotics.

Restructuring and Other

During the six months ended June 29, 2025, we recorded \$13.7 million of severance charges, \$10.0 million of which is related to the Robotics restructuring which impacted approximately 150 employees, and \$2.1 million of which related to Product Test. During the six months ended June 29, 2025, we made \$8.1 million of Robotics severance payments. We expect all Robotics severance payments to be made prior to the end of our third quarter. Additionally, we recorded \$1.6 million of acquisition and divestiture expenses related primarily to the Quantifi acquisition, and \$1.2 million of charges related to lease terminations.

During the six months ended June 30, 2024, we recorded \$2.2 million of acquisition and divestiture expenses related to the Technoprobe transactions, and \$4.2 million of severance and other charges, primarily related to headcount reductions of 66 people, principally in Robotics and Semiconductor Test, which included charges related to a voluntary early retirement program for employees meeting certain conditions.

Gain on Sale of Business

During the six months ended June 30, 2024, we recorded a gain of \$57.5 million associated with the sale of DIS to Technoprobe.

Interest and Other

| | For the Six Months Ended | | Dollar Change |
|-----------------------------|--------------------------|--------------------------------|---------------|
| | June 29, 2025 | June 30, 2024 (in millions) | |
| Interest income | \$ (9.4) | \$ (14.6) | \$ 5.2 |
| Interest expense | 1.6 | 2.2 | (0.6) |
| Other (income) expense, net | 3.8 | 8.2 | (4.4) |

Interest income decreased by \$5.2 million primarily due to lower cash balances. In the period ended June 30, 2024, other (income) expense, net included the change in value of our call option purchased in connection with the acquisition of Technoprobe. The call option expired on May 23, 2024.

Income (Loss) Before Income Taxes and Equity in Net Earnings of Affiliate

| | For the Six Months Ended | | Dollar Change |
|--------------------------------|--------------------------|--------------------------------|------------------|
| | June 29, 2025 | June 30, 2024 (in millions) | |
| Semiconductor Test | \$ 251.6 | \$ 240.6 | \$ 11.0 |
| Robotics | (55.7) | (31.9) | (23.8) |
| Product Test | 24.2 | 29.8 | (5.6) |
| Corporate and Eliminations (1) | (4.5) | 53.8 | (58.3) |
| | <u>\$ 215.6</u> | <u>\$ 292.3</u> | <u>\$ (76.7)</u> |

- (1) Included in Corporate and Eliminations are gain on sale of business, interest income, interest expense, net foreign exchange gains (losses), intercompany eliminations, severance charges, pension and postretirement plan actuarial gains (losses), contingent consideration adjustments, acquisition and divestiture related expenses, gain on sale of business and an expense for the modification of Teradyne's former chief executive officer's outstanding equity awards.

The increase in income before income taxes and equity in net earnings of affiliate in Semiconductor Test was driven primarily by higher sales in compute for artificial intelligence applications. The decrease in income before income taxes and equity in net earnings of affiliate in Robotics was primarily due to lower sales of collaborative robotic arms, partially offset by lower operating expenses.

Income Taxes

The effective tax rate for the six months ended June 29, 2025, and June 30, 2024, was 12.4% and 14.3%, respectively. The decrease in the effective tax rate from the six months ended June 30, 2024, to the six months ended June 29, 2025, is primarily attributable to increases in benefits related to tax credits and the international provision of the U.S. Tax Cuts and Jobs Act of 2017.

Contractual Obligations

There have been no changes outside of the ordinary course of business to our contractual obligations as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

Liquidity and Capital Resources

Our cash, cash equivalents and marketable securities balances decreased by \$235.2 million in the six months ended June 29, 2025, to \$488.6 million.

Operating activities during the six months ended June 29, 2025, provided cash of \$343.7 million. Changes in operating assets and liabilities provided cash of \$61.7 million due to a \$56.7 million decrease in operating assets and a \$5.0 million increase in operating liabilities.

The decrease in operating assets was primarily due to decreases in accounts receivable and prepayments and other assets of \$49.5 million and \$30.9 million, respectively, partially offset by a \$23.7 million increase in inventories.

The increase in operating liabilities was due to increases in accounts payable and other liabilities and in deferred revenue and customer advances of \$17.1 million and \$13.1 million, respectively, partially offset by decreases in income taxes and retirement plans of \$19.6 million and \$5.6 million, respectively.

Investing activities during the six months ended June 29, 2025, used cash of \$240.2 million due to \$144.4 million used for the acquisition of businesses, \$114.4 million used for the purchase of property, plant & equipment and \$17.2 million used for the purchase of marketable securities, partially offset by \$32.6 million and \$8.5 million in proceeds from the maturities and sales of marketable securities, respectively.

Financing activities during the six months ended June 29, 2025, consumed cash of \$313.6 million due to \$274.9 million used for the repurchase of 3.0 million shares of common stock at an average price of \$93.67 per share, \$38.6 million utilized for dividend payments and \$15.0 million used for payment related to net settlements of employee stock compensation awards, partially offset by \$14.8 million from the issuance of common stock under employee stock purchase and stock option plans.

Operating activities during the six months ended June 30, 2024, provided cash of \$223.3 million. Changes in operating assets and liabilities used cash of \$65.3 million due to a \$14.9 million increase in operating assets and a \$50.4 million decrease in operating liabilities.

The increase in operating assets was primarily due to a \$54.2 million increase in accounts receivable driven by higher sales in the second quarter of 2024, partially offset by decreases in other assets and inventory of \$22.2 million and \$17.1 million, respectively.

The decrease in operating liabilities was due to a \$30.0 million decrease in accrued employee compensation, \$22.0 million decrease in accounts payable, \$2.8 million decrease in retirement plans, and \$1.0 million decrease in accrued other, partially offset by a \$2.7 million increase in deferred revenue and customer advances and a \$2.6 million increase in income taxes.

Investing activities during the six months ended June 30, 2024, used cash of \$505.1 million due to \$524.7 million used for the purchases of investment, \$88.9 million used for the purchase of property, plant and equipment, \$27.8 million used for the purchase of marketable securities, partially offset by \$87.2 million in proceeds from the sale of a business, \$26.9 million and \$21.3 million in proceeds from the sale and maturities of marketable securities, respectively, and \$0.9 million in proceeds from life insurance.

Financing activities during the six months ended June 30, 2024, used cash of \$59.3 million due to \$185.0 million used for proceeds from borrowings on revolving credit facility of which \$185.0 million in payments were paid back in full during the quarter, \$37.4 million used for dividend payment, \$30.3 million used for the repurchase of 0.3 million shares of common stock at an average price of \$101.40 per share and \$13.4 million used for payment related to net settlements of employee stock compensation awards, partially offset by \$21.8 million from the issuance of common stock under employee stock purchase and stock option plans.

In January 2025, and May 2025, our Board of Directors declared a quarterly cash dividend of \$0.12 per share. Dividend payments for the three and six months ended June 29, 2025, were \$19.2 million and \$38.6 million, respectively.

In January 2024, and May 2024, our Board of Directors declared a quarterly cash dividend of \$0.12 per share. Dividend payments for the three and six months ended June 30, 2024, were \$19.0 million and \$37.4 million, respectively.

During the six months ended June 29, 2025, we repurchased 3.0 million shares of common stock for \$274.9 million, which excludes related excise tax, at an average price of \$93.67 per share. We intend to repurchase up to \$1.0 billion of common stock in 2025 and 2026, subject to market conditions. The cumulative repurchases under the 2023 repurchase program as of June 29, 2025, were 8.6 million shares of common stock for \$870.1 million, which excludes related excise tax, at an average price per share of \$101.90. During the six months ended June 30, 2024, we repurchased 0.3 million shares of common stock for \$30.3 million, which excludes related excise tax, at an average price of \$101.40 per share.

While we have previously declared a quarterly cash dividend and authorized a share repurchase program, we may reduce or eliminate the cash dividend or share repurchase program in the future. Cash dividends and stock repurchases are subject to the discretion of our Board of Directors, which will consider, among other things, our earnings, capital requirements and financial condition.

On May 1, 2020, we entered into a credit agreement (the "Credit Agreement") providing a three-year, senior secured revolving credit facility of \$400.0 million. On December 10, 2021, the Credit Agreement was amended to extend the senior secured revolving credit facility to December 10, 2026. On October 5, 2022, the Credit Agreement was amended to increase the amount of the credit facility to \$750.0 million from \$400.0 million. On November 7, 2023, the Credit Agreement was amended to allow for the purchase of the shares of Technoprobe. As of August 1, 2025, the Credit Facility was undrawn, and we were in compliance with all covenants under the Credit Agreement.

We believe our cash, cash equivalents, marketable securities and senior secured revolving credit facility will be sufficient to pay our quarterly dividend and meet our working capital and expenditure needs for at least the next twelve months. Inflation has not had a significant long-term impact on earnings.

Equity Compensation Plans

In addition to our 1996 Employee Stock Purchase Program as discussed in Note M: "Stock-Based Compensation" in our 2024 Annual Report on Form 10-K, we have a 2006 Equity and Cash Compensation Incentive Plan (the "2006 Equity Plan").

The purpose of the 1996 Employee Stock Purchase Plan is to encourage stock ownership by all eligible employees of Teradyne. The purpose of the 2006 Equity Plan is to provide equity ownership and compensation opportunities in Teradyne to our employees, officers and directors. Both plans were approved by our shareholders.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09 – "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*", which requires expanded disclosures relating to the tax rate reconciliation, income taxes paid, income (loss) before income tax expense (benefit) and income tax expense (benefit), requiring a greater disaggregation of information for each. The provisions of ASU 2023-09 are effective for fiscal years beginning after December 15, 2024. We will apply the amendments in this update on a prospective basis. This ASU will have no impact on results of operations, cash flows or financial condition.

In November 2024, the FASB issued ASU 2024-03- "*Income Statement - Reporting Comprehensive Income -Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*", which requires disclosure of additional expense information on an annual and interim basis, including the amounts of inventory purchases, employee compensation, depreciation and intangible amortization included within each income statement expense caption. This standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The amendments in this update should be applied on a prospective basis, but retrospective application is permitted. We are currently evaluating the impact of this new standard.

Item 3: Quantitative and Qualitative Disclosures about Market Risks

For "Quantitative and Qualitative Disclosures about Market Risk" affecting Teradyne, see Part 2 Item 7A, "Quantitative and Qualitative Disclosures about Market Risks," in our Annual Report on Form 10-K filed with the SEC on February 20, 2025. There

were no material changes in our exposure to market risk from those set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Item 4: Controls and Procedures

As of the end of the period covered by this report, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) or Rule 15d-15(f) promulgated under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in ensuring that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such material information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 29, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1: Legal Proceedings

We are subject to various legal proceedings and claims which have arisen in the ordinary course of business such as, but not limited to, patent, employment, commercial and environmental matters. Teradyne believes that it has meritorious defenses against all pending claims and intends to vigorously contest them. While it is not possible to predict or determine the outcomes of any pending claims or to provide possible ranges of losses that may arise, Teradyne believes the potential losses associated with all of these actions are unlikely to have a material adverse effect on its business, financial position or results of operations.

Item 1A: Risk Factors

In addition to other information set forth in this Form 10-Q, including the risk discussed below, you should carefully consider the factors discussed in Part I, “Item 1A: Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 20, 2025, which could materially affect our business, financial condition or future results. The risk factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, remain applicable to our business.

The risks described in our Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds

In January 2023, Teradyne's Board of Directors cancelled our 2021 repurchase program and approved a new repurchase program for up to \$2.0 billion of common stock. During the six months ended June 29, 2025, we repurchased 3.0 million shares of common stock for a total cost of \$277.3 million at an average price of \$93.67 per share. We record share repurchases at cost, which includes broker commissions and related excise taxes. During the six months ended June 30, 2024, we repurchased 0.3 million shares of common stock for \$30.3 million at an average price of \$101.40 per share.

The following table includes information with respect to repurchases we made of our common stock during the three months ended June 29, 2025, (in thousands except per share price):

| Period | Total Number of Shares (or Units) Purchased | Average Price Paid per Share (or Unit) | Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may Yet Be Purchased Under the Plans or Programs (2) |
|---------------------------------|---|--|---|---|
| March 31, 2025 - April 27, 2025 | 256 | \$ 75.22 | 255 | \$ 1,222,173 |
| April 28, 2025 - May 25, 2025 | 666 | \$ 78.37 | 665 | \$ 1,170,251 |
| May 26, 2025 - June 29, 2025 | 561 | \$ 84.43 | 560 | \$ 1,122,801 |
| | <u>1,483</u> (1) | <u>80.12</u> (1) | <u>1,480</u> | |

- (1) Includes approximately three thousand shares at an average price of \$78.19 withheld from employees for the payment of taxes.
- (2) As of January 1, 2023, share repurchases net of share issuances are subject to a 1% excise tax under the Inflation Reduction Act. Excise tax incurred is included as part of the cost basis of shares repurchased in the Condensed Consolidated Statements of Convertible Common Shares and Stockholders' Equity.

We satisfy U.S. federal and state minimum withholding tax obligations due upon the vesting and the conversion of restricted stock units into shares of our common stock, by automatically withholding from the shares being issued, a number of shares with an aggregate fair market value on the date of such vesting and conversion that would satisfy the minimum withholding amount due.

Item 4: Mine Safety Disclosures

Not Applicable

Item 5: Other Information**10b 5-1 Trading Plans**

Our officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (“Section 16 Officers”) and directors from time to time enter into contracts, instructions or written plans for the purchase or sale of our securities that are intended to satisfy the conditions specified in Rule 10b5-1(c) under the Exchange Act for an affirmative defense against liability for trading in securities on the basis of material nonpublic information. We refer to these contracts, instructions, and written plans as “Rule 10b5-1 trading plans” and each one as a “Rule 10b5-1 trading plan.” During our fiscal quarter ended June 29, 2025, no Section 16 Officers or directors adopted, modified or terminated Rule 10b5-1 trading plans.

Item 6: Exhibits

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|---|
| 31.1 | <u>Certification of Principal Executive Officer, pursuant to Rule 13a-14(a) of Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u> |
| 31.2 | <u>Certification of Principal Financial Officer, pursuant to Rule 13a-14(a) of Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u> |
| 32.1 | <u>Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</u> |
| 32.2 | <u>Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</u> |
| 101.INS | Inline XBRL Instance Document |
| 101.SC H | Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL, and contained in Exhibit 101) |
| * | Management Contract or Compensatory Plan |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TERADYNE, INC.
Registrant

/s/ SANJAY MEHTA

Sanjay Mehta
Vice President,
Chief Financial Officer and Treasurer
(Duly Authorized Officer
and Principal Financial Officer)
August 1, 2025

CERTIFICATIONS

I, Gregory S. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Teradyne, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2025

By: /s/ GREGORY S. SMITH
Gregory S. Smith
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Teradyne, Inc. (the "Company") on Form 10-Q for the period ended June 29, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory S. Smith, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ GREGORY S. SMITH

Gregory S. Smith
Chief Executive Officer
August 1, 2025

**CERTIFICATION PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Teradyne, Inc. (the "Company") on Form 10-Q for the period ended June 29, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sanjay Mehta, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ SANJAY MEHTA

Sanjay Mehta
Chief Financial Officer
August 1, 2025
