

TERADYNE

Financial Results: Q3 2024

October 24, 2024





SAFE HARBOR

This presentation contains forward-looking statements including statements regarding Teradyne’s future business prospects, financial performance or position and results of operations. You can identify forward-looking statements by their use of forward-looking words such as “anticipate,” “expect,” “plan,” “could,” “may,” “will,” “believe,” “estimate,” “goal” or other comparable terms. Forward-looking statements in this presentation address various matters, including statements regarding Teradyne’s financial guidance, future business prospects, results of operations, market size and conditions, earnings per share, mid-term earnings model, sales mix, customer product development, customer demand and sales expectations, the payment of a quarterly dividend, and the repurchase of Teradyne common stock pursuant to a share repurchase program. Investors are cautioned that such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements due to known and unknown risks, uncertainties, assumptions, and other factors. Such factors include, but are not limited to, macroeconomic factors and slowdowns or downturns in economic conditions generally and in the markets in which Teradyne operates; decreased or delayed product demand from one or more significant customers; a slowdown or inability in the development, delivery and acceptance of new products; the ability to grow the Robotics business; the impact of increased research and development spending; the impact of epidemics or pandemics such as COVID-19; the impact of a supply shortage on our supply chain and contract manufacturers; the consummation and success of any mergers or acquisitions; unexpected cash needs; the business judgment of the board of directors that a declaration of a dividend or the repurchase of common stock is not in Teradyne’s best interests; changes to U.S. or global tax regulations or guidance; the impact of any tariffs or export controls imposed by the U.S. or China; the impact of U.S. Department of Commerce or other government agency regulations relating to Huawei, HiSilicon and other customers or potential customers; the impact of U.S. Department of Commerce export control regulations for certain U.S. products and technology sold to military end users or for military end-use in China; the impact of the Israel-Hamas conflict; the impact of regulations published by the U.S. Department of Commerce relating to semiconductors and semiconductor manufacturing equipment destined for certain end uses in China; and the impact of trade regulations and restrictions that impact our ability to manufacture certain products to and support certain customers. The risks included above are not exhaustive. For a more detailed description of the risk factors associated with Teradyne, please refer to Teradyne’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023. Many of these factors are macroeconomic in nature and are, therefore, beyond Teradyne’s control. We caution readers not to place undue reliance on any forward-looking statements included in this presentation which speak only as of the date of this presentation. Teradyne specifically disclaims any obligation to update any forward-looking information contained in this presentation or with respect to the announcements described herein.

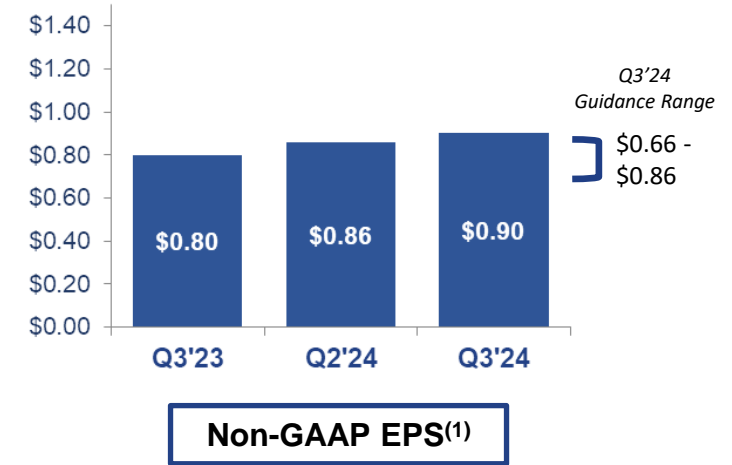
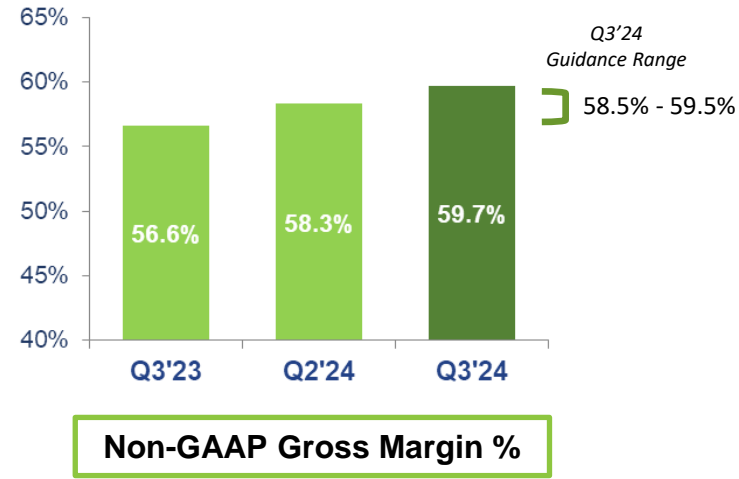
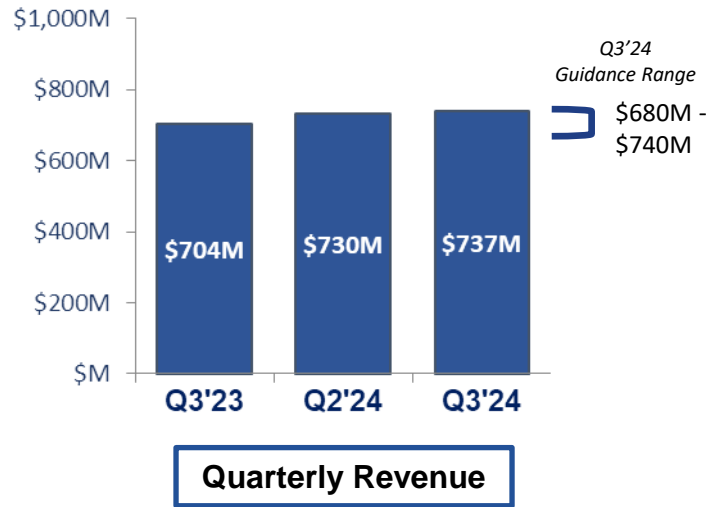
Business Update and Outlook

Greg Smith, President and CEO



Q3'24 Summary

Sales of \$737M | Non-GAAP Gross Margin of 59.7% | Non-GAAP EPS of \$0.90 | EPS Above High Guidance



- Semi Test strength in Compute and Memory drove upside
- Robotics grew 3% YoY (+8% YTD)

- Non-GAAP Gross Margin up from Q2'24 and above guidance
- Favorable product mix was the main driver

- Non-GAAP EPS of \$0.90
- Repurchased 0.2 million shares / \$25 million, \$126.44 per share average
- 164M weighted average diluted shares outstanding

4 (1) See appendix for GAAP to Non-GAAP reconciliation



Q3'24 Summary and Full Year Outlook

Q3 Summary

Q3'24 sales of \$737M (at the high end of guidance range) and non-GAAP EPS of \$0.90 (vs High Guide of \$0.86)

- Semi Test strength in Compute and Memory drove upside
- Record Memory revenue driven by HBM DRAM
- Universal Robots: 16% of unit shipments YTD on heavy payload products introduced in Q4 of 2023
- Gross margin strength driven by product mix (20 bps above high guide)

2024 Outlook

SOC TAM expected ~\$4.2B (high end of range)

- Compute TAM estimated at \$1.8B vs \$1.6B prior estimate (at midpoint)

Memory test TAM increased to \$1.4B, up from \$1.3B prior estimate

Expect revenue to grow ~5% at mid-point of guidance compared to prior expectation of low single-digit YoY growth (~7% growth excluding impact of DIS divestiture)

- Vertically Integrated Producer (VIP) channel gaining momentum, TAM ~\$300M in 2024

Mid-Term Earnings Model Growth Drivers Remain in Place

Test

- AI drives Compute and Memory test demand and 2nm/GAA delivers higher complexity
- Market recovery in Mobile, Auto and Industrial
- Continuing shift towards Vertically Integrated Producers

Robotics

- AI expands the range of applications into a lightly penetrated market
- SAM expansion through new products/services and channel improvements expected to drive above market growth through 2026+

Third Quarter 2024 Financial Results & Fourth Quarter 2024 Guidance

Sanjay Mehta, Vice President and Chief Financial Officer



Q3'24 Non-GAAP Results

| | Q3'23 Actual ⁽¹⁾ | | Q2'24 Actual ⁽¹⁾ | | Q3'24 Actual ⁽¹⁾ | |
|-------------------------------------|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|----------------------|
| Sales | | \$704M | | \$730M | | \$737M |
| Gross Margin | 56.6% | \$398M | 58.3% | \$426M | 59.7% | \$440M |
| R&D | 14.8% | \$104M | 15.3% | \$112M | 15.9% | \$117M |
| SG&A | <u>19.7%</u> | <u>\$138M</u> | <u>21.2%</u> | <u>\$154M</u> | <u>21.4%</u> | <u>\$158M</u> |
| OPEX | 34.5% | \$243M | 36.5% | \$266M | 37.3% | \$275M |
| Operating Profit | 22.1% | \$156M | 21.9% | \$160M | 22.4% | \$165M |
| Income Taxes (& effective tax rate) | 15.7% | \$24M | 15.0% | \$24M | 13.8% | \$23M |
| EPS | | \$0.80 | | \$0.86 | | \$0.90 |
| Diluted Shares | | 163M | | 163M | | 164M |

(1) See attached appendix for GAAP to non-GAAP reconciliations



Q3'24 Segment Summary

Q3'24 Sales

Q3'24 Key Highlights

Semi Test Sales Detail

Semiconductor Test

\$543M

Sales up 9% vs Q3'23

SOC down 3% vs Q3'23 due to DIS divestiture (up ~5% excluding DIS)

Memory Test sales up 60% vs Q3'23 driven by HBM DRAM

| | |
|--------------|--------|
| Semi Product | \$457M |
| Semi Service | \$86M |

System Test

\$73M

Sales down 12% vs Q3'23

Storage Test demand remains low due to underutilized installed base in mobile and in HDD

Wireless Test

\$33M

Sales down 12% vs Q3'23

Slower than expected uptake of Wi-Fi 7 in Access Points and PCs

Robotics

\$89M

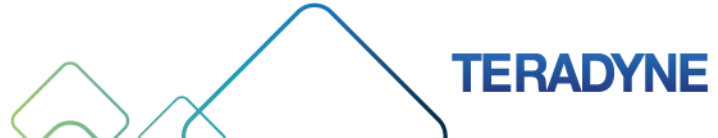
Sales up 3% from Q3'23

Sales up 8% YTD

Continued growth in UR OEM channel

SAM expansion (UR20/30) enabled above market growth

Total Company Product: \$613M
Total Company Service: \$124M



Balance Sheet & Capital Allocation

| | Q3'23 Actual | Q2'24 Actual | Q3'24 Actual |
|--|-------------------------|-----------------|-----------------|
| Cash and Marketable Securities | \$820M | \$584M | \$678M |
| Inventory | \$323M | \$289M | \$297M |
| DSO | 59 Days | 59 Days | 60 Days |
| Capital Additions | \$35M | \$45M | \$52M |
| Depreciation and Amortization ⁽¹⁾ | \$41M | \$45M | \$45M |
| Free Cash Flow ⁽²⁾ | \$140M | \$171M | \$114M |
| Capital Return | Buybacks ⁽³⁾ | \$120M | \$25M |
| | Dividends | \$17M | \$20M |

(1) Includes depreciation, stock-based compensation, amortization of acquired intangible assets

(2) Teradyne calculates free cash flow as: GAAP Cash flow from operations, excluding discontinued operations, less property, plant and equipment additions; see GAAP to non-GAAP reconciliations.

(3) Inclusive of excise taxes, as applicable

Q4'24 Non-GAAP Guidance

| \$s in millions, except EPS | Q3'24 Actual ⁽¹⁾ | Q4'24 Guidance ⁽¹⁾ |
|-----------------------------|-----------------------------|-------------------------------|
| Sales | \$737M | \$710M - \$760M |
| Gross Margin | 59.7% | 59.5% - 60.5% |
| OPEX | 37.3% | 38.5% - 36.5% |
| Operating Profit | 22.4% | 21.0% - 24.0% |
| Effective Tax Rate | 13.8% | 14.5% |
| EPS | \$0.90 | \$0.80 - \$0.97 |
| Diluted Shares | 164M | 164M |

(1) See attached appendix for GAAP to non-GAAP reconciliations.



Q3'24 Summary and Full Year Outlook

Q3 Summary

Q3'24 sales of \$737M (at the high end of guidance range) and non-GAAP EPS of \$0.90 (vs High Guide of \$0.86)

- Semi Test strength in Compute and Memory drove upside
- Record Memory revenue driven by HBM DRAM
- Universal Robots: 16% of unit shipments YTD on heavy payload products introduced in Q4 of 2023
- Gross margin strength driven by product mix (20 bps above high guide)

2024 Outlook

SOC TAM expected ~\$4.2B (high end of range)

- Compute TAM estimated at \$1.8B vs \$1.6B prior estimate (at midpoint)

Memory test TAM increased to \$1.4B, up from \$1.3B prior estimate

Expect revenue to grow ~5% at midpoint of guidance compared to prior expectation of low single-digit YoY growth (~7% growth excluding impact of DIS divestiture)

- Vertically Integrated Producer (VIP) channel gaining momentum, TAM ~\$300M in 2024

Mid-Term Earnings Model Growth Drivers Remain in Place

Test

- AI drives Compute and Memory test demand and 2nm/GAA delivers higher complexity
- Market recovery in Mobile, Auto and Industrial
- Continuing shift towards Vertically Integrated Producers

Robotics

- AI expands the range of applications into a lightly penetrated market
- SAM expansion through new products/services and channel improvements expected to drive above market growth through 2026+

Supplemental Information



Semiconductor Test TAM Estimates

Semi ATE TAM Est. Ranges

| (\$ in billions) | 2023 Historical Estimate | TAM Est as of 1/24 | TAM Est as of 7/24 | TAM Est as of 10/24 |
|------------------|--------------------------|--------------------|--------------------|---------------------|
| SOC | \$4.0 | \$3.6 – \$4.2 | \$3.6 – \$4.2 | ~\$4.2 |
| Memory | \$0.9 | \$1.0 – \$1.1 | \$1.2 – \$1.3 | ~\$1.4 |
| Total Semi ATE | \$4.9 | \$4.6 - \$5.3 | \$4.8 - \$5.5 | ~\$5.6 |

Semi ATE TAM Est. Mid-Point

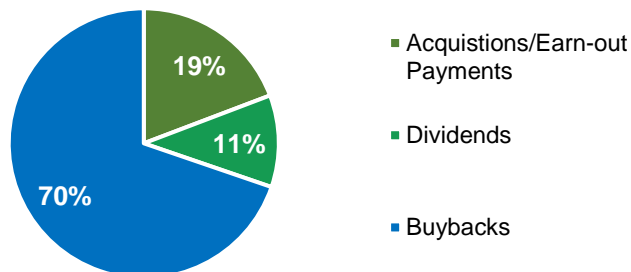
| (\$ in billions) | 2023 Historical Estimate | TAM Est as of 1/24 (at mid point) | TAM Est as of 7/24 (at mid point) | TAM Est as of 10/24 |
|-----------------------|--------------------------|-----------------------------------|-----------------------------------|---------------------|
| Total SOC | \$4.0 | \$3.9 | \$3.9 | \$4.2 |
| Compute | \$1.4 | \$1.4 | \$1.6 | \$1.8 |
| Mobile | \$0.9 | \$0.9 | \$0.8 | \$0.8 |
| Auto + MCU | \$0.6 | \$0.5 | \$0.5 | \$0.5 |
| Industrial | \$0.4 | \$0.4 | \$0.3 | \$0.4 |
| SOC Service | \$0.7 | \$0.7 | \$0.7 | \$0.7 |
| Memory Test | \$0.9 | \$1.05 | \$1.25 | \$1.4 |
| Total Semi ATE | \$4.9 | \$4.95 | \$5.15 | \$5.6 |

History of Capital Allocation

Since 2015, 78.8M shares repurchased at an average price of ~\$49 per share

| (\$M) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | YTD Q3'24 | Cumulative |
|---|------|------|------|-------|------|------|------|------|------|-----------|------------|
| Buybacks ⁽¹⁾ | 300 | 146 | 200 | 823 | 500 | 88 | 600 | 752 | 401 | 55 | 3,866 |
| Dividends | 51 | 49 | 55 | 67 | 61 | 66 | 66 | 70 | 68 | 57 | 611 |
| Acquisitions/Investments ⁽²⁾ | 283 | 15 | 1 | 194 | 115 | 9 | 12 | - | - | 437 | 1,066 |
| Total | 633 | 210 | 257 | 1,085 | 676 | 163 | 678 | 822 | 468 | 549 | 5,543 |
| Free Cash Flow ⁽³⁾ | 323 | 370 | 521 | 370 | 444 | 684 | 966 | 415 | 426 | 249 | 4,768 |
| % of FCF returned ⁽⁴⁾ | 109% | 53% | 49% | 240% | 126% | 23% | 69% | 198% | 110% | 45% | 94% |

Cumulative Capital Allocation Breakdown 2015 - Q3'24



- (1) Inclusive of excise taxes, as applicable
- (2) Net acquisitions includes acquisitions, minority investments and divestitures
- (3) Teradyne calculates free cash flow as: GAAP Cash flow from operations, excluding discontinued operations, less property, plant and equipment additions net of gov't subsidies; see GAAP to non-GAAP reconciliations.
- (4) Teradyne calculates % of FCF returned as Buybacks plus Dividends divided by Free Cash Flow

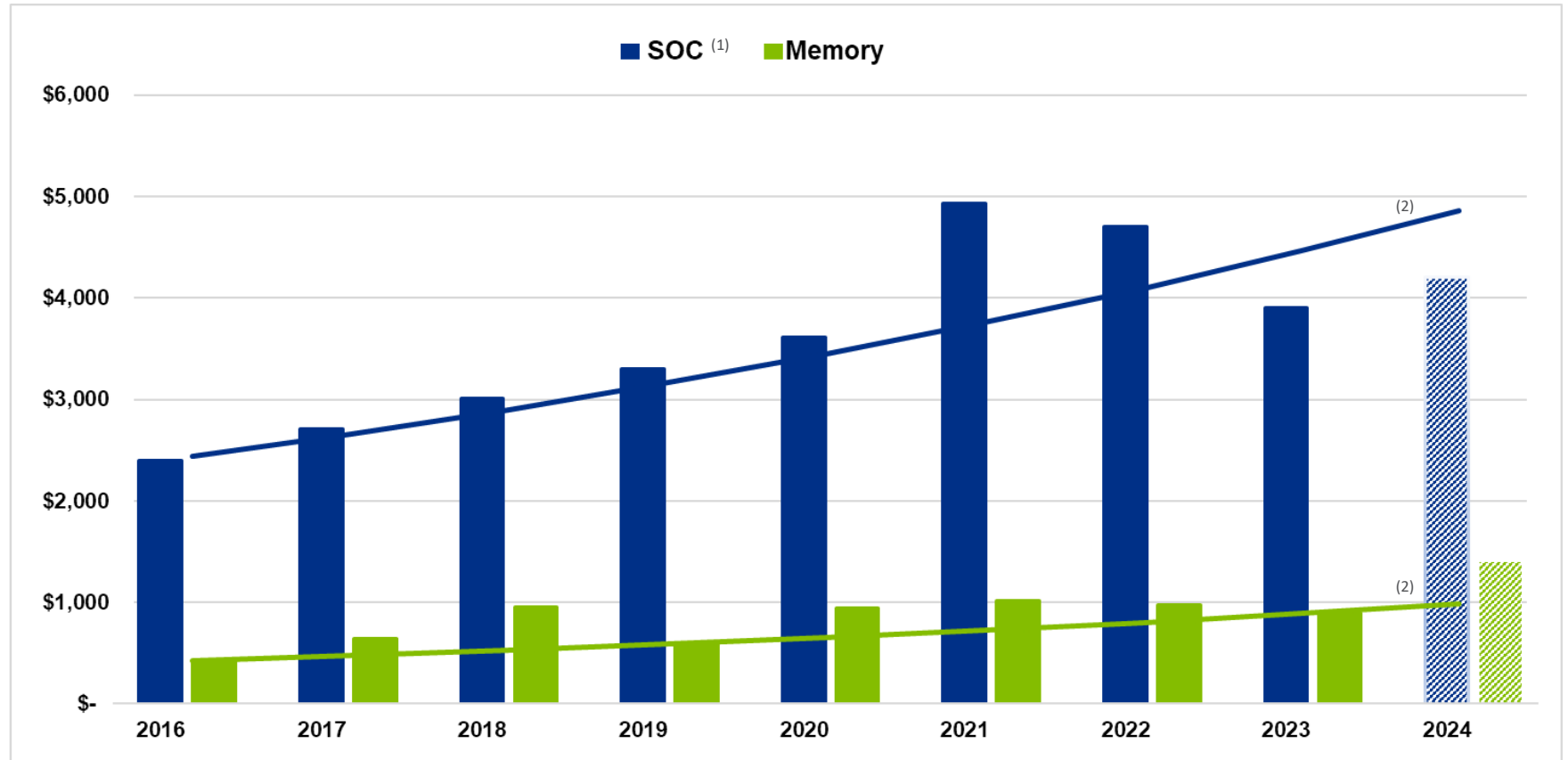
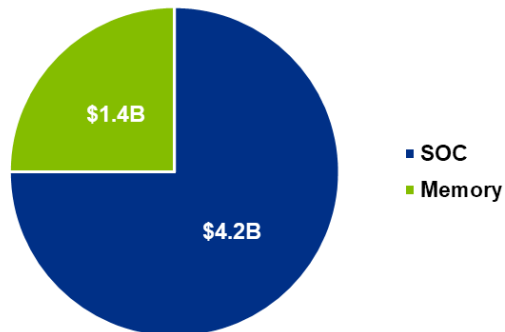
Semiconductor Test Market Growth Trends Are Favorable

Semiconductor Test

SOC market powered by unit growth, complexity, new technology adoption

Memory test driven by bit growth, diversity, higher bandwidth

2024 Market Sizes

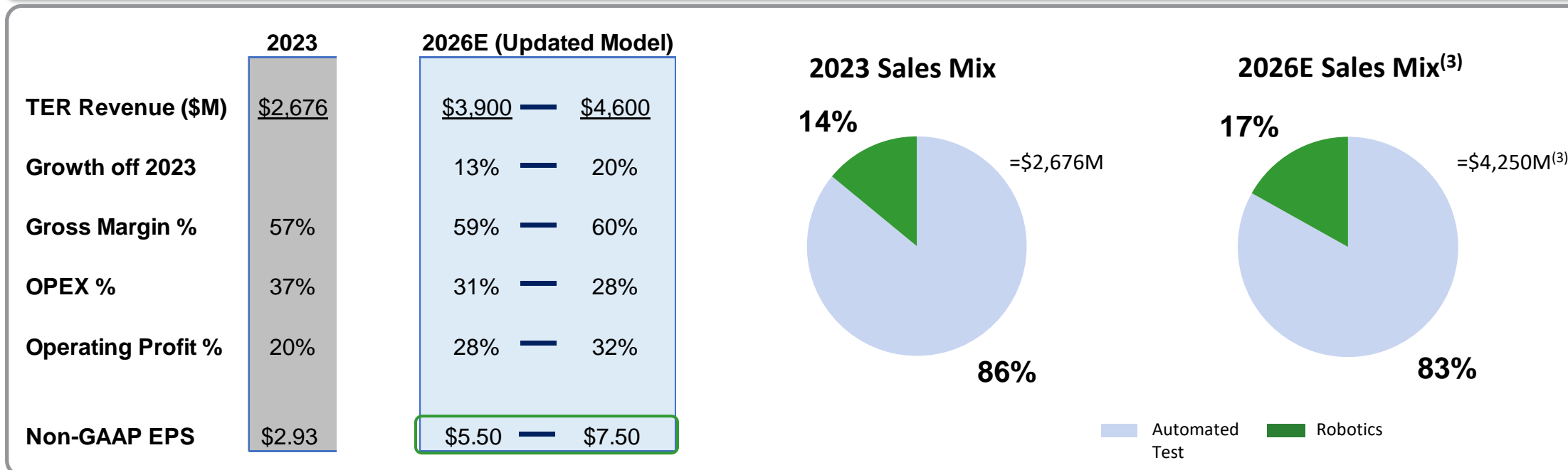


(1) SOC data includes product and service; market data from SEMI WWSEMS report and internal estimates

(2) Trendline reflects 9% and 11% CAGRs from 2016 for SOC and Memory, respectively

Teradyne Non-GAAP Mid-Term Earnings Model

Financial Model ⁽¹⁾⁽²⁾



Model Assumptions

| Metric | Old Model | New Model | Comment |
|-----------------------|-----------------|-----------------|--|
| Robotics Revenue CAGR | 20-30% off 2022 | 20-30% off 2023 | Drivers are labor shortages, cost and low penetration rate |
| Test Revenue CAGR | 8-13% off 2022 | 12-18% off 2023 | Drivers are complexity, Compute, Mobile and Auto markets |

(1) See attached appendix for GAAP to non-GAAP reconciliations
 (2) Financial Model updated as of 1/30/24
 (3) 2026E sales mix is at mid-point of model range



Appendix | GAAP to Non-GAAP Reconciliation

In addition to disclosing results that are determined in accordance with GAAP, Teradyne also discloses in this presentation and on the earnings call non-GAAP results of operations that exclude certain income items and charges. These results are provided as a complement to results provided in accordance with GAAP. These non-GAAP performance measures are used to make operational decisions, to determine employee compensation, to forecast future operational results, and for comparison with the Company's business plan, historical operating results and the operating results of the Company's competitors. Management believes each of these non-GAAP performance measures provides useful supplemental information for investors, allowing greater transparency to the information used by management in its operational decision making and in the review of the Company's financial and operational performance, as well as facilitating meaningful comparisons of the Company's results in the current period compared with those in prior and future periods. A reconciliation of each available GAAP to non-GAAP financial measure discussed in this presentation is contained in the following slides and on the Teradyne website at www.teradyne.com by clicking on "Investors" and then selecting the "GAAP to Non-GAAP Reconciliation" link. The non-GAAP performance measures discussed in this presentation may not be comparable to similarly titled measures used by other companies. The presentation of non-GAAP measures is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP.

Appendix | GAAP to Non-GAAP Reconciliation

GAAP to Non-GAAP Earnings Reconciliation |

(In millions, except per share amounts)

| | Quarter Ended | | | | | | | | | | | |
|---|--------------------|-------------------|-----------------------------|---------|-------------------|-----------------------------|---------|-------------------|-----------------------------|-------------------|-------------------|---------|
| | September 29, 2024 | % of Net Revenues | June 30, 2024 | | % of Net Revenues | October 1, 2023 | | % of Net Revenues | | | % of Net Revenues | |
| Net revenues | \$ 737.3 | | \$ 729.9 | | | \$ 703.7 | | | | | | |
| Gross profit - GAAP | 436.5 | 59.2% | 425.8 | | 58.3% | 398.3 | | 56.6% | | | | |
| Legal settlement (1) | 3.6 | 0.5% | — | | — | — | | — | | | | |
| Gross profit - non-GAAP | 440.1 | 59.7% | 425.8 | | 58.3% | 398.3 | | 56.6% | | | | |
| Income from operations - GAAP | 152.1 | 20.6% | 210.4 | | 28.8% | 144.0 | | 20.5% | | | | |
| Acquired intangible assets amortization | 4.7 | 0.6% | 4.7 | | 0.6% | 4.7 | | 0.7% | | | | |
| Restructuring and other (2) | 4.6 | 0.6% | 2.0 | | 0.3% | 6.9 | | 1.0% | | | | |
| Non-recurring legal judgment (1) | 3.6 | 0.5% | — | | — | — | | — | | | | |
| Gain on sale of business (3) | — | — | (57.5) | | -7.9% | — | | — | | | | |
| Income from operations - non-GAAP | \$ 165.0 | 22.4% | \$ 159.6 | | 21.9% | \$ 155.6 | | 22.1% | | | | |
| | | | Net Income per Common Share | | | Net Income per Common Share | | | Net Income per Common Share | | | |
| | September 29, 2024 | % of Net Revenues | Basic | Diluted | June 30, 2024 | % of Net Revenues | Basic | Diluted | October 1, 2023 | % of Net Revenues | Basic | Diluted |
| Net income - GAAP | \$ 145.6 | 19.7% | \$ 0.89 | \$ 0.89 | \$ 186.3 | 25.5% | \$ 1.18 | \$ 1.14 | \$ 128.1 | 18.2% | \$ 0.83 | \$ 0.78 |
| Acquired intangible assets amortization | 4.7 | 0.6% | 0.03 | 0.03 | 4.7 | 0.6% | 0.03 | 0.03 | 4.7 | 0.7% | 0.03 | 0.03 |
| Restructuring and other (2) | 4.6 | 0.6% | 0.03 | 0.03 | 2.0 | 0.3% | 0.01 | 0.01 | 6.9 | 1.0% | 0.04 | 0.04 |
| Legal settlement (1) | 3.6 | 0.5% | 0.02 | 0.02 | — | — | — | — | — | — | — | — |
| Amortization of equity method investment | 2.4 | 0.3% | 0.01 | 0.01 | — | — | — | — | — | — | — | — |
| Loss (gain) on foreign exchange option | — | — | — | — | (4.2) | -0.6% | (0.03) | (0.03) | — | — | — | — |
| Gain on sale of business (3) | — | — | — | — | (57.5) | -7.9% | (0.36) | (0.35) | — | — | — | — |
| Pension mark-to-market adjustment (4) | (2.3) | -0.3% | (0.01) | (0.01) | (0.3) | 0.0% | (0.00) | (0.00) | 0.1 | 0.0% | 0.00 | 0.00 |
| Exclude discrete tax adjustments | (8.9) | -1.2% | (0.05) | (0.05) | 10.5 | 1.4% | 0.07 | 0.06 | (4.8) | -0.7% | (0.03) | (0.03) |
| Non-GAAP tax adjustments | (2.1) | -0.3% | (0.01) | (0.01) | (1.5) | -0.2% | (0.01) | (0.01) | (3.5) | -0.5% | (0.02) | (0.02) |
| Net income - non-GAAP | \$ 147.6 | 20.0% | \$ 0.91 | \$ 0.90 | \$ 140.0 | 19.2% | \$ 0.89 | \$ 0.86 | \$ 131.5 | 18.7% | \$ 0.86 | \$ 0.80 |
| GAAP and non-GAAP weighted average common shares - basic | 163.0 | | | | 157.8 | | | | 153.8 | | | |
| GAAP weighted average common shares - diluted (6) | 164.3 | | | | 163.5 | | | | 164.1 | | | |
| Exclude dilutive shares related to convertible note transaction | — | | | | — | | | | (0.6) | | | |
| Non-GAAP weighted average common shares - diluted | 164.3 | | | | 163.5 | | | | 163.4 | | | |

Appendix | GAAP to Non-GAAP Reconciliation

- (1) For the three months ended September 29, 2024, legal settlement includes charges for a settlement pertaining to a judgment against the Company for infringement of expired patents.
- (2) Restructuring and other consists of:

| | Quarter Ended | | |
|----------------------|--------------------|---------------|-----------------|
| | September 29, 2024 | June 30, 2024 | October 1, 2023 |
| Employee severance | \$ 1.3 | \$ 2.0 | \$ 4.7 |
| Contract termination | — | — | 1.5 |
| Other | 3.3 | — | 0.6 |
| | <u>\$ 4.6</u> | <u>\$ 2.0</u> | <u>\$ 6.9</u> |

- (3) On May 27, 2024, Teradyne sold DIS, a component of the Semiconductor Test segment, to Technoprobe, for \$85.0 million, net of cash and cash equivalents sold and a working capital adjustment.
- (4) For the quarters ended September 29, 2024, June 30, 2024 and October 1, 2023, adjustments to exclude actuarial gains and losses, respectively, recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.
- (5) For the quarters ended September 29, 2024, June 30, 2024, and October 1, 2023, non-GAAP weighted average diluted common shares included 0.5 million, 4.9 million and 9.2 million shares, respectively, from the convertible note hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

| | Twelve Months Ended | | | | | | | |
|--|---------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|-----------------------------|-------------------|
| | December 31, 2023 | | December 31, 2022 | | December 31, 2023 | | December 31, 2022 | |
| | | % of Net Revenues | | % of Net Revenues | | % of Net Revenues | | % of Net Revenues |
| Net Revenues | \$ 2,676.3 | | \$ 3,155.0 | | \$ 2,676.3 | | \$ 3,155.0 | |
| Gross profit GAAP and non-GAAP | 1,536.7 | 57.4% | 1,867.2 | 59.2% | 1,536.7 | 57.4% | 1,867.2 | 59.2% |
| Income from operations - GAAP | 501.1 | 18.7% | 831.9 | 26.4% | 501.1 | 18.7% | 831.9 | 26.4% |
| Restructuring and other (1) | 21.3 | 0.8% | 17.2 | 0.5% | 21.3 | 0.8% | 17.2 | 0.5% |
| Acquired intangible assets amortization | 19.0 | 0.7% | 19.3 | 0.6% | 19.0 | 0.7% | 19.3 | 0.6% |
| Equity modification charge (2) | 5.9 | 0.2% | — | — | 5.9 | 0.2% | — | — |
| Income from operations - non-GAAP | \$ 547.3 | 20.4% | \$ 868.4 | 27.5% | \$ 547.3 | 20.4% | \$ 868.4 | 27.5% |
| | | | | | | | | |
| | December 31, 2023 | | Net Income per Common Share | | December 31, 2022 | | Net Income per Common Share | |
| | | % of Net Revenues | Basic | Diluted | | % of Net Revenues | Basic | Diluted |
| | | | | | | | | |
| Net income - GAAP | \$ 448.8 | 16.8% | \$ 2.91 | \$ 2.73 | \$ 715.5 | 22.7% | \$ 4.52 | \$ 4.22 |
| Restructuring and other (1) | 21.3 | 0.8% | 0.14 | 0.13 | 17.2 | 0.5% | 0.11 | 0.10 |
| Acquired intangible assets amortization | 19.0 | 0.7% | 0.12 | 0.12 | 19.3 | 0.6% | 0.12 | 0.11 |
| Equity modification charge (2) | 5.9 | 0.2% | 0.04 | 0.04 | — | — | — | — |
| Pension mark-to-market adjustment (3) | 2.7 | 0.1% | 0.02 | 0.02 | (25.6) | -0.8% | (0.16) | (0.15) |
| Gain on foreign exchange option | (7.5) | -0.3% | (0.05) | (0.05) | — | — | — | — |
| Exclude discrete tax adjustments | (3.4) | -0.1% | (0.02) | (0.02) | (12.1) | -0.4% | (0.08) | (0.07) |
| Non-GAAP tax adjustments | (7.7) | -0.3% | (0.05) | (0.05) | (1.4) | 0.0% | (0.01) | (0.01) |
| Convertible share adjustment (4) | — | — | — | 0.01 | — | — | — | 0.05 |
| Net income - non-GAAP | \$ 479.1 | 17.9% | \$ 3.10 | \$ 2.93 | \$ 712.9 | 22.6% | \$ 4.50 | \$ 4.25 |
| | | | | | | | | |
| GAAP and non-GAAP weighted average common shares - basic | 154.3 | | | | 158.4 | | | |
| GAAP weighted average common shares - diluted | 164.3 | | | | 169.7 | | | |
| Exclude dilutive shares from convertible note | (0.6) | | | | (1.8) | | | |
| Non-GAAP weighted average common shares - diluted | 163.7 | | | | 167.9 | | | |

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

| | Twelve Months Ended | |
|--|----------------------|----------------------|
| | December 31, 2023 | December 31, 2022 |
| Employee severance | \$ 14.9 | \$ 2.9 |
| Acquisition and divestiture related expenses | 3.1 | — |
| Contract termination | 1.5 | — |
| Litigation settlement | — | 14.7 |
| Gain on sale of asset | — | (3.4) |
| Other | 1.8 | 3.0 |
| | <u>\$ 21.3</u> | <u>\$ 17.2</u> |

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

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

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

Appendix | GAAP to Non-GAAP Reconciliation

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

| Q4'24 Guidance: | Low End | High End | 2022 | | 2023 | |
|---|---------|----------|---------|------------|---------|------------|
| | | | \$'s | % of sales | \$'s | % of sales |
| GAAP Operating Profit as % of Sales | 21% | 24% | \$1,035 | 33% | \$1,036 | 39% |
| Acquired intangible asset amortization | 1% | 1% | -\$19 | -1% | -\$19 | -1% |
| Restructuring and Other | 0% | 0% | -\$17 | -1% | -\$21 | -1% |
| Equity Modification Charge | | | | | -\$6 | 0% |
| Non-GAAP Operating Profit as % of Sales | 21% | 24% | \$999 | 32% | \$990 | 37% |

| Q4'24 GAAP Guidance Diluted Shares | 164 | GAAP Income Tax | Q3'23 | | Q2'24 | | Q3'24 | |
|---|-----|------------------------------------|-------|-----|-------|-----|-------|-----|
| | | | \$'s | % | \$'s | % | \$'s | % |
| Exclude dilutive shares from convertible note | 0 | Exclude discrete tax adjustments | \$16 | 11% | \$33 | 15% | \$12 | 8% |
| Q4'24 Non-GAAP Guidance Diluted Shares | 164 | Tax effect of non-GAAP adjustments | \$5 | 3% | -\$11 | -5% | \$9 | 6% |
| | | Effect of Higher Non-GAAP PBT | \$4 | 2% | \$2 | 1% | \$2 | 1% |
| | | Non GAAP Income Tax | | -1% | | 4% | | -1% |
| | | | \$24 | 16% | \$24 | 15% | \$23 | 14% |

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

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

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

Appendix | GAAP to Non-GAAP Reconciliation

- Teradyne determines non-GAAP operating cash flow (“Free Cash Flow”) by adjusting GAAP cash flow from operations excluding discontinued operations, less property, plant and equipment additions. Free cash flow is considered a non-GAAP financial measure. Teradyne believes that free cash flow, which measures our ability to generate cash from our business operations, is an important financial measure for use in evaluating Teradyne’s financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, income (loss) from continuing operations or net income (loss) as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.
- Teradyne believes it is important to view free cash flow as a measure that provides supplemental information to Teradyne’s entire statement of cash flows.
- Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Teradyne to calculate free cash flow may differ from the methods other companies use to calculate their free cash flow.
- The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, a GAAP measure, which we believe to be the GAAP financial measure most directly comparable to free cash flow.

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

Appendix | GAAP to Non-GAAP Reconciliation

2026 Model Range

| | <u>FY 2026 Low</u> | <u>FY 2026 Mid</u> | <u>FY 2026 High</u> |
|--|--------------------|--------------------|---------------------|
| 2026 Estimated GAAP Diluted EPS | \$ 5.49 | \$ 6.49 | \$ 7.49 |
| Add Back Intangible Asset Amortization | <u>\$ 0.01</u> | <u>\$ 0.01</u> | <u>\$ 0.01</u> |
| 2026 Estimated Non-GAAP Diluted EPS | \$ 5.50 | \$ 6.50 | \$ 7.50 |