

**Teradyne, Inc.**

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

**January 30, 2024**

On the Company's earnings conference call on January 30, 2024, the following non-GAAP financial measures were discussed or presented:

Q4 2024- EPS (\$0.95), Operating Profit (22% and \$163M), Gross Margin (59.4% and \$447M), Operating Expenses (37.8% and \$284M), Effective Tax Rate (7.6% or \$13M), Shares (163M), Free Cash Flow (\$225M), Net income (\$155.0M), Robotics operating loss (13%)

Q3 2024- EPS (\$0.90), Operating Profit (22.4% and \$165M), Gross Margin (59.7% and \$440M), Operating Expenses (37.3% and \$275M), Effective Tax Rate (13.8% or \$23M), Shares (164M), Free Cash Flow (\$114M), Net income (\$147.6M)

Q4 2023 – EPS (\$0.79), Operating Profit (20.1% and \$135M), Gross Margin (56.6% and \$380M), Operating Expenses (36.5% and \$245M), Effective Tax Rate (12.6% or \$18M), shares (162M), Free Cash Flow (\$204M), Net income (\$127.2M)

FY 2024 – EPS (\$3.22), Gross Margin (58.6% and \$1.7bn), Operating Expenses (38.2% and \$1.08Bn), Operating profit (20.4% and \$576M), Free Cash Flow (\$474M), Effective tax rate (12.6% and \$75M), shares (163M), Robotics operating loss (13%)

FY 2023 – EPS (\$2.93), Gross Margin (57.4% and \$1.5bn), Operating expenses (37% and \$990M), Operating profit (20.4% and \$547M), Effective tax rate (15.5% and \$88M), shares (164M)

Q1'25 Guidance – EPS (\$0.58 to \$0.68), Operating Profit (16% -18%), Gross Margin (58.5.5%-59.5%), Operating Expenses (41.5-42.5%) Midpoint Operating Profit Rate (17%), tax rate (15%), shares (163M),

FY 2025 Guidance – Gross Margin (59%-60%), Operating expenses increase (8-10%), Tax rate (15%), Robotics break-even (0%)

2026 Updated Mid-Term Earnings Model – EPS (\$7- \$9.50), Gross Margin (59-60%), Operating Expenses (31%-28%), Operating Profit (29-32%), Robotics operating margin (5-15%)

EPS – FY'16 (\$1.51), FY '17 (\$2.34), FY'18 (\$2.37), FY'19 (\$2.86), FY'20 (\$4.62), FY'21 (\$5.98), FY'22 (\$4.25), FY'23 (\$2.93), FY'24 (\$3.22)

FCF - 2015 (\$323M), 2016 (\$370M), 2017 (\$521M), 2018 (\$370M), 2019 (\$444M), 2020 (\$684M), 2021 (\$966M), 2022 (\$415M), 2023 (\$426M), 2024 (\$474M)

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

	Quarter Ended							
	December 31, 2024	% of Net Revenues	September 29, 2024	% of Net Revenues	December 31, 2023	% of Net Revenues	September 29, 2023	% of Net Revenues
Net revenues	\$ 752.9		\$ 737.3		\$ 670.6		\$ 670.6	
Gross profit - GAAP	447.3	59.4%	436.5	59.2%	379.5	56.6%	379.5	56.6%
Legal settlement(1)	—	—	3.6	0	0	0	0	0
Gross profit - non-GAAP	447.3	59.4%	440.1	59.7%	379.5	56.6%	379.5	56.6%
Income from operations - GAAP	153.6	20.4%	152.1	20.6%	124.3	18.5%	124.3	18.5%
Acquired intangible assets amortization	4.7	0.6%	4.7	0.6%	4.7	0.7%	4.7	0.7%
Restructuring and other(2)	4.6	0.6%	4.6	0.6%	6.0	0.9%	6.0	0.9%
Legal settlement(1)	—	—	3.6	0.5%	—	—	—	—
Loss(gain) on sale of business(3)	0.4	0.0%	—	—	—	—	—	—
Income from operations - non-GAAP	\$ 163.2	21.7%	\$ 165.0	22.4%	\$ 135.0	20.1%	\$ 135.0	20.1%

  

	Net Income per Common Share				Net Income per Common Share				Net Income per Common Share			
	December 31, 2024	% of Net Revenues	Basic	Diluted	September 29, 2024	% of Net Revenues	Basic	Diluted	December 31, 2023	% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 146.3	19.4%	\$ 0.90	\$ 0.90	\$ 145.6	19.7%	\$ 0.89	\$ 0.89	\$ 117.1	17.5%	\$ 0.77	\$ 0.72
Amortization of equity method investment	8.0	1.1%	0.05	0.05	2.4	0.3%	0.01	0.01	—	—	—	—
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	4.6	0.6%	0.03	0.03	6.0	0.9%	0.04	0.04
Loss(gain) on sale of business(3)	0.4	0.1%	0.00	0.00	—	—	—	—	—	—	—	—
Legal settlement(1)	—	—	—	—	3.6	0.5%	0.02	0.02	—	—	—	—
Loss(gain) on foreign exchange option	—	—	—	—	—	—	—	—	(7.5)	-1.1%	—	(0.05)
Pension mark-to-market adjustment(4)	(1.8)	-0.2%	(0.01)	(0.01)	(2.3)	-0.3%	(0.01)	(0.01)	2.6	0.4%	0.02	0.02
Exclude discrete tax adjustments	(8.0)	-1.1%	(0.05)	(0.05)	(8.9)	-1.2%	(0.05)	(0.05)	3.3	0.5%	0.02	0.02
Non-GAAP tax adjustments	0.9	0.1%	0.01	0.01	(2.1)	-0.3%	(0.01)	(0.01)	1.0	0.1%	0.01	0.01
Net income - non-GAAP	\$ 155.0	20.6%	\$ 0.95	\$ 0.95	\$ 147.6	20.0%	\$ 0.91	\$ 0.90	\$ 127.2	19.0%	\$ 0.83	\$ 0.79

  

GAAP and non-GAAP weighted average common shares - basic	162.5		163.0		152.8	
GAAP weighted average common shares - diluted(6)	163.2		164.3		162.1	
Exclude dilutive shares related to convertible note transaction	—		—		(0.2)	
Non-GAAP weighted average common shares - diluted	163.2		164.3		161.9	

	Twelve Months Ended							
	December 31, 2024	% of Net Revenues	December 31, 2023	% of Net Revenues	December 31, 2024	% of Net Revenues	December 31, 2023	% of Net Revenues
Net Revenues	\$ 2,819.9		\$ 2,676.3		\$ 2,819.9		\$ 2,676.3	
Gross profit - GAAP	1,648.9	58.5%	1,536.7	57.4%	1,648.9	58.5%	1,536.7	57.4%
Legal settlement(1)	3.6	0.1%	—	—	3.6	0.1%	—	—
Gross profit - non-GAAP	1,652.5	58.6%	1,536.7	57.4%	1,652.5	58.6%	1,536.7	57.4%
Income from operations - GAAP	593.8	21.1%	501.1	18.7%	593.8	21.1%	501.1	18.7%
Acquired intangible assets amortization	18.8	0.7%	19.0	0.7%	18.8	0.7%	19.0	0.7%
Restructuring and other(2)	15.6	0.6%	21.3	0.8%	15.6	0.6%	21.3	0.8%
Legal settlement(1)	3.6	0.1%	—	—	3.6	0.1%	—	—
Equity modification charge(3)	1.7	0.1%	5.9	0.2%	1.7	0.1%	5.9	0.2%
Loss(gain) on sale of business(4)	(57.1)	-2.0%	—	—	(57.1)	-2.0%	—	—
Income from operations - non-GAAP	\$ 576.3	20.4%	\$ 547.3	20.4%	\$ 576.3	20.4%	\$ 547.3	20.4%

  

	Net Income per Common Share				Net Income per Common Share			
	December 31, 2024	% of Net Revenues	Basic	Diluted	December 31, 2023	% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 542.4	19.2%	\$ 3.39	\$ 3.32	\$ 448.8	16.8%	\$ 2.91	\$ 2.73
Acquired intangible assets amortization	18.8	0.7%	0.12	0.11	19.0	0.7%	0.12	0.12
Restructuring and other(2)	15.6	0.6%	0.10	0.10	21.3	0.8%	0.14	0.13
Amortization of equity method investment	10.4	0.4%	0.07	0.06	—	—	—	—
Loss(gain) on foreign exchange option	9.8	0.3%	0.06	0.06	(7.5)	-0.3%	(0.05)	(0.05)
Legal settlement(1)	3.6	0.1%	0.02	0.02	—	—	—	—
Equity modification charge(3)	1.7	0.1%	0.01	0.01	5.9	0.2%	0.04	0.04
Pension mark-to-market adjustment(5)	(4.4)	-0.2%	(0.03)	(0.03)	2.7	0.1%	0.02	0.02
Loss(gain) on sale of business(4)	(57.1)	-2.0%	(0.36)	(0.35)	—	—	—	—
Exclude discrete tax adjustments	(8.7)	-0.3%	(0.05)	(0.05)	(3.4)	-0.1%	(0.02)	(0.02)
Non-GAAP tax adjustments	(6.9)	-0.2%	(0.04)	(0.04)	(7.7)	-0.3%	(0.05)	(0.05)
Convertible share adjustment(6)	—	—	—	—	—	—	—	0.01
Net income - non-GAAP	\$ 525.1	18.6%	\$ 3.29	\$ 3.22	\$ 479.6	17.9%	\$ 3.11	\$ 2.93

  

GAAP and non-GAAP weighted average common shares - basic	159.8		154.3	
GAAP weighted average common shares - diluted(6)	163.3		164.3	
Exclude dilutive shares from convertible note	—		(0.6)	
Non-GAAP weighted average common shares - diluted	163.3		163.7	

	Twelve Months Ended							
	December 31, 2022	% of Net Revenues					December 31, 2021	% of Net Revenues
Net Revenues	\$ 3,155.0						\$ 3,702.9	
Gross profit GAAP and non-GAAP	\$ 1,867.2	59.2%					\$ 2,206.7	59.6%
Income from operations - GAAP	\$ 831.9	26.4%					\$ 1,200.7	32.4%
Restructuring and other (1)	17.2	0.5%					9.3	0.3%
Acquired intangible assets amortization	19.3	0.6%					21.5	0.6%
Income from operations - non-GAAP	\$ 868.4	27.5%					\$ 1,231.5	33.3%
			Net Income per Common Share					Net Income per Common Share
	December 31, 2022	% of Net Revenues			December 31, 2021	% of Net Revenues		
			Basic	Diluted			Basic	Diluted
Net income - GAAP	\$ 715.5	22.7%	\$ 4.52	\$ 4.22	\$ 1,014.6	27.4%	\$ 6.15	\$ 5.53
Restructuring and other (1)	17.2	0.5%	0.11	0.10	9.3	0.3%	0.06	0.05
Acquired intangible assets amortization	19.3	0.6%	0.12	0.11	21.5	0.6%	0.13	0.12
Loss on convertible debt conversions (2)	-	-	-	-	28.8	0.8%	0.17	0.16
Interest and other (2)	-	-	-	-	10.3	0.3%	0.06	0.06
Pension mark-to-market adjustment (2)	(25.6)	-0.8%	(0.16)	(0.15)	(2.2)	-0.1%	(0.01)	(0.01)
Exclude discrete tax adjustments	(12.1)	-0.4%	(0.08)	(0.07)	(28.6)	-0.8%	(0.17)	(0.16)
Non-GAAP tax adjustments	(1.4)	0.0%	(0.01)	(0.01)	(3.4)	-0.1%	(0.02)	(0.02)
Convertible share adjustment (3)	-	-	-	0.05	-	-	-	0.24
Net income - non-GAAP	\$ 712.9	22.6%	\$ 4.50	\$ 4.25	\$ 1,050.3	28.4%	\$ 6.37	\$ 5.98
GAAP and non-GAAP weighted average common shares - basic	158.4						165.0	
GAAP weighted average common shares - diluted	169.7						183.6	
Exclude dilutive shares from convertible note	(1.8)						(7.4)	
Non-GAAP weighted average common shares - diluted	167.9						176.2	

	Twelve Months Ended					Twelve Months Ended			
	December 31, 2020	% of Net Revenues				December 31, 2019	% of Net Revenues		
Net Revenues	\$ 3,121.5					\$ 2,295.0			
Gross profit GAAP	\$ 1,785.7	57.2%				\$ 1,339.8	58.4%		
Inventory step-up	0.4	0.0%				0.4	0.0%		
Gross profit non-GAAP	\$ 1,786.1	57.2%				\$ 1,340.2	58.4%		
Income from operations - GAAP	\$ 928.4	29.7%				\$ 553.7	24.1%		
Acquired intangible assets amortization	30.8	1.0%				40.1	1.7%		
Restructuring and other (1)	(13.2)	-0.4%				(13.9)	-0.6%		
Inventory step-up	0.4	0.0%				0.4	0.0%		
Equity modification charge (2)	0.8	0.0%				2.1	0.1%		
Income from operations - non-GAAP	\$ 947.2	30.3%				\$ 582.4	25.4%		
Net Income per Common Share									
Net Income - GAAP									
Acquired intangible assets amortization									
Interest and other (3)									
Pension mark-to-market adjustments (3)									
Restructuring and other (1)									
Inventory step-up									
Equity modification charge (2)									
Exclude discrete tax adjustments (4)									
Non-GAAP tax adjustments									
Convertible share adjustment (5)									
Net income - non-GAAP	\$ 800.5	25.6%	\$ 4.82	\$ 4.62		\$ 493.8	21.5%	\$ 2.90	\$ 2.86
GAAP and non-GAAP weighted average common shares - basic	166.1					170.4			
GAAP weighted average common shares - diluted	183.0					179.5			
Exclude dilutive shares from convertible note	(8.5)					(4.9)			
Non-GAAP weighted average common shares - diluted	174.5					174.6			

	Twelve Months Ended					Twelve Months Ended			
	December 31, 2019	% of Net Revenues				December 31, 2018	% of Net Revenues		
Net Revenues	\$ 2,295.0					\$ 2,100.8			
Gross profit GAAP	\$ 1,339.8	58.4%				\$ 1,220.4	58.1%		
Inventory step-up	0.4	0.0%				0.4	0.0%		
Gross profit non-GAAP	\$ 1,340.2	58.4%				\$ 1,220.8	58.1%		
Income from operations - GAAP	\$ 553.7	24.1%				\$ 473.8	22.6%		
Acquired intangible assets amortization	40.1	1.7%				39.2	1.9%		
Equity modification charge (1)	2.1	0.1%				-	-		
Restructuring and other (2)	(13.9)	-0.6%				15.2	0.7%		
Inventory step-up	0.4	0.0%				0.4	0.0%		
Income from operations - non-GAAP	\$ 582.4	25.4%				\$ 528.6	25.2%		
Net Income per common share									
Net income - GAAP									
Acquired intangible assets amortization									
Interest and other (3)									
Equity modification charge (1)									
Restructuring and other (2)									
Inventory step-up									
Pension mark-to-market adjustment (3)									
Exclude discrete tax adjustments (4)									
Non-GAAP tax adjustments									
Convertible share adjustment (5)									
Net income - non-GAAP (5)	\$ 493.8	21.5%	\$ 2.90	\$ 2.86		\$ 448.6	21.4%	\$ 2.39	\$ 2.37
GAAP and non-GAAP weighted average common shares - basic	170.4					187.7			
GAAP weighted average common shares - diluted	179.5					192.6			
Exclude dilutive shares from convertible note	(4.9)					(3.2)			
Non-GAAP weighted average common shares - diluted (5)	174.6					189.4			

	Twelve Months Ended					Twelve Months Ended			
	December 31, 2017	% of Net Revenues				December 31, 2016	% of Net Revenues		
Net Revenues	\$ 2,136.6					\$ 1,733.3			
Gross profit - GAAP	\$ 1,223.9	57.3%				\$ 959.6	54.7%		
Pension mark-to-market adjustment (1)	(2.8)	-0.1%				(1.0)	-0.1%		
Gross profit - non-GAAP	\$ 1,221.1	57.2%				\$ 958.6	54.7%		
Income (loss) from operations - GAAP	\$ 530.0	24.8%				\$ (60.0)	-3.4%		
Acquired intangible assets amortization	30.5	1.4%				52.6	3.0%		
Restructuring and other (2)	9.4	0.4%				21.9	1.2%		
Pension mark-to-market adjustment (1)	(6.3)	-0.3%				(3.2)	-0.2%		
Goodwill impairment (3)	—	—				254.9	14.5%		
Acquired intangible assets impairment (3)	—	—				83.3	4.8%		
Income from operations - non-GAAP	\$ 563.6	26.4%				\$ 349.5	19.9%		
Net Income per Common Share									
Net income (loss) - GAAP									
Acquired intangible assets amortization									
Interest and other (4)									
Restructuring and other (2)									
Pension mark-to-market adjustment (1)									
Goodwill impairment (3)									
Acquired intangible assets impairment (3)									
Exclude discrete tax adjustments (5)									
Non-GAAP tax adjustments (6)									
Net income — non-GAAP	\$ 469.2	22.0%	\$ 2.37	\$ 2.34		\$ 308.9	17.6%	\$ 1.52	\$ 1.51
GAAP and non-GAAP weighted average common shares — basic	198.1					202.6			
GAAP weighted average common shares — diluted	201.6					202.6			
Exclude dilutive shares from convertible note	(1.3)					—			
Non-GAAP weighted average common shares — diluted	200.3					204.4			

(1) Actuarial gains recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

**GAAP to Non-GAAP Reconciliation of First Quarter 2025 guidance:**

GAAP and non-GAAP first quarter revenue guidance:	\$660 million	to	\$700 million
GAAP net income per diluted share	\$ 0.48		\$ 0.59
Exclude acquired intangible assets amortization	0.03		0.03
Exclude restructuring and other charges	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	\$ 0.58		\$ 0.68

	Q4'23		Q3'24		Q4'24		Q1'25 Low Guidance		Q1'25 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$255	38%	\$284	39%	\$294	39%	\$293	44%	\$299	43%
Intangible Asset Amortization	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	-\$6	-1%	-\$5	-1%	-\$5	-1%	-\$6	-1%	-\$6	-1%
Equity Modification Charge										
Loss (gain) on the sale of business					\$0	0%				
Non GAAP Operating Expenses	\$245	36%	\$275	37%	\$284	38%	\$282	43%	\$288	41%

	2023		2024	
	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$1,036	39%	\$1,055	37%
Intangible Asset Amortization	-\$19	-1%	-\$19	-1%
Restructuring and Other	-\$21	-1%	-\$16	-1%
Equity Modification Charge	-\$6	0%	-\$2	0%
Loss (gain) on the sale of business			\$57	2%
Non GAAP Operating Expenses	\$990	37%	\$1,076	38%

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q4'23	Q3'24	Q4'24
GAAP Cash Flow from Operations, Excl Disc Ops	\$413	\$455	\$626	\$477	\$579	\$869	\$1,098	\$578	\$585	\$672	\$249	\$166	\$283
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	\$(90)	\$(85)	\$(105)	\$(107)	\$(135)	\$(185)	\$(132)	\$(163)	\$(160)	\$(198)	\$(44)	\$(52)	\$(57)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$323	\$370	\$521	\$370	\$444	\$684	\$966	\$415	\$426	\$474	\$204	\$114	\$225

	Q4'23		Q3'24		Q4'24	
	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$23	16%	\$12	8%	\$5	4%
Exclude discrete tax adjustments	-\$3	-2%	\$9	6%	\$8	5%
Tax effect of non-GAAP adjustments	-\$1	-1%	\$2	1%	-\$1	-1%
Effect of Higher Non-GAAP PBT		-1%		-1%		0%
Non GAAP Income Tax	\$18	13%	\$23	14%	\$13	8%

Q1'25 Guidance:	Low End	High End
GAAP Operating Profit as % of Sales	14%	17%
Acquired intangible asset amortization	1%	1%
Restructuring and Other	1%	1%
Non-GAAP Operating Profit as % of Sales	16%	18%

	2023		2024	
	\$'s	%	\$'s	%
GAAP Income Tax	\$77	15%	\$60	10%
Exclude discrete tax adjustments	\$3	1%	\$9	1%
Tax effect of non-GAAP adjustments	\$8	1%	\$7	1%
Effect of Higher Non-GAAP PBT		-1%		0%
Non GAAP Income Tax	\$88	16%	\$75	13%

FY 2025 GAAP estimated tax rate	15.25%
Adjustment for Non GAAP items	-0.25%
FY 2025 Non GAAP estimated tax rate	15.00%

	Q4 2024
Robotics PBIT GAAP	-20%
Add back intangible amortization	4%
Add back restructuring and other	<u>3%</u>
Robotics PBIT Non-GAAP	-13%

	FY2024
Robotics PBIT GAAP	-20%
Add back legal settlement	1%
Add back intangible amortization	5%
Add back restructuring and other	<u>2%</u>
Robotics PBIT Non-GAAP	-13%

	<u>FY 2028 Low</u>	<u>FY 2028 Mid</u>	<u>FY 2028 High</u>
2028 Estimated GAAP Diluted EPS	\$ 6.81	\$ 8.06	\$ 9.31
Add Back Intangible Asset Amortization	<u>\$ 0.19</u>	<u>\$ 0.19</u>	<u>\$ 0.19</u>
2028 Estimated Non-GAAP Diluted EPS	\$ 7.00	\$ 8.25	\$ 9.50

Q1'25 GAAP Guidance Diluted Shares	163
Exclude dilutive shares from convertible note	<u>0</u>
Q1'25 Non-GAAP Guidance Diluted Shares	163

<b>Robotics mid-term model 2028</b>	<b>Low</b>	<b>High</b>
GAAP Operating margin	5%	15%
Add back intangibles	<u>0%</u>	<u>0%</u>
Non-GAAP operating margin	5%	15%

<b>Robotics 2025 Breakeven</b>	<b>FY 2025E</b>
GAAP PBIT	-3%
Add back amortization	<u>3%</u>
Non GAAP PBIT	0%