

Financial Results for Q3 2022

October 26, 2022





SAFE HARBOR (page 1 of 3)

This presentation contains forward-looking statements regarding Teradyne's future business prospects, the impact of the global pandemic of the novel strain of the coronavirus (COVID-19), results of operations, market conditions, earnings per share, the impact of supply chain conditions on the business, customer sales expectations, the payment of a quarterly dividend, the repurchase of Teradyne common stock pursuant to a share repurchase program, sanctions against Russia and Russian companies, and the impact of U.S. and Chinese export and tariff laws, including new regulations published by the U.S. Department of Commerce on October 7, 2022. Such statements are based on the current assumptions and expectations of Teradyne's management and are neither promises nor guarantees of future performance, events, customer sales, supply chain conditions or improvements, earnings per share, use of cash, payment of dividends, repurchases of common stock, payment of the senior convertible notes, the impact of the COVID-19 pandemic, sanctions against Russia and Russian companies, the impact of any tariffs or export controls imposed by the U.S. or China, compliance with trade protection measures or export restrictions, 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 Commerce export control regulations for certain U.S. products and technology sold to military end users or for military end-use in China, Russia and Venezuela, or the impact of regulations published by the U.S. Department of Commerce relating to the export of semiconductors and semiconductor manufacturing equipment destined to certain end users and for certain end uses in China. There can be no assurance that management's estimates of Teradyne's future results or other forward-looking statements will be achieved. Specifically, Teradyne's 2024 earnings model is aspirational and includes many assumptions. There can be no assurance that these assumptions will be accurate or that model results will be achieved. As set forth below, there are many factors that could cause our 2024 earnings model and actual results to differ materially from those presently expected. Additionally, the current dividend and share repurchase programs may be modified, suspended or discontinued at any time.

On October 7, 2022, the U.S. Department of Commerce published new regulations restricting the export to China of advanced semiconductors, supercomputer technology, equipment for the manufacturing of advanced semiconductors and components and technology for the manufacturing in China of certain semiconductor manufacturing equipment. The new restrictions are lengthy and complex. Teradyne continues to assess the impact of these regulations on its business. At this time, the Company has determined that restrictions on the sale of semiconductor testers in China to test certain advanced semiconductors will impact Teradyne's sales to certain companies in China. Several multinational companies manufacturing these advanced semiconductors in China have obtained one-year licenses allowing suppliers such as Teradyne to continue to provide testers to the facilities operated by these companies. We expect that other companies manufacturing advanced semiconductors in China will not receive licenses, thereby restricting Teradyne's ability to provide testers to the facilities operated by these companies that do not receive a license. The Company also is assessing the filing of license requests to sell to and support certain customers in China for certain end uses that, if granted, may reduce the impact of these restrictions on the Company's business. At this time, Teradyne does not know the impact these end user and end use restrictions will have on its business in China or on future revenues. In addition to the specific restrictions impacting Teradyne's business, the regulations may have an adverse impact on certain actual or potential customers and on the global semiconductor industry. To the extent the regulations impact actual and potential customers or disrupt the global semiconductor industry, Teradyne's business and revenues will be adversely impacted.



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The Company also has determined that the restrictions on the export of certain US origin components and technology for use in the development and production in China of certain semiconductor manufacturing equipment impact its manufacturing and development operations in China. Teradyne has received a temporary authorization from the Department of Commerce allowing the Company to continue its manufacturing and development operations in China until the Department of Commerce issues a license to replace this temporary authorization. Teradyne will file an application with the Department of Commerce for a license to replace the temporary authorization by November 17, 2022. The Company cannot assess the likelihood or timing of receiving this license. In addition to requesting a license, the Company is implementing procedures for minimizing the impact of these new regulations, but there is no assurance that these procedures will succeed.

Following Russia's invasion of Ukraine in February 2022, the U.S. and other countries imposed significant sanctions against the Russian government and many Russian companies and individuals. Although Teradyne does not have significant operations in Russia, the sanctions could impact Teradyne's business in other countries and could have a negative impact on the Company's supply chain, either of which could adversely affect Teradyne's business and financial results.

COVID-19 has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, government vaccination mandates and other government regulations. These measures have impacted and may further impact Teradyne's workforce and operations, the operations of its customers, and those of its contract manufacturers and suppliers. As Teradyne implements measures to comply with additional regulations, the Company may experience increased compliance costs, increased risk of non-compliance and increased risk of employee attrition.

The COVID-19 pandemic has adversely impacted the Company's results of operations, including increased costs company-wide and constraints within the Company's supply chain. The Company cannot accurately estimate the amount of the impact on Teradyne's 2022 financial results and to its future financial results. The COVID-19 outbreak has significantly increased economic and demand uncertainty in Teradyne's markets. This uncertainty resulted in a significant decrease in demand for certain Teradyne products and could continue to impact demand for an uncertain period of time. The spread of COVID-19 has caused Teradyne to modify its business practices (including employee travel, employees working remotely, and cancellation of in person participation in meetings, events and conferences) and the Company may take further actions as may be required by government authorities or that it determines are in the best interests of its employees, customers, contract manufacturers and suppliers. There is uncertainty that such measures will be sufficient to mitigate the risks posed by the virus, and Teradyne's ability to perform critical functions could be impacted. The degree to which COVID-19 continues to impact Teradyne's results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and continued spread of the virus, its severity, the actions to contain the virus or the availability and impact of vaccines in countries where the Company does business, and how quickly and to what extent normal economic and operating conditions can resume.



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Important factors that could cause actual results, the 2024 earnings model, earnings per share, use of cash, dividend payments, repurchases of common stock, or payment of the senior convertible notes to differ materially from those presently expected include: conditions affecting the markets in which Teradyne operates; decreased or delayed product demand from one or more significant customers; development, delivery and acceptance of new products; the ability to grow the Industrial Automation business; increased research and development spending; deterioration of Teradyne's financial condition; the continued impact of the COVID-19 pandemic and related government responses on the market and demand for Teradyne's products, on its contract manufacturers and supply chain, and on its workforce; the impact of the global semiconductor supply shortage on our supply chain and contract manufacturers; the consummation and success of any mergers or acquisitions; demand for products by the Company's largest customers; unexpected cash needs; insufficient cash flow to make required payments and pay the principal amount on the senior convertible notes; the business judgment of the board of directors that a declaration of a dividend or the repurchase of common stock is not in the Company's best interests; additional U.S. tax regulations or IRS guidance; the impact of any tariffs or export controls imposed by the U.S. or China; compliance with trade protection measures or export restrictions; 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, Russia and Venezuela; sanctions imposed against the Russian government and certain Russian companies and individuals by the U.S., and other countries; 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 other events, factors and risks disclosed in filings with the SEC, including, but not limited to, the "Risk Factors" sections of Teradyne's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and Quarterly Report on Form 10-Q for the fiscal quarter ended July, 3, 2022. The forward-looking statements provided by Teradyne in this presentation represent management's views as of the date of this presentation. Teradyne anticipates that subsequent events and developments may cause management's views to change. However, while Teradyne may elect to update these forward-looking statements at some point in the future, Teradyne specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Teradyne's views as of any date subsequent to the date of this presentation.

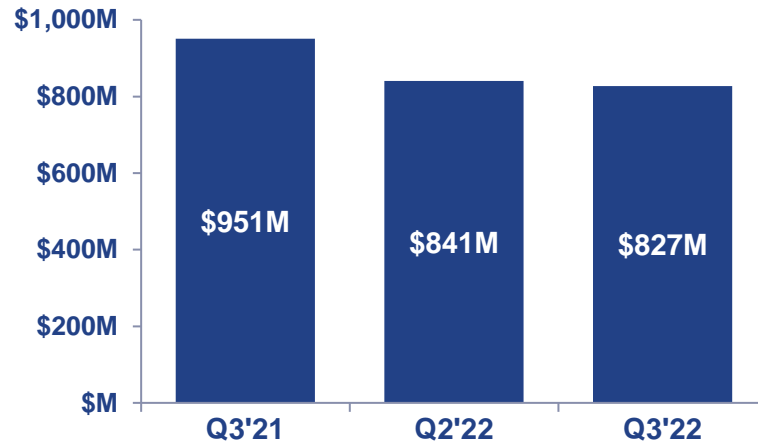
Business Update and Outlook

Mark Jagiela, Teradyne CEO
Greg Smith, Teradyne President

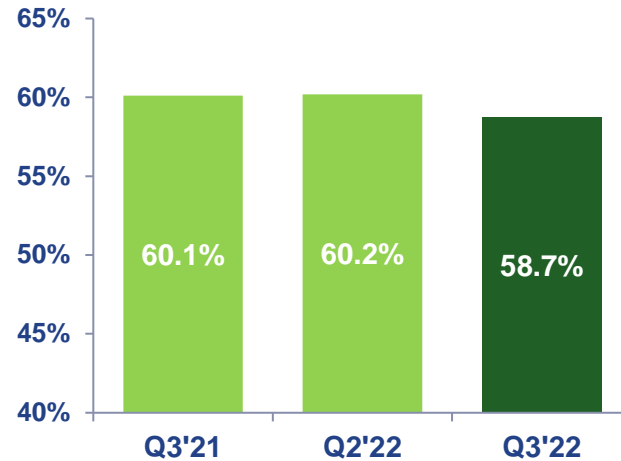


Q3'22 Summary

Sales of \$827M, Gross Margins of 58.7% and EPS of \$1.15



Quarterly Revenue



Gross Margin %



Non-GAAP EPS ⁽¹⁾

- Resolved supply constraints in Test, delivering revenue above mid-point of guidance
- Industrial Automation weaker on slowing demand, FX headwinds, distributor labor constraints

- Gross Margin above mid-point of guidance
- Lower volume drove decline from Q3'21

- Non-GAAP EPS of \$1.15 at high end of guidance on higher revenue and OPEX spend controls
- Repurchased 2.3 million shares / \$217 million, \$95.81/sh average

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



October 2022 Update

- Q3 results and Q4'22 plan better than July outlook on Test strength
 - Supply constraints resolved, enabling higher Q3 test shipments
 - Q4'22 test demand remains weak vs Q4'21 but incrementally better than July outlook
- Industrial Automation weaker in 2H'22 than July outlook
 - 7% constant currency revenue growth in Q3'22 vs Q3'21, 2% decline in dollar terms
 - Weakening industrial demand, FX Headwinds and labor scarcity in distribution channel
 - Expect 14% full year constant currency, 6% dollar growth full year '22
- While short-term demand is weak, long-term growth drivers in Test and IA remain in place
 - 3nm, Gate-All-Around (GAA), advanced packaging, high speed interfaces, chip complexity growth in Test
 - Labor availability & cost, production economics and quality in IA
- Accelerating additions to global supply chain to strengthen resiliency

Third Quarter 2022 Financial Results and Fourth Quarter 2022 Guidance

Sanjay Mehta, Teradyne Vice President and Chief Financial Officer



Q3'22 Non-GAAP Results

\$s in millions, except EPS	Q3'21 Actual ⁽¹⁾		Q2'22 Actual ⁽¹⁾		Q3'22 Actual ⁽¹⁾	
Sales		\$951M		\$841M		\$827M
Gross Margin	60.1%	\$571M	60.2%	\$506M	58.7%	\$485M
R&D	11.3%	\$107M	13.3%	\$112M	13.5%	\$112M
SG&A	<u>14.2%</u>	<u>\$135M</u>	<u>16.6%</u>	<u>\$140M</u>	<u>16.4%</u>	<u>\$136M</u>
OPEX	25.5%	\$242M	29.9%	\$251M	29.9%	\$247M
Operating Profit	34.6%	\$329M	30.3%	\$255M	28.8%	\$238M
Income Taxes (& effective tax rate)	14.8%	\$48M	16.9%	\$42M	18.7%	\$44M
EPS		\$1.59		\$1.21		\$1.15
Diluted Shares		176M		169M		165M

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

Q3'22 Segment Summary

3rd Quarter Sales

2022 Q3 Key Highlights

Semi Test Sales Detail

Semiconductor Test

\$576M

Sales down 16% vs Q3'21
Due to slowed smartphone complexity growth

Automotive and Industrial demand remained strong in SOC test

Highest quarterly Memory Test shipments since Q3'20 led by Flash Final Test

Semi Product	\$459M
Semi Service	\$117M

System Test

\$116M

Sales up 13% vs Q3'21

Storage Test shipments up 27% vs Q3'21

Defense/Aerospace and Production Board Test shipments down 3%

Wireless Test

\$46M

Sales down 33% vs Q3'21
Due to softening smartphone and PC demand

Wi-Fi 7 R&D design wins continued strength

UltraWide Band (UWB) customer base expanding, enabling future growth

Industrial Automation

\$89M

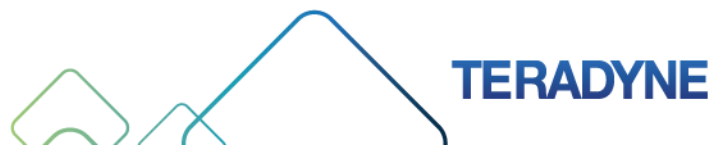
Sales down 2% vs Q3'21

UR sales down 5% on FX, slowing demand in Europe, Dist. labor scarcity

MiR sales up 17% ⁽¹⁾

Total Company Service: \$151M

1) Beginning in Q3'22, AutoGuide results are combined with MiR



Balance Sheet & Capital Return

	Q3'21 Actual	Q2'22 Actual	Q3'22 Actual
Cash and Marketable Securities	\$1,450M	\$894M	\$887M
Inventory	\$224M	\$296M	\$311M
DSO	57 Days	74 Days	58 Days
Capital Additions	\$29M	\$46M	\$39M
Depreciation and Amortization ⁽¹⁾	\$42M	\$39M	\$41M
Free Cash Flow ⁽²⁾	\$493M	\$70M	\$233M
Capital Return { Buybacks Dividends	\$210M	\$331M	\$217M
	\$16M	\$18M	\$17M

(1) Includes depreciation, stock based compensation, amortization of acquired intangible assets and amortization of the non-cash convertible debt discount

(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.

Q4'22 Non-GAAP Guidance

\$s in millions, except EPS	Q3'22 Actual ⁽¹⁾	Q4'22 Guidance ⁽¹⁾
Sales	\$827M	\$670M - \$750M
Gross Margin	58.7%	56% - 57%
OPEX	30%	38% - 34%
Operating Profit	29%	18% - 23%
Effective Tax Rate	18.7%	17.3%
EPS	\$1.15	\$0.62 - \$0.86
Diluted Shares	165M	164M

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



October 2022 Update

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 - 7% constant currency revenue growth in Q3'22 vs Q3'21, 2% decline in dollar terms
 - Weakening industrial demand, FX Headwinds and labor scarcity in distribution channel
 - Expect 14% full year constant currency, 6% dollar growth full year '22
- While short-term demand is weak, long-term growth drivers in Test and IA remain in place
 - 3nm, Gate-All-Around (GAA), advanced packaging, high speed interfaces, chip complexity growth in Test
 - Labor availability & cost, production economics and quality in IA
- Accelerating additions to global supply chain to strengthen resiliency
- Q4'22 Sales expected to be in the range of \$670-750M, GAAP EPS of \$0.59-0.84, Non-GAAP EPS of \$0.62-\$0.86

Supplemental Information

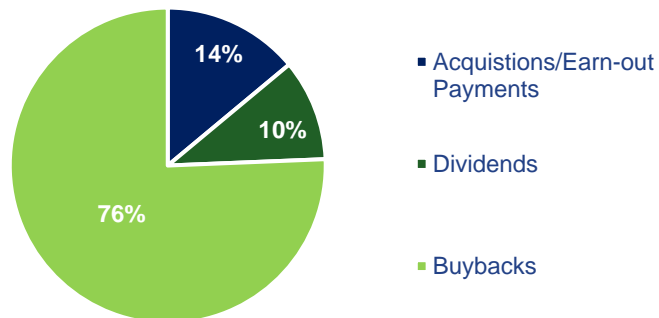


History of Capital Allocation

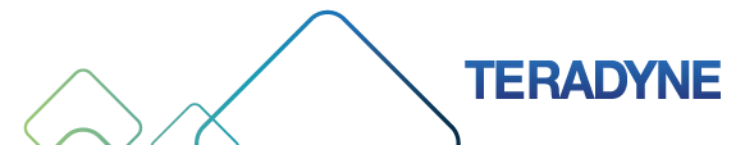
- Since 2015, 74.3M shares repurchased at an average price of ~\$46 per share

(\$M)	2015	2016	2017	2018	2019	2020	2021	9mo22	Cumulative
Buybacks	\$300M	\$146M	\$200M	\$823M	\$500M	\$88M	\$600M	\$750M	\$3,408M
Dividends	\$51M	\$49M	\$55M	\$67M	\$61M	\$66M	\$66M	\$53M	\$468M
Acquisitions	<u>\$283M</u>	<u>\$15M</u>	<u>\$1M</u>	<u>\$194M</u>	<u>\$115M</u>	<u>\$9M</u>	<u>\$12M</u>	<u>\$0M</u>	<u>\$629M</u>
Total	\$633M	\$210M	\$257M	\$1,085M	\$676M	\$163M	\$678M	\$803M	\$4,505M
Free Cash Flow ⁽¹⁾	\$323M	\$370M	\$521M	\$370M	\$444M	\$684M	\$966M	\$266M	\$3,945M

Cumulative Capital Allocation
Breakdown 2015 - Q3'22



(1) 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.

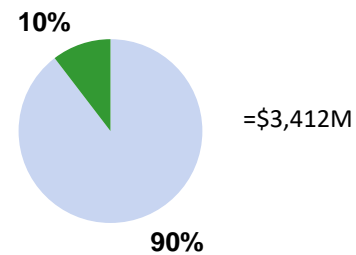


Teradyne Non-GAAP Earnings Model

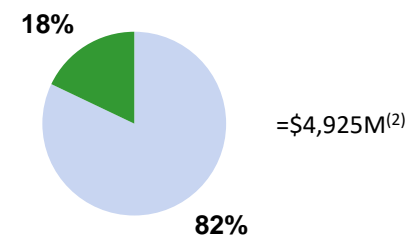
Financial Model

	'19/'20 Avg	'20/'21 Avg	2024E (Old Model)	2024E (New Model)	
TER Revenue (\$M)	\$2,708	\$3,412	\$3,500 — \$4,250	\$4,600 — \$5,250	+ 27% ⁽²⁾
Growth off '19/'20			7% — 12%	14% — 18%	
Gross Margin %	57%	58%	58% — 59%	59% — 60%	
OPEX %	30%	27%	29% — 28%	28% — 26%	
Operating Profit %	28%	32%	30% — 31%	31% — 34%	
Non-GAAP EPS	\$3.74	\$5.29	\$5.25 — \$6.75	\$7.00 — \$9.00	+ 33% ⁽²⁾

'20/'21 Sales Mix



2024 Sales Mix⁽¹⁾



Automated Test

Industrial Automation

2024E Model Assumptions

- Test revenues grow from 2020/2021 average revenues of \$3.1B at 7-11% CAGR
- Industrial Automation revenues grow from 2020/2021 average revenues of \$328M at 32-45% CAGR
- Tax rate assumes current laws

(1) 2024E sales mix is at mid-point of model range

(2) Growth at midpoint from old model to new model

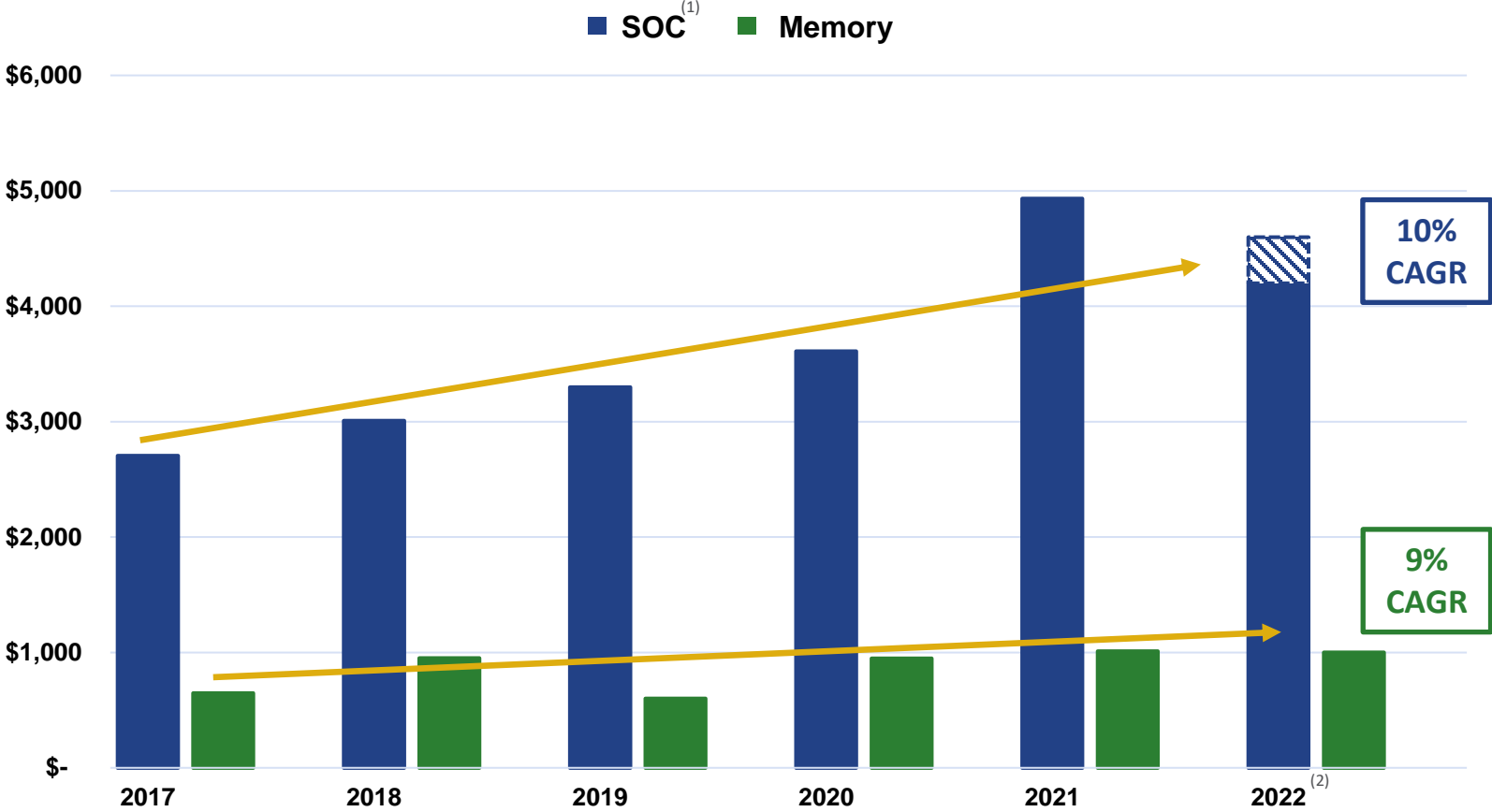


Semiconductor Test Market Growth Trends Are Favorable

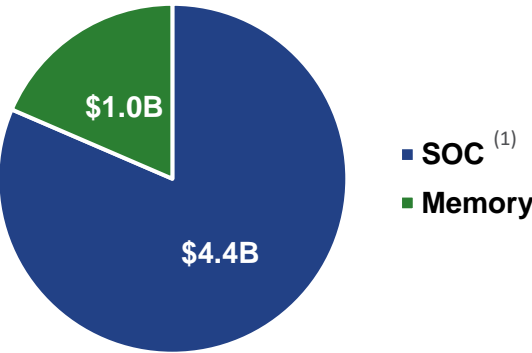
Semiconductor Test

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

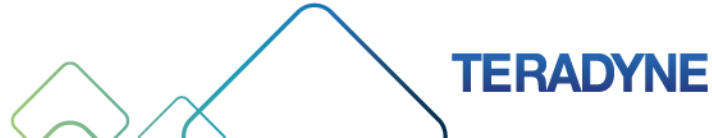
Memory test driven by bit growth, diversity, higher bandwidth



2022 Market Sizes (2)



1) SOC data includes product and service; market data from SEMI WWSEMS report and internal estimates
 2) 2022 represents midpoint of estimated range, CAGR's based on midpoint of 2022 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)

	October 2, 2022		Quarter Ended July 3, 2022		October 3, 2021	
	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues
Net revenues	827.1		840.8		950.5	
Gross profit GAAP and non-GAAP	485.4	58.7%	506.4	60.2%	571.0	60.1%
Income from operations - GAAP	231.5	28.0%	248.0	29.5%	322.4	33.9%
Restructuring and other (1)	1.8	0.2%	2.0	0.2%	1.2	0.1%
Acquired intangible assets amortization	4.7	0.6%	4.9	0.6%	5.4	0.6%
Income from operations - non-GAAP	238.0	28.8%	254.9	30.3%	329.0	34.6%

	October 2, 2022		Net Income per Common Share		July 3, 2022		Net Income per Common Share		October 3, 2021		Net Income per Common Share	
	\$	% of Net Revenues	Basic	Diluted	\$	% of Net Revenues	Basic	Diluted	\$	% of Net Revenues	Basic	Diluted
Net income - GAAP	183.5	22.2%	\$ 1.17	\$ 1.10	\$ 197.8	23.5%	\$ 1.24	\$ 1.16	\$ 256.7	27.0%	\$ 1.56	\$ 1.41
Restructuring and other (1)	1.8	0.2%	0.01	0.01	2.0	0.2%	0.01	0.01	1.2	0.1%	0.01	0.01
Acquired intangible assets amortization	4.7	0.6%	0.03	0.03	4.9	0.6%	0.03	0.03	5.4	0.6%	0.03	0.03
Loss on convertible debt conversions (2)	-	-	-	-	-	-	-	-	20.2	2.1%	0.12	0.11
Interest and other (2)	-	-	-	-	-	-	-	-	2.3	0.2%	0.01	0.01
Exclude discrete tax adjustments	(0.5)	-0.1%	(0.00)	(0.00)	1.6	0.2%	0.01	0.01	(5.9)	-0.6%	(0.04)	(0.03)
Non-GAAP tax adjustments	(0.3)	0.0%	(0.00)	(0.00)	(2.3)	-0.3%	(0.01)	(0.01)	(1.3)	-0.1%	(0.01)	(0.01)
Convertible share adjustment (3)	-	-	-	0.01	-	-	-	0.01	-	-	-	0.06
Net income - non-GAAP	189.2	22.9%	\$ 1.21	\$ 1.15	\$ 204.0	24.3%	\$ 1.28	\$ 1.21	\$ 278.6	29.3%	\$ 1.69	\$ 1.59

GAAP and non-GAAP weighted average common shares - basic	156.4		159.6		164.6
GAAP weighted average common shares - diluted	166.7		171.2		182.0
Exclude dilutive shares related to convertible note transaction	(1.5)		(1.9)		(6.5)
Non-GAAP weighted average common shares - diluted	165.2		169.3		175.5

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Quarter Ended		Quarter Ended	
	October 2, 2022	July 3, 2022	October 3, 2021	
Employee severance	\$ 1.2	\$ 0.4	\$ 0.6	
Acquisition related expenses and compensation	-	-	0.3	
Other	0.6	1.7	0.3	
	<u>\$ 1.8</u>	<u>\$ 2.0</u>	<u>\$ 1.2</u>	

(2) For the quarter ended October 3, 2021, adjustment to exclude loss on convertible debt conversions. For the quarter ended October 3, 2021, Interest and other included non-cash convertible debt interest expense.

(3) For the quarters ended October 2, 2022, July 3, 2022, and October 3, 2021, the non-GAAP diluted EPS calculation adds back \$0.2 million, \$0.2 million, and \$0.4 million, respectively, of convertible debt interest expense to non-GAAP net income. For the quarters ended October 2, 2022, July 3, 2022, and October 3, 2021, non-GAAP weighted average diluted common shares include 8.3 million, 9.0 million and 9.8 million shares, respectively, from the convertible note hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Q3'21		Q2'22		Q3'22		Q4'22 Low Guidance		Q4'22 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$249	26%	\$258	31%	\$254	31%	\$256	38%	\$259	35%
Intangible Asset Amortization	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	-\$1	0%	-\$2	0%	-\$2	0%				
Equity Modification Charge										
Non GAAP Operating Expenses	\$242	25%	\$251	30%	\$247	30%	\$252	38%	\$255	34%

	Q3'21		Q2'22		Q3'22			
	\$'s	%	\$'s	%	\$'s	%		
GAAP Income Tax	\$41	14%	\$41	17%	\$43	19%	Q4'22 GAAP Guidance Diluted Shares	165
Exclude discrete tax adjustments	\$6	2%	-\$2	-1%	\$1	0%	Exclude dilutive shares from convertible note	-1
Tax effect of non-GAAP adjustments	\$1	0%	\$2	1%	\$0	0%	Q4'22 Non-GAAP Guidance Diluted Shares	164
Effect of Higher Non-GAAP PBT		-1%		0%		-1%		
Non GAAP Income Tax	\$48	15%	\$42	17%	\$44	19%		

Q4'22 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	18%	22%
Acquired intangible asset amortization	<u>1%</u>	<u>1%</u>
Non-GAAP Operating Profit as % of Sales	18%	23%

FY 2022 GAAP estimated tax rate	17.25%
Adjustment for Non GAAP items	<u>0.00%</u>
FY 2022 Non GAAP estimated tax rate	17.25%

GAAP to Non-GAAP Reconciliation of Fourth Quarter 2022 guidance:

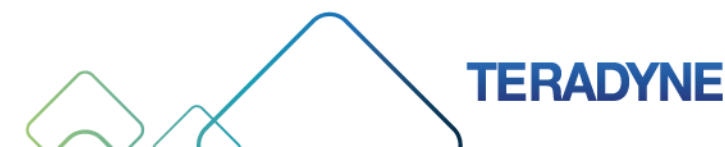
GAAP and non-GAAP fourth quarter revenue guidance:

GAAP net income per diluted share

Exclude acquired intangible assets amortization

Non-GAAP net income per diluted share

\$670 million	to	\$750 million
\$ 0.59		\$ 0.84
0.03		0.03
\$ 0.62		\$ 0.86



Appendix | GAAP to Non-GAAP Reconciliation

	Quarter Ended			Nine Months Ended			Twelve Months Ended		
	October 2, 2022	October 3, 2021	Percentage Change	October 2, 2022	October 3, 2021	Percentage Change	December 31, 2022	December 31, 2021	Percentage Change
Industrial Automation segment revenues									
As reported	89.1	91.0	-2%	293.3	263.2	11%	397.3	376.1	6%
Currency exchange rate fluctuations	6.7	(1.8)		10.5	(7.6)		21.8	(8.1)	
Constant currency total revenues (4)	95.8	89.2	7%	303.8	255.6	19%	419.1	368.0	14%

(4) Currency exchange rates are used to convert the operating results for countries where the functional currency is not the U.S. dollar into U.S. dollars. We calculate the effect of changes in currency exchange rates as the difference between period activity translated using the period's currency exchange rates and the rates as of December 31, 2021.

*Twelve Months ended December 31, 2022 assumes Q4'22 at mid-guidance

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	Q3'21	Q2'22	Q3'22	9mo22
GAAP Cash Flow from Operations, Excl Disc Ops	\$ 413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 1,098	\$ 523	\$ 115	\$ 272	\$ 395
Less Property, Plant, and Equipment Additions net of Govt Subsidy	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (132)	\$ (29)	\$ (46)	\$ (39)	\$ (129)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 966	\$ 493	\$ 70	\$ 233	\$ 266

Appendix | GAAP to Non-GAAP Reconciliation

Old 2024 Model Range

	<u>FY 2024 Low</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Operating Expenses as a % of Sales	29%	29%
Less Intangible Asset Amortization as a % of Sales	1%	0%
2024 Estimated Non-GAAP Operating Expenses as a % of Sales	<u>29%</u>	<u>28%</u>
	<u>FY 2024 Low</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Operating Profit as a % of Sales	29%	31%
Add back Intangible Asset Amortization as a % of Sales	1%	0%
2024 Estimated Non-GAAP Operating Profit as a % of Sales	<u>30%</u>	<u>31%</u>
	<u>FY 2024 Low</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Diluted EPS	\$ 5.15	\$ 6.65
Add back Intangible Asset Amortization	\$ 0.10	\$ 0.10
2024 Estimates Non-GAAP Diluted EPS	<u>\$ 5.25</u>	<u>\$ 6.75</u>

Appendix | GAAP to Non-GAAP Reconciliation

New 2024 Model Range

	<u>FY 2024 Low</u>	<u>FY 2024 Mid</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Diluted EPS	\$ 6.90	\$ 7.90	\$ 8.90
Add Back Intangible Asset Amortization	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
2024 Estimated Non-GAAP Diluted EPS	\$ 7.00	\$ 8.00	\$ 9.00