Marvell Technology Group Ltd.

Fourth Quarter of Fiscal Year 2021

March 3, 2021

Discussion of Non-GAAP Financial Measures

Non-GAAP financial measures exclude the effect of share-based compensation expense, amortization of the inventory fair value adjustment associated with the Aquantia and Avera acquisitions, amortization of acquired intangible assets, acquisition and divestiture-related costs, restructuring and other related charges (including, but not limited to, asset impairment charges, employee severance costs, and facilities related charges), resolution of legal matters, and certain expenses and benefits that are driven primarily by discrete events that management does not consider to be directly related to Marvell's core business.

Marvell uses a non-GAAP tax rate to compute the non-GAAP tax provision. This non-GAAP tax rate is based on Marvell's estimated annual GAAP income tax forecast, adjusted to account for items excluded from GAAP income in calculating Marvell's non-GAAP income, as well as the effects of significant non-recurring and period specific tax items which vary in size and frequency. Marvell's non-GAAP tax rate is determined on an annual basis and may be adjusted during the year to take into account events that may materially affect the non-GAAP tax rate such as tax law changes; significant changes in Marvell's geographic mix of revenue and expenses; or changes to Marvell's corporate structure. For the fourth quarter of fiscal 2021, a non-GAAP tax rate of 5.0% has been applied to the non-GAAP financial results.

Marvell believes that the presentation of non-GAAP financial measures provides important supplemental information to management and investors regarding financial and business trends relating to Marvell's financial condition and results of operations. While Marvell uses non-GAAP financial measures as a tool to enhance its understanding of certain aspects of its financial performance, Marvell does not consider these measures to be a substitute for, or superior to, financial measures calculated in accordance with GAAP. Consistent with this approach, Marvell believes that disclosing non-GAAP financial measures to the readers of its financial statements provides such readers with useful supplemental data that, while not a substitute for GAAP financial measures, allows for greater transparency in the review of its financial and operational performance.

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Discussion of Non-GAAP Financial Measures (continued)

Externally, management believes that investors may find Marvell's non-GAAP financial measures useful in their assessment of Marvell's operating performance and the valuation of Marvell. Internally, Marvell's non-GAAP financial measures are used in the following areas:

- Management's evaluation of Marvell's operating performance;
- Management's establishment of internal operating budgets;
- Management's performance comparisons with internal forecasts and targeted business models; and
- Management's determination of the achievement and measurement of certain performance-based equity awards (adjustments may vary from award to award).

Non-GAAP financial measures have limitations in that they do not reflect all of the costs associated with the operations of Marvell's business as determined in accordance with GAAP. As a result, you should not consider these measures in isolation or as a substitute for analysis of Marvell's results as reported under GAAP. The exclusion of the above items from our GAAP financial metrics does not necessarily mean that these costs are unusual or infrequent.

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Marvell Technology Group Ltd.

Unaudited Condensed Consolidated Balance Sheets

(In thousands)

	May 4, 2019	August 3, 2019	November 2, 2019	February 1, 2020	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021
Assets								
Current assets:								
Cash and cash equivalents	$ 571,893	$ 573,496	$ 438,369	$ 647,604	$ 667,548	$ 831,534	$ 832,041	$ 748,467
Accounts receivable, net	470,347	452,746	495,216	492,346	468,760	483,542	490,271	536,668
Inventories	260,981	240,421	308,299	322,980	270,374	262,875	268,396	268,228
Prepaid expenses and other current assets	39,711	37,069	43,789	74,567	72,282	54,136	68,618	63,782
Assets held for sale	—	597,675	600,893	—	—	—	—	—
Total current assets	1,342,932	1,901,407	1,886,566	1,537,497	1,478,964	1,632,087	1,659,326	1,617,145
Property and equipment, net	326,599	319,761	316,214	357,092	348,066	335,035	331,769	326,125
Goodwill	5,494,505	4,933,719	5,161,312	5,337,405	5,337,405	5,337,405	5,336,356	5,336,961
Acquired intangible assets, net	2,480,942	2,399,975	2,500,215	2,764,600	2,651,678	2,489,815	2,380,382	2,270,700
Deferred tax assets	11,989	9,789	14,192	639,791	639,470	645,633	646,837	672,424
Other non-current assets	391,251	416,489	424,763	496,850	525,946	486,507	470,102	541,569
Total assets	$10,048,218	$ 9,981,140	$ 10,303,262	$ 11,133,235	$ 10,981,529	$ 10,926,482	$ 10,824,772	$ 10,764,924
Liabilities and Shareholders' Equity								
Current liabilities:								
Accounts payable	$ 191,249	$ 211,422	$ 212,955	$ 213,747	$ 185,711	$ 238,537	$ 224,112	$ 252,419
Accrued liabilities	333,680	312,987	305,827	346,639	380,653	406,804	406,986	435,616
Accrued employee compensation	122,441	90,659	130,062	149,780	124,277	131,241	187,982	189,421
Short-term debt	—	—	—	—	—	448,248	349,004	199,641
Liabilities held for sale	—	5,604	5,610	—	—	—	—	—
Total current liabilities	647,370	620,672	654,454	710,166	690,641	1,224,830	1,168,084	1,077,097
Long-term debt	1,684,281	1,685,359	2,036,441	1,439,024	1,439,852	992,436	992,801	993,170
Other non-current liabilities	486,435	471,297	446,549	305,465	315,414	291,679	274,270	258,853
Total liabilities	2,818,086	2,777,328	3,137,444	2,454,655	2,445,907	2,508,945	2,435,155	2,329,120
Shareholders' equity:								
Common stock	1,323	1,334	1,341	1,328	1,330	1,340	1,343	1,350
Additional paid-in-capital	6,200,231	6,271,120	6,355,723	6,135,939	6,144,907	6,225,242	6,260,906	6,331,013
Accumulated other comprehensive income (loss)	—	—	37	—	868	450	—	—
Retained earnings	1,028,578	931,358	808,717	2,541,313	2,388,517	2,190,505	2,127,368	2,103,441
Total shareholders' equity	7,230,132	7,203,812	7,165,818	8,678,580	8,535,622	8,417,537	8,389,617	8,435,804
Total liabilities and shareholders' equity	$10,048,218	$ 9,981,140	$ 10,303,262	$ 11,133,235	$ 10,981,529	$ 10,926,482	$ 10,824,772	$ 10,764,924
GAAP inventory turns	4.6	5.1	4.2	5.1	5.4	5.6	5.5	5.6
GAAP days in inventory	79	71	87	71	67	65	66	65

Marvell Technology Group Ltd.

Unaudited Consolidated Statements of Operations

(In thousands, except per share amounts)

	May 4, 2019	August 3, 2019	November 2, 2019	February 1, 2020	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021
Net revenue	$ 662,452	$ 656,568	$ 662,470	$ 717,671	$ 693,641	$ 727,297	$ 750,143	$ 797,819
Cost of goods sold	301,024	305,866	322,403	412,927	366,739	368,041	369,083	376,687
Gross profit	361,428	350,702	340,067	304,744	326,902	359,256	381,060	421,132
Operating expenses:								
Research and development	266,867	266,354	267,781	279,389	279,584	277,139	255,637	260,380
Selling, general and administrative	110,005	113,990	118,993	121,592	122,027	112,794	115,501	116,918
Legal settlement	—	—	—	—	—	—	—	36,000
Restructuring related charges	5,682	16,586	14,802	18,258	21,287	120,590	19,312	9,570
Total operating expenses	382,554	396,930	401,576	419,239	422,898	510,523	390,450	422,868
Operating income (loss)	(21,126)	(46,228)	(61,509)	(114,495)	(95,996)	(151,267)	(9,390)	(1,736)
Interest income	1,268	1,077	1,092	1,379	1,058	577	608	356
Interest expense	(21,203)	(20,531)	(21,241)	(22,656)	(16,830)	(15,635)	(16,066)	(20,733)
Other income (loss), net	(116)	(2,197)	689	1,124,179	3,754	(440)	299	(727)
Interest and other income (loss), net	(20,051)	(21,651)	(19,460)	1,102,902	(12,018)	(15,498)	(15,159)	(21,104)
Income (loss) before income taxes	(41,177)	(67,879)	(80,969)	988,407	(108,014)	(166,765)	(24,549)	(22,840)
Provision (benefit) for income taxes	7,273	(10,548)	1,532	(784,266)	5,019	(8,872)	(1,641)	(39,376)
Net income (loss)	$ (48,450)	$ (57,331)	$ (82,501)	$ 1,772,673	$ (113,033)	$ (157,893)	$ (22,908)	$ 16,536
Net income (loss) per share - Basic	$ (0.07)	$ (0.09)	$ (0.12)	$ 2.66	$ (0.17)	$ (0.24)	$ (0.03)	$ 0.02
Net income (loss) per share - Diluted	$ (0.07)	$ (0.09)	$ (0.12)	$ 2.62	$ (0.17)	$ (0.24)	$ (0.03)	$ 0.02
Weighted average shares - Basic	658,963	663,603	668,178	665,562	663,547	667,574	670,487	673,529
Weighted average shares - Diluted	658,963	663,603	668,178	675,700	663,547	667,574	670,487	687,959
The following table presents details of total share-based compensation expense included in each functional line item in the unaudited condensed consolidated statements of income above:								
Cost of goods sold	$ 2,926	$ 3,662	$ 3,990	$ 3,181	$ 3,538	$ 4,082	$ 4,435	$ 4,265
Research and development	39,477	40,492	42,997	34,088	37,815	39,678	36,856	36,518
Selling, general and administrative	16,195	19,522	20,378	15,901	18,334	18,826	18,496	18,696
Total share-based compensation	$ 58,598	$ 63,676	$ 67,365	$ 53,170	$ 59,687	$ 62,586	$ 59,787	$ 59,479

Marvell Technology Group Ltd.

Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands)

	May 4, 2019	August 3, 2019	November 2, 2019	February 1, 2020	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021
Cash flows from operating activities:								
Net income (loss)	$ (48,450)	$ (57,331)	$ (82,501)	$ 1,772,673	$ (113,033)	$ (157,893)	$ (22,908)	$ 16,536
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Depreciation and amortization	38,654	37,926	36,082	43,996	50,483	51,605	47,834	47,990
Share-based compensation	58,598	63,676	66,762	53,171	59,687	62,586	59,787	59,479
Amortization of acquired intangible assets	79,740	80,967	92,760	114,615	112,922	111,579	109,433	109,682
Amortization of inventory fair value adjustment associated with acquisitions	—	—	3,316	52,510	17,284	—	—	—
Amortization of deferred debt issuance costs and debt discounts	1,681	1,178	1,181	2,723	927	931	1,359	6,809
Restructuring related impairment charges	3,816	6,281	6,146	1,328	2,823	114,723	6,013	7,344
Deferred income taxes	4,356	(1,982)	(10,275)	(777,257)	2,372	(2,816)	859	(39,906)
Loss (gain) on sale of business	—	1,009	505	(1,123,223)	—	—	—	—
Other expense, net	7,080	3,586	6,495	9,287	7,701	5,351	6,396	5,475
Changes in assets and liabilities:								
Accounts receivable	22,775	17,601	(32,002)	2,870	23,586	(14,782)	(6,729)	(46,397)
Inventories	15,848	(7,174)	(39,276)	43,361	35,834	(33)	(5,984)	96
Prepaid expenses and other assets	8,004	(15,997)	(3,046)	(43,099)	(6,694)	3,679	(5,677)	(32,942)
Accounts payable	(1,873)	24,370	8,304	(29,143)	(3,557)	33,204	5,121	4,895
Accrued liabilities and other non-current liabilities	(30,929)	(49,188)	(26,141)	(76,635)	10,796	10,732	5,289	17,795
Accrued employee compensation	6,516	(31,782)	37,193	8,661	(25,503)	6,964	56,741	1,439
Net cash provided by operating activities	165,816	73,140	65,503	55,838	175,628	225,830	257,534	158,295
Cash flows from investing activities:								
Sales of available-for-sale securities	—	—	18,832	—	—	—	—	—
Purchases of technology licenses	(1,484)	(38)	(414)	(2,776)	(3,684)	(3,080)	(1,712)	(4,232)
Purchases of property and equipment	(19,183)	(23,010)	(20,742)	(18,986)	(35,343)	(17,540)	(35,359)	(18,556)
Proceeds from sales of property and equipment	216	231	84	89	365	34	133	206
Cash payment for acquisitions, net of cash and cash equivalents acquired	—	—	(477,579)	(593,500)	—	—	—	—
Net proceeds (payments) from sale of business	—	(390)	(662)	1,699,835	—	—	—	—
Other, net	(558)	112	(826)	(405)	300	—	(609)	(567)
Net cash provided by (used in) investing activities	(21,009)	(23,095)	(481,307)	1,084,257	(38,362)	(20,586)	(37,547)	(23,149)

Marvell Technology Group Ltd.

Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands)

	May 4, 2019	August 3, 2019	November 2, 2019	February 1, 2020	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021
Cash flows from financing activities:								
Repurchases of common stock	(48,022)	(16,250)	—	(300,000)	(25,202)	—	—	—
Proceeds from employee stock plans	31,084	50,230	21,795	44,167	5,458	42,776	2,256	36,145
Tax withholding paid on behalf of employees for net share settlement	(28,758)	(32,884)	(19,220)	(17,440)	(31,501)	(25,213)	(25,912)	(25,468)
Dividend payment to shareholders	(39,467)	(39,889)	(40,140)	(40,077)	(39,763)	(40,119)	(40,229)	(40,463)
Payments on technology license obligations	(15,268)	(13,056)	(28,889)	(15,053)	(23,807)	(18,702)	(34,285)	(23,224)
Proceeds from issuance of debt	—	—	350,000	600,000	—	—	—	—
Principal payments of debt	(50,000)	—	—	(1,200,000)	—	—	(100,000)	(150,000)
Payment of equity and debt financing costs	—	—	—	—	—	—	(22,313)	(15,710)
Other, net	(4,893)	3,407	(2,869)	(2,457)	(2,507)	—	1,003	—
Net cash provided by (used in) financing activities	(155,324)	(48,442)	280,677	(930,860)	(117,322)	(41,258)	(219,480)	(218,720)
Net increase (decrease) in cash and cash equivalents	(10,517)	1,603	(135,127)	209,235	19,944	163,986	507	(83,574)
Cash and cash equivalents at beginning of period	582,410	571,893	573,496	438,369	647,604	667,548	831,534	832,041
Cash and cash equivalents at end of period	$ 571,893	$ 573,496	$ 438,369	$ 647,604	$ 667,548	$ 831,534	$ 832,041	$ 748,467

Marvell Technology Group Ltd.

Unaudited Reconciliations from GAAP to Non-GAAP

(In thousands, except per share amounts)

	May 4, 2019	August 3, 2019	November 2, 2019	February 1, 2020	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021
GAAP Net income (loss)	$ (48,450)	$ (57,331)	$ (82,501)	$ 1,772,673	$ (113,033)	$ (157,893)	$ (22,908)	$ 16,536
(1) Cost of goods sold								
Share-based compensation	2,926	3,662	3,990	3,181	3,538	4,082	4,435	4,265
Amortization of acquired intangible assets	59,906	61,132	72,146	86,383	86,567	85,225	83,078	83,327
Other costs of goods sold	450	—	4,758	52,510	18,562	11,630	4,296	796
(2) Research and development:								
Share-based compensation	39,477	40,492	42,997	34,088	37,815	39,678	36,856	36,518
Other operating expenses	12	5,042	668	1,203	2,418	824	501	742
(3) Selling, general and administrative:								
Share-based compensation	16,195	19,522	20,378	15,901	18,334	18,826	18,496	18,696
Amortization of acquired intangible assets	19,834	19,835	20,614	28,232	26,355	26,354	26,355	26,355
Other operating expenses	6,557	15,634	18,827	15,418	16,985	7,301	8,989	11,738
(4) Restructuring and other exit related costs in Operating Expense	5,682	16,586	14,802	18,258	21,287	120,590	19,312	9,570
(5) Legal settlement and related charges in Operating Expense	—	—	—	—	—	—	—	36,000
(6) Interest and other (income) loss, net								
Restructuring related items	(338)	75	(946)	(1,122,988)	434	—	(1,002)	(28)
Write-off of debt issuance costs	458	—	—	1,621	—	—	453	6,045
Deal costs	—	1,009	496	—	—	—	—	—
(7) Provision (benefit) for income taxes:								
Tax-related adjustments	2,324	(15,728)	(3,773)	(789,761)	(1,229)	(16,226)	(10,502)	(49,936)
Non-GAAP Net income	**$ 105,033**	**$ 109,930**	**$ 112,456**	**$ 116,719**	**$ 118,033**	**$ 140,391**	**$ 168,359**	**$ 200,624**
Non-GAAP Operating income	**$ 129,913**	**$ 135,677**	**$ 137,671**	**$ 140,679**	**$ 135,865**	**$ 163,243**	**$ 192,928**	**$ 226,271**

Marvell believes that the presentation of non-GAAP financial measures provides important supplemental information to management and investors regarding financial and business trends relating to its financial condition and results of operations. Marvell uses non-GAAP financial measures as a tool to enhance its understanding of certain aspects of its financial performance, Marvell does not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial measures. Consistent with this approach, Marvell believes that disclosing non-GAAP financial measures to the readers of its financial statements provides such readers with useful supplemental data that, while not a substitute for GAAP financial measures, allows for greater transparency in the review of its financial and operational performance. Marvell has chosen to provide this information to investors to enable them to perform comparisons of operating results in a manner similar to how Marvell analyzes its operating results internally. Management also believes that these non-GAAP financial measures may be used to facilitate comparisons of Marvell's results with that of other companies in its industry.

Quarterly Revenue Trend

(in thousands)

	Q1 2020 May 04, 2019	Q2 2020 Aug 03, 2019	Q3 2020 Nov 02, 2019	Q4 2020 Feb 01, 2020	Q1 2021 May 02, 2020	Q2 2021 Aug 01, 2020	Q3 2021 Oct 31, 2020	Q4 2021 Jan 30, 2021
Networking[1]	$ 341,344	$ 329,605	$ 329,962	$ 376,724	$ 393,920	$ 406,008	$ 444,756	$ 438,610
Storage[2]	278,667	274,905	287,708	296,486	258,688	290,495	276,279	326,412
Total Core	620,011	604,510	617,670	673,210	652,608	696,503	721,035	765,022
Other[3]	42,441	52,058	44,800	44,461	41,033	30,794	29,108	32,797
Total Net Revenue	**$ 662,452**	**$ 656,568**	**$ 662,470**	**$ 717,671**	**$ 693,641**	**$ 727,297**	**$ 750,143**	**$ 797,819**

% of Total	Q1 2020 May 04, 2019	Q2 2020 Aug 03, 2019	Q3 2020 Nov 02, 2019	Q4 2020 Feb 01, 2020	Q1 2021 May 02, 2020	Q2 2021 Aug 01, 2020	Q3 2021 Oct 31, 2020	Q4 2021 Jan 30, 2021
Networking[1]	52%	50%	50%	52%	57%	56%	59%	55%
Storage[2]	42%	42%	43%	41%	37%	40%	37%	41%
Total Core	94%	92%	93%	93%	94%	96%	96%	96%
Other[3]	6%	8%	7%	7%	6%	4%	4%	4%
Total Net Revenue	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Networking products are comprised primarily of Ethernet Solutions, Embedded Processors and Custom ASICs.
(2) Storage products are comprised primarily of Storage Controllers and Fibre Channel Adapters.
(3) Other products are comprised primarily of Printer Solutions.

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