Marvell Technology, Inc.

Third Quarter of Fiscal Year 2022

December 2, 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 acquisition, 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 third quarter of fiscal 2022, 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, Inc.
Unaudited Condensed Consolidated Balance Sheets
(In thousands)

	February 1, 2020	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021
Assets								
Current assets:								
Cash and cash equivalents	$ 647,604	$ 667,548	$ 831,534	$ 832,041	$ 748,467	$ 522,512	$ 559,617	$ 523,502
Accounts receivable, net	492,346	468,760	483,542	490,271	536,668	694,395	785,611	978,261
Inventories	322,980	270,374	262,875	268,396	268,228	538,117	459,532	628,600
Prepaid expenses and other current assets	74,567	72,282	54,136	68,618	63,782	132,787	103,717	114,451
Total current assets	1,537,497	1,478,964	1,632,087	1,659,326	1,617,145	1,887,811	1,908,477	2,244,814
Property and equipment, net	357,092	348,066	335,035	331,769	326,125	424,733	433,091	444,003
Goodwill	5,337,405	5,337,405	5,337,405	5,336,356	5,336,961	10,965,666	10,976,443	11,446,444
Acquired intangible assets, net	2,764,600	2,651,678	2,489,815	2,380,382	2,270,700	6,562,061	6,285,388	6,439,106
Deferred tax assets	639,791	639,470	645,633	646,837	672,424	725,636	517,123	528,985
Other non-current assets	496,850	525,946	486,507	470,102	541,569	664,030	718,110	915,490
Total assets	$ 11,133,235	$ 10,981,529	$ 10,926,482	$ 10,824,772	$ 10,764,924	$ 21,229,937	$ 20,838,632	$ 22,018,842
Liabilities and Stockholders' Equity								
Current liabilities:								
Accounts payable	$ 213,747	$ 185,711	$ 238,537	$ 224,112	$ 252,419	$ 304,425	$ 370,502	$ 440,592
Accrued liabilities	346,639	380,653	406,804	406,986	435,616	478,158	519,214	521,905
Accrued employee compensation	149,780	124,277	131,241	187,982	189,421	153,943	153,327	222,835
Short-term convertible debt	—	—	—	—	—	193,269	138	—
Short-term debt	—	—	448,248	349,004	199,641	30,308	41,252	52,205
Total current liabilities	710,166	690,641	1,224,830	1,168,084	1,077,097	1,160,103	1,084,433	1,237,537
Long-term convertible debt	—	—	—	—	—	1,146	287	—
Long-term debt	1,439,024	1,439,852	992,436	992,801	993,170	4,673,707	4,662,557	4,504,321
Other non-current liabilities	305,465	315,414	291,679	274,270	258,853	539,611	350,158	590,640
Total liabilities	2,454,655	2,445,907	2,508,945	2,435,155	2,329,120	6,374,567	6,097,435	6,332,498
Stockholders' equity:								
Common stock	1,328	1,330	1,340	1,343	1,350	1,633	1,646	1,682
Additional paid-in-capital	6,135,939	6,144,907	6,225,242	6,260,906	6,331,013	12,879,095	13,090,669	14,148,741
Accumulated other comprehensive income	—	868	450	—	—	—	—	—
Retained earnings	2,541,313	2,388,517	2,190,505	2,127,368	2,103,441	1,974,642	1,648,882	1,535,921
Total stockholders' equity	8,678,580	8,535,622	8,417,537	8,389,617	8,435,804	14,855,370	14,741,197	15,686,344
Total liabilities and stockholders' equity	$ 11,133,235	$ 10,981,529	$ 10,926,482	$ 10,824,772	$ 10,764,924	$ 21,229,937	$ 20,838,632	$ 22,018,842
GAAP inventory turns	5.1	5.4	5.6	5.5	5.6	3.1	6.1	4.0
GAAP days in inventory	71	67	65	66	65	117	60	91

Marvell Technology, Inc.

Unaudited Condensed Consolidated Statements of Operations

(In thousands, except per share amounts)

	February 1, 2020	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021
Net revenue	$ 717,671	$ 693,641	$ 727,297	$ 750,143	$ 797,819	$ 832,279	$ 1,075,881	$ 1,211,245
Cost of goods sold	412,927	366,739	368,041	369,083	376,687	414,138	704,051	623,425
Gross profit	304,744	326,902	359,256	381,060	421,132	418,141	371,830	587,820
Operating expenses:								
Research and development	279,389	279,584	277,139	255,637	260,380	286,100	367,043	371,894
Selling, general and administrative	121,592	122,027	112,794	115,501	116,918	201,466	259,161	243,406
Legal settlement	—	—	—	—	36,000	—	—	—
Restructuring related charges	18,258	21,287	120,590	19,312	9,570	12,886	12,294	5,861
Total operating expenses	419,239	422,898	510,523	390,450	422,868	500,452	638,498	621,161
Operating loss	(114,495)	(95,996)	(151,267)	(9,390)	(1,736)	(82,311)	(266,668)	(33,341)
Interest income	1,379	1,058	577	608	356	222	150	189
Interest expense	(22,656)	(16,830)	(15,635)	(16,066)	(20,733)	(35,141)	(33,814)	(35,423)
Other income (loss), net	1,124,179	3,754	(440)	299	(727)	1,223	(1,654)	999
Interest and other income (loss), net	1,102,902	(12,018)	(15,498)	(15,159)	(21,104)	(33,696)	(35,318)	(34,235)
Income (loss) before income taxes	988,407	(108,014)	(166,765)	(24,549)	(22,840)	(116,007)	(301,986)	(67,576)
Provision (benefit) for income taxes	(784,266)	5,019	(8,872)	(1,641)	(39,376)	(27,765)	(25,558)	(5,044)
Net income (loss)	$ 1,772,673	$ (113,033)	$ (157,893)	$ (22,908)	$ 16,536	$ (88,242)	$ (276,428)	$ (62,532)
Net income (loss) per share - basic	$ 2.66	$ (0.17)	$ (0.24)	$ (0.03)	$ 0.02	$ (0.13)	$ (0.34)	$ (0.08)
Net income (loss) per share - diluted	$ 2.62	$ (0.17)	$ (0.24)	$ (0.03)	$ 0.02	$ (0.13)	$ (0.34)	$ (0.08)
Weighted average shares - basic	665,562	663,547	667,574	670,487	673,529	693,378	821,062	828,635
Weighted average shares - diluted	675,700	663,547	667,574	670,487	687,959	693,378	821,062	828,635

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	$ 3,181	$ 3,538	$ 4,082	$ 4,435	$ 4,265	$ 9,803	$ 2,665	$ 9,370
Research and development	34,088	37,815	39,678	36,856	36,518	38,377	70,686	75,514
Selling, general and administrative	15,901	18,334	18,826	18,496	18,696	61,413	40,754	34,206
Total share-based compensation	$ 53,170	$ 59,687	$ 62,586	$ 59,787	$ 59,479	$ 109,593	$ 114,105	$ 119,090

Marvell Technology, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(In thousands)

	February 1, 2020	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021
Cash flows from operating activities:								
Net income (loss)	$ 1,772,673	$ (113,033)	$ (157,893)	$ (22,908)	$ 16,536	$ (88,242)	$ (276,428)	$ (62,532)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Depreciation and amortization	43,996	50,483	51,605	47,834	47,990	51,837	66,248	71,592
Share-based compensation	53,171	59,687	62,586	59,787	59,479	92,727	114,105	119,090
Amortization of acquired intangible assets	114,615	112,922	111,579	109,433	109,682	128,639	276,672	279,282
Amortization of inventory fair value adjustment associated with acquisitions	52,510	17,284	—	—	—	13,720	155,840	21,470
Amortization of deferred debt issuance costs and debt discounts	2,723	927	931	1,359	6,809	12,606	2,675	3,750
Restructuring related impairment charges	1,328	2,823	114,723	6,013	7,344	2,380	1,776	1,049
Deferred income taxes	(777,257)	2,372	(2,816)	859	(39,906)	(22,581)	(29,005)	(15,984)
Loss (gain) on sale of business	(1,123,223)	—	—	—	—	—	—	—
Other expense, net	9,287	7,701	5,351	6,396	5,475	16,323	30,266	13,464
Changes in assets and liabilities, net of acquisition:								
Accounts receivable	2,870	23,586	(14,782)	(6,729)	(46,397)	(57,999)	(91,216)	(192,229)
Inventories	43,361	35,834	(33)	(5,984)	96	(13,249)	(69,038)	(118,388)
Prepaid expenses and other assets	(43,099)	(6,694)	3,679	(5,677)	(32,942)	4,413	(50,603)	(19,149)
Accounts payable	(29,143)	(3,557)	33,204	5,121	4,895	(51,609)	52,197	93,200
Accrued liabilities and other non-current liabilities	(76,635)	10,796	10,732	5,289	17,795	(46,999)	39,234	761
Accrued employee compensation	8,661	(25,503)	6,964	56,741	1,439	(55,693)	(616)	69,289
Net cash provided by (used in) operating activities	55,838	175,628	225,830	257,534	158,295	(13,727)	222,107	264,665
Cash flows from investing activities:								
Purchases of technology licenses	(2,776)	(3,684)	(3,080)	(1,712)	(4,232)	(3,443)	(3,197)	(2,731)
Purchases of property and equipment	(18,986)	(35,343)	(17,540)	(35,359)	(18,556)	(21,444)	(32,235)	(76,804)
Acquisitions, net of cash acquired	(593,500)	—	—	—	—	(3,600,165)	—	60,436
Net proceeds (payments) from sale of business	1,699,835	—	—	—	—	—	—	—
Other, net	(316)	665	34	(476)	(361)	447	(2,851)	(53)
Net cash provided by (used in) investing activities	1,084,257	(38,362)	(20,586)	(37,547)	(23,149)	(3,624,605)	(38,283)	(19,152)

Marvell Technology, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(In thousands)

	February 1, 2020	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021
Cash flows from financing activities:								
Repurchases of common stock	(300,000)	(25,202)	—	—	—	—	—	—
Proceeds from employee stock plans	44,167	5,458	42,776	2,256	36,145	549	39,807	2,428
Tax withholding paid on behalf of employees for net share settlement	(17,440)	(31,501)	(25,213)	(25,912)	(25,468)	(73,175)	(42,975)	(52,851)
Dividend payment to stockholders	(40,077)	(39,763)	(40,119)	(40,229)	(40,463)	(40,557)	(49,332)	(50,429)
Payments on technology license obligations	(15,053)	(23,807)	(18,702)	(34,285)	(23,224)	(44,132)	(23,175)	(30,551)
Proceeds from issuance of debt	600,000	—	—	—	—	3,731,096	75,000	—
Principal payments of debt	(1,200,000)	—	—	(100,000)	(150,000)	(200,000)	(75,000)	(150,938)
Payment for repurchases and settlement of convertible notes	—	—	—	—	—	(71,079)	(109,812)	(316)
Proceeds from capped calls	—	—	—	—	—	111,154	49,132	33
Payment of equity and debt financing costs	—	—	—	(22,313)	(15,710)	(1,479)	(10,364)	(7)
Other, net	(2,457)	(2,507)	—	1,003	—	—	—	1,003
Net cash provided by (used in) financing activities	(930,860)	(117,322)	(41,258)	(219,480)	(218,720)	3,412,377	(146,719)	(281,628)
Net increase (decrease) in cash and cash equivalents	209,235	19,944	163,986	507	(83,574)	(225,955)	37,105	(36,115)
Cash and cash equivalents at beginning of period	438,369	647,604	667,548	831,534	832,041	748,467	522,512	559,617
Cash and cash equivalents at end of period	$ 647,604	$ 667,548	$ 831,534	$ 832,041	$ 748,467	$ 522,512	$ 559,617	$ 523,502

Marvell Technology, Inc.
Unaudited Reconciliations from GAAP to Non-GAAP
(In thousands)

	February 1, 2020	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021
GAAP Net income (loss)	$ 1,772,673	$ (113,033)	$ (157,893)	$ (22,908)	$ 16,536	$ (88,242)	$ (276,428)	$ (62,532)
(1) Cost of goods sold								
Share-based compensation	3,181	3,538	4,082	4,435	4,265	9,803	2,665	9,370
Amortization of acquired intangible assets	86,383	86,567	85,225	83,078	83,327	93,812	167,253	169,691
Other costs of goods sold	52,510	18,562	11,630	4,296	796	13,723	155,840	21,470
(2) Research and development								
Share-based compensation	34,088	37,815	39,678	36,856	36,518	38,377	70,686	75,514
Other operating expenses	1,203	2,418	824	501	742	2,896	2,568	408
(3) Selling, general and administrative								
Share-based compensation	15,901	18,334	18,826	18,496	18,696	61,413	40,754	34,206
Amortization of acquired intangible assets	28,232	26,355	26,354	26,355	26,355	34,827	109,419	109,591
Other operating expenses	15,418	16,985	7,301	8,989	11,738	43,788	36,380	25,052
(4) Restructuring and other exit related costs in Operating Expense	18,258	21,287	120,590	19,312	9,570	12,886	12,294	5,861
(5) Legal settlement and related charges in Operating Expense	—	—	—	—	36,000	—	—	—
(6) Interest and other (income) loss, net								
Gain on sale of business	(1,122,988)	—	—	—	—	—	—	—
Debt issuance related costs and other	1,621	434	—	(549)	6,017	16,901	3,022	(98)
(7) Provision for income taxes:								
Tax-related adjustments	(789,761)	(1,229)	(16,226)	(10,502)	(49,936)	(38,385)	(40,503)	(24,218)
Non-GAAP Net income	**$ 116,719**	**$ 118,033**	**$ 140,391**	**$ 168,359**	**$ 200,624**	**$ 201,799**	**$ 283,950**	**$ 364,315**
Non-GAAP Operating income	**$ 140,679**	**$ 135,865**	**$ 163,243**	**$ 192,928**	**$ 226,271**	**$ 229,214**	**$ 331,191**	**$ 417,822**

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 By End Market

(In thousands)

	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	Q1 2022 May 01, 2021	Q2 2022 Jul 31, 2021	Q3 2022 Oct 30, 2021
Data center	$ 258,970	$ 265,467	$ 266,920	$ 239,159	$ 269,180	$ 277,066	$ 433,722	$ 499,748
Carrier infrastructure	112,661	122,247	142,438	168,584	166,258	167,566	196,656	215,108
Enterprise networking	153,679	158,300	158,080	158,933	160,719	174,844	222,732	247,210
Consumer	168,043	120,291	134,370	152,269	167,697	166,666	165,380	182,535
Auto/industrial	24,318	27,336	25,489	31,198	33,965	46,137	57,391	66,644
Total Net Revenue	**$ 717,671**	**$ 693,641**	**$ 727,297**	**$ 750,143**	**$ 797,819**	**$ 832,279**	**$ 1,075,881**	**$ 1,211,245**

% of Total	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	Q1 2022 May 01, 2021	Q2 2022 Jul 31, 2021	Q3 2022 Oct 30, 2021
Data center	36%	38%	37%	32%	34%	33%	40%	41%
Carrier infrastructure	16%	18%	20%	23%	21%	20%	18%	18%
Enterprise networking	22%	23%	22%	21%	20%	21%	21%	20%
Consumer	23%	17%	18%	20%	21%	20%	16%	15%
Auto/industrial	3%	4%	3%	4%	4%	6%	5%	6%
Total Net Revenue	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

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