Marvell Technology, Inc.

Second Quarter of Fiscal Year 2023

August 25, 2022

Discussion of Non-GAAP Financial Measures

Non-GAAP financial measures exclude the effect of stock-based compensation expense, amortization of the inventory fair value adjustment associated with 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 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, and excludes tax deductions and benefits from acquired tax loss and credit carryforwards and changes in valuation allowance on acquired deferred tax assets. 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; acquisitions; significant changes in Marvell's geographic mix of revenue and expenses; or changes to Marvell's corporate structure. For the second quarter of fiscal 2023, a non-GAAP tax rate of 6.0% 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 millions)

	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021	January 29, 2022	April 30, 2022	July 30, 2022
Assets								
Current assets:								
Cash and cash equivalents	$ 832.0	$ 748.5	$ 522.5	$ 559.6	$ 523.5	$ 613.5	$ 465.0	$ 617.1
Accounts receivable, net	490.3	536.7	694.4	785.6	978.3	1,048.6	1,191.1	1,291.3
Inventories	268.4	268.2	538.1	459.5	628.6	720.3	835.5	913.1
Prepaid expenses and other current assets	68.6	63.7	132.8	103.8	114.4	111.0	107.3	93.5
Total current assets	1,659.3	1,617.1	1,887.8	1,908.5	2,244.8	2,493.4	2,598.9	2,915.0
Property and equipment, net	331.8	326.1	424.7	433.1	444.0	462.8	502.2	508.2
Goodwill	5,336.4	5,337.0	10,965.7	10,976.4	11,446.4	11,511.1	11,539.0	11,579.0
Acquired intangible assets, net	2,380.4	2,270.7	6,562.1	6,285.4	6,439.1	6,153.4	5,888.1	5,642.5
Deferred tax assets	646.8	672.4	725.6	517.1	529.0	493.5	331.8	310.5
Other non-current assets	470.1	541.6	664.0	718.1	915.5	994.4	1,178.7	1,206.9
Total assets	$ 10,824.8	$ 10,764.9	$ 21,229.9	$ 20,838.6	$ 22,018.8	$ 22,108.6	$ 22,038.7	$ 22,162.1
Liabilities and Stockholders' Equity								
Current liabilities:								
Accounts payable	$ 224.1	$ 252.4	$ 304.4	$ 370.5	$ 440.6	$ 461.5	$ 553.1	$ 490.3
Accrued liabilities	407.0	435.6	478.2	519.2	521.9	622.6	735.0	823.6
Accrued employee compensation	188.0	189.4	153.9	153.3	222.8	241.3	191.9	188.4
Short-term convertible debt	—	—	193.3	0.1	—	—	—	—
Short-term debt	349.0	199.6	30.3	41.3	52.2	63.2	74.1	653.5
Total current liabilities	1,168.1	1,077.0	1,160.1	1,084.4	1,237.5	1,388.6	1,554.1	2,155.8
Long-term convertible debt	—	—	1.1	0.3	—	—	—	—
Long-term debt	992.8	993.2	4,673.7	4,662.6	4,504.3	4,484.8	4,465.3	3,947.4
Other non-current liabilities	274.3	258.9	539.6	350.1	590.7	533.1	554.3	528.7
Total liabilities	2,435.2	2,329.1	6,374.5	6,097.4	6,332.5	6,406.5	6,573.7	6,631.9
Stockholders' equity:								
Common stock	1.3	1.4	1.6	1.6	1.7	1.7	1.7	1.7
Additional paid-in-capital	6,260.9	6,331.0	12,879.1	13,090.7	14,148.7	14,209.0	14,188.5	14,300.5
Retained earnings	2,127.4	2,103.4	1,974.7	1,648.9	1,535.9	1,491.4	1,274.8	1,228.0
Total stockholders' equity	8,389.6	8,435.8	14,855.4	14,741.2	15,686.3	15,702.1	15,465.0	15,530.2
Total liabilities and stockholders' equity	$ 10,824.8	$ 10,764.9	$ 21,229.9	$ 20,838.6	$ 22,018.8	$ 22,108.6	$ 22,038.7	$ 22,162.1
GAAP inventory turns	5.5	5.6	3.1	6.1	4.0	3.6	3.3	3.2
GAAP days in inventory	66	65	117	60	91	101	110	114

Marvell Technology, Inc.

Unaudited Condensed Consolidated Statements of Operations

(In millions, except per share amounts)

	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021	January 29, 2022	April 30, 2022	July 30, 2022
Net revenue	$ 750.2	$ 797.8	$ 832.3	$ 1,075.9	$ 1,211.2	$ 1,343.0	$ 1,446.9	$ 1,516.9
Cost of goods sold	369.1	376.7	414.1	704.1	623.4	656.6	696.0	730.9
Gross profit	381.1	421.1	418.2	371.8	587.8	686.4	750.9	786.0
Operating expenses:								
Research and development	255.7	260.3	286.1	367.0	371.9	399.2	444.1	449.0
Selling, general and administrative	115.5	116.9	201.5	259.2	243.4	251.2	220.7	211.7
Legal settlement	—	36.0	—	—	—	—	15.0	85.0
Restructuring related charges	19.3	9.6	12.9	12.3	5.9	1.3	1.3	1.2
Total operating expenses	390.5	422.8	500.5	638.5	621.2	651.7	681.1	746.9
Operating income (loss)	(9.4)	(1.7)	(82.3)	(266.7)	(33.4)	34.7	69.8	39.1
Interest income	0.6	0.4	0.2	0.2	0.2	0.2	0.5	0.8
Interest expense	(16.1)	(20.8)	(35.1)	(33.8)	(35.4)	(35.0)	(36.3)	(39.8)
Other income (loss), net	0.3	(0.7)	1.2	(1.7)	1.0	2.2	5.2	3.7
Interest and other income (loss), net	(15.2)	(21.1)	(33.7)	(35.3)	(34.2)	(32.6)	(30.6)	(35.3)
Income (loss) before income taxes	(24.6)	(22.8)	(116.0)	(302.0)	(67.6)	2.1	39.2	3.8
Provision (benefit) for income taxes	(1.6)	(39.4)	(27.8)	(25.6)	(5.0)	(4.1)	204.9	(0.5)
Net income (loss)	$ (23.0)	$ 16.6	$ (88.2)	$ (276.4)	$ (62.6)	$ 6.2	$ (165.7)	$ 4.3
Net income (loss) per share - basic	$ (0.03)	$ 0.02	$ (0.13)	$ (0.34)	$ (0.08)	$ 0.01	$ (0.20)	$ 0.01
Net income (loss) per share - diluted	$ (0.03)	$ 0.02	$ (0.13)	$ (0.34)	$ (0.08)	$ 0.01	$ (0.20)	$ 0.01
Weighted average shares - basic	670.5	673.5	693.4	821.1	828.6	844.4	848.0	850.9
Weighted average shares - diluted	670.5	688.0	693.4	821.1	828.6	862.1	848.0	857.9
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	$ 4.4	$ 4.3	$ 9.8	$ 2.7	$ 9.4	$ 9.2	$ 12.4	$ 9.3
Research and development	36.9	36.5	38.4	70.6	75.5	88.7	86.5	97.4
Selling, general and administrative	18.5	18.7	61.4	40.8	34.2	36.9	32.2	37.8
Total stock-based compensation	$ 59.8	$ 59.5	$ 109.6	$ 114.1	$ 119.1	$ 134.8	$ 131.1	$ 144.5

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

	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021	January 29, 2022	April 30, 2022	July 30, 2022
Cash flows from operating activities:								
Net income (loss)	$ (23.0)	$ 16.6	$ (88.2)	$ (276.4)	$ (62.6)	$ 6.2	$ (165.7)	$ 4.3
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	47.8	48.0	51.8	66.2	71.6	76.3	75.7	76.9
Stock-based compensation	59.7	59.5	92.7	114.1	119.1	134.8	131.1	144.5
Amortization of acquired intangible assets	109.4	109.7	128.6	276.7	279.3	294.8	272.5	271.8
Amortization of inventory fair value adjustment associated with acquisitions	—	—	13.7	155.9	21.5	3.2	9.3	6.3
Amortization of deferred debt issuance costs and debt discounts	1.4	6.8	12.6	2.7	3.8	2.5	—	2.6
Restructuring related impairment charges	6.0	7.3	2.4	1.8	1.0	1.0	—	1.0
Deferred income taxes	0.9	(39.9)	(22.6)	(29.0)	(16.0)	(26.3)	165.0	13.4
Other expense, net	6.5	5.5	16.4	30.2	13.5	8.9	6.7	13.9
Changes in assets and liabilities, net of acquisitions:								
Accounts receivable	(6.7)	(46.4)	(58.0)	(91.2)	(192.2)	(67.6)	(139.5)	(100.2)
Prepaid expenses and other assets	(5.7)	(32.9)	4.4	(50.6)	(19.1)	(96.5)	(142.9)	(42.0)
Inventories	(6.0)	0.1	(13.2)	(69.0)	(118.4)	(91.3)	(125.8)	(81.3)
Accounts payable	5.1	4.9	(51.6)	52.2	93.2	(0.6)	61.4	(57.5)
Accrued employee compensation	56.7	1.4	(55.7)	(0.6)	69.3	16.6	(50.0)	(3.7)
Accrued liabilities and other non-current liabilities	5.4	17.8	(47.0)	39.1	0.7	84.2	97.0	81.5
Net cash provided by (used in) operating activities	257.5	158.4	(13.7)	222.1	264.7	346.2	194.8	331.5
Cash flows from investing activities:								
Purchases of technology licenses	(1.7)	(4.2)	(3.4)	(3.2)	(2.7)	(8.4)	(1.6)	(2.6)
Purchases of property and equipment	(35.4)	(18.6)	(21.4)	(32.2)	(76.8)	(38.8)	(36.9)	(72.6)
Acquisitions, net of cash acquired	—	—	(3,600.2)	—	60.4	(15.2)	(44.0)	(54.6)
Other, net	(0.5)	(0.3)	0.4	(2.9)	(0.1)	(0.6)	0.1	(0.1)
Net cash used in investing activities	(37.6)	(23.1)	(3,624.6)	(38.3)	(19.2)	(63.0)	(82.4)	(129.9)
Cash flows from financing activities:								
Repurchases of common stock	—	—	—	—	—	—	(15.0)	(50.0)
Proceeds from employee stock plans	2.3	36.1	0.5	39.8	2.5	41.7	2.5	48.9
Tax withholding paid on behalf of employees for net share settlement	(25.9)	(25.5)	(73.2)	(43.0)	(52.9)	(136.7)	(137.6)	(34.1)
Dividend payments to stockholders	(40.2)	(40.5)	(40.6)	(49.3)	(50.4)	(50.7)	(50.9)	(51.1)
Payments on technology license obligations	(34.3)	(23.2)	(44.1)	(23.2)	(30.6)	(36.6)	(49.0)	(22.2)
Proceeds from issuance of debt	—	—	3,731.1	75.0	—	90.0	—	200.0

Marvell Technology, Inc.

Unaudited Condensed Consolidated Statements of Cash Flows

(In millions)

	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021	January 29, 2022	April 30, 2022	July 30, 2022
Principal payments of debt	(100.0)	(150.0)	(200.0)	(75.0)	(150.9)	(100.9)	(10.9)	(141.0)
Payment for repurchases and settlement of convertible notes	—	—	(71.1)	(109.8)	(0.3)	—	—	—
Proceeds from capped calls	—	—	111.2	49.1	—	—	—	—
Payment of equity and debt financing costs	(22.3)	(15.7)	(1.5)	(10.3)	—	—	—	—
Other, net	1.0	—	—	—	1.0	—	—	—
Net cash provided by (used in) financing activities	(219.4)	(218.8)	3,412.3	(146.7)	(281.6)	(193.2)	(260.9)	(49.5)
Net increase (decrease) in cash and cash equivalents	0.5	(83.5)	(226.0)	37.1	(36.1)	90.0	(148.5)	152.1
Cash and cash equivalents at beginning of period	831.5	832.0	748.5	522.5	559.6	523.5	613.5	465.0
Cash and cash equivalents at end of period	$ 832.0	$ 748.5	$ 522.5	$ 559.6	$ 523.5	$ 613.5	$ 465.0	$ 617.1

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

	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021	January 29, 2022	April 30, 2022	July 30, 2022
GAAP Net income (loss)	$ (23.0)	$ 16.6	$ (88.2)	$ (276.4)	$ (62.6)	$ 6.2	$ (165.7)	$ 4.3
(1) Cost of goods sold								
Stock-based compensation	4.4	4.3	9.8	2.7	9.4	9.2	12.4	9.3
Amortization of acquired intangible assets	83.1	83.3	93.8	167.3	169.7	178.7	174.4	183.9
Other costs of goods sold	4.3	0.8	13.7	155.8	21.5	2.5	9.3	6.3
(2) Research and development								
Stock-based compensation	36.9	36.5	38.4	70.6	75.5	88.7	86.5	97.4
Other operating expenses	0.4	0.7	2.9	2.5	0.4	0.6	0.8	—
(3) Selling, general and administrative								
Stock-based compensation	18.5	18.7	61.4	40.8	34.2	36.9	32.2	37.8
Amortization of acquired intangible assets	26.4	26.4	34.8	109.4	109.6	116.1	98.1	87.9
Other operating expenses	9.0	11.7	43.8	36.5	25.0	18.3	11.9	6.0
(4) Restructuring and other exit related costs in Operating Expense	19.3	9.6	12.9	12.3	5.9	1.3	1.3	1.2
(5) Legal settlement and related charges in Operating Expense	—	36.0	—	—	—	—	15.0	85.0
(6) Interest and other (income) loss, net								
Debt issuance related costs and other	(0.5)	6.0	16.9	3.0	(0.1)	(3.1)	(4.1)	(1.6)
(7) Provision (benefit) for income taxes:								
Tax-related adjustments	(10.5)	(49.9)	(38.4)	(40.5)	(24.2)	(26.7)	176.3	(31.5)
Non-GAAP Net income	**$ 168.3**	**$ 200.7**	**$ 201.8**	**$ 284.0**	**$ 364.3**	**$ 428.7**	**$ 448.4**	**$ 486.0**
Non-GAAP Operating income	**$ 192.9**	**$ 226.3**	**$ 229.2**	**$ 331.2**	**$ 417.8**	**$ 487.0**	**$ 511.7**	**$ 553.9**

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.

Marvell Technology, Inc.
Quarterly Revenue Trend By End Market
(In millions)

	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	Q4 2022 Jan 29, 2022	Q1 2023 Apr 30, 2022	Q2 2023 Jul 30, 2022
Data center	$ 239.2	$ 269.2	$ 277.1	$ 433.7	$ 499.8	$ 574.1	$ 640.5	$ 643.4
Carrier infrastructure	168.6	166.2	167.6	196.7	215.1	241.0	252.0	285.2
Enterprise networking	158.9	160.7	174.8	222.7	247.2	263.0	286.6	340.3
Consumer	152.3	167.7	166.7	165.4	182.5	185.4	178.5	164.4
Automotive/industrial	31.2	34.0	46.1	57.4	66.6	79.5	89.3	83.6
Total Net Revenue	**$ 750.2**	**$ 797.8**	**$ 832.3**	**$ 1,075.9**	**$ 1,211.2**	**$ 1,343.0**	**$ 1,446.9**	**$ 1,516.9**

% of Total	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	Q4 2022 Jan 29, 2022	Q1 2023 Apr 30, 2022	Q2 2023 Jul 30, 2022
Data center	32 %	34 %	33 %	40 %	41 %	43 %	44 %	42 %
Carrier infrastructure	23 %	21 %	20 %	18 %	18 %	18 %	18 %	19 %
Enterprise networking	21 %	20 %	21 %	21 %	20 %	19 %	20 %	22 %
Consumer	20 %	21 %	20 %	16 %	15 %	14 %	12 %	11 %
Automotive/industrial	4 %	4 %	6 %	5 %	6 %	6 %	6 %	6 %
Total Net Revenue	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

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