



Marvell Technology, Inc.

Fourth Quarter of Fiscal Year 2022

March 3, 2022

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 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 fourth 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.

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.

Marvell Technology, Inc.
Unaudited Condensed Consolidated Balance Sheets
(In thousands)

	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021	January 29, 2022
Assets								
Current assets:								
Cash and cash equivalents	\$ 667,548	\$ 831,534	\$ 832,041	\$ 748,467	\$ 522,512	\$ 559,617	\$ 523,502	\$ 613,533
Accounts receivable, net	468,760	483,542	490,271	536,668	694,395	785,611	978,261	1,048,583
Inventories	270,374	262,875	268,396	268,228	538,117	459,532	628,600	720,331
Prepaid expenses and other current assets	72,282	54,136	68,618	63,782	132,787	103,717	114,451	111,003
Total current assets	1,478,964	1,632,087	1,659,326	1,617,145	1,887,811	1,908,477	2,244,814	2,493,450
Property and equipment, net	348,066	335,035	331,769	326,125	424,733	433,091	444,003	462,773
Goodwill	5,337,405	5,337,405	5,336,356	5,336,961	10,965,666	10,976,443	11,446,444	11,511,129
Acquired intangible assets, net	2,651,678	2,489,815	2,380,382	2,270,700	6,562,061	6,285,388	6,439,106	6,153,422
Deferred tax assets	639,470	645,633	646,837	672,424	725,636	517,123	528,985	493,508
Other non-current assets	525,946	486,507	470,102	541,569	664,030	718,110	915,490	994,315
Total assets	<u>\$10,981,529</u>	<u>\$10,926,482</u>	<u>\$10,824,772</u>	<u>\$10,764,924</u>	<u>\$21,229,937</u>	<u>\$20,838,632</u>	<u>\$22,018,842</u>	<u>\$22,108,597</u>
Liabilities and Shareholders' Equity								
Current liabilities:								
Accounts payable	\$ 185,711	\$ 238,537	\$ 224,112	\$ 252,419	\$ 304,425	\$ 370,502	\$ 440,592	\$ 461,509
Accrued liabilities	380,653	406,804	406,986	435,616	478,158	519,214	521,905	622,561
Accrued employee compensation	124,277	131,241	187,982	189,421	153,943	153,327	222,835	241,306
Short-term convertible debt	—	—	—	—	193,269	138	—	—
Short-term debt	—	448,248	349,004	199,641	30,308	41,252	52,205	63,166
Total current liabilities	690,641	1,224,830	1,168,084	1,077,097	1,160,103	1,084,433	1,237,537	1,388,542
Long-term convertible debt	—	—	—	—	1,146	287	—	—
Long-term debt	1,439,852	992,436	992,801	993,170	4,673,707	4,662,557	4,504,321	4,484,811
Other non-current liabilities	315,414	291,679	274,270	258,853	539,611	350,158	590,640	533,147
Total liabilities	<u>2,445,907</u>	<u>2,508,945</u>	<u>2,435,155</u>	<u>2,329,120</u>	<u>6,374,567</u>	<u>6,097,435</u>	<u>6,332,498</u>	<u>6,406,500</u>
Shareholders' equity:								
Common stock	1,330	1,340	1,343	1,350	1,633	1,646	1,682	1,692
Additional paid-in-capital	6,144,907	6,225,242	6,260,906	6,331,013	12,879,095	13,090,669	14,148,741	14,209,047
Accumulated other comprehensive income (loss)	868	450	—	—	—	—	—	—
Retained earnings	2,388,517	2,190,505	2,127,368	2,103,441	1,974,642	1,648,882	1,535,921	1,491,358
Total shareholders' equity	<u>8,535,622</u>	<u>8,417,537</u>	<u>8,389,617</u>	<u>8,435,804</u>	<u>14,855,370</u>	<u>14,741,197</u>	<u>15,686,344</u>	<u>15,702,097</u>
Total liabilities and shareholders' equity	<u>\$10,981,529</u>	<u>\$10,926,482</u>	<u>\$10,824,772</u>	<u>\$10,764,924</u>	<u>\$21,229,937</u>	<u>\$20,838,632</u>	<u>\$22,018,842</u>	<u>\$22,108,597</u>
GAAP inventory turns	5.4	5.6	5.5	5.6	3.1	6.1	4.0	3.6
GAAP days in inventory	67	65	66	65	117	60	91	101

Marvell Technology, Inc.
Unaudited Consolidated Statements of Operations
(In thousands, except per share amounts)

	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021	January 29, 2022
Net revenue	\$ 693,641	\$ 727,297	\$ 750,143	\$ 797,819	\$ 832,279	\$ 1,075,881	\$ 1,211,245	\$ 1,342,978
Cost of goods sold	366,739	368,041	369,083	376,687	414,138	704,051	623,425	656,544
Gross profit	<u>326,902</u>	<u>359,256</u>	<u>381,060</u>	<u>421,132</u>	<u>418,141</u>	<u>371,830</u>	<u>587,820</u>	<u>686,434</u>
Operating expenses:								
Research and development	279,584	277,139	255,637	260,380	286,100	367,043	371,894	399,269
Selling, general and administrative	122,027	112,794	115,501	116,918	201,466	259,161	243,406	251,212
Legal settlement	—	—	—	36,000	—	—	—	—
Restructuring related charges	21,287	120,590	19,312	9,570	12,886	12,294	5,861	1,301
Total operating expenses	<u>422,898</u>	<u>510,523</u>	<u>390,450</u>	<u>422,868</u>	<u>500,452</u>	<u>638,498</u>	<u>621,161</u>	<u>651,782</u>
Operating income (loss)	(95,996)	(151,267)	(9,390)	(1,736)	(82,311)	(266,668)	(33,341)	34,652
Interest income	1,058	577	608	356	222	150	189	189
Interest expense	(16,830)	(15,635)	(16,066)	(20,733)	(35,141)	(33,814)	(35,423)	(34,963)
Other income (loss), net	3,754	(440)	299	(727)	1,223	(1,654)	999	2,196
Interest and other income (loss), net	<u>(12,018)</u>	<u>(15,498)</u>	<u>(15,159)</u>	<u>(21,104)</u>	<u>(33,696)</u>	<u>(35,318)</u>	<u>(34,235)</u>	<u>(32,578)</u>
Income (loss) before income taxes	(108,014)	(166,765)	(24,549)	(22,840)	(116,007)	(301,986)	(67,576)	2,074
Provision (benefit) for income taxes	5,019	(8,872)	(1,641)	(39,376)	(27,765)	(25,558)	(5,044)	(4,094)
Net income (loss)	<u>\$ (113,033)</u>	<u>\$ (157,893)</u>	<u>\$ (22,908)</u>	<u>\$ 16,536</u>	<u>\$ (88,242)</u>	<u>\$ (276,428)</u>	<u>\$ (62,532)</u>	<u>\$ 6,168</u>
Net income (loss) per share - basic	\$ (0.17)	\$ (0.24)	\$ (0.03)	\$ 0.02	\$ (0.13)	\$ (0.34)	\$ (0.08)	\$ 0.01
Net income (loss) per share - diluted	\$ (0.17)	\$ (0.24)	\$ (0.03)	\$ 0.02	\$ (0.13)	\$ (0.34)	\$ (0.08)	\$ 0.01
Weighted average shares - basic	663,547	667,574	670,487	673,529	693,378	821,062	828,635	844,419
Weighted average shares - diluted	663,547	667,574	670,487	687,959	693,378	821,062	828,635	862,062
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	3,538	4,082	4,435	4,265	9,803	2,665	9,370	9,243
Research and development	37,815	39,678	36,856	36,518	38,377	70,686	75,514	88,670
Selling, general and administrative	18,334	18,826	18,496	18,696	61,413	40,754	34,206	36,844
Total share-based compensation	<u>\$ 59,687</u>	<u>\$ 62,586</u>	<u>\$ 59,787</u>	<u>\$ 59,479</u>	<u>\$ 109,593</u>	<u>\$ 114,105</u>	<u>\$ 119,090</u>	<u>\$ 134,757</u>

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

	May 2, 2020	August 1, 2020	October 31, 2020	January 30, 2021	May 1, 2021	July 31, 2021	October 30, 2021	January 29, 2022
Cash flows from operating activities:								
Net income (loss)	\$ (113,033)	\$ (157,893)	\$ (22,908)	\$ 16,536	\$ (88,242)	\$ (276,428)	\$ (62,532)	\$ 6,168
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Depreciation and amortization	50,483	51,605	47,834	47,990	51,837	66,248	71,592	76,257
Share-based compensation	59,687	62,586	59,787	59,479	92,727	114,105	119,090	134,757
Amortization of acquired intangible assets	112,922	111,579	109,433	109,682	128,639	276,672	279,282	294,784
Amortization of inventory fair value adjustment associated with acquisitions	17,284	—	—	—	13,720	155,840	21,470	3,243
Amortization of deferred debt issuance costs and debt discounts	927	931	1,359	6,809	12,606	2,675	3,750	2,526
Restructuring related impairment charges	2,823	114,723	6,013	7,344	2,380	1,776	1,049	995
Deferred income taxes	2,372	(2,816)	859	(39,906)	(22,581)	(29,005)	(15,984)	(26,324)
Other expense, net	7,701	5,351	6,396	5,475	16,323	30,266	13,464	9,110
Changes in assets and liabilities:								
Accounts receivable	23,586	(14,782)	(6,729)	(46,397)	(57,999)	(91,216)	(192,229)	(67,635)
Inventories	35,834	(33)	(5,984)	96	(13,249)	(69,038)	(118,388)	(91,211)
Prepaid expenses and other assets	(6,694)	3,679	(5,677)	(32,942)	4,413	(50,603)	(19,149)	(96,467)
Accounts payable	(3,557)	33,204	5,121	4,895	(51,609)	52,197	93,200	(631)
Accrued liabilities and other non-current liabilities	10,796	10,732	5,289	17,795	(46,999)	39,234	761	84,152
Accrued employee compensation	(25,503)	6,964	56,741	1,439	(55,693)	(616)	69,289	16,599
Net cash provided by (used in) operating activities	<u>175,628</u>	<u>225,830</u>	<u>257,534</u>	<u>158,295</u>	<u>(13,727)</u>	<u>222,107</u>	<u>264,665</u>	<u>346,323</u>
Cash flows from investing activities:								
Purchases of technology licenses	(3,684)	(3,080)	(1,712)	(4,232)	(3,443)	(3,197)	(2,731)	(8,426)
Purchases of property and equipment	(35,343)	(17,540)	(35,359)	(18,556)	(21,444)	(32,235)	(76,804)	(38,841)
Acquisitions, net of cash acquired	—	—	—	—	(3,600,165)	—	60,436	(15,207)
Other, net	665	34	(476)	(361)	447	(2,851)	(53)	(616)
Net cash provided by (used in) investing activities	<u>(38,362)</u>	<u>(20,586)</u>	<u>(37,547)</u>	<u>(23,149)</u>	<u>(3,624,605)</u>	<u>(38,283)</u>	<u>(19,152)</u>	<u>(63,090)</u>
Cash flows from financing activities:								
Repurchases of common stock	(25,202)	—	—	—	—	—	—	—
Proceeds from employee stock plans	5,458	42,776	2,256	36,145	549	39,807	2,428	41,700
Tax withholding paid on behalf of employees for net share settlement	(31,501)	(25,213)	(25,912)	(25,468)	(73,175)	(42,975)	(52,851)	(136,656)
Dividend payment to stockholders	(39,763)	(40,119)	(40,229)	(40,463)	(40,557)	(49,332)	(50,429)	(50,731)

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

	<u>May 2, 2020</u>	<u>August 1, 2020</u>	<u>October 31, 2020</u>	<u>January 30, 2021</u>	<u>May 1, 2021</u>	<u>July 31, 2021</u>	<u>October 30, 2021</u>	<u>January 29, 2022</u>
Payments on technology license obligations	(23,807)	(18,702)	(34,285)	(23,224)	(44,132)	(23,175)	(30,551)	(36,577)
Proceeds from issuance of debt	—	—	—	—	3,731,096	75,000	—	90,000
Principal payments of debt	—	—	(100,000)	(150,000)	(200,000)	(75,000)	(150,938)	(100,938)
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	(2,507)	—	1,003	—	—	—	1,003	—
Net cash provided by (used in) financing activities	<u>(117,322)</u>	<u>(41,258)</u>	<u>(219,480)</u>	<u>(218,720)</u>	<u>3,412,377</u>	<u>(146,719)</u>	<u>(281,628)</u>	<u>(193,202)</u>
Net increase (decrease) in cash and cash equivalents	19,944	163,986	507	(83,574)	(225,955)	37,105	(36,115)	90,031
Cash and cash equivalents at beginning of period	647,604	667,548	831,534	832,041	748,467	522,512	559,617	523,502
Cash and cash equivalents at end of period	<u>\$ 667,548</u>	<u>\$ 831,534</u>	<u>\$ 832,041</u>	<u>\$ 748,467</u>	<u>\$ 522,512</u>	<u>\$ 559,617</u>	<u>\$ 523,502</u>	<u>\$613,533</u>

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

	<u>May 2, 2020</u>	<u>August 1, 2020</u>	<u>October 31, 2020</u>	<u>January 30, 2021</u>	<u>May 1, 2021</u>	<u>July 31, 2021</u>	<u>October 30, 2021</u>	<u>January 29, 2022</u>
GAAP Net income (loss)	\$ (113,033)	\$ (157,893)	\$ (22,908)	\$ 16,536	\$ (88,242)	\$ (276,428)	\$ (62,532)	\$ 6,168
(1) Cost of goods sold								
Share-based compensation	3,538	4,082	4,435	4,265	9,803	2,665	9,370	9,243
Amortization of acquired intangible assets	86,567	85,225	83,078	83,327	93,812	167,253	169,691	178,725
Other costs of goods sold	18,562	11,630	4,296	796	13,723	155,840	21,470	2,490
(2) Research and development:								
Share-based compensation	37,815	39,678	36,856	36,518	38,377	70,686	75,514	88,670
Other operating expenses	2,418	824	501	742	2,896	2,568	408	633
(3) Selling, general and administrative:								
Share-based compensation	18,334	18,826	18,496	18,696	61,413	40,754	34,206	36,844
Amortization of acquired intangible assets	26,355	26,354	26,355	26,355	34,827	109,419	109,591	116,059
Other operating expenses	16,985	7,301	8,989	11,738	43,788	36,380	25,052	18,410
(4) Restructuring and other exit related costs in Operating Expense	21,287	120,590	19,312	9,570	12,886	12,294	5,861	1,301
(5) Legal settlement and related charges in Operating Expense	—	—	—	36,000	—	—	—	—
(6) Interest and other (income) loss, net								
Debt issuance related costs and other	434	—	(549)	6,017	16,901	3,022	(98)	(3,196)
(7) Provision (benefit) for income taxes:								
Tax-related adjustments	(1,229)	(16,226)	(10,502)	(49,936)	(38,385)	(40,503)	(24,218)	(26,657)
Non-GAAP Net income	<u>\$ 118,033</u>	<u>\$ 140,391</u>	<u>\$ 168,359</u>	<u>\$ 200,624</u>	<u>\$ 201,799</u>	<u>\$ 283,950</u>	<u>\$ 364,315</u>	<u>\$ 428,690</u>
Non-GAAP Operating income	<u>\$ 135,865</u>	<u>\$ 163,243</u>	<u>\$ 192,928</u>	<u>\$ 226,271</u>	<u>\$ 229,214</u>	<u>\$ 331,191</u>	<u>\$ 417,822</u>	<u>\$ 487,027</u>

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.



Essential technology, done right™