

FISCAL 1Q 2021 RESULTS

November 3, 2020



DISCLOSURES

Cautionary Statement Regarding Forward Looking Statements

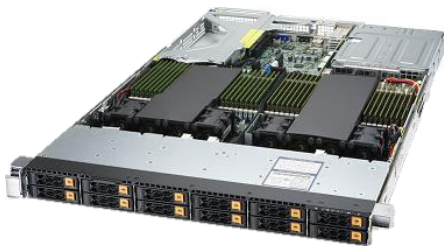
Statements contained in this presentation that are not historical fact may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements may relate to, among other things, the second quarter of fiscal year 2021 revenue marking a near-term bottom and the ability to execute on the company strategy during the global COVID-19 pandemic. Such forward-looking statements do not constitute guarantees of future performance and are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from those anticipated, including: (i) the global COVID-19 pandemic continues to present significant uncertainties for all parts of our business including our supply chain, our production operations and customer demand, (ii) our quarterly operating results may fluctuate, which could cause rapid declines in our stock price, (iii) as we increasingly target larger customers and larger sales opportunities, our customer base may become more concentrated, our cost of sales may increase, our margins may be lower and our sales may be less predictable, (iv) if we fail to meet publicly announced financial guidance or other expectations about our business, our stock could decline in value, (v) the average sales prices for our server solutions could decline if customers do not continue to purchase our latest generation products or additional components, and (vi) adverse economic conditions may harm our business. Additional factors that could cause actual results to differ materially from those projected or suggested in any forward-looking statements are contained in our filings with the Securities and Exchange Commission, including those factors discussed under the caption "Risk Factors" in such filings, particularly in our Annual Report on Form 10-K for our fiscal year ended June 30, 2020.

Use of Non-GAAP Financial Measures

Each of non-GAAP gross margin, non-GAAP income from operations, non-GAAP operating expenses, non-GAAP net income, and non-GAAP diluted net income per common share adds back and excludes various items that are discussed in the accompanying reconciliation table herein. Management presents non-GAAP financial measures because it considers them to be important supplemental measures of performance. Management uses the non-GAAP financial measures for planning purposes, including analysis of the Company's performance against prior periods, the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management also believes that the non-GAAP financial measures provide additional insight for analysts and investors in evaluating the Company's financial and operational performance. However, these non-GAAP financial measures have limitations as an analytical tool, and are not intended to be an alternative to financial measures prepared in accordance with GAAP. A reconciliation of gross margin to non-GAAP gross margin, from income from operations to non-GAAP income from operations, from operating expenses to non-GAAP operating expenses, from net income to non-GAAP net income, and from diluted net income per common share to non-GAAP net income and diluted net income per common share are included in the tables below.

Q1 HIGHLIGHTS

- Additional traction with new Cloud, Internet and Enterprise customers
- Joined the fight against COVID-19 with Lawrence Livermore Labs
- Collaborated with Preferred Networks to build the #1 Supercomputer in Green500
- **Accelerating** footprint expansion in Taiwan to lower mid/long-term costs
- Pipeline of innovation with partners Intel, AMD and Nvidia



Cloud & Large DC



AI/ML



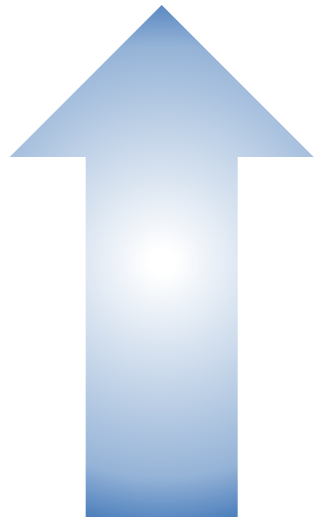
Storage



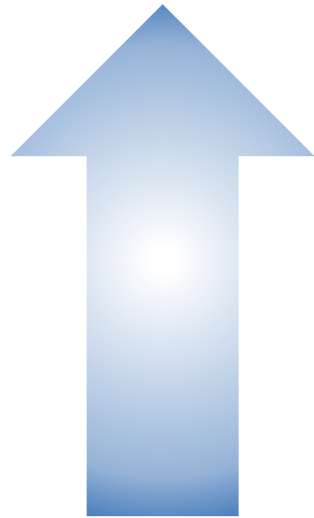
5G/Edge

KEY VERTICAL MARKETS AND GROWTH DRIVERS

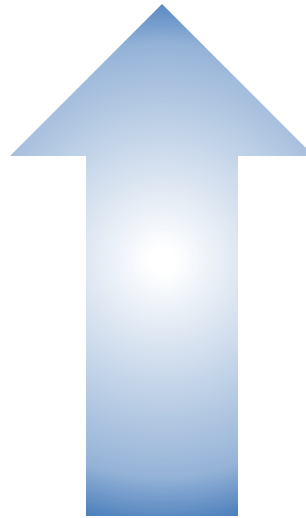
Supermicro has been focused on the fastest-growing IT markets leveraging our unique business model and go-to-market partnerships



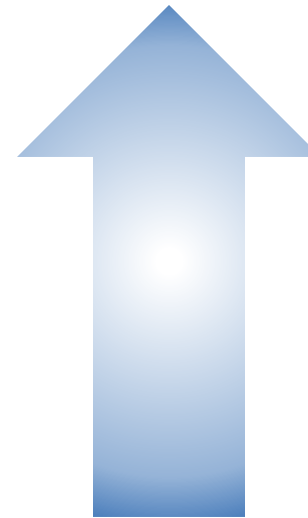
**Enterprise, Channel
IoT & AI**



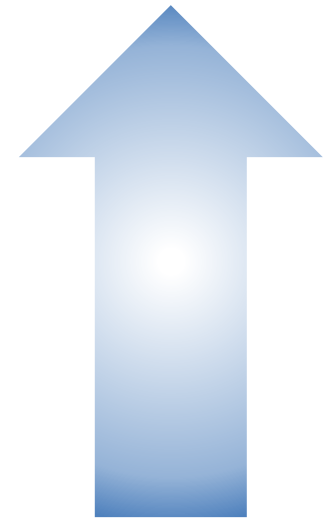
**Cloud
& Large DC**



5G/Edge & Telco



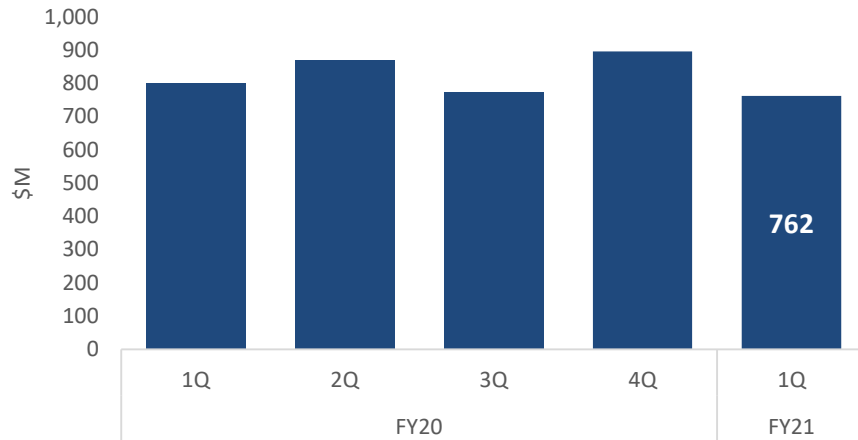
Software & Services



**B2B/B2C
Business Automation**

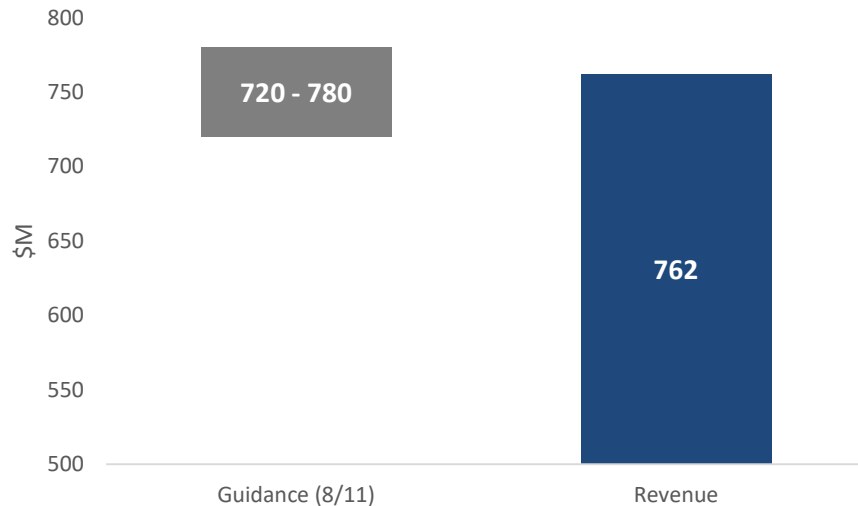
REVENUE

Net Sales

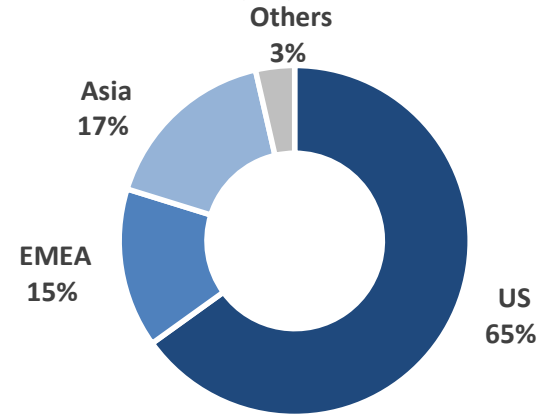


Sales Above Midpoint of Guidance Range

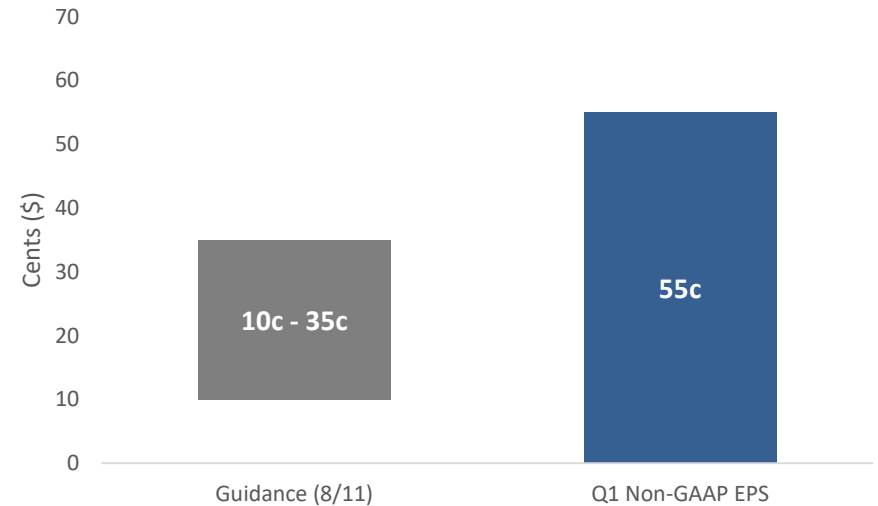
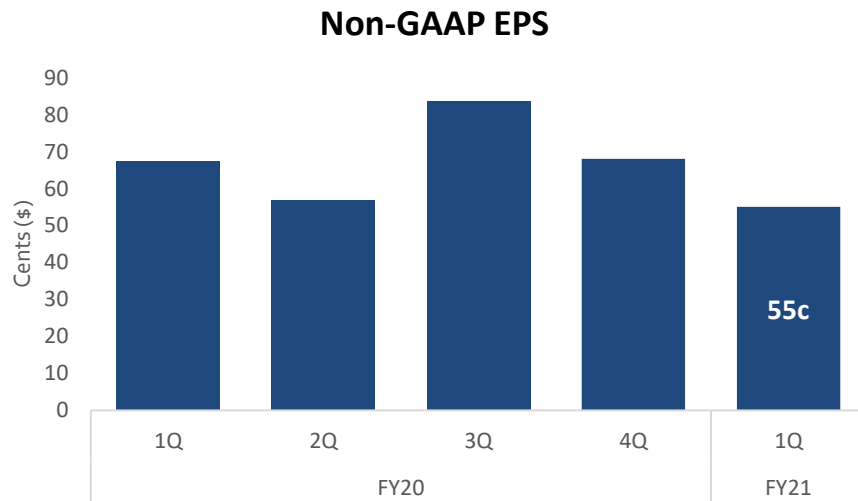
- -5% YoY, -15% QoQ in challenging business environment
- Customers broadly “digested” strong Q4 purchases in Q1
- Offset by continued traction with select new Internet and Cloud customers
- US strongest region +6% YoY; EMEA -12% YoY, Asia -22% YoY



Geographic Mix



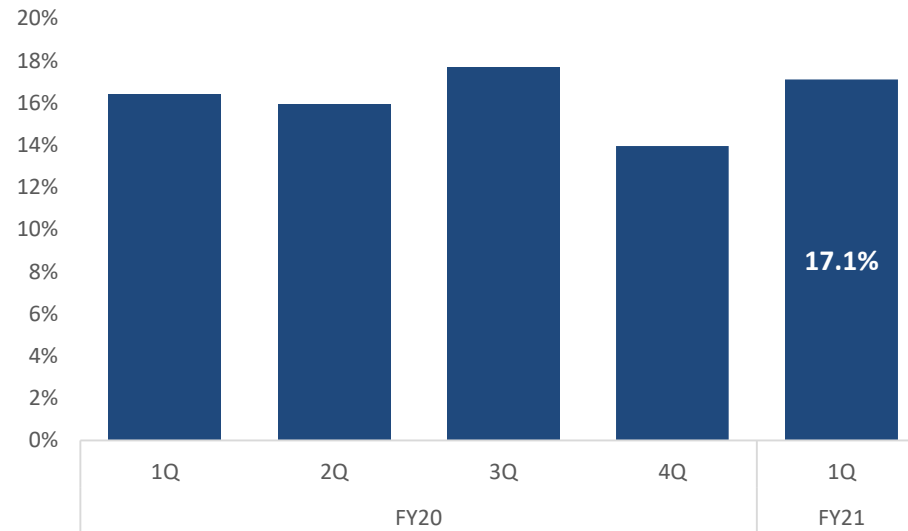
NON-GAAP EPS



EPS Above High End of Guidance Range

- Strong gross margin, expense discipline and favorable taxes drove EPS upside

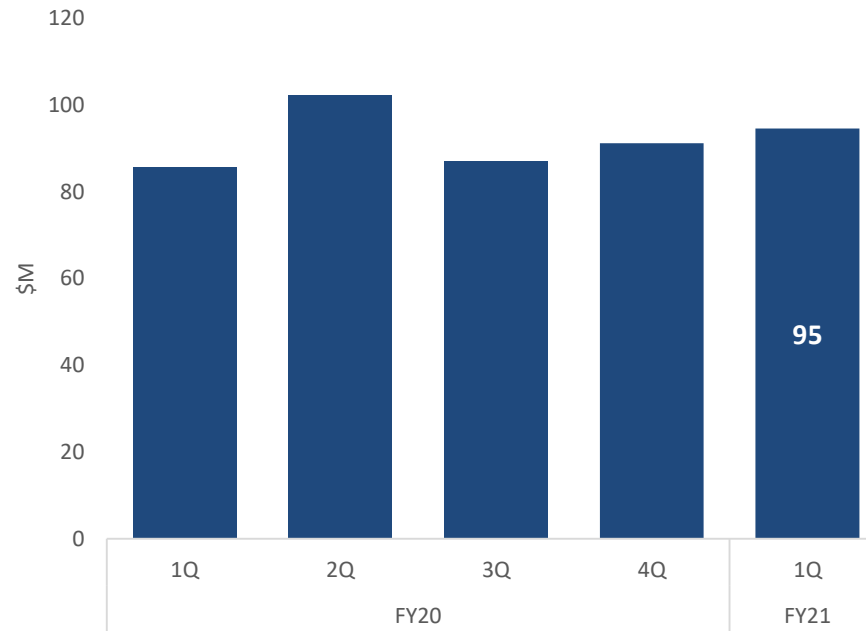
NON-GAAP GROSS MARGIN



Non-GAAP Gross Margin

- +310bp QoQ, +70bp YoY
- Helped by lower commodity cost, freight cost, and product mix

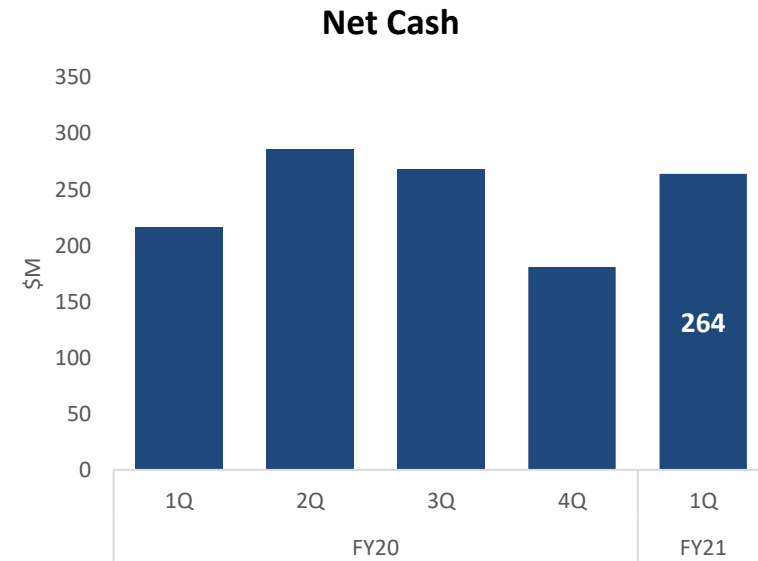
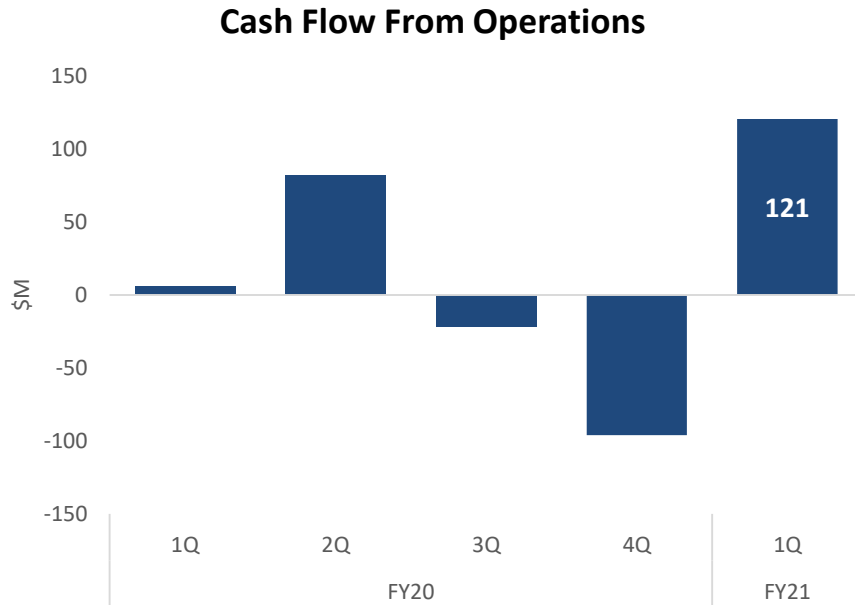
NON-GAAP OPERATING EXPENSES



Non-GAAP Operating Expenses

- +4% QoQ, +10% YoY
- No recurrence of \$4.8M bad debt recovery QoQ

CASH FLOW AND NET CASH



- **Cash Flow from Operations** \$121M, impacted primarily by working capital
- **Free Cash Flow** \$109M
- **Net Cash and Cash Equivalents** \$264M
- **Completed** \$30M share repurchase authorization in Q1

SHARE REPURCHASE PROGRAM

Previously Authorized Program:

- Completed in Q1 2020
- 1.14M shares at \$26.24 average price

Newly Authorized Program Details:

- The board has approved a \$50M share repurchase authorization
- Effective until October 31, 2021 or until authorized funds fully deployed, whichever occurs first

Message to Shareholders:

- Tactical and opportunistic approach in near-term
- Refining longer-term capital allocation strategy

2Q21 OUTLOOK



REVENUE

\$780M to \$880M



NON-GAAP EPS

35c to 58c

(GAAP: 25c to 47c)

TAIWAN CAMPUS



NEW TAIWAN FACILITY



APPENDIX

1Q21 HIGHLIGHTS

	<u>1Q21</u>	<u>QoQ</u>	<u>YoY</u>
Revenue	\$762M	-15%	-5%
Gross Margin (non-GAAP)	17.1%	+310bp	+70bp
Earnings Per Share (non-GAAP)	55c	-13c	-13c
Cash Flow from Operations	\$121M	+\$217M	+115M
Mix:			
Systems	81%	-17%	-3%
Subsystems & Accessories	19%	-7%	-12%

GAAP TO NON-GAAP RECONCILIATION (1 OF 2)

(In Thousands, except per share amounts)	Q1'20 Sep-19	Q2'20 Dec-19	Q3'20 Mar-20	Q4'20 Jun-20	Q1'21 Sep-20
Consolidated Statement of Operations					
Net Sales	\$ 799,804	\$ 870,943	\$ 772,408	\$ 896,126	\$ 762,250
GAAP GROSS PROFIT	\$ 130,929	\$ 138,404	\$ 133,360	\$ 123,517	\$ 129,915
Stock-based compensation	395	384	370	355	503
Special performance bonuses			2,871	1,201	-
Other expenses				39	20
Accelerated building depreciation expense	-	-	-	-	-
Non-GAAP GROSS PROFIT	\$ 131,324	\$ 138,788	\$ 136,601	\$ 125,112	\$ 130,438
GAAP GROSS MARGIN	16.4%	15.9%	17.3%	13.8%	17.0%
Stock-based compensation	0.0%	0.0%	0.0%	0.0%	0.1%
Special performance bonuses			0.4%	0.2%	0.0%
Other expenses				0.0%	0.0%
Accelerated building depreciation expense	0.0%	0.0%	0.0%	0.0%	0.0%
Non-GAAP GROSS MARGIN	16.4%	15.9%	17.7%	14.0%	17.1%
OPERATING EXPENSE					
GAAP R&D	\$ 49,572	\$ 55,572	\$ 49,586	\$ 66,748	\$ 54,798
Stock-based compensation	(3,131)	(3,125)	(3,043)	(2,903)	(3,702)
Special performance bonuses	-	-	(5,345)	(11,968)	-
Other expenses	-	-	-	(217)	(161)
Controls remediation	-	-	-	-	-
Non-GAAP R&D	\$ 46,441	\$ 52,447	\$ 41,198	\$ 51,660	\$ 50,935
GAAP S&M	\$ 20,194	\$ 21,977	\$ 21,886	\$ 21,080	\$ 20,292
Stock-based compensation	(435)	(423)	(417)	(405)	(517)
Special performance bonuses	-	-	(990)	(829)	-
Other expenses	-	-	-	(88)	(31)
Non-GAAP S&M	\$ 19,759	\$ 21,554	\$ 20,479	\$ 19,758	\$ 19,744
GAAP G&A	\$ 28,298	\$ 33,040	\$ 46,342	\$ 26,261	\$ 24,379
Stock-based compensation	(1,094)	(1,031)	(975)	(1,703)	(2,448)
Executive SEC settlement	-	-	(17,500)	-	2,122
Special performance bonuses	-	-	(1,123)	(3,427)	(90)
Other expenses	-	-	-	(333)	(29)
Controls remediation	(7,660)	(3,759)	(1,440)	(1,004)	-
Non-GAAP G&A	\$ 19,544	\$ 28,250	\$ 25,304	\$ 19,794	\$ 23,934
GAAP OPERATING EXPENSE	\$ 98,064	\$ 110,589	\$ 117,814	\$ 114,089	\$ 99,469
Stock-based compensation	(4,659)	(4,580)	(4,435)	(5,011)	(6,667)
Executive SEC settlement	-	-	(17,500)	-	2,122
Special performance bonuses	-	-	(7,458)	(16,224)	(90)
Other expenses	-	-	-	(638)	(221)
Controls remediation	(7,660)	(3,759)	(1,440)	(1,004)	-
Non-GAAP OPERATING EXPENSE	\$ 85,745	\$ 102,250	\$ 86,981	\$ 91,212	\$ 94,613

GAAP TO NON-GAAP RECONCILIATION (2 OF 2)

(in Thousands, except per share amounts)	Q1'20 Sep-19	Q2'20 Dec-19	Q3'20 Mar-20	Q4'20 Jun-20	Q1'21 Sep-20
GAAP INCOME FROM OPERATIONS	\$ 32,865	\$ 27,815	\$ 15,546	\$ 9,428	\$ 30,446
Stock-based compensation	5,054	4,964	4,805	5,366	7,170
Executive SEC settlement			17,500	-	(2,122)
Special performance bonuses	-	-	10,329	17,425	90
Other expenses				677	241
Accelerated building depreciation expense				-	-
Controls remediation	7,660	3,759	1,440	1,004	-
Non-GAAP INCOME FROM OPERATIONS	\$ 45,579	\$ 36,538	\$ 49,620	\$ 33,900	\$ 35,825
GAAP NET INCOME	\$ 26,345	\$ 23,706	\$ 15,807	\$ 18,450	\$ 26,601
Stock-based compensation	5,054	4,964	4,805	5,366	7,170
Executive SEC settlement			17,500	-	(2,122)
Special performance bonuses	-	-	10,329	17,425	90
Other expenses				677	241
Accelerated building depreciation expense				-	-
Controls remediation	7,660	3,759	1,440	1,004	-
Impairment of investments	-	-	-	-	-
Impacts of the Tax Cuts and Jobs Act of 2017	-	-	-	-	-
Adjustments to tax provision	(3,049)	(2,007)	(3,812)	(5,101)	(1,183)
Non-GAAP NET INCOME	\$ 36,010	\$ 30,422	\$ 46,069	\$ 37,821	\$ 30,797
GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 0.52	\$ 0.47	\$ 0.31	\$ 0.35	\$ 0.51
Impact of Non-GAAP adjustments	0.20	0.14	0.58	0.37	0.08
Non-GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 0.72	\$ 0.61	\$ 0.89	\$ 0.72	\$ 0.59
GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 0.51	\$ 0.46	\$ 0.29	\$ 0.34	\$ 0.49
Impact of Non-GAAP adjustments	0.17	0.11	0.55	0.34	0.06
Non-GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 0.68	\$ 0.57	\$ 0.84	\$ 0.68	\$ 0.55
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE					
BASIC – GAAP	50,274	50,181	51,526	52,240	52,329
BASIC - Non-GAAP	50,274	50,181	51,526	52,240	52,329
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE					
DILUTED – GAAP	51,704	52,009	53,693	54,218	54,426
DILUTED - Non-GAAP	53,325	53,572	55,050	55,595	55,883