UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-33383

Super Micro Computer, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**77-0353939**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

980 Rock Avenue
San Jose, CA 95131
(Address of principal executive offices, including zip code)
(408) 503-8000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value per share	**SMCI**	**NASDAQ Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2021 there were 51,075,818 shares of the registrant's common stock, $0.001 par value, outstanding, which is the only class of common stock of the registrant issued.

SUPER MICRO COMPUTER, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

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Unless the context requires otherwise, the words "Super Micro," "Supermicro," "we," "Company," "us" and "our" in this document refer to Super Micro Computer, Inc. and where appropriate, our wholly owned subsidiaries. Supermicro, the Company logo and our other registered or common law trademarks, service marks, or trade names appearing in this Quarterly Report on Form 10-Q are the property of Super Micro Computer, Inc. or its affiliates. Other trademarks, service marks, or trade names appearing in this Quarterly Report on Form 10-Q are the property of their respective owners.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

SUPER MICRO COMPUTER, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)
(unaudited)

	September 30, 2021	June 30, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 270,047	$ 232,266
Accounts receivable, net of allowances of $2,461 and $2,591 at September 30, 2021 and June 30, 2021, respectively (including accounts receivable from related parties of $13,993 and $8,678 at September 30, 2021 and June 30, 2021, respectively)	458,076	463,834
Inventories	1,184,573	1,040,964
Prepaid expenses and other current assets (including receivables from related parties of $26,283 and $23,837 at September 30, 2021 and June 30, 2021, respectively)	124,259	130,195
Total current assets	2,036,955	1,867,259
Investment in equity investee	5,161	4,578
Property, plant and equipment, net	284,148	274,713
Deferred income taxes, net	63,269	63,288
Other assets	37,160	32,126
Total assets	$ 2,426,693	$ 2,241,964
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable (including amounts due to related parties of $77,754 and $70,096 at September 30, 2021 and June 30, 2021, respectively)	$ 564,628	$ 612,336
Accrued liabilities (including amounts due to related parties of $20,103 and $18,528 at September 30, 2021 and June 30, 2021, respectively)	175,221	178,850
Income taxes payable	14,273	12,741
Short-term debt	233,674	63,490
Deferred revenue	113,683	101,479
Total current liabilities	1,101,479	968,896
Deferred revenue, non-current	101,749	100,838
Long-term debt	45,134	34,700
Other long-term liabilities	45,533	41,132
Total liabilities	1,293,895	1,145,566
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock and additional paid-in capital, $0.001 par value		
Authorized shares: 100,000,000; Outstanding shares: 51,071,844 and 50,582,078 at September 30, 2021 and June 30, 2021, respectively		
Issued shares: 51,071,844 and 50,582,078 at September 30, 2021 and June 30, 2021, respectively	448,976	438,012
Accumulated other comprehensive income	449	453
Retained earnings	683,197	657,760
Total Super Micro Computer, Inc. stockholders' equity	1,132,622	1,096,225
Noncontrolling interest	176	173
Total stockholders' equity	1,132,798	1,096,398
Total liabilities and stockholders' equity	$ 2,426,693	$ 2,241,964

See accompanying notes to condensed consolidated financial statements.

SUPER MICRO COMPUTER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020
Net sales (including related party sales of $30,922 and $19,716 in the three months ended September 30, 2021 and 2020, respectively)	$ 1,032,730	$ 762,250
Cost of sales (including related party purchases of $87,687 and $58,859 in the three months ended September 30, 2021 and 2020, respectively)	894,591	632,335
Gross profit	138,139	129,915
Operating expenses:		
Research and development	65,143	54,798
Sales and marketing	21,624	20,292
General and administrative	22,244	24,379
Total operating expenses	109,011	99,469
Income from operations	29,128	30,446
Other (expense) income, net	50	(841)
Interest expense	(804)	(674)
Income before income tax provision	28,374	28,931
Income tax provision	(3,325)	(3,660)
Share of income from equity investee, net of taxes	388	1,330
Net income	$ 25,437	$ 26,601
Net income per common share:		
Basic	$ 0.50	$ 0.51
Diluted	$ 0.48	$ 0.49
Weighted-average shares used in calculation of net income per common share:		
Basic	50,796	52,329
Diluted	52,916	54,426

See accompanying notes to condensed consolidated financial statements.

SUPER MICRO COMPUTER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended September 30,	
	2021	**2020**
Net income	$ 25,437	$ 26,601
Other comprehensive income (loss), net of tax:		
Foreign currency translation gain (loss)	(4)	247
Total other comprehensive income (loss)	(4)	247
Total comprehensive income	$ 25,433	$ 26,848

See accompanying notes to condensed consolidated financial statements.

SUPER MICRO COMPUTER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)
(unaudited)

Three Months Ended September 30, 2021	Common Stock and Additional Paid-In Capital		Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at June 30, 2021	50,582,078	$ 438,012	—	$ —	$ 453	$ 657,760	$ 173	$ 1,096,398
Exercise of stock options, net of taxes	370,066	6,018	—	—	—	—	—	6,018
Release of common stock shares upon vesting of restricted stock units	173,771	—	—	—	—	—	—	—
Shares withheld for the withholding tax on vesting of restricted stock units	(54,071)	(2,069)	—	—	—	—	—	(2,069)
Stock-based compensation	—	7,015	—	—	—	—	—	7,015
Foreign currency translation loss	—	—	—	—	(4)	—	—	(4)
Net income	—	—	—	—	—	$ 25,437	3	25,440
Balance at September 30, 2021	51,071,844	$ 448,976	—	—	$ 449	$ 683,197	$ 176	$ 1,132,798

Three Months Ended September 30, 2020	Common Stock and Additional Paid-In Capital		Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at June 30, 2020	53,741,828	$ 389,972	(1,333,125)	$ (20,491)	$ (152)	$ 696,211	$ 167	1,065,707
Exercise of stock options, net of taxes	350,830	5,020	—	—	—	—	—	5,020
Release of common stock shares upon vesting of restricted stock units	217,519	—	—	—	—	—	—	—
Shares withheld for the withholding tax on vesting of restricted stock units	(69,131)	(2,005)	—	—	—	—	—	(2,005)
Stock repurchases and retirement	—	—	(1,142,294)	(30,000)	—	—	—	(30,000)
Stock-based compensation	—	7,170	—	—	—	—	—	7,170
Foreign currency translation gain	—	—	—	—	247	—	—	247
Net income	—	—	—	—	—	26,601	2	26,603
Balance at September 30, 2020	54,241,046	$ 400,157	$ (2,475,419)	$ (50,491)	$ 95	$ 722,812	$ 169	$ 1,072,742

See accompanying notes to condensed consolidated financial statements.

SUPER MICRO COMPUTER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended September 30,	
	2021	2020
OPERATING ACTIVITIES:		
Net income	$ 25,437	$ 26,601
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	7,548	7,517
Stock-based compensation expense	7,015	7,170
Recovery of allowance for doubtful accounts	(124)	(154)
Provision for excess and obsolete inventories	3,478	(902)
Share of income from equity investee	(388)	(1,330)
Foreign currency exchange gain	45	618
Deferred income taxes, net	19	(224)
Other	5	(719)
Changes in operating assets and liabilities:		
Accounts receivable, net (including changes in related party balances of $(5,315) and $7,510 during the three months ended September 30, 2021 and 2020, respectively)	5,859	81,035
Inventories	(147,087)	78,544
Prepaid expenses and other assets (including changes in related party balances of $(2,446) and $12,158 during the three months ended September 30, 2021 and 2020, respectively)	6,109	43,724
Accounts payable (including changes in related party balances of $7,658 and $(24,676) during the three months ended September 30, 2021 and 2020, respectively)	(54,343)	(85,704)
Income taxes payable	1,532	1,625
Deferred revenue	13,115	(1,946)
Accrued liabilities (including changes in related party balances of $1,575 and $(3,577) during the three months ended September 30, 2021 and 2020, respectively)	(1,330)	(36,457)
Other long-term liabilities (including changes in related party balances of $0 and $(530) during the three months ended September 30, 2021 and 2020, respectively)	(1,461)	1,157
Net cash provided by (used in) operating activities	(134,571)	120,555
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment (including payments to related parties of $400 and $2,230 during the three months ended September 30, 2021 and 2020, respectively)	(10,802)	(11,851)
Investment in a privately-held company	(1,100)	—
Net cash used in investing activities	(11,902)	(11,851)
FINANCING ACTIVITIES:		
Proceeds from borrowings, net of debt issuance costs	269,806	6,408
Repayment of debt	(89,476)	(271)
Proceeds from exercise of stock options, net of taxes	6,018	5,020
Payment of withholding tax on vesting of restricted stock units	(2,069)	(2,005)
Stock repurchases	—	(28,453)
Payments of obligations under finance leases	(17)	(26)
Net cash provided by (used in) by financing activities	184,262	(19,327)
Effect of exchange rate fluctuations on cash	(11)	185
Net increase in cash, cash equivalents and restricted cash	37,778	89,562
Cash, cash equivalents and restricted cash at the beginning of the period	233,449	212,390
Cash, cash equivalents and restricted cash at the end of the period	$ 271,227	$ 301,952

Supplemental disclosure of cash flow information:				
Cash paid for interest	$	508	$	512
Cash paid for taxes, net of refunds		2,732		1,204
Non-cash investing and financing activities:				
Unpaid property, plant and equipment purchases (including due to related parties of $1,360 and $1,664 as of September 30, 2021 and 2020, respectively)	$	13,063	$	6,661
Right of use ("ROU") assets obtained in exchange for operating lease commitments		6,119		2,059
Unpaid stock repurchases		—		1,547

See accompanying notes to condensed consolidated financial statements.

SUPER MICRO COMPUTER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Significant Accounting Policies and Estimates

No material changes have been made to the significant accounting policies of Super Micro Computer, Inc., a corporation incorporated under the laws of Delaware, and its consolidated entities (together, the “Company”), disclosed in Note 1, "Organization and Summary of Significant Accounting Policies," in its Annual Report on Form 10-K, filed on August 27, 2021, for the year ended June 30, 2021. Management's estimates include, as applicable, the anticipated impacts of the coronavirus ("COVID-19") pandemic.

Basis of Presentation

The unaudited condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the United States Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations.

The unaudited condensed consolidated financial statements included herein reflect all adjustments, including normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the consolidated financial position, results of operations and cash flows for the periods presented. The consolidated results of operations for the three months ended September 30, 2021 are not necessarily indicative of the results that may be expected for future quarters or for the fiscal year ending June 30, 2022.

Concentration of Supplier Risk

Certain materials used by the Company in the manufacturing of its products are available from a limited number of suppliers. Shortages could occur in these materials due to an interruption of supply or increased demand in the industry. One supplier accounted for 20.1% and 22.0% of total purchases for the three months ended September 30, 2021 and 2020, respectively. Purchases from Ablecom, and Compuware, related parties of the Company (see Note 8, "Related Party Transactions") accounted for a combined 9.6% and 9.2% of total cost of sales for the three months ended September 30, 2021 and 2020, respectively.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents, restricted cash, investment in an auction rate security and accounts receivable. No single customer accounted for 10% or more of the net sales for the three months ended September 30, 2021 and 2020. One customer accounted for 11.7% and 13.5% of accounts receivable, net as of September 30, 2021 and June 30, 2021, respectively.

Accounting Pronouncements Recently Adopted

In December 2019, the FASB issued amended guidance, *Simplifying the Accounting for Income Taxes*, to remove certain exceptions to the general principles from *ASC 740 - Income Taxes,* and to improve consistent application of U.S. GAAP for other areas of ASC 740 by clarifying and amending existing guidance. The guidance is effective for the Company from July 1, 2021. The adoption of the guidance did not have a material impact on its condensed consolidated financial statements and disclosures.

Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued authoritative guidance, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* The new guidance provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. The guidance also establishes (1) a general contract modification principle that entities can apply in other areas that may be affected by reference rate reform and (2) certain elective hedge accounting expedients. The amendment is effective for all entities through December 31, 2022. In January 2021, the FASB issued further guidance on this topic, which clarified the scope and application of the original guidance. LIBOR is used to calculate the interest on borrowings under the Company's 2018 Bank of America Credit Facility and E.SUN Credit Facility. The 2018 Bank of America Credit Facility was amended on June 28, 2021 which provided for a new maturity date of June 28, 2026 and fallback terms related to LIBOR replacement mechanics. As the amendment had changes not related to LIBOR replacement, optional expedients under this guidance cannot be elected. The E.SUN Credit Facility will terminate on July 29, 2022 before the phase out of LIBOR. Therefore, the Company does not expect the adoption of the guidance to have an impact on its consolidated financial statements and disclosures.

Note 2. Revenue

Disaggregation of Revenue

The Company disaggregates revenue by type of product and by geographical market in order to depict the nature, amount, and timing of revenue and cash flows. Service revenues, which are less than 10%, are not a significant component of total revenue, and are aggregated within the respective categories.

The following is a summary of net sales by product type (in thousands):

	Three Months Ended September 30,	
	2021	**2020**
Server and storage systems	$ 849,856	$ 617,788
Subsystems and accessories	182,874	144,462
Total	$ 1,032,730	$ 762,250

Server and storage systems constitute an assembly and integration of subsystems and accessories, and related services. Subsystems and accessories are comprised of server boards, chassis and accessories.

International net sales are based on the country and geographic region to which the products were shipped. The following is a summary for the three months ended September 30, 2021 and 2020, of net sales by geographic region (in thousands):

	Three Months Ended September 30,	
	2021	**2020**
United States	$ 560,948	$ 496,086
Asia	263,086	126,707
Europe	179,694	112,089
Other	29,002	27,368
	$ 1,032,730	$ 762,250

Contract Balances

Generally, the payment terms of the Company's offerings range from 30 to 60 days. In certain instances, customers may prepay for products and services in advance of delivery. Receivables relate to the Company's unconditional right to consideration for performance obligations either partially or fully completed.

Contract assets are rights to consideration in exchange for goods or services that the Company has transferred to a customer when such right is conditional on something other than the passage of time. Such contract assets are insignificant to the Company's condensed consolidated financial statements.

Contract liabilities consist of deferred revenue and relate to amounts invoiced to or advance consideration received from customers, which precede the Company's satisfaction of the associated performance obligation(s). The Company's deferred revenue primarily results from customer payments received upfront for extended warranties and on-site services because these performance obligations are satisfied over time. Revenue recognized during the three months ended September 30, 2021, which was included in the opening deferred revenue balance as of June 30, 2021 of $202.3 million, was $30.0 million.

Deferred revenue increased $13.1 million during the three months ended September 30, 2021 as compared to the fiscal year ended June 30, 2021 mainly due to the increase in non-cancellable non-refundable advance considerations received from customers which precede the Company's satisfaction of the associated performance obligations.

Transaction Price Allocated to the Remaining Performance Obligations

Remaining performance obligations represent in aggregate the amount of transaction price that has been allocated to performance obligations not delivered, or only partially undelivered, as of the end of the reporting period. The Company applies the exemption to not disclose information about remaining performance obligations that are part of a contract that has an original expected duration of one year or less. These performance obligations generally consist of services, such as on-site services, including integration services and extended warranty services that are contracted for one year or less, and products for which control has not yet been transferred. The value of the transaction price allocated to remaining performance obligations as of September 30, 2021 was $215.4 million. The Company expects to recognize approximately 53% of remaining performance obligations as revenue in the next 12 months, and the remainder thereafter.

Capitalized Contract Acquisition Costs and Fulfillment Cost

Contract acquisition costs are those incremental costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Contract acquisition costs consist primarily of incentive bonuses. Contract acquisition costs are considered incremental and recoverable costs of obtaining and fulfilling a contract with a customer and are therefore capitalizable. The Company applies the practical expedient to expense incentive bonus costs as incurred if the amortization period would be one year or less, generally upon delivery of the associated server and storage systems or components. Where the amortization period of the contract cost would be more than a year, the Company applies judgment in the allocation of the incentive bonus cost asset between hardware and service performance obligations and expenses the cost allocated to the hardware performance obligations upon delivery of associated server and storage systems or components and amortizes the cost allocated to service performance obligations over the period the services are expected to be provided. Contract acquisition costs allocated to service performance obligations that are subject to capitalization are insignificant to the Company's condensed consolidated financial statements.

Contract fulfillment costs consist of costs paid in advance for outsourced services provided by third parties to the extent they are not in the scope of other guidance. Fulfillment costs paid in advance for outsourced services provided by third parties are capitalized and amortized over the period the services are expected to be provided. Such fulfillment costs are insignificant to the Company's condensed consolidated financial statements.

Note 3. Net Income Per Common Share

The following table shows the computation of basic and diluted net income per common share for the three months ended September 30, 2021 and 2020 (in thousands, except per share amounts):

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020
Numerator:		
Net income	$ 25,437	$ 26,601
Denominator:		
Weighted-average shares outstanding	50,796	52,329
Effect of dilutive securities	2,120	2,097
Weighted-average diluted shares	52,916	54,426
Basic net income per common share	$ 0.50	$ 0.51
Diluted net income per common share	$ 0.48	$ 0.49

For the three months ended September 30, 2021 and 2020, the Company had stock options, restricted stock units ("RSUs") and performance based restricted stock units ("PRSUs") outstanding that could potentially dilute basic earnings per share in the future, but were excluded from the computation of diluted net income per share in the periods presented, as their effect would have been anti-dilutive. The anti-dilutive common share equivalents resulting from outstanding equity awards were 694,211 and 1,177,694 for the three months ended September 30, 2021 and 2020, respectively.

Note 4. Balance Sheet Components

The following tables provide details of the selected balance sheet items (in thousands):

Inventories:

	September 30, 2021	June 30, 2021
Finished goods	$ 781,992	$ 761,694
Work in process	172,593	80,472
Purchased parts and raw materials	229,988	198,798
Total inventories	$ 1,184,573	$ 1,040,964

During the three months ended September 30, 2021 and 2020, the Company recorded a net provision for excess and obsolete inventory to cost of sales totaling $3.5 million and $0.9 million, respectively. The Company classifies subsystems and accessories that may be sold separately or incorporated into systems as finished goods.

Prepaid Expenses and Other Current Assets:

	September 30, 2021	June 30, 2021
Other receivables (1)	$ 87,269	$ 99,921
Prepaid income tax	13,797	12,288
Prepaid expenses	9,210	6,719
Deferred service costs	4,680	4,900
Restricted cash	251	251
Others	9,052	6,116
Total prepaid expenses and other current assets	$ 124,259	$ 130,195

(1) Includes other receivables from contract manufacturers based on certain buy-sell arrangements of $75.2 million and $76.2 million as of September 30, 2021 and June 30, 2021, respectively.

Cash, cash equivalents and restricted cash:

	September 30, 2021	June 30, 2021
Cash and cash equivalents	$ 270,047	$ 232,266
Restricted cash included in prepaid expenses and other current assets	251	251
Restricted cash included in other assets	929	932
Total cash, cash equivalents and restricted cash	$ 271,227	$ 233,449

Property, Plant, and Equipment:

	September 30, 2021	June 30, 2021
Buildings	$ 143,512	$ 86,930
Land	84,602	76,421
Machinery and equipment	102,522	97,671
Building construction in progress (1)	5,919	87,438
Building and leasehold improvements	43,422	26,640
Software	23,093	22,592
Furniture and fixtures	31,782	22,843
	434,852	420,535
Accumulated depreciation and amortization	(150,704)	(145,822)
Property, plant and equipment, net	$ 284,148	$ 274,713

(1) Primarily relates to the development and construction costs associated with the Company’s Green Computing Park located in San Jose, California, and a new building in Taiwan.

Other Assets:

	September 30, 2021	June 30, 2021
Operating lease right-of-use asset	$ 24,156	$ 20,047
Deferred service costs, non-current	5,576	5,421
Prepaid expense, non-current	1,890	1,973
Investment in auction rate security	1,556	1,556
Deposits	1,449	1,669
Restricted cash, non-current	929	932
Other	1,604	528
Total other assets	$ 37,160	$ 32,126

Accrued Liabilities:

	September 30, 2021	June 30, 2021
Accrued payroll and related expenses	$ 43,912	$ 45,770
Contract manufacturing liabilities	39,206	45,319
Customer deposits	30,773	32,419
Accrued warranty costs	9,532	10,185
Accrued cooperative marketing expenses	7,811	5,652
Operating lease liability	6,400	6,322
Accrued professional fees	2,343	2,737
Other	35,245	30,446
Total accrued liabilities	$ 175,221	$ 178,850

Performance Awards Liability

In March 2020, the Board of Directors (the "Board") approved performance bonuses for the Chief Executive Officer, a senior executive and two members of the Board, which payments will be earned when specified market and performance conditions are achieved.

The Chief Executive Officer's aggregate cash bonuses of up to $8.1 million are earned in two tranches. The first 50% is payable if the average closing price for the Company's common stock equals or exceeds $31.61 for any period of 20 consecutive trading days following the date of the agreement and ending prior to September 30, 2021 and the Chief Executive Officer remains employed with the Company through the date that such common stock price goal is determined to have been achieved. This payment can be reduced at the discretion of the Board to the extent the Company has not made adequate progress in remediating its material weaknesses in its internal control over financial reporting as determined by the Board. The second 50% is payable if the average closing price for the Company's common stock equals or exceeds $32.99 for any period of 20 consecutive trading days following the date of the agreement and ending prior to June 30, 2022 and the Chief Executive Officer remains employed with the Company through the date that such common stock price goal is achieved.

During the fiscal year ended June 30, 2021, the target average closing prices for both tranches were met and the cash payment under the second tranche was made. On September 21, 2021, the Audit Committee of the Board determined and advised the Board as to its view that the Company had made adequate progress in remediating the material weaknesses in its internal control over financial reporting. On September 30, 2021, the Board considered and agreed with this assessment, but also considered the impact of accomplishments of Company employees other than Mr. Liang in achieving this adequate progress. The Board exercised its discretion under the terms of the performance bonuses to reduce the payout for the first tranche from 50% to approximately 25% of $8.1 million, for an aggregate of $2.0 million. The payout of $2.0 million was made subsequent to September 30, 2021.

The Company previously expected that the full amount of the first tranche would be paid to its Chief Executive Officer and, accordingly, recorded a liability of $3.6 million related to this tranche on its balance sheet as of June 30, 2021. In light of the Board's action in September 2021 to reduce the amount of the first tranche payout to $2.0 million, the Company adjusted the amount of this liability on its balance sheet as of September 30, 2021 to $2.0 million and recognized a benefit of $1.6 million in its consolidated statement of operations during the quarter ended September 30, 2021. The (benefit) or expense recognized during the three months ended September 30, 2021 and 2020 was $(1.6) million and $0.1 million, respectively.

Other Long-term Liabilities:

	September 30, 2021	June 30, 2021
Operating lease liability, non-current	$ 18,366	$ 14,539
Accrued unrecognized tax benefits including related interest and penalties	18,392	17,841
Accrued warranty costs, non-current	2,701	2,678
Other	6,074	6,074
Total other long-term liabilities	$ 45,533	$ 41,132

Product Warranties:

	Three Months Ended September 30,	
	2021	2020
Balance, beginning of the period	$ 12,863	$ 12,379
Provision for warranty	6,386	8,347
Costs utilized	(7,199)	(7,607)
Change in estimated liability for pre-existing warranties	183	608
Balance, end of the period	12,233	13,727
Current portion	9,532	11,057
Non-current portion	$ 2,701	$ 2,670

Note 5. Fair Value Disclosure

The financial instruments of the Company measured at fair value on a recurring basis are included in cash equivalents, other assets and accrued liabilities. The Company classifies its financial instruments, except for its investment in an auction rate security, within Level 1 or Level 2 in the fair value hierarchy because the Company uses quoted prices in active markets or alternative pricing sources and models using market observable inputs to determine their fair value.

The Company's investment in an auction rate security is classified within Level 3 of the fair value hierarchy as the determination of its fair value was not based on observable inputs as of September 30, 2021 and June 30, 2021. The Company is using the discounted cash flow method to estimate the fair value of the auction rate security at each period end and the following assumptions: (i) the expected yield based on observable market rate of similar securities, (ii) the security coupon rate that is reset monthly, (iii) the estimated holding period and (iv) a liquidity discount. The liquidity discount assumption is based on the management estimate of lack of marketability discount of similar securities and is determined based on the analysis of financial market trends over time, recent redemptions of securities and other market activities. The Company performed a sensitivity analysis and applying a change of either plus or minus 100 basis points in the liquidity discount does not result in a significantly higher or lower fair value measurement of the auction rate security as of September 30, 2021.

Financial Assets and Liabilities Measured on a Recurring Basis

The following table sets forth the Company's financial instruments as of September 30, 2021 and June 30, 2021, which are measured at fair value on a recurring basis by level within the fair value hierarchy. These are classified based on the lowest level of input that is significant to the fair value measurement (in thousands):

September 30, 2021	Level 1	Level 2	Level 3	Asset at Fair Value
Assets				
Money market funds (1)	$ 151	$ —	$ —	$ 151
Certificates of deposit (2)	—	862	—	862
Auction rate security	—	—	1,556	1,556
Total assets measured at fair value	$ 151	$ 862	$ 1,556	$ 2,569

June 30, 2021	Level 1	Level 2	Level 3	Asset at Fair Value
Assets				
Money market funds (1)	$ 151	$ —	$ —	$ 151
Certificates of deposit (2)	—	863	—	863
Auction rate security	—	—	1,556	1,556
Total assets measured at fair value	$ 151	$ 863	$ 1,556	$ 2,570

(1) $0.2 million and $0.2 million in money market funds are included in restricted cash, non-current in other assets in the condensed consolidated balance sheets as of September 30, 2021 and June 30, 2021, respectively.

(2) $0.2 million and $0.2 million in certificates of deposit are included in cash and cash equivalents, $0.3 million and $0.3 million in certificates of deposit are included in prepaid expenses and other assets, and $0.4 million and $0.4 million in certificates of deposit are included in restricted cash, non-current in other assets in the condensed consolidated balance sheets as of September 30, 2021 and June 30, 2021, respectively.

On a quarterly basis, the Company also evaluates the current expected credit loss by considering factors such as historical experience, market data, issuer-specific factors, and current economic conditions. For the three months ended September 30, 2021, the credit losses related to the Company's investments was not significant.

There was no movement in the balances of the Company's financial assets measured at fair value on a recurring basis, consisting of investment in an auction rate security, using significant unobservable inputs (Level 3) for the three months ended September 30, 2021 and 2020.

There were no transfers between Level 1, Level 2 or Level 3 financial instruments in the three months ended September 30, 2021 and 2020.

The following is a summary of the Company's investment in an auction rate security as of September 30, 2021 and June 30, 2021 (in thousands):

	Cost Basis	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Auction rate security	$ 1,750	$ —	$ (194)	$ 1,556

No gain or loss was recognized in other comprehensive income for the auction rate security for the three months ended September 30, 2021 and 2020.

The Company measures the fair value of outstanding debt for disclosure purposes on a recurring basis. As of September 30, 2021 and June 30, 2021, total debt of $278.8 million and $98.2 million, respectively, was reported at amortized cost. This outstanding debt was classified as Level 2 as it was not actively traded. The amortized cost of the outstanding debt approximates the fair value.

Other Financial Assets - Investments into Non-Marketable Equity Securities

The Company's non-marketable equity securities are investments in privately held companies without readily determinable fair values in the amount of $1.2 million and $0.1 million as of September 30, 2021 and June 30, 2021, respectively. The Company accounts for these investments at cost less impairment, if any, plus or minus changes from observable price changes in orderly transactions for the identical or similar investments by the same issuer. During the three months ended September 30, 2021 and 2020, the Company did not record any upward or downward adjustments to the carrying values of the non-marketable equity securities related to observable price changes. The Company also did not record any impairment to the carrying values of the non-marketable equity securities during the three months ended September 30, 2021 and 2020.

Note 6. Short-term and Long-term Debt

Short-term and long-term debt obligations as of September 30, 2021 and June 30, 2021 consisted of the following (in thousands):

	September 30, 2021	June 30, 2021
Line of credit:		
Bank of America	$ 110,193	$ —
CTBC Bank	68,100	18,000
E.SUN Bank	30,000	20,400
Total line of credit	208,293	38,400
Term loans:		
CTBC Bank term loan, due August 31, 2022	$ 25,195	$ 25,090
CTBC Bank term loan, due June 4, 2030	39,018	34,700
CTBC Bank term loan, due December 27, 2027	1,434	—
E.SUN Bank term loan, due September 15, 2026	4,868	—
Total term loans	70,515	59,790
Total debt	278,808	98,190
Short-term debt and current portion of long-term debt	233,674	63,490
Debt, Non-current	$ 45,134	$ 34,700

Activities under Revolving Lines of Credit and Term Loans

Bank of America

2018 Bank of America Credit Facility

In April 2018, the Company entered into a revolving line of credit with Bank of America for up to $250.0 million (as amended from time to time, the "2018 Bank of America Credit Facility"). On June 28, 2021, the 2018 Bank of America Credit Facility was amended to, among other items, extend the maturity to June 28, 2026, reduce the size of the facility from $250.0 million to $200.0 million, increase the maximum amount that the Company can request the facility be increased from $100.0 million to $150.0 million, and update provisions relating to erroneous payments and LIBOR replacement mechanics. In addition, the amendment reduced both the unused line fee from 0.375% per annum to 0.2% or 0.3% per annum (depending upon amount drawn under the facility) and the interest rate applicable to the facility from LIBOR plus 2.00% or 3.00% per annum (depending upon amount drawn under the facility) to LIBOR plus 1.375% or 1.625% per annum. The amendment was accounted for as a modification and the impact was immaterial to the consolidated financial statements. Interest accrued on any loans under the 2018 Bank of America Credit Facility is due on the first day of each month, and the loans are due and payable in full on the termination date of the 2018 Bank of America Credit Facility. Voluntary prepayments are permitted without early repayment fees or penalties. Subject to customary exceptions, the 2018 Bank of America Credit Facility is secured by substantially all of Super Micro Computer's assets, other than real property assets. Under the terms of the 2018 Bank of America Credit Facility, the Company is not permitted to pay any dividends. The 2018 Bank of America Credit Facility contains customary representations and warranties and customary affirmative and negative covenants applicable to the Company and its subsidiaries and contains a financial covenant, which requires that the Company maintain a certain fixed charge coverage ratio, for each twelve-month period while in a Trigger Period, as defined in the agreement, is in effect.

As of September 30, 2021, the total outstanding borrowings under the 2018 Bank of America Credit Facility were $110.2 million. As of June 30, 2021, the Company had no outstanding borrowings under the 2018 Bank of America Credit Facility. The interest rates under the 2018 Bank of America Credit Facility as of September 30, 2021 and June 30, 2021 were 1.50%. The balance of debt issuance costs outstanding as of September 30, 2021 and June 30, 2021 were $0.5 million. The

Company has been in compliance with all the covenants under the 2018 Bank of America Credit Facility, and as of September 30, 2021, the Company's available borrowing capacity was $89.8 million, subject to the borrowing base limitation and compliance with other applicable terms.

CTBC Bank

2021 CTBC Credit Lines

The Company through its Taiwan subsidiary was party to (i) that certain credit agreement, dated May 6, 2020, with CTBC Bank Co., Ltd. ("CTBC Bank"), which provided for a ten-year, non-revolving term loan facility (the "2020 CTBC Term Loan Facility") to obtain up to NTD1,200.0 million ($40.7 million U.S. dollar equivalent) and (ii) that certain credit agreement, dated August 24, 2020, with CTBC Bank (the "CTBC Credit Facility"), which provided for total borrowings of up to $50.0 million (collectively, the "Prior CTBC Credit Lines").

On July 20, 2021 (the "Effective Date"), the Company through its Taiwan subsidiary entered into a general agreement for omnibus credit lines with CTBC Bank (the "2021 CTBC Credit Lines), which replaced the Prior CTBC Credit Lines in their entirety and permit borrowings, from time to time, pursuant to (i) a term loan facility of up to NTD 1,550.0 million ($55.4 million U.S. dollar equivalents) including the existing 2020 CTBC Term Loan Facility of NTD 1,200.0 million ($42.9 million U.S. dollar equivalents) and a new 75-month, non-revolving term loan facility of NTD 350.0 million ($12.5 million U.S. dollar equivalents) to use to purchase machinery and equipment for the Company's Bade Manufacturing Facility located in Taiwan (the "2021 CTBC Machine Loan"), and (ii) a line of credit facility of up to $105.0 million (the "2021 CTBC Credit Facility"), which increased the borrowing capacity of CTBC Credit Facility. The 2021 CTBC Credit Facility provides (i) a 12-month NTD 1,250.0 million ($44.7 million U.S. dollar equivalent) term loan facility secured by the land and building located in Bade, Taiwan with an interest rate equal to the lender's established NTD interest rate plus 0.50% per annum which is adjusted monthly, which term loan facility also includes a 12-month guarantee of up to NTD 100.0 million ($3.6 million U.S. dollar equivalent) with an annual fee equal to 0.50% per annum, and (ii) a 12-month revolving line of credit of up to 100% of eligible accounts receivable in an aggregate amount of up to $105.0 million with an interest rate equal to the lender's established USD interest rate plus 0.70% to 0.75% per annum which is adjusted monthly.

Interest rates are to be established according to individual credit arrangements established pursuant to the 2021 CTBC Credit Lines, which interest rates shall be subject to adjustment depending on the satisfaction of certain conditions. Term loans made pursuant to the 2021 CTBC Credit Lines are secured by certain of the Taiwan subsidiary's assets, including certain property, land, plant, and equipment. There are various financial covenants under the 2021 CTBC Credit Lines, including current ratio, debt service coverage ratio, and financial debt ratio requirements. Amounts outstanding under the Prior CTBC Credit Lines on the Effective Date were assumed by the 2021 CTBC Credit Lines.

As of September 30, 2021 and June 30, 2021, the amounts outstanding under the 2020 CTBC Term Loan Facility were $39.0 million and $34.7 million, respectively. The interest rates for these loans were 0.45% per annum as of September 30, 2021 and June 30, 2021. Under the 2021 CTBC Machine Loan, the amounts outstanding were $1.4 million at September 30, 2021. The interest rates for these loans were 0.65% per annum as of September 30, 2021. As of June 30, 2021, there were no outstanding borrowings under the 2021 CTBC Machine Loan.

The total outstanding borrowings under the 2021 CTBC Credit Facility term loan were denominated in NTD and remeasured into U.S. dollars of $25.2 million and $25.1 million at September 30, 2021 and June 30, 2021, respectively. The interest rate for these loans were 0.74% and 0.75% per annum as of September 30, 2021 and June 30, 2021, respectively. As of September 30, 2021, and June 30, 2021, the outstanding borrowings of 2021 CTBC Credit Facility revolving line of credit were $68.1 million and $18.0 million, respectively. The interest rates for these loans ranged from approximately 0.94% to 0.95% per annum as of September 30, 2021. The interest rate was 0.98% per annum as of June 30, 2021. As of September 30, 2021, the amount available for future borrowing under the 2021 CTBC Credit Facility was $11.7 million. As of September 30, 2021, the net book value of land and building located in Bade, Taiwan, collateralizing the 2021 CTBC Credit Lines was $77.7 million. As of September 30, 2021, all financial covenants under the 2021 CTBC Credit Lines were satisfied.

E.SUN Bank

2021 E.SUN Bank Credit Facility

The Company through its Taiwan subsidiary was party to that certain General Credit Agreement, dated December 2, 2020, with E.SUN Bank ("E.SUN Bank"), which provided for the issuance of loans, advances, acceptances, bills, bank guarantees, overdrafts, letters of credit, and other types of drawdown instruments up to a credit limit of US$30 million (the "Prior E.SUN Bank Credit Facility"). The term of the Prior E.SUN Bank Credit Facility was until September 18, 2021.

On September 13, 2021 (the "E.SUN Bank Effective Date"), the Company through its Taiwan subsidiary entered into a new General Credit Agreement with E.SUN Bank, which replaced the Prior E.SUN Bank Credit Facility (the "2021 E.SUN Bank Credit Facility"). The 2021 E.SUN Bank Credit Facility permits borrowings of up to (i) NTD 1,600.0 million ($57.6 million U.S. dollar equivalent) and (ii) $30.0 million as loans, advances, acceptances, bills, bank guarantees, overdrafts, letters of credit, and other types of drawdown instruments. Other terms of the 2021 E.SUN Bank Credit Facility are substantially identical to the Prior E.SUN Bank Credit Facility. Generally, interest for base rate loans made under the 2021 E.SUN Bank Credit Facility are based upon an average interbank overnight call loan rate in the finance industry (such as LIBOR or TAIFX) plus a fixed margin, and is subject to occasional adjustment. The 2021 E.SUN Bank Credit Facility has customary default provisions permitting E.SUN Bank to terminate or reduce the credit limit, shorten the credit period, or deem all liabilities due and payable, including in the event the Subsidiary has an overdue liability at another financial organization. There are various financial covenants under the 2021 E.SUN Bank Credit Facility, including current ratio, net debt ratio, and interest coverage requirements.

Terms for specific drawdown instruments issued under the 2021 E.SUN Bank Credit Facility, such as credit amount, term of use, mode of drawdown, specific lending rate, and other relevant terms, are to be set forth in Notifications and Confirmation of Credit Conditions (a "Notification and Confirmation") negotiated with E.SUN Bank. A Notification and Confirmation was entered into on the E.SUN Bank Effective Date for (i) a five-year, non-revolving term loan facility to obtain up to NTD 1,600.0 million ($57.6 million U.S. dollar equivalent) in financing for use in research and development activities (the "Term Loan"), and (ii) a $30.0 million import loan (the "Import Loan") with a tenor of 120 days. As of September 30, 2021, the total outstanding borrowings under the Term Loan were denominated in NTD and remeasured into U.S. dollars of $4.9 million and the interest rates for these loans were 0.995% per annum. As of September 30, 2021 and June 30, 2021, the amounts outstanding under the Import Loan were $30.0 and $20.4 million, respectively. The interest rates for these loans ranged approximately from 0.96% to 1.23% and 1.00% to 1.29% per annum as of September 30, 2021 and June 30, 2021, respectively. At September 30, 2021, the amount available for future borrowing under the Import Loan was $0.0 million and all financial covenants under the 2021 E.SUN Bank Credit Facility were satisfied.

Mega Bank

Mega Bank Credit Facilities

On September 13, 2021 (the "Mega Bank Effective Date"), the Company through its Taiwan subsidiary entered into a NTD 1,200.0 million ($43.2 million U.S. dollar equivalent) credit facility (the "Mega Bank Credit Facility") with Mega International Commercial Bank ("Mega Bank"). The Mega Bank Credit Facility will be used to support manufacturing activities (such as purchase of materials and components), and to provide medium-term working capital (the "Permitted Uses"). Drawdowns under the Mega Bank Credit Facility may be made through December 31, 2024, with the first drawdown date not later than November 5, 2021. Drawdowns may be in amounts of up to 80% of Permitted Uses certified to the Bank in drawdown certificates. The interest rate depends upon the amount borrowed under Mega Bank Credit Facility, and as of the Mega Bank Effective Date, ranged from 0.645% to 0.845% per annum. The interest rate is subject to adjustment in certain circumstances, such as events of default. Interest is payable monthly. Principal payments for amounts borrowed commence on the 15th day of the month following two years after the first drawdown, and are repaid in monthly installments over a period of three years thereafter. The Mega Bank Credit Facility is unsecured and has customary default provisions permitting Mega Bank to reduce or cancel the extension of credit, or declare all principal and interest amounts immediately due and payable. As of September 30, 2021, there were no outstanding borrowings under the Mega Bank Credit Facility.

Chang Hwa Bank

Chang Hwa Bank Credit Facility

On October 5, 2021 (the "Chang Hwa Bank Effective Date"), the Company through its Taiwan subsidiary entered into a credit facility (the "Chang Hwa Bank Credit Facility") with Chang Hwa Commercial Bank, Ltd. ("Chang Hwa Bank"). The Chang Hwa Bank Credit Facility permits borrowings of up to NTD 1,000.0 million ($36.0 million U.S. dollar equivalent), including up to $20.0 million as loans, advances, acceptances, bills, bank guarantees, overdrafts, letters of credit, and other types of drawdown instruments. The Chang Hwa Bank Credit Facility has customary default provisions permitting the Chang Hwa Bank to terminate or reduce the credit limit, shorten the credit period, or deem all liabilities due and payable, including in cross-default provisions with respect to the other Taiwan subsidiary debt obligations. Under the Chang Hwa Bank Credit Facility, Chang Hwa Bank has the right to demand collateral for debts owed.

Terms for specific drawdown instruments issued under the Chang Hwa Bank Credit Facility, such as credit amount, term of use, mode of drawdown, specific lending rate, and other relevant terms, are to be set forth in separate loan contracts (each, a "Loan Contract") negotiated with Chang Hwa Bank. On the Chang Hwa Bank Effective Date, three Loan Contracts were entered into. None of the three Loan Contracts are secured and there are no financial covenants.

Principal payments on short-term and long-term obligations are due as follows (in thousands):

Fiscal Year: Principal Payments

2022	$	233,594
2023		1,696
2024		7,110
2025		7,110
2026		7,110
2027 and thereafter		22,188
Total short-term and long-term debt	$	278,808

Note 7. Leases

The Company leases offices, warehouses and other premises, vehicles and certain equipment leased under non-cancelable operating leases. Operating lease expense recognized and supplemental cash flow information related to operating leases for the three months ended September 30, 2021 and 2020 were as follows (in thousands):

	Three Months Ended September 30,			
	2021		2020	
Operating lease expense (including expense for lease agreements with related parties of $246 and $347 for the three months ended September 30, 2021 and 2020, respectively)	$	2,182	$	2,000
Cash payments for operating leases (including payments to related parties of $279 and $347 for the three months ended September 30, 2021 and 2020, respectively)	$	2,205	$	1,966
New operating lease assets obtained in exchange for operating lease liabilities	$	6,119	$	2,059

During the three months ended September 30, 2021 and 2020, the Company's costs related to short-term lease arrangements for real estate and non-real estate assets were immaterial. Non-lease variable payments expensed in the three months ended September 30, 2021 and 2020 were immaterial.

As of September 30, 2021, the weighted average remaining lease term for operating leases was 4.3 years and the weighted average discount rate was 3.2%. Maturities of operating lease liabilities under noncancelable operating lease arrangements as of September 30, 2021 were as follows (in thousands):

Fiscal Year:	**Minimum lease payments**
2022	$ 5,682
2023	6,605
2024	5,498
2025	5,349
2026	2,015
2027 and beyond	1,584
Total future lease payments	26,733
Less: Imputed interest	(1,967)
Present value of operating lease liabilities	$ 24,766

As of September 30, 2021, commitments under short-term lease arrangements, and operating and financing leases that have not yet commenced were immaterial.

The Company has entered into lease agreements with related parties. See Note 8, "Related Party Transactions," for discussion.

Note 8. Related Party Transactions

The Company has a variety of business relationships with Ablecom and Compuware. Ablecom and Compuware are both Taiwan corporations. Ablecom is one of the Company’s major contract manufacturers; Compuware is both a distributor of the Company’s products and a contract manufacturer for the Company. Ablecom’s Chief Executive Officer, Steve Liang, is the brother of Charles Liang, the Company’s President, Chief Executive Officer and Chairman of the Board. Steve Liang and his family members owned approximately 28.8% of Ablecom’s stock and Charles Liang and his spouse, Sara Liu, who is also an officer and director of the Company, collectively owned approximately 10.5% of Ablecom’s capital stock as of September 30, 2021. Bill Liang, a brother of both Charles Liang and Steve Liang, is a member of the Board of Directors of Ablecom. Bill Liang is also the Chief Executive Officer of Compuware, a member of Compuware’s Board of Directors and a holder of a significant equity interest in Compuware. Steve Liang is also a member of Compuware’s Board of Directors and is an equity holder of Compuware. Charles Liang and Sara Liu do not own any capital stock of Compuware and the Company does not own any of Ablecom or Compuware’s capital stock.

Dealings with Ablecom

The Company has entered into a series of agreements with Ablecom, including multiple product development, production and service agreements, product manufacturing agreements, manufacturing services agreements and lease agreements for warehouse space.

Under these agreements, the Company outsources to Ablecom a portion of its design activities and a significant part of its server chassis manufacturing as well as an immaterial portion of other components. Ablecom manufactured approximately 92.5% and 93.6% of the chassis included in the products sold by the Company during the three months ended September 30, 2021 and 2020, respectively. With respect to design activities, Ablecom generally agrees to design certain agreed-upon products according to the Company's specifications, and further agrees to build the tools needed to manufacture the products. The Company pays Ablecom for the design and engineering services, and further agrees to pay Ablecom for the tooling. The Company retains full ownership of any intellectual property resulting from the design of these products and tooling.

With respect to the manufacturing aspects of the relationship, Ablecom purchases most of materials needed to manufacture the chassis from third parties and the Company provides certain components used in the manufacturing process (such as power supplies) to Ablecom through consignment or sales transactions. Ablecom uses these materials and components to manufacture the completed chassis and then sell them back to the Company. For the components purchased from the Company, Ablecom sells the components back to the Company at a price equal to the price at which the Company sold the components to Ablecom. The Company and Ablecom frequently review and negotiate the prices of the chassis the Company purchases from Ablecom. In addition to inventory purchases, the Company also incurs other costs associated with design services, tooling and other miscellaneous costs from Ablecom.

The Company's exposure to financial loss as a result of its involvement with Ablecom is limited to potential losses on its purchase orders in the event of an unforeseen decline in the market price and/or demand of the Company's products such that the Company incurs a loss on the sale or cannot sell the products. Outstanding purchase orders from the Company to Ablecom were $36.7 million and $40.2 million at September 30, 2021 and June 30, 2021, respectively, effectively representing the exposure to financial loss. The Company does not directly or indirectly guarantee any obligations of Ablecom, or any losses that the equity holders of Ablecom may suffer. Since Ablecom manufactures substantially all the chassis that the Company incorporates into its products, if Ablecom were to suddenly be unable to manufacture chassis for the Company, the Company's business could suffer if the Company is unable to quickly qualify substitute suppliers who can supply high-quality chassis to the Company in volume and at acceptable prices.

Dealings with Compuware

The Company has entered into a distribution agreement with Compuware, under which the Company appointed Compuware as a non-exclusive distributor of the Company's products in Taiwan, China and Australia. Compuware assumes the responsibility to install the Company's products at the site of the end customer, if required, and administers customer support in exchange for a discount from the Company's standard price for its purchases.

The Company also has entered into a series of agreements with Compuware, including multiple product development, production and service agreements, product manufacturing agreements, and lease agreements for office space.

Under these agreements, the Company outsources to Compuware a portion of its design activities and a significant part of its power supplies manufacturing as well as an immaterial portion of other components. With respect to design activities, Compuware generally agrees to design certain agreed-upon products according to the Company's specifications, and further agrees to build the tools needed to manufacture the products. The Company pays Compuware for the design and engineering services, and further agrees to pay Compuware for the tooling. The Company retains full ownership of any intellectual property resulting from the design of these products and tooling. With respect to the manufacturing aspects of the relationship, Compuware purchases most of materials needed to manufacture the power supplies from outside markets and uses these materials to manufacture the products and then sell those products to the Company. The Company and Compuware frequently review and negotiate the prices of the power supplies the Company purchases from Compuware.

Compuware also manufactures motherboards, backplanes and other components used on printed circuit boards for the Company. The Company sells to Compuware most of the components needed to manufacture the above products. Compuware uses the components to manufacture the products and then sells the products back to the Company at a purchase price equal to the price at which the Company sold the components to Compuware, plus a "manufacturing value added" fee and other miscellaneous charges and costs including overhead and labor. The Company and Compuware frequently review and negotiate the amount of the "manufacturing value added" fee that will be included in the price of the products the Company purchases from Compuware. In addition to the inventory purchases, the Company also incurs costs associated with design services, tooling assets, and miscellaneous costs.

The Company's exposure to financial loss as a result of its involvement with Compuware is limited to potential losses on its purchase orders in the event of an unforeseen decline in the market price and/or demand of the Company's products such that the Company incurs a loss on the sale or cannot sell the products. Outstanding purchase orders from the Company to Compuware were $87.8 million and $71.0 million at September 30, 2021 and June 30, 2021, respectively, effectively representing the exposure to financial loss. The Company does not directly or indirectly guarantee any obligations of Compuware, or any losses that the equity holders of Compuware may suffer.

Dealings with Investment in a Corporate Venture

In October 2016, the Company entered into agreements pursuant to which the Company contributed certain technology rights in connection with an investment in a privately-held company (the "Corporate Venture") located in China to expand the Company's presence in China. The Corporate Venture is 30% owned by the Company and 70% owned by another company in China. The transaction was closed in the third fiscal quarter of 2017 and the investment is accounted for using the equity method. As such, the Corporate Venture is also a related party.

The Company recorded a deferred gain related to the contribution of certain technology rights. As of September 30, 2021 and June 30, 2021, the Company had unamortized deferred gain balance of $0.5 million and $1.0 million, respectively, in accrued liabilities and none in other long-term liabilities in the Company's condensed consolidated balance sheets.

The Company monitors the investment for events or circumstances indicative of potential impairment and makes appropriate reductions in carrying values if it determines that an impairment charge is required. In June 2020, the third-party parent company that controls the Corporate Venture was placed on a U.S. government export control list, along with several of the third party parent's related entities and a separate listing for one of its subsidiaries. The Corporate Venture is not itself a restricted party. The Company has concluded that the Corporate Venture is in compliance with the new restrictions. The Company does not believe that the equity investment carrying value is impacted as of September 30, 2021. No impairment charge was recorded for the three months ended September 30, 2021 and 2020, respectively.

The Company sold products to the Corporate Venture and the Company's share of intra-entity profits on the products that remained unsold by the Corporate Venture have been eliminated and have reduced the carrying value of the Company's investment in the Corporate Venture. To the extent that the elimination of intra-entity profits reduces the investment balance below zero, such amounts are recorded within accrued liabilities.

Dealings with Monolithic Power Systems, Inc.

The Company procures certain semiconductor products from Monolithic Power Systems, Inc. ("MPS"), a fabless manufacturer of high-performance analog and mixed-signal semiconductors, for use in its products. A member on the Board of Directors, also serves as an officer of MPS.

The Company had the following balances related to transactions with its related parties as of September 30, 2021 and June 30, 2021 (in thousands):

	Ablecom		Compuware		Corporate Venture		MPS		Total	
	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021
Accounts receivable	$ 2	$ 2	$ 1,332	$ 198	$ 12,659	$ 8,478	$ —	$ —	$ 13,993	$ 8,678
Other receivable (1)	$ 4,428	$ 5,575	$ 21,690	$ 18,173	$ —	$ —	$ 165	$ 89	$ 26,283	$ 23,837
Accounts payable	$ 40,730	$ 38,152	$ 37,024	$ 31,944	$ —	$ —	$ —	$ —	$ 77,754	$ 70,096
Accrued liabilities (2)	$ 1,813	$ 3,042	$ 17,790	$ 14,486	$ 500	$ 1,000	$ —	$ —	$ 20,103	$ 18,528

(1) Other receivables include receivables from vendors included in prepaid and other current assets.
(2) Includes current portion of operating lease liabilities included in other current liabilities.

The Company's results from transactions with its related parties for each of the three months ended September 30, 2021 and 2020, are as follows (in thousands):

	Ablecom		Compuware		Corporate Venture		MPS		Total	
	Three months ended September 30,		Three months ended September 30,		Three months ended September 30,		Three months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	$ 7	$ 5	$ 15,702	$ 13,299	$ 15,213	$ 6,412	—	—	$ 30,922	$ 19,716
Purchases - inventory	$ 50,788	$ 23,871	$ 35,229	$ 34,197	—	—	$ 1,670	$ 791	$ 87,687	$ 58,859
Purchases - other miscellaneous items	$ 2,116	$ 2,718	$ 339	$ 333	—	—	—	—	$ 2,455	$ 3,051

The Company’s cash flow impact from transactions with its related parties for each of the three months ended September 30, 2021 and 2020, are as follows (in thousands):

	Ablecom		Compuware		Corporate Venture		MPS		Total	
	Three months ended September 30,		Three months ended September 30,		Three months ended September 30,		Three months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Changes in accounts receivable	—	$ (27)	$ (1,134)	$ 353	$ (4,181)	$ 7,184	—	—	$ (5,315)	$ 7,510
Changes in other receivable	$ 1,147	$ 4,243	$ (3,517)	$ 7,840	—	—	$ (76)	$ 75	$ (2,446)	$ 12,158
Changes in accounts payable	$ 2,578	$ (14,952)	$ 5,080	$ (9,724)	—	—	—	—	$ 7,658	$ (24,676)
Changes in accrued liabilities	$ (1,229)	$ (203)	$ 3,304	$ (3,374)	$ (500)	—	—	—	$ 1,575	$ (3,577)
Changes in other long-term liabilities	—	$ 47	—	$ (77)	—	$ (500)	—	—	—	$ (530)
Purchases of property, plant and equipment	$ 338	$ 2,140	$ 62	$ 90	—	—	—	—	$ 400	$ 2,230
Unpaid property, plant and equipment	$ 1,360	$ 1,664	—	—	—	—	—	—	$ 1,360	$ 1,664

Note 9. Stock-based Compensation and Stockholders' Equity

Equity Incentive Plan

On June 5, 2020, the stockholders of the Company approved the 2020 Equity and Incentive Compensation Plan (the "2020 Plan"). The maximum number of shares available under the 2020 Plan is 5,000,000 plus 1,045,000 shares of common stock that remained available for future awards under the 2016 Equity Incentive Plan (the “2016 Plan”), at the time of adoption of the 2020 Plan. No other awards can be granted under the 2016 Plan. 7,246,000 shares of common stock remain reserved for outstanding awards issued under the 2016 Plan at the time of adoption of the 2020 Plan.

As of September 30, 2021, the Company had 2,385,365 authorized shares available for future issuance under the 2020 Plan.

Common Stock Repurchase

On January 29, 2021, a duly authorized subcommittee of the Board of Directors approved a share repurchase program to repurchase up to an aggregate of $200.0 million of the Company's common stock at market prices. The program is effective until the earlier of July 31, 2022 or the date when the maximum amount of common stock is repurchased. The Company had $150.0 million of remaining availability under the share repurchase program as of September 30, 2021. There were no shares repurchased under the share repurchase program during the three months ended September 30, 2021.

Determining Fair Value

The Company's fair value of RSUs and PRSUs is based on the closing market price of the Company's common stock on the date of grant. The Company estimates the fair value of stock options granted using the Black-Scholes-option-pricing model. This fair value is then amortized ratably over the requisite service periods of the awards, which is generally the vesting period. The key inputs in using the Black-Scholes-option-pricing model were as follows:

Expected Term—The Company’s expected term represents the period that the Company’s stock-based awards are expected to be outstanding and was determined based on the Company's historical experience.

Expected Volatility—Expected volatility is based on the Company's historical volatility.

Expected Dividend—The Black-Scholes valuation model calls for a single expected dividend yield as an input and the Company has no plans to pay dividends.

Risk-Free Interest Rate—The risk-free interest rate used in the Black-Scholes valuation method is based on the United States Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of option.

The fair value of stock option grants for the three months ended September 30, 2021 and 2020 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Three Months Ended September 30,	
	2021	2020
Risk-free interest rate	0.81 %	0.27%
Expected term	6.09 years	5.98 years
Dividend yield	— %	— %
Volatility	49.71 %	50.43%
Weighted-average fair value	$ 17.94	$ 14.16

The following table shows total stock-based compensation expense included in the condensed consolidated statements of operations for the three months ended September 30, 2021 and 2020 (in thousands):

	Three Months Ended September 30,	
	2021	2020
Cost of sales	$ 447	$ 503
Research and development	3,880	3,702
Sales and marketing	517	517
General and administrative	2,171	2,448
Stock-based compensation expense before taxes	7,015	7,170
Income tax impact	(1,888)	(1,955)
Stock-based compensation expense, net	$ 5,127	$ 5,215

As of September 30, 2021, $9.4 million of unrecognized compensation expense related to stock options is expected to be recognized over a weighted-average period of 3.85 years, $51.2 million of unrecognized compensation cost related to unvested RSUs is expected to be recognized over a weighted-average period of 2.77 years and less than $0.1 million of unrecognized compensation cost related to unvested PRSUs is expected to be recognized over a period of 0.11 years. Additionally, as described below, $9.6 million of unrecognized compensation cost related to the 2021 CEO Performance Stock Option is expected to be recognized over a period of 5.0 years.

Stock Option Activity

In March 2021, the Company's Compensation Committee of the Board of Directors (the "Compensation Committee") approved the grant of a stock option award for 1,000,000 common stock shares to the Company's CEO (the "2021 CEO Performance Stock Option"). The 2021 CEO Performance Stock Option has five vesting tranches with a vesting schedule based entirely on the attainment of operational milestones (performance conditions) and market conditions, assuming (1) continued employment either as the CEO or in such capacity as agreed upon between the Company's CEO and the Board of Directors and (2) service through each vesting date. Each of the five vesting tranches of the 2021 CEO Performance Stock Option will vest upon certification by the Compensation Committee that both (i) the market price milestone for such tranche, which begins at $45.00 per share for the first tranche and increases up to $120.00 per share thereafter (based on a 60 calendar day trailing average, counting only trading days), has been achieved, and (ii) any one of the following five operational milestones focused on total revenue, as reported under U.S. GAAP, have been achieved for the previous four consecutive fiscal quarters. Upon vesting and exercise, including the payment of the exercise price of $45.00 per share, prior to March 2, 2024, the Company's CEO must hold shares that he acquires until March 2, 2024, other than those shares sold pursuant to a cashless exercise where shares are simultaneously sold to pay for the exercise price and any required tax withholding.

The achievement status of the operational and stock price milestones as of September 30, 2021 was as follows:

Annualized Revenue Milestone (in billions)	Achievement Status	Stock Price Milestone	Achievement Status
$4.0	Probable	$45	Not met
$4.8	Probable	$60	Not met
$5.8	Probable	$75	Not met
$6.8	Probable	$95	Not met
$8.0	—	$120	Not met

On the grant date, a Monte Carlo simulation was used to determine for each tranche (i) a fixed expense amount for such tranche and (ii) the future time when the market price milestone for such tranche was expected to be achieved, or its "expected market price milestone achievement time." Separately, based on a subjective assessment of the Company's future financial performance, each quarter, the Company will determine whether achievement is probable for each operational milestone that has not previously been achieved or deemed probable of achievement, and, if so, the future time when the Company expects to achieve that operational milestone, or its "expected operational milestone achievement time." When the Company first determines that an operational milestone has become probable of being achieved, the Company will allocate the entire expense for the related tranche over the number of quarters between the grant date and the then-applicable "expected vesting time." The "expected vesting time" at any given time is the later of (i) the expected operational milestone achievement time (if the related operational milestone has not yet been achieved) and (ii) the expected market price milestone achievement time (if the related market price milestone has not yet been achieved). The Company will immediately recognize a catch-up expense for all accumulated expenses from the grant date through the quarter in which the operational milestone was first deemed probable of being achieved. Each quarter thereafter, the Company will recognize the prorated portion of the then-remaining expense for the tranche based on the number of quarters between such quarter and the then-applicable expected vesting time, except that upon vesting of a tranche, all remaining expenses for that tranche will be immediately recognized.

During the three months ended September 30, 2021, the Company recognized compensation expense related to the 2021 CEO Performance Stock Option of $0.9 million. No compensation expense related to the 2021 CEO Performance Stock Option was recognized during the three months ended September 30, 2020. As of September 30, 2021 and June 30, 2021, the Company had $9.6 million and $10.5 million, respectively, in unrecognized compensation cost related to the 2021 CEO Performance Stock Option. The unrecognized compensation cost as of September 30, 2021 is expected to be recognized over a period of five years.

The following table summarizes stock option activity during the three months ended September 30, 2021 under all plans:

	Options Outstanding	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (in Years)
Balance as of June 30, 2021	5,175,554	$ 26.17	
Granted	114,860	$ 37.88	
Exercised	(389,942)	$ 17.25	
Forfeited/Cancelled	(41,459)	$ 30.47	
Balance as of September 30, 2021	4,859,013	$ 27.13	5.52
Options vested and exercisable at September 30, 2021	3,099,511	$ 20.82	3.47

RSU and PRSU Activity

In January 2015, the Company began to grant RSUs to employees. The Company grants RSUs to certain employees as part of its regular employee equity compensation review program as well as to selected new hires. RSUs are typically service based share awards that entitle the holder to receive freely tradable shares of the Company's common stock upon vesting.

In March 2020, the Compensation Committee granted a PRSU award to one of the Company's senior executives. The award vests in two tranches and includes service and performance conditions. Each tranche has 15,000 RSUs that vest in May 2021 and November 2021 based on service conditions only. Additional units can be earned based on revenue growth percentage in fiscal year 2020 compared to fiscal year 2019, which units would vest in May 2021, and based on revenue growth percentage in fiscal year 2021 compared to fiscal year 2020, which units would vest in November 2021. No additional units were earned for fiscal year 2020 as revenue decreased from fiscal year 2019. An additional 2,939 units were earned for fiscal year 2021 that would vest on November 10, 2021.

The following table summarizes RSU and PRSU activity during the three months ended September 30, 2021 under all plans:

	Time-Based RSUs Outstanding	Weighted Average Grant-Date Fair Value per Share	PRSUs Outstanding	Weighted Average Grant-Date Fair Value per Share
Balance as of June 30, 2021	1,854,956	$ 26.79	15,000	$ 34.27
Granted	359,405	$ 37.88	—	$ —
Released	(173,771)	$ 22.92	—	$ —
Forfeited	(87,894)	$ 27.54	—	$ —
Balance as of September 30, 2021	1,952,696	$ 29.15	15,000	$ 34.27

Note 10. Income Taxes

The Company recorded a provision for income taxes of $3.3 million and $3.7 million for the three months ended September 30, 2021 and 2020, respectively. The effective tax rate was 11.7% and 12.7% for the three months ended September 30, 2021 and 2020, respectively. The effective tax rate for the three months ended September 30, 2021 is lower than that for the three months ended September 30, 2020, primarily due to a decrease in certain non-deductible expenses and a decrease in foreign tax liability.

As of September 30, 2021, the Company had gross unrecognized tax benefits of $45.1 million, of which, $28.3 million, if recognized, would affect the Company's effective tax rate. During the three months ended September 30, 2021, there was a $4.3 million increase in gross unrecognized tax benefits. The Company’s policy is to include interest and penalties related to unrecognized tax benefits within the provision for taxes on the condensed consolidated statements of operations. As of September 30, 2021, the Company had accrued $2.7 million of interest and penalties relating to unrecognized tax benefits.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted. The CARES Act provides temporary relief from certain aspects of the 2017 Tax Reform Act that imposed limitations on the utilization of certain losses, interest expense deductions and alternative minimum tax credits and made a technical correction to the 2017 Tax Reform Act related to the depreciable life of qualified improvement property. The CARES Act does not have a material impact on the Company.

The Company has determined that its foreign undistributed earnings are indefinitely reinvested except for undistributed earnings related to the Company's operations in the Netherlands. The Company may repatriate certain foreign earnings from the Netherlands that have been previously taxed in the U.S. The tax impact of such repatriation is estimated to be immaterial.

The Company believes that it has adequately provided reserves for all uncertain tax positions; however, amounts asserted by tax authorities could be greater or less than the Company’s current position. Accordingly, the Company’s provision on federal, state and foreign tax related matters to be recorded in the future may change as revised estimates are made or as the underlying matters are settled or otherwise resolved.

The federal statute of limitations remains open in general for tax years ended June 30, 2018 through 2021. Various states statutes of limitations remain open in general for tax years ended June 30, 2017 through 2021. Certain statutes of limitations in major foreign jurisdictions remain open in general for the tax years ended June 30, 2016 through 2021. It is reasonably possible that our gross unrecognized tax benefits will decrease by approximately $1.0 million, in the next 12 months, due to the lapse of the statute of limitations. These adjustments, if recognized, would positively impact our effective tax rate, and would be recognized as additional tax benefits.

Note 11. Commitments and Contingencies

Litigation and Claims— On February 8, 2018, two putative class action complaints were filed against the Company, the Company's Chief Executive Officer, and the Company's former Chief Financial Officer in the U.S. District Court for the Northern District of California (*Hessefort v. Super Micro Computer, Inc., et al.*, *No. 18-cv-00838* and *United Union of Roofers v. Super Micro Computer, Inc., et al.*, *No. 18-cv-00850*). The complaints contain similar allegations, claiming that the defendants violated Section 10(b) of the Securities Exchange Act due to alleged misrepresentations and/or omissions in public statements regarding recognition of revenue. The court subsequently appointed New York Hotel Trades Council & Hotel Association of New York City, Inc. Pension Fund as lead plaintiff. The lead plaintiff then filed an amended complaint naming the Company's Senior Vice President of Investor Relations as an additional defendant. On June 21, 2019, the lead plaintiff filed a further amended complaint naming the Company's former Senior Vice President of International Sales, Corporate Secretary, and Director as an additional defendant. On July 26, 2019, the Company filed a motion to dismiss the complaint. On March 23, 2020, the Court granted the Company’s motion to dismiss the complaint, with leave for lead plaintiff to file an amended complaint within 30 days. On April 22, 2020, lead plaintiff filed a further amended complaint. On June 15, 2020, the Company filed a motion to dismiss the further amended complaint, the hearing for which was calendared for September 23, 2020; however, the Court held a conference on September 15 to discuss how the Court could efficiently address the recent SEC settlement agreement. The parties stipulated to allow plaintiffs to further amend the complaint solely to add allegations relating to the SEC settlement. On October 14, 2020, plaintiffs filed a Fourth Amended Complaint. On October 28, 2020, defendants filed a supplemental motion to dismiss. On March 29, 2021, the Court granted in part and denied in part defendants’ motions to dismiss. Plaintiffs’ claims under Sections 10(b) and 20 of the Exchange Act were dismissed with prejudice as against the Company’s former head of Investor Relations, Perry Hayes. Plaintiffs’ Section 10(b) claim, but not the Section 20 claim, was likewise dismissed as to Wally Liaw, a founder, former director, and former SVP of International Sales. The Court denied the motions to dismiss the Section 10(b) and Section 20 claims against the Company, Charles Liang, and Howard Hideshima, the Company’s former CFO. Discovery has commenced, and the Court has calendared a hearing on class certification for January 22, 2022. The Company intends to defend the lawsuit vigorously.

On October 27, 2020, certain current and former directors and officers of the Company were named as defendants in a putative derivative lawsuit filed in the Superior Court of the State of California, County of Santa Clara (the “Court”), captioned Barry v. Liang, et al., 20-CV-372190. The Company was also named as a nominal defendant. The complaint purports to allege claims for breaches of fiduciary duties, waste of corporate assets, and unjust enrichment arising out of allegations that the Company’s officers and directors caused the Company to issue false and misleading statements about recognition of revenue and the effectiveness of its internal controls, failed to adopt and implement effective internal controls, and failed to timely file various reports with the Securities and Exchange Commission. Defendants filed demurrers, which were set for hearing on August 4, 2021, but which were continued to September 15, 2021. Following this continuance, on July 21, 2021, Plaintiffs' counsel filed an amended complaint in lieu of responding to the demurrer. The amended complaint added no new claims; primarily, the amendment added allegations describing the March 29, 2021 motion to dismiss decision in the *Hessefort* class action. Defendants demurred to the amended complaint on August 24, 2021, and the Court has calendared the hearing for January 26, 2022. The case is otherwise currently stayed. The Company intends to defend the lawsuit vigorously.

On May 5, 2021, certain current and former directors and officers of the Company were named as defendants in a putative derivative lawsuit filed in the U.S. District Court for the Northern District of California, captioned *Stein v. Liang, et al*., Case No. 3:21-cv-03357-KAW (the “Stein Derivative Action”). The Company was also named as a nominal defendant. The complaint purports to allege claims for breaches of fiduciary duties, waste of corporate assets, unjust enrichment, and contribution for violations of federal securities laws arising out of allegations that the Company’s officers and directors caused the Company to issue false and misleading statements about recognition of revenue and the effectiveness of its internal controls, failed to adopt and implement effective internal controls, and failed to timely file various reports with the Securities and Exchange Commission. The plaintiff seeks unspecified compensatory damages and other equitable relief. Defendants filed motions to dismiss the complaint on August 6, 2021. Rather than oppose defendants’ motions, plaintiff informed defendants that plaintiff was prepared to dismiss his action with prejudice. On September 29, 2021, the parties submitted a stipulation for dismissal with prejudice as to the named plaintiff to the Court for its approval. On October 27, 2021, the Court issued an order for the parties to submit within 30 days a plan of notice of dismissal for the Court’s approval. The Court noted that, if no shareholder seeks to intervene during the notice period, plaintiff may file an administrative motion requesting that the Court dismiss the lawsuit with prejudice

SEC Matter— The Company cooperated with the SEC in its investigation of marketing expenses that contained certain irregularities discovered by Company management, which irregularities were disclosed on August 31, 2015, and the Company cooperated with the SEC in its further investigation of the matters underlying the Company's inability to timely file its Form 10-K for the fiscal year ended June 30, 2017 and concerning the publication of a false and widely discredited news article in October 2018 concerning the Company's products. On August 25, 2020, to fully resolve all matters under investigation, the Company consented to entry of an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as announced by the SEC. The Company admitted the SEC's jurisdiction over the Company and the subject matter of the proceedings, but otherwise neither admitted nor denied the SEC's findings, as described in the Order. The Company agreed to cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and (3) of the Securities Act and Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B), of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder. The Company agreed and paid a civil money penalty of $17,500,000 during the three months ended September 30, 2020, which was recorded to general and administrative expense in the Company's condensed consolidated statement of operations. In addition, the Company's Chief Executive Officer concluded a settlement with the SEC on August 25, 2020, as announced by the SEC. The Company's Chief Executive Officer paid the Company the sum of $2,122,000 as reimbursement of profits from certain stock sales during the relevant period, pursuant to Section 304 of the Sarbanes-Oxley Act of 2002. The settlement amount was paid during the first quarter of fiscal 2021 and the Company recorded the payment as a credit to general and administrative expense.

Other legal proceedings and indemnifications

From time to time, the Company has been involved in various legal proceedings arising from the normal course of business activities. The resolution of any such matters have not had a material impact on the Company's consolidated financial condition, results of operations or liquidity as of September 30, 2021 and any prior periods.

The Company has entered into indemnification agreements with its current and former directors and executive officers.

Under these agreements, the Company has agreed to indemnify such individuals to the fullest extent permitted by law against liabilities that arise by reason of their status as directors or officers and to advance expenses incurred by such individuals in connection with related legal proceedings. It is not possible to determine the maximum potential amount of payments the Company could be required to make under these agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each claim. However, the Company maintains directors and officers liability insurance coverage to reduce its exposure to such obligations.

Purchase Commitments— The Company has agreements to purchase inventory and non-inventory items primarily through the next 12 months. As of September 30, 2021, these remaining noncancelable commitments were $508.2 million, including $124.4 million for related parties.

Lease Commitments - See Note 7, "Leases," for a discussion of the Company's operating lease and financing lease commitments.

Note 12. Segment Reporting

The Company operates in one operating segment that develops and provides high performance server solutions based upon an innovative, modular and open-standard architecture. The Company's chief operating decision maker is the Chief Executive Officer.

The following is a summary of property, plant and equipment, net (in thousands):

	September 30, 2021	June 30, 2021
Long-lived assets:		
United States	$ 181,189	$ 180,143
Asia	100,046	91,640
Europe	2,913	2,930
	$ 284,148	$ 274,713

The Company’s revenue is presented on a disaggregated basis in Note 2, “Revenue,” by type of product and by geographical market.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This section and other parts of this Quarterly Report contain "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, as amended (the "Exchange Act") that involve risks and uncertainties. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology including "would," "could," "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," or "continue," the negative of these terms or other comparable terminology. In evaluating these statements, you should specifically consider various factors, including the risks discussed under "Risk Factors" in Part II, Item 1A of this filing. These factors may cause our actual results to differ materially from those anticipated or implied in the forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We cannot guarantee future results, levels of activity, performance or achievements.

The following discussion and analysis of the financial condition and results of our operations should be read in conjunction with our condensed consolidated financial statements and related footnotes included elsewhere in this Quarterly Report and included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021 (the "2021 10-K"), which includes our condensed consolidated financial statements for the fiscal years ended June 30, 2021 and 2020.

Overview

We are a global leader and innovator of application-optimized high performance and high-efficiency server and storage systems for a variety of markets, including enterprise data centers, cloud computing, artificial intelligence, 5G and edge computing. Our solutions include complete servers, storage systems, modular blade servers, blades, workstations, full racks, networking devices, server management software, and server sub-systems. We also provide global support and services to help our customers install, upgrade and maintain their computing infrastructure.

We commenced operations in 1993 and have been profitable every year since inception. Our net income for the three months ended September 30, 2021 decreased to $25.4 million from $26.6 million for the corresponding period in the prior year. In order to increase our sales and profits, we believe that we must continue to develop flexible and application optimized server and storage solutions and be among the first to market with new features and products. We must also continue to expand our software and customer service and support offerings, particularly as we increasingly focus on larger enterprise customers. Additionally, we must focus on development of our sales partners and distribution channels to further expand our market share. We measure our financial success based on various indicators, including growth in net sales, gross profit margin and operating margin. Among the key non-financial indicators of our success is our ability to rapidly introduce new products and deliver the latest application-optimized server and storage solutions. In this regard, we work closely with microprocessor and other key component vendors to take advantage of new technologies as they are introduced. Historically, our ability to introduce new products rapidly has allowed us to benefit from technology transitions such as the introduction of new microprocessors and storage technologies, and as a result, we monitor the introduction cycles of NVIDIA Corporation, Intel Corporation, Advanced Micro Devices, Inc., Samsung Electronics Company Limited, Micron Technology, Inc. and others closely and carefully. This also impacts our research and development expenditures as we continue to invest more in our current and future product development efforts.

Coronavirus (COVID-19) Pandemic Impact

The global spread of the coronavirus (COVID-19) and the various attempts to contain it have created significant volatility, uncertainty and economic disruption for many businesses worldwide. In an effort to contain COVID-19 or slow its spread, governments around the world have enacted various measures, including orders that govern the operations of businesses, require masks be worn and define shelter in place and social distancing protocols. We are an essential critical infrastructure (information technology) business under the relevant federal, state and county regulations. Accordingly, in late March 2020, we responded to the directives from Santa Clara County and the State of California regarding instructions to combat the spread of COVID-19. Our first priority is the safety of our workforce and we have implemented numerous health precautions and work practices to be in compliance with the law and to operate in a safe manner.

We quickly transitioned certain of our indirect labor forces to work from home at the earlier phase of the pandemic and continued to operate our local assembly in Taiwan and, after an initial period of disruption, in the United States and Europe. We operate in the critical industry of IT infrastructure and we assessed our customer base to identify priority customers who operate in critical industries. We continued to see ongoing demand and do not have significant direct exposure to industries such as retail, oil and gas and hospitality, which have been impacted the greatest. As time passes, we may discover greater indirect exposure to distressed industries through our channel partners and OEM customers.

We have actively managed our supply chain for potential shortage risk by building inventories of critical components required for our motherboards and other system printed circuit boards in response to the early outbreak of COVID-19 in China. Since that time, we have continued to add to our inventories of key components such as CPUs, memory, SSDs and GPUs such that customer orders can be fulfilled as they are received.

Logistics has emerged as a new challenge as globally the transportation industry restricted the frequency of departures and increased logistics costs. We have experienced increased costs in freight as well as direct labor costs as we incentivized our employees to continue to work and assist us in serving our customers, many of whom are in critical industries. We expect this trend to continue for the duration of the COVID-19 pandemic.

We monitor the credit profile and payment history of our customers to evaluate risk in specific industries or geographic areas where cash flow may be disrupted. While we believe that we are adequately capitalized, we actively manage our liquidity needs. In June 2021, we negotiated an extension of our credit facility with Bank of America to extend the maturity date to June 2026. In July 2021, we replaced our prior credit facility and term loan facility with CTBC Bank, with a new facility for omnibus credit lines. In September 2021, we replaced our prior credit facility with E.SUN Bank, with new credit facility and term facility. In September 2021, we entered into a term loan facility with Mega Bank which will be used to support our manufacturing activities (such as purchase of materials and components) and provide medium-term working capital. In October 2021, we entered into a credit facility with Chang Hwa Bank which will be used to support the growth of our Taiwan business. See "- Liquidity and Capital Resources – Other Factors Affecting Liquidity and Capital Resources."

Our management team is focused on guiding our company through the ongoing challenges presented by COVID-19. Currently, there are positive signs with vaccine availability and reductions in infection rates; however, with the possibility of new virus strains and vaccine supply constraints, we are unable to predict the ultimate extent to which the global COVID-19 pandemic may further impact our business operations, financial performance and results of operations within the next 12 months.

Financial Highlights

The following is a summary of our financial highlights of the first quarter of fiscal year 2022:

- Net sales increased by 35.5% in the three months ended September 30, 2021 as compared to the three months ended September 30, 2020.
- Gross margin decreased to 13.4% in the three months ended September 30, 2021 from 17.0% in the three months ended September 30, 2020.
- Operating expenses increased by 9.6% as compared to the three months ended September 30, 2020, and were equal to 10.6% and 13.0% of net sales in the three months ended September 30, 2021 and 2020, respectively.
- Effective tax rate decreased to 11.7% in the three months ended September 30, 2021 from 12.7% in the three months ended September 30, 2020.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses. We evaluate our estimates and assumptions on an ongoing basis, and base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for the judgments we make about the carrying value of assets and liabilities that are not readily apparent from other sources. Because these estimates can vary depending on the situation, actual results may differ from these estimates. Making estimates and judgments about future events is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material impact on our results of operations, financial position and statement of cash flows.

There have been no material changes to our critical accounting policies and estimates as compared to those disclosed in our 2021 10-K. For a description of our critical accounting policies and estimates, see Part I, Item 1, Note 1, "Summary of Significant Accounting Policies" in our notes to condensed consolidated financial statements in this Quarterly Report.

Results of Operations

The following table presents certain items of our condensed consolidated statements of operations expressed as a percentage of revenue.

	Three Months Ended September 30,	
	2021	2020
Net sales	100.0 %	100.0 %
Cost of sales	86.6 %	83.0 %
Gross profit	13.4 %	17.0 %
Operating expenses:		
Research and development	6.3 %	7.2 %
Sales and marketing	2.1 %	2.7 %
General and administrative	2.2 %	3.2 %
Total operating expenses	10.6 %	13.0 %
Income from operations	2.8 %	4.0 %
Other (expense) income, net	— %	(0.1)%
Interest expense	(0.1)%	(0.1)%
Income before income tax provision	2.7 %	3.8 %
Income tax provision	(0.3)%	(0.5)%
Share of income from equity investee, net of taxes	— %	0.2 %
Net income	2.5 %	3.5 %

Net Sales

Net sales consist of sales of our server and storage solutions, including systems and related services and subsystems and accessories. The main factors that impact our net sales of our server and storage systems are the number of compute nodes sold and the average selling prices per node. The main factors that impact our net sales of our subsystems and accessories are units shipped and the average selling price per unit. The prices for our server and storage systems range widely depending upon the configuration, including the number of compute nodes in a server system as well as the level of integration of key components such as SSDs and memory. The prices for our subsystems and accessories can also vary widely based on whether a customer is purchasing power supplies, server boards, chassis or other accessories.

A compute node is an independent hardware configuration within a server system capable of having its own CPU, memory and storage and that is capable of running its own instance of a non-virtualized operating system. The number of compute nodes sold, which can vary by product, is an important metric we use to track our business. Measuring volume using compute nodes enables more consistent measurement across different server form factors and across different vendors. As with most electronics-based product life cycles, average selling prices typically are highest at the time of introduction of new products that utilize the latest technology and tend to decrease over time as such products mature in the market and are replaced by next generation products. Additionally, in order to remain competitive throughout all industry cycles, we actively change our selling price per unit in response to changes in costs for key components such as memory and SSDs.

The following table presents net sales by product type for the three months ended September 30, 2021 and 2020 (dollars in millions):

	Three Months Ended September 30,		Change	
	2021	2020	$	%
Server and storage systems	$ 849.9	$ 617.8	$ 232.1	37.6 %
Percentage of total net sales	82.3 %	81.0 %		
Subsystems and accessories	$ 182.9	$ 144.5	$ 38.4	26.6 %
Percentage of total net sales	17.7 %	19.0 %		
Total net sales	$ 1,032.7	$ 762.3	$ 270.4	35.5 %

Server and storage systems constitute an assembly and integration of subsystems and accessories, and related services. Subsystems and accessories are comprised of server-boards, chassis and accessories.

Comparison of Three Months Ended September, 2021 and 2020

The period-over-period increase in net sales of our server and storage systems was due to a 25.5% increase in the number of units of compute nodes sold and a 11.8% increase in the average selling price. The increase in the number of units of compute nodes shipped was primarily due to more shipments of multinode systems compared to the same period last year.

The period-over-period increase in net sales of our subsystems and accessories is primarily due to an increase in the average selling price by 19.6% and an increase in number of units by 5.9%.

The following table presents net sales by geographic region for the three months ended September 30, 2021 and 2020 (dollars in millions):

	Three Months Ended September 30,		Change	Change
	2021	2020	$	%
United States	$ 560.9	$ 496.1	$ 64.8	13.1 %
Percentage of total net sales	54.3 %	65.1 %		
Asia	263.1	126.7	136.4	107.7 %
Percentage of total net sales	25.5 %	16.6 %		
Europe	179.7	112.1	67.6	60.3 %
Percentage of total net sales	17.4 %	14.7 %		
Others	29.0	27.3	1.7	6.2 %
Percentage of total net sales	2.8 %	3.6 %		
Total net sales	$ 1,032.7	$ 762.3		

Comparison of Three Months Ended September 30, 2021 and 2020

The period-over-period increase in net sales in the United States for the three months ended September 30, 2021 and 2020 was primarily due to higher sales driven by higher server and storage systems unit volume combined with higher average selling price. The period-over-period increase in net sales in Asia was due primarily to increased sales in China, Taiwan, Japan, Korea and India, partially offset by decreased sales in Singapore. The increase of net sales in Europe was primarily due to higher sales in Germany, United Kingdom, France and Russia, partially offset by lower sales in the Netherlands. The period-over-period increase in net sales in other countries was primarily due to higher sales in Australia, Israel, UAE, Saudi Arabia, and South Africa, partially offset by decreased sales in Canada, Brazil, Mexico and New Zealand.

Cost of Sales and Gross Margin

Cost of sales primarily consists of the costs to manufacture our products, including the costs of materials, contract manufacturing, shipping, personnel expenses, including salaries, benefits, stock-based compensation and incentive bonuses, equipment and facility expenses, warranty costs and inventory excess and obsolescence provisions. The primary factors that impact our cost of sales are the mix of products sold and cost of materials, which include purchased parts, shipping costs, salary and benefits and overhead costs related to production. Cost of sales as a percentage of net sales may increase over time if decreases in average selling prices are not offset by corresponding decreases in our costs. Our cost of sales as a percentage of net sales is also impacted by the extent to which we are able to efficiently utilize our expanding manufacturing capacity. Because we generally do not have long-term fixed supply agreements, our cost of sales is subject to change based on the cost of materials and market conditions. As a result, our cost of sales as a percentage of net sales in any period can increase due to significant component price increases resulting from component shortages.

We use several suppliers and contract manufacturers to design and manufacture subsystems in accordance with our specifications, with final assembly and testing predominantly performed at our manufacturing facilities in the same region where our products are sold. We work with Ablecom, one of our key contract manufacturers and also a related party to optimize modular designs for our chassis and certain of other components. We also outsource to Compuware, also a related party, a portion of our design activities and a significant part of the manufacturing of components, particularly power supplies.

Cost of sales and gross margin for the three months ended September 30, 2021 and 2020 are as follows (dollars in millions):

	Three Months Ended September 30,		Change	
	2021	**2020**	**$**	**%**
Cost of sales	$ 894.6	$ 632.3	$ 262.3	41.5 %
Gross profit	$ 138.1	$ 129.9	$ 8.2	6.3 %
Gross margin	13.4 %	17.0 %		(3.6)%

Comparison of Three Months Ended September 30, 2021 and 2020

The period-over-period increase in cost of sales was primarily attributed to an increase of $236.8 million in costs of materials and contract manufacturing expenses primarily related to the increase in net sales volume, a $15.0 million increase in freight charges, an increase in excess and obsolete inventory charges of $4.3 million, and a $10.0 million increase due to lower cost recovery of cost paid in prior periods offset by a decrease of $4.4 million in other overhead costs.

The period-over-period decrease in the gross margin percentage was primarily due to sales prices increasing at a slower rate than the increase in the costs of sales. Since the start of the COVID-19 pandemic, we have experienced an increase in costs of sales, logistics costs as well as direct labor costs as we incentivize our employees. This increase in costs negatively impacts our gross margin, and we expect these higher costs to continue for the duration of the COVID-19 pandemic.

Operating Expenses

Research and development expenses consist of personnel expenses, including salaries, benefits, stock-based compensation and incentive bonuses, and related expenses for our research and development personnel, as well as product development costs such as materials and supplies, consulting services, third-party testing services and equipment and facility expenses related to our research and development activities. All research and development costs are expensed as incurred. We occasionally receive non-recurring engineering funding from certain suppliers and customers for joint development. Under these arrangements, we are reimbursed for certain research and development costs that we incur as part of the joint development efforts with our suppliers and customers. These amounts offset a portion of the related research and development expenses and have the effect of reducing our reported research and development expenses.

Sales and marketing expenses consist primarily of personnel expenses, including salaries, benefits, stock-based compensation and incentive bonuses, and related expenses for our sales and marketing personnel, costs for trade-shows, independent sales representative fees and marketing programs. From time to time, we receive cooperative marketing funding from certain suppliers. Under these arrangements, we are reimbursed for certain marketing costs that we incur as part of the joint promotion of our products and those of our suppliers. These amounts offset a portion of the related expenses and have the effect of reducing our reported sales and marketing expenses. The timing, magnitude and estimated usage of these programs can result in significant variations in reported sales and marketing expenses from period to period. Spending on cooperative marketing, reimbursed by our suppliers, typically increases in connection with new product releases by our suppliers.

General and administrative expenses consist primarily of general corporate costs, including personnel expenses such as salaries, benefits, stock-based compensation and incentive bonuses, and related expenses for our general and administrative personnel, financial reporting, information technology, corporate governance and compliance, outside legal, audit, tax fees, insurance and bad debt reserves on accounts receivable.

Operating expenses for the three months ended September 30, 2021 and 2020 are as follows (dollars in millions):

	Three Months Ended September 30,		Change	
	2021	2020	$	%
Research and development	$ 65.1	$ 54.8	$ 10.3	18.8 %
Percentage of total net sales	6.3 %	7.2 %		
Sales and marketing	$ 21.6	$ 20.3	$ 1.3	6.4 %
Percentage of total net sales	2.1 %	2.7 %		
General and administrative	$ 22.2	$ 24.4	$ (2.2)	(9.0)%
Percentage of total net sales	2.2 %	3.2 %		
Total operating expenses	$ 109.0	$ 99.5	$ 9.5	9.5 %
Percentage of total net sales	10.6 %	13.0 %		

Comparison of Three Months Ended September 30, 2021 and 2020

Research and development expenses. The period-over-period increase in research and development expenses was primarily due to a $8.0 million increase in personnel expenses due to merit increases and higher headcount, a $0.9 million decrease in research and development credits from certain suppliers and customers towards our development efforts and a $0.8 million increase in product development costs.

Sales and marketing expenses. The period-over-period increase in sales and marketing expenses was primarily due to a $2.1 million increase in personnel expenses as a result of an increase in the number of personnel, partially offset by a decrease of $1.1 million in advertising and other expenses.

General and administrative expenses. The period-over-period decrease in general and administrative expenses was primarily due to a decrease of $1.6 million in professional fees driven by lower expenses incurred to investigate, assess and remediate the causes that led to the delay in filing our periodic reports with the SEC and the associated restatement of certain of our previously issued financial statements and a $0.6 million decrease in compensation expenses and other expenses.

Interest and Other Income (Expense), Net

Other income (expense), net consists primarily of interest earned on our investment and cash balances and foreign exchange gains and losses.

Interest expense represents interest expense on our term loans and lines of credit and increased due to higher debt outstanding.

Interest and other income (expense), net for the three months ended September 30, 2021 and 2020 are as follows (dollars in millions):

	Three Months Ended September 30,		Change	
	2021	2020	$	%
Other income (expense), net	$ 0.1	$ (0.8)	$ 0.9	(112.5)%
Interest expense	(0.8)	(0.7)	(0.1)	14.3 %
Interest and other income (expense), net	$ (0.7)	$ (1.5)	$ 0.8	(53.3)%

Comparison of Three Months Ended September 30, 2021 and 2020

The change of $0.9 million in other income (expense), net was attributable to an increase of $0.9 million in foreign exchange gain due to favorable foreign currency fluctuations.

Provision for Income Taxes

Our income tax provision is based on our taxable income generated in the jurisdictions in which we operate, which primarily include the United States, Taiwan, and the Netherlands. Our effective tax rate differs from the statutory rate primarily due to research and development tax credits, certain non-deductible expenses, tax benefits from foreign derived intangible income and stock based compensation.

Provision for income taxes and effective tax rates for the three months ended September 30, 2021 and 2020 are as follows (dollars in millions):

	Three Months Ended September 30,		Change	
	2021	2020	$	%
Income tax provision	$ 3.3	$ 3.7	$ (0.4)	(10.8)%
Percentage of total net sales	0.3 %	0.5 %		
Effective tax rate	11.7 %	12.7 %		

Comparison of Three Months Ended September 30, 2021 and 2020

The income tax provision and effective tax rate for the three months ended September 30, 2021 is lower than that for the three months ended September 30, 2020, primarily due to a decrease in certain non-deductible expenses and a decrease in foreign tax liabilities.

Share of Income from Equity Investee, Net of Taxes

Share of income from equity investee, net of taxes represents the Company's share of income from the Corporate Venture in which the Company has 30% ownership.

Share of income from equity investee, net of taxes for the three months ended September 30, 2021 and 2020 are as follows (dollars in millions):

	Three Months Ended September 30,		Change	
	2021	2020	$	%
Share of income from equity investee, net of taxes	$ 0.4	$ 1.3	$ (0.9)	(69.2)%
Percentage of total net sales	— %	0.2 %		

Comparison of Three Months Ended September 30, 2021 and 2020

The period-over-period decrease of $0.9 million in share of income from equity investee, net of taxes was primarily due to less net income recognized by the Corporate Venture.

Liquidity and Capital Resources

We have financed our growth primarily with funds generated from operations, in addition to utilizing borrowing facilities, particularly in relation to the financing of real property acquisitions as well as an increase in the need for working capital due to longer supply chain manufacturing and delivery times. Our cash and cash equivalents were $270.0 million and $232.3 million as of September 30, 2021 and June 30, 2021, respectively. Our cash in foreign locations was $107.1 million and $152.6 million as of September 30, 2021 and June 30, 2021, respectively.

Amounts held outside of the U.S. are generally utilized to support non-U.S. liquidity needs. Repatriations generally will not be taxable from a U.S. federal tax perspective, but may be subject to state income or foreign withholding tax. Where local restrictions prevent an efficient intercompany transfer of funds, our intent is to keep cash balances outside of the U.S. and to meet liquidity needs through operating cash flows, external borrowings, or both. We do not expect restrictions or potential taxes incurred on repatriation of amounts held outside of the U.S. to have a material effect on our overall liquidity, financial condition or results of operations.

We believe that our current cash, cash equivalents, borrowing capacity available from our credit facilities and internally generated cash flows will be sufficient to support our operating businesses, and maturing debt and interest payments for the twelve months following the issuance of these condensed consolidated financial statements. We expect to pay a special performance bonus of approximately $2.0 million to our CEO in the fiscal year 2022.

On January 29, 2021, a duly authorized subcommittee of the Board of Directors approved a share repurchase program to repurchase up to an aggregate of $200.0 million of the Company's common stock at market prices. The program is effective until the earlier of July 31, 2022 or the date when the maximum amount of common stock is repurchased. The Company had $150.0 million of remaining availability under the share repurchase program as of September 30, 2021.

Our key cash flow metrics were as follows (dollars in millions):

	Three Months Ended September 30,		
	2021	**2020**	**Change**
Net cash provided by (used in) operating activities	$ (134.6)	$ 120.6	$ (255.2)
Net cash used in investing activities	$ (11.9)	$ (11.9)	$ —
Net cash provided by (used in) financing activities	$ 184.3	$ (19.3)	$ 203.6
Net increase in cash, cash equivalents and restricted cash	$ 37.8	$ 89.6	$ (51.8)

Operating Activities

Net cash provided by operating activities decreased by $255.2 million for the three months ended September 30, 2021 as compared to the three months ended September 30, 2020. The decrease was primarily due to an increase in net cash required for net working capital of $259.6 million to meet customer demand, support expected business growth and mitigate supply chain risk due to the COVID-19 pandemic environment and a $1.2 million decrease in net income. These decreases are partially offset by increases in the non-cash charges, including a $4.4 million increase related to excess and obsolete inventories and $1.0 million related to share of income from our equity investee.

Investing Activities

Net cash used in investing activities was $11.9 million for both the three months ended September 30, 2021 and 2020, as we continued to invest in expanding our manufacturing capacity and office space, including the expansion of our Green Computing Park in San Jose and Bade manufacturing facility in Taiwan.

Financing Activities

Net cash provided by financing activities for the three months ended September 30, 2021 was $184.3 million while net cash used by financing activities for the three months ended September 30, 2020 was $19.3 million. The change in cash flows from financing activities was primarily due to an increase of $174.2 million in proceeds from borrowings net of repayment, offset by a $28.5 million decrease in stock repurchases and an increase in cash receipts from exercises of stock options of $1.0 million.

Other Factors Affecting Liquidity and Capital Resources

2018 Bank of America Credit Facility

In April 2018, the Company entered into a revolving line of credit with Bank of America for up to $250.0 million (as amended from time to time, the "2018 Bank of America Credit Facility"). In June 2021, the 2018 Bank of America Credit Facility was amended to, among other items, extend the maturity to June 28, 2026 and reduce the size of the facility from $250.0 million to $200.0 million. In addition, the amendment reduced both the unused line fee from 0.375% per annum to 0.2% or 0.3% per annum (depending upon amount drawn under the facility) and the interest rate applicable to the facility from LIBOR plus 2.00% or 3.00% per annum (depending upon amount drawn under the facility) to LIBOR plus 1.375% or 1.625% per annum. As of September 30, 2021, the total outstanding borrowings under the 2018 Bank of America Credit Facility were $110.2 million and the interest rate was 1.50%. Our available borrowing capacity was $89.8 million, subject to the borrowing base limitation and compliance with other applicable terms. The 2018 Bank of America Credit Facility is secured by substantially all of Super Micro Computer's assets, other than real property assets. Under the terms of the 2018 Bank of America Credit Facility agreement, we are required to maintain a certain fixed charge ratio and we have been in compliance with all covenants under the 2018 Bank of America Credit Facility.

CTBC Credit Lines

We through our Taiwan subsidiary were party to (i) that certain credit agreement, dated May 6, 2020, with CTBC Bank, which provided for a ten-year, non-revolving term loan facility (the "2020 CTBC Term Loan Facility") to obtain up to NTD1,200.0 million ($40.7 million U.S. dollar equivalent) and (ii) that certain credit agreement, dated August 24, 2020, with CTBC Bank (the "CTBC Credit Facility"), which provided for total borrowings of up to $50.0 million (collectively, the "Prior CTBC Credit Lines"). On July 20, 2021 (the "Effective Date"), we through our Taiwan subsidiary entered into a general agreement for omnibus credit lines with CTBC Bank (the "2021 CTBC Credit Lines), which replaced the Prior CTBC Credit Lines in their entirety and permit borrowings, from time to time, pursuant to (i) a term loan facility of up to NTD 1,550.0 million ($55.4 million U.S. dollar equivalents) including the existing 2020 CTBC Term Loan Facility of NTD 1,200.0 million ($42.9 million U.S. dollar equivalents) and a new 75-month, non-revolving term loan facility of NTD 350.0 million ($12.5 million U.S. dollar equivalents) to use to purchase machinery and equipment for our Bade Manufacturing Facility located in Taiwan (the "2021 CTBC Machine Loan"), and (ii) a line of credit facility of up to $105.0 million (the "2021 CTBC Credit Facility"), which increased the borrowing capacity of CTBC Credit Facility. The 2021 CTBC Credit Facility provides (i) a 12-month NTD 1,250.0 million ($44.7 million U.S. dollar equivalent) term loan facility secured by the land and building located in Bade, Taiwan with an interest rate equal to the lender's established NTD interest rate plus 0.50% per annum which is adjusted monthly, which term loan facility also includes a 12-month guarantee of up to NTD 100.0 million ($3.6 million U.S. dollar equivalent) with an annual fee equal to 0.50% per annum, and (ii) a 12-month revolving line of credit of up to 100% of eligible accounts receivable in an aggregate amount of up to $105.0 million with an interest rate equal to the lender's established USD interest rate plus 0.70% to 0.75% per annum which is adjusted monthly.

As of September 30, 2021, the amounts outstanding under the 2020 CTBC Term Loan Facility were $39.0 million and the interest rates for these loans were 0.45% per annum. Under the 2021 CTBC Machine Loan, the amounts outstanding were $1.4 million and the interest rates for these loans were 0.65% per annum at September 30, 2021. As of September 30, 2021, the total outstanding borrowings under the 2021 CTBC Credit Facility term loan were denominated in NTD and remeasured into U.S. dollars of $25.2 million and the interest rate for these loans were 0.74% per annum. As of September 30, 2021, the outstanding borrowings of 2021 CTBC Credit Facility revolving line of credit were $68.1 million and the interest rates for these loans ranged from approximately 0.94% to 0.95% per annum. The amount available for future borrowing under the 2021 CTBC Credit Facility was $11.7 million as of September 30, 2021. The net book value of land and building located in Bade, Taiwan, collateralizing the 2021 CTBC Credit Lines was $77.7 million and all financial covenants were satisfied under the 2021 CTBC Credit Lines as of September 30, 2021.

2021 E.SUN Bank Credit Facility

We through our Taiwan subsidiary were party to that certain General Credit Agreement, dated December 2, 2020, with E.SUN Bank, which provided for the issuance of loans, advances, acceptances, bills, bank guarantees, overdrafts, letters of credit, and other types of drawdown instruments up to a credit limit of US$30 million (the "Prior E.SUN Bank Credit Facility"). The term of the Prior E.SUN Bank Credit Facility was until September 18, 2021. On September 13, 2021 (the "E.SUN Bank Effective Date"), we through our Taiwan subsidiary entered into a new General Credit Agreement with E.SUN Bank, which replaced the Prior E.SUN Bank Credit Facility (the "2021 E.SUN Bank Credit Facility"). The 2021 E.SUN Bank Credit Facility permits borrowings of up to (i) NTD 1,600.0 million ($57.6 million U.S. dollar equivalent) and (ii) $30.0 million as loans, advances, acceptances, bills, bank guarantees, overdrafts, letters of credit, and other types of drawdown instruments. Other terms of the 2021 E.SUN Bank Credit Facility are substantially identical to the Prior E.SUN Bank Credit Facility. Generally, interest for base rate loans made under the 2021 E.SUN Bank Credit Facility are based upon an average interbank overnight call loan rate in the finance industry (such as LIBOR or TAIFX) plus a fixed margin, and is subject to occasional adjustment. The 2021 E.SUN Bank Credit Facility has customary default provisions permitting E.SUN Bank to terminate or reduce the credit limit, shorten the credit period, or deem all liabilities due and payable, including in the event the Taiwan subsidiary has an overdue liability at another financial organization. There are various financial covenants under the 2021 E.SUN Bank Credit Facility, including current ratio, net debt ratio, and interest coverage requirements. A Notification and Confirmation was entered into on the E.SUN Bank Effective Date for (i) a five-year, non-revolving term loan facility to obtain up to NTD 1,600.0 million ($57 million U.S. dollar equivalent) in financing for use in research & development activities (the "Term Loan"), and (ii) a $30.0 million import loan (the "Import Loan") with a tenor of 120 days. As of September 30, 2021, the total outstanding borrowings under the Term Loan were denominated in NTD and remeasured into U.S. dollars of $4.9 million and the interest rates for these loans were 0.995% per annum. As of September 30, 2021, the amounts outstanding under the Import Loan were $30.0 million and the interest rates for these loans ranged approximately from 0.96% to 1.23% per annum. At September 30, 2021, the amount available for future borrowing under the Import Loan was $0.0 million.

Mega Bank Credit Facilities

On September 13, 2021 (the "Mega Bank Effective Date"), we through our Taiwan subsidiary entered into a NTD1,200.0 million ($43.2 million U.S. dollar equivalent) credit facility (the "Mega Bank Credit Facility") with Mega International Commercial Bank ("Mega Bank"). The Mega Bank Credit Facility will be used to support manufacturing activities (such as purchase of materials and components), and to provide medium-term working capital (the "Permitted Uses"). Drawdowns under the Mega Bank Credit Facility may be made through December 31, 2024, with the first drawdown date not later than November 5, 2021. Drawdowns may be in amounts of up to 80% of Permitted Uses certified to the Bank in drawdown certificates. The interest rate depends upon the amount borrowed under Mega Bank Credit Facility, and as of the Mega Bank Effective Date, range from 0.645% to 0.845% per annum. The interest rate is subject to adjustment in certain circumstances, such as events of default. Interest is payable monthly. Principal payments for amounts borrowed commence on the 15th day of the month following two years after the first drawdown, and are repaid in monthly installments over a period of three years thereafter. The Mega Bank Credit Facility is unsecured and has customary default provisions permitting Mega Bank to reduce or cancel the extension of credit, or declare all principal and interest amounts immediately due and payable. As of September 30, 2021, there were no outstanding borrowings under the Mega Bank Credit Facility.

Chang Hwa Bank Credit Facility

On October 5, 2021 (the "Chang Hwa Bank Effective Date"), we through our Taiwan subsidiary entered into a credit facility (the "Chang Hwa Bank Credit Facility") with Chang Hwa Commercial Bank, Ltd. ("Chang Hwa Bank"). The Chang Hwa Bank Credit Facility, which is being used to support our growth, permits borrowings of up to NTD 1,000.0 million ($36.0 million U.S. dollar equivalent) including up to $20.0 million as loans, advances, acceptances, bills, bank guarantees, overdrafts, letters of credit, and other types of drawdown instruments. The Chang Hwa Bank Credit Facility has customary default provisions permitting the Chang Hwa Bank to terminate or reduce the credit limit, shorten the credit period, or deem all liabilities due and payable, including in cross-default provisions with respect to the Company's other debt obligations. Terms for specific drawdown instruments issued under the Chang Hwa Bank Credit Facility, such as credit amount, term of use, mode of drawdown, specific lending rate, and other relevant terms, are to be set forth in separate loan contracts (each, a "Loan Contract") negotiated with Chang Hwa Bank. On the Chang Hwa Bank Effective Date, three Loan Contracts were entered into. None of the three Loan Contracts are secured and there are no financial covenants. Under the Chang Hwa Bank Credit Facility, the Chang Hwa Bank has the right to demand collateral for debts owed.

Refer to Part I, Item 1, Note 7, "Short-term and Long-term Debt," in our notes to condensed consolidated financial statements in this Quarterly Report on Form 10-Q for further information on our outstanding debt.

Capital Expenditure Requirements

We intend to continue to focus our capital expenditures in fiscal year 2022 to support the growth of our operations. We anticipate our capital expenditures for the remainder of fiscal year 2022 will be approximately $11 million, relating primarily to costs associated with our manufacturing capabilities, including tooling for new products, new information technology investments, and facilities upgrades. We will continue to evaluate new business opportunities and new markets. As a result, our future growth within the existing business or new opportunities and markets may dictate the need for additional facilities and capital expenditures to support that growth. We evaluate capital expenditure projects based on a variety of factors, including expected strategic impacts (such as forecasted impact on revenue growth, productivity, expenses, service levels and customer retention) and our expected return on investment. Our future capital requirements will depend on many factors including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced software and services offerings, the investments in our office facilities and our information systems infrastructure, the continuing market acceptance of our offerings and our planned investments, particularly in our product development efforts, applications or technologies.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on our condensed consolidated financial statements, see Part I, Item 1, Note 1, “Summary of Significant Accounting Policies,” in our notes to condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Item 3. *Quantitative and Qualitative Disclosure About Market Risk*

Interest Rate Risk

The primary objectives of our investment activities are to preserve principal, provide liquidity and maximize income without significantly increasing the risk. Some of the securities we invest in are subject to market risk. This means that a change in prevailing interest rates may cause the fair value of the investment to fluctuate. To minimize this risk, we maintain our portfolio of cash equivalents and short-term investments in money market funds and certificates of deposit. Our investment in an auction rate security has been classified as non-current due to the lack of a liquid market for these securities. Since our results of operations are not dependent on investments, the risk associated with fluctuating interest rates is limited to our investment portfolio, and we believe that a 10% change in interest rates would not have a significant impact on our results of operations. As of September 30, 2021, our investments were in money market funds, certificates of deposits and auction rate securities.

We are exposed to changes in interest rates as a result of our borrowings under our term loans and revolving lines of credit. The interest rates for the term loans and the revolving lines of credit ranged from 0.45% to 1.50% at September 30, 2021 and June 30, 2021. Based on the outstanding principal indebtedness of $278.8 million under our credit facilities as of September 30, 2021, we believe that a 10% change in interest rates would not have a significant impact on our results of operations.

Foreign Currency Risk

To date, our international customer and supplier agreements have been denominated primarily in U.S. dollars and accordingly, we have limited exposure to foreign currency exchange rate fluctuations from customer agreements, and do not currently engage in foreign currency hedging transactions. The functional currency of our subsidiaries in the Netherlands and Taiwan is the U.S. dollar. However, certain loans and transactions in these entities are denominated in a currency other than the U.S. dollar, and thus we are subject to foreign currency exchange rate fluctuations associated with re-measurement to U.S. dollars. Such fluctuations have not been significant historically. Foreign exchange (loss) gain for the three months ended September 30, 2021 and 2020 was $ 0.1 million and $(0.9) million, respectively.

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

Under the supervision, and with the participation, of our current management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of September 30, 2021. Based on this evaluation of our disclosure controls and procedures, our CEO and CFO have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of September 30, 2021.

Changes in Internal Control over Financial Reporting

Under applicable SEC rules (Exchange Act Rules 13a-15(d) and 15d-15(d)), management is required to evaluate, with the participation of our CEO and CFO, any changes in internal control over financial reporting that occurred during each fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. There were no changes in our internal control over financial reporting during the quarter ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

The effectiveness of any system of internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting can only provide reasonable, not absolute, assurances that its objectives will be met. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but we cannot assure that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

The information required by this item is incorporated herein by reference to the information set forth under the captions "Litigation and Claims" in Note 11 "Commitments and Contingencies" of our notes to condensed consolidated financial statements included in this quarterly report.

Due to the inherent uncertainties of such legal proceedings, we cannot predict the outcome of the proceedings at this time, and we can give no assurance that they will not have a material adverse effect on our financial position or results of operations.

Item 1A. Risk Factors

Important risk factors that could affect our operations and financial performance, or that could cause results or events to differ from current expectations, are described in Part I, Item 1A "Risk Factors" of our 2021 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

During the three months ended September 30, 2021, we repurchased the following shares of our common stock:

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share(1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs(2)
Month 1 (July 1, 2021 to July 31, 2021)	—	$ —	—	$150 Million
Month 2 (August 1, 2021 to August 31, 2021)	14,426	$ 35.59	—	$150 Million
Month 3 (September 1, 2021 to September 30, 2021)	—	$ —	—	$150 Million
Total	14,426	$ —		

(1) Includes optionee's tender of outstanding shares to pay the exercise price or tax withholding obligation.
(2) On January 29, 2021, a duly authorized subcommittee of the Company's Board approved a share repurchase program to repurchase up to $200 million of our common stock at prevailing prices in the open market. The share repurchase program is effective until the earlier of July 31, 2022 or the date when the maximum amount of common stock is repurchased.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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Item 6. Exhibits

(a) Exhibits.

Exhibit Number	Description
10.1	General Agreement for Omnibus Credit Lines dated as of July 20, 2021 between Super Micro Computer, Inc. Taiwan and CTBC Bank Co., Ltd. (incorporated by reference to Exhibit 10.1 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on July 26, 2021)
10.2	Agreement for Individually Negotiated Terms and Conditions dated as of July 20, 2021 between Super Micro Computer, Inc. Taiwan and CTBC Bank Co., Ltd. (incorporated by reference to Exhibit 10.2 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on July 26, 2021)
10.3	Summary of Short-Term Credit Facilities and 75 Month Term Loan Facility from CTBC Bank Co., Ltd. dated as of July 7, 2021 (incorporated by reference to Exhibit 10.3 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on July 26, 2021)
10.4	English language translation of the Medium-to-Long Term Loan Agreement dated as of September 13, 2021 between Super Micro Computer, Inc. Taiwan and Mega International Commercial Bank (incorporated by reference to Exhibit 10.1 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on September 17, 2021)
10.5	General Credit Agreement dated as of September 13, 2021 between Super Micro Computer, Inc. Taiwan and E.SUN Bank (incorporated by reference to Exhibit 10.2 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on September 17, 2021)
10.6	Notification and Confirmation of Credit Conditions, dated as of September 13, 2021 between Super Micro Computer, Inc. Taiwan and E.SUN Bank (incorporated by reference to Exhibit 10.3 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on September 17, 2021)
10.7	English language translation of the Credit Authorization Agreement dated as of October 5, 2021 between Super Micro Computer, Inc. Taiwan and Chang Hwa Commercial Bank, Ltd. (incorporated by reference to Exhibit 10.1 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on October 12, 2021)
10.8	English language translation of the Imported Goods Loan Agreement dated as of October 5, 2021 between Super Micro Computer, Inc. Taiwan and Chang Hwa Commercial Bank, Ltd. (incorporated by reference to Exhibit 10.2 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on October 12, 2021)
10.9	English language translation of the Export Loan Agreement dated as of October 5, 2021 between Super Micro Computer, Inc. Taiwan and Chang Hwa Commercial Bank, Ltd. (incorporated by reference to Exhibit 10.3 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on October 12, 2021)
10.10	English language translation of the Loan Agreement for the Action Plan for Accelerated Investments by Domestic Corporations dated as of October 5, 2021 between Super Micro Computer, Inc. Taiwan and Chang Hwa Commercial Bank, Ltd. (incorporated by reference to Exhibit 10.4 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on October 12, 2021)
10.11*+	Form of Notice of Grant of Restricted Stock Units (One-Year Vesting, Pro-Rata at Termination) under 2020 Equity and Incentive Compensation Plan
10.12*+	Form of Restricted Stock Units Agreement (One-Year Vesting, Pro-Rata at Termination) under 2020 Equity and Incentive Compensation Plan
31.1	Certification of Charles Liang, President and Chief Executive Officer of the Registrant pursuant to Section 302, as adopted pursuant to the Sarbanes-Oxley Act of 2002
31.2	Certification of David Weigand, Chief Financial Officer of the Registrant pursuant to Section 302, as adopted pursuant to the Sarbanes-Oxley Act of 2002

32.1	Certification of Charles Liang, President and Chief Executive Officer of the Registrant pursuant to Section 906, as adopted pursuant to the Sarbanes-Oxley Act of 2002
32.2	Certification of David Weigand, Chief Financial Officer of the Registrant pursuant to Section 906, as adopted pursuant to the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL.

+ Filed herewith

* Management contract, or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUPER MICRO COMPUTER, INC.

Date: November 5, 2021	/s/ CHARLES LIANG
	Charles Liang **President, Chief Executive Officer and Chairman of the Board** **(Principal Executive Officer)**
Date: November 5, 2021	/s/ DAVID WEIGAND
	David Weigand **Senior Vice President, Chief Financial Officer** **(Principal Financial and Accounting Officer)**

EXHIBIT 10.11

NOTICE OF GRANT OF RESTRICTED STOCK UNITS
(One-Year Vesting, Pro-Rata at Termination)

Super Micro Computer, Inc.
ID: 77-0353939
980 Rock Ave.
San Jose, CA 95131
(408) 503-8000

NAME
ADDRESS
CITY, STATE COUNTRY
ZIP CODE

Grant Number:
Plan: **2020**
ID:

You ("you" or the "Grantee") have been granted an award of restricted stock units ("RSUs") subject to the terms and conditions in the Super Micro Computer, Inc. 2020 Equity and Incentive Compensation Plan (the "Plan") and the Restricted Stock Units Agreement, as follows:
Date of Grant:

Vesting Commencement Date:

Total Number of RSUs Granted:

Vesting Schedule: Subject to the terms and conditions of Section 4 and Section 5 of the Restricted Stock Units Agreement, the RSUs shall Vest as follows:
This restricted stock units award shall vest 100% on the first annual anniversary of the Vesting Commencement Date (the "Vest Date," and the one-year period ending on the Vest Date, the "Vesting Year"); provided, however, that if your Service terminates before the Vest Date, the number of RSUs that shall be "Vested" immediately as of the date of such termination shall equal (rounded down to the nearest whole RSU) the total number of RSUs granted multiplied by a fraction (not greater than one), the numerator of which is the number of days that have elapsed since the Vesting Commencement Date prior to such termination, and the denominator of which is the number of days in the Vesting Year.

You understand and agree that the RSUs are granted subject to and in accordance with the terms of the Plan. You further agree to be bound by the terms of the Plan and the terms of the Restricted Stock Units Agreement, which is attached hereto. A copy of the Plan is available in your grant package.
Nothing in this Notice, the attached Restricted Stock Units Agreement or in the Plan confer upon you any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate your employment or other service at any time.
Definitions. All capitalized terms in this Notice shall have the meaning assigned to them in the Plan, this Notice or in the Restricted Stock Units Agreement.
Super Micro Computer, Inc.

Charles Liang
Chairman of the Board, President and CEO

EXHIBIT 10.12

SUPER MICRO COMPUTER, INC.
RESTRICTED STOCK UNITS AGREEMENT
(One-Year Vesting, Pro-Rata at Termination)

Super Micro Computer, Inc., a Delaware corporation (the "***Company***") has granted to the Grantee named in the *Notice of Grant of Restricted Stock Units* (the "***Notice***") to which this Restricted Stock Units Agreement (the "***Agreement***") is attached an award consisting of Restricted Stock Units (the "***RSUs***") subject to the terms and conditions set forth in the Notice and this Agreement. The award has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Super Micro Computer, Inc. 2020 Equity and Incentive Compensation Plan (the "***Plan***"), the provisions of which are incorporated herein by reference.

1. <u>Grant of Restricted Stock Units</u>. Subject to the terms and conditions of the Plan and the terms and conditions hereinafter set forth, pursuant to authorization under resolutions of the Committee, the Company hereby confirms to the Grantee the grant of RSUs in an amount as set forth in the Notice, effective as of the Date of Grant set forth the Notice.

2. <u>Payment of RSUs</u>. The RSUs shall become payable if the RSUs have vested and the Grantee's right to receive payment for the RSUs becomes nonforfeitable ("***Vest***," "***Vesting***" or "***Vested***") in accordance with the Notice.

3. <u>Vesting of RSUs</u>. Subject to the terms and conditions of <u>**Section 4**</u> and <u>**Section 5**</u> of this Agreement, the RSUs shall Vest in accordance with the Vesting Schedule on the Vesting Dates as set forth in the Notice, only if the Grantee's Service has not terminated before the applicable Vesting Date.

4. <u>Effect of Change in Control</u>. In the event of a Change in Control, subject to approval by the Committee, the surviving, continuing, successor, or purchasing entity or parent thereof, as the case may be (the "***Acquiror***"), may, without the consent of the Grantee, assume or continue in full force and effect the Company's rights and obligations under all or any portion of the outstanding RSUs or substitute for all or any portion of the outstanding RSUs substantially equivalent rights with respect to the Acquiror's stock. For purposes of this Section, an RSU shall be deemed assumed if, following the Change in Control, the RSU confers the right to receive, subject to the terms and conditions of the Plan and this Agreement, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Common Stock on the effective date of the Change in Control was entitled (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if such consideration is not solely common stock of the Acquiror, the Committee may, with the consent of the Acquiror, provide for the consideration to be received upon settlement of the RSU to consist solely of common stock of the Acquiror equal in Market Value per Share to the consideration received by

holders of Common Stock pursuant to the Change in Control. The RSUs shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control to the extent that RSUs subject to this Agreement are neither assumed or continued by the Acquiror in connection with the Change in Control nor settled as of the time of the Change in Control.

5. Forfeiture of RSUs. In the event that the Grantee's Service is terminated for any reason or no reason, with or without Cause, prior to any applicable Vesting Date: (a) any RSUs that have not Vested pursuant to the Notice shall be forfeited automatically and without further notice on such date of termination, and (b) the Company shall automatically reacquire all such RSUs and the Grantee shall not be entitled to any payment therefor.

6. Form and Time of Payment of RSUs. Subject to **Section 5** and **Section 10**, payment for Vested RSUs shall be made in Common Stock on the first Settlement Date concurrent with or following the applicable date such RSUs (or portion thereof) Vest, as specified in the Notice, or otherwise cease to be subject to a "substantial risk of forfeiture" for purposes of Section 409A of the Code. Except to the extent provided by Section 409A of the Code and permitted by the Committee, no Common Stock may be issued to the Grantee at a time earlier than otherwise expressly provided in this Agreement. The Company's obligations to the Grantee with respect to the RSUs shall be satisfied in full upon the issuance of Common Stock corresponding to such Vested RSUs.

7. RSUs Not Transferable. Subject to Section 15 of the Plan, none of the RSUs nor any interest therein or in any Common Stock underlying such RSUs shall be transferable prior to the issuance of Common Stock on the applicable Settlement Date, other than by will or the laws of descent and distribution.

8. Adjustments. The number of and kind of shares of Common Stock covered by the RSUs and the other terms and conditions of the grant evidenced by this Agreement are subject to mandatory adjustment as provided in Section 11 of the Plan.

9. Withholding Taxes.

(a) If the Company is required to withhold federal, state, local or other national taxes or other amounts in connection with the Grantee's right to receive Common Stock under this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of any such Common Stock (or the realization of any other benefit provided for under this Agreement) that the Grantee timely make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts (such amounts, collectively, the "***Tax Withholdings***").

(b) Unless otherwise determined by the Committee, the Tax Withholdings shall be satisfied by the Company's retention of a portion of the Common

Stock provided for under this Agreement, by deducting from the Common Stock otherwise deliverable to the Grantee in settlement of the RSUs a number of whole shares of Common Stock having a fair market value, as determined by the Company as of the date on which the Tax Withholdings obligation arises, not in excess of the amount of such Tax Withholdings determined by the applicable minimum statutory withholding rates (unless higher withholding amounts would not result in adverse accounting implications for the Company and are authorized by the Committee, and the total amount withheld does not exceed the Grantee's estimated tax obligations attributable to the settlement of the RSUs).

(c) If the Grantee is not an officer for purposes of Section 16 of the Exchange Act, then, alternatively, unless otherwise determined by the Company, the Grantee may, in addition to the withholding method set forth in **Section 9(b)**, satisfy such Tax Withholdings (i) by paying the Company cash via personal check, wire transfer, or other means of immediate electronic payment, (ii) by the Grantee's surrender of Common Stock that he or she has owned, or (iii) in accordance with procedures established by the Company providing for delivery by the Grantee to the Company or a broker approved by the Company of properly executed instructions, in a form permitted and approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to Common Stock that he or she already owned or some or all of the Common Stock acquired upon settlement of the RSUs provided for under this Agreement, in each case subject to compliance with applicable law and the Company's insider trading policy and procedures, provided in each case that the Grantee provides the Company adequate notice of such election in accordance with the Company's then-applicable policies and procedures.

10. Compliance with Law; Restrictions on Grant of the RSUs and Issuance of Shares. The grant of the RSUs and issuance of shares of Common Stock upon settlement of the RSUs shall be subject to compliance with all applicable requirements of federal, state or other national law with respect to such securities. Notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue any of the Common Stock covered by this Agreement if the issuance thereof would result in violation of any applicable federal, state or other national securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any shares subject to the award of RSUs shall relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the RSUs, the Company may require the Grantee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to

make any representation or warranty with respect thereto as may be requested by the Company.

11. No Right to Future Awards; Right to Terminate Service. This RSU award is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. No provision of this Agreement shall limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate the Grantee's Service at any time.

12. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profitsharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan of the Company or a Subsidiary.

13. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable to this Agreement; provided, however, that no amendment shall materially impair the rights of the Grantee with respect to the Common Stock or other securities covered by this Agreement or modify the Settlement Date without the Grantee's consent. Notwithstanding the foregoing, the limitation requiring the consent of the Grantee to certain amendments shall not apply to any amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code or Section 10D of the Exchange Act.

14. Severability. In the event that one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions of this Agreement, and the remaining provisions of this Agreement shall continue to be valid and fully enforceable.

15. Clawback. The RSUs may be subject to clawback in accordance with the Plan and the Company's recoupment policy as may be in effect from time to time.

16. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the RSUs and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. Governing Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Delaware and venue shall be exclusively in the applicable court in Santa Clara County, California,

without giving effect to any principle of law that would result in the application of the law of any other jurisdiction.

18. Successors and Assigns. Without limiting **Section 7** hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

19. Acknowledgement and Agreement. By electronically accepting the Notice, the Grantee: (a) acknowledges receipt of and represents that the Grantee has read and is familiar with the Notice, this Agreement, the Plan and a prospectus for the Plan prepared in connection with the registration with the Securities and Exchange Commission of the shares issuable pursuant to the award, (b) accepts the award subject to all of the terms and conditions of the Notice, this Agreement and the Plan and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Notice, this Agreement or the Plan.

20. Counterparts. The Notice with this Agreement may be executed in one or more counterparts, all of which together shall constitute but one Agreement.

21. Section 409A of the Code. To the extent applicable, it is intended that the settlement of the RSUs comply with Section 409A of the Code, and this Agreement shall be interpreted, operated and administered in a manner consistent with this intent. The Company makes no representation or covenant to ensure that the RSUs, settlement of the RSUs or other payment hereunder are compliant with Section 409A of the Code and shall have no liability to the Grantee or any other party if the settlement of the RSUs or other payment hereunder that is intended to be compliant with Section 409A of the Code is not so compliant or for any action taken by the Company with respect thereto. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and shall also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

22. Relation to the Plan. In the event of any inconsistency between the provisions of the Notice, this Agreement and the Plan, the Plan shall govern.

23. Definitions. Capitalized terms used herein without definition shall have the meanings assigned to them in the Notice and the Plan. As used in this Agreement:

(a) "***Cause***" means any of the following: (i) the Grantee's theft, dishonesty, willful misconduct, breach of fiduciary duty for personal profit, or falsification of any Company or Subsidiary documents or records; (ii) the Grantee's material failure to abide by the Company's or a Subsidiary's code of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct); (iii) the

Grantee's unauthorized use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of the Company or a Subsidiary (including, without limitation, the Grantee's improper use or disclosure of the Company's or a Subsidiary's confidential or proprietary information); (iv) any intentional act by the Grantee which has a material detrimental effect on the Company's or a Subsidiary's reputation or business; (v) the Grantee's repeated failure to perform any reasonable assigned duties after written notice from the Company or a Subsidiary of, and a reasonable opportunity to cure, such failure; (vi) any material breach by the Grantee of any employment, service, non-disclosure, non-competition, non-solicitation or other similar agreement between the Grantee and the Company or a Subsidiary, which breach is not cured pursuant to the terms of such agreement; or (vii) the Grantee's conviction (including any plea of guilty or nolo contendere) of any criminal act involving fraud, dishonesty, misappropriation or moral turpitude, or which impairs the Grantee's ability to perform his or her duties with the Company or a Subsidiary.

(b) "***Service***" shall mean the Grantee's employment or service with the Company or a Subsidiary, whether as an employee, a Director or a consultant or similar individual who provides services to the Company or any Subsidiary that are equivalent to those typically performed by an employee (provided that such person satisfies the Form S-8 definition of "employee"). Unless otherwise provided by the Committee, the Grantee's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Grantee renders Service or a change in the Company or Subsidiary for which the Grantee renders Service, provided that there is no interruption or termination of the Grantee's Service. Furthermore, the Grantee's Service shall not be deemed to have been interrupted or terminated if the Grantee takes any military leave, sick leave, or other bona fide leave of absence approved by the Company. However, unless otherwise provided by the Committee, if any such leave taken by the Grantee exceeds ninety (90) days, then on the ninety-first (91st) day following the commencement of such leave the Grantee's Service shall be deemed to have terminated, unless the Grantee's right to return to Service is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, an unpaid leave of absence shall not be treated as Service for purposes of determining Vesting under this Agreement. The Grantee's Service shall be deemed to have terminated either upon an actual termination of Service or upon the business entity for which the Grantee performs Service ceasing to be a Subsidiary. Subject to the foregoing, the Company, in its discretion, shall determine whether the Grantee's Service has terminated and the effective date of and reason for such termination.

(c) "***Settlement Date***" shall mean the first to occur of (i) the first anniversary of the Vesting Commencement Date (as described in the Notice), (ii) within ten (10) days following a Change in Control, but only if such Change in Control constitutes a "change in the ownership," "change in effective control," and/or a "change in the ownership of a substantial portion of assets" of the Company as those terms are defined under Treasury Regulation § 1.409A-3(i)(5), or (iii) within thirty (30) days following the date of the Grantee's separation from service (within the meaning of Section 409A of the Code) (each such date, an *"**Original Settlement Date**"*); provided, however, that if the tax withholding obligations, if any, of the Company or a Subsidiary, shall not be satisfied by the share withholding method described in **Section 9(b)** and an Original Settlement Date would occur on a date on which a sale by the Grantee of the shares to be issued in settlement of the Vested RSUs would violate the Trading Compliance Policy of the Company, then the Settlement Date for such Vested RSUs shall be deferred until the next day on which the sale of such shares would not violate the Trading Compliance Policy, but in any event on or before the end of the calendar year that includes the Original Settlement Date or, if later, by the 15th day of the third calendar month following the first day of the Original Settlement Date.

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles Liang, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Super Micro Computer, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

/s/ CHARLES LIANG

Charles Liang
President, Chief Executive Officer and
Chairman of the Board
(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Weigand, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Super Micro Computer, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

/s/ DAVID WEIGAND

David Weigand
Senior Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles Liang, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Super Micro Computer, Inc. on Form 10-Q for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date thereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Super Micro Computer, Inc.

Date: November 5, 2021

/s/ CHARLES LIANG

Charles Liang
President, Chief Executive Officer and
Chairman of the Board
(Principal Executive Officer)

EXHIBIT 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Weigand, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Super Micro Computer, Inc. on Form 10-Q for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date thereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Super Micro Computer, Inc.

Date: November 5, 2021

/s/ DAVID WEIGAND

David Weigand
Senior Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)