



FISCAL Q1 2023 RESULTS

November 1, 2022



DISCLOSURES



Cautionary Statement Regarding Forward Looking Statements

Statements contained in this presentation that are not historical fact may be forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward looking statements may relate to, among other things, the second quarter of fiscal year 2023 and full year fiscal 2023 guidance, the ability to execute on the company strategy, the ability to achieve revenue targets, the ability to implement expansion plans, and TCO savings, fossil fuel reduction and trees saved through the Company's resource savings servers. Such forward looking statements do not constitute guarantees of future performance and are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from those anticipated, including: (i) the global COVID-19 pandemic continues to present significant uncertainties for all parts of our business including our supply chain, our production operations and customer demand, (ii) our quarterly operating results may fluctuate, which could cause rapid declines in our stock price, (iii) as we increasingly target larger customers and larger sales opportunities, our customer base may become more concentrated, our cost of sales may increase, our margins may be lower and our sales may be less predictable, (iv) if we fail to meet publicly announced financial guidance or other expectations about our business, our stock could decline in value, (v) the average sales prices for our server solutions could decline if customers do not continue to purchase our latest generation products or additional components, and (vi) adverse economic conditions may harm our business. Additional factors that could cause actual results to differ materially from those projected or suggested in any forward looking statements are contained in our filings with the Securities and Exchange Commission, including those factors discussed under the caption "Risk Factors" in such filings, particularly in our Annual Report on Form 10-K for our fiscal year ended June 30, 2022, and Quarterly Reports on Form 10-Q filed thereafter.

Use of Non-GAAP Financial Measures

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

CEO TAKEAWAYS



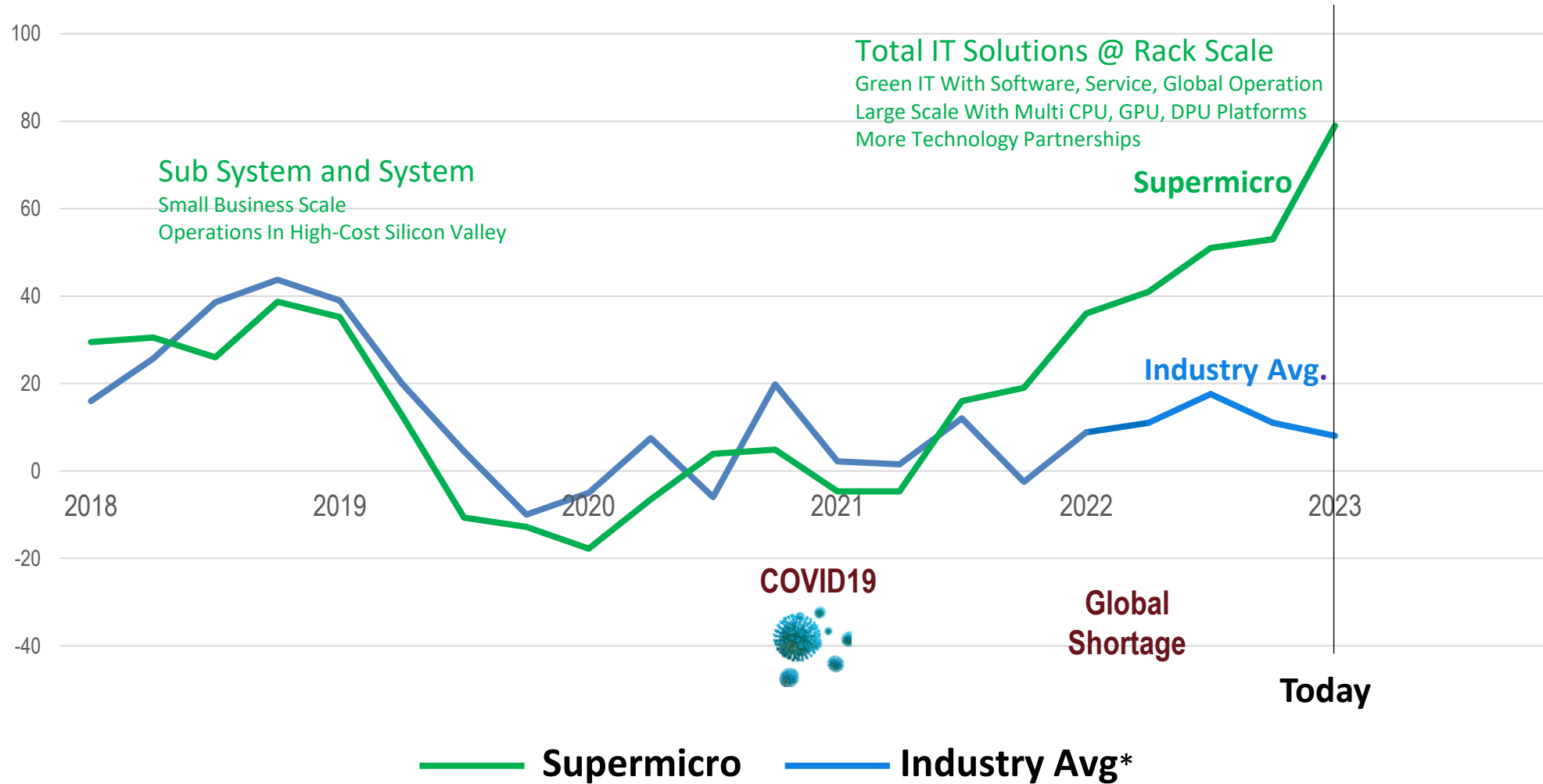
Record Revenue

- Q1 FY23 revenue: **\$1.85B, +79% YoY and +13% QoQ growth**
- Strong product mix, increased shipments of rack scale Total IT Solutions
- Expanding Total IT Solutions product lines to address adjacent markets
- Continued strength in OEM/Appliance & Large DC segment with additional solution offerings
- Next generation product readiness: Hundreds of seeding & Jumpstart engagements with a few dozen early shipments

Executing on Our Strategy

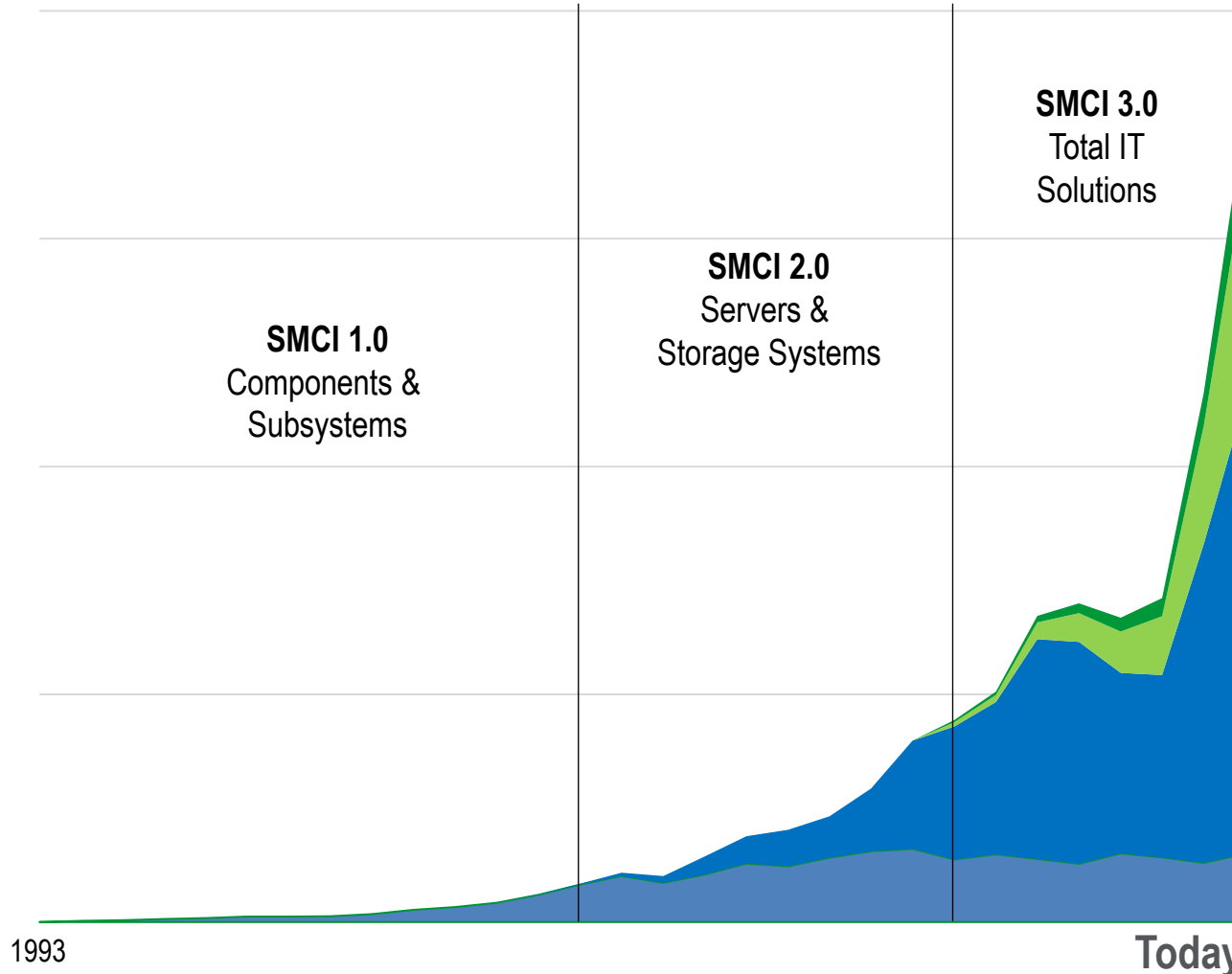
- Total IT Solutions based on Building Blocks architecture with increasing software and security content
- Green Computing: Free-air/Liquid cooled rack-scale systems design shift to reduce customer TCO
- Taiwan capacity continues to scale, expect ongoing operational efficiencies
- Multiple new CPU/GPU/DPU releases coming this quarter starting a next-gen platform refresh cycle
- **Q2 FY23 revenue guidance range midpoint: \$1.75B, 49% YoY growth**
- **FY23 revenue guidance: \$6.5B to \$7.5B, 25% to 44% YoY growth**

SMCI vs INDUSTRY GROWTH RATE (FY)



*Industry Avg based on Gartner & IDC estimates

TOTAL IT SOLUTIONS - OUR PATH TO \$10B+



- **5S: Software, Service, Switch, Storage, Security & More**
- **Total IT Solutions Enterprise, OEM – Appliance / Cloud**
- **Complete Systems**
- **Sub-systems & Components**

Our Momentum:

~5X+ Faster growth vs. industry avg. over the past 12+ months

ENABLING TOTAL IT SOLUTIONS



Value of Supermicro Total IT Solutions

- ✓ Rack-scale Plug & Play (L10, L11, L12) w/ optimized BBA Solutions
- ✓ Scalable Optimized compute, storage, software & service
 - ✓ Cloud composer, Cloud orchestrator, IT & Cloud security, Cloud subscription
- ✓ Addressing key verticals: AI, Cloud, Enterprise, & Edge/5G
- ✓ Lowest TCO & leading Energy Efficiency
- ✓ Choice with free-air, liquid cooling, & liquid immersion technologies
- ✓ Single vendor solution: direct engineering resource
- ✓ Capacity to ship thousands of racks per month with fast lead times



Recent Large Installations

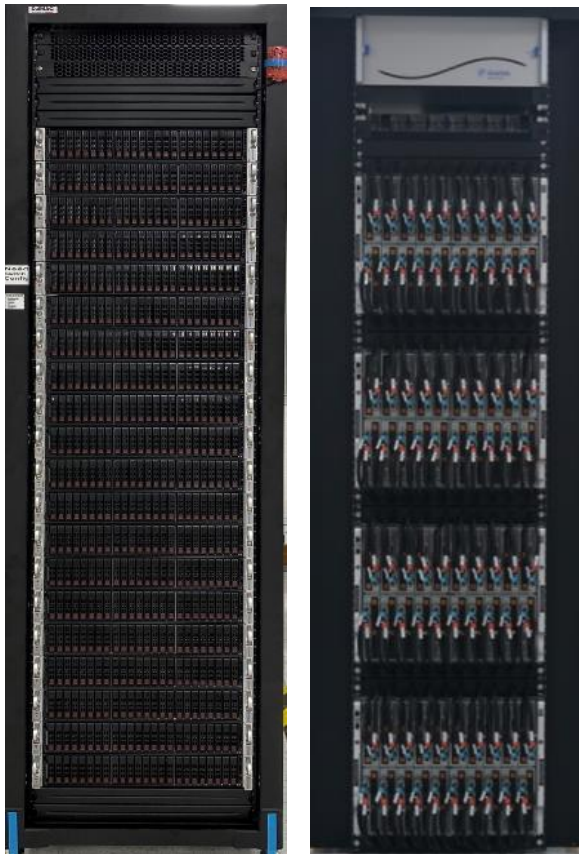
 Hyper-E and Hyper-U Best-in-Class Performance and Flexibility Rackmount Servers	 Ultra and Ultra-E High Performance & Flexibility Rackmount Systems for Enterprise Applications	 Cloud DC All-in-one Rackmount Platforms for Cloud Data Centers	 I/O (I/O) Industry's Widest Variety of I/O Optimized Servers	 Mainstream Versatile Entry Level and Volume Servers for Enterprise Applications
 BigTwin Highly Modular Multi-Node Systems with Tool-less Design	 TwinPro Cost-effective 2U Multi-node Platforms	 FatTwin Advanced Multi-node 4U Twin Architecture with 8 or 4 Nodes	 SuperBlade High Density x86 Multi-node Server for Enterprise Cloud, HPC	 MP 4-Way Server Highest Performance and Flexibility for Enterprise Applications
 PCIe GPU Servers High Density Systems for Double-width, Full Length PCIe GPUs	 HGX GPU Servers High Performance and Flexibility with Advanced Architecture and Thermal Design	 SuperStorage Top-loading Server Optimized for Field Serviceability and Field Replacement	 IOT/Embedded High-efficiency, High-performance Compact Form Factor with Fanless	 5G/Telco High-performance, Ruggedized solutions for 5G and Edge computing

Total IT Solution Foundation = Optimized System Building Blocks

EXPANDING OUR PnP RACK DESIGNS



High Density Compute Rack



High Density Compute Rack with *Liquid Cooling*



High Density Storage Rack



High Performance GPU Rack



OPERATIONS: EXPANSION PLANS



- Manufacturing Resilience with flexible footprint
- Current capacity scalable and aligned to growth trends
- Optimizing global operations ensuring tight cost controls
- Taiwan Building 62: 2X-3X APAC capacity in FY23
- US Building 23 (Command Center, B2B/C, and Cloud Services)
- Initiating Mexico and Malaysia facilities (Underway)

Worldwide Capacity now **3000 Racks/month**



SMT Lines and Rack Integrations



GREEN COMPUTING FOR THE PLANET



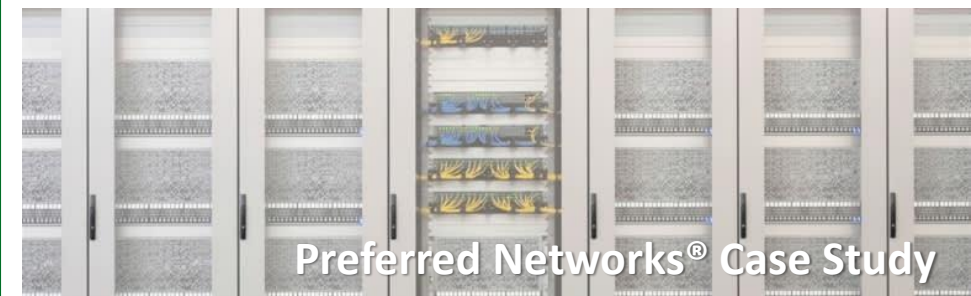
- Improve Industry PUE (Target 1.05)
 - Adopting More Efficient Datacenter Cooling
 - Optimal Free-Air Cooling PUE @ 1.06
 - Optimal Liquid or Submerged PUE @ 1.05
 - **>\$10B** TCO Savings across industry
 - **>8B Trees** Saved
 - **>30 Fossil Fuel Power Plants** Reduction



300,000+ Supermicro Resource-Saving Blade Servers:

- \$20M in operating expense savings annually
- Cut refresh costs by >44%
- Achieves record PUE of 1.06

Source: Intel, Supermicro



#1 in Green500 '21 – A Supermicro/PFN collaboration:

- Peak performance (theoretical): **3.92 Pflops**
- Performance for every watt of power consumed: **21.11 Gflops/W**

Source: PFN, Green500.org, Supermicro

Green Computing Data Reference:

<https://www.statista.com/statistics/1229367/data-center-average-annual-pue-worldwide/>
<https://www.statista.com/statistics/219596/worldwide-server-shipments-by-vendor/#:~:text=In%202020%2C%2012.15%20million%20server,figure%20recorded%20in%202018%20too.>
[https://www.electricrate.com/data-center/electricity-prices-by-country/#:~:text=If%20we%20averaged%20out%20the,the%20global%20average%20electricity%20price,500MW Coal Power Plant. https://www.mcginley.co.uk/news/how-much-of-each-energy-source-does-it-take-to-power-your-home/bp254/](https://www.electricrate.com/data-center/electricity-prices-by-country/#:~:text=If%20we%20averaged%20out%20the,the%20global%20average%20electricity%20price,500MW Coal Power Plant.)
<https://www.energy.gov/fecm/science-innovation/office-clean-coal-and-carbon-management/advanced-energy-systems/transformativ>
<https://www.eia.gov/tools/faqs/faq.php?id=74&t=11>
<https://www.co2meter.com/blogs/news/could-global-co2-levels-be-reduced-by-planting-trees>

Q1 FY2023 HIGHLIGHTS

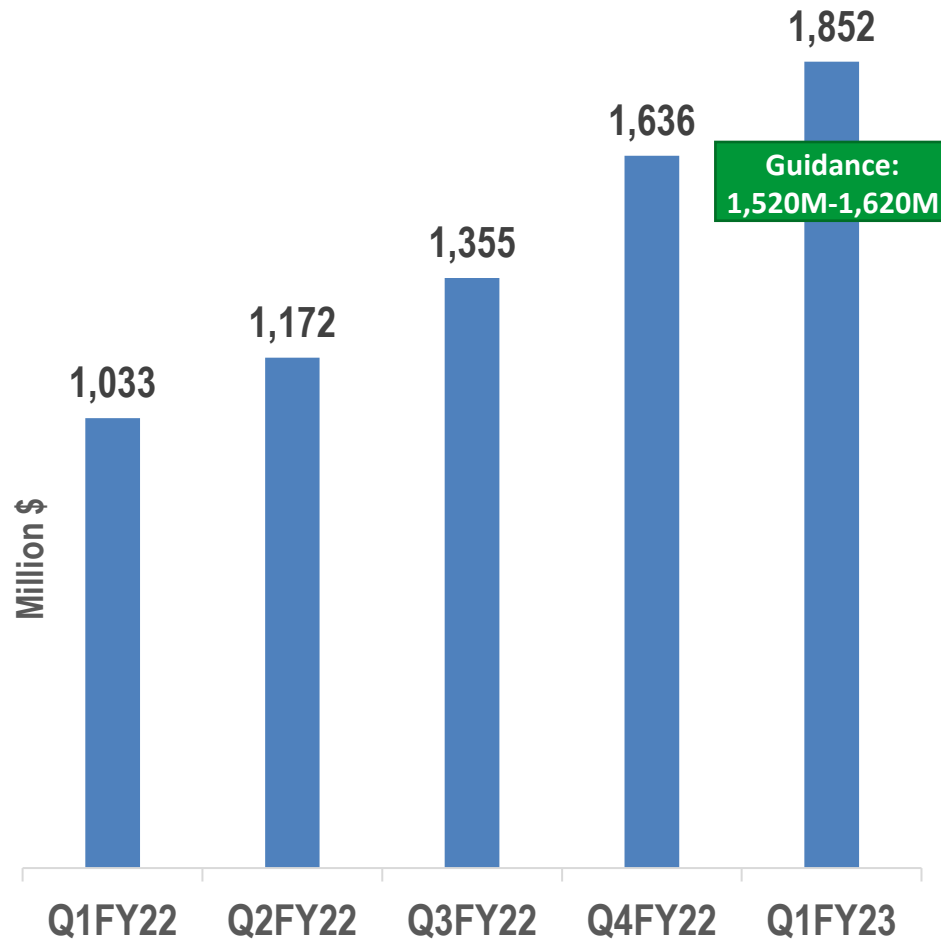


Server and Storage Systems Revenue +102% YoY

	Q1FY23	QoQ	YoY
Revenue	\$1,852M	+13%	+79%
Gross Margin (non-GAAP)	18.8%	+120bps	+540bps
Earnings Per Share (non-GAAP)	\$3.42	+\$0.80	+\$2.84
Cash Flow from Operations	+\$314M	+\$339M	+\$448M
Mix			
Server and Storage Systems	\$1,713M (92%)	+16%	+102%
Subsystems & Accessories	\$139M (8%)	-9%	-24%

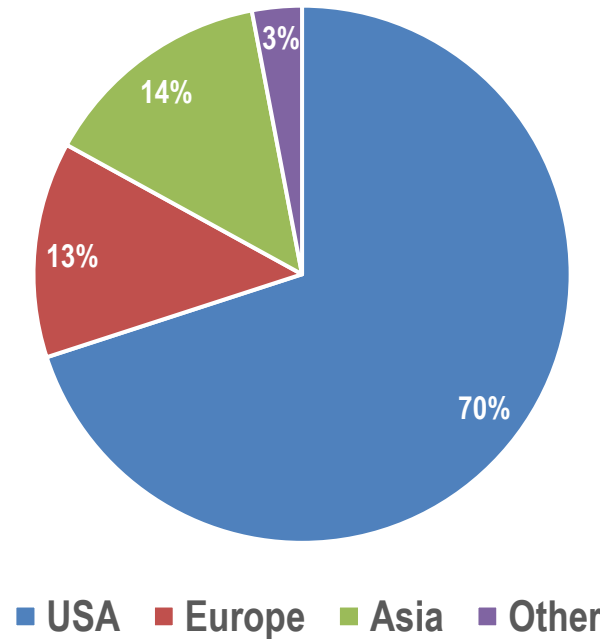
A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

REVENUE



- Q1FY23 Revenue: \$1,852M vs Guide:\$1,520 to \$1,620
- 7th Quarter of Accelerating YoY Growth
- +79% YoY, +13% QoQ

Revenue Mix By Geography

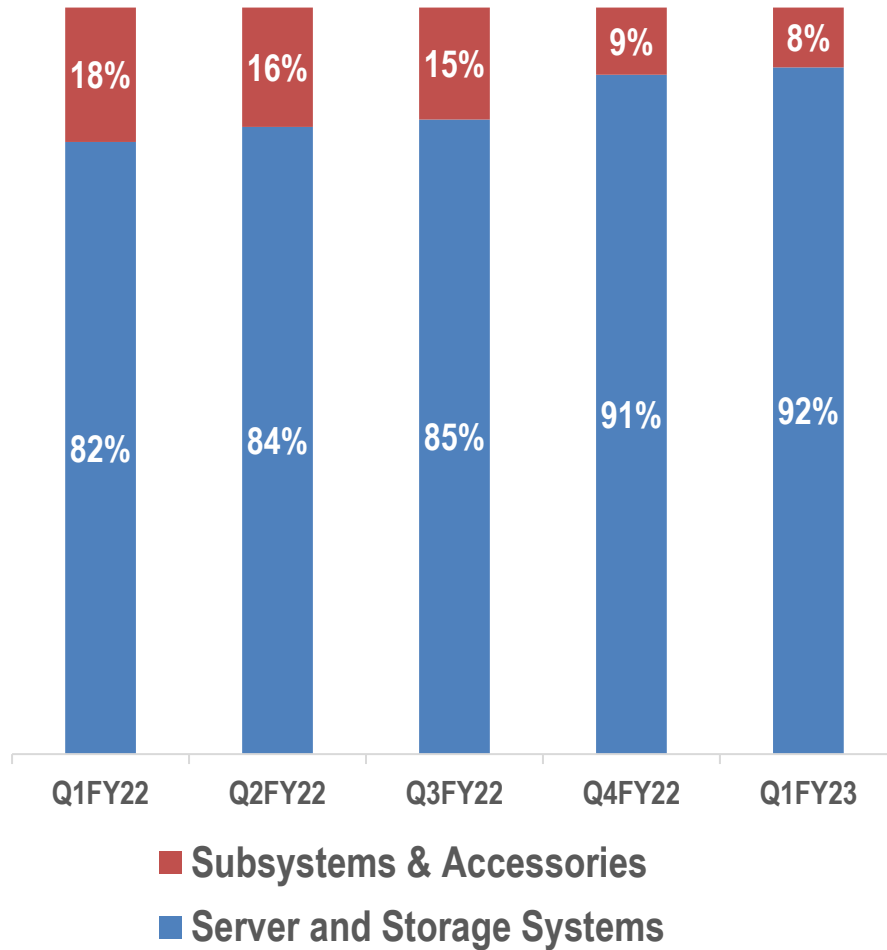


*China < 3% of Total Revenue

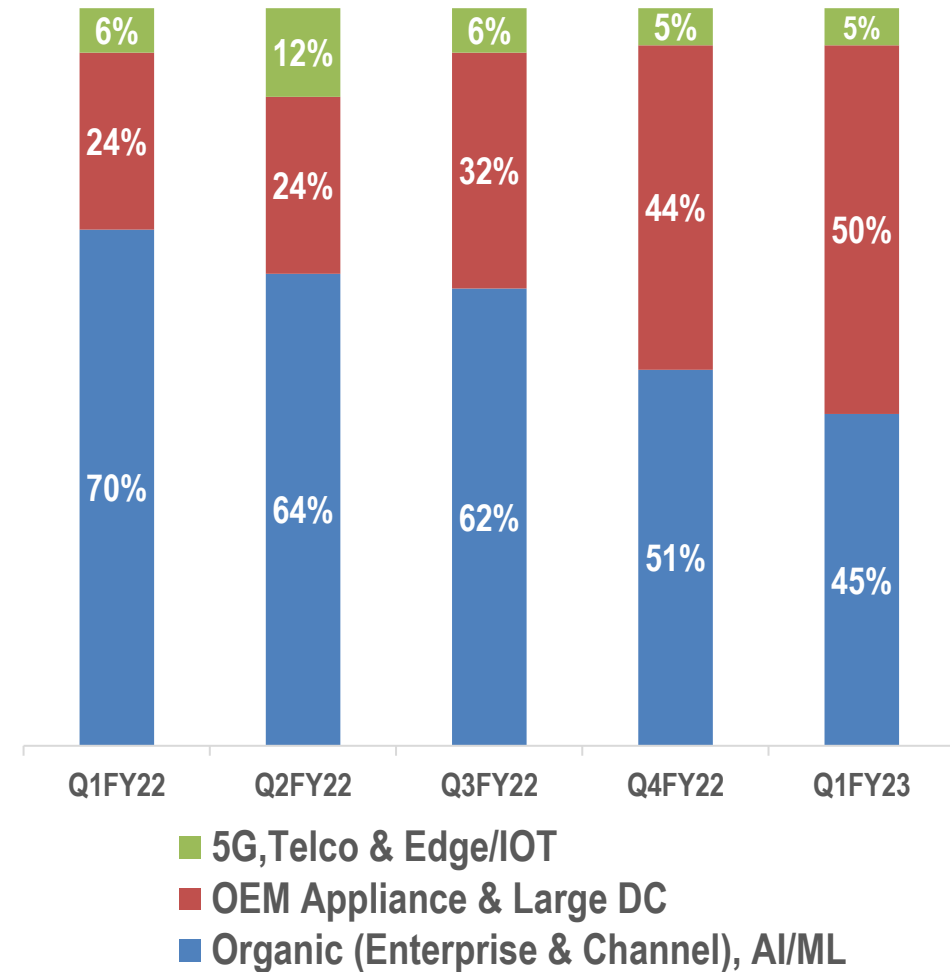
REVENUE MIX



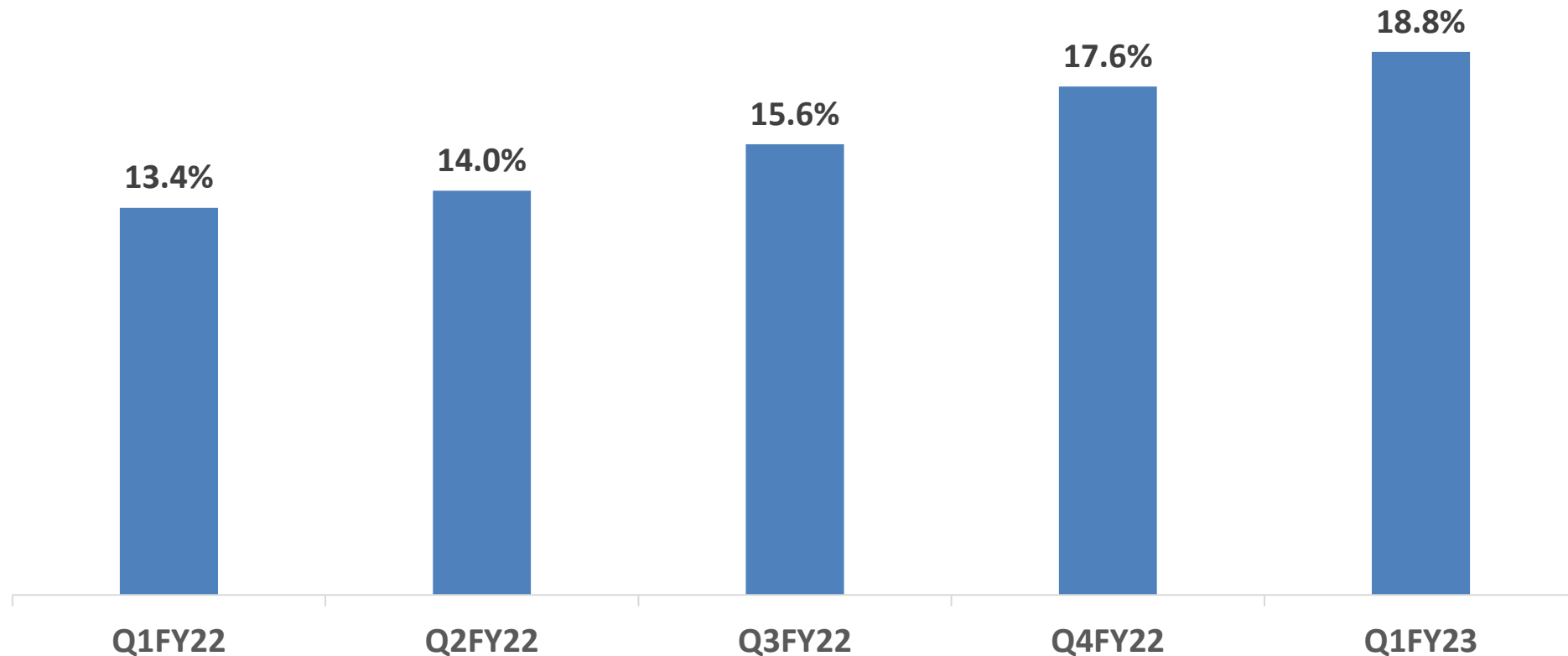
Server and Storage Systems & Subsystems



Vertical Markets



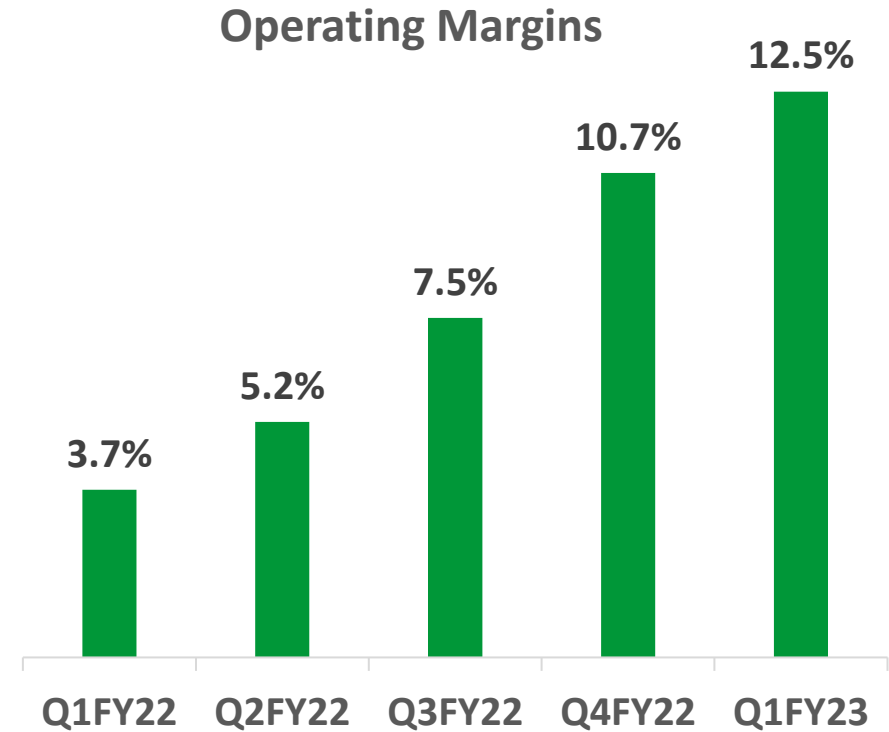
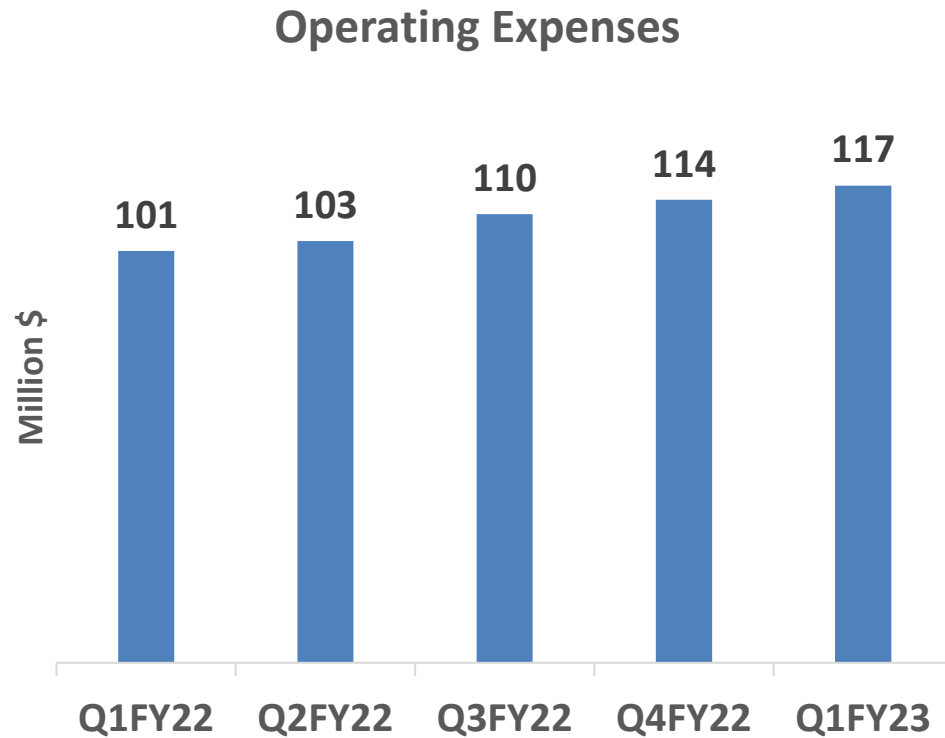
NON-GAAP GROSS MARGIN



- +120bps QoQ, +540bps YoY
- Gross margin expansion driven by price discipline, higher factory efficiency, and lower freight costs

A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

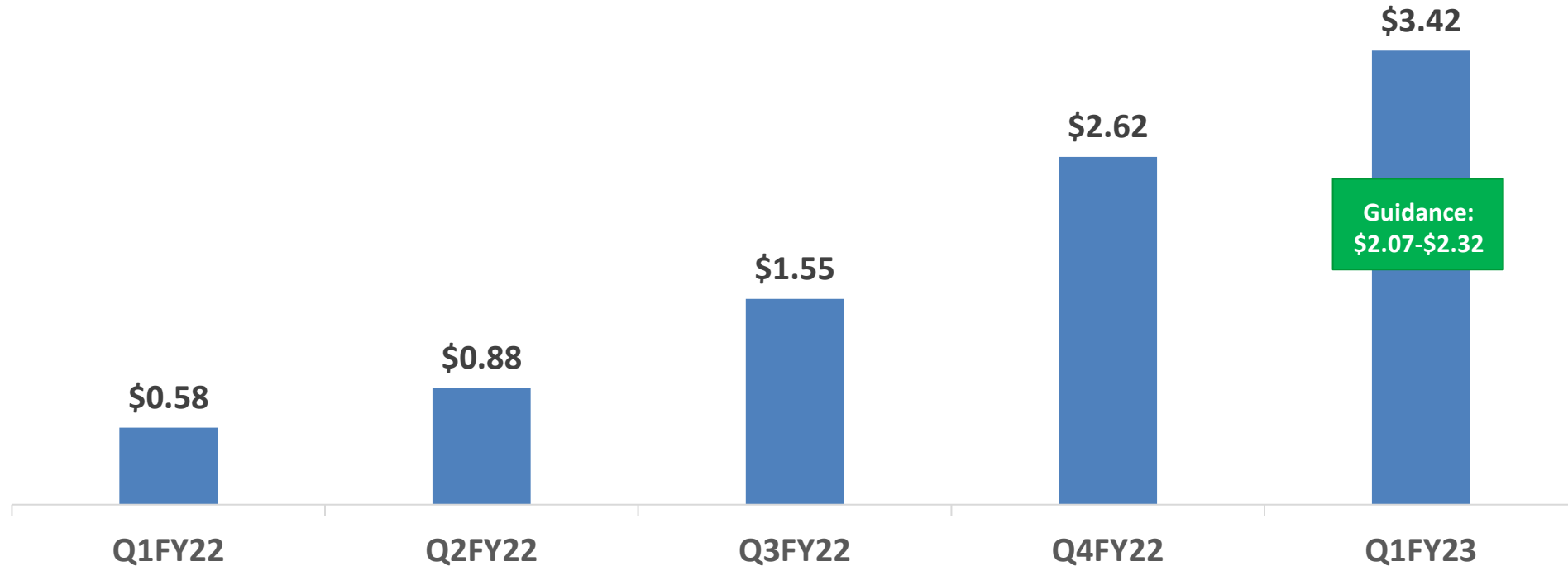
NON-GAAP OPERATING EXPENSES & MARGINS



- Operating Margins benefiting due to leverage
- Expense discipline despite increased headcount

A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

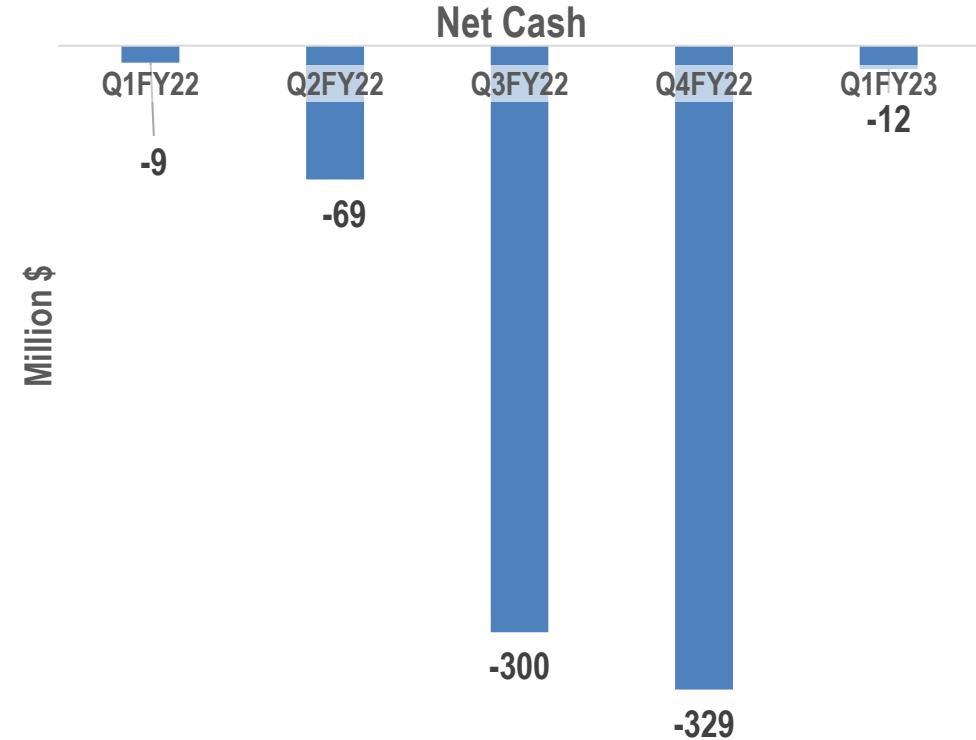
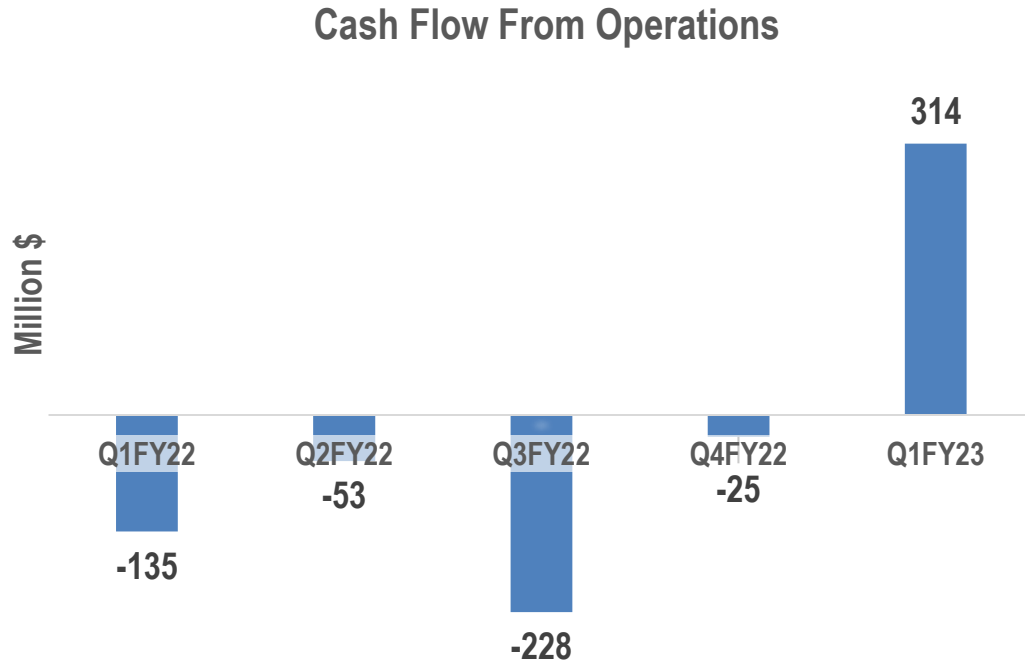
NON-GAAP EPS



- Q1FY23 Non-GAAP EPS of \$3.42
- **Exceeds previous guidance range: \$2.07 to \$2.32**
- EPS improvement due to higher revenues and factory utilization with operating expense control

A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

CASH FLOW & NET CASH



- Q1FY23 Record Operating Cash Flow +\$314M, Free Cash Flow +\$303M
- Total Cash \$238M, Reduced Total Debt by \$347M down to \$250M
- Revenue and Net Profit grew, Working Capital efficiency improved, yielding strong FCF

REVENUE & EPS OUTLOOK



	REVENUE	EPS
Q2 FY2023*	\$1.7B to \$1.8B	NON-GAAP: \$2.64 to \$2.90 GAAP: \$2.54 to \$2.81
Full Year FY2023**	\$6.5B to \$7.5B	NON-GAAP: \$9.00 to \$11.30 GAAP: \$8.50 to \$11.00

*The outlook for Q2 of fiscal year 2023 GAAP diluted net income per common share includes approximately \$11.8 million in expected stock-based compensation expense that are excluded from non-GAAP diluted net income per common share.

**The outlook for fiscal year 2023 GAAP diluted net income per common share includes approximately \$32.7 million in expected stock-based compensation expense and other expenses, net of the related tax effects, that are excluded from non-GAAP diluted net income per common share.



APPENDIX



GAAP TO NON-GAAP RECONCILIATION (1 OF 2)



In Thousands (except per share amounts)	FY2022				FY2023
	Q1'22 Sep-21	Q2'22 Dec-21	Q3'22 Mar-22	Q4'22 Jun-22	Q1'23 Sep-22
Consolidated Statement of Operations					
Net Sales	\$ 1,032,730	\$ 1,172,419	\$ 1,355,490	\$ 1,635,460	\$ 1,852,130
GAAP GROSS PROFIT	\$ 138,139	\$ 163,743	\$ 210,775	\$ 287,344	\$ 347,535
Stock-based compensation	447	471	460	498	884
Other expenses	295	-	-	-	-
NON-GAAP GROSS PROFIT	\$ 138,881	\$ 164,214	\$ 211,235	\$ 287,842	\$ 348,419
GAAP GROSS MARGIN	13.4%	14.0%	15.5%	17.6%	18.8%
Stock-based compensation	0.0%	0.0%	0.1%	0.0%	0.0%
NON-GAAP GROSS MARGIN	13.4%	14.0%	15.6%	17.6%	18.8%
OPERATING EXPENSE					
GAAP R&D	\$ 65,143	\$ 65,471	\$ 70,869	\$ 70,790	\$ 74,243
Stock-based compensation	(3,880)	(4,103)	(4,141)	(4,447)	(6,118)
Special performance bonuses	(1,181)	-	-	-	-
NON-GAAP R&D	\$ 60,082	\$ 61,368	\$ 66,728	\$ 66,343	\$ 68,125
GAAP S&M	\$ 21,624	\$ 21,960	\$ 22,356	\$ 24,186	\$ 29,363
Stock-based compensation	(517)	(496)	(504)	(541)	(809)
Special performance bonuses	(113)	-	-	-	-
NON-GAAP S&M	\$ 20,994	\$ 21,464	\$ 21,852	\$ 23,645	\$ 28,554
GAAP G&A	\$ 22,244	\$ 25,263	\$ 27,773	\$ 27,155	\$ 23,806
Stock-based compensation	(2,171)	(4,106)	(2,636)	(3,398)	(3,203)
Litigation settlement costs	-	-	(2,000)	-	-
Special performance bonuses	1,136	-	-	-	-
Litigation and controls remediation expenses	(1,326)	(597)	(2,210)	(234)	-
NON-GAAP G&A	\$ 19,883	\$ 20,560	\$ 20,927	\$ 23,523	\$ 20,603
GAAP OPERATING EXPENSES	\$ 109,011	\$ 112,694	\$ 120,998	\$ 122,131	\$ 127,412
Stock-based compensation	(6,568)	(8,705)	(7,281)	(8,386)	(10,130)
Litigation settlement costs	-	-	(2,000)	-	-
Special performance bonuses	(158)	-	-	-	-
Litigation and controls remediation expenses	(1,326)	(597)	(2,210)	(234)	-
NON-GAAP OPERATING EXPENSES	\$ 100,959	\$ 103,392	\$ 109,507	\$ 113,511	\$ 117,282

GAAP TO NON-GAAP RECONCILIATION (2 OF 2)



In Thousands (except per share amounts)	FY2022				FY2023
	Q1'22 Sep-21	Q2'22 Dec-21	Q3'22 Mar-22	Q4'22 Jun-22	Q1'23 Sep-22
GAAP INCOME FROM OPERATIONS	\$ 29,128	\$ 51,049	\$ 89,777	\$ 165,213	\$ 220,123
Stock-based compensation	7,015	9,176	7,741	8,884	11,014
Litigation settlement costs	-	-	2,000	-	-
Special performance bonuses	453	-	-	-	-
Litigation and controls remediation expenses	1,326	597	2,210	234	-
NON-GAAP INCOME FROM OPERATIONS	\$ 37,922	\$ 60,822	\$ 101,728	\$ 174,331	\$ 231,137
GAAP OPERATING MARGIN	2.8%	4.4%	6.6%	10.1%	11.9%
Stock-based compensation	0.7%	0.8%	0.6%	0.6%	0.6%
Litigation settlement costs	-	-	0.1%	-	-
Special performance bonuses	0.1%	-	-	-	-
Litigation and controls remediation expenses	0.1%	0.0%	0.2%	0.0%	0.0%
NON-GAAP OPERATING MARGIN	3.7%	5.2%	7.5%	10.7%	12.5%
GAAP TAX EXPENSE (BENEFIT)	\$ 3,325	\$ 7,599	\$ 16,192	\$ 25,760	\$ 38,934
Adjustment to tax provision	2,830	3,339	3,415	4,137	3,230
NON-GAAP TAX EXPENSE	\$ 6,155	\$ 10,938	\$ 19,607	\$ 29,897	\$ 42,164
GAAP NET INCOME	\$ 25,437	\$ 41,932	\$ 76,972	\$ 140,822	\$ 184,416
Stock-based compensation	7,015	9,176	7,741	8,884	11,014
Litigation settlement costs	-	-	2,000	-	-
Special performance bonuses	453	-	-	-	-
Litigation and controls remediation expenses	1,326	597	2,210	234	-
Adjustments to tax provision	(2,830)	(3,339)	(3,415)	(4,137)	(3,230)
NON-GAAP NET INCOME	\$ 31,401	\$ 48,366	\$ 85,508	\$ 145,803	\$ 192,200
GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 0.50	\$ 0.82	\$ 1.49	\$ 2.70	\$ 3.51
Impact of Non-GAAP adjustments	0.12	0.12	0.16	0.10	0.14
NON-GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 0.62	\$ 0.94	\$ 1.65	\$ 2.80	\$ 3.65
GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 0.48	\$ 0.78	\$ 1.43	\$ 2.60	\$ 3.35
Impact of Non-GAAP adjustments	0.10	0.10	0.12	0.02	0.07
NON-GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 0.58	\$ 0.88	\$ 1.55	\$ 2.62	\$ 3.42
INCOME PER COMMON SHARE					
BASIC – GAAP	50,796	51,314	51,708	52,111	52,598
BASIC - NON-GAAP	50,796	51,314	51,708	52,111	52,598
INCOME PER COMMON SHARE					
DILUTED – GAAP	52,916	53,511	53,786	54,260	55,017
DILUTED - NON-GAAP	54,363	54,947	55,194	55,611	56,271