



FISCAL Q3 2023 RESULTS

May 2, 2023



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 fourth 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 may continue to present significant uncertainties for 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 GAAP gross margin to non-GAAP gross margin, from GAAP operating expenses to non-GAAP operating expenses, from GAAP operating margins to non-GAAP operating margins, from GAAP 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



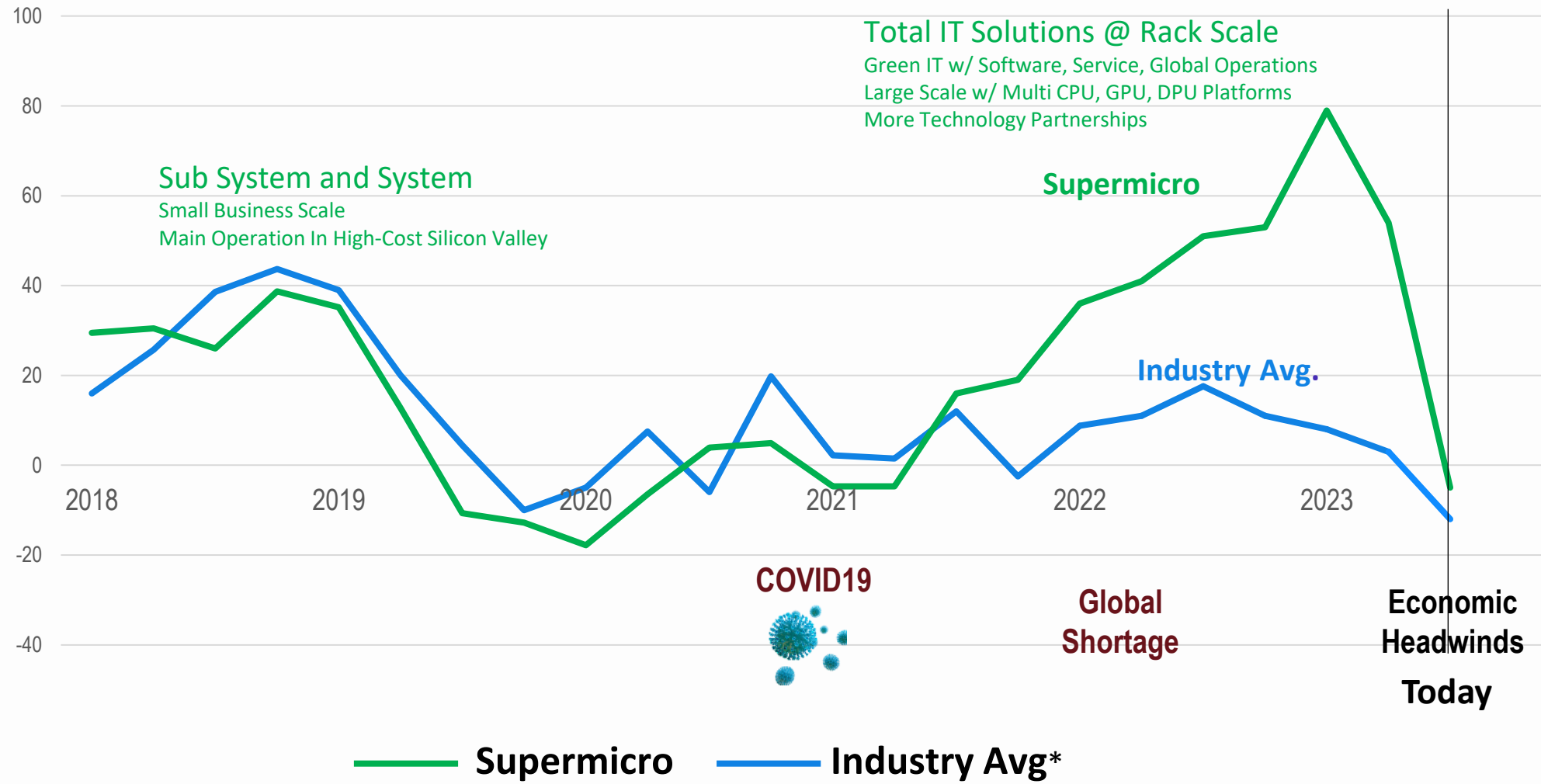
Q3 FY23 Revenue

- Q3 FY23 revenue: **\$1.28B, -5% YoY and -29% QoQ**
- Key new component shortages for next generation products delayed shipments
- Record demand for AI related systems at rack scale
- Officially launched Supermicro systems on the X13, H13, and H100 platform
- Expanded AI offerings with Liquid-Cooled AI Dev Platform wins, NAB product of the year

Executing on Our Strategy

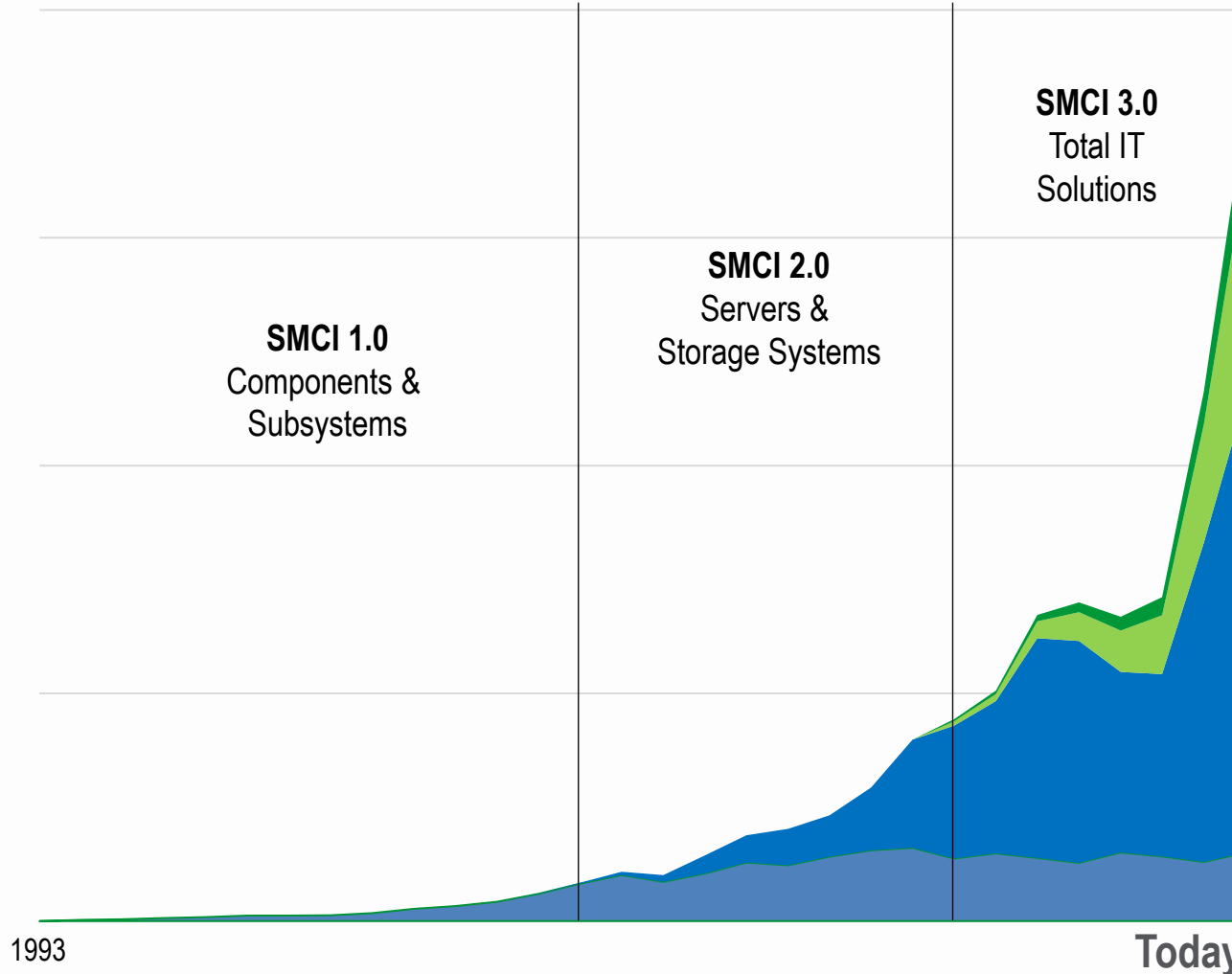
- Total IT Solution Racks available for released CPU/GPU/DPU offerings using Building Block Architecture
- Green Computing: Advancing Liquid Cooled on Rack Scale systems exiting Betas
- Software engineering continues to scale with increasing software and security content
- Operational expansion continues with Taiwan production rising, Malaysia under development
- **Q4 FY23 revenue guidance: \$1.7B to \$1.9B, 4% to 16% YoY growth**
- **FY23 revenue guidance: \$6.6B to \$6.8B, 27% to 31% YoY growth**

SMCI vs INDUSTRY GROWTH RATE (FY)



*Industry Avg based on Gartner, IDC & Supermicro 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



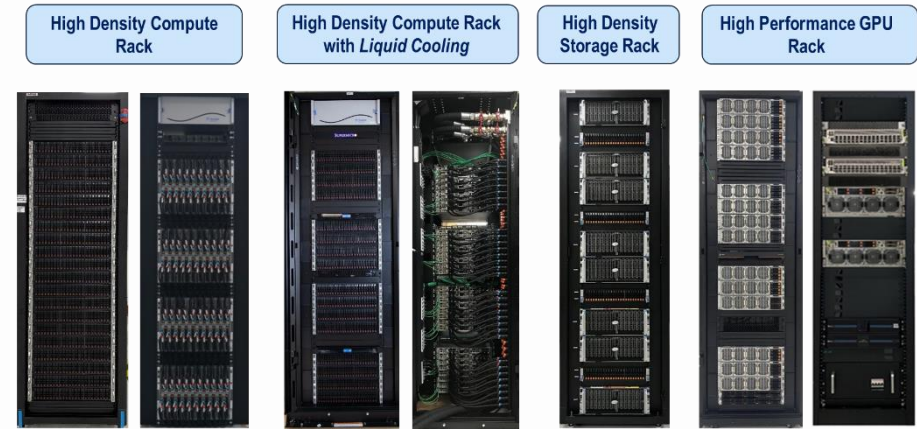
Total IT Solutions = Higher Value

- 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

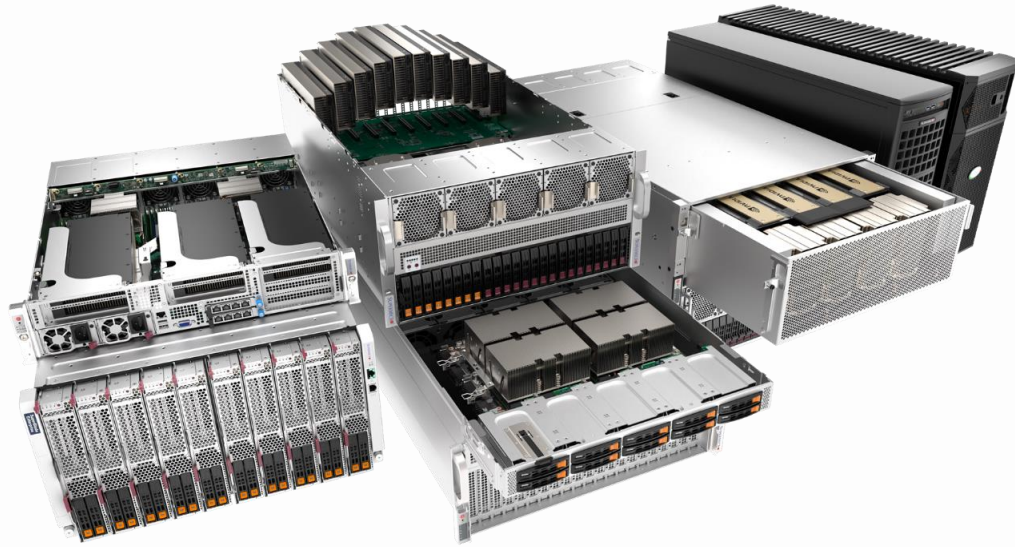
New Generation of Products

- X13 Sapphire Rapids, H13 Genoa, H100 Hopper GPU
- Building Blocks to deliver products in TTM, Quality, Application Optimized & Service

PnP RACK DESIGNS



ARTIFICIAL INTELLIGENCE OPPORTUNITIES



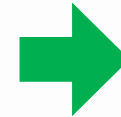
- The Most Extensive GPU System Product Lines WW
- Key wins with TTM and Optimized Features
- Close-Strategic Partnership with NVIDIA, Intel, AMD
- Liquid Cooling:
 - 700W+ GPU & 350W/400W+ CPU Support
 - System Level Liquid Cooling
 - Rack Level Liquid Cooling
 - DC infrastructure Level Liquid Cooling—Flex LC-DC
- Grace C2 and Grace Hopper
- AI Home: 4x A100/H100 in a box with 30dB
- And more...



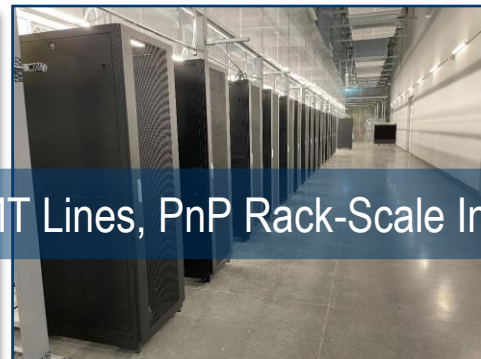
OPERATIONS: ADDRESSING \$10B+



- Optimizing Global Operations with Scale and Cost
- Green Computing Park:
 - B23 (Command Center, B2B/C, and Cloud Services)
 - Liquid Cooling DC/Cloud — 100kW Rack-scale
- Taiwan B62: 2X-3X APAC capacity in FY23+
- Supermicro Malaysia Campus and Partners
 - High Vol. Production by Q2, 2024



**Worldwide Capacity Targeting
4000 Racks/mo by Dec 23**



SMT Lines, PnP Rack-Scale Integrations & Validations

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



Worldwide Green Computing Adoption
8+ Billion Trees Saved

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/feem/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>



#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

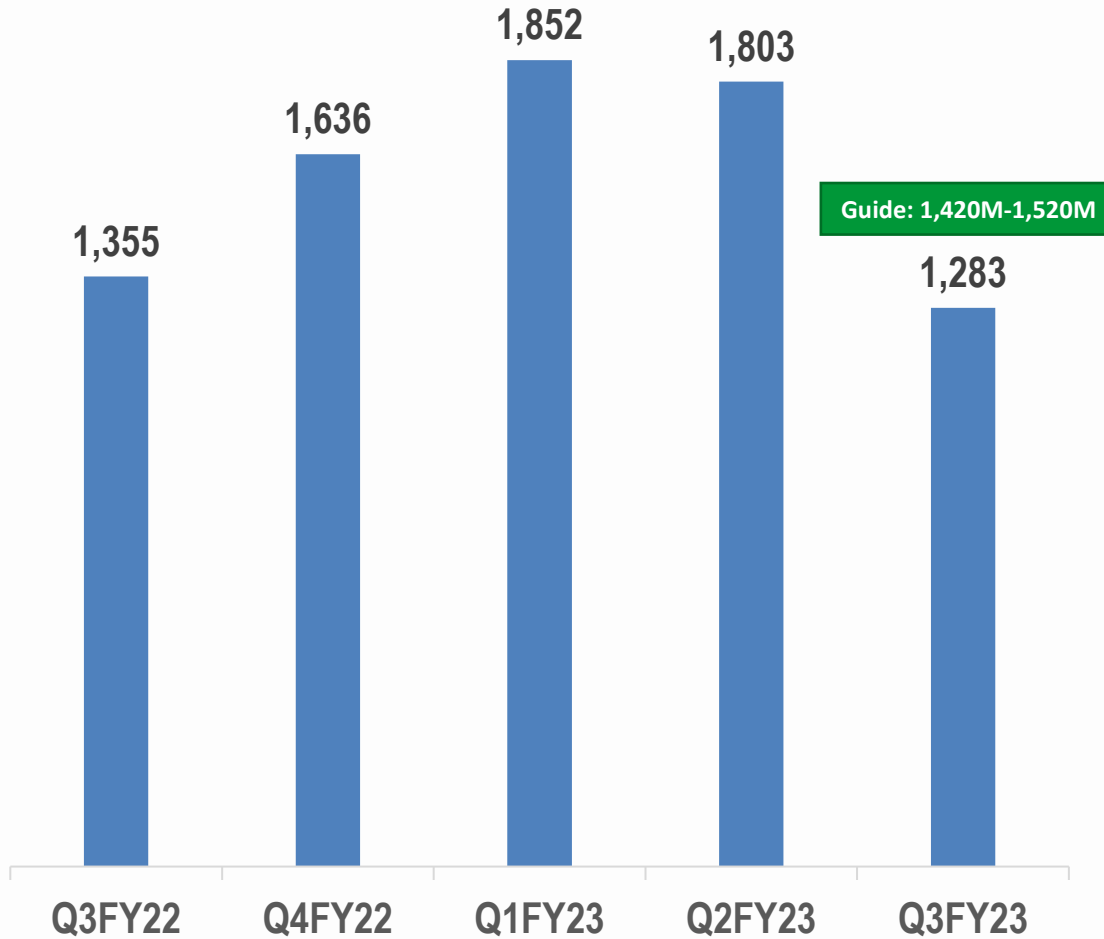
Q3 FY2023 HIGHLIGHTS



	Q3FY23	QoQ	YoY
Revenue	\$1,283M	-29%	-5%
Gross Margin (non-GAAP)	17.7%	-110bps	+210bps
Earnings Per Share (non-GAAP)	\$1.63	-\$1.63	+\$0.08
Cash Flow from Operations	+\$198M	+\$37M	+\$426M
Mix			
Server and Storage Systems	\$1,164M (91%)	-30%	+2%
Subsystems & Accessories	\$119M (9%)	-16%	-43%

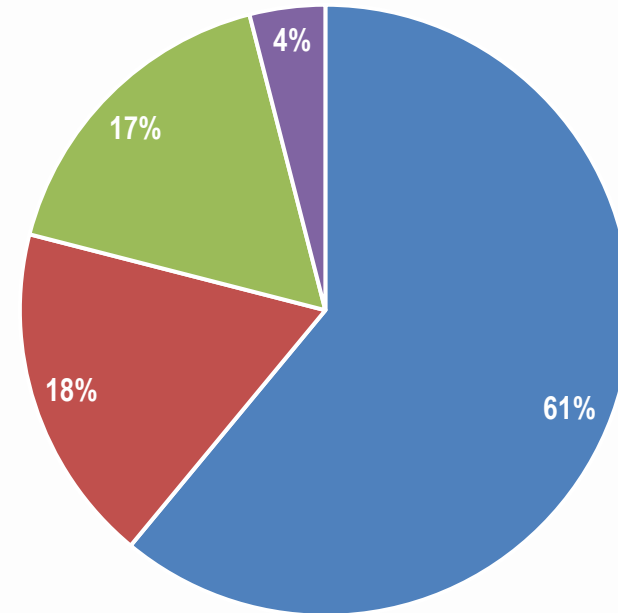
A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

REVENUE



- Q3FY23 Revenue: \$1,283M
- -5% YoY, -29% QoQ

Revenue Mix By Geography



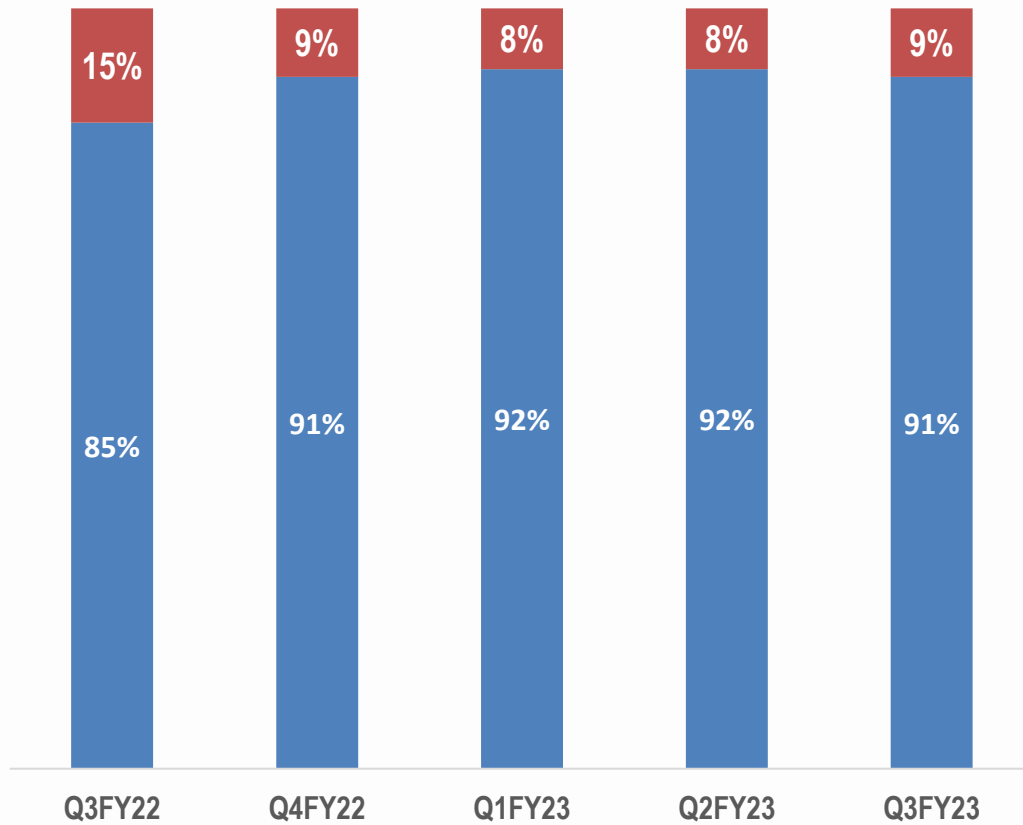
■ USA ■ Europe ■ Asia ■ Other

*China 3% of Total Revenue

REVENUE MIX

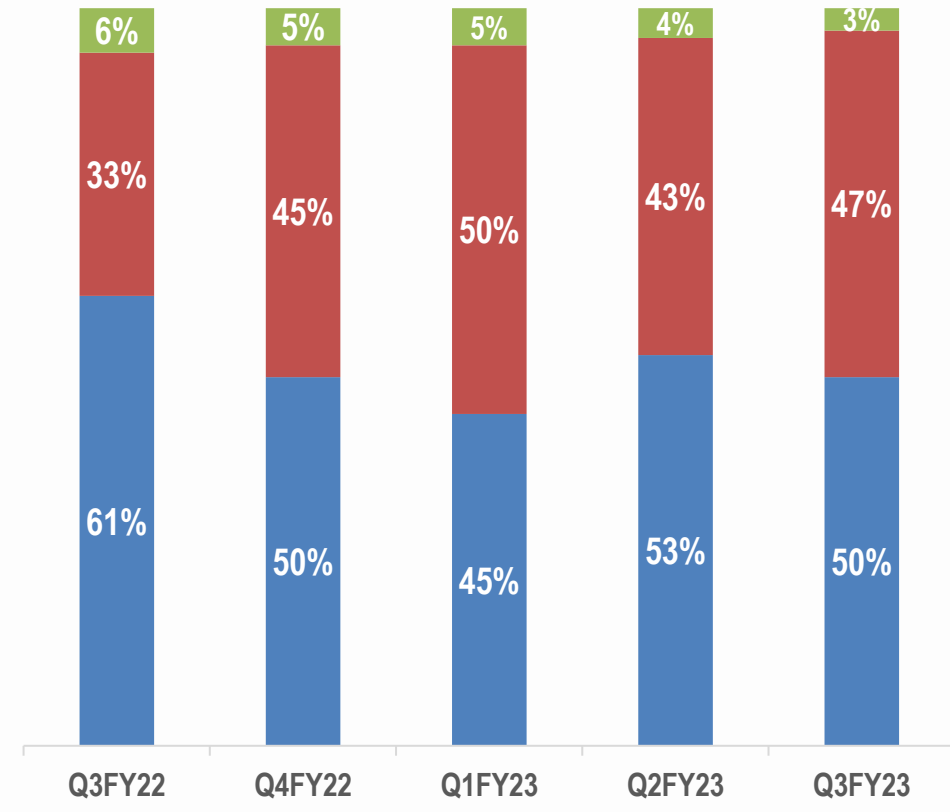


Server and Storage Systems & Subsystems



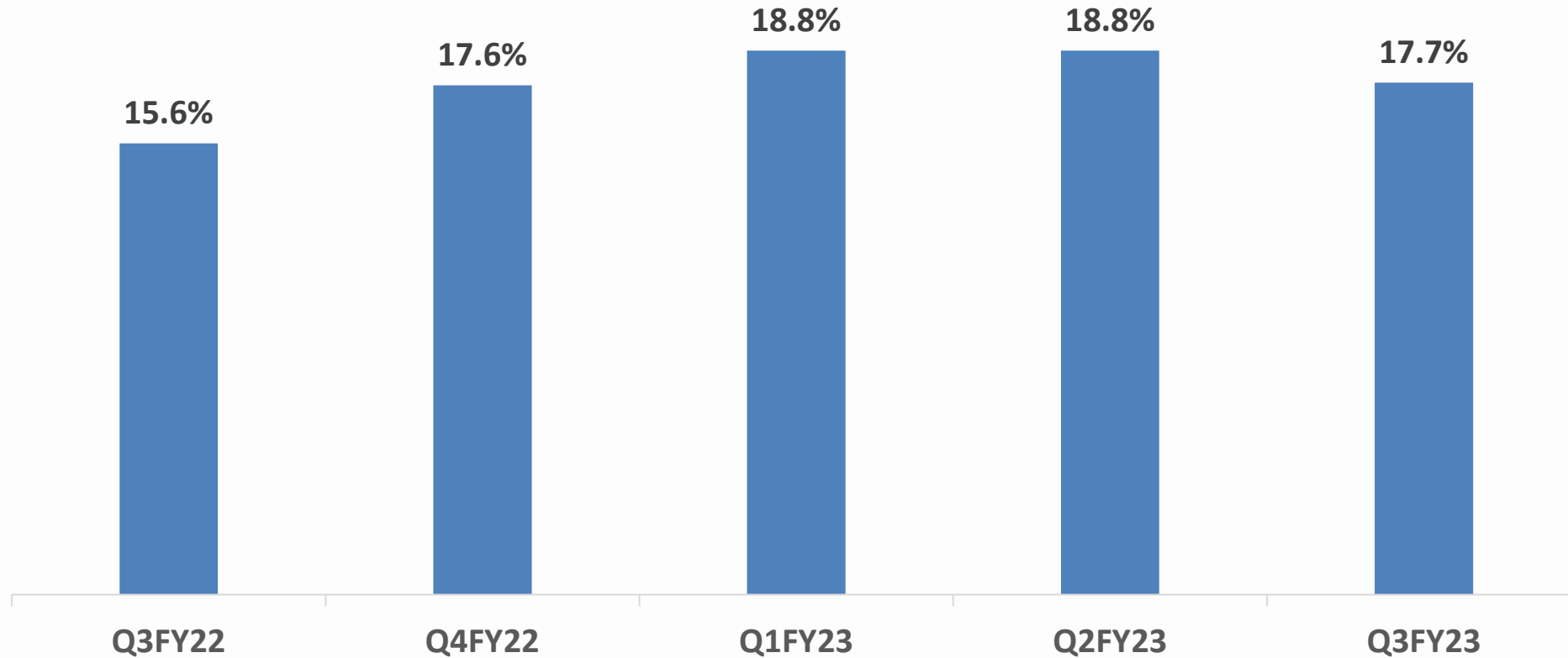
- Subsystems & Accessories
- Server and Storage Systems

Vertical Markets



- 5G, Telco & Edge/IOT
- OEM Appliance & Large DC
- Organic (Enterprise & Channel), AI/ML

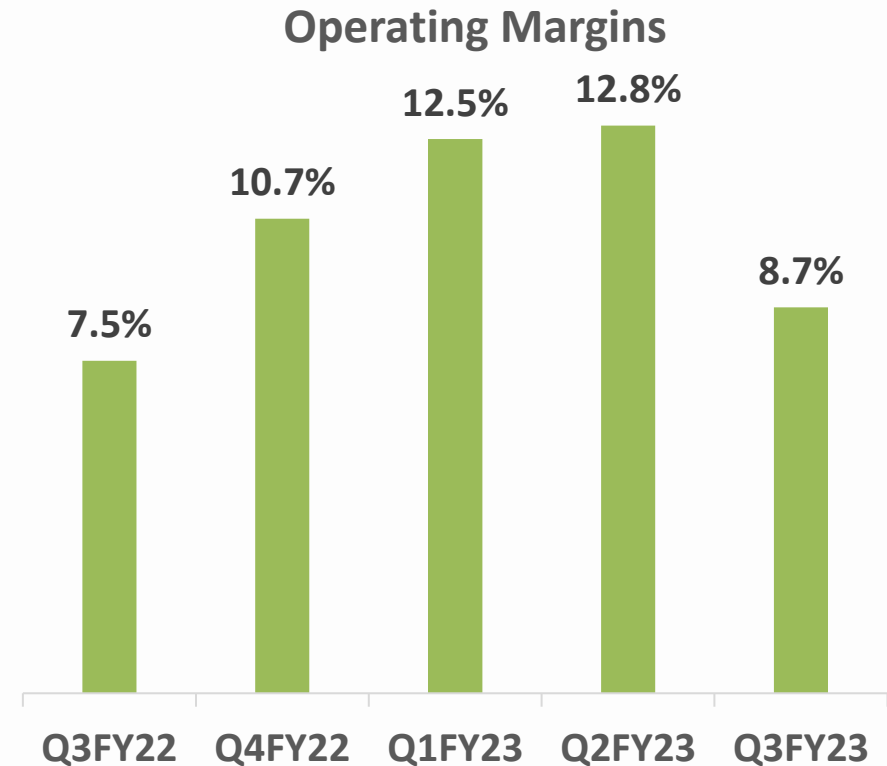
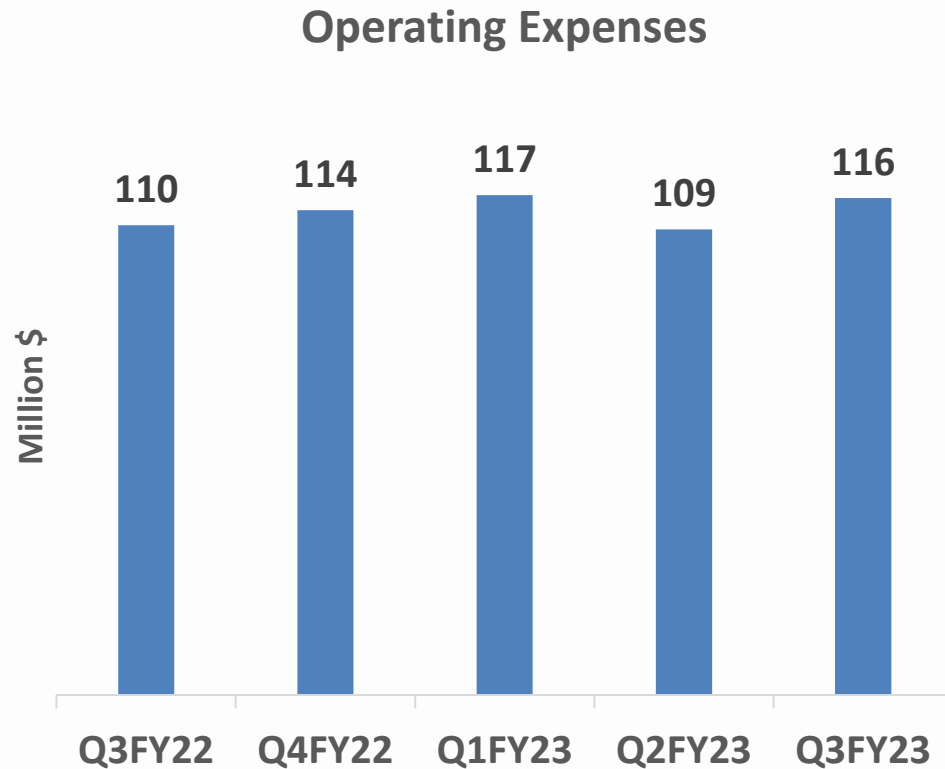
NON-GAAP GROSS MARGIN



- -110bps QoQ, +210bps YoY
- Gross margin lower due to product/customer mix and new platform ramps

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

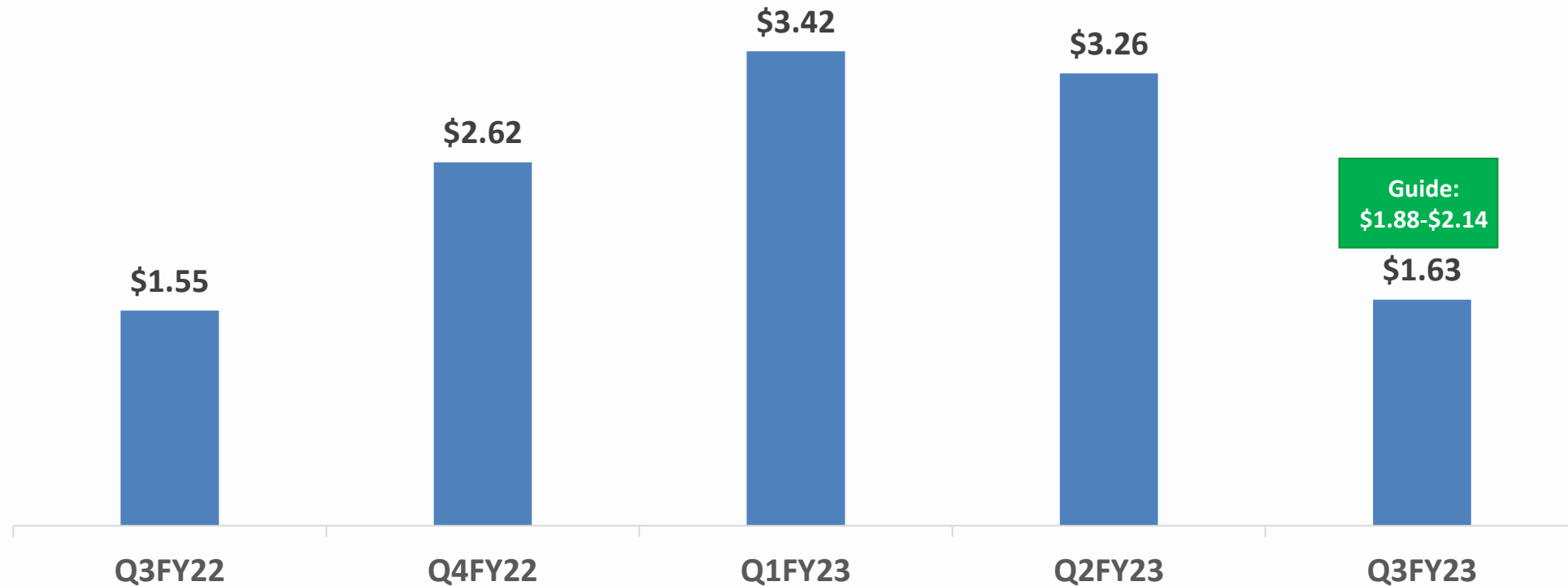
NON-GAAP OPERATING EXPENSES & MARGINS



- Operating expenses higher QoQ due to lower NRE credits and higher headcount
- Operating margins lower QoQ due to lower revenues

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

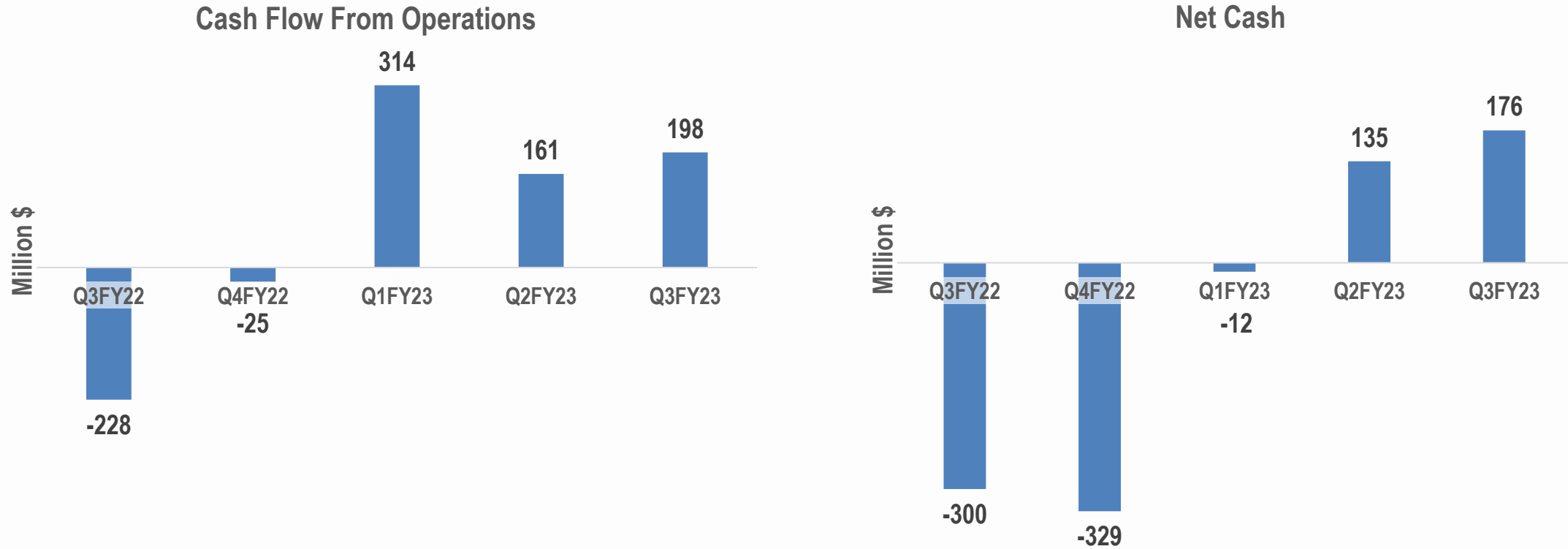
NON-GAAP EPS



- Q3FY23 Non-GAAP EPS of \$1.63, lower than guidance of \$1.88 to \$2.14
- EPS lower due to lower revenues and operating margins

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

CASH FLOW & NET CASH



- Q3FY23 Operating Cash Flow +\$198M, Free Cash Flow +\$190M
- Total Cash \$363M, Debt increased by \$17M to \$187M
- Repurchased 1.55M shares for approximately \$150M

REVENUE & EPS OUTLOOK



	REVENUE	EPS
Q4 FY2023*	\$1.7B to \$1.9B	NON-GAAP: \$2.21 to \$2.71 GAAP: \$2.13 to \$2.65
Full Year FY2023**	\$6.6B to \$6.8B	NON-GAAP: \$10.50 to \$11.00 GAAP: \$10.14 to \$10.66

*The outlook for Q4 of fiscal year 2023 GAAP diluted net income per common share includes approximately \$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.

**The outlook for fiscal year 2023 GAAP diluted net income per common share includes approximately \$33 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		
	Q3'22 Mar-22	Q4'22 Jun-22	Q1'23 Sep-22	Q2'23 Dec-22	Q3'23 Mar-23
Consolidated Statement of Operations					
Net Sales	\$ 1,355,490	\$ 1,635,460	\$ 1,852,130	\$ 1,803,195	\$ 1,283,296
GAAP GROSS PROFIT	\$ 210,775	\$ 287,344	\$ 347,535	\$ 337,422	\$ 226,359
Stock-based compensation	460	498	884	1,486	1,215
NON-GAAP GROSS PROFIT	\$ 211,235	\$ 287,842	\$ 348,419	\$ 338,908	\$ 227,574
GAAP GROSS MARGIN	15.5%	17.6%	18.8%	18.7%	17.6%
Stock-based compensation	0.1%	0.0%	0.0%	0.1%	0.1%
NON-GAAP GROSS MARGIN	15.6%	17.6%	18.8%	18.8%	17.7%
OPERATING EXPENSE					
GAAP R&D	\$ 70,869	\$ 70,790	\$ 74,243	\$ 70,700	\$ 77,515
Stock-based compensation	(4,141)	(4,447)	(6,118)	(9,334)	(8,097)
NON-GAAP R&D	\$ 66,728	\$ 66,343	\$ 68,125	\$ 61,366	\$ 69,418
GAAP S&M	\$ 22,356	\$ 24,186	\$ 29,363	\$ 28,445	\$ 25,312
Stock-based compensation	(504)	(541)	(809)	(1,448)	(1,214)
NON-GAAP S&M	\$ 21,852	\$ 23,645	\$ 28,554	\$ 26,997	\$ 24,098
GAAP G&A	\$ 27,773	\$ 27,155	\$ 23,806	\$ 23,095	24,450
Stock-based compensation	(2,636)	(3,398)	(3,203)	(4,713)	(3,126)
Litigation settlement costs	(2,000)	-	-	-	-
Litigation (expense) recovery	(2,210)	(234)	-	2,230	1,540
NON-GAAP G&A	\$ 20,927	\$ 23,523	\$ 20,603	\$ 20,612	\$ 22,864
GAAP OPERATING EXPENSES	\$ 120,998	\$ 122,131	\$ 127,412	\$ 122,240	\$ 127,277
Stock-based compensation	(7,281)	(8,386)	(10,130)	(15,495)	(12,437)
Litigation settlement costs	(2,000)	-	-	-	-
Litigation (expense) recovery	(2,210)	(234)	-	2,230	1,540
NON-GAAP OPERATING EXPENSES	\$ 109,507	\$ 113,511	\$ 117,282	\$ 108,975	\$ 116,380
GAAP INCOME FROM OPERATIONS	\$ 89,777	\$ 165,213	\$ 220,123	\$ 215,182	\$ 99,082
Stock-based compensation	7,741	8,884	11,014	16,981	13,652
Litigation settlement costs	2,000	-	-	-	-
Litigation expense (recovery)	2,210	234	-	(2,230)	(1,540)
NON-GAAP INCOME FROM OPERATIONS	\$ 101,728	\$ 174,331	\$ 231,137	\$ 229,933	\$ 111,194

GAAP TO NON-GAAP RECONCILIATION (2 OF 2)



In Thousands (except per share amounts)	FY2022		FY2023		
	Q3'22 Mar-22	Q4'22 Jun-22	Q1'23 Sep-22	Q2'23 Dec-22	Q3'23 Mar-23
GAAP OPERATING MARGIN	6.6%	10.1%	11.9%	11.9%	7.7%
Stock-based compensation	0.6%	0.6%	0.6%	1.0%	1.1%
Litigation settlement costs	0.1%	-	-	-	-
Litigation expense (recovery)	0.2%	0.0%	0.0%	-0.1%	-0.1%
NON-GAAP OPERATING MARGIN	7.5%	10.7%	12.5%	12.8%	8.7%
GAAP TAX EXPENSE (BENEFIT)	\$ 16,192	\$ 25,760	\$ 38,934	\$ 29,573	\$ 10,857
Adjustment to tax provision	3,415	4,137	3,230	4,300	4,433
NON-GAAP TAX EXPENSE	\$ 19,607	\$ 29,897	\$ 42,164	\$ 33,873	\$ 15,290
GAAP NET INCOME	\$ 76,972	\$ 140,822	\$ 184,416	\$ 176,167	\$ 85,846
Stock-based compensation	7,741	8,884	11,014	16,981	13,652
Litigation settlement costs	2,000	-	-	-	-
Litigation expense (recovery)	2,210	234	-	(2,230)	(1,540)
Adjustments to tax provision	(3,415)	(4,137)	(3,230)	(4,300)	(4,433)
NON-GAAP NET INCOME	\$ 85,508	\$ 145,803	\$ 192,200	\$ 186,618	\$ 93,525
GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 1.49	\$ 2.70	\$ 3.51	\$ 3.31	\$ 1.61
Impact of Non-GAAP adjustments	0.16	0.10	0.14	0.20	0.15
NON-GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 1.65	\$ 2.80	\$ 3.65	\$ 3.51	\$ 1.76
GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 1.43	\$ 2.60	\$ 3.35	\$ 3.14	\$ 1.53
Impact of Non-GAAP adjustments	0.12	0.02	0.07	0.12	0.10
NON-GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 1.55	\$ 2.62	\$ 3.42	\$ 3.26	\$ 1.63
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE BASIC – GAAP	51,708	52,111	52,598	53,160	53,280
BASIC - NON-GAAP	51,708	52,111	52,598	53,160	53,280
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE DILUTED – GAAP	53,786	54,260	55,017	56,144	56,233
DILUTED - NON-GAAP	55,194	55,611	56,271	57,318	57,315



www.supermicro.com