



FISCAL Q4 2023 RESULTS

August 8, 2023



DISCLOSURES



Cautionary Statement Regarding Forward Looking Statements

Statements contained in this press release 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 first quarter of fiscal year 2024 and full year fiscal 2024 guidance; demand for advanced applications requiring optimized platforms across end markets; and ability to gain record new design wins, customers, and backlog. 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 first quarter of fiscal year 2024 and full year fiscal 2024 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) our quarterly operating results may fluctuate, which could cause rapid declines in our stock price, (ii) 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, (iii) if we fail to meet publicly announced financial guidance or other expectations about our business, our stock could decline in value, (iv) 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 (v) 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

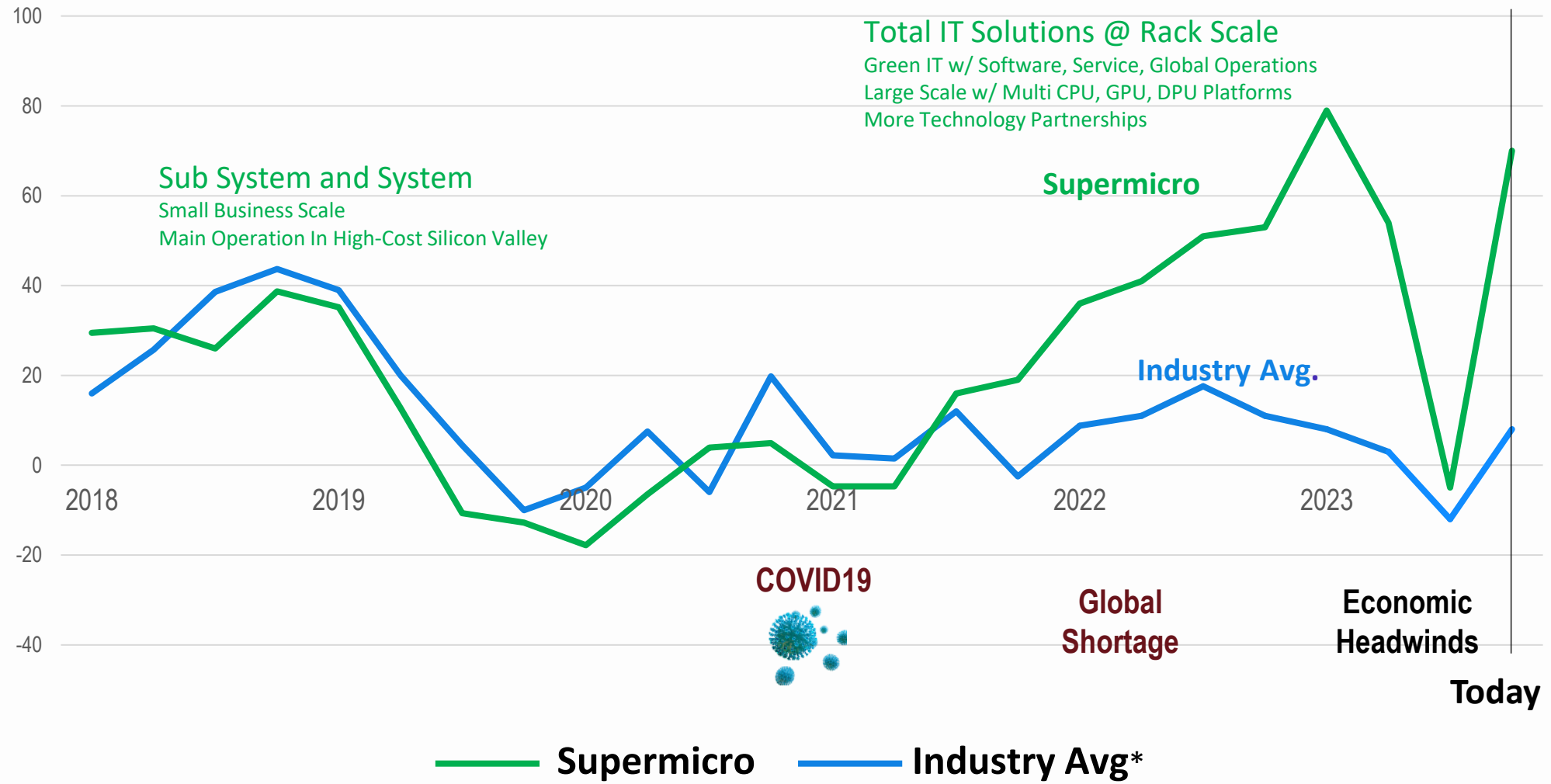
Q4 FY23 Revenue

- Q4 FY23 revenue: **\$2.18B, +34% YoY and +70% QoQ**
- **FY23 revenue: \$7.12B, +37% YoY**
- Continued record demand for AI related systems at rack scale – H100/A100/L40S, Gaudi 2/PVC, MI-200/250.
- Key component shortages on some products continues, especially AI. Improvement in progress.
- Raising system ASPs due to Total Solutions and increased system complexity.

Executing on Our Strategy

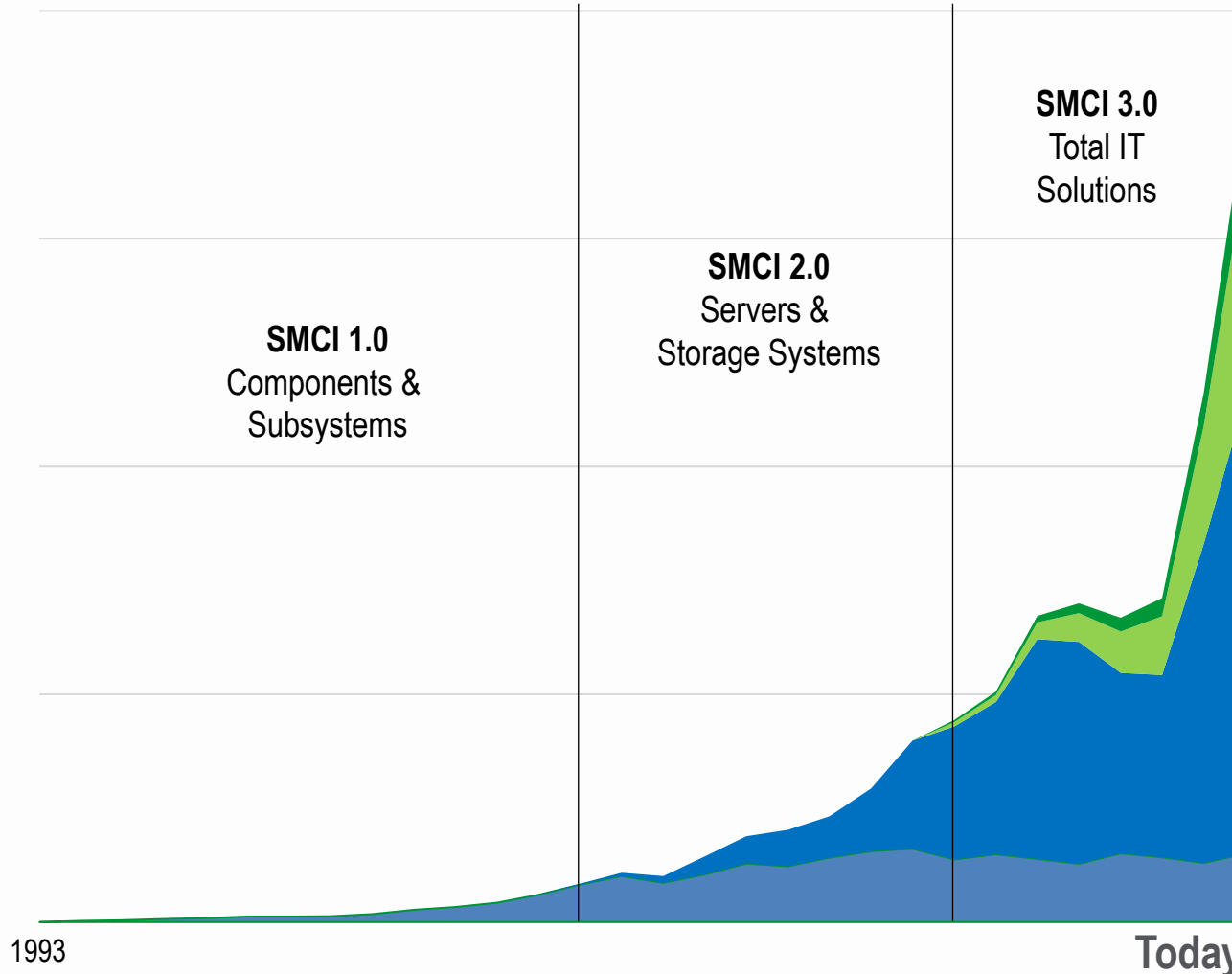
- Total IT Solution Racks available for released CPU/GPU/DPU offerings using Building Block Architecture
- Expanding Liquid-Cooled development across all next gen platforms
- Software engineering focused on increasing software and security content
- Operational expansion in San Jose and Taiwan, with Malaysia ramping into FY24
- **Q1 FY24 revenue guidance: \$1.9B to \$2.2B, 3% to 19% YoY growth**
- **FY24 revenue guidance: \$9.5B to \$10.5B, 33% to 47% YoY growth**

SMCI vs INDUSTRY GROWTH RATE (FY)



*Industry Avg based on Gartner, IDC & Supermicro estimates

TOTAL IT SOLUTIONS - OUR PATH TO \$20B+



- **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



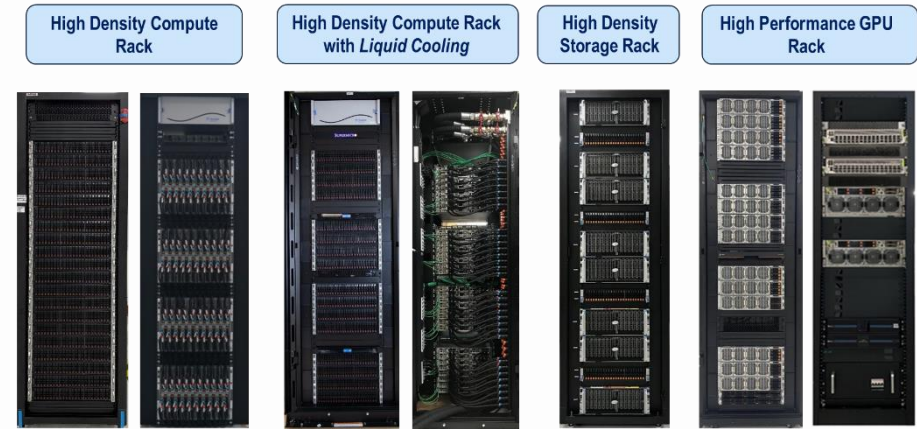
Total IT Solutions = Higher Value

- 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

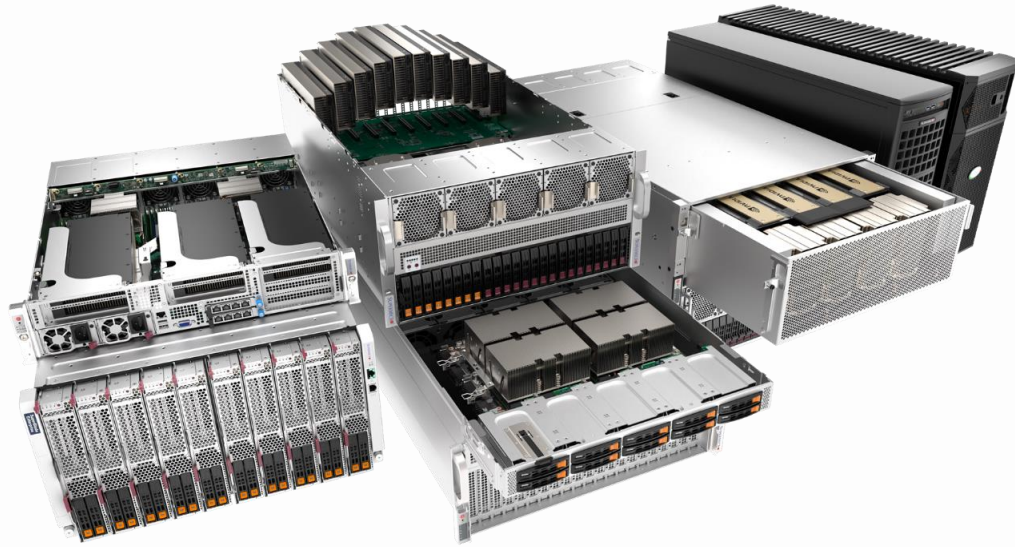
New Generation of Products

- 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



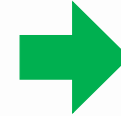
- The Most Extensive GPU System Product Lines WW
- Key wins with TTM and Optimized Features
- Close-Strategic Partnership with NVIDIA, Intel, AMD
- Liquid Cooling:
 - 700W+ GPU & 350W/400W+ CPU Support
 - System Level Liquid Cooling
 - Rack Level Liquid Cooling
 - DC infrastructure Level Liquid Cooling—Flex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



OPERATIONS: ADDRESSING \$20B+



- 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



**Worldwide Capacity Currently
4000 Racks per Month**



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



#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.energy.gov/fecm/science-innovation/office-clean-coal-and-carbon-management/advanced-energy-systems/transformation>
<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>

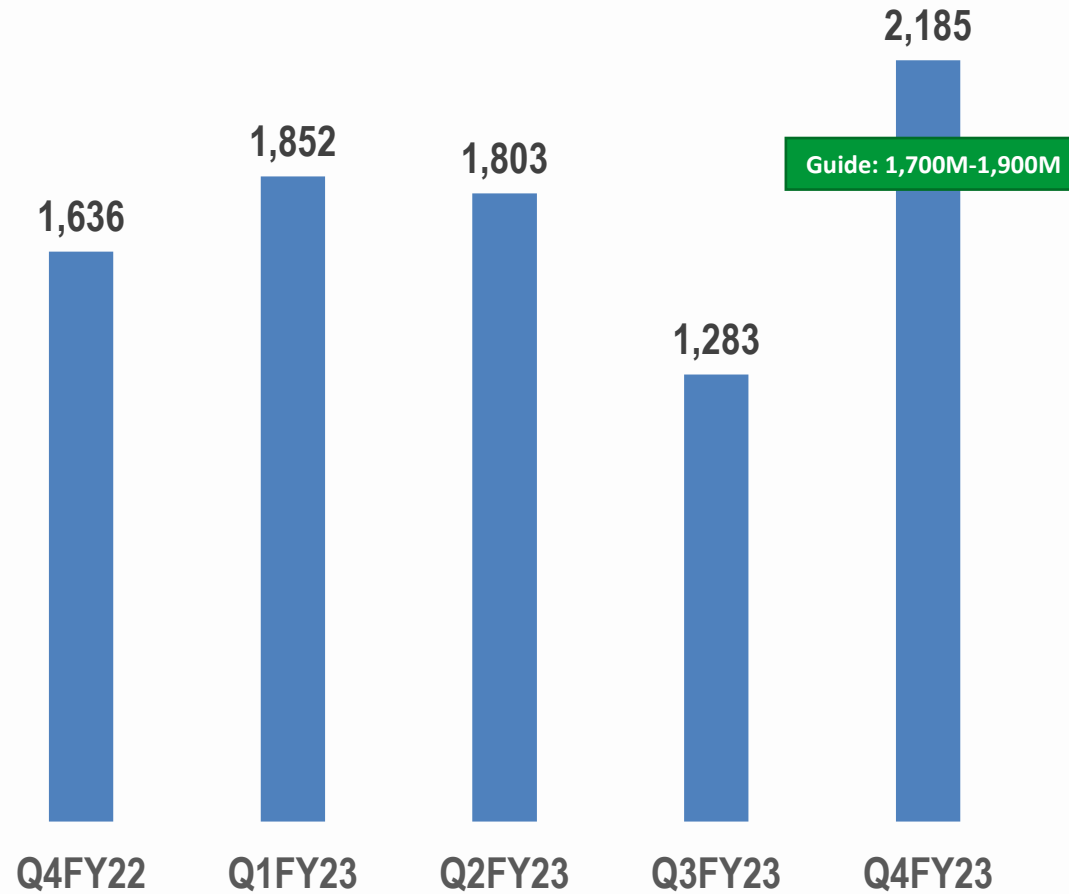
Q4 FY2023 HIGHLIGHTS



	Q4FY23	QoQ	YoY
Revenue	\$2,185M	+70%	+34%
Gross Margin (non-GAAP)	17.1%	-60bps	-50bps
Earnings Per Share (non-GAAP)	\$3.51	+\$1.88	+\$0.89
Cash Flow from Operations	-\$9M	-\$208M	+\$16M
Mix			
Server and Storage Systems	\$2,032M (93%)	+75%	+37%
Subsystems & Accessories	\$153M (7%)	+28%	-0.4%

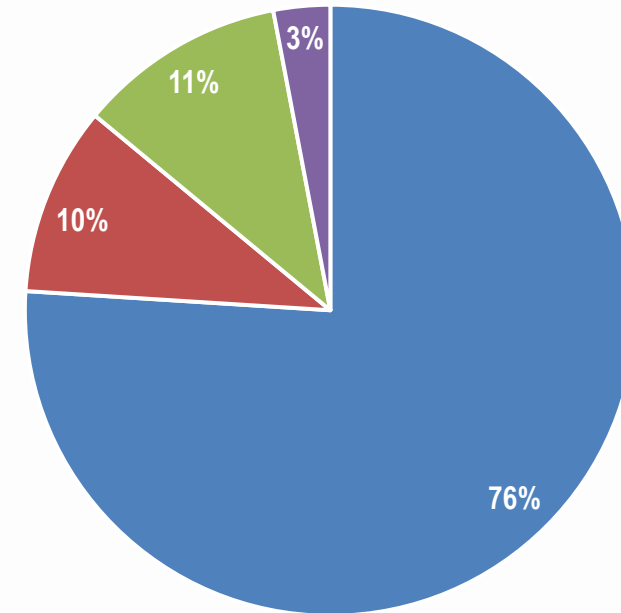
A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

REVENUE



- Q4FY23 Revenue: \$2,185M
- +34% YoY, +70% QoQ
- FY23 Revenue: \$7,123M, +37% YoY

Q4FY23 Revenue Mix By Geography



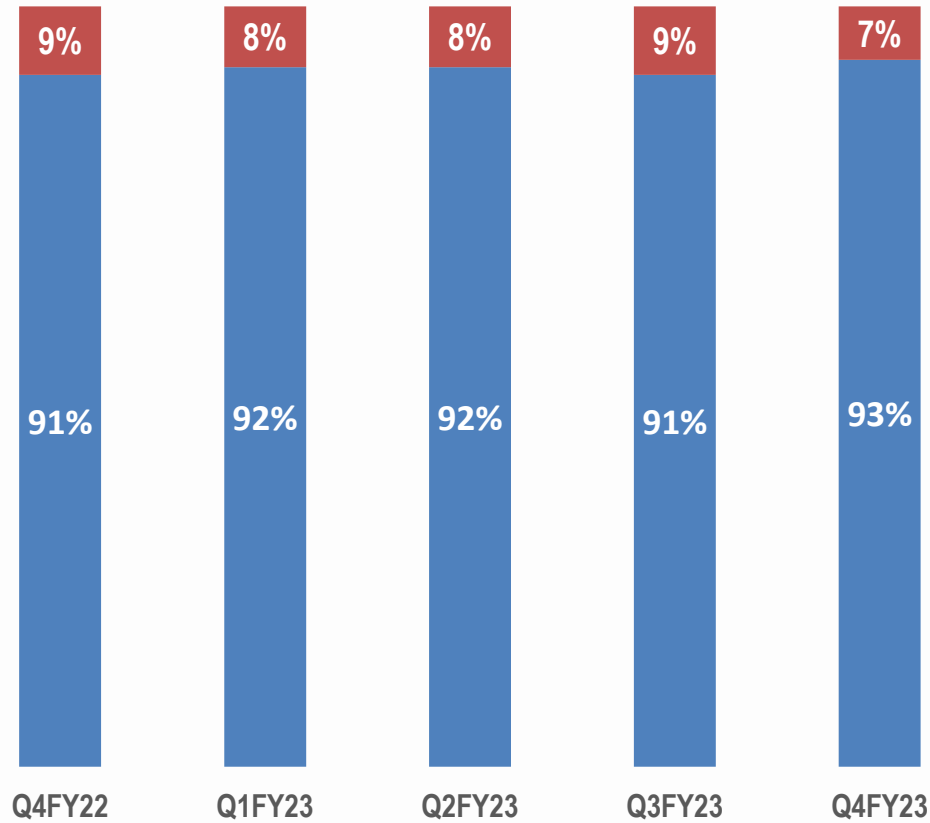
■ USA ■ Europe ■ Asia ■ Other

*China 3% of Total Revenue

REVENUE MIX

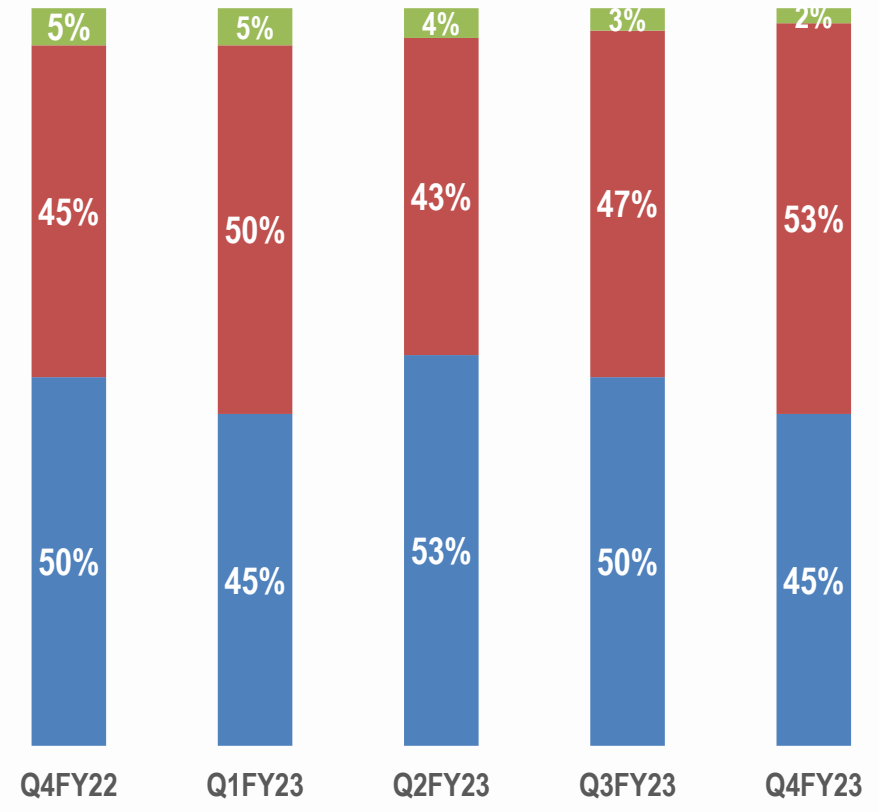


Server and Storage Systems & Subsystems



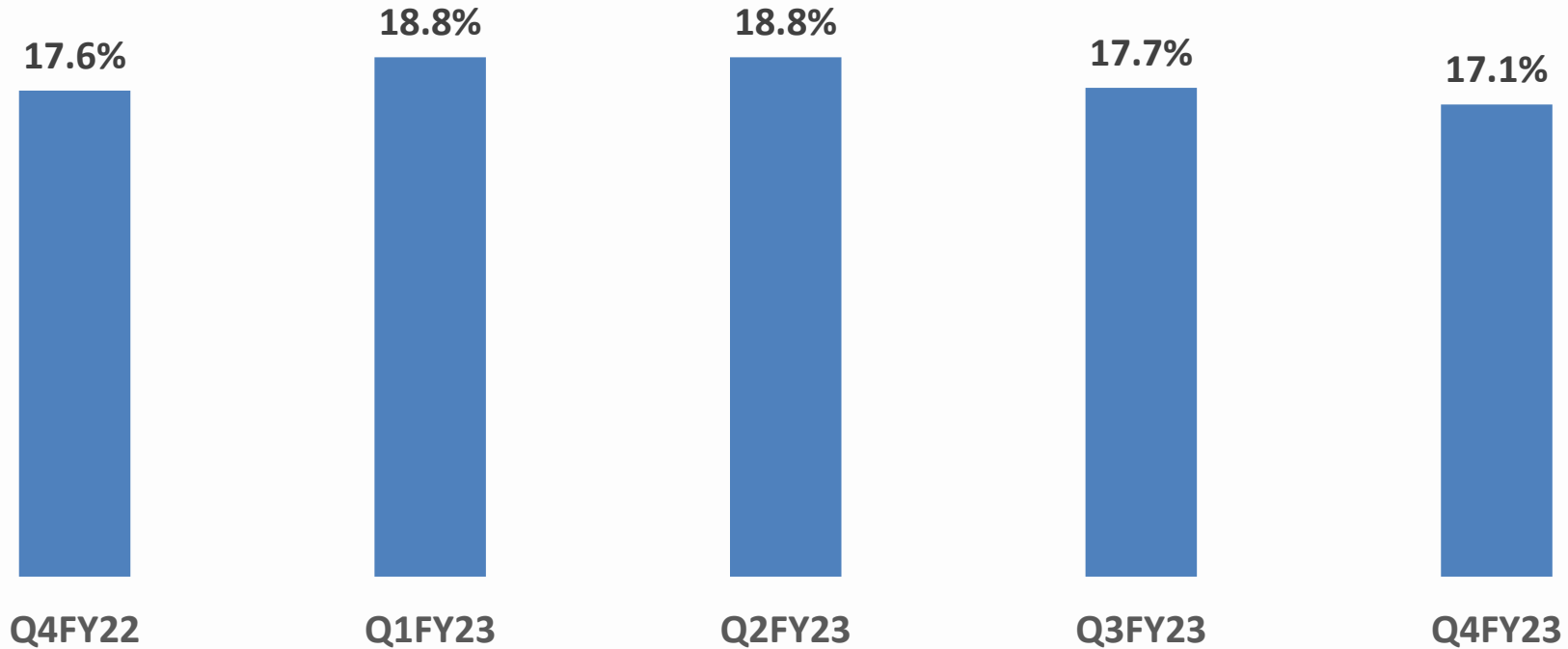
- Subsystems & Accessories
- Server and Storage Systems

Vertical Markets



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

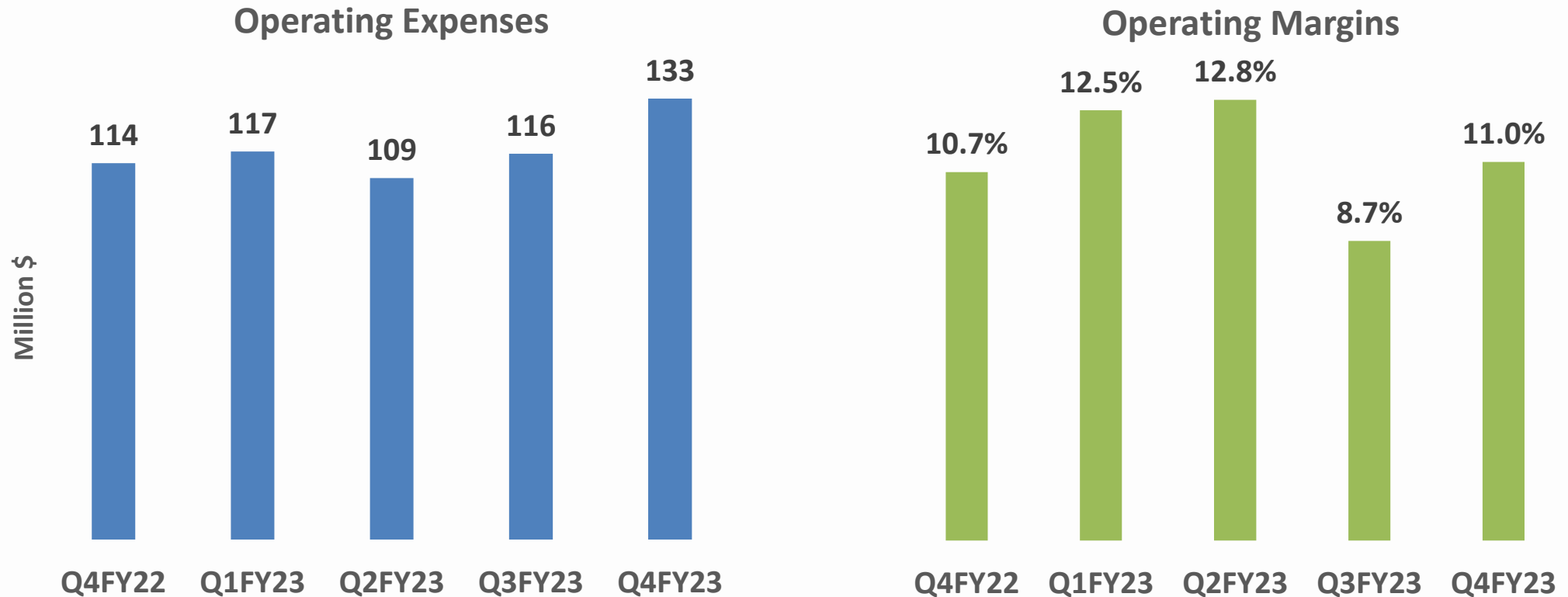
NON-GAAP GROSS MARGIN



- -60bps QoQ, -50bps YoY
- Gross margin lower due to product/customer mix and focus on market share gains

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

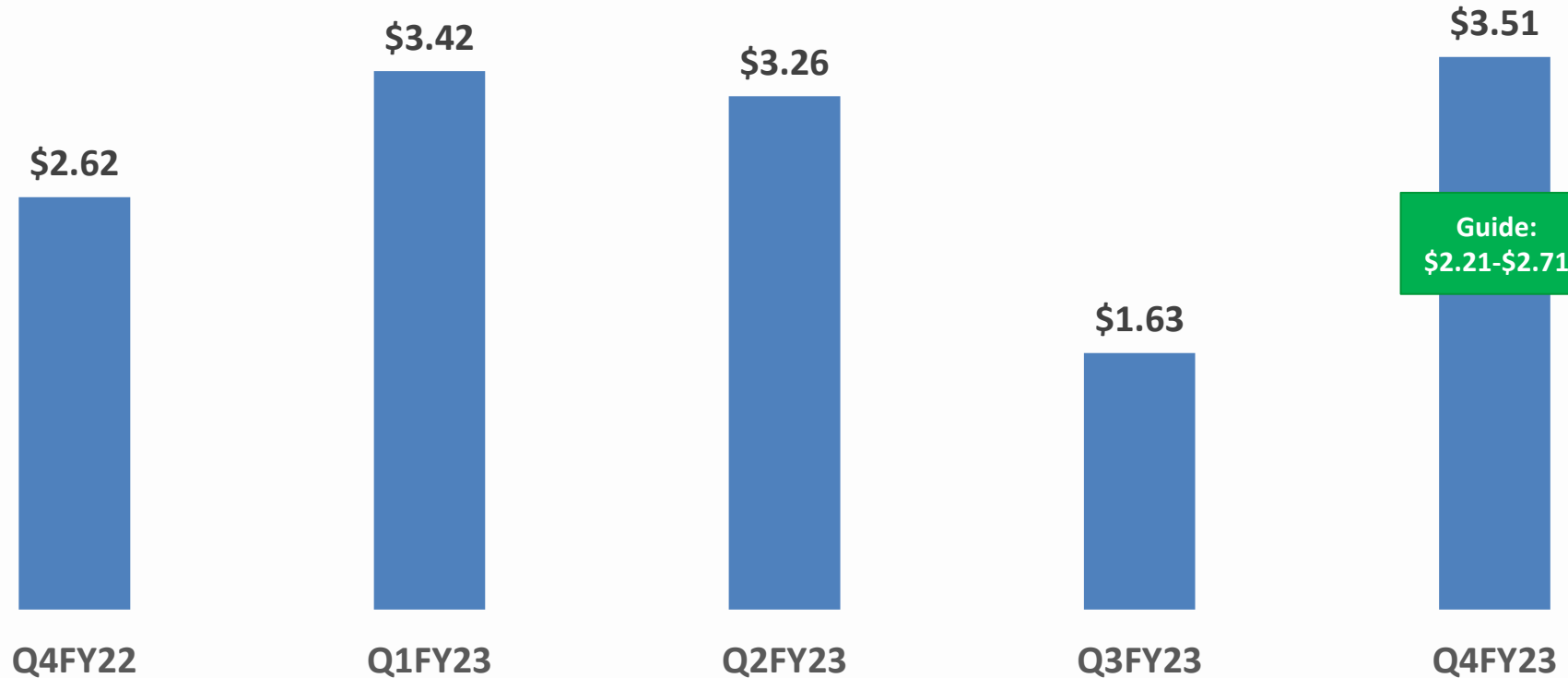
NON-GAAP OPERATING EXPENSES & MARGINS



- Operating expenses increased due to strategic headcount additions
- Operating margins rose QoQ on higher revenues and operating leverage

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

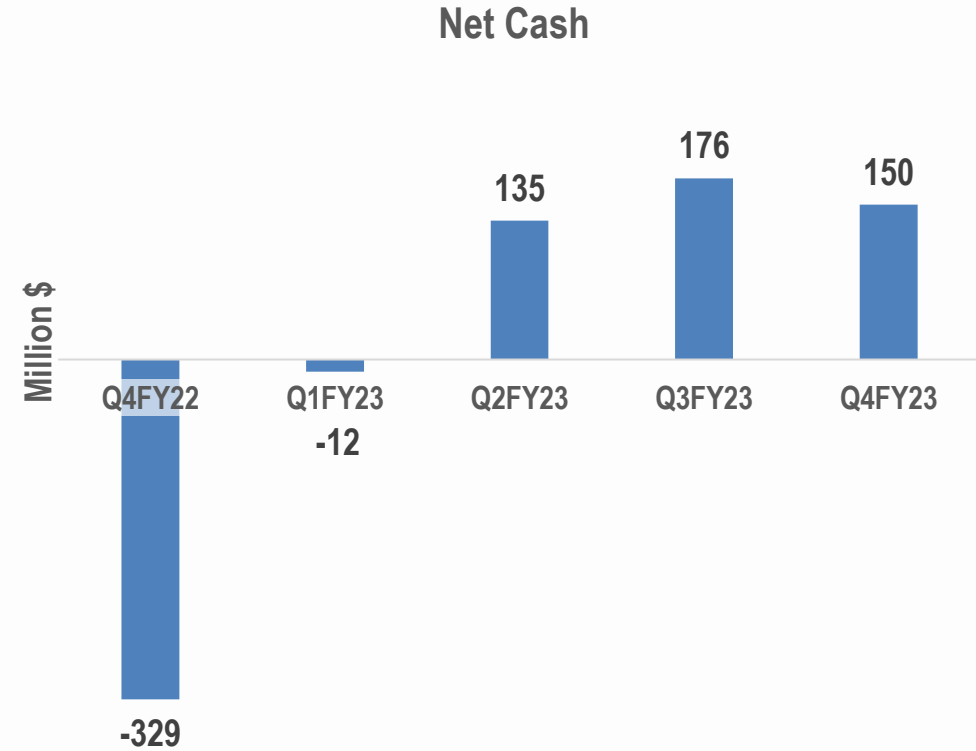
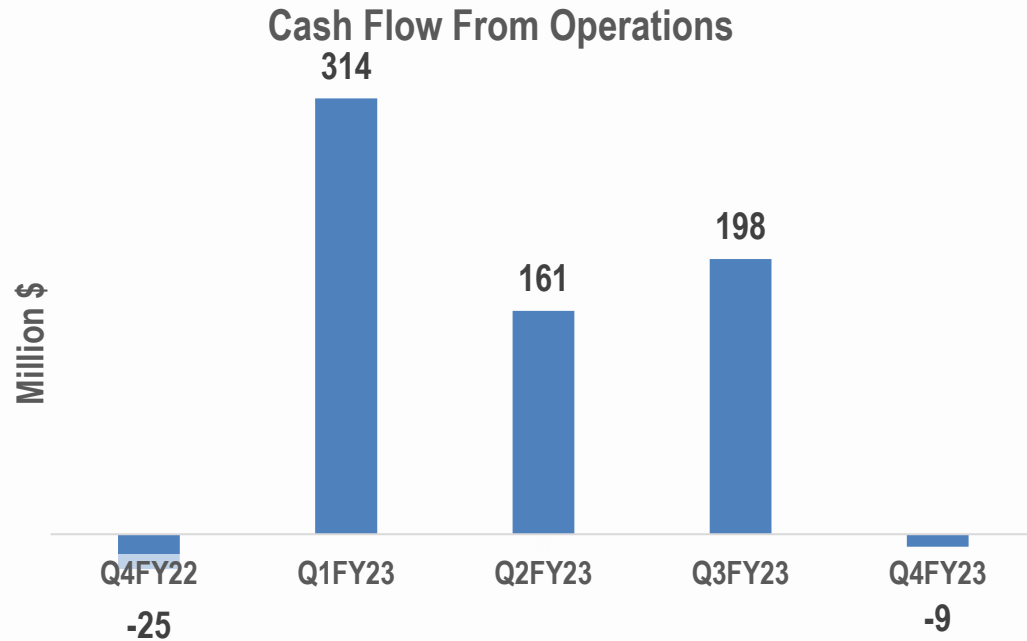
NON-GAAP EPS



- Q4FY23 Non-GAAP EPS of \$3.51, higher than guidance of \$2.21 to \$2.71
- EPS benefited from higher revenue and operating leverage

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

CASH FLOW & NET CASH



- Q4FY23 Operating Cash Flow -\$9M, Free Cash Flow -\$17M
- Total Cash \$440M, Debt increased by \$103M QoQ to \$290M

REVENUE & EPS OUTLOOK



	REVENUE	EPS
Q1 FY2024*	\$1.9B to \$2.2B	NON-GAAP: \$2.75 to \$3.50 GAAP: \$2.02 to \$2.80
Full Year FY2024	\$9.5B to \$10.5B	

*The outlook for Q1 of fiscal year 2024 GAAP diluted net income per common share includes approximately \$44 million in expected stock-based compensation expense and other expenses, net of the related tax effects of \$9 million, which 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)	FY22	FY23				FY22 Jun-22	FY23 Jun-23
	Q4'22 Jun-22	Q1'23 Sep-22	Q2'23 Dec-22	Q3'23 Mar-23	Q4'23 Jun-23		
Consolidated Statement of Operations							
Net Sales	\$ 1,635,460	\$ 1,852,130	\$ 1,803,195	\$ 1,283,296	\$ 2,184,861	\$5,196,099	\$ 7,123,482
GAAP GROSS PROFIT	\$ 287,344	\$ 347,535	\$ 337,422	\$ 226,359	\$ 371,696	\$ 800,001	\$ 1,283,012
Stock-based compensation	498	884	1,486	1,215	989	1,876	4,574
Other expenses	-	-	-	-	-	295	-
NON-GAAP GROSS PROFIT	\$ 287,842	\$ 348,419	\$ 338,908	\$ 227,574	\$ 372,685	\$ 802,172	\$ 1,287,586
GAAP GROSS MARGIN	17.6%	18.8%	18.7%	17.6%	17.0%	15.4%	18.0%
Stock-based compensation	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%	0.1%
Other expenses	-	-	-	-	-	0.0%	-
NON-GAAP GROSS MARGIN	17.6%	18.8%	18.8%	17.7%	17.1%	15.4%	18.1%
OPERATING EXPENSE							
GAAP R&D	\$ 70,790	\$ 74,243	\$ 70,700	\$ 77,515	\$ 84,802	\$ 272,273	\$ 307,260
Stock-based compensation	(4,447)	(6,118)	(9,334)	(8,097)	(7,187)	(16,571)	(30,736)
Special performance bonuses	-	-	-	-	-	(1,181)	-
NON-GAAP R&D	\$ 66,343	\$ 68,125	\$ 61,366	\$ 69,418	\$ 77,615	\$ 254,521	\$ 276,524
GAAP S&M	\$ 24,186	\$ 29,363	\$ 28,445	\$ 25,312	\$ 31,905	\$ 90,126	\$ 115,025
Stock-based compensation	(541)	(809)	(1,448)	(1,214)	(1,128)	(2,058)	(4,599)
Special performance bonuses	-	-	-	-	-	(113)	-
NON-GAAP S&M	\$ 23,645	\$ 28,554	\$ 26,997	\$ 24,098	\$ 30,777	\$ 87,955	\$ 110,426
GAAP G&A	\$ 27,155	\$ 23,806	\$ 23,095	\$ 24,450	\$ 28,234	\$ 102,435	\$ 99,585
Stock-based compensation	(3,398)	(3,203)	(4,713)	(3,126)	(3,482)	(12,311)	(14,524)
Litigation settlement costs	-	-	-	-	-	(2,000)	-
Special performance bonuses	-	-	-	-	-	1,136	-
Litigation (expense) recovery	(234)	-	2,230	1,540	-	(4,367)	3,770
NON-GAAP G&A	\$ 23,523	\$ 20,603	\$ 20,612	\$ 22,864	\$ 24,752	\$ 84,893	\$ 88,831
GAAP OPERATING EXPENSES	\$ 122,131	\$ 127,412	\$ 122,240	\$ 127,277	\$ 144,941	\$ 464,834	\$ 521,870
Stock-based compensation	(8,386)	(10,130)	(15,495)	(12,437)	(11,797)	(30,940)	(49,859)
Litigation settlement costs	-	-	-	-	-	(2,000)	-
Special performance bonuses	-	-	-	-	-	(158)	-
Litigation (expense) recovery	(234)	-	2,230	1,540	-	(4,367)	3,770
NON-GAAP OPERATING EXPENSES	\$ 113,511	\$ 117,282	\$ 108,975	\$ 116,380	\$ 133,144	\$ 427,369	\$ 475,781

GAAP TO NON-GAAP RECONCILIATION (2 OF 2)



In Thousands (except per share amounts)	FY22		FY23			FY22 Jun-22	FY23 Jun-23
	Q4'22 Jun-22	Q1'23 Sep-22	Q2'23 Dec-22	Q3'23 Mar-23	Q4'23 Jun-23		
GAAP INCOME FROM OPERATIONS	\$ 165,213	\$ 220,123	\$ 215,182	\$ 99,082	\$ 226,755	\$ 335,167	\$ 761,142
Stock-based compensation	8,884	11,014	16,981	13,652	12,786	32,816	54,433
Litigation settlement costs	-	-	-	-	-	2,000	-
Special performance bonuses	-	-	-	-	-	453	-
Litigation expense (recovery)	234	-	(2,230)	(1,540)	-	4,367	(3,770)
NON-GAAP INCOME FROM OPERATIONS	\$ 174,331	\$ 231,137	\$ 229,933	\$ 111,194	\$ 239,541	\$ 374,803	\$ 811,805
GAAP OPERATING MARGIN	10.1%	11.9%	11.9%	7.7%	10.4%	6.5%	10.7%
Stock-based compensation	0.6%	0.6%	1.0%	1.1%	0.6%	0.6%	0.8%
Litigation settlement costs	-	-	-	-	-	0.0%	-
Special performance bonuses	-	-	-	-	-	0.0%	-
Litigation expense (recovery)	0.0%	-	-0.1%	-0.1%	-	0.1%	-0.1%
NON-GAAP OPERATING MARGIN	10.7%	12.5%	12.8%	8.7%	11.0%	7.2%	11.4%
GAAP TAX EXPENSE (BENEFIT)	\$ 25,760	\$ 38,934	\$ 29,573	\$ 10,857	\$ 31,302	\$ 52,876	\$ 110,666
Adjustment to tax provision	4,137	3,230	4,300	4,433	5,304	13,721	17,267
NON-GAAP TAX EXPENSE	\$ 29,897	\$ 42,164	\$ 33,873	\$ 15,290	\$ 36,606	\$ 66,597	\$ 127,933
GAAP NET INCOME	\$ 140,822	\$ 184,416	\$ 176,167	\$ 85,846	\$ 193,569	\$ 285,163	\$ 639,998
Stock-based compensation	8,884	11,014	16,981	13,652	12,786	32,816	54,433
Litigation settlement costs	-	-	-	-	-	2,000	-
Special performance bonuses	-	-	-	-	-	453	-
Litigation expense (recovery)	234	-	(2,230)	(1,540)	-	4,367	(3,770)
Adjustments to tax provision	(4,137)	(3,230)	(4,300)	(4,433)	(5,304)	(13,721)	(17,267)
NON-GAAP NET INCOME	\$ 145,803	\$ 192,200	\$ 186,618	\$ 93,525	\$ 201,051	\$ 311,078	\$ 673,394
GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 2.70	\$ 3.51	\$ 3.31	\$ 1.61	\$ 3.67	\$ 5.54	\$ 12.09
Impact of Non-GAAP adjustments	0.10	0.14	0.20	0.15	0.15	0.50	0.63
NON-GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 2.80	\$ 3.65	\$ 3.51	\$ 1.76	\$ 3.82	\$ 6.04	\$ 12.72
GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 2.60	\$ 3.35	\$ 3.14	\$ 1.53	\$ 3.43	\$ 5.32	\$ 11.43
Impact of Non-GAAP adjustments	0.02	0.07	0.12	0.10	0.08	0.33	0.38
NON-GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 2.62	\$ 3.42	\$ 3.26	\$ 1.63	\$ 3.51	\$ 5.65	\$ 11.81
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE							
BASIC – GAAP	52,111	52,598	53,160	53,280	52,679	51,478	52,925
BASIC - NON-GAAP	52,111	52,598	53,160	53,280	52,679	51,478	52,925
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE							
DILUTED – GAAP	54,260	55,017	56,144	56,233	56,505	53,615	55,970
DILUTED - NON-GAAP	55,611	56,271	57,318	57,315	57,222	55,025	57,027



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