

SEC FILINGS UPDATE

December 20, 2019





UPDATE: 10-K FILINGS

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 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 the impact of any adjustments to the Company's historical or current financial results as a result of the Audit Committee investigation and further testing, and the timing and consequences of the delays in the Company's regaining compliance with its SEC filing obligations. 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 SEC, including those factors discussed under the caption "Risk Factors" in such filings, particularly our Annual Report on Form 10-K for the fiscal year ended June 30, 2019, which we filed on December 19, 2019.

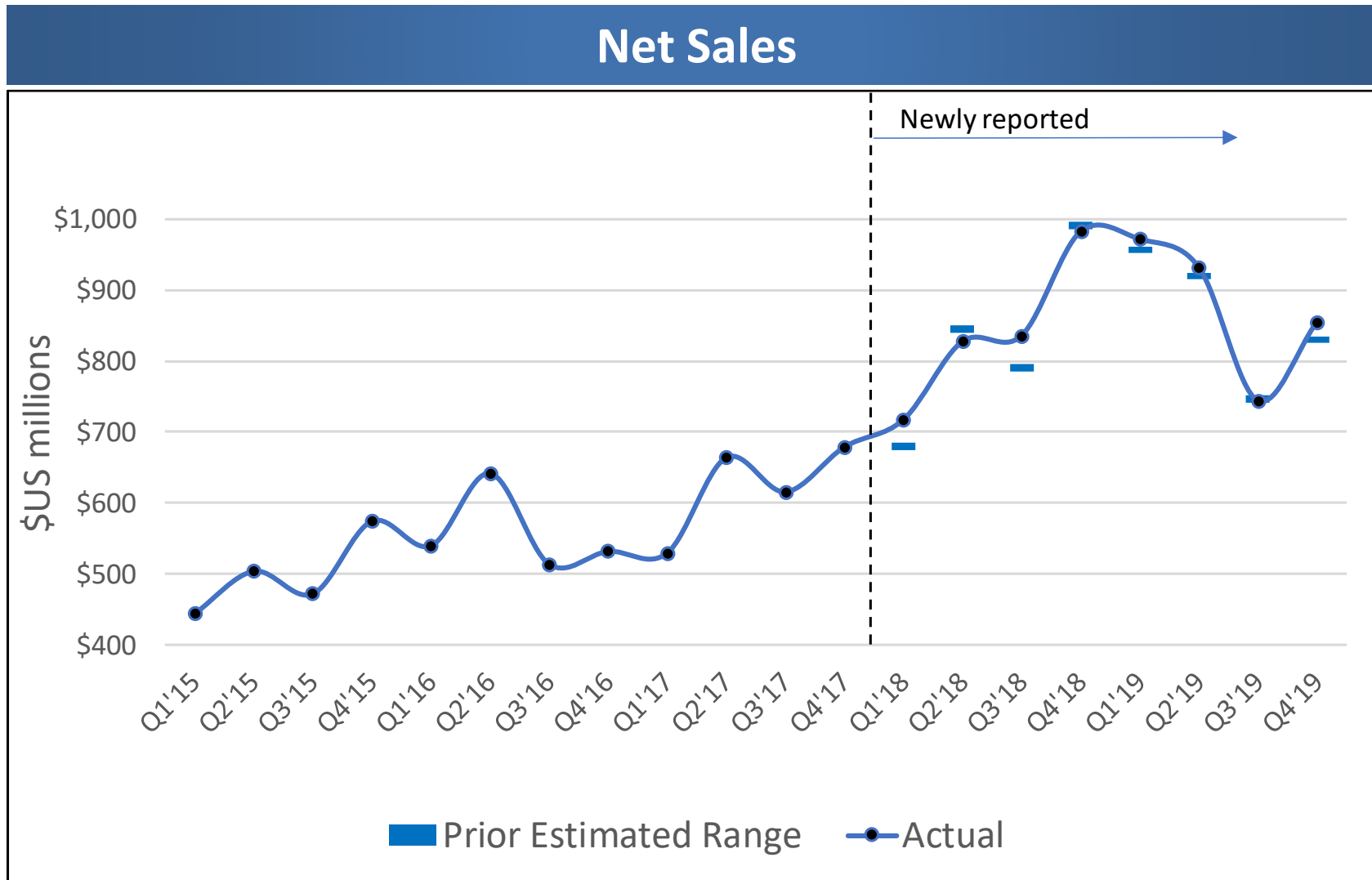


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- **10-K Filings Complete for 2018 and 2019.** On December 19 after market close, Supermicro filed a comprehensive 10-K that includes both fiscal 2018 and fiscal 2019 financial results.
- **Non-GAAP Quarterly Financial Results.** Please see the following page for a chart comparing reported non-GAAP results to prior Supermicro preliminary financial estimates. Note, FY19 financials reflect the adoption of Accounting Standards Codification (ASC) 606. Additional financial data may be found on our Investor Relations website (ir.supermicro.com).
- **Re-Listing Update.** Upon filing of the Q1 2020 10-Q with the SEC, Supermicro will be current on its filings and will promptly apply to NASDAQ for re-listing.
- **Update Call on December 20 at 9 AM EST / 6 AM PST.** Dial-In: 1-800-458-4121 within the USA, 1-929-477-0324 for international. Conference ID: 6731615.
- **Earnings Call in February.** Supermicro will update investors on its Q2 results and Q3 outlook on its quarterly earnings call to be held the first week of February 2020.

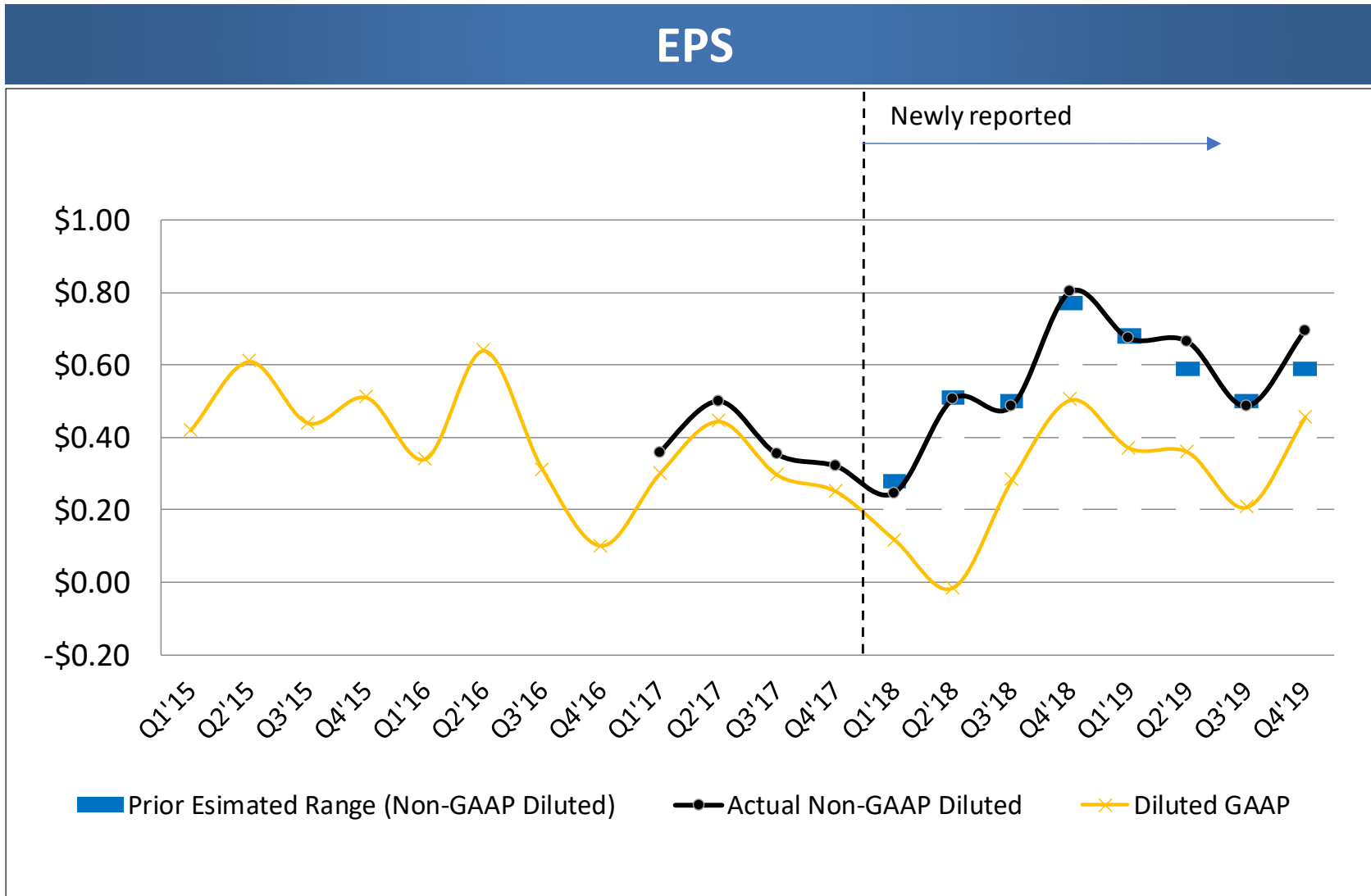


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GAAP Consolidated Statement of Operations

SUPERMICR	ASC 605								ASC 606				ASC 605		ASC 606
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	FY17	FY18	FY19
	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Jun-17	Jun-18	Jun-19
Consolidated Statement of Operations															
Net Sales	\$528.8	\$663.2	\$614.8	\$678.2	\$716.7	\$827.0	\$835.1	\$981.7	\$971.1	\$931.5	\$743.5	\$854.2	\$2,484.9	\$3,360.5	\$ 3,500.4
Cost of sales	<u>446.2</u>	<u>567.1</u>	<u>529.5</u>	<u>592.2</u>	<u>630.7</u>	<u>721.3</u>	<u>729.2</u>	<u>849.3</u>	<u>847.9</u>	<u>803.6</u>	<u>631.2</u>	<u>722.2</u>	<u>2,135.0</u>	<u>2,930.5</u>	<u>3,004.8</u>
Gross profit	82.6	96.1	85.3	85.9	86.1	105.7	105.9	132.3	123.2	127.9	112.3	132.0	350.0	430.0	495.5
Operating expenses:															
Research and development	34.2	35.5	36.0	38.4	40.7	39.5	42.3	42.6	43.0	45.9	44.8	46.2	144.0	165.1	179.9
Sales and marketing	15.2	16.8	16.2	18.3	16.8	18.0	18.9	17.9	18.3	19.7	18.5	20.7	66.4	71.6	77.2
General and administrative	<u>10.8</u>	<u>10.4</u>	<u>11.5</u>	<u>11.9</u>	<u>19.3</u>	<u>25.5</u>	<u>23.6</u>	<u>30.3</u>	<u>33.5</u>	<u>36.6</u>	<u>36.2</u>	<u>35.0</u>	<u>44.6</u>	<u>98.6</u>	<u>141.2</u>
Total operating expenses	60.1	62.6	63.8	68.5	76.7	83.0	84.7	90.8	94.7	102.2	99.5	101.9	255.1	335.3	398.3
Income from operations	22.4	33.5	21.5	17.4	9.3	22.7	21.2	41.5	28.5	25.7	12.9	30.1	94.9	94.7	97.2
Other income (expense), net	(0.4)	0.7	(1.5)	0.3	(0.8)	(0.4)	(0.4)	0.8	0.2	0.6	(0.1)	(1.7)	(1.3)	(0.8)	(1.0)
Interest expense	<u>(0.3)</u>	<u>(0.5)</u>	<u>(0.6)</u>	<u>(0.9)</u>	<u>(1.1)</u>	<u>(1.1)</u>	<u>(1.3)</u>	<u>(2.2)</u>	<u>(2.4)</u>	<u>(1.8)</u>	<u>(1.3)</u>	<u>(1.2)</u>	<u>(2.3)</u>	<u>(5.7)</u>	<u>(6.7)</u>
Income before income tax provision	21.6	33.7	19.4	16.8	7.4	21.2	19.5	40.1	26.3	24.5	11.5	27.2	91.3	88.2	89.5
Income tax provision	(6.3)	(10.8)	(4.0)	(3.3)	(0.7)	(20.8)	(4.2)	(12.7)	(5.5)	(4.5)	(0.5)	(4.3)	(24.4)	(38.4)	(14.9)
Share of loss from equity investee, net of taxes	-	-	(0.1)	(0.2)	(0.6)	(1.2)	(0.7)	(1.1)	(1.4)	(1.8)	(0.4)	0.9	-	(3.6)	(2.7)
Net income	\$ 15.4	\$ 22.9	\$ 15.3	\$ 13.2	\$ 6.1	\$ (0.8)	\$ 14.6	\$ 26.3	\$ 19.3	\$ 18.2	\$ 10.6	\$ 23.7	\$ 66.9	\$ 46.2	\$ 71.9
Net income per common share:															
Basic EPS (in dollars per share)	\$ 0.32	\$ 0.48	\$ 0.32	\$ 0.27	\$ 0.12	\$ (0.02)	\$ 0.30	\$ 0.53	\$ 0.39	\$ 0.37	\$ 0.21	\$ 0.47	\$ 1.38	\$ 0.94	\$ 1.44
Diluted EPS (in dollars per share)	\$ 0.30	\$ 0.44	\$ 0.30	\$ 0.26	\$ 0.12	\$ (0.02)	\$ 0.28	\$ 0.50	\$ 0.37	\$ 0.36	\$ 0.21	\$ 0.46	\$ 1.29	\$ 0.89	\$ 1.39
Weighted-average shares used in calculation of net income per common share:															
Basic (in shares)	48.2	48.1	48.4	48.8	49.1	49.3	49.4	49.5	49.7	49.8	50.0	50.1	47.9	49.3	49.9
Diluted (in shares)	51.1	51.5	51.9	51.9	52.4	49.3	51.7	52.2	52.2	50.8	51.6	52.0	51.8	52.2	51.7



UPDATE: 10-K FILINGS

Reconciliation: GAAP to Non-GAAP

	ASC 605								ASC 606				ASC 605		ASC 606
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	FY17	FY18	FY19
	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Jun-18	Jun-18	Jun-19
Consolidated Statement of Operations															
Net Sales	\$ 528.8	\$ 663.2	\$ 614.8	\$ 678.2	\$ 716.7	\$ 827.0	\$ 835.1	\$ 981.7	\$ 971.1	\$ 931.5	\$ 743.5	\$ 854.2	\$ 2,484.9	\$ 3,360.5	\$ 3,500.4
GAAP GROSS PROFIT	\$ 82.6	\$ 96.1	\$ 85.3	\$ 85.9	\$ 86.1	\$ 105.7	\$ 105.9	\$ 132.3	\$ 123.2	\$ 127.9	\$ 112.3	\$ 132.0	\$ 350.0	\$ 430.0	\$ 495.5
Add back stock-based compensation (a)	0.3	0.3	0.4	0.4	0.5	0.5	0.4	0.5	0.4	0.4	0.4	0.4	1.4	1.8	1.7
Add back accelerated building depreciation expense (b)	-	-	-	-	-	-	-	2.6	-	-	-	-	-	2.6	-
Non-GAAP GROSS PROFIT	\$ 82.9	\$ 96.5	\$ 85.7	\$ 86.3	\$ 86.5	\$ 106.2	\$ 106.4	\$ 135.4	\$ 123.7	\$ 128.4	\$ 112.7	\$ 132.4	\$ 351.3	\$ 434.4	\$ 497.2
GAAP GROSS MARGIN	15.6%	14.5%	13.9%	12.7%	12.0%	12.8%	12.7%	13.5%	12.7%	13.7%	15.1%	15.5%	14.1%	12.8%	14.2%
Add back stock-based compensation (a)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%
Add back accelerated building depreciation expense (b)	-	-	-	-	-	-	-	0.3%	-	-	-	-	-	-	-
Non-GAAP GROSS MARGIN	15.7%	14.5%	13.9%	12.7%	12.1%	12.8%	12.7%	13.8%	12.7%	13.8%	15.2%	15.5%	14.1%	12.9%	14.2%
GAAP INCOME FROM OPERATIONS	\$ 22.4	\$ 33.5	\$ 21.5	\$ 17.4	\$ 9.3	\$ 22.7	\$ 21.2	\$ 41.5	\$ 28.5	\$ 25.7	\$ 12.9	\$ 30.1	\$ 94.9	\$ 94.7	\$ 97.2
Add back stock-based compensation (a)	4.6	4.8	5.0	5.2	6.1	6.5	6.1	6.0	5.9	5.2	5.0	5.1	19.7	24.7	21.2
Add back accelerated building depreciation expense (b)	-	-	-	-	-	-	-	2.6	-	-	-	-	-	2.6	-
Add back Audit Committee investigation and review and other non-recurring expense (c)	-	-	-	-	4.1	10.5	9.8	15.1	16.0	16.4	14.1	10.4	-	39.6	56.9
Non-GAAP INCOME FROM OPERATIONS	\$ 27.1	\$ 38.3	\$ 26.5	\$ 22.6	\$ 19.5	\$ 39.7	\$ 37.1	\$ 65.3	\$ 50.4	\$ 47.4	\$ 32.0	\$ 45.6	\$ 114.5	\$ 161.5	\$ 175.3
GAAP NET INCOME	\$ 15.4	\$ 22.9	\$ 15.3	\$ 13.2	\$ 6.1	\$ (0.8)	\$ 14.6	\$ 26.3	\$ 19.3	\$ 18.2	\$ 10.6	\$ 23.7	\$ 66.9	\$ 46.2	\$ 71.9
Add back stock-based compensation (a)	4.6	4.8	5.0	5.2	6.1	6.5	6.1	6.0	5.9	5.2	5.0	5.1	19.7	24.7	21.2
Add back accelerated building depreciation expense (b)	-	-	-	-	-	-	-	2.6	-	-	-	-	-	2.6	-
Add back Audit Committee investigation and review and other non-recurring expense (c)	-	-	-	-	4.1	10.5	9.8	15.1	16.0	16.4	14.1	10.4	-	39.6	56.9
Add back impairments to equity investments (d)	-	-	-	-	-	-	-	-	-	-	0.7	2.0	-	-	2.7
Add back impacts of the Tax Cuts and Jobs Act of 2017 (e)	-	-	-	-	-	15.8	-	-	-	-	-	-	-	15.8	-
Less adjustments to tax provision (f)	(1.3)	(1.5)	(1.6)	(1.5)	(3.0)	(5.1)	(4.8)	(7.1)	(5.2)	(5.1)	(4.7)	(4.1)	(5.9)	(20.0)	(19.1)
Non-GAAP NET INCOME	\$ 18.7	\$ 26.2	\$ 18.7	\$ 16.9	\$ 13.2	\$ 26.9	\$ 25.7	\$ 42.9	\$ 36.1	\$ 34.7	\$ 25.7	\$ 37.0	\$ 80.6	\$ 108.7	\$ 133.6
GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 0.30	\$ 0.44	\$ 0.30	\$ 0.26	\$ 0.12	\$ (0.02)	\$ 0.28	\$ 0.50	\$ 0.37	\$ 0.36	\$ 0.21	\$ 0.46	\$ 1.29	\$ 0.89	\$ 1.39
Add back stock-based compensation (a), accelerated building depreciation expense (b), Audit Committee investigation and review and other non-recurring expense (c), impairments to equity investments (d), impacts of the Tax Cuts and Jobs Act of 2017 (e) net of adjustments to the tax provision (f)	0.06	0.05	0.06	0.06	0.13	0.52	0.20	0.30	0.30	0.30	0.28	0.24	0.24	1.14	1.10
Non-GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 0.36	\$ 0.50	\$ 0.35	\$ 0.32	\$ 0.25	\$ 0.50	\$ 0.48	\$ 0.80	\$ 0.67	\$ 0.66	\$ 0.49	\$ 0.69	\$ 1.53	\$ 2.03	\$ 2.49
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE															
DILUTED – GAAP	51.1	51.5	51.9	51.9	52.4	49.3	51.7	52.2	52.2	50.8	51.6	52.0	51.8	52.2	51.7
DILUTED - Non-GAAP	52.2	52.6	53.0	53.0	53.6	53.3	53.1	53.6	53.6	52.4	53.0	53.4	52.7	53.6	53.6

Use of Non-GAAP Financial Measures

Non-GAAP earnings per share discussed in this press release exclude [stock-based compensation expense, costs associated with the Audit Committee investigation and review and other non-recurring expenses described above, and the related tax effect of the applicable items]. 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. Pursuant to the requirements of SEC Regulation G, the reconciliation between the Company's GAAP earnings per share and non-GAAP earnings per share is as follows: