

REFINITIV

DELTA REPORT

10-Q

SMCI - SUPER MICRO COMPUTER, INC
10-Q - DECEMBER 31, 2023 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	901
CHANGES	214
DELETIONS	279
ADDITIONS	408

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, 2023** **December 31, 2023**
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
(State or other jurisdiction of
incorporation or organization)

77-0353939
(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, 2023** **January 31, 2024** there were **53,313,542** **55,933,330** 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, DECEMBER 31, 2023**

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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.

The information contained on our website, or available by hyperlink from our website, is not incorporated into this Quarterly Report on Form 10-Q or other documents we file with, or furnish to, the SEC. We intend to use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included in the "Investor Relations" section of our website. Accordingly, investors should monitor that section of our website, in addition to following our press releases, investor presentations, SEC filings and public conference calls and webcasts.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

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

	December 31, 2023	December 31, 2023	June 30, 2023
ASSETS			
Current assets:			
Current assets:			
Current assets:			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents			
Accounts receivable, net of allowance for credit losses of \$77 and \$82 at December 31, 2023 and June 30, 2023, respectively (including accounts receivable from related parties of \$3,859 and \$5,473 at December 31, 2023 and June 30, 2023, respectively)			
Inventories			
Prepaid expenses and other current assets (including receivables from related parties of \$34,293 and \$27,732 at December 31, 2023 and June 30, 2023, respectively)			
Prepaid expenses and other current assets (including receivables from related parties of \$34,293 and \$27,732 at December 31, 2023 and June 30, 2023, respectively)			
Prepaid expenses and other current assets (including receivables from related parties of \$34,293 and \$27,732 at December 31, 2023 and June 30, 2023, respectively)			
Total current assets			
	September 30,	June 30,	
Property, plant and equipment, net			
	2023	2023	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 543,156	\$ 440,459	
Accounts receivable, net of allowance for credit losses of \$79 and \$82 at September 30, 2023 and June 30, 2023, respectively (including accounts receivable from related parties of \$1,335 and \$5,473 at September 30, 2023 and June 30, 2023, respectively)	845,729	1,148,259	
Inventories	2,052,805	1,445,564	

Prepaid expenses and other current assets (including receivables from related parties of \$24,905 and \$27,732 at September 30, 2023 and June 30, 2023, respectively)	129,144	145,144
Total current assets	3,570,834	3,179,426

Property, plant and equipment, net

Property, plant and equipment, net	Property, plant and equipment, net	291,669	290,240
Deferred income taxes, net	Deferred income taxes, net	185,675	162,654
Other assets	Other assets	47,786	42,409
Total assets	Total assets	\$4,095,964	\$3,674,729

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	Current liabilities:		
Accounts payable (including amounts due to related parties of \$92,115 and \$89,134 at September 30, 2023 and June 30, 2023, respectively)		\$1,084,058	\$ 776,831
Accrued liabilities (including amounts due to related parties of \$16,504 and \$14,017 at September 30, 2023 and June 30, 2023, respectively)		152,500	163,865

Current liabilities:

Current liabilities:

Accounts payable (including amounts due to related parties of \$101,700 and \$89,134 at December 31, 2023 and June 30, 2023, respectively)

Accounts payable (including amounts due to related parties of \$101,700 and \$89,134 at December 31, 2023 and June 30, 2023, respectively)

Accounts payable (including amounts due to related parties of \$101,700 and \$89,134 at December 31, 2023 and June 30, 2023, respectively)

Accrued liabilities (including amounts due to related parties of \$18,509 and \$14,017 at December 31, 2023 and June 30, 2023, respectively)

Income taxes payable	Income taxes payable	161,395	129,166
Short-term debt	Short-term debt	40,843	170,123
Deferred revenue	Deferred revenue	166,025	134,667
Total current liabilities	Total current liabilities	1,604,821	1,374,652
Deferred revenue, non-current	Deferred revenue, non-current	174,478	169,781
Long-term debt	Long-term debt	105,389	120,179
Other long-term liabilities	Other long-term liabilities	45,737	37,947
Total liabilities	Total liabilities	1,930,425	1,702,559

Commitments and contingencies (Note 11)	Commitments and contingencies (Note 11)	Commitments and contingencies (Note 11)	
Stockholders' equity:	Stockholders' equity:		
Common stock and additional paid-in capital, \$0.001 par value	Common stock and additional paid-in capital, \$0.001 par value		
Authorized shares: 100,000; Issued and outstanding shares: 53,295 and 52,901 at September 30, 2023 and June 30, 2023, respectively		574,718	538,352
Common stock and additional paid-in capital, \$0.001 par value			
Common stock and additional paid-in capital, \$0.001 par value			
Authorized shares: 100,000; Issued and outstanding shares: 55,917 and 52,901 at December 31, 2023 and June 30, 2023, respectively			
Authorized shares: 100,000; Issued and outstanding shares: 55,917 and 52,901 at December 31, 2023 and June 30, 2023, respectively			
Authorized shares: 100,000; Issued and outstanding shares: 55,917 and 52,901 at December 31, 2023 and June 30, 2023, respectively			
Accumulated other comprehensive income			
Accumulated other comprehensive income			
Accumulated other comprehensive income	Accumulated other comprehensive income	651	639
Retained earnings	Retained earnings	1,590,009	1,433,014
Total Super Micro Computer, Inc. stockholders' equity	Total Super Micro Computer, Inc. stockholders' equity	2,165,378	1,972,005
Noncontrolling interest	Noncontrolling interest	161	165
Total stockholders' equity	Total stockholders' equity	2,165,539	1,972,170
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$4,095,964	\$3,674,729

See accompanying notes to condensed consolidated financial statements.
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SUPER MICRO COMPUTER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
Net sales (including related party sales of \$17,396 and \$25,055 in the three months ended September 30, 2023 and 2022, respectively)	\$2,119,672	\$1,852,130				
Cost of sales (including related party purchases of \$113,107 and \$96,536 in the three months ended September 30, 2023 and 2022, respectively)	1,765,981	1,504,595				
Net sales (including related party sales of \$15,781 and \$20,073 in the three months ended December 31, 2023 and 2022, respectively, and \$33,177 and \$45,126 in the six months ended December 31, 2023 and 2022, respectively)						
Cost of sales (including related party purchases of \$112,445 and \$98,743 in the three months ended December 31, 2023 and 2022, respectively, and \$225,552 and \$195,279 in the six months ended December 31, 2023 and 2022, respectively)						
Gross profit	Gross profit	353,691	347,535			
Operating expenses:	Operating expenses:					
Research and development	Research and development					
Research and development	Research and development	111,027	74,243			
Sales and marketing	Sales and marketing	37,230	29,363			
General and administrative	General and administrative	32,924	23,806			

Total operating expenses	Total operating expenses	181,181	127,412
Income from operations	Income from operations	172,510	220,123
Other income, net		6,613	8,054
Other (expense) income, net			
Interest expense	Interest expense	(1,863)	(3,938)
Income before income tax provision	Income before income tax provision	177,260	224,239
Income tax provision	Income tax provision	(20,215)	(38,934)
Share of loss from equity investee, net of taxes		(50)	(889)
Share of income (loss) from equity investee, net of taxes			
Net income	Net income	\$ 156,995	\$ 184,416
Net income per common share:	Net income per common share:		
Basic	Basic		
Basic	Basic	\$ 2.96	\$ 3.51
Diluted	Diluted	\$ 2.75	\$ 3.35
Weighted-average shares used in the calculation of net income per common share:	Weighted-average shares used in the calculation of net income per common share:		
Basic	Basic	53,093	52,598
Basic	Basic		
Diluted	Diluted	57,185	55,017

See accompanying notes to condensed consolidated financial statements.
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SUPER MICRO COMPUTER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

		Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,		
		2023	2022	2023	2022	2023	2022	2022
Net income	Net income	\$156,995	\$184,416					

Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:		
Foreign currency translation gain (loss)	Foreign currency translation gain (loss)	12	(397)
Foreign currency translation gain (loss)			
Foreign currency translation gain (loss)			
Total other comprehensive income (loss), net of tax	Total other comprehensive income (loss), net of tax	12	(397)
Total comprehensive income	Total comprehensive income	\$157,007	\$184,019

See accompanying notes to condensed consolidated financial statements.
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SUPER MICRO COMPUTER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)
(unaudited)

<u>Three Months Ended September 30, 2023</u>	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Income		Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount	Income	Retained Earnings		
Balance at June 30, 2023	52,901,358	\$538,352	\$ 639	\$1,433,014	\$ 165	\$ 1,972,170
<u>Three Months Ended December 31, 2023</u>						
<u>Three Months Ended December 31, 2023</u>						
<u>Three Months Ended December 31, 2023</u>						
<u>Three Months Ended December 31, 2023</u>						
	Shares					
Balance at September 30, 2023						
Balance at September 30, 2023						
Balance at September 30, 2023						
Exercise of stock options, net of taxes	188,957	4,288	—	—	—	4,288
Release of common stock shares upon vesting of restricted stock units	297,656	—	—	—	—	—

Shares withheld for the withholding tax on vesting of restricted stock units	Shares withheld for the withholding tax on vesting of restricted stock units	(92,973)	(25,301)	—	—	—	(25,301)
Issuance of common stock in a public offering, net of issuance costs							
Stock-based compensation	Stock-based compensation	—	57,379	—	—	—	57,379
Other comprehensive income							
Other comprehensive income	Other comprehensive income	—	—	12	—	—	12
Net income	Net income	—	—	—	156,995	(4)	156,991
Balance at September 30, 2023		53,294,998	\$574,718	\$ 651	\$1,590,009	\$ 161	\$ 2,165,539
Balance at December 31, 2023							

<u>Three Months Ended September 30, 2022</u>	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2022	52,311,014	\$481,741	\$ 911	\$ 942,923	\$ 172	\$ 1,425,747
<u>Three Months Ended December 31, 2022</u>						
<u>Three Months Ended December 31, 2022</u>						

Three Months Ended December 31, 2022

Shares

Balance at September 30, 2022

Balance at September 30, 2022

Balance at September 30, 2022

Exercise of stock options, net of taxes	Exercise of stock options, net of taxes	405,226	8,144	—	—	—	8,144
Release of common stock shares upon vesting of restricted stock units	Release of common stock shares upon vesting of restricted stock units	193,532	—	—	—	—	—
Shares withheld for the withholding tax on vesting of restricted stock units	Shares withheld for the withholding tax on vesting of restricted stock units	(58,303)	(3,716)	—	—	—	(3,716)
Stock-based compensation	Stock-based compensation	—	11,014	—	—	—	11,014

Common Stock and Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Non-controlling Interest	Total Stockholders' Equity

Other comprehensive income						
Net income (loss)						
Balance at December 31, 2022						
Other comprehensive loss	—	—	(397)	—	—	(397)
Net income (loss)	—	—	—	184,416	(5)	184,411
Balance at September 30, 2022	52,851,469	\$ 497,183	\$ 514	\$ 1,127,339	\$ 167	\$ 1,625,203

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<u>Six Months Ended December 31, 2023</u>	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Income	Retained Earnings	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2023	52,901,358	\$ 538,352	\$ 639	\$ 1,433,014	\$ 165	\$ 1,972,170
Exercise of stock options, net of taxes	341,409	9,574	—	—	—	9,574
Release of common stock shares upon vesting of restricted stock units	511,022	—	—	—	—	—
Shares withheld for the withholding tax on vesting of restricted stock units	(151,590)	(40,894)	—	—	—	(40,894)
Issuance of common stock in a public offering, net of issuance costs	2,315,105	582,804	—	—	—	582,804
Stock-based compensation	—	100,440	—	—	—	100,440
Other comprehensive income	—	—	18	—	—	18
Net income (loss)	—	—	—	452,963	(1)	452,962
Balance at December 31, 2023	55,917,304	\$ 1,190,276	\$ 657	\$ 1,885,977	\$ 164	\$ 3,077,074

<u>Six Months Ended December 31, 2022</u>	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2022	52,311,014	\$ 481,741	\$ 911	\$ 942,923	\$ 172	\$ 1,425,747
Exercise of stock options, net of taxes	752,892	15,327	—	—	—	15,327
Release of common stock shares upon vesting of restricted stock units	484,003	—	—	—	—	—
Shares withheld for the withholding tax on vesting of restricted stock units	(147,608)	(10,504)	—	—	—	(10,504)
Stock-based compensation	—	27,995	—	—	—	27,995
Other comprehensive loss	—	—	(299)	—	—	(299)
Net income (loss)	—	—	—	360,583	(7)	360,576
Balance at December 31, 2022	53,400,301	\$ 514,559	\$ 612	\$ 1,303,506	\$ 165	\$ 1,818,842

See accompanying notes to condensed consolidated financial statements.

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

		Three Months Ended September 30,			
		Six Months Ended December 31,		Six Months Ended December 31,	
		2023	2022	2023	2022
OPERATING ACTIVITIES:	OPERATING ACTIVITIES:				
Net income	Net income	\$156,995	\$184,416		
Reconciliation of net income to net cash provided by operating activities:					
Net income					
Net income					
Reconciliation of net income to net cash (used in) provided by operating activities:					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	9,155	8,547		
Stock-based compensation expense	Stock-based compensation expense	57,379	11,014		
Share of loss from equity investee		50	889		
Foreign currency exchange gain		(6,192)	(9,203)		
Share of (income) loss from equity investee					
Share of (income) loss from equity investee					
Share of (income) loss from equity investee					
Foreign currency exchange loss (gain)					
Deferred income taxes, net	Deferred income taxes, net	(23,021)	(19,226)		
Other	Other	2,657	(306)		
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:				
Accounts receivable, net (including changes in related party balances of \$4,138 and \$(1,851) during the three months ended September 30, 2023 and 2022, respectively)					
		302,501	95,088		

Accounts receivable, net (including changes in related party balances of \$1,614 and \$3,178 during the six months ended December 31, 2023 and 2022, respectively)		
Accounts receivable, net (including changes in related party balances of \$1,614 and \$3,178 during the six months ended December 31, 2023 and 2022, respectively)		
Accounts receivable, net (including changes in related party balances of \$1,614 and \$3,178 during the six months ended December 31, 2023 and 2022, respectively)		
Inventories	Inventories	(607,241) (190,449)
Prepaid expenses and other assets (including changes in related party balances of \$2,827 and \$(10,139) during the three months ended September 30, 2023 and 2022, respectively)	19,990	(11,991)
Accounts payable (including changes in related party balances of \$2,981 and \$6,674 during the three months ended September 30, 2023 and 2022, respectively)	302,973	132,302
Prepaid expenses and other assets (including changes in related party balances of \$(6,561) and \$(22,925) during the six months ended December 31, 2023 and 2022, respectively)		
Accounts payable (including changes in related party balances of \$12,566 and \$751 during the six months ended December 31, 2023 and 2022, respectively)		

Income taxes payable	Income taxes payable	32,229	26,668
Accrued liabilities (including changes in related party balances of \$2,487 and \$9,585 during the three months ended September 30, 2023 and 2022, respectively)		(13,019)	8
Accrued liabilities (including changes in related party balances of \$4,492 and \$851 during the six months ended December 31, 2023 and 2022, respectively)			
Deferred revenue	Deferred revenue	36,055	85,989
Other long-term liabilities (including changes in related party balances of \$(80) and \$(105) during the three months ended September 30, 2023 and 2022, respectively)		(46)	(159)
Net cash provided by operating activities		270,465	313,587
Other long-term liabilities (including changes in related party balances of \$(152) and \$(168) during the six months ended December 31, 2023 and 2022, respectively)			
Net cash (used in) provided by operating activities			
INVESTING ACTIVITIES:	INVESTING ACTIVITIES:		
Purchases of property, plant and equipment (including payments to related parties of \$826 and \$729 during the three months ended September 30, 2023 and 2022, respectively)		(2,631)	(10,746)
Purchases of property, plant and equipment (including payments to related parties of \$4,528 and \$4,514 during the six months ended December 31, 2023 and 2022, respectively)			

Purchases of property, plant and equipment (including payments to related parties of \$4,528 and \$4,514 during the six months ended December 31, 2023 and 2022, respectively)			
Purchases of property, plant and equipment (including payments to related parties of \$4,528 and \$4,514 during the six months ended December 31, 2023 and 2022, respectively)			
Investment in equity securities			
Investment in marketable securities	(5,000)	—	
Investment in equity securities			
Investment in equity securities			
Net cash used in investing activities			
Net cash used in investing activities			
Net cash used in investing activities	Net cash used in investing activities	(7,631)	(10,746)
FINANCING ACTIVITIES:	FINANCING ACTIVITIES:		
Proceeds from borrowings			
Proceeds from borrowings			
Proceeds from borrowings	Proceeds from borrowings	—	79,141
Repayment of debt	Repayment of debt	(138,938)	(414,737)
Proceeds from exercise of stock options, net of taxes	Proceeds from exercise of stock options, net of taxes	4,288	8,144
Proceeds from exercise of stock options, net of taxes			
Proceeds from exercise of stock options, net of taxes			
Payment of withholding tax on vesting of restricted stock units	Payment of withholding tax on vesting of restricted stock units	(25,301)	(3,716)
Issuance of common stock in a public offering, net of issuance costs			
Issuance of common stock in a public offering, net of issuance costs			
Issuance of common stock in a public offering, net of issuance costs			
Other	Other	10	(15)
Net cash used in financing activities		(159,941)	(331,183)
Net cash provided by (used in) financing activities			
Effect of exchange rate fluctuations on cash	Effect of exchange rate fluctuations on cash	(203)	(1,472)
Net increase (decrease) in cash, cash equivalents and restricted cash		102,690	(29,813)
Net increase in cash, cash equivalents and restricted cash			

Cash, cash equivalents and restricted cash at the beginning of the period	Cash, cash equivalents and restricted cash at the beginning of the period	440,960	
			268,559
Cash, cash equivalents and restricted cash at the end of the period	Cash, cash equivalents and restricted cash at the end of the period	\$543,650	
			\$238,746
Supplemental disclosure of cash flow information:	Supplemental disclosure of cash flow information:		
Supplemental disclosure of cash flow information:			
Supplemental disclosure of cash flow information:			
Cash paid for interest			
Cash paid for interest			
Cash paid for interest	Cash paid for interest	\$ 2,214	\$ 4,076
Cash paid for taxes, net of refunds	Cash paid for taxes, net of refunds	\$ 8,999	\$ 27,274

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Non-cash investing and financing activities:	Non-cash investing and financing activities:		
Unpaid property, plant and equipment purchases (including due to related parties of \$3,672 and \$3,782 as of September 30, 2023 and 2022, respectively)		\$ 8,032	\$ 6,599
Unpaid property, plant and equipment purchases (including due to related parties of \$2,577 and \$1,764 as of December 31, 2023 and 2022, respectively)			
Unpaid property, plant and equipment purchases (including due to related parties of \$2,577 and \$1,764 as of December 31, 2023 and 2022, respectively)			
Unpaid property, plant and equipment purchases (including due to related parties of \$2,577 and \$1,764 as of December 31, 2023 and 2022, respectively)			
Right of use ("ROU") assets obtained in exchange for operating lease commitments	Right of use ("ROU") assets obtained in exchange for operating lease commitments	\$ 9,177	\$ 750

See accompanying notes to condensed consolidated financial statements.

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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 Part II, Item 8, Note 1, "Organization and Summary of Significant Accounting Policies," in its Annual Report on Form 10-K, filed on August 28, 2023, for the year ended June 30, 2023. Management's estimates take into consideration, as applicable, general macroeconomic conditions, inflation, changes in interest rates and geopolitical events.

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 and six months ended September 30, 2023 December 31, 2023 are not necessarily indicative of the results that may be expected for future quarters or for the fiscal year ending June 30, 2024.

Certain prior year amounts within cash from operating activities in the condensed consolidated statements of cash flows have been reclassified to conform to current year presentation. These changes in presentation do not affect previously reported results.

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. Two suppliers accounted for 55.1% 68.1% and 10.3% 7.3% of total purchases for the three months ended September 30, 2023 December 31, 2023, and the same two suppliers accounted for 25.7% 17.6% and 16.1% 14.1% of total purchases for the three months ended September 30, 2022 December 31, 2022. Two suppliers accounted for 62.9% and 8.6% of total purchases for the six months ended December 31, 2023, and the same two suppliers accounted for 22.3% and 15.3% of total purchases for the six months ended December 31, 2022. The increase in concentration of total purchases to one of the Company's suppliers to 55.1% 68.1% and 62.9% of total purchases for the three and six months ended September 30, 2023 December 31, 2023, respectively, is as a result of the purchase of GPUs key components to build its solutions for the Company's customers. Purchases from Ablecom, and Compuware, related parties of the Company (see Part I, Item 1, Note 8, "Related Party Transactions") accounted for a combined 6.4% 3.6% and 6.7% of total cost of sales for both the three months ended September 30, 2023 December 31, 2023 and 2022, 2022, respectively, and a combined 4.6% and 6.6% of total cost of sales for the six months ended December 31, 2023 and 2022, respectively.

Concentration of Credit and Customer Risk

Financial instruments which potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents, restricted cash and accounts receivable.

Three Four customers accounted for 15.7% 26.7%, 14.5% 16.3%, 13.0% and 10.3% 11.3% of accounts receivable, net as of September 30, 2023 December 31, 2023. Two customers accounted for 22.9% and 19.3% of accounts receivable, net as of June 30, 2023. These accounts receivable represent a concentration of credit risk to the Company.

One customer accounted for 25.0% of the net sales for the three months ended September 30, 2023. One customer accounted for 21.9% of the net sales for the three months ended September 30, 2022.

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

Two customers accounted for 25.5% and 10.4% of the net sales for the three months ended December 31, 2023 and one customer accounted for 25.3% of the net sales for the six months ended December 31, 2023. No single customer accounted for 10% or more of the net sales for the three months ended December 31, 2022, and one customer accounted for 15.8% of the net sales for the six months ended December 31, 2022.

Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures. This ASU requires that a public entity provide additional segment disclosures on an interim and annual basis. The amendments in this ASU should be applied retrospectively to all prior periods presented in the financial statements unless impracticable. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The ASU is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating this guidance and the impact it may have on its financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for the Company's annual periods beginning July 1, 2025, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is currently evaluating this guidance and the impact it may have on its financial statement disclosures.

Note 2. Revenue

Disaggregation of Revenue

The Company disaggregates revenue by type of product and by the geographical market. 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,		Three Months Ended December 31,	Six Months Ended December 31,		
		2023	2022	2023	2022	2023	2022
Server and storage systems	Server and storage systems	\$1,966,608	\$1,713,056				
Subsystems and accessories	Subsystems and accessories	153,064	139,074				
Total	Total	\$2,119,672	\$1,852,130				

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.

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

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 and six months ended September 30, 2023, December 31, 2023 and 2022, of net sales by geographic region (in thousands):

		Three Months Ended September 30,		Three Months Ended December 31,	Six Months Ended December 31,		
		2023	2022	2023	2022	2023	2022
United States	United States	\$1,619,514	\$1,295,504				
Asia	Asia	225,468	270,024				
Europe	Europe	190,848	235,074				
Other	Other	83,842	51,528				

Total	Total	\$2,119,672	\$1,852,130
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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 obligations. 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. Additionally, at times, deferred revenue may fluctuate due to the timing of advance consideration received from non-cancellable non-refundable contract liabilities relating to the sale of future products. Revenue recognized during the three and six months ended September 30, 2023 December 31, 2023, which was included in the opening deferred revenue balance as of June 30, 2023, of \$304.4 million, was \$43.7 million, \$31.5 million and \$75.2 million, respectively.

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SUPER MICRO COMPUTER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Deferred revenue increased \$36.1 million \$79.2 million as of September 30, 2023 December 31, 2023 as compared to the fiscal year ended June 30, 2023. This increase was mainly due to a \$21.1 \$44.3 million increase in non-cancellable non-refundable advance consideration or cash consideration received from customers which preceded the Company's satisfaction of the associated performance obligations relating to product sales expected to be fulfilled in the next 12 months.

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 delivered, 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, 2023 December 31, 2023 was approximately \$340.5 \$383.6 million. The Company expects to recognize approximately 49% 50% of remaining performance obligations as revenue in the next 12 months, and the remainder thereafter.

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SUPER MICRO COMPUTER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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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 paid to Company employees. 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.

SUPER MICRO COMPUTER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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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 and six months ended September 30, 2023 December 31, 2023 and 2022 (in thousands, except per share amounts):

		Three Months Ended September 30,		Three Months Ended December 31,			Six Months Ended December 31,			
		2023	2022	2023	2022		2023		2022	
Numerator:	Numerator:									
Net income	Net income	\$156,995	\$184,416							
Net income										
Net income										
Denominator:	Denominator:									
Denominator:										
Denominator:										
Weighted-average shares outstanding										
Weighted-average shares outstanding										
Weighted-average shares outstanding	Weighted-average shares outstanding	53,093	52,598							
Effect of dilutive securities	Effect of dilutive securities	4,092	2,419							
Weighted-average diluted shares	Weighted-average diluted shares	57,185	55,017							
Basic net income per common share	Basic net income per common share	\$ 2.96	\$ 3.51							
Basic net income per common share										
Basic net income per common share										
Diluted net income per common share	Diluted net income per common share	\$ 2.75	\$ 3.35							

For the three and six months ended September 30, 2023 December 31, 2023 and 2022, the Company had stock options and 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 337,730 584,855 and 307,395 211,729 for the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and 461,292 and 259,562 for the six months ended December 31, 2023 and 2022, respectively.

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SUPER MICRO COMPUTER, INC.
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Note 4. Balance Sheet Components

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

Cash, Cash Equivalents and Restricted Cash:

		September 30, 2023	June 30, 2023	December 31, 2023	June 30, 2023
Cash and cash equivalents	Cash and cash equivalents	\$543,156	\$440,459		
Restricted cash included in other assets	Restricted cash included in other assets	494	501		
Restricted cash included in other assets	Restricted cash included in other assets				
Total cash, cash equivalents and restricted cash	Total cash, cash equivalents and restricted cash	\$543,650	\$440,960		

Inventories:

		September 30, 2023	June 30, 2023	December 31, 2023	June 30, 2023
Finished goods	Finished goods	\$1,364,995	\$1,045,177		
Work in process	Work in process	333,689	71,874		
Purchased parts and raw materials	Purchased parts and raw materials	354,121	328,513		
Total inventories	Total inventories	\$2,052,805	\$1,445,564		

Property, Plant, and Equipment:

	December 31, 2023	June 30, 2023
Buildings	\$ 143,496	\$ 143,496
Machinery and equipment	138,256	130,151
Land	90,754	86,642

Building and leasehold improvements	61,708	59,634
Furniture and fixtures	38,820	36,303
Software	23,823	23,098
Building construction in progress	1,941	303
	498,798	479,627
Accumulated depreciation and amortization	(201,696)	(189,387)
Property, plant and equipment, net	\$ 297,102	\$ 290,240

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SUPER MICRO COMPUTER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Property, Plant, and Equipment:

	September 30, 2023	June 30, 2023
Buildings	\$ 143,496	\$ 143,496
Machinery and equipment	133,600	130,151
Land	87,217	86,642
Building and leasehold improvements	59,984	59,634
Furniture and fixtures	38,345	36,303
Software	23,680	23,098
Building construction in progress	303	303
	486,625	479,627
Accumulated depreciation and amortization	(194,956)	(189,387)
Property, plant and equipment, net	\$ 291,669	\$ 290,240

Accrued Liabilities:

December 31, 2023	December 31, 2023	June 30, 2023
Accrued payroll and related expenses		
Customer deposits		
Contract manufacturers liabilities		
	September 30, 2023	June 30, 2023
Accrued payroll and related expenses	\$ 38,658	\$ 53,439
Contract manufacturers liabilities	23,741	23,634
Customer deposits	19,722	16,577
Accrued cooperative marketing expenses		
Accrued cooperative marketing expenses		

Accrued cooperative marketing expenses	Accrued cooperative marketing expenses	10,764	9,744
Accrued warranty costs	Accrued warranty costs	9,107	9,079
Operating lease liability	Operating lease liability	8,473	7,292
Operating lease liability			
Operating lease liability			
Accrued professional fees	Accrued professional fees	813	2,363
Other	Other	41,222	41,737
Other			
Other			
Total accrued liabilities	Total accrued liabilities	\$152,500	\$163,865

Product Warranties:

		Three Months Ended September 30,															
		Three Months Ended December 31,				Three Months Ended December 31,				Six Months Ended December 31,							
		2023	2022	2023	2022	2023		2022									
Balance, beginning of the period	Balance, beginning of the period	\$14,859	\$12,136														
Provision for warranty	Provision for warranty	12,529	8,617														
Costs utilized	Costs utilized	(11,804)	(8,473)														
Change in estimated liability for pre-existing warranties	Change in estimated liability for pre-existing warranties	45	423														
Balance, end of the period	Balance, end of the period	15,629	12,703														
Current portion	Current portion	9,107	8,540														
Non-current portion	Non-current portion	\$ 6,522	\$ 4,163														

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.

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SUPER MICRO COMPUTER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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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, 2023** **December 31, 2023** and June 30, 2023. 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.

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SUPER MICRO COMPUTER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Financial Assets and Liabilities Measured on a Recurring Basis

The following table sets forth the Company's financial instruments as of **September 30, 2023** **December 31, 2023** and June 30, 2023, 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, 2023		Level 1	Level 2	Level 3	Asset at Fair Value
December 31, 2023					
					Asset at Fair Value
Assets	Assets				
Money market funds ⁽¹⁾	Money market funds ⁽¹⁾	\$21,075	\$ —	\$ —	\$ 21,075
Money market funds ⁽¹⁾					
Certificates of deposit ⁽²⁾	Certificates of deposit ⁽²⁾	—	126,951	—	126,951
Investment in marketable securities	Investment in marketable securities	3,866	—	—	3,866
Investment in marketable equity security	Investment in marketable equity security				
Auction rate security	Auction rate security	—	—	1,843	1,843
Total assets measured at fair value	Total assets measured at fair value	\$24,941	\$126,951	\$1,843	\$153,735
June 30, 2023	June 30, 2023	Level 1	Level 2	Level 3	Asset at Fair Value
June 30, 2023					

June 30, 2023						Level 1	Level 2	Level 3	Asset at Fair Value
Assets	Assets								
Money market funds ⁽¹⁾	Money market funds ⁽¹⁾								
Money market funds ⁽¹⁾	Money market funds ⁽¹⁾	\$20,823	\$ —	\$ —	\$ 20,823				
Certificates of deposit ⁽²⁾	Certificates of deposit ⁽²⁾	—	462	—	462				
Auction rate security	Auction rate security	—	—	1,843	1,843				
Total assets measured at fair value	Total assets measured at fair value	\$20,823	\$ 462	\$ 1,843	\$ 23,128				

(1) \$20.9 million \$0.1 million and \$0.2 million in money market funds are included cash and cash equivalents and \$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, 2023 December 31, 2023 and June 30, 2023, respectively.

(2) \$126.7 million \$0.2 million and \$0.2 million in certificates of deposit are included in cash and cash equivalents, \$0.1 million and \$0.1 million in certificates of deposit are included in prepaid expenses and other assets, and \$0.2 million and \$0.2 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, 2023 December 31, 2023 and June 30, 2023, respectively.

The carrying amounts reported in the condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, other assets, accounts payable and accrued liabilities approximate their fair values. The investment in marketable securities equity security is carried at fair value using values available on a public exchange and is based on a Level 1 input. The investment is accounted for as an equity security, with unrealized gains and losses of the investment is included in earnings. Unrealized loss of \$1.1 million has been recorded in Other income, net in the The condensed consolidated statement of operations for the three and six months ended September 30, 2023 December 31, 2023, includes an unrealized gain of \$0.3 million and a loss of \$0.8 million, respectively, which have been recorded in Other income, net.

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 and six months ended September 30, 2023 December 31, 2023, the credit losses related to the Company's investments were not material.

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There was immaterial 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 and six months ended September 30, 2023 December 31, 2023 and 2022.

There were no transfers between Level 1, Level 2 or Level 3 financial instruments in the three and six months ended September 30, 2023 December 31, 2023 and 2022.

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SUPER MICRO COMPUTER, INC.
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The following is a summary of the Company's investment in an auction rate security as of September 30, 2023 December 31, 2023 and June 30, 2023 (in thousands):

	Cost Basis	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Auction rate security	\$ 1,750	\$ 287	\$ (194)	\$ 1,843

No gain or loss was recognized in other comprehensive income for the auction rate security for the three and six months ended September 30, 2023 December 31, 2023 and 2022.

The Company measures the fair value of outstanding debt for disclosure purposes on a recurring basis. As of September 30, 2023 December 31, 2023 and June 30, 2023, total debt of \$146.2 million \$375.6 million and \$290.3 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 \$0.1 million and \$1.7 million as of September 30, 2023 December 31, 2023 and June 30, 2023, 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 and six months ended September 30, 2023 December 31, 2023, the Company performed a qualitative assessment and identified impairment indicators. The Company recorded a \$1.6 \$0.2 million and \$1.8 million impairment during the three and six months ended September 30, 2023 December 31, 2023, respectively, in Other income, net on the condensed consolidated statement of operations. The Company did not have any impairment to the carrying values of the non-marketable equity securities during the three and six months ended September 30, 2022 December 31, 2022.

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

Note 6. Short-term and Long-term Debt

Short-term and long-term debt obligations as of September 30, 2023 December 31, 2023 and June 30, 2023 consisted of the following (in thousands):

		September 30, 2023	June 30, 2023	December 31, 2023	June 30, 2023
Line of credit:	Line of credit:				
2018 Bank of America Credit Facility	2018 Bank of America Credit Facility	\$ —	\$ —		
2018 Bank of America Credit Facility	2018 Bank of America Credit Facility				
2022 Bank of America Credit Facility	2022 Bank of America Credit Facility	—	—		
Cathay Bank Line of Credit	Cathay Bank Line of Credit	—	131,583		
2021 CTBC Credit Lines	2021 CTBC Credit Lines	—	—		

2023			
CTBC			
Credit			
Lines			
HSBC Bank Credit			
Facility			
HSBC Bank Credit			
Facility			
HSBC	HSBC		
Bank	Bank		
Credit	Credit		
Facility	Facility	—	—
Mega	Mega		
Bank	Bank		
Credit	Credit		
Facility	Facility	—	—
Mega Bank Credit			
Facility			
Mega Bank Credit			
Facility			
Total	Total		
line of	line of		
credit	credit	—	131,583
Term loan	Term loan		
facilities:	facilities:		
Chang Hwa Bank Credit			
Facility due October 15,			
2026			
Chang Hwa Bank Credit			
Facility due October 15,			
2026			
Chang	Chang		
Hwa Bank	Hwa Bank		
Credit	Credit		
Facility	Facility		
due	due		
October	October		
15, 2026	15, 2026	23,892	26,853
CTBC	CTBC		
Term Loan	Term Loan		
Facility,	Facility,		
due June	due June		
4, 2030	4, 2030	35,424	38,208
2021	2021		
CTBC	CTBC		
Credit	Credit		
Lines, due	Lines, due		
August 15,	August 15,		
2026	2026	4,183	4,721
2021	2021		
E.SUN	E.SUN		
Bank	Bank		
Credit	Credit		
Facility,	Facility,		
due	due		
September	September		
15, 2026	15, 2026	29,756	33,513

2022	2022		
ESUN	ESUN		
Bank	Bank		
Credit	Credit		
Facility,	Facility,		
due	due		
August 15,	August 15,		
2027	2027	15,782	16,756
Mega	Mega		
Bank	Bank		
Credit	Credit		
Facility,	Facility,		
due	due		
September	September		
15, 2026	15, 2026	37,195	38,668
Total	Total		
term	term		
loans	loans	146,232	158,719
Total	Total		
debt	debt	146,232	290,302
Short-	Short-		
term	term		
debt	debt		
and	and		
current	current		
portion	portion		
of	of		
long-	long-		
term	term		
debt	debt	40,843	170,123
Debt,	Debt,		
non-	non-		
current	current	\$105,389	\$120,179

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Activities under Revolving Lines of Credit and Term Loans

Available borrowings and interest rates as of **September 30, 2023** **December 31, 2023** and June 30, 2023 consisted of the following (in thousands except for percentages):

	September 30, 2023		June 30, 2023		December 31, 2023		June 30, 2023	
	Available	Interest	Available	Interest				
	borrowings	rate	borrowings	rate				
Line of credit:	Available				Available	Interest	Available	Interest
Line of credit:	borrowings				borrowings	rate	borrowings	rate
2018 Bank of America								
Credit Facility								
2018 Bank of America								
Credit Facility								

2018 Bank of America Credit Facility	2018 Bank of America Credit Facility	\$350,000	6.80%	\$350,000	6.57%	\$350,000	6.82%		6.82%		\$350,000	6.57%	6.57%
2022 Bank of America Credit Facility	2022 Bank of America Credit Facility	\$20,000	3.36%	\$20,000	3.36%	2022 Bank of America Credit Facility	\$—	6.49%	6.49%		\$20,000	3.36%	3.36%
Cathay Bank Line of Credit	Cathay Bank Line of Credit	\$132,000	7.50%	\$417	7.08%	Cathay Bank Line of Credit	\$417	7.36%	7.36%		\$417	7.08%	7.08%
2022 CTBC Credit Lines	2022 CTBC Credit Lines	\$—	—	\$105,000	3.33%	2022 CTBC Credit Lines	\$—	—	—		\$105,000	3.33%	3.33%
2023 CTBC Credit Line	2023 CTBC Credit Line	\$105,000	3.33%	\$—	—	2023 CTBC Credit Line	\$68,127	1.96% - 6.52%	1.96% - 6.52%		\$—	—	—
Chang Hwa Bank Credit Facility	Chang Hwa Bank Credit Facility	\$20,000	6.51%	\$20,000	6.58%	Chang Hwa Bank Credit Facility	\$20,000	6.38%	6.38%		\$20,000	6.58%	6.58%
HSBC Bank Credit Facility	HSBC Bank Credit Facility	\$50,000	4.50%	\$50,000	4.50%	HSBC Bank Credit Facility	\$20,296	1.90% - 6.37%	1.90% - 6.37%		\$50,000	4.50%	4.50%
2022 E.SUN Bank Credit Facility	2022 E.SUN Bank Credit Facility	\$30,000	4.18%	\$30,000	4.18%								
2022 E.SUN Bank Credit Facility	2022 E.SUN Bank Credit Facility						\$30,000	6.67%			\$30,000	4.18%	
Mega Bank Credit Facility	Mega Bank Credit Facility	\$20,000	2.55%	\$20,000	2.55%	Mega Bank Credit Facility	\$4,474	1.90%	1.90%		\$20,000	2.55%	2.55%
Term loan facilities:	Term loan facilities:												
Term loan facilities:	Term loan facilities:												
Chang Hwa Bank Credit Facility due October 15, 2026	Chang Hwa Bank Credit Facility due October 15, 2026												
Chang Hwa Bank Credit Facility due October 15, 2026	Chang Hwa Bank Credit Facility due October 15, 2026												
Chang Hwa Bank Credit Facility due October 15, 2026	Chang Hwa Bank Credit Facility due October 15, 2026	\$—	1.55%	\$—	1.55%		\$—	1.55%	1.55%		\$—	1.55%	1.55%

CTBC Term Loan Facility, due June 4, 2030	CTBC Term Loan Facility, due June 4, 2030	\$ —	1.20%	\$ —	1.20%	CTBC Term Loan Facility, due June 4, 2030	\$ —	1.20%	1.20%	\$ —	1.20%	1.20%
2021 CTBC Credit Lines, due August 15, 2026	2021 CTBC Credit Lines, due August 15, 2026	\$ —	1.40%	\$ —	1.40%	2021 CTBC Credit Lines, due August 15, 2026	\$ —	1.40%	1.40%	\$ —	1.40%	1.40%
2021 E.SUN Bank Credit Facility, due September 15, 2026	2021 E.SUN Bank Credit Facility, due September 15, 2026	\$ —	1.75%	7,734	1.75%	2021 E.SUN Bank Credit Facility, due September 15, 2026	\$ —	1.75%	1.75%	\$ 7,734	1.75%	1.75%
2022 ESUN Bank Credit Facility, due August 15, 2027	2022 ESUN Bank Credit Facility, due August 15, 2027	\$ —	1.75%	\$ —	1.75%	2022 ESUN Bank Credit Facility, due August 15, 2027	\$ —	1.75%	1.75%	\$ —	1.75%	1.75%
Mega Bank Credit Facility, due September 15, 2026	Mega Bank Credit Facility, due September 15, 2026	\$ —	1.40%	1.40%	1.40%	Mega Bank Credit Facility, due September 15, 2026	\$ —	1.40%	1.40%	\$ —	1.40%	1.40%
		\$ —	1.60%	\$ —	1.60%		\$ —	1.60%	1.60%	\$ —	1.60%	1.60%

See "Part II. Item 8. Financial Statements and Supplementary Data – Note 7. Short-term and Long-term Debt" of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 for a more complete description of the Company's credit facilities.

The Company entered into a new General Credit Agreement with CTBC Bank agreements during the three six months ended September 30, 2023 December 31, 2023 with the following terms:

CTBC Bank

2023 CTBC Bank Credit Lines

On September 28, 2023 (the "Effective Date"), the Company's Taiwan subsidiary entered into a new general agreement for omnibus credit lines with CTBC Bank, which replaces the prior CTBC credit lines in their entirety and permits for borrowings, from time to time, thereunder pursuant to various individual credit arrangements and includes the previously issued long and medium term loan facility of NTD 1,550.0 million entered in 2021 and 2020 (the "Long and Medium Loan Facility"), and each of (i) a short-term loan and guarantee line providing credit of up to NTD1,250.0 million and NTD100.0 million, respectively (the "NTD Short Term Loan/Guarantee Line"), (ii) a short-term loan providing a line of credit of up to \$40.0 million (the "USD Short Term Loan Line"), and (iii) an export/import o/a loan line providing a line of credit of up to \$105.0 million for exports and \$50.0 million for imports (the "Export/Import Line," and, together with the NTD Short Term Loan/Guarantee Line and the USD Short Term Loan Line, the "New CTBC Credit Lines"). Aggregate borrowings under the New CTBC Credit Lines together is subject to a cap of \$105.0 million.

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Interest rates under each of the individual New CTBC Credit Lines are to be established according to individual credit arrangements, which interest rates shall be subject to adjustment depending on the satisfaction of certain conditions. Each of the NTD Short Term Loan/Guarantee Line and USD Short Term Loan Line are secured by certain of the Company's Taiwan subsidiary's assets, including certain property, land, and plant. The tenor for each of the individual New CTBC Credit Lines is one year. For the Long and Medium Loan Facility, the Taiwan subsidiary is subject to various financial covenants, including current ratio, debt service coverage ratio, and financial debt ratio requirements. In the event the Taiwan subsidiary does not satisfy such financial covenants, CTBC Bank is permitted to, among other things, reduce the permitted total borrowings to a cap of \$70.0 million from \$105.0 million. Additional covenants require, among other things, the Company to maintain ownership of all of the capital stock of its Taiwan subsidiary and prohibit secondary mortgages on certain assets securing various of the New CTBC Credit Lines. The New CTBC Credit Lines have customary default provisions permitting CTBC Bank to suspend the extension of credit, reduce the credit line, shorten the credit extension term, or declare all principal and interest amounts immediately due and payable upon the occurrence of an event of default.

The Company's Taiwan subsidiary intends to use borrowings under the New CTBC Credit Lines in connection with financing of eligible accounts receivable and accounts payable (vendor invoices) and to finance additional improvements to the Company's Bade Manufacturing Facility located in Taiwan.

As of December 31, 2023, the outstanding borrowings under the 2023 CTBC Bank Credit Lines were \$36.9 million. The interest rate for these loans were 1.96% - 6.52% per annum as of December 31, 2023.

HSBC Bank

2023 HSBC Bank Credit Lines

On December 7, 2023, the Company's Taiwan subsidiary entered into a new Facility Letter with the Taiwan affiliate of HSBC Bank. The New Facility Letter is substantially identical to the prior Facility Letter entered into with HSBC Bank on February 7, 2023. The New Facility Letter permits borrowings up to a combined aggregate limit of \$50 million which may be comprised of borrowings under a New Taiwan Dollar revolving facility with a sub-limit of NTD 300 million (the "NTD Revolver") and an export/seller facility with a sub-limit of \$50 million (the "Export/Seller Facility", and together with the NTD Revolver, the "HSBC Bank Credit Lines"). Interest under both the NTD Revolver and Export/Seller Facility is based on HSBC Bank's base rate plus a fixed margin, subject to adjustment under certain circumstances. Interest payments thereunder are due on a monthly basis, or such other interest period as agreed by HSBC Bank, and principal is repayable on the due date.

Amounts due under the New Facility Letter are currently not secured, but subject to HSBC Bank's right of set-off and right to repayment on demand and call for cash coverage.

As of December 31, 2023, the outstanding borrowings under HSBC Bank Credit Lines were \$29.7 million. The interest rates for these loans were 1.90% - 6.37% per annum as of December 31, 2023.

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

Fiscal Year Principal Payments			
Remainder of 2024	Remainder of 2024	\$	30,632
2025	2025		40,843
2026	2026		40,843
2027	2027		17,744
2028	2028		5,985
2029 and thereafter	2029 and thereafter		10,185
Total short-term and long-term debt	Total short-term and long-term debt	\$	146,232

The Company is in compliance with all the covenants for the outstanding debt.

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

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 and six months ended September 30, 2023 December 31, 2023 and 2022 were as follows (in thousands):

	Three Months Ended September 30,	
	2023	2022
Operating lease expense (including expense for lease agreements with related parties of \$139 and \$143 for the three months ended September 30, 2023 and 2022, respectively)	\$ 2,184	\$ 2,110
Cash payments for operating leases (including payments to related parties of \$128 and \$130 for the three months ended September 30, 2023 and 2022, respectively)	\$ 2,083	\$ 2,038
New operating lease assets obtained in exchange for operating lease liabilities	\$ 9,177	\$ 750

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Operating lease expense (including expense for lease agreements with related parties of \$139 and \$140 for the three months ended December 31, 2023 and 2022, respectively, and \$277 and \$284 for the six months ended December 31, 2023 and 2022, respectively)	\$ 2,354	\$ 2,115	\$ 4,539	\$ 4,225
Cash payments for operating leases (including payments to related parties of \$129 and \$127 for the three months ended December 31, 2023 and 2022, respectively, and \$257 and \$257 for the six months ended December 31, 2023 and 2022, respectively)	\$ 2,204	\$ 2,025	\$ 4,287	\$ 4,063
New operating lease assets obtained in exchange for operating lease liabilities	\$ 572	\$ 274	\$ 9,749	\$ 1,024

During the three and six months ended **September 30, 2023** December 31, 2023 and 2022, 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 and six months ended **September 30, 2023** December 31, 2023 were \$0.5 million and **2022** \$0.9 million, respectively. Non-lease variable payments expensed in the three and six months ended December 31, 2022 were immaterial.

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\$0.4 million and \$0.9 million, respectively.

As of **September 30, 2023** December 31, 2023, the weighted average remaining lease term for operating leases was **3.5** **3.1** years and the weighted average discount rate was **4.1%** **4.2%**. Maturities of operating lease liabilities under noncancelable operating lease arrangements as of **September 30, 2023** December 31, 2023 were as follows (in thousands):

Fiscal Year:	Fiscal Year:	Maturities of operating leases	Fiscal Year:	Maturities of operating leases
Remainder of 2024	Remainder of 2024	\$ 6,942		
2025	2025	9,248		
2026	2026	5,226		
2027	2027	3,737		
2028	2028	2,735		
2029 and beyond	2029 and beyond	364		
Total future lease payments	Total future lease payments	28,252		
Less: Imputed interest	Less: Imputed interest	(2,183)		

Present value of operating lease liabilities	Present value of operating lease liabilities	\$ 26,069
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The Company has entered into lease agreements with related parties. See Part I, Item 1, Note 8, "Related Party Transactions," for a further discussion.

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SUPER MICRO COMPUTER, INC.
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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 36.0% 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, 2023** **December 31, 2023**. 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. Neither Charles Liang nor Sara Liu own any capital stock of Compuware and the Company does not own any of Ablecom or Compuware's capital stock. **In addition, a sibling of Yih-Shyan (Wally) Liaw, who is our Senior Vice President, Business Development and a director, owns approximately 11.7% of Ablecom's capital stock and 8.7% of 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 **85.5%** **87.2%** and **88.4%** **95.5%** of the chassis included in the products sold by the Company during the three months ended **September 30, 2023** **December 31, 2023** and 2022, respectively, and **86.3%** and **91.8%** of the chassis included in the products sold by the Company during the six months ended **December 31, 2023** and 2022, 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.

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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 cancellable and non-cancellable purchase orders from the Company to Ablecom on **September 30, 2023** **December 31, 2023** were **\$49.5** **\$49.1** million and **\$27.7** **\$37.5** million, respectively, and outstanding cancellable and non-cancellable purchase orders from the Company to Ablecom on June 30, 2023 were \$37.4 million and \$23.7 million, 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.

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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 material 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.

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SUPER MICRO COMPUTER, INC.
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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 cancellable and non-cancellable purchase orders from the Company to Compuware on September 30, 2023 December 31, 2023 were \$138.2 \$121.6 million and \$38.8 \$49.9 million, respectively, and outstanding cancellable and non-cancellable purchase orders from the Company to Compuware on June 30, 2023 were \$156.2 million and \$46.8 million, 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. There was no balance in the deferred gain in the consolidated balance sheets as of September 30, 2023 December 31, 2023 and June 30, 2023.

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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 such 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, 2023** **December 31, 2023**. No impairment charge was recorded for the three and six months ended **September 30, 2023** **December 31, 2023** or 2022.

The Company sold products worth **\$0.8** **\$11.4** million and **\$11.3** **\$6.0** million to the Corporate Venture during the three months ended **September 30, 2023** **December 31, 2023** and 2022, respectively, and **\$12.2** million and **\$17.3** million to the Corporate Venture during the six months ended **December 31, 2023** and 2022, respectively. The Company's share of intra-entity profits on the products that remained unsold by the Corporate Venture as of **September 30, 2023** **December 31, 2023** and June 30, 2023 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. The Company had **\$0.2** **\$3.5** million and \$1.9 million due from the Corporate Venture in accounts receivable, net as of **September 30, 2023** **December 31, 2023** and June 30, 2023, respectively.

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The Company had the following balances related to transactions with its related parties as of **September 30, 2023** **December 31, 2023** and June 30, 2023 (in thousands):

		Ablecom								Corporate					
		Ablecom													
		Ablecom				Compuware		Venture		Total					
December 31, 2023		December 31, 2023		June 30, 2023		December 31, 2023		June 30, 2023		December 31, 2023		June 30, 2023			
		Ablecom		Compuware		Corporate Venture		Total							
		September 30, 2023	June 30, 2023	September 30, 2023	June 30, 2023	September 30, 2023	June 30, 2023	September 30, 2023	June 30, 2023						
Accounts receivable															
Accounts receivable															
Accounts receivable	Accounts receivable	\$ 4	\$ 2	\$ 1,092	\$ 3,528	\$ 239	\$1,943	\$ 1,335	\$ 5,473						
Other receivable	Other receivable														
(1)	(1)	\$ 2,283	\$ 2,841	\$ 22,622	\$ 24,891	\$ —	\$ —	\$ 24,905	\$ 27,732						
Accounts payable	Accounts payable	\$ 44,476	\$ 35,711	\$ 47,639	\$ 53,423	\$ —	\$ —	\$ 92,115	\$ 89,134						
Accrued liabilities	Accrued liabilities														
(2)	(2)	\$ 485	\$ 1,230	\$ 16,019	\$ 12,787	\$ —	\$ —	\$ 16,504	\$ 14,017						

Changes in accounts receivable	Changes in accounts receivable	\$	(2)	\$	—	\$	2,436	\$	(478)	\$	1,704	\$	(1,373)	\$	4,138	\$	(1,851)
Changes in other receivable	Changes in other receivable	\$	558	\$	1,276	\$	2,269	\$	(11,415)	\$	—	\$	—	\$	2,827	\$	(10,139)
Changes in accounts payable	Changes in accounts payable	\$	8,765	\$	664	\$	(5,784)	\$	6,010	\$	—	\$	—	\$	2,981	\$	6,674
Changes in accrued liabilities	Changes in accrued liabilities	\$	(745)	\$	(1,532)	\$	3,232	\$	11,117	\$	—	\$	—	\$	2,487	\$	9,585
Changes in other long-term liabilities	Changes in other long-term liabilities	\$	—	\$	—	\$	(80)	\$	(105)	\$	—	\$	—	\$	(80)	\$	(105)
Purchases of property, plant and equipment	Purchases of property, plant and equipment	\$	782	\$	583	\$	44	\$	146	\$	—	\$	—	\$	826	\$	729
Unpaid property, plant and equipment	Unpaid property, plant and equipment	\$	3,672	\$	3,782	\$	—	\$	—	\$	—	\$	—	\$	3,672	\$	3,782

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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 "Original 2020 Plan"). The maximum number of shares available under the Original 2020 Plan **is was** 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 Original 2020 Plan. No other awards can be granted under the 2016 Plan and 7,246,000 shares of common stock **remain remained** reserved for outstanding awards issued under the Original 2016 Plan at the time of adoption of the Original 2020 Plan. On May 18, 2022, the stockholders of the Company approved an amendment and restatement of the Original 2020 Plan **(as amended and restated, the "2020 Plan")** which, among other things, increased the number of shares available for award under the 2020 Plan by an additional 2,000,000 **shares**.

On January 22, 2024, the stockholders of the Company approved a further amendment and restatement of the Original 2020 Plan (as amended and restated from time to time, the "2020 Plan") which, among other things, further increased the number of shares available for award under the 2020 Plan by an additional 1,500,000 shares.

Under the 2020 Plan, the Company can grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, dividend equivalents, and certain other awards, including those denominated or payable in, or otherwise based on, the Company's common stock. The exercise price per share for incentive stock options granted to employees owning shares representing more than 10% of the Company's outstanding voting stock at the time of grant cannot be less than 110% of the fair value of the underlying shares on the grant date. Nonqualified stock options and incentive stock options granted to all other persons are granted at a price not less than 100% of the fair value. Options generally expire ten years after the date of grant. Stock options and RSUs generally vest over four years; 25% at the end of one year and one sixteenth per quarter thereafter.

As of **September 30, 2023** **December 31, 2023**, the Company had **1,324,299** **483,780** authorized shares available for future issuance under the 2020 Plan.

Offering of Common Stock

On December 5, 2023, the Company completed a public offering of 2,415,805 shares of the Company's common stock at \$262.00 per share, with 2,315,105 shares sold by the Company and 100,700 shares sold by selling stockholders.

The Company received net proceeds of approximately \$582.8 million, after deducting underwriting discounts and commissions and offering expenses payable by the Company. The Company did not receive any proceeds from the sale of the shares of common stock by the selling stockholders.

Common Stock Repurchase and Retirement

On August 3, 2022, after the expiration of a prior share repurchase program on July 31, 2022, a duly authorized subcommittee of the Company's Board approved a new share repurchase program to repurchase shares of the Company's common stock for up to \$200 million at prevailing prices in the open market. The share repurchase program is effective until January 31, 2024 or until the maximum amount of common stock is repurchased, whichever occurs first. Under the common stock repurchase program, shares may be purchased from time to time in open market transactions, block trades, through plans established under the Securities Exchange Act Rule 10b5-1, or otherwise. The number of shares purchased and the timing of such purchases are based on working capital requirements, market and general business conditions, and other factors, including alternative investment opportunities.

No shares were repurchased under the share repurchase program during the three and six months ended September 30, 2023 December 31, 2023. As of September 30, 2023 December 31, 2023, \$50.0 million was available for additional repurchases of common stock. The share repurchase program was effective until January 31, 2024, at which time the remaining unutilized portion of such program expired.

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

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 implied and 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

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 and six months ended September 30, 2023 December 31, 2023 and 2022 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,		
2023	2022	2023	2022	2023		2022

Risk-free interest rate	Risk-free interest rate	4.15% - 4.32%	2.81% - 4.06%	Risk-free interest rate	4.16% - 4.25%	4.15% - 4.78%	2.81% - 4.25%
Expected term	Expected term	3.00 years - 5.99 years	6.07 years	Expected term	5.99 years	3.00 years - 5.99 years	6.07 years
Dividend yield	Dividend yield	—%	—%	Dividend yield	—%	—%	—%
Volatility	Volatility	56.87% - 58.27%	50.62% - 51.30%	Volatility	51.64% - 58.89%	56.87% - 58.89%	50.62% - 51.68%
Weighted-average fair value	Weighted-average fair value	\$188.29	\$28.67	Weighted-average fair value	\$156.09	\$179.16	\$34.60

The following table shows total stock-based compensation expense included in the condensed consolidated statements of operations for the three and six months ended September 30, 2023, December 31, 2023 and 2022 (in thousands):

		Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
		2023	2022	2023	2022	2023	2022
Cost of sales	Cost of sales	\$ 5,904	\$ 884				
Research and development	Research and development	35,710	6,118				
Sales and marketing	Sales and marketing	5,665	809				
General and administrative	General and administrative	10,100	3,203				
Stock-based compensation expense before taxes	Stock-based compensation expense before taxes	57,379	11,014				
Income tax impact	Income tax impact	(16,049)	(1,339)				
Stock-based compensation expense, net	Stock-based compensation expense, net	\$41,330	\$9,675				

As of September 30, 2023, December 31, 2023, \$65.4 million of unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 2.65 years and \$203.1 million of unrecognized compensation cost related to unvested RSUs is expected to be recognized over a weighted-average period of 2.67 years. Additionally, as described below, \$0.5 there is no unrecognized compensation cost related to the 2021 CEO Performance Stock Option as of December 31, 2023. Additionally, \$27.4 million of unrecognized compensation cost related to the 2021 CEO Performance Stock Option is expected to be recognized over a period of 0.5 years.

Stock Option Activity

2021 CEO Performance Award

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 shares of common stock 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 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 trading day average stock price), has been achieved, and (ii) any one of 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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The achievement status of the operational and stock price milestones as of **September 30, 2023** **December 31, 2023** was as follows:

Annualized Revenue Milestone (in billions)	Annualized Revenue Milestone (in billions)	Achievement Status	Stock Price Milestone	Achievement Status
Annualized Revenue Milestone (in billions)				
Annualized Revenue Milestone (in billions)				
\$4.0				
\$4.0				
\$4.0	\$4.0	Achieved	\$45	Achieved ⁽¹⁾
\$4.8	\$4.8	Achieved	\$60	Achieved ⁽²⁾
\$4.8				
\$4.8				
\$5.8				
\$5.8				
\$5.8	\$5.8	Achieved	\$75	Achieved ⁽³⁾
\$6.8	\$6.8	Achieved	\$95	Achieved ⁽⁴⁾
\$6.8				
\$6.8				
\$8.0				
\$8.0				
\$8.0	\$8.0	Probable	\$120	Achieved ⁽⁵⁾

- (1) The vesting of the first tranche of 200,000 option shares under the 2021 CEO Performance Stock Option, representing one-fifth of such award, was certified by the Company's Compensation Committee in August 2022.
- (2) The vesting of the second tranche of 200,000 option shares under the 2021 CEO Performance Stock Option representing one-fifth of such award was certified by the Company's Compensation Committee in October 2022.
- (3) The vesting of the third tranche of 200,000 option shares under the 2021 CEO Performance Stock Option representing one-fifth of such award was certified by the Company's Compensation Committee in January 2023.
- (4) The vesting of the fourth tranche of 200,000 option shares under the 2021 CEO Performance Stock Option representing one-fifth of such award was certified by the **Company's** **Company's** Compensation Committee in September 2023.
- (5) Revenue reported for the four quarters ended December 31, 2023 was \$9.3 billion. Achievement of the \$8.0 billion revenue goal has not yet been certified by the Company's Compensation Committee.
- (6) On June 19, 2023, the Compensation Committee certified achievement of the \$120 stock price milestone based upon the 60 trading day average stock price from March 6, 2023 through May 30, 2023.

During the three and six months ended December 31, 2023, the Company recognized compensation expense related to the 2021 CEO Performance Stock Option of \$0.5 million and \$0.7 million, respectively. During the three and six months ended December 31, 2022, the Company recognized compensation expense related to the 2021 CEO Performance Stock Option of \$1.9 million and \$3.2 million, respectively. As of December 31, 2023 and June 30, 2023, the Company had \$0.0 million and \$0.7 million, respectively, in unrecognized compensation cost related to the 2021 CEO Performance Stock Option.

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

2023 CEO Performance Award

In November 2023, the Compensation Committee approved the grant of a stock option award for 500,000 shares of common stock to the Company's CEO (the "2023 CEO Performance Stock Option"). The 2023 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 and (2) service through each vesting date. Each of the five vesting tranches of the 2023 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 \$450.00 per share for the first tranche and increases up to \$1,100.00 per share thereafter (based on a 60 trading day average stock price), has been achieved, and (ii) any one of 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 \$450.00 per share, prior to November 14, 2026, the Company's CEO must hold shares that he acquires until November 14, 2026, 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.

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

The achievement status of the operational and stock price milestones as of December 31, 2023 was as follows:

Annualized Revenue Milestone (in billions)	Achievement Status	Stock Price Milestone	Achievement Status
\$13.0	Probable	\$450	Not met
\$15.0	Not Probable	\$600	Not met
\$17.0	Not Probable	\$750	Not met
\$19.0	Not Probable	\$900	Not met
\$21.0	Not Probable	\$1,100	Not met

During the three and six months ended December 31, 2023, the Company recognized compensation expense related to the 2023 CEO Performance Stock Option of \$2.5 million. As of December 31, 2023, the Company had \$27.4 million in unrecognized compensation cost related to the 2023 CEO Performance Stock Option. The unrecognized compensation cost as of December 31, 2023 is expected to be recognized over a period of 1.75 years.

On the respective grant date, dates of each of the 2021 CEO Performance Award and the 2023 CEO Performance Award, a Monte Carlo simulation was used to determine for each tranche of each award (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 respective 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 following table summarizes stock option activity during the three six months ended September 30, 2023 and 2022, the Company recognized compensation expense related to the 2021 CEO Performance Stock Option of \$0.2 million and \$1.3 million, respectively. As of September 30, 2023 and June 30, 2023, the Company had \$0.5 million and \$0.7 million, respectively, in unrecognized compensation cost related to the 2021 CEO Performance Stock Option. The unrecognized compensation cost as of September 30, 2023 is expected to be recognized over a period of 0.5 years. December 31, 2023 under all plans:

	Options Outstanding	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (in Years)
Balance as of June 30, 2023	3,302,533	\$ 40.47	
Granted	844,242	\$ 393.40	
Exercised	(341,409)	\$ 28.68	
Forfeited/Cancelled	(7,127)	\$ 60.76	
Balance as of December 31, 2023	3,798,239	\$ 119.94	7.00
Options vested and exercisable at December 31, 2023	2,044,524	\$ 36.57	5.36

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SUPER MICRO COMPUTER, INC.
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The following table summarizes stock option activity during the three months ended September 30, 2023 under all plans:

	Options Outstanding	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (in Years)
Balance as of June 30, 2023	3,302,533	\$ 40.47	
Granted	246,612	\$ 330.42	
Exercised	(188,957)	\$ 23.87	
Forfeited/Cancelled	(4,041)	\$ 50.83	
Balance as of September 30, 2023	3,356,147	\$ 62.71	6.66
Options vested and exercisable at September 30, 2023	2,092,330	\$ 34.42	5.47

RSU and PRSU Activity

The following table summarizes RSU and PRSU activity during the three six months ended September 30, 2023 December 31, 2023 under all plans:

	Time-Based RSUs Outstanding	Weighted Average Grant-Date Fair Value per Share
Balance as of June 30, 2023		
Balance as of June 30, 2023		
Balance as of June 30, 2023	2,042,986	\$ 55.94
Granted	464,468	\$ 334.93
Granted		
Granted		
Released		

Released				
Released	Released	(297,656)	\$	262.41
Forfeited	Forfeited	(31,724)	\$	91.38
Balance as of September 30, 2023		2,178,074	\$	104.49
Forfeited				
Forfeited				
Balance as of December 31, 2023				
Balance as of December 31, 2023				
Balance as of December 31, 2023				

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SUPER MICRO COMPUTER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Note 10. Income Taxes

The Company recorded a provision for income taxes of \$20.2 \$61.5 million and \$38.9 \$81.7 million for the three and six months ended September 30, 2023 December 31, 2023, respectively, and 2022, \$29.6 million and \$68.5 million for the three and six months ended December 31, 2022, respectively. The effective tax rate was 11.4% 17.3% and 17.4% 15.3% for the three and six months ended September 30, 2023 December 31, 2023, respectively, and 2022, 14.3% and 15.9% for the three and six months ended December 31, 2022, respectively. The effective tax rate for the three months ended September 30, 2023 December 31, 2023 is lower higher than that for the three months ended September 30, 2022 December 31, 2022, primarily due to a 2% increase caused by a reduction of foreign derived intangible income which is subject to lower income tax rate than a statutory tax rate of 21%. In addition, there was a 1% increase caused by more non tax deductible stock-based compensation for officers over one million dollars threshold. The effective tax rate for the six months ended December 31, 2023 is lower than that for the six months ended December 31, 2022, primarily due to an increase in the tax deduction for stock stock-based compensation in the three six months ended September 30, 2023 December 31, 2023.

The Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development ("R&D") expenses in the year incurred and instead requires taxpayers to capitalize R&D expenses, including software development cost, and subsequently amortize such expenses over five years for R&D activities conducted in the United States and over fifteen years for R&D activities conducted outside of the United States beginning in the Company's fiscal year 2023. Although Congress has considered legislation that would defer, modify, and repeal the capitalization and amortization requirement, there is no assurance the provision will be deferred, repealed, or otherwise modified.

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.

In general, the federal statute of limitations remains open for tax years ended June 30, 2020 through 2023. Various states' statutes of limitations remain open in general for tax years ended June 30, 2019 through 2023. Certain statutes of limitations in major foreign jurisdictions remain open for the tax years ended June 30, 2018 through 2023. It is reasonably possible that the Company's gross unrecognized tax benefits will decrease by approximately \$3.2 million, in the next 12 months, due to the lapse of the statute of limitations. These adjustments, if recognized, would positively impact the Company's effective tax rate, and would be recognized as additional tax benefits.

Note 11. Commitments and Contingencies

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, 2023 December 31, 2023 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, 2023 December 31, 2023, these remaining noncancelable commitments were \$1.4 billion \$1.9 billion, including \$66.4 million \$87.4 million for related parties.

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," "probable of achievement," 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, 2023 (the "2023 10-K"), which includes our condensed consolidated financial statements for the fiscal years ended June 30, 2023 and 2022.

Overview

We are a Silicon Valley-based provider of accelerated compute platforms that are comprised 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 ("AI"), 5G and edge computing. Our Total IT Solutions include complete servers, storage systems, modular blade servers, blades, workstations, full rack scale solutions, networking devices, server sub-systems, server management and security software. 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. In order to increase our sales and profits, we believe that we must continue to develop customized and application optimized server and storage solutions and be among the first to market with new features and products. We continue to expand our software, customer service and support offerings, as we increasingly focus on larger enterprise customers. 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, GPU 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, accelerators and storage technologies, and as a result, we monitor the product introduction cycles of Intel Corporation, NVIDIA 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.

Financial Highlights

The following is a summary of our financial highlights of the first second quarter of fiscal year 2024:

- Net sales increased by 14.4% 103.2% in the three months ended September 30, 2023 December 31, 2023 as compared to the three months ended September 30, 2022 December 31, 2022.
- Gross margin decreased to 16.7% 15.4% in the three months ended September 30, 2023 December 31, 2023 from 18.8% 18.7% in the three months ended September 30, 2022 December 31, 2022.
- Operating expenses increased by 42.2% 57.8% as compared to the three months ended September 30, 2022 December 31, 2022 and were equal to 8.5% 5.3% and 6.9% 6.7% of net sales in the three months ended September 30, 2023 December 31, 2023 and 2022, respectively.
- Effective tax rate decreased increased to 11.4% 17.3% in the three months ended September 30, 2023 December 31, 2023 from 17.4% 14.3% in the three months ended September 30, December 31, 2022.

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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 on an on-going basis based on a) historical experience and b) assumptions we believe to be reasonable under the circumstances and are not readily apparent from other sources, the results of which form the basis for making judgments about the carrying values of assets and liabilities. 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 2023 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,		Three Months Ended December 31,		Six Months Ended December 31,			
		2023	2022	2023	2022	2023	2022		
Net sales	Net sales	100.0 %	100.0 %	Net sales	100.0 %	100.0	%	100.0 %	100.0 %
Cost of sales	Cost of sales	83.3 %	81.2 %	Cost of sales	84.6 %	81.3	%	84.1 %	81.3 %
Gross profit	Gross profit	16.7 %	18.8 %	Gross profit	15.4 %	18.7	%	15.9 %	18.7 %
Operating expenses:	Operating expenses:								
Research and development	Research and development	5.2 %	4.0 %						
Research and development	Research and development					3.0 %		3.9 %	3.8 %
Sales and marketing	Sales and marketing	1.7 %	1.6 %	Sales and marketing	1.3 %	1.6	%	1.5 %	1.6 %
General and administrative	General and administrative	1.6 %	1.3 %	General and administrative	1.0 %	1.2	%	1.2 %	1.2 %
Total operating expenses	Total operating expenses	8.5 %	6.9 %	Total operating expenses	5.3 %	6.7	%	6.5 %	6.8 %
Income from operations	Income from operations	8.2 %	11.9 %	Income from operations	10.1 %	12.0	%	9.4 %	11.9 %
Other income, net	Other income, net	0.3 %	0.4 %						
Other (expense) income, net	Other (expense) income, net			Other (expense) income, net		(0.2)%		(0.4)%	0.0 %
Interest expense	Interest expense	(0.1)%	(0.2)%	Interest expense	(0.2)%	(0.1)	%	(0.2)%	(0.2)%
Income before income tax provision	Income before income tax provision	8.4 %	12.1 %	Income before income tax provision	9.7 %	11.5	%	9.2 %	11.8 %
Income tax provision	Income tax provision	(1.0)%	(2.1)%	Income tax provision	(1.7)%	(1.6)	%	(1.4)%	(1.9)%
Share of loss from equity investee, net of taxes	Share of loss from equity investee, net of taxes	— %	— %						
Share of income (loss) from equity investee, net of taxes	Share of income (loss) from equity investee, net of taxes			Share of income (loss) from equity investee, net of taxes		0.1 %		(0.1)%	0.0 %
Net income	Net income	7.4 %	10.0 %	Net income	8.1 %	9.8	%	7.8 %	9.8 %

Net Sales

Net sales consist of sales of our server and storage solutions, including systems and related services and subsystems and accessories. The prices for our server and storage systems range widely depending upon the configuration, as well as the level of integration of key components such as CPUs, GPUs, SSDs and memory. The prices for our

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 CPUs, GPUs, SSDs and memory.

		Three Months Ended																
		September 30,		Change														
		2023	2022	\$	%													
Three Months Ended December 31,										Three Months Ended December 31,								
		2023								2023		2022						
Server and storage systems	Server and storage systems	\$1,966.6	\$1,713.1	\$253.5	14.8 %	Server and storage systems	\$3,435.6	\$1,660.9	\$1,774.7	106.9	106.9 %	\$5,402.2	\$	\$3,374.7	\$	\$3,374.7	\$	
Percentage of total net sales	Percentage of total net sales	92.8 %	92.5 %															
Subsystems and accessories	Subsystems and accessories	\$ 153.1	\$ 139.0	\$ 14.1	10.1 %													
Subsystems and accessories																		
Subsystems and accessories										\$ 229.3	\$ 142.3	\$ 87.0						
Percentage of total net sales	Percentage of total net sales	7.2 %	7.5 %															
Total net sales	Total net sales	\$2,119.7	\$1,852.1	\$267.6	14.4 %													
Total net sales										\$3,664.9	\$1,803.2	\$1,861.7						

Comparison of Three Months Ended December 31, 2023 and 2022

The period-over-period increase in net sales for our subsystems and accessories is primarily due to increased demand of 10.1% accessories sold to data center customers as more accessories and spares were purchased in conjunction with the strong sales of full systems and servers.

Comparison of Six Months Ended December 31, 2023 and 2022

The period-over-period increase in net sales for our subsystems and accessories is primarily due to increased demand of accessories sold to data center customers as more accessories and spares were purchased in conjunction with the strong sales of full systems and servers.

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		Three Months Ended														
		September 30,		Change												
		2023	2022	\$	%											
Three Months Ended December 31,						Three Months Ended December 31,										
2023						2023										
United States	United States	\$1,619.5	\$1,295.5	\$324.0	25.0 %	United States	\$2,605.6	\$1,091.4	\$1,514.2	138.7	138.7	%				
Percentage of total net sales	Percentage of total net sales	76.4 %	69.9 %													
Asia	Asia	\$ 225.5	\$ 270.0	\$ (44.5)	(16.5)%											
Asia																
Asia													\$656.2	\$330.7		
Percentage of total net sales	Percentage of total net sales	10.6 %	14.6 %													
Europe																
Europe																
Europe	Europe	\$ 190.9	\$ 235.1	\$ (44.2)	(18.8)%	\$288.4	\$312.5	\$ (24.1)	(7.7)	(7.7)	%	\$479.				
Percentage of total net sales	Percentage of total net sales	9.0 %	12.7 %													
Others	Others	\$ 83.8	\$ 51.5	\$ 32.3	62.7 %											
Others																
Others													\$114.7	\$ 68.6		
Percentage of total net sales	Percentage of total net sales	4.0 %	2.8 %													
Total net sales	Total net sales	\$2,119.7	\$1,852.1													
Total net sales																
Total net sales																

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Comparison of Three Months Ended December 31, 2023 and 2022

The period-over-period increase in overall net sales is the result of higher ASP's, ASPs, especially to for large enterprise and data center customers. United States sales experienced significant growth due to increased demand from data center customers for GPU, HPC, and rack-scale solutions. The period-over-period decrease increase of net sales in Asia and other regions is mainly due to an increase in net sales in Taiwan, Singapore, Canada and South Africa. The period-over-period decrease in sales in Europe is mainly due to macro economic concerns decreases in net sales in Germany, United Kingdom, and slower adoption of new product introductions, which has persisted in the three months ended September 30, 2023. France.

One customer Two customers accounted for 25.0% 25.5% and 10.4% of the net sales for the three months ended September 30, 2023 December 31, 2023. One customer accounted for 21.9% of the net sales for the three months ended September 30, 2022. We had no customers with net sales over 10% for the year three months ended June 30, 2023 December 31, 2022, however, we expect to continue to have customers exceed exceeding 10% of net sales in future quarters.

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The period-over-period increase in overall net sales is the result of higher ASPs, especially for large enterprise and data center customers. United States sales experienced significant growth due to increased demand from data center customers for GPU, HPC, and rack-scale solutions. The period-over-period increase of net sales in Asia and other regions is mainly due to an increase in net sales in Taiwan, Canada and South Africa. The period-over-period decrease in sales in Europe is mainly due to decreases in net sales in Germany, United Kingdom, and France.

One customer accounted for 25.3% of the net sales for the six months ended December 31, 2023. The same customer accounted for 15.8% of net sales for the six months ended December 31, 2022. We expect to continue to have customers exceeding 10% of net sales in future quarters.

Cost of Sales and Gross Margin

Cost of sales primarily consists of the costs to manufacture our products, which includes: the costs of materials, contract manufacturing, shipping, personnel expenses (salaries, benefits, stock-based compensation and incentive bonuses), equipment and facility expenses, warranty costs and inventory reserve charges. The primary factors that impact our cost of sales are the mix of products sold, changes in the cost of components, changes in logistic costs, changes in salary and benefits and overhead costs related to production as well as economies of scale gained from higher production volume in our facilities. Cost of sales as a percentage of net sales may increase or decrease over time if the changes in our costs are not matched by corresponding changes in our ASP's. Our cost of sales as a percentage of net sales is also impacted by the timing and extent to which we add to, and are able to efficiently utilize, our manufacturing capacity. Because we generally do not have long-term fixed supply agreements, our cost of sales is subject to frequent change based on the availability of materials and other market conditions. Certain materials used in the manufacturing of our products are available from a limited number of suppliers and we expect that this trend will continue in the future.

We use several suppliers and contract manufacturers to design and manufacture subsystems in accordance with our specifications, with most final assembly and testing generally 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 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 certain components, particularly power supplies.

Cost of sales and gross margin for the three and six months ended September 30, 2023 December 31, 2023 and 2022 are as follows (dollars in millions):

Three Months Ended September 30,										Change															
2023		2022		\$		%																			
Three Months Ended December 31,										Three Months Ended December 31,										Change				Dr	
2023										2023		2022		\$		%		2023							
Cost of sales	Cost of sales	\$1,766.0	\$1,504.6	\$261.4	17.4	%	Cost of sales	\$3,100.6	\$1,465.8	\$1,634.8	111.5	111.5	%	\$4,866.6	\$2,970.4	\$1,896.2	63.8	63.8	63.8						
Gross profit	Gross profit	\$353.7	\$347.5	\$6.2	1.8	%	Gross profit	\$564.3	\$337.4	\$226.9	67.2	67.2	%	\$918.0	\$685.0	\$233.0	34.0	34.0	34.0						
Gross margin	Gross margin	16.7	18.8	(2.1)			Gross margin	15.4	18.7	(3.3)				15.9		18.7									

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Comparison of Three Months Ended December 31, 2023 and 2022

The period-over-period increase in cost of sales was primarily attributed to an increase in sales volume, which resulted in an increase of \$279.4 million \$1,639.1 million in costs of materials and contract manufacturing expenses, primarily related to the and a \$3.1 million increase in net sales volume, overhead costs, partially offset by a \$11.0 million decrease in freight costs due to an improved supply chain, a \$5.3 million \$7.4 million decrease in inventory reserve charges and a \$1.7 million decrease in overhead costs due to greater absorption of overhead in the ending inventory.

Certain materials used by us in the manufacturing of our 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. The increase in concentration of total purchases from one of our suppliers to 55.1% of total purchases for the three months ended September 30, 2023 is as a result of the increase in the number of purchases of GPUs from such supplier to build our solutions for our customers. We expect that this concentration in total purchases from this supplier will continue in the future. charges.

The period-over-period decrease in the gross margin percentage was primarily due to product and customer mix, partially offset by lower cost of goods sold from manufacturing efficiency and other factors.

Comparison of Six Months Ended December 31, 2023 and 2022

The period-over-period increase in cost of sales was primarily attributed to an increase in capitalization sales volume, which resulted in an increase of \$1,918.6 million in costs of materials and contract manufacturing expenses, and a \$0.9 million increase in overhead resulting from higher costs, partially offset by a \$12.7 million decrease in inventory level reserve charges and mix, lower a \$10.6 million decrease in freight costs related to freight due to an improved supply chain, chain.

The period-over-period decrease in the gross margin percentage was primarily due to product and inventory reserve charges, customer mix, partially offset by lower cost of goods sold from manufacturing efficiency and other factors.

Operating Expenses

Research and development expenses consist of personnel expenses including salaries, benefits, stock-based compensation and incentive bonuses 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 reimbursed costs 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 for our sales and marketing personnel, cost for trade shows, independent sales

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representative fees and marketing programs. From time to time, we receive marketing development 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 reimbursed costs 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 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.

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Operating expenses for the three and six months ended September 30, 2023, December 31, 2023 and 2022 are as follows (dollars in millions):

		Three Months Ended																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
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Percentage of total net sales	Percentage of total net sales	1.6 %	1.3 %		
Total operating expenses	Total operating expenses	\$181.1	\$127.4	\$53.7	42.2 %
Total operating expenses					
Total operating expenses				\$192.9	\$122.2
Percentage of total net sales	Percentage of total net sales	8.5 %	6.9 %		

Comparison of Three Months Ended December 31, 2023 and 2022

Research and development expenses. The period-over-period increase in research and development expenses was primarily driven by a \$39.1 million \$33.5 million increase in compensation expenses due to salary increases, higher headcount and the cost of equity awards as we expanded our workforce and invested in key talent, and a \$0.9 million \$1.0 million increase in product development costs to support the development of next generation products and technologies offset by and a \$3.2 million increase \$3.6 million decrease in research and development credits received from certain suppliers and customers. We believe that research and development expenses will continue to increase as we continue to expand our workforce and invest in key talent. talent to stay at the forefront of development of next generation products and technologies.

Sales and marketing expenses. The period-over-period increase in sales and marketing expenses was primarily driven by a \$9.1 million \$14.9 million increase in compensation expenses due to salary increases, higher headcount and the cost of equity awards, offset by a \$1.3 million \$5.5 million increase in advertising and other expenses and a \$1.9 million decrease primarily due to an increase in marketing development funds to drive new sales opportunities for our products and customer support. received. We believe that sales and marketing expenses will continue to increase as we continue to expand our workforce and invest in key talent.

General and administrative expenses. The period-over-period increase in general and administrative expenses was primarily due to a \$8.5 million \$7.8 million increase in compensation expenses associated with higher headcount and the cost of equity awards and a \$0.6 million \$6.3 million increase in professional and service fees. fees and other expenses. We believe that general and administrative expenses will continue to increase as we continue to expand our workforce and invest in key talent.

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Comparison of Six Months Ended December 31, 2023 and 2022

Research and development expenses. The period-over-period increase in research and development expenses was primarily driven by a \$72.4 million increase in compensation expenses due to salary increases, higher headcount and the cost of equity awards as we expanded our workforce and invested in key talent, a \$1.9 million increase in product development costs to support the development of next generation products and technologies and a \$0.5 million decrease in research and development credits received from certain suppliers and customers. We believe that research and development expenses will continue to increase as we continue to expand our workforce and invest in key talent to stay at the forefront of development of next generation products and technologies.

Sales and marketing expenses. The period-over-period increase in sales and marketing expenses was primarily driven by a \$24.0 million increase in compensation expenses due to salary increases, higher headcount and the cost of equity awards, a \$3.5 million increase in advertising and other expenses and a \$1.2 million decrease in marketing development funds received. We believe that sales and marketing expenses will continue to increase as we continue to expand our workforce and invest in key talent.

General and administrative expenses. The period-over-period increase in general and administrative expenses was primarily due to a \$16.4 million increase in compensation expenses associated with higher headcount and the cost of equity awards and a \$3.8 million increase in professional and service fees and other expenses. We believe that general and administrative expenses will continue to increase as we continue to expand our workforce and invest in key talent.

Interest Expense and Other Income, Expense, Net

Other (expense) income, 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.

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Interest expense and other income (expense), net for the three and six months ended September 30, 2023 December 31, 2023 and 2022 are as follows (dollars in millions):

	Three Months Ended				Change			
	September 30,							
	2023		2022		\$		%	
Other income, net	\$	6.6	\$	8.1	\$	(1.5)		(18.5)%
Interest expense		(1.9)		(3.9)		2.0		(51.3)%
Interest expense and other income, net	\$	4.7	\$	4.2	\$	0.5		11.9 %

	Three Months Ended				Six Months Ended			
	December 31,				December 31,			
	2023		2022		\$		%	
Other (expense) income, net	\$	(7.9)	\$	(6.3)	\$	(1.6)	25.4 %	
Interest expense		(8.1)		(1.8)		(6.3)	350.0 %	
Interest expense and other expense, net	\$	(16.0)	\$	(8.1)	\$	(7.9)	97.5 %	

Comparison of Three Months Ended December 31, 2023 and 2022

The change increase of \$0.5 million \$7.9 million in interest expense and other income, expense, net was primarily attributable to a \$1.5 million decrease in other income driven by \$2.7 million investment impairment and unrealized losses, offset by \$1.2 million interest income and favorable foreign exchange gain. The decrease an increase in interest expense of \$2.0 \$6.3 million was due to a decrease an increase in outstanding loan balances, balances and a \$1.6 million increase in other expense driven by increase in foreign exchange losses of \$3.0 million due to weakening of US dollars offset by a \$1.4 million increase in interest and other income.

Comparison of Six Months Ended December 31, 2023 and 2022

The increase of \$7.3 million in interest expense and other expense, net was primarily attributable to an increase in interest expense of \$4.3 million due to an increase in outstanding loan balances and a \$3.0 million increase in other expense driven by investment impairment and increase in foreign exchange losses of \$6.0 million due to weakening of US dollars offset by an increase of \$3.0 million in interest and other income.

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Income Tax Provision

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 and six months ended September 30, 2023 December 31, 2023 and 2022 are as follows (dollars in millions):

	Three Months Ended				Change			
	September 30,							
	2023		2022		\$		%	
Income tax provision	\$	20.2	\$	38.9	\$	(18.7)		(48.1)%

	Three Months Ended				Six Months Ended			
	December 31,				December 31,			
	2023		2022		\$		%	
Income tax provision	\$	61.5	\$	29.6	\$	31.9	107.8 %	

Percentage of total net sales	Percentage of total net sales	1.0 %	2.1 %
Effective tax rate	Effective tax rate	11.4 %	17.4 %
Effective tax rate			
Effective tax rate			

Comparison of Three Months Ended December 31, 2023 and 2022

Our quarterly effective income tax rate is based on the estimated annual income tax rate forecast and discrete tax items recognized in the period. The income tax provision and effective tax rate for the three months ended September 30, 2023, December 31, 2023 is lower higher than that for the three months ended September 30, 2022 December 31, 2022, primarily due to a 2% increase caused by a reduction of foreign derived intangible income which is subject to lower income tax rate than a statutory tax rate of 21%. In addition, there was a 1% increase caused by more non tax deductible stock-based compensation for officers over one million dollars threshold.

Comparison of Six Months Ended December 31, 2023 and 2022

Our quarterly effective income tax rate is based on the estimated annual income tax rate forecast and discrete tax items recognized in the period. The income tax provision for the six months ended December 31, 2023 is higher than that for the six months ended December 31, 2022, primarily due to a significant increase in tax-deductible stock compensation expense annual forecasted taxable income. The effective tax rate for the six months ended December 31, 2023 is lower than that for the six months ended December 31, 2022, primarily due to an increase in the three months ended September 30, 2023, tax deduction for stock compensation.

Share of Loss Income (Loss) from Equity Investee, Net of Taxes

Share of loss income (loss) from equity investee, net of taxes represents our share of loss income (loss) from the Corporate Venture in which we have 30% ownership.

Share of loss income (loss) from equity investee, net of taxes for the three and six months ended September 30, 2023 December 31, 2023 and 2022 are as follows (dollars in millions):

	Three Months Ended September 30,				Three Months Ended December 31,		Change		Six Months Ended December 31,		Change			
	2023		2022		2023	2022			2023	2022				
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Share of loss from equity investee, net of taxes	\$—		\$(0.9)	n/m										
				(1)										
Share of income (loss) from equity investee, net of taxes							\$2.0		\$(1.4)		\$3.4	n/m	\$2.0	\$(2.2)
										(1)			\$4.2	n/m
														(1)
Percentage of total net sales	Percentage of total net sales	— %	— %											

(1) n/m - Not meaningful

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Comparison of Three Months Ended December 31, 2023 and 2022

The period-over-period decrease increase of \$0.9 \$3.4 million in share of loss income from equity investee, net of taxes was primarily due to a smaller net loss income recognized by the Corporate Venture.

Comparison of Six Months Ended December 31, 2023 and 2022

The period-over-period increase of \$4.2 million in share of income from equity investee, net of taxes was primarily due to a 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, facilities and selling our common stock. Our recent drivers of liquidity changes have included an increase in the need for working capital due to higher levels of inventory required by growing revenues and to a lesser extent, longer supply chain lead times on certain key components. Our cash and cash equivalents were \$543.2 million \$725.7 million and \$440.5 million as of September 30, 2023 December 31, 2023 and June 30, 2023, respectively. Our cash and cash equivalents in foreign locations was were \$263.2 193.8 million and \$192.3 million as of September 30, 2023 December 31, 2023 and June 30, 2023, 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 12 months following the filing of this Quarterly Report on Form 10-Q. On September 28, 2023 December 7, 2023, our company through our Taiwan subsidiary entered into a new agreement pursuant Facility Letter with the Taiwan affiliate of HSBC Bank. The New Facility Letter permits borrowings up to a combined aggregate limit of \$50 million which our Taiwan subsidiary and CTBC Bank agreed to aggregate may be comprised of borrowings under all the a New CTBC Credit Lines Taiwan Dollar revolving facility with a sub-limit of up to \$105.0 million NTD 300 million and an export/seller facility with a sub-limit of \$50 million. We continue to evaluate financing options that may be required to support the growth of our business, if it occurs more rapidly than anticipated.

On August 3, 2022, after the expiration of a prior share repurchase program on July 31, 2022, a duly authorized subcommittee of our Board approved a new share repurchase program to repurchase shares of our common stock for up to \$200 million at prevailing prices in the open market. The share repurchase program is was effective until January 31, 2024 or until the maximum amount of common stock is repurchased, whichever occurs first. We repurchased 1,553,350 shares of common stock for \$150 million during the fiscal year ended June 30, 2023 under this program and have had \$50.0 million of remaining availability as of September 30, 2023 December 31, 2023 and at the time the program expired on January 31, 2024.

On December 5, 2023, the Company completed a public offering of 2,415,805 shares of the Company's common stock at \$262.00 per share, with 2,315,105 shares sold by the Company and 100,700 shares sold by selling stockholders.

We received net proceeds of approximately \$582.8 million, after deducting underwriting discounts and commissions and offering expenses payable by us. We did not receive any proceeds from the sale of the shares of common stock by the selling stockholders. We intend to utilize the proceeds to support our operations, including working capital needs, manufacturing capacity expansion and increased R&D investments.

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

	Three Months Ended		
	September 30,		
	2023	2022	Change
Net cash provided by operating activities	\$ 270.5	\$ 313.6	\$ (43.1)
Net cash used in investing activities	\$ (7.6)	\$ (10.7)	\$ 3.1
Net cash used in financing activities	\$ (159.9)	\$ (331.2)	\$ 171.3
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 102.7	\$ (29.8)	\$ 132.5

	Six Months Ended		
	December 31,		
	2023	2022	Change
Net cash (used in) provided by operating activities	\$ (324.6)	\$ 474.7	\$ (799.3)
Net cash used in investing activities	\$ (22.5)	\$ (20.6)	\$ (1.9)
Net cash provided by (used in) financing activities	\$ 632.2	\$ (415.8)	\$ 1,048.0
Net increase in cash, cash equivalents and restricted cash	\$ 285.2	\$ 36.5	\$ 248.7

Operating Activities

Net cash provided by operating activities decreased by \$43.1 million \$799.3 million for the three six months ended September 30, 2023 December 31, 2023 as compared to the three six months ended September 30, 2022 December 31, 2022. The decrease was primarily due to higher an increase in net cash used required for net working capital of \$945.1 million to purchase inventory manufacture products in order to meet customer demand and support expected business growth and a \$19.0 million decrease in non-cash items. These decreases are partially offset by \$416.8 million, a decrease increase in net income of \$27.4 million \$92.4 million and stock-based compensation expense of \$72.4 million. The key changes in net working capital of \$945.1 million includes an increase in inventory of \$1,145.2 million, and an increase in accounts receivable of \$422.7 million offset by an increase in accounts payable of \$207.4 million from the collection of accounts receivables, an increase of \$145.4 million from other working capital items, an increase of \$46.4 million in stock based compensation expense and an increase of \$1.9 million in various other non-cash items. \$570.5 million.

Investing Activities

Net cash used in investing activities decreased increased by \$3.1 million \$1.9 million for the three six months ended September 30, 2023 December 31, 2023 as compared to the three six months ended September 30, 2022 December 31, 2022 primarily due to an increase in investment of \$5.2 million made in the six months ended December 31, 2023 offset by a decrease of \$8.1 million \$3.3 million in purchases of property, plant and equipment offset by an investment of \$5.0 million made in the three months ended September 30, 2023. equipment.

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Financing Activities

Net cash used in provided by financing activities was \$171.3 million lower in increased by \$1,048.0 million for the three six months ended September 30, 2023 December 31, 2023 as compared to the three six months ended September 30, 2022 December 31, 2022 primarily due to a lower repayment proceeds from our offering of common stock, net of issuance costs of \$582.8 million and an increase of \$501.3 million in proceeds from borrowings, net of \$196.7 million, offset by a higher withholding tax payment for equity compensation related activities of \$25.4 million in the three months ended September 30, 2023. repayment.

Other Factors Affecting Liquidity and Capital Resources

Refer to Part I, Item 1, Note 6, "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 anticipate our capital expenditures for the remainder of fiscal year 2024 will be in range of \$102.0 million \$170.0 million to \$112.0 million \$180.0 million, relating primarily to costs associated with our manufacturing capabilities, including tooling for new products, new information technology investments, and facilities upgrades. upgrades and expansion. During the second quarter of fiscal year 2023, we entered into a letter of understanding to acquire land in Malaysia to expand our manufacturing operations. A definitive agreement to acquire such land, subject to various conditions, was subsequently executed in January 2023. We are obtaining obtained early access to such land prior to the acquisition, and we anticipate additional capital expenditures for the remainder of fiscal year 2024 of \$31.0 million \$28.0 million (included in the above range) for such initiative. initiative. In addition, in January 2024, we entered into a purchase and sale agreement (the "Purchase Agreement") to purchase real estate comprising approximately 19.72 acres of land and 293,906 square feet of buildings and improvements located in proximity to the Company's headquarters space in San Jose, California "as is" for an aggregate purchase price of \$80.0 million, subject to certain adjustments to be determined at closing. Under the Purchase Agreement, we made a deposit of \$10.0 million which is non-refundable except in limited circumstances. The transaction, currently expected to close in February 2024, is subject to customary closing conditions. We will also 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.

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We intend to continue to focus our capital expenditures in fiscal year 2024 to support the growth of our operations. 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 and investments in our office facilities and our IT system infrastructure.

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," to the 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, all of which are held for purposes other than trading. 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, 2023 December 31, 2023, 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 1.2% to 7.5% 6.8% at September 30, 2023 December 31, 2023 and 1.20% to 7.08% at June 30, 2023. Based on the outstanding principal indebtedness of \$146.2 million \$375.6 million under our credit facilities as of September 30, 2023 December 31, 2023, 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. Realized and unrealized foreign exchange gain loss for the three months ended September 30, 2023 December 31, 2023 was \$9.9 million and 2022 realized and unrealized loss for the six months ended December 31, 2023 was \$7.5 million \$2.4 million. Realized and \$7.8 million, respectively, unrealized foreign exchange loss for the three months ended December 31, 2022 was \$6.9 million and realized and unrealized gain for the six months ended December 31, 2022 was \$0.9 million.

Item 4. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

Under the supervision, and with the participation, of our 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, 2023 December 31, 2023. Based on this evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of September 30, 2023 December 31, 2023.

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, 2023 December 31, 2023, 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 caption "Legal proceedings and indemnifications" in Part I, Item 1, Note 11 "Commitments and Contingencies" of our notes to condensed consolidated financial statements included in this quarterly report.

Due to the inherent uncertainties of 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 2023 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 and six months ended September 30, 2023 December 31, 2023, we did not repurchase shares of our common stock.

On August 3, 2022, after the expiration of a prior share repurchase program on July 31, 2022, a duly authorized subcommittee of our Board approved a new share repurchase program to repurchase shares of our common stock for up to \$200 million at prevailing prices in the open market. The share repurchase program is was effective until January 31, 2024 or until the maximum amount of common stock is repurchased, whichever occurs first. We repurchased 1,553,350 shares of common stock for \$150 million during the fiscal year ended June 30, 2023 under this program and had \$50.0 million of remaining availability as of September 30, 2023 December 31, 2023 and at the time the program expired on January 31, 2024.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

Certain During the three months ended December 31, 2023, none of the Company's executive officers or directors have entered into trading plans pursuant to Rule 10b5-1(c) of the Securities Exchange Act of 1934, as amended. The following table summarizes the adoption of trading plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) during the three months ended September 30, 2023:

Name and Title	Adoption Date	End Date	Aggregate Number of Shares of the Company's Common Stock to be Sold
Daniel Fairfax, non-employee director	August 30, 2023	June 28, 2024	2,100

During the three months ended September 30, 2023, amended, no pre-existing trading plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) were terminated or modified by the Company's executive officers and directors, and no other written trading arrangements not intended to qualify for the Rule 10b5-1(c) affirmative defense were adopted, modified, or terminated by the Company's executive officers and directors.

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Item 6. Exhibits

(a) Exhibits.

Exhibit Number	Description
10.1	General Agreement for Omnibus Credit Lines Facility Letter dated as of September 28, 2023 December 7, 2023 between Super Micro Computer, Inc. Taiwan and CTBC HSBC Bank Co., Ltd. (Taiwan) Limited (Incorporated (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 2, 2023 December 11, 2023)
10.2 +	
10.2	Sixth Amendment to Loan and Security Agreement for Individually Negotiated Terms and Conditions with Bank of America, N.A. dated to be effective as of September 28, 2023 between November 28, 2023 by and among Super Micro Computer, Inc. Taiwan, the lenders party thereto, and CTBC Bank Co. of America, N.A., Ltd. as administrative agent for the lenders
10.3	Form of Notice of Grant of Performance Based Stock Option to Mr. Charles Liang (Incorporated (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 November 20, 2023)
10.4	Nongualified Stock Option Award Agreement associated with the Grant Notice (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 2, 2023 November 20, 2023)
10.3 10.5	Summary of Short-Term Credit Facilities Purchase and Sale Agreement, dated as of August 21, 2023 January 26, 2024, between Caracol Property Owner LLC and Super Micro Computer, Inc. (Incorporated (Incorporated by reference to Exhibit 10.3 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 2, 2023 February 1, 2024)
10.4	Form of Restricted Stock Units Notice of Grant and Agreement (Associated with the Director Compensation Plan adopted in August 2023) (Incorporated by reference to Exhibit 10.57 from the Company's Annual Report on 10-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on August 28, 2023)
10.5	Form of Notice of Grant of Stock Option and Nongualified Stock Option Award Agreement (Associated with the Director Compensation Plan adopted in August 2023) (Incorporated by reference to Exhibit 10.58 from the Company's Annual Report on 10-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on August 28, 2023)
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

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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 3, 2023 February 2, 2024

/s/ CHARLES LIANG


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

Date: November 3, 2023 February 2, 2024

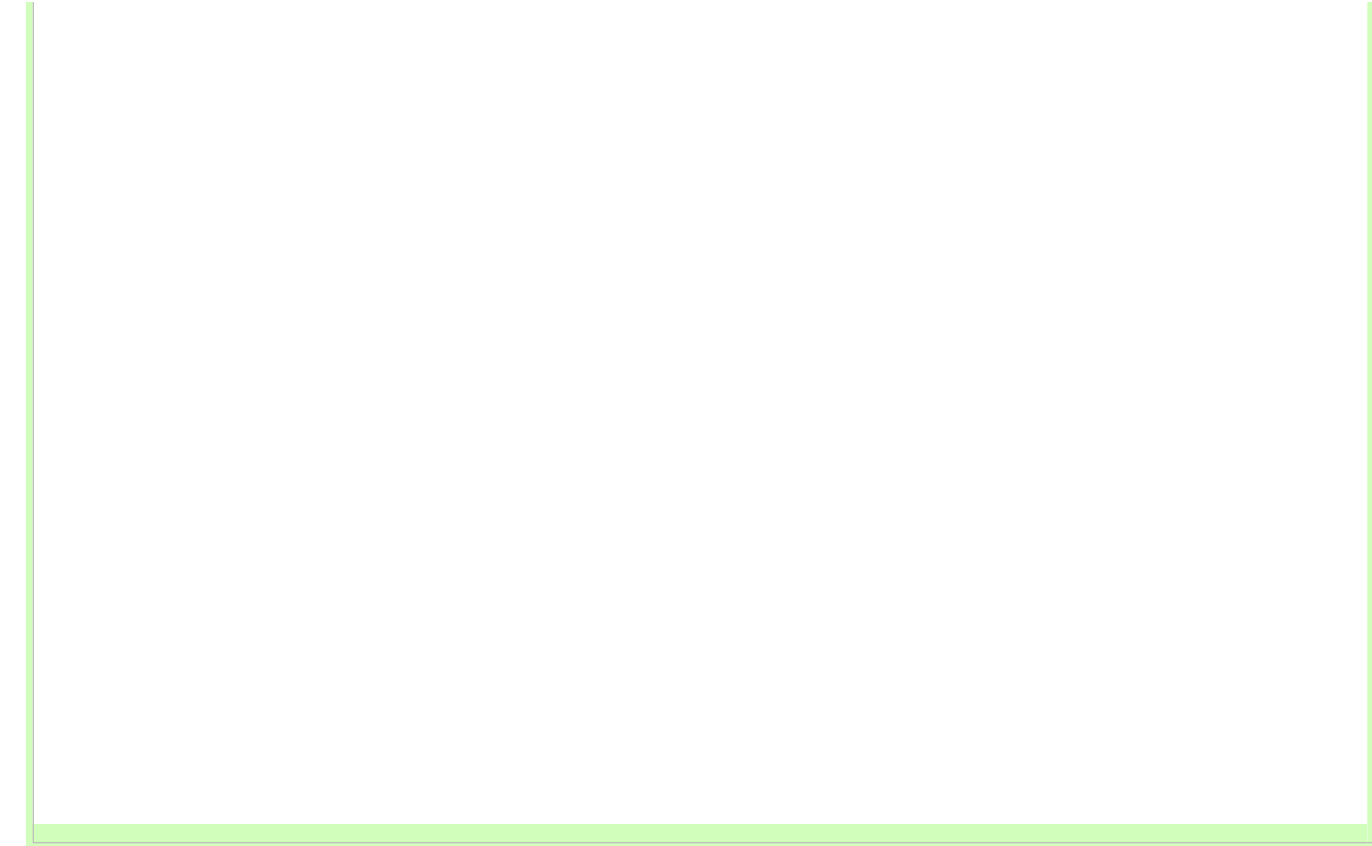
/s/ DAVID WEIGAND

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

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Execution Version 1 233447437 4 SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENT This SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENT, dated to be effective as of November 28, 2023 (this "Amendment") is made among SUPER MICRO COMPUTER, INC., a Delaware corporation ("SMC"), together with any other party hereto as a Borrower, individually, a "Borrower" and, collectively, the "Borrowers", the Lenders (as defined below) party to this Amendment, and BANK OF AMERICA, N.A., a national banking association ("Bank of America"), as administrative agent for the Lenders (in such capacity, "Agent"). Background A. WHEREAS, Borrowers, Agent and the financial institutions party thereto from time to time (the "Lenders") have entered into that certain Loan and Security Agreement, dated as of April 19, 2018, (as amended, restated, amended and restated, modified or supplemented from time to time, the "Loan Agreement"). All capitalized terms used and not otherwise defined in this Amendment are used as defined in the Loan Agreement, as amended hereby. B. WHEREAS, Agent and Lenders have agreed to amend certain terms of the Loan Agreement subject to the terms and conditions set forth herein. NOW THEREFORE, in consideration of the premises and the mutual agreements, representations and warranties herein set forth and for other good and valuable consideration, Borrowers, Agent and Lenders hereby agree as follows: Agreement 1. Amendments to the Loan Agreement. (a) Amendment to Section 1.1. (i) The definition of "Dominion Trigger Period" set forth in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows: Dominion Trigger Period: the period (a) commencing on any day that (i) an Event of Default occurs, or (ii) Global Availability is less than the greater of (x) \$35,000,000 and (y) 15% of the Global Borrowing Base; and (b) continuing until, during each of the preceding 60 consecutive days, no Event of Default has existed and Global Availability has been more than the greater of (x) \$35,000,000 and (y) 15% of the Global Borrowing Base; provided that during the Cash Dominion Waiver Period, solely with respect to Sections 5.7 and 8.2.4, no Dominion Trigger Period shall be deemed to have occurred. (ii) The following definitions are added to Section 1.1 of the Loan Agreement in alphabetical order to read as follows:



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2.233447437. 4 Cash Dominion Waiver Period: the period commencing on October 17, 2023 and ending on December 31, 2023. (b) Amendment to Section 8.1. Section 8.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows: 8.1 Borrowing Base Reports. (i) So long as no Dominion Trigger Period exists and no Revolver Loans were outstanding during such quarter, by the 20th day of each quarter, Borrowers shall deliver to Agent (and Agent shall promptly deliver to Lenders) a Borrowing Base Report as of the close of business of the previous month. (ii) so long as no Dominion Trigger Period exists but Revolver Loans are outstanding for more than 5 consecutive Business Days during the previous month, by the 20th day of each month, Borrowers shall deliver to Agent (and Agent shall promptly deliver to Lenders) a Borrowing Base Report as of the close of business of the previous month and (iii) during the existence of a Dominion Trigger Period, by the third Business Day of each week, Borrowers shall deliver to Agent (and Agent shall promptly deliver to Lenders) a Borrowing Base Report as of the close of business of the previous week; provided, that with respect to such weekly reporting in clause (iii) above, during the Cash Dominion Waiver Period or at any other times as approved by Agent, each Borrowing Base Report delivered under clause (iii) shall only be required to update Accounts and Inventory which are ineligible as of the last day of the previous month. All information (including calculation of Global Availability) in a Borrowing Base Report shall be certified by Borrowers. Agent may from time to time adjust such report (a) to reflect Agent's reasonable estimate of declines in Value of Collateral, due to collections received in the applicable Dominion Account or otherwise; (b) to adjust advance rates to reflect changes in dilution, quality, mix and other factors affecting Collateral; and (c) to the extent any information or calculation does not comply with this Agreement. 2. Representations and Warranties. In order to induce Agent and each Lender to enter into this Amendment, each Borrower represents and warrants to Agent and each Lender that the following statements are true, correct and complete on and as of the date hereof: (a) Representations and Warranties. The execution, delivery and performance of this Amendment has been duly authorized and this Amendment constitutes the legal, valid and binding obligation of each Borrower enforceable in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally. Each Borrower hereby represents and warrants to Agent and each Lender as of the date hereof no Default or Event of Default shall have occurred and be continuing. The information included in any Beneficial Ownership Certification is true and correct in all respects.



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3 233447437 4 (b) Incorporation of Representations and Warranties from Loan Agreement. After giving effect to this Amendment, the representations and warranties contained in Section 9 of the Loan Agreement are true, correct and complete in all material respects on and as of the date hereof to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true, correct and complete in all material respects on and as of such earlier date. 3. Effectiveness. This Amendment shall become effective, as of the date first set forth above upon receipt by the Agent of the executed counterparts of

this Amendment from the Borrowers and each of the Lenders. 4. Binding Effect; Ratification. (a) Upon the effectiveness of this Amendment and thereafter this Amendment shall be binding on the Agent, Borrowers and Lenders and their respective successors and assigns. (b) On and after the execution and delivery hereof, this Amendment shall be a part of the Loan Agreement and each reference in the Loan Agreement to "this Loan Agreement" or "hereof", "hereunder" or words of like import, and each reference in any other Loan Document to the Loan Agreement shall mean and be a reference to such Loan Agreement as amended hereby. (c) Except as expressly amended hereby, the Loan Agreement shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto. 5. Miscellaneous. (a) THIS AMENDMENT SHALL BE SUBJECT TO SECTIONS 14.15, 14.16 AND 14.17 OF THE LOAN AGREEMENT WHICH ARE INCORPORATED HEREIN BY REFERENCE. (b) Borrowers agree to pay on demand all reasonable and documented out of pocket costs and expenses incurred by Agent in connection with the preparation, negotiation and execution of this Amendment and the other Loan Documents executed pursuant hereto. (c) Headings used herein are for convenience of reference only and shall not affect the meaning of this Amendment. (d) This Amendment may be executed in any number of counterparts, and by the parties hereto on separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement. 6. Release. (a) In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Borrower, on behalf of itself and its successors, assigns and other legal representatives (each Borrower and all such other persons being hereinafter referred to collectively as "Releasors" and individually as a "Releasor"), hereby absolutely, unconditionally and



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4 233447437 4 irrevocably releases, remises and forever discharges Agent and each Lender, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent and each Lender and all such other persons being hereinafter referred to collectively as "Releasees" and individually as a "Releasee"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set off, demands and liabilities whatsoever (individually, a "Claim" and collectively, "Claims") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Releaseors may now or hereafter own, hold, have or claim to have against Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment, for or on account of, or in relation to, or in any way in connection with the Loan Agreement or any of the other Loan Documents or transactions thereunder or related thereto. (b) It is the intention of Borrowers that this Amendment and the release set forth above shall constitute a full and final accord and satisfaction of all Claims that they may have or hereafter be deemed to have against Releasees as set forth herein. In furtherance of this intention, each Borrower, on behalf of itself and each other Releasor, expressly waives any statutory or common law provision that would otherwise prevent the release set forth above from extending to Claims that are not currently known or suspected to exist in any Releasor's favor at the time of executing this Amendment and which, if known by Releaseors, might have materially affected the agreement as provided for hereunder. Each Borrower, on behalf of itself and each other Releasor, acknowledges that it is familiar with Section 1542 of California Civil Code: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." (c) Each Borrower, on behalf of itself and each other Releasor, waives and releases any rights or benefits that it may have under Section 1542 to the full extent that it may lawfully waive such rights and benefits, and each Borrower, on behalf of itself and each other Releasor, acknowledges that it understands the significance and consequences of the waiver of the provisions of Section 1542 and that it has been advised by its attorney as to the significance and consequences of this waiver. (d) Each Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release. (e) Each Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.



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IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written. BORROWER: SUPER MICRO COMPUTER, INC., a Delaware corporation By:  Name: Title: SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (SMC) SIGNATURE PAGE



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SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (SMCI) SIGNATURE PAGE ING CAPITAL LLC, as a Lender By: Name: Jean Grasso Title: Managing Director By: Name: Jeff Chu Title: Director

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 3, 2023** February 2, 2024

/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 3, 2023** February 2, 2024

/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, 2023** December 31, 2023, 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 3, 2023** February 2, 2024

/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, 2023** **December 31, 2023**, 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 3, 2023** **February 2, 2024**

/s/ DAVID WEIGAND

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

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