

REFINITIV

## DELTA REPORT

10-Q

SMCI - SUPER MICRO COMPUTER, INC

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1345

■ CHANGES	264
■ DELETIONS	639
■ ADDITIONS	442

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 **March 31, 2023** **September 30, 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

77-0353939

(State or other jurisdiction of incorporation or organization)

(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 x 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 April 30, 2023 October 31, 2023 there were 52,488,494 53,313,542 shares of the registrant's common stock, \$0.001 par value, outstanding, which is the only class of common stock of the registrant issued.

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**SUPER MICRO COMPUTER, INC.**  
**QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE THREE MONTHS ENDED MARCH 31, SEPTEMBER 30, 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.

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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)

ASSETS	ASSETS	March 31,		June 30,		September 30,		June 30,	
		2023		2022		2023		2023	
Current assets:	Current assets:								
Cash and cash equivalents	Cash and cash equivalents	\$ 362,801		\$ 267,397		\$ 543,156		\$ 440,459	
Accounts receivable, net of allowance for credit losses of \$168 and \$1,753 at March 31, 2023 and June 30, 2022, respectively (including accounts receivable from related parties of \$2,031 and \$8,398 at March 31, 2023 and June 30, 2022, respectively)		672,055		834,513		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
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)									
Inventories	Inventories	1,540,419		1,545,606		Inventories		2,052,805	1,445,564
Prepaid expenses and other current assets (including receivables from related parties of \$32,985 and \$24,412 at March 31, 2023 and June 30, 2022, respectively)		139,900		158,799		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
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)									
Total current assets	Total current assets	2,715,175		2,806,315		Total current assets		3,570,834	3,179,426
Property, plant and equipment, net	Property, plant and equipment, net	290,038		285,972		Property, plant and equipment, net		291,669	290,240
Deferred income taxes, net	Deferred income taxes, net	148,558		69,929		Deferred income taxes, net		185,675	162,654
Other assets	Other assets	38,833		42,861		Other assets		47,786	42,409
Total assets	Total assets	\$ 3,192,604		\$ 3,205,077		Total assets		\$ 4,095,964	\$ 3,674,729
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:	Current liabilities:					Current liabilities:			
Accounts payable (including amounts due to related parties of \$76,113 and \$87,355 at March 31, 2023 and June 30, 2022, respectively)		\$ 641,839		\$ 655,403					

Accrued liabilities (including amounts due to related parties of \$18,352 and \$18,676 at March 31, 2023 and June 30, 2022, respectively)	155,224	212,419	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
Accounts payable (including amounts due to related parties of \$92,115 and \$89,134 at September 30, 2023 and June 30, 2023, respectively)			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
Accrued liabilities (including amounts due to related parties of \$16,504 and \$14,017 at September 30, 2023 and June 30, 2023, respectively)			Income taxes payable	161,395	129,166
Income taxes payable	Income taxes payable	92,598	Short-term debt	449,146	40,843
Short-term debt	Short-term debt	53,972	Deferred revenue	111,313	170,123
Deferred revenue	Deferred revenue	148,747			134,667
Total current liabilities	Total current liabilities	1,092,380			1,374,652
Deferred revenue, non-current	Deferred revenue, non-current	161,176	Total current liabilities	1,604,821	
Long-term debt	Long-term debt	133,235	Deferred revenue, non-current	174,478	169,781
	Other long-term liabilities	37,240	Long-term debt	105,389	120,179
Other long-term liabilities	Other long-term liabilities	39,140	Other long-term liabilities	45,737	37,947
Total liabilities	Total liabilities	1,424,031	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:		Stockholders' equity:		
Common stock and additional paid-in capital, \$0.001 par value	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; Outstanding shares: 52,484 and 52,311 at March 31, 2023 and June 30, 2022, respectively			Authorized shares: 100,000; Outstanding shares: 52,484 and 52,311 at March 31, 2023 and June 30, 2022, respectively		
Issued shares: 52,484 and 52,311 at March 31, 2023 and June 30, 2022, respectively	528,279	481,741			
Authorized shares: 100,000; Issued and outstanding shares: 53,295 and 52,901 at September 30, 2023 and June 30, 2023, respectively			Authorized shares: 100,000; Issued and outstanding shares: 53,295 and 52,901 at September 30, 2023 and June 30, 2023, respectively		
Accumulated other comprehensive income	Accumulated other comprehensive income	683	Accumulated other comprehensive income	651	639
Retained earnings	Retained earnings	1,239,445	Retained earnings	1,590,009	1,433,014
Total Super Micro Computer, Inc. stockholders' equity	Total Super Micro Computer, Inc. stockholders' equity	1,768,407	Total Super Micro Computer, Inc. stockholders' equity	2,165,378	1,972,005
Noncontrolling interest	Noncontrolling interest	166	Noncontrolling interest	161	165
Total stockholders' equity	Total stockholders' equity	1,768,573	Total stockholders' equity	2,165,539	1,972,170
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 3,192,604	Total liabilities and stockholders' equity	\$ 4,095,964	\$ 3,674,729

**SUPER MICRO COMPUTER, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
 (in thousands, except per share amounts)  
 (unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,		Three Months Ended September 30,			
	2023	2022	2023	2022	2023	2022		
Net sales (including related party sales of \$9,188 and \$47,669 in the three months ended March 31, 2023 and 2022, respectively, and \$54,316 and \$120,206 in the nine months ended March 31, 2023 and 2022, respectively) \$	1,283,296	\$ 1,355,490	\$ 4,938,621	\$ 3,560,639				
Cost of sales (including related party purchases of \$87,732 and \$95,479 in the three months ended March 31, 2023 and 2022, respectively, and \$283,010 and \$279,893 in the nine months ended March 31, 2023 and 2022, respectively)	1,056,937	1,144,715	4,027,305	3,047,982				
Net sales (including related party sales of \$17,396 and \$25,055 in the three months ended September 30, 2023 and 2022, respectively)					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		
Cost of sales (including related party purchases of \$113,107 and \$96,536 in the three months ended September 30, 2023 and 2022, respectively)					Cost of sales (including related party purchases of \$113,107 and \$96,536 in the three months ended September 30, 2023 and 2022, respectively)	\$ 1,852,130		
Gross profit	Gross profit	226,359	210,775	911,316	512,657	Gross profit	353,691	347,535
Operating expenses:	Operating expenses:					Operating expenses:		
Research and development	Research and development	77,515	70,869	222,458	201,483	Research and development	111,027	74,243
Sales and marketing	Sales and marketing	25,312	22,356	83,120	65,940	Sales and marketing	37,230	29,363
General and administrative	General and administrative	24,450	27,773	71,351	75,280	General and administrative	32,924	23,806
Total operating expenses	Total operating expenses	127,277	120,998	376,929	342,703	Total operating expenses	181,181	127,412
Income from operations	Income from operations	99,082	89,777	534,387	169,954	Income from operations	172,510	220,123
Other (expense) income, net		(78)	4,663	1,641	4,106	Other income, net	6,613	8,054
Interest expense	Interest expense	(1,288)	(1,531)	(6,982)	(3,485)	Interest expense	(1,863)	(3,938)

Income before income tax provision	Income before income tax provision	97,716	92,909	529,046	170,575	Income before income tax provision	177,260	224,239
Income tax provision	Income tax provision	(10,857)	(16,192)	(79,364)	(27,116)	Income tax provision	(20,215)	(38,934)
Share of (loss) income from equity investee, net of taxes		(1,013)	255	(3,253)	882			
Share of loss from equity investee, net of taxes						Share of loss from equity investee, net of taxes	(50)	(889)
Net income	Net income	\$ 85,846	\$ 76,972	\$ 446,429	\$ 144,341	Net income	\$ 156,995	\$ 184,416
Net income per common share:	Net income per common share:					Net income per common share:		
Basic	Basic	\$ 1.61	\$ 1.49	\$ 8.42	\$ 2.82	Basic	\$ 2.96	\$ 3.51
Diluted	Diluted	\$ 1.53	\$ 1.43	\$ 8.00	\$ 2.70	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:					Weighted-average shares used in the calculation of net income per common share:		
Basic	Basic	53,280	51,708	53,011	51,269	Basic	53,093	52,598
Diluted	Diluted	56,233	53,786	55,796	53,401	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)

	Net income	Three Months Ended		Nine Months Ended		Net income	Three Months Ended		
		March 31,		March 31,			September 30,		
		2023	2022	2023	2022		2023	2022	
Net income	Net income	\$ 85,846	\$ 76,972	\$ 446,429	\$ 144,341	Net income	\$ 156,995	\$ 184,416	
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:					Other comprehensive income (loss), net of tax:			
Foreign currency translation gain (loss)	Foreign currency translation gain (loss)	71	5	(228)	101	Foreign currency translation gain (loss)	12	(397)	
Total other comprehensive income (loss), net of tax	Total other comprehensive income (loss), net of tax	71	5	(228)	101	Total other comprehensive income (loss), net of tax	12	(397)	
Total comprehensive income	Total comprehensive income	\$ 85,917	\$ 76,977	\$ 446,201	\$ 144,442	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)

Common Stock and Additional Paid-In Capital											Accumulated													
Three Months Ended March 31, 2023		Three Months Ended September 30, 2023		Three Months Ended September 30, 2022		Accumulated			Non-controlling Interest			Total Stockholders' Equity		Three Months Ended September 30, 2023		Common Stock and Additional Paid-In Capital		Accumulated						
						Other Income	Comprehensive Income	Retained Earnings	Non-controlling Interest	Total Equity	Stockholders' Equity									Other Income	Comprehensive Income	Retained Earnings		
						Shares	Amount	Other Income	Comprehensive Income	Retained Earnings	Non-controlling Interest	Total Equity	Stockholders' Equity							Shares	Amount	Other Income	Comprehensive Income	Retained Earnings
Balance at December 31, 2022		53,400,301		\$ 514,559								\$ 1,818,842												
Balance at June 30, 2023														Balance at June 30, 2023		52,901,358		\$ 538,352						
Exercise of stock options, net of taxes		Exercise of stock options, net of taxes		452,835	9,495	—	—	—	—	9,495				Exercise of stock options, net of taxes		188,957	4,288	—	—					
Release of common stock shares upon vesting of restricted stock units		Release of common stock shares upon vesting of restricted stock units		275,890	—	—	—	—	—	—				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		(91,935)	(8,938)	—	—	—	—	(8,938)				Shares withheld for the withholding tax on vesting of restricted stock units		(92,973)	(25,301)	—	—					
Share repurchases, retirement and related taxes				(1,553,350)	(489)	—	(149,907)	—	—	(150,396)														
Stock-based compensation		Stock-based compensation		—	13,652	—	—	—	—	13,652				Stock-based compensation		—	57,379	—	—					
Other comprehensive income		Other comprehensive income		—	—	71	—	—	—	71				Other comprehensive income		—	—	12	—					
Net income		Net income		—	—	—	85,846	1	85,847					Net income		—	—	—	156,995					
Balance at March 31, 2023		52,483,741		\$ 528,279		\$ 683	\$ 1,239,445	\$ 166	\$ 1,768,573					Balance at September 30, 2023		53,294,998		\$ 574,718						
Balance at September 30, 2023																								

Common Stock and Additional Paid-In Capital											Accumulated						Total Stockholders' Equity			
Three Months Ended March 31, 2022		Capital		Other			Retained Earnings			Non-controlling Interest										
		Shares	Amount	Comprehensive Income																
Balance at December 31, 2021		51,508,616	\$ 460,990	\$ 549	\$ 725,129	\$ 177	\$ 1,186,845													
Exercise of stock options, net of taxes		251,598	4,363	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,363	
Release of common stock shares upon vesting of restricted stock units		161,873	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

Shares withheld for the withholding tax on vesting of restricted stock units	(51,914)	(2,006)	—	—	—	(2,006)
Stock-based compensation	—	7,741	—	—	—	7,741
Other comprehensive income	—	—	5	—	—	5
Net income (loss)	—	—	—	76,972	(1)	76,971
<b>Balance at March 31, 2022</b>	<b>51,870,173</b>	<b>\$ 471,088</b>	<b>\$ 554</b>	<b>\$ 802,101</b>	<b>\$ 176</b>	<b>\$ 1,273,919</b>

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<b>Nine Months Ended March 31, 2023</b>		<b>Common Stock and Additional Paid-In Capital</b>						<b>Accumulated Other Comprehensive Income (Loss)</b>							
		<b>Three Months Ended September 30, 2022</b>			<b>Capital</b>			<b>Accumulated Other Comprehensive Income (Loss)</b>			<b>Three Months Ended September 30, 2022</b>			<b>Common Stock and Additional Paid-In Capital</b>	
		<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Other Comprehensive Income (Loss)</b>	<b>Retained Earnings</b>	<b>Non-controlling Interest</b>	<b>Total Stockholders' Equity</b>	<b>Shares</b>	<b>Amount</b>	<b>Other Comprehensive Income (Loss)</b>	<b>Retained Earnings</b>	<b>Non-controlling Interest</b>	<b>Total Stockholders' Equity</b>
<b>Balance at June 30, 2022</b>	<b>Balance at June 30, 2022</b>	52,311,014	\$ 481,741	52,311,014	\$ 481,741					\$ 1,425,747	30,2022	52,311,014	\$ 481,741		
Exercise of stock options, net of taxes	Exercise of stock options, net of taxes	1,205,727	24,822	—	—	—	—	—	24,822	Exercise of stock options, net of taxes	405,226	8,144	—		
Release of common stock shares upon vesting of restricted stock units	Release of common stock shares upon vesting of restricted stock units	759,893	—	—	—	—	—	—	—	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	(239,543)	(19,442)	—	—	—	—	—	(19,442)	Shares withheld for the withholding tax on vesting of restricted stock units	(58,303)	(3,716)	—		
Share repurchases, retirement and related taxes		(1,553,350)	(489)	—	(149,907)	—	(150,396)								
Stock-based compensation	Stock-based compensation	—	41,647	—	—	—	41,647	Stock-based compensation	—	11,014	—				
Other comprehensive loss	Other comprehensive loss	—	—	(228)	—	—	(228)	Other comprehensive loss	—	—	—	(397)			
Net income (loss)	Net income (loss)	—	—	—	446,429	(6)	446,423	Net income (loss)	—	—	—	—			
<b>Balance at March 31, 2023</b>	<b>Balance at September 30, 2022</b>	<b>52,483,741</b>	<b>\$ 528,279</b>	<b>683</b>	<b>\$ 1,239,445</b>	<b>166</b>	<b>\$ 1,768,573</b>	<b>Balance at September 30, 2022</b>	<b>52,851,469</b>						
<b>Nine Months Ended March 31, 2022</b>		<b>Common Stock and Additional Paid-In Capital</b>				<b>Accumulated Other Comprehensive Income</b>			<b>Retained Earnings</b>	<b>Non-controlling Interest</b>	<b>Total Stockholders' Equity</b>				

	Shares	Amount							
<b>Balance at June 30, 2021</b>	50,582,078	\$ 438,012		453	\$ 657,760		173	\$	1,096,398
Exercise of stock options, net of taxes	921,001	15,951		—	—		—		15,951
Release of common stock shares upon vesting of restricted stock units	535,469	—		—	—		—		—
Shares withheld for the withholding tax on vesting of restricted stock units	(168,375)	(6,807)		—	—		—		(6,807)
Stock-based compensation	—	23,932		—	—		—		23,932
Other comprehensive income	—	—		101	—		—		101
Net income	—	—		—	144,341		3		144,344
<b>Balance at March 31, 2022</b>	<b>51,870,173</b>	<b>\$ 471,088</b>		<b>554</b>	<b>\$ 802,101</b>		<b>176</b>	<b>\$</b>	<b>1,273,919</b>

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)

OPERATING ACTIVITIES:	OPERATING ACTIVITIES:	Nine Months Ended		Three Months Ended	
		March 31,		September 30,	
		2023	2022	2023	2022
Net income	Net income	\$446,429	\$144,341	Net income	\$156,995
Reconciliation of net income to net cash provided by (used in) operating activities:					
Reconciliation of net income to net cash provided by operating activities:					
Depreciation and amortization	Depreciation and amortization	25,932	24,049	Depreciation and amortization	9,155
Stock-based compensation expense	Stock-based compensation expense	41,647	23,932	Stock-based compensation expense	57,379
Recovery for credit losses		(11)	(815)		8,547
Provision for excess and obsolete inventories		31,441	13,875		11,014
Share of loss (income) from equity investee		3,253	(882)		
Foreign currency exchange (gain)		(2,497)	(8,157)		
Share of loss from equity investee				Share of loss from equity investee	50
Foreign currency exchange gain				Foreign currency exchange gain	(9,203)

Deferred income taxes, net	Deferred income taxes, net	(78,629)	(3,230)	Deferred income taxes, net	(23,021)	(19,226)
Other	Other	(649)	1,007	Other	2,657	(306)
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:		
Accounts receivable, net (including changes in related party balances of \$6,367 and \$(25,405) during the nine months ended March 31, 2023 and 2022, respectively)		165,894	(216,464)	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
Inventories	Inventories	(26,254)	(561,453)	Inventories	(607,241)	(190,449)
Prepaid expenses and other assets (including changes in related party balances of \$(8,573) and \$(5,726) during the nine months ended March 31, 2023 and 2022, respectively)		15,088	(32,750)	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)		(9,120) 173,031
Accounts payable (including changes in related party balances of \$(11,242) and \$17,170 during the nine months ended March 31, 2023 and 2022, respectively)				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)	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
Income taxes payable	Income taxes payable	50,855	4,672
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)	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
Deferred revenue	Deferred revenue	76,062	27,434
Accrued liabilities (including changes in related party balances of \$(324) and \$(3,213) during the nine months ended March 31, 2023 and 2022, respectively)	(62,639)	4,644	
Other long-term liabilities (including changes in related party balances of \$(241) and \$596 during the nine months ended March 31, 2023 and 2022, respectively)	(3,883)	(8,892)	
Net cash provided by (used in) operating activities		672,919	(415,658)

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)		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		Net cash provided by operating activities	270,465	313,587
INVESTING ACTIVITIES:	INVESTING ACTIVITIES:	INVESTING ACTIVITIES:		
Purchases of property, plant and equipment (including payments to related parties of \$6,325 and \$2,505 during the nine months ended March 31, 2023 and 2022, respectively)		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)	(28,618)	(34,157)
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)		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)
Investment in a privately-held company	—	Investment in a privately-held company	(1,100)	
Net cash (used in) investing activities	(28,618)	Net cash (used in) investing activities	(35,257)	
Investment in marketable securities		Investment in marketable securities	(5,000)	—
Net cash used in investing activities		Net cash used in investing activities	(7,631)	(10,746)
FINANCING ACTIVITIES:	FINANCING ACTIVITIES:	FINANCING ACTIVITIES:		
Proceeds from borrowings	Proceeds from borrowings	Proceeds from borrowings	164,326	938,075
Repayment of debt	Repayment of debt	Repayment of debt	(570,446)	(480,795)
Proceeds from exercise of stock options, net of taxes	Proceeds from exercise of stock options, net of taxes	Proceeds from exercise of stock options, net of taxes	24,822	15,951
Payment of withholding tax on vesting of restricted stock units	Payment of withholding tax on vesting of restricted stock units	Payment of withholding tax on vesting of restricted stock units	(19,442)	(6,807)
Stock repurchases		Stock repurchases	(146,526)	—
Other	Other	Other	(25)	(59)
			10	(15)

Net cash (used in) provided by financing activities	(547,291)	466,365
Net cash used in financing activities		Net cash used in financing activities
Effect of exchange rate fluctuations on cash	Effect of exchange rate fluctuations on cash	Effect of exchange rate fluctuations on cash
Net increase in cash, cash equivalents and restricted cash	94,741	15,146
Net increase (decrease) in cash, cash equivalents and restricted cash		Net increase (decrease) 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	Cash, cash equivalents and restricted cash at the beginning of the period
Cash, cash equivalents and restricted cash at the end of the period	Cash, cash equivalents and restricted cash at the end of the period	Cash, cash equivalents and restricted cash at the end of the period
<i>Supplemental disclosure of cash flow information:</i>	<i>Supplemental disclosure of cash flow information:</i>	<i>Supplemental disclosure of cash flow information:</i>
Cash paid for interest		Cash paid for interest
Cash paid for taxes, net of refunds		Cash paid for taxes, net of refunds

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Cash paid for interest	\$ 7,223	\$ 2,990
Cash paid for taxes, net of refunds	\$ 107,054	\$ 11,623
<i>Non-cash investing and financing activities:</i>		
Unpaid property, plant and equipment purchases (including due to related parties of \$1,391 and \$729 as of March 31, 2023 and 2022, respectively)	\$ 2,885	\$ 7,464
Right of use ("ROU") assets obtained in exchange for operating lease commitments	\$ 1,679	\$ 11,108
Unpaid stock repurchases	\$ 3,472	\$ —

<i>Non-cash investing and financing activities:</i>		
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
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 29, 2022** **August 28, 2023**, for the year ended **June 30, 2022** **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 nine months ended **March 31, 2023** **September 30, 2023** are not necessarily indicative of the results that may be expected for future quarters or for the fiscal year ending **June 30, 2023** **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 **16.9%** **55.1%** and **26.9%** **10.3%** of total purchases for the three months ended **March 31, 2023** **September 30, 2023**, and the same two suppliers accounted for **13.0%** **25.7%** and **19.4%** **16.1%** of total purchases for the three months ended **March 31, 2022** **September 30, 2022**. The increase in concentration of total purchases to one of the Company's suppliers accounted for **15.8%** and **23.6%** to **55.1%** of total purchases for the **nine** **three** months ended **March 31, 2023**, and **September 30, 2023** is as a result of the same two suppliers accounted for **18.0%** and **11.4%** purchase of **total purchases** **GPUs** to build its solutions for the **nine** **months** ended **March 31, 2022**, **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 **8.3%** and **8.2%** **6.4%** of total cost of sales for both the three months ended **March 31, 2023** **September 30, 2023** and **2022**, respectively, and a combined **7.0%** and **9.0%** of total cost of sales for the **nine** **months** ended **March 31, 2023** and **2022**, respectively, **2022**.

***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 **investment in an auction rate security** and accounts receivable.

Three customers accounted for **15.7%**, **14.5%** and **10.3%** of accounts receivable, net as of **September 30, 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 **10.7%** **25.0%** of the net sales for the three months ended **March 31, 2023**, and one customer accounted for **11.8%** of the net sales for the **nine** **months** ended **March 31, 2023** **September 30, 2023**. One customer accounted for **10.2%** **21.9%** of the net sales for the three months ended **March 31, 2022** and no single customer accounted for **10%** or more of the net sales for the **nine** **months** ended **March 31, 2022**. One customer accounted for **21.0%** of the Company's accounts receivable, net as of **March 31, 2023**. One customer accounted for **21.7%** of the Company's accounts receivable, net as of **June 30, 2022** **September 30, 2022**.

***Treasury Stock***

The Company accounts for treasury stock under the cost method. Upon the retirement of treasury shares, the Company deducts the par value of the retired treasury shares from common stock and allocates the excess of cost over par as a deduction to additional paid-in capital based on the pro-rata portion of additional paid-in-capital, and the remaining excess as a deduction to retained earnings. Retired treasury shares revert to the status of authorized but unissued shares.

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

***Accounting Pronouncements Recently Adopted***

There were no new pronouncements recently adopted.

***Accounting Pronouncements Not Yet Adopted***

In March 2020, the FASB issued authoritative guidance, Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The new guidance provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. The guidance also establishes (1) a general contract modification principle that entities can apply in other areas that may be affected by reference rate reform and (2) certain elective hedge accounting expedients. The amendments in this update do not apply to contract modifications made after December 31, 2022, new hedging relationships entered into after December 31, 2022, and existing hedging relationships evaluated for effectiveness in periods after December 31, 2022, except for hedging relationships existing as of December 31, 2022 that apply certain optional expedients in which the accounting effects are recorded through the end of the hedging relationship. The amendment was effective for all entities through December 31, 2022. In January 2021, the FASB issued further guidance on this topic, which clarified the scope and application of the original guidance. In December 2022, FASB issued an Accounting Standards Update (ASU) for the deferral of the sunset date of Topic 848 and amendments to the definition of secured overnight financing rate ("SOFR"). The ASU defers the sunset date of Topic 848 to December 31, 2024. The Company has loans and lines of credit with various financial institutions. Benchmark interest rates are used to calculate the interest on borrowings under the Chang Hwa Bank, CTBC, HSBC, ESUN and Mega Bank Credit Facilities. LIBOR was used to calculate the interest on borrowings under the Company's 2018 Bank of America Credit Facility. The 2018 Bank of America Credit Facility was amended on June 28, 2021 to provide for a new maturity date of June 28, 2026 and fallback terms related to LIBOR replacement mechanics. On March 3, 2022, the 2018 Bank of America Credit Facility was amended to, among other items, increase the size of the facility from \$200.0 million to \$350.0 million and update provisions relating to payments and LIBOR replacement mechanics to SOFR. As these amendments had other contemporaneous changes to the facility, including the amount of borrowings permitted under the facility and not just directly related to LIBOR replacement, optional expedients under this guidance cannot be elected. The Company is currently evaluating the overall impact of the adoption of this guidance and does not expect it to have a material impact on its consolidated financial statements and disclosures.

**Note 2. Revenue**

**Disaggregation of Revenue**

The Company disaggregates revenue by type of product and by the geographical market in order to depict the nature, amount, and timing of revenue and cash flows. 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				Nine Months Ended				Three Months Ended					
		March 31,		March 31,		September 30,		September 30,		September 30,		September 30,			
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
Server and storage systems	Server and storage systems	\$ 1,163,723	\$ 1,145,869	\$ 4,537,710	\$ 2,981,777	Server and storage systems	\$ 1,966,608	\$ 1,713,056	Subsystems and accessories	Subsystems and accessories	\$ 153,064	\$ 139,074	Total	\$ 2,119,672	\$ 1,852,130
Subsystems and accessories	Subsystems and accessories	119,573	209,621	400,911	578,862	Total									
Total	Total	\$ 1,283,296	\$ 1,355,490	\$ 4,938,621	\$ 3,560,639										

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

		Three Months Ended				Nine Months Ended				Three Months Ended				
		March 31,		March 31,		September 30,		September 30,		September 30,		September 30,		
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
United States	United States	\$ 785,548	\$ 762,418	\$ 3,172,444	\$ 1,961,573	United States	\$ 1,619,514	\$ 1,295,504	United States	\$ 1,619,514	\$ 1,295,504	United States	\$ 1,619,514	\$ 1,295,504
Asia	Asia	214,363	309,972	815,098	857,165	Asia	225,468	270,024	Asia	225,468	270,024	Asia	225,468	270,024
Europe	Europe	228,531	205,444	776,138	600,589	Europe	190,848	235,074	Europe	190,848	235,074	Europe	190,848	235,074
Other	Other	54,854	77,656	174,941	141,312	Other	83,842	51,528	Other	83,842	51,528	Other	83,842	51,528
Total	Total	\$ 1,283,296	\$ 1,355,490	\$ 4,938,621	\$ 3,560,639	Total	\$ 2,119,672	\$ 1,852,130	Total	\$ 2,119,672	\$ 1,852,130	Total	\$ 2,119,672	\$ 1,852,130

#### 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 nine months ended **March 31, 2023** **September 30, 2023**, which was included in the opening deferred revenue balance as of **June 30, 2022** **June 30, 2023**, of **\$233.8 million** **\$304.4 million**, was **\$25.2 million** and **\$86.2 million**, respectively, **\$43.7 million**.

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**SUPER MICRO COMPUTER, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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Deferred revenue increased **\$76.1 million** **\$36.1 million** as of **March 31, 2023** **September 30, 2023** as compared to the fiscal year ended **June 30, 2022** **June 30, 2023**. This increase was mainly due to the deferral on invoiced amounts for service contracts during the period exceeding the recognized revenue from contracts entered into in prior periods. This was accompanied by a **\$2.4 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 **March 31, 2023** **September 30, 2023** was approximately **\$309.3 million** **\$340.5 million**. The Company expects to recognize approximately **48%** **49%** 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.

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

**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 nine months ended **March 31, 2023** **September 30, 2023** and 2022 (in thousands, except per share amounts):

Numerator:	Numerator:	Three Months Ended		Nine Months Ended		Three Months Ended	
		March 31,		March 31,		September 30,	
		2023	2022	2023	2022	2023	2022
Net income	Net income	\$ 85,846	\$ 76,972	\$ 446,429	\$ 144,341	Net income	\$ 156,995
Denominator:	Denominator:					Denominator:	\$ 184,416
Weighted-average shares outstanding	Weighted-average shares outstanding	53,280	51,708	53,011	51,269	Weighted-average shares outstanding	53,093
Effect of dilutive securities	Effect of dilutive securities	2,953	2,078	2,785	2,132	Effect of dilutive securities	2,419
Weighted-average diluted shares	Weighted-average diluted shares	56,233	53,786	55,796	53,401	Weighted-average diluted shares	55,017
Basic net income per common share	Basic net income per common share	\$ 1.61	\$ 1.49	\$ 8.42	\$ 2.82	Basic net income per common share	\$ 2.96
Diluted net income per common share	Diluted net income per common share	\$ 1.53	\$ 1.43	\$ 8.00	\$ 2.70	Diluted net income per common share	\$ 3.35

For the three and nine months ended **March 31, 2023** **September 30, 2023** and 2022, the Company had stock options, restricted stock units ("RSUs") and performance based restricted stock units ("PRRSUs") 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 **187,358** **337,730** and **452,611** **307,395** for the three months ended **March 31, 2023** and 2022, respectively, and 235,494 and 452,182 for the nine months ended **March 31, 2023** **September 30, 2023** and 2022, respectively.

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

#### Note 4. Balance Sheet Components

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

##### Inventories:

	March 31, 2023	June 30, 2022
Finished goods	\$ 1,075,482	\$ 1,025,555
Work in process	159,994	209,576
Purchased parts and raw materials	304,943	310,475
Total inventories	\$ 1,540,419	\$ 1,545,606

During the three and nine months ended March 31, 2023, the Company recorded a net provision for excess and obsolete inventory to cost of sales totaling \$6.0 million and \$31.4 million, respectively, and \$10.2 million and \$13.9 million, for the three and nine months ended March 31, 2022, respectively. The Company classifies subsystems and accessories that may be sold separately or incorporated into systems as finished goods.

##### Prepaid Expenses and Other Current Assets:

	March 31, 2023	June 30, 2022
Other receivables <sup>(1)</sup>	\$ 110,712	\$ 138,054
Prepaid expenses	8,724	5,632
Deferred service costs	6,476	5,562
Prepaid income tax	1,522	2,352
Restricted cash	—	251
Other	12,466	6,948
Total prepaid expenses and other current assets	\$ 139,900	\$ 158,799

(1) Other receivables are receivables from contract manufacturers based on certain buy-sell arrangements of \$81.0 million and \$98.9 million as of March 31, 2023 and June 30, 2022, respectively.

##### Cash, Cash Equivalents and Restricted Cash:

	March 31, 2023	June 30, 2022	September 30, 2023	June 30, 2023		
Cash and cash equivalents	Cash and cash equivalents	\$ 362,801	\$ 267,397	Cash and cash equivalents	\$ 543,156	\$ 440,459
Restricted cash included in prepaid expenses and other current assets	—	251				
Restricted cash included in other assets	Restricted cash included in other assets	499	911	Restricted cash included in other assets	494	501
Total cash, cash equivalents and restricted cash	Total cash, cash equivalents and restricted cash	\$ 363,300	\$ 268,559	Total cash, cash equivalents and restricted cash	\$ 543,650	\$ 440,960

##### Inventories:

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

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

**(Unaudited)**

**Property, Plant, and Equipment:**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>		<b>September 30, 2023</b>	<b>June 30, 2023</b>
Buildings	Buildings	\$ 143,496	\$ 143,509	Buildings	\$ 143,496	\$ 143,496
Machinery and equipment	Machinery and equipment	128,465	113,665	Machinery and equipment	133,600	130,151
Land	Land	86,279	84,616	Land	87,217	86,642
Building and leasehold improvements	Building and leasehold improvements	52,295	45,169	Building and leasehold improvements	59,984	59,634
Furniture and fixtures	Furniture and fixtures	42,318	43,282	Furniture and fixtures	38,345	36,303
Software	Software	23,975	23,186	Software	23,680	23,098
Building construction in progress	Building construction in progress	303	303	Building construction in progress	303	303
		477,131	453,730		486,625	479,627
Accumulated depreciation and amortization	Accumulated depreciation and amortization	(187,093)	(167,758)	Accumulated depreciation and amortization	(194,956)	(189,387)
Property, plant and equipment, net	Property, plant and equipment, net	<u>\$ 290,038</u>	<u>\$ 285,972</u>	Property, plant and equipment, net	<u>\$ 291,669</u>	<u>\$ 290,240</u>

**Other Assets:**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
Operating lease right-of-use asset		\$ 19,514	\$ 23,679
Deferred service costs, non-current		9,315	6,316
Investment in equity investee		2,494	5,329
Prepaid expense, non-current		1,908	2,011
Deposits		1,729	1,069
Investment in auction rate security		1,590	1,590
Restricted cash, non-current		499	911
Other		1,784	1,956
Total other assets		<u>\$ 38,833</u>	<u>\$ 42,861</u>

**Accrued Liabilities:**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>		<b>September 30, 2023</b>	<b>June 30, 2023</b>
Accrued payroll and related expenses	Accrued payroll and related expenses	\$ 34,058	\$ 57,736	Accrued payroll and related expenses	\$ 38,658	\$ 53,439
Contract manufacturers liabilities	Contract manufacturers liabilities	30,013	41,125	Contract manufacturers liabilities	23,741	23,634
Customer deposits	Customer deposits	18,152	30,421	Customer deposits	19,722	16,577
Accrued cooperative marketing expenses				Accrued cooperative marketing expenses	10,764	9,744
Accrued warranty costs	Accrued warranty costs	9,704	9,073	Accrued warranty costs	9,107	9,079
Accrued cooperative marketing expenses		9,000	8,757			
Operating lease liability	Operating lease liability	7,143	7,139	Operating lease liability	8,473	7,292

Accrued professional fees	Accrued professional fees	1,867	4,281	Accrued professional fees	813	2,363
Accrued legal liabilities (Note 11)		—	18,250			
Other	Other	45,287	35,637	Other	41,222	41,737
Total accrued liabilities	Total accrued liabilities	\$ 155,224	\$ 212,419	Total accrued liabilities	\$ 152,500	\$ 163,865

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

[Performance Awards Liability](#)

In March 2020, the Board of Directors (the "Board") approved performance bonuses for the Chief Executive Officer, a senior executive and two members of the Board, which payments would be earned when specified market and performance conditions are achieved.

The Chief Executive Officer's total cash bonus opportunity was \$8.1 million, divided into two equal tranches. Each tranche would be earned if the average closing price for the Company's common stock reached specified targets. The Board retained the flexibility to reduce the amount payable under the first tranche (but not the second tranche) based on performance goals. Both price targets were reached during the fiscal year ended June 30, 2021, and the second tranche total of \$4.0 million was paid in full. As of June 30, 2021, the Company also expected it would likely pay the first tranche in full, and therefore recorded an expense of \$3.6 million since March 2020 relating to the first tranche.

In September 2021, after the Company had closed its books for the year ended June 30, 2021, the Board decided to exercise its discretion to reduce the amount to be paid to the Chief Executive Officer for the first tranche to \$2.0 million, which was paid in the quarter ended December 31, 2021. As a result of the Board's decision to reduce the amount to be paid under the first tranche, the Company adjusted the \$3.6 million expense previously recorded for the first tranche to the new amount of \$2.0 million, which resulted in the Company recognizing a \$1.6 million benefit from this adjustment during the quarter ended September 30, 2021. This performance award to the Chief Executive Officer was concluded in the year ended June 30, 2022. As such, there is no further transaction thereafter. There was no expense or benefit recognized during the three and nine months ended March 31, 2023. The benefit recognized during the three and nine months ended March 31, 2022 was none and \$1.6 million, respectively.

[Other Long-term Liabilities:](#)

		March 31, 2023	June 30, 2022
Accrued unrecognized tax benefits including related interests and penalties, non-current		\$ 18,865	\$ 18,866
Operating lease liability, non-current		12,668	16,661
Accrued warranty costs, non-current		5,268	3,064
Other		439	549
<b>Total other long-term liabilities</b>		<b>\$ 37,240</b>	<b>\$ 39,140</b>

[Product Warranties:](#)

		Three Months Ended		Nine Months Ended		Three Months Ended	
		March 31,		March 31,		September 30,	
		2023	2022	2023	2022	2023	2022
Balance, beginning of the period	Balance, beginning of the period	\$ 13,276	\$ 11,583	\$ 12,136	\$ 12,863	Balance, beginning of the period	\$ 14,859
Provision for warranty	Provision for warranty	9,419	7,514	26,969	19,956	Provision for warranty	12,529
Costs utilized	Costs utilized	(8,100)	(7,797)	(25,126)	(21,717)	Costs utilized	(11,804)
Change in estimated liability for pre-existing warranties	Change in estimated liability for pre-existing warranties	377	695	993	893	Change in estimated liability for pre-existing warranties	45
Balance, end of the period	Balance, end of the period	14,972	11,995	14,972	11,995	Balance, end of the period	15,629
							12,703

Current portion	Current portion	9,704	9,322	9,704	9,322	Current portion	9,107	8,540
Non-current portion	Non-current portion	\$ 5,268	\$ 2,673	\$ 5,268	\$ 2,673	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 March 31, 2023 September 30, 2023 and June 30, 2022 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.

*Financial Assets and Liabilities Measured on a Recurring Basis*

The following table sets forth the Company's financial instruments as of March 31, 2023 September 30, 2023 and June 30, 2022 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):

March 31, 2023		Asset at Fair Value												
September 30, 2023		Level 1			Level 2			Level 3		Asset at Fair Value				
Assets	Assets									Assets				
Money market funds	Money market funds									Money market funds				
(1)	(1)	\$ 20,605	\$ —	\$ —	\$ —	\$ 20,605				(1)	\$ 21,075	\$ —	\$ —	\$ 21,075
Certificates of deposit (2)	Certificates of deposit (2)	—	466	—	—	466				Certificates of deposit (2)	—	126,951	—	126,951
Investment in marketable securities	Investment in marketable securities									Investment in marketable securities	3,866	—	—	3,866
Auction rate security	Auction rate security	—	—	1,590	—	1,590				Auction rate security	—	—	1,843	1,843
Total assets measured at fair value	Total assets measured at fair value	\$ 20,605	\$ 466	\$ 1,590	\$ 22,661					Total assets measured at fair value	\$ 24,941	\$ 126,951	\$ 1,843	\$ 153,735
June 30, 2022		Asset at Fair Value								Asset at Fair Value				
June 30, 2023		Level 1			Level 2			Level 3		Asset at Fair Value				
Assets	Assets									Assets				
Money market funds	Money market funds									Money market funds				
(1)	(1)	\$ 20,220	\$ —	\$ —	\$ —	\$ 20,220				(1)	\$ 20,823	\$ —	\$ —	\$ 20,823

Certificates of deposit (2)	Certificates of deposit (2)	—	832	—	832	Certificates of deposit (2)	—	462	—	462
Auction rate security	Auction rate security	—	—	1,590	1,590	Auction rate security	—	—	1,843	1,843
Total assets measured at fair value	Total assets measured at fair value	\$ 20,220	\$ 832	\$ 1,590	\$ 22,642	Total assets measured at fair value	\$ 20,823	\$ 462	\$ 1,843	\$ 23,128

(1) \$20.5 million \$20.9 million and \$20.0 million \$20.6 million in money market funds are included cash and cash equivalents and \$0.1 \$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 March 31, 2023 September 30, 2023 and June 30, 2022 June 30, 2023, respectively.

(2) \$0.2 million \$126.7 million and \$0.2 million in certificates of deposit are included in cash and cash equivalents, \$0.1 million \$0.1 million and \$0.3 million \$0.1 million in certificates of deposit are included in prepaid expenses and other assets, and \$0.2 million and \$0.3 million \$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 March 31, 2023 September 30, 2023 and June 30, 2022 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 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 included in earnings. Unrealized loss of \$1.1 million has been recorded in Other income, net in the condensed consolidated statement of operations for the three months ended September 30, 2023.

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. Based on this assessment during For the three and nine months ended March 31, 2023 September 30, 2023, there were no indications that the credit losses related to the Company's investments had credit losses, were not material.

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**SUPER MICRO COMPUTER, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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There was no 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 nine months ended March 31, 2023 September 30, 2023 and 2022.

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

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**SUPER MICRO COMPUTER, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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The following is a summary of the Company's investment in an auction rate security as of March 31, 2023 September 30, 2023 and June 30, 2022 June 30, 2023 (in thousands):

	Cost Basis	Gross		Gross	
		Unrealized Holding Gains	—	Unrealized Holding Losses	Fair Value
Auction rate security	\$ 1,750	\$ —	\$ (160)	\$ 1,590	

	Cost Basis	Gross		Gross	
		Unrealized Holding Gains	—	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 nine months ended **March 31, 2023** **September 30, 2023** and **2022**.

The Company measures the fair value of outstanding debt for disclosure purposes on a recurring basis. As of **March 31, 2023** **September 30, 2023** and **June 30, 2022** **June 30, 2023**, total debt of **\$187.2 million** **\$146.2 million** and **\$596.8 million** **\$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 **\$1.2 million** and **\$0.1 million** and **\$1.7 million** as of **March 31, 2023** **September 30, 2023** and **June 30, 2022** **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 nine months ended **March 31, 2023** **September 30, 2023**, the Company performed a qualitative assessment and **2022**, identified impairment indicators. The Company recorded a **\$1.6 million** impairment during the three months ended **September 30, 2023** in Other income, net on the condensed consolidated statement of operations. The Company did not record any upward or downward adjustments to the carrying values of the non-marketable equity securities related to observable price changes. The Company also did not record have any impairment to the carrying values of the non-marketable equity securities during the three and nine months ended **March 31, 2023** and **2022**.

**September 30, 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 **March 31, 2023** **September 30, 2023** and **June 30, 2022** **June 30, 2023** consisted of the following (in thousands):

Line of credit:	Line of credit:	March 31,		June 30,		September 30,		June 30,	
		2023	2022	2022	2023	2023	2023	2023	2023
2018 Bank of America Credit Facility	2018 Bank of America Credit Facility	\$ 20,000	\$ 268,245					\$ —	\$ —
2022 Bank of America Credit Facility	2022 Bank of America Credit Facility	—	9,500					—	—
Cathay Bank Line of Credit	Cathay Bank Line of Credit	—	30,000					—	131,583
2021 CTBC Credit Lines	2021 CTBC Credit Lines	—	84,800					—	—
HSBC Bank Credit Facility	HSBC Bank Credit Facility	—	30,000					—	—
2021 E.SUN Bank Credit Facility	—	7,800							
Mega Bank Credit Facility	Mega Bank Credit Facility	—	3,500					—	—
Total line of credit	Total line of credit	20,000	433,845					—	131,583
Term loan facilities:	Term loan facilities:								
Chang Hwa Bank Credit Facility due October 15, 2026	Chang Hwa Bank Credit Facility due October 15, 2026	29,405	33,643					23,892	26,853

CTBC Bank term loan, due June 4, 2030	39,390	40,372	CTBC Term Loan Facility, due June 4, 2030	35,424	38,208
CTBC Term Loan Facility, due June 4, 2030					
2021 CTBC Credit Lines, due August 15, 2026	2021 CTBC Credit Lines, due August 15, 2026	5,189	5,468	2021 CTBC Credit Lines, due August 15, 2026	4,183
2021 E.SUN Bank Credit Facility, due September 15, 2026	2021 E.SUN Bank Credit Facility, due September 15, 2026	36,764	43,064	2021 E.SUN Bank Credit Facility, due September 15, 2026	29,756
2022 ESUN Bank Credit Facility, due August 15, 2027	2022 ESUN Bank Credit Facility, due August 15, 2027	17,069	—	2022 ESUN Bank Credit Facility, due August 15, 2027	15,782
Mega Bank Credit Facility, due September 15, 2026	Mega Bank Credit Facility, due September 15, 2026	39,390	40,372	Mega Bank Credit Facility, due September 15, 2026	37,195
Total term loans	Total term loans	167,207	162,919	Total term loans	146,232
Total debt	Total debt	187,207	596,764	Total debt	146,232
Short-term debt and current portion of long-term debt	Short-term debt and current portion of long-term debt	53,972	449,146	Short-term debt and current portion of long-term debt	40,843
Debt, non-current	Debt, non-current	\$ 133,235	\$ 147,618	Debt, non-current	\$ 105,389
					\$ 120,179

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**SUPER MICRO COMPUTER, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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### *Activities under Revolving Lines of Credit and Term Loans*

Available borrowings and interest rates as of **March 31, 2023** **September 30, 2023** and **June 30, 2022** **June 30, 2023** consisted of the following (in thousands except for percentages):

	March 31, 2023		June 30, 2022			September 30, 2023		June 30, 2023	
	Available borrowings	Interest rate	Available borrowings	Interest rate		Available borrowings	Interest rate	Available borrowings	Interest rate
	Line of credit:	Line of credit:	Line of credit:	Line of credit:	Line of credit:	Line of credit:	Line of credit:	Line of credit:	Line of credit:
2018 Bank of America	2018 Bank of America				2018 Bank of America				
Credit Facility	Credit Facility	\$ 330,000	6.04%	\$ 81,755	2.53%	Credit Facility	\$ 350,000	6.80%	\$ 350,000 6.57%
2022 Bank of America	2022 Bank of America				2022 Bank of America				
Credit Facility	Credit Facility	\$ 20,000	3.36%	\$ 10,500	1.85%	Credit Facility	\$ 20,000	3.36%	\$ 20,000 3.36%

Cathay Bank Line of Credit	Cathay Bank Line of Credit	\$ 132,000	6.87%	\$ 102,000	4.00%	Cathay Bank Line of Credit	\$ 132,000	7.50%	\$ 417	7.08%
2021 CTBC Credit Lines		\$ —	—	\$ 20,200	2.52%					
2022 CTBC Credit Line		\$ 105,000	3.33%	\$ —	—					
2022 CTBC Credit Lines						2022 CTBC Credit Lines	\$ —	—	\$ 105,000	3.33%
2023 CTBC Credit Line						2023 CTBC Credit Line	\$ 105,000	3.33%	\$ —	—
Chang Hwa Bank Credit Facility	Chang Hwa Bank Credit Facility	\$ 20,000	6.23%	\$ 20,000	3.50%	Chang Hwa Bank Credit Facility	\$ 20,000	6.51%	\$ 20,000	6.58%
HSBC Bank Credit Facility	HSBC Bank Credit Facility	\$ 50,000	4.50%	\$ —	2.20%	HSBC Bank Credit Facility	\$ 50,000	4.50%	\$ 50,000	4.50%
2021 E.SUN Bank Credit Facility		\$ —	—	\$ 22,200	1.80%					
2022 E.SUN Bank Credit Facility	2022 E.SUN Bank Credit Facility	\$ 30,000	4.18%	\$ —	—	2022 E.SUN Bank Credit Facility	\$ 30,000	4.18%	\$ 30,000	4.18%
Mega Bank Credit Facility	Mega Bank Credit Facility	\$ 20,000	2.55%	\$ 16,500	1.85%	Mega Bank Credit Facility	\$ 20,000	2.55%	\$ 20,000	2.55%
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	\$ —	1.55%	\$ —	1.18%	Chang Hwa Bank Credit Facility due October 15, 2026	\$ —	1.55%	\$ —	1.55%
CTBC Bank term loan, due June 4, 2030		\$ —	1.20%	\$ —	0.83%					
CTBC Term Loan Facility, due June 4, 2030						CTBC Term Loan Facility, due June 4, 2030	\$ —	1.20%	\$ —	1.20%
2021 CTBC Credit Lines, due August 15, 2026	2021 CTBC Credit Lines, due August 15, 2026	\$ 15,2026	—	\$ 6,308	1.03%	2021 CTBC Credit Lines, due August 15, 2026	\$ —	1.40%	\$ —	1.40%
2021 E.SUN Bank Credit Facility, due September 15, 2026	2021 E.SUN Bank Credit Facility, due September 15, 2026	\$ 15,2026	5,250	\$ 10,766	1.37%	2021 E.SUN Bank Credit Facility, due September 15, 2026	\$ —	1.75%	\$ 7,734	1.75%
2022 ESUN Bank Credit Facility, due August 15, 2027	2022 ESUN Bank Credit Facility, due August 15, 2027	\$ 2027	—	\$ —	—	2022 ESUN Bank Credit Facility, due August 15, 2027	\$ —	1.75%	\$ —	1.75%
Mega Bank Credit Facility, due September 15, 2026	Mega Bank Credit Facility, due September 15, 2026	\$ 15,2026	—	\$ —	—	Mega Bank Credit Facility, due September 15, 2026	\$ —	1.40% - 1.60%	\$ —	1.40% - 1.60%

See "Part II. Item 8. Financial Statements and Supplementary Data – Note 9.7. Short-term and Long-term Debt" of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2022 June 30, 2023 for a more complete description of the Company's credit facilities.

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

**2022 E.SUN 2023 CTBC Bank Credit Facility Lines**

On **August 9, 2022** **September 28, 2023** (the "New E.SUN Bank Effective "Effective Date"), the Company through Super Micro Computer Inc., Company's Taiwan a Taiwan corporation and wholly-owned subsidiary of the Company (the "Taiwan Subsidiary"), entered into a new General Credit Agreement general agreement for omnibus credit lines with E.SUN CTBC Bank, which **replaced** 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 E.SUN Bank Credit Facility and 2020 (the "New E.SUN Bank Credit "Long and Medium Loan Facility"). The New E.SUN Bank Credit Facility permits borrowings, and each of (i) a short-term loan and guarantee line providing credit of up to (i) 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 1.8 billion (\$61.0 million U.S. dollar equivalent) Short Term Loan/Guarantee Line and (ii) US \$30.0 million. Other terms of the New E.SUN Bank USD Short Term Loan Line, the "New CTBC Credit Facility are substantially identical to the prior E.SUN Bank Credit Facility. Generally, interest for base rate loans made Lines"). Aggregate borrowings under the New E.SUN Bank CTBC Credit Facility are based upon an average interbank overnight call loan rate in the finance industry (such as TAIFX) plus a fixed margin and Lines together is subject to occasional adjustment. The New E.SUN Bank Credit Facility has customary default provisions permitting E.SUN Bank to terminate or reduce the credit limit, shorten the credit period, or deem all liabilities due and payable, including in the event the Taiwan Subsidiary has an overdue liability at another financial organization. The Company is not a guarantor cap of the New E.SUN Bank Credit Facility. \$105.0 million.

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**SUPER MICRO COMPUTER, INC.**  
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Terms for specific drawdown instruments issued interest rates under each of the individual New E.SUN Bank CTBC Credit Facility, such as credit amount, term of use, mode of drawdown, specific lending rate, and other relevant terms, Lines are to be set forth in Notifications and Confirmation of Credit Conditions (a "Notification and Confirmation") negotiated with E.SUN Bank. Under a Notification and Confirmation entered into on the New E.SUN Bank Effective Date, the Taiwan Subsidiary and E.SUN Bank have agreed established according to both a Medium Term Credit Loan of NTD 680.0 million (\$23.0 million U.S. dollar equivalent) with a tenor of five years (the "Medium Term Loan") and a drawdown of US \$30.0 million under the New E.SUN Bank Credit Facility for an import loan with a tenor of 120 days (the "Import O/A Loan"). With respect to the Medium Term Loan, the individual credit arrangements, which interest rate thereunder is based upon a floating annual rate plus a fixed margin, rates shall be subject to adjustment under depending on the satisfaction of certain circumstances. Interest payments are due on a monthly basis. Principal is amortized evenly on a monthly basis, with principal payments subject to a one year grace period prior to conditions. Each of the commencement of repayment. The Medium NTD Short Term Loan/Guarantee Line and USD Short Term Loan will be used 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 to support its manufacturing activities (such as purchase of materials and components) ("Use of Proceeds"). Drawdowns may be in amounts of up to 80% of permitted Use of Proceeds expenses. The Taiwan Subsidiary subsidiary is subject to various financial covenants, in connection with the Medium Term Loan, including a current ratio, net debt to equity service coverage ratio, and interest coverage ratio. The current Medium Term Loan 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 prior medium term loan under the Prior E.SUN Bank Credit Facility shall not exceed in aggregate NTD 1.8 billion. With respect to the Import O/A Loan, the period of use is between April 28, 2022 and April 28, 2023. The interest rate thereunder is based on TAIFX3 plus a fixed margin, subject to negotiation on a monthly basis and adjustment under certain circumstances. Interest payments are due on a monthly basis, and the principal is repayable on the due date. Neither the Medium Term Loan nor Import O/A loan are secured. As of March 31, 2023, the amount outstanding under the Medium Term Loan was denominated in NTD and remeasured into US dollars of \$53.8 million. The interest rate as of March 31, 2023 was 1.75% per annum. As of March 31, 2023 and June 30, 2022, the amounts outstanding under the Import O/A Loan were \$0.0 million and \$7.8 million, respectively. The interest rate as of March 31, 2023 and June 30, 2022 was 4.18% and 1.81% per annum, respectively. As of March 31, 2023, the amount available for future borrowing under the Import O/A Loan was \$30.0 million.

**CTBC Bank**

**2022 New CTBC Credit Line**

Pursuant to banking practices in Taiwan to confirm loan agreements annually, on October 3, 2022, the Company through the Taiwan Subsidiary entered into an Agreement for Individually Negotiated Terms and Conditions with Lines. The New CTBC Credit Lines have customary default provisions permitting CTBC Bank Co., Ltd. ("CTBC Bank") (such to suspend the extension of credit, reduce the credit line, shorten the "2022 CTBC Credit Line") related to credit extension term, or declare all principal and interest amounts immediately due and payable upon the prior 2021 CTBC credit lines (the "2021 CTBC Credit Lines"). The terms occurrence of the 2022 CTBC Credit Line remain substantially similar to the 2021 CTBC Credit Line, except the 2022 CTBC Credit Line made certain minor amendments to the monthly interest payment date. The total borrowing cap under the whole arrangement is \$105.0 million and NTD 1,550.0 million (\$55.4 million U.S. dollar equivalent), an event of default.

The Company, through the Company's Taiwan Subsidiary, was party subsidiary intends to that certain credit agreement, dated May 6, 2020, with CTBC Bank, which provided for a ten-year, non-revolving term loan facility (the "2020 CTBC Term Loan Facility") to obtain up to NTD 1,200.0 million (\$40.7 million U.S. dollar equivalent). As of March 31,

2023 and June 30, 2022, the amounts outstanding use borrowings under the 2020 New CTBC Term Loan Facility were \$39.4 million and \$40.4 million, respectively. The interest rates for these loans were 1.20% per annum as of March 31, 2023 and 0.83% as of June 30, 2022.

The 2021 Credit Lines permitted borrowings, from time in connection with financing of eligible accounts receivable and accounts payable (vendor invoices) and to time, pursuant finance additional improvements to (i) a term loan facility of up to NTD 1,550.0 million (\$55.4 million U.S. dollar equivalent) including the previously-existing ten-year, non-revolving term loan facility of NTD 1,200.0 million (\$42.9 million U.S. dollar equivalent) and a new 75-month, non-revolving term loan facility of NTD 350.0 million (\$12.5 million U.S. dollar equivalent) to use to purchase machinery and equipment for the Company's Bade Manufacturing Facility located in Taiwan (the "2021 CTBC Machine Loan"), and (ii) a line of credit facility of up to \$105.0 million (the "2021 CTBC Credit Facility"). As of March 31, 2023 and June 30, 2022, under the 2021 CTBC Machine Loan, the amounts outstanding were \$5.2 million and \$5.5 million, respectively. The interest rates for these loans were 1.40% per annum as of March 31, 2023 and 1.03% as of June 30, 2022. The 2021 CTBC Credit Facility term loan was repaid on October 26, 2021. As of March 31, 2023 and June 30, 2022, the outstanding borrowings under the 2021 CTBC Credit Facility revolving line of credit were none and \$84.8 million, respectively. The interest rates for these loans was 3.33% per annum as of March 31, 2023 and ranged from 1.80% to 2.52% as of June 30, 2022.

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**SUPER MICRO COMPUTER, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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As of March 31, 2023, the amount available for future borrowing under the 2022 CTBC Credit Line was \$105 million. As of March 31, 2023, the net book value of land and building located in Bade, Taiwan, collateralizing the 2022 CTBC Credit Line was \$75.4 million. The Company was in compliance with all financial covenants under 2022 CTBC Credit Line as of March 31, 2023.

[HSBC Bank](#)

[HSBC Bank Credit Facility](#)

On February 7, 2023, the Company through the Taiwan subsidiary, entered into a new facility letter (the "New Facility Letter") with the Taiwan affiliate of HSBC Bank which expanded the prior \$30 million facility letter entered into with HSBC Bank on January 7, 2022. 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"). 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 cover. As of March 31, 2023 and June 30, 2022, the outstanding borrowings under the HSBC Credit Facility were \$0.0 million and \$30.0 million, respectively. The interest rates for these loans were 4.50% per annum as of March 31, 2023 and ranged from 1.95% to 2.20% as of June 30, 2022. Taiwan.

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

Fiscal Year Principal Payments			
Remainder of 2023	\$ 25,526		
2024	39,260		
Remainder of 2024		Remainder of 2024	\$ 30,632
2025	43,253	2025	40,843
2026	43,253	2026	40,843
2027	18,791	2027	17,744
2028 and thereafter	17,124		
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	Total short-term and long-term debt	\$ 146,232
	\$ 187,207		

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)**

**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 nine months ended **March 31, 2023** **September 30, 2023** and 2022 were as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2023	2022	2023	2022
Operating lease expense (including expense for lease agreements with related parties of \$139 and \$422 for the three and nine months ended March 31, 2023, respectively, and \$143 and \$568 for the three and nine months ended March 31, 2022, respectively)	\$ 2,129	\$ 2,017	\$ 6,354	\$ 6,183
Cash payments for operating leases (including payments to related parties of \$134 and \$391 for the three and nine months ended March 31, 2023, respectively, and \$141 and \$631 for the three and nine months ended March 31, 2022, respectively)	\$ 2,146	\$ 1,854	\$ 6,209	\$ 6,067
New operating lease assets obtained in exchange for operating lease liabilities	\$ 655	\$ 3,730	\$ 1,679	\$ 11,108

	Three Months Ended	
	September 30,	2022
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

During the three and nine months ended **March 31, 2023** **September 30, 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 nine months ended **March 31, 2023** **September 30, 2023** and 2022 were \$0.5 million and \$1.3 million, respectively. Non-lease variable payments expensed in the three and nine months ended March 31, 2022 were \$0.2 million and \$0.7 million, respectively.

As of March 31, 2023, the weighted average remaining lease term for operating leases was 3.2 years and the weighted average discount rate was 3.0%. Maturities of operating lease liabilities under noncancelable operating lease arrangements as of March 31, 2023 were as follows (in thousands):

Fiscal Year:	Maturities of operating leases
Remainder of 2023	\$ 2,222
2024	7,272
2025	6,627
2026	2,683
2027	1,566
2028 and beyond	536
Total future lease payments	20,906
Less: Imputed interest	(1,095)
Present value of operating lease liabilities	\$ 19,811

As of March 31, 2023, commitments under short-term lease arrangements, and operating and financing leases that have not yet commenced were immaterial.

The Company has entered into lease agreements with related parties. See Part I, Item 1, Note 8, "Related Party Transactions," for a further discussion.

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

Fiscal Year:	Maturities of operating leases
Remainder of 2024	\$ 6,942
2025	9,248
2026	5,226
2027	3,737
2028	2,735
2029 and beyond	364
Total future lease payments	28,252
Less: Imputed interest	(2,183)
Present value of operating lease liabilities	\$ 26,069

The Company has entered into lease agreements with related parties. See Part I, Item 1, Note 8, "Related Party Transactions," for a further discussion.

#### 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 28.8% 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 March 31, 2023 September 30, 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.

##### 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 96.3% 85.5% and 88.8% 88.4% of the chassis included in the products sold by the Company during the three months ended March 31, 2023 and 2022, respectively, and 93.0% and 82.5% of the chassis included in the products sold by the Company during the nine months ended March 31, 2023 September 30, 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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#### SUPER MICRO COMPUTER, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued) (Unaudited)

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 March 31, 2023 September 30, 2023 were \$23.4 \$49.5 million and \$23.6 \$27.7 million, respectively, and outstanding cancellable and non-cancellable purchase orders from the Company to Ablecom on June 30, 2022 June 30, 2023 were \$39.5 \$37.4 million and \$36.0 \$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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**SUPER MICRO COMPUTER, INC.**  
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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.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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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 March 31, 2023 September 30, 2023 were \$154.3 \$138.2 million and \$59.7 \$38.8 million, respectively, and outstanding cancellable and non-cancellable purchase orders from the Company to Compuware on June 30, 2022 June 30, 2023 were \$213.3 \$156.2 million and \$44.3 \$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" "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. As of March 31, 2023 and June 30, 2022, There was no balance in the Company had no unamortized deferred gain balance in accrued liabilities and none in other long-term liabilities in the Company's condensed consolidated balance sheets. sheets as of September 30, 2023 and June 30, 2023.

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**SUPER MICRO COMPUTER, INC.**  
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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 **March 31, 2023** **September 30, 2023**. No impairment charge was recorded for the three and nine months ended **March 31, 2023** **September 30, 2023** or 2022.

The Company sold products worth **\$6.4** **\$0.8** million and **\$43.7** **\$11.3** million to the Corporate Venture during the three months ended **March 31, 2023** and 2022, respectively, and sold products worth **\$23.6** million and **\$97.3** million to the Corporate Venture during the nine months ended **March 31, 2023** **September 30, 2023** and 2022, respectively. The Company's share of intra-entity profits on the products that remained unsold by the Corporate Venture as of **March 31, 2023** **September 30, 2023** and **June 30, 2022** **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 **\$1.9** **\$0.2** million and **\$8.0** **\$1.9** million due from the Corporate Venture in accounts receivable, net as of **March 31, 2023** **September 30, 2023** and **June 30, 2022** **June 30, 2023**, respectively.

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**SUPER MICRO COMPUTER, INC.**  
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The Company had the following balances related to transactions with its related parties as of **March 31, 2023** **September 30, 2023** and **June 30, 2022** **June 30, 2023** (in thousands):

		Ablecom			Compuware			Corporate Venture			Total			Ablecom			Compuware			Corporate Venture			Total						
		March 31, 2023		June 30, 2022		March 31, 2023		June 30, 2022		March 31, 2023		June 30, 2022		March 31, 2023		June 30, 2022		September 30, 2023		June 30, 2023		September 30, 2023		June 30, 2023					
		Accounts receivable	Other receivable	(1)	Accounts payable	Other payable	(1)	Accrued liabilities	(2)	Accounts receivable	Other receivable	(1)	Accounts payable	Other payable	(1)	Accrued liabilities	(2)	Accounts receivable	Other receivable	(1)	Accounts payable	Other payable	(1)	Accrued liabilities	(2)				
Accounts receivable	Accounts receivable	\$ 2	\$ 2	111	\$ 404	\$ 1,918	\$ 7,992	\$ 2,031	\$ 8,398	Accounts receivable	Accounts receivable	\$ 4	\$ 2	\$ 1,092	\$ 3,528	\$ 239	\$ 1,943	\$ 1,335	\$ 5,473	Accounts receivable	Accounts receivable	\$ 2,283	\$ 2,841	\$ 22,622	\$ 24,891	\$ —	\$ —	\$ 24,905	\$ 27,732
Other receivable	Other receivable									Other receivable	Other receivable									Other receivable	Other receivable								
(1)		\$ 4,189	\$ 4,816	\$ 28,796	\$ 19,596	\$ —	\$ —	\$ 32,985	\$ 24,412	(1)		\$ 2,283	\$ 2,841	\$ 22,622	\$ 24,891	\$ —	\$ —	\$ —	\$ 24,905	\$ 27,732	(1)								
Accounts payable	Accounts payable	\$ 28,369	\$ 42,463	\$ 47,744	\$ 44,892	\$ —	\$ —	\$ 76,113	\$ 87,355	Accounts payable	Accounts payable	\$ 44,476	\$ 35,711	\$ 47,639	\$ 53,423	\$ —	\$ —	\$ —	\$ 92,115	\$ 89,134	Accounts payable	Accounts payable							
Accrued liabilities	Accrued liabilities	(2)	\$ 1,797	\$ 3,531	\$ 16,555	\$ 15,145	\$ —	\$ —	\$ 18,352	\$ 18,676	Accrued liabilities	Accrued liabilities	\$ 485	\$ 1,230	\$ 16,019	\$ 12,787	\$ —	\$ —	\$ —	\$ 16,504	\$ 14,017	Accrued liabilities	Accrued liabilities						

(1) Other receivables include receivables from vendors included in prepaid and other current assets.

(2) Includes current portion of operating lease liabilities included in other current liabilities.

The Company's results from transactions with its related parties for each of the three months ended **March 31, 2023** **September 30, 2023** and 2022, are as follows (in thousands):

		Ablecom									Compuware									Corporate Venture									Total									
		Three months ended March 31,			Three months ended June 30,			Three months ended September 30,			Three months ended June 30,			Three months ended September 30,			Three months ended June 30,			Three months ended September 30,			Three months ended June 30,			Three months ended September 30,			Three months ended June 30,			Three months ended September 30,						
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023						
Net sales	Net sales	\$ 2	\$ 2	\$ 2,826	\$ 3,928	\$ 6,360	\$ 43,739	\$ —	\$ —	\$ 9,188	\$ 47,669	Net sales	\$ 2	\$ 2	\$ 16,606	\$ 13,760	\$ 788	\$ 11,293	\$ 17,396	\$ 25,055	Purchases -	Purchases -																
Purchases -	Purchases -																																					
inventory	inventory	\$ 33,637	\$ 49,472	\$ 54,095	\$ 43,989	\$ —	\$ —	\$ 2,018	\$ 87,732	\$ 95,479																												

Purchases - other	Purchases - other	Purchases - other
miscellaneous items	miscellaneous items	miscellaneous items
\$ 2,329	\$ 1,687	\$ 4,759
\$ 541	\$ 404	\$ 4,763
\$ —	\$ —	\$ 417
\$ —	\$ —	\$ 258
\$ 2,870	\$ 2,091	\$ —
\$ —	\$ —	\$ 5,176
\$ 5,021		

(1) MPS ceased to be a related party in the quarter ended September 30, 2022.

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**SUPER MICRO COMPUTER, INC.**  
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The Company's results from transactions with its related parties for each of the nine months ended March 31, 2023 and 2022, are as follows (in thousands):

	Ablecom		Compuware		Corporate Venture		MPS (1)		Total	
	Nine months ended March 31,		Nine months ended March 31,		Nine months ended March 31,		Nine months ended March 31,		Nine months ended March 31,	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	\$ 6	\$ 12	\$ 30,699	\$ 22,932	\$ 23,611	\$ 97,262	\$ —	\$ —	\$ 54,316	\$ 120,206
Purchases - inventory	\$ 128,198	\$ 147,780	\$ 154,812	\$ 126,039	\$ —	\$ —	\$ —	\$ 6,074	\$ 283,010	\$ 279,893
Purchases - other										
miscellaneous items	\$ 9,855	\$ 6,671	\$ 1,078	\$ 1,090	\$ —	\$ —	\$ —	\$ —	\$ 10,933	\$ 7,761

(1) MPS ceased to be a related party in the quarter ended September 30, 2022.

The Company's cash flow impact from transactions with its related parties for each of the **nine** **three** months ended **March 31, 2023** **September 30, 2023** and 2022, are as follows (in thousands):

	Nine months ended March 31,										Three months ended September 30,									
	Ablecom		Compuware		Corporate Venture		MPS (1)		Total		Ablecom		Compuware		Corporate Venture		Total			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
Changes in accounts receivable	Changes in accounts receivable	\$ —	\$ 1	\$ 293	\$ (182)	\$ 6,074	\$ (25,224)	\$ —	\$ —	\$ 6,367	\$ (25,405)	Changes in accounts receivable	\$ (2)	\$ —	\$ 2,436	\$ (478)	\$ 1,704	\$ (1,373)	\$ 4,138	\$ (1,851)
Changes in other receivable	Changes in other receivable	\$ 627	\$ 3,159	\$ (9,200)	\$ (8,933)	\$ —	\$ —	\$ 48	\$ (8,573)	\$ (5,726)	Changes in other receivable	\$ 558	\$ 1,276	\$ 2,269	\$ (11,415)	\$ —	\$ —	\$ 2,827	\$ (10,139)	
Changes in accounts payable	Changes in accounts payable	\$ (14,094)	\$ 814	\$ 2,852	\$ 16,356	\$ —	\$ —	\$ —	\$ —	\$ (11,242)	\$ 17,170	Changes in accounts payable	\$ 8,765	\$ 664	\$ (5,784)	\$ 6,010	\$ —	\$ —	\$ 2,981	\$ 6,674
Changes in accrued liabilities	Changes in accrued liabilities	\$ (1,734)	\$ (2,060)	\$ 1,410	\$ (153)	\$ —	\$ (1,000)	\$ —	\$ —	\$ (324)	\$ (3,213)	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	\$ —	\$ —	\$ (241)	\$ 596	\$ —	\$ —	\$ —	\$ —	\$ (241)	\$ 596	Changes in other long-term liabilities	\$ —	\$ —	\$ (80)	\$ (105)	\$ —	\$ —	\$ (80)	\$ (105)
Purchases of property, plant and equipment	Purchases of property, plant and equipment	\$ 6,129	\$ 2,365	\$ 196	\$ 140	\$ —	\$ —	\$ —	\$ —	\$ 6,325	\$ 2,505	Purchases of property, plant and equipment	\$ 782	\$ 583	\$ 44	\$ 146	\$ —	\$ —	\$ 826	\$ 729

Unpaid property, plant and equipment	Unpaid property, plant and equipment	Unpaid property, plant and equipment
\$ 1,369	\$ 681	\$ 3,672

(1) MPS ceased to be a related party in the quarter ended September 30, 2022.

#### Tripartite Agreement

On November 8, 2021, Super Micro Computer Inc., Taiwan (the "Subsidiary"), a Taiwan corporation and wholly-owned subsidiary of the Company, entered into a Tripartite Agreement (the "Agreement") with Ablecom and Compuware related to a three-way purchase of land. Ablecom has advised that its underlying agreements to acquire land from the third-party landowners in proximity to the Company's campus in Bade, Taiwan have been terminated, and during the quarter ended December 31, 2022, the Agreement was terminated.

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#### Note 9. Stock-based Compensation and Stockholders' Stockholders' Equity

##### Equity Incentive Plan

On June 5, 2020, the stockholders of the Company approved the 2020 Equity and Incentive Compensation Plan (the "Original Original 2020 Plan" Plan"). The maximum number of shares available under the Original 2020 Plan is 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 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.

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 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 March 31, 2023 September 30, 2023, the Company had 2,438,619 1,324,299 authorized shares available for future issuance under the 2020 Plan.

##### 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 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.

During No shares were repurchased under the nine share repurchase program during the three months ended March 31, 2023, the Company repurchased and retired 1,553,350 shares of common stock for an aggregated \$150.0 million, September 30, 2023. As of March 31, 2023 September 30, 2023, \$50.0 million was available for additional repurchases of common stock.

##### Determining Fair Value

The Company's Company's fair value of RSUs and PRSUs is based on the closing market price of the Company's 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 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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**SUPER MICRO COMPUTER, INC.**  
**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 nine months ended March 31, 2023 September 30, 2023 and 2022 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Risk-free interest rate	Three Months Ended		Nine Months Ended		Three Months Ended	
		March 31,		March 31,		September 30,	
		2023	2022	2023	2022	2023	2022
Risk-free interest rate	Risk-free interest rate	3.52%	1.65%	2.81% - 4.25%	0.81% - 1.65%	Risk-free interest rate	4.15% - 4.32%
Expected term	Expected term	6.07 years	6.09 years	6.07 years	6.09 years	Expected term	3.00 years - 5.99 years
Dividend yield	Dividend yield	—%	—%	—%	—%	Dividend yield	—%
Volatility	Volatility	51.61%	49.99%	50.62% - 51.68%	49.69% - 49.99%	Volatility	56.87% - 58.27%
Weighted-average fair value	Weighted-average fair value	\$41.50	\$19.31	\$35.06	\$18.09	Weighted-average fair value	\$188.29
							\$28.67

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

	Cost of sales	Three Months Ended		Nine Months Ended		Three Months Ended	
		March 31,		March 31,		September 30,	
		2023	2022	2023	2022	2023	2022
Cost of sales	Cost of sales	\$ 1,215	\$ 460	\$ 3,585	\$ 1,378	Cost of sales	\$ 5,904
Research and development	Research and development	8,097	4,141	23,549	12,124	Research and development	35,710
Sales and marketing	Sales and marketing	1,214	504	3,471	1,517	Sales and marketing	5,665
General and administrative	General and administrative	3,126	2,636	11,042	8,913	General and administrative	10,100
Stock-based compensation expense before taxes	Stock-based compensation expense before taxes	13,652	7,741	41,647	23,932	Stock-based compensation expense before taxes	57,379
Income tax impact	Income tax impact	(3,444)	(2,431)	(8,165)	(8,077)	Income tax impact	(16,049)
Stock-based compensation expense, net	Stock-based compensation expense, net	\$ 10,208	\$ 5,310	\$ 33,482	\$ 15,855	Stock-based compensation expense, net	\$ 41,330
							\$ 9,675

As of March 31, 2023 September 30, 2023, \$19.0 \$65.4 million of unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 2.84 2.65 years and \$82.5 million \$203.1 million of unrecognized compensation cost related to unvested RSUs is expected to be recognized over a weighted-average period of 2.70 2.67 years. Additionally, as described below, \$1.8 \$0.5 million of unrecognized compensation cost related to the 2021 CEO Performance Stock Option is expected to be recognized over a period of 1.25 0.5 years.

## Stock Option Activity

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

The achievement status of the operational and stock price milestones as of March 31, 2023 September 30, 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)	Achievement Status	Stock Price Milestone	Achievement Status
\$4.0	\$4.0	Achieved	\$45	Achieved <sup>(1)</sup>	\$4.0	Achieved	\$45	Achieved <sup>(1)</sup>
\$4.8	\$4.8	Achieved	\$60	Achieved <sup>(2)</sup>	\$4.8	Achieved	\$60	Achieved <sup>(2)</sup>
\$5.8	\$5.8	Achieved	\$75	Achieved <sup>(3)</sup>	\$5.8	Achieved	\$75	Achieved <sup>(3)</sup>
				Not yet achieved				
\$6.8	\$6.8	Probable	\$95	<sup>(4)</sup>	\$6.8	Achieved	\$95	Achieved <sup>(4)</sup>
\$8.0	\$8.0	Probable	\$120	Not yet achieved	\$8.0	Probable	\$120	Achieved <sup>(5)</sup>

- (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 \$95 stock price milestone was achieved subsequent to March 31, 2023, and 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 Compensation Committee in April September 2023.
- (5) 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.

On the grant date, a Monte Carlo simulation was used to determine for each tranche (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 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 three and nine months ended March 31, 2023 September 30, 2023 and 2022, the Company recognized compensation expense related to the 2021 CEO Performance Stock Option of \$0.5 million \$0.2 million and \$3.8 million, respectively. During the three and nine months ended March 31, 2022, the Company recognized compensation expense related to the 2021 CEO Performance Stock Option of \$1.5 million and \$5.3 million, respectively. As of March 31, 2023 September 30, 2023 and June 30, 2022 June 30, 2023, the Company had \$1.8 million \$0.5 million and \$5.6 million \$0.7 million, respectively, in unrecognized compensation cost related to the 2021 CEO Performance Stock Option. The unrecognized compensation cost as of March 31, 2023 September 30, 2023 is expected to be recognized over a period of more than 1.25 years 0.5 years.

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

The following table summarizes stock option activity during the **nine** **three** months ended **March 31, 2023** **September 30, 2023** under all plans:

		Weighted			Weighted			Weighted		
		Options Outstanding	Weighted Average Price per Share	Term (in Years)	Options Outstanding	Weighted Average Price per Share	Term (in Years)	Options Outstanding	Weighted Average Price per Share	Term (in Years)
Balance as of June 30, 2022		4,311,416	\$ 29.99							
Balance as of June 30, 2023					Balance as of June 30, 2023			3,302,533	\$ 40.47	
Granted	Granted	336,082	\$ 66.25		Granted	246,612	\$ 330.42			
Exercised	Exercised	(1,205,727)	\$ 20.59		Exercised	(188,957)	\$ 23.87			
Forfeited/Cancelled	Forfeited/Cancelled	(21,568)	\$ 30.18		Forfeited/Cancelled	(4,041)	\$ 50.83			
Balance as of March 31, 2023		3,420,203	\$ 36.87	6.32						
Balance as of September 30, 2023					Balance as of September 30, 2023			3,356,147	\$ 62.71	6.66
Options vested and exercisable at March 31, 2023		2,136,763	\$ 30.76	5.01						
Options vested and exercisable at September 30, 2023					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 **nine** **three** months ended **March 31, 2023** **September 30, 2023** under all plans:

		Weighted Average			Weighted Average		
		Time-Based RSUs Outstanding	Grant-Date Fair Value per Share	Time-Based RSUs Outstanding	Grant-Date Fair Value per Share		
Balance as of June 30, 2022		1,879,073	\$ 33.72				
Balance as of June 30, 2023						Balance as of June 30, 2023	
Granted	Granted	954,920	\$ 66.17	Granted	464,468	\$ 334.93	
Released	Released	(759,893)	\$ 38.34	Released	(297,656)	\$ 262.41	
Forfeited	Forfeited	(104,028)	\$ 41.65	Forfeited	(31,724)	\$ 91.38	
Balance as of March 31, 2023		1,970,072	\$ 47.25				
Balance as of September 30, 2023						Balance as of September 30, 2023	
						2,178,074	\$ 104.49

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

**Note 10. Income Taxes**

The Company recorded a provision for income taxes of **\$10.9** **\$20.2** million and **\$79.4** **\$38.9** million for the three and nine months ended **March 31, 2023**, **September 30, 2023** and **\$16.2** million and **\$27.1** million for the three and nine months ended **March 31, 2022**, **September 30, 2022**, respectively. The effective tax rate was **11.1%** **11.4%** and **15.0%** **17.4%** for the three and nine months ended **March 31, 2023**, respectively, **September 30, 2023** and **17.4%** and **15.9%** for the three and nine months ended **March 31, 2022**, **September 30, 2022**, respectively. The effective tax rate for the three months ended **March 31, 2023** **September 30, 2023** is lower than that for the three months ended **March 31, 2022** **September 30, 2022**, primarily due to an increase in the tax deduction for stock compensation in the three months ended **March 31, 2023** **September 30, 2023**. The effective tax rate for the nine months ended **March 31, 2023** is lower than that for the nine months ended **March 31, 2022**, primarily due to a significant increase in tax deductible stock compensation expense in the third quarter of fiscal year 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.

As of March 31, 2023, the Company had gross unrecognized tax benefits of \$41.3 million, of which, \$23.5 million if recognized, would affect the Company's effective tax rate. During the nine months ended March 31, 2023, there was a \$2.4 million increase in gross unrecognized tax benefits. The Company's policy is to include interest and penalties related to unrecognized tax benefits within the provision for taxes on the condensed consolidated statements of operations. As of March 31, 2023, the Company had accrued \$3.4 million of interest and penalties relating to unrecognized tax benefits.

The Company believes that it has adequately provided reserves for all uncertain tax positions; however, amounts that may be asserted by tax authorities could be greater or less than the Company's current position. Accordingly, the Company's provision for 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.

The In general, the federal statute of limitations remains open in general for tax years ended **June 30, 2019** **June 30, 2020** through **2022** **2023**. Various states' statutes of limitations remain open in general for tax years ended **June 30, 2018** **June 30, 2019** through **2022** **2023**. Certain statutes of limitations in major foreign jurisdictions remain open in general for the tax years ended **June 30, 2017** **June 30, 2018** through **2022** **2023**. It is reasonably possible that the Company's gross unrecognized tax benefits will decrease by approximately **\$3.0** **\$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.

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

**Note 11. Commitments and Contingencies**

**Litigation and Claims**— On February 8, 2018, two putative class action complaints were filed against the Company, the Company's Chief Executive Officer, and the Company's former Chief Financial Officer in the U.S. District Court for the Northern District of California (Hesefort v. Super Micro Computer, Inc., et al., No. 18-cv-00838 and United Union of Roofers v. Super Micro Computer, Inc., et al., No. 18-cv-00850). The complaints contain similar allegations, claiming that the defendants violated Section 10(b) of the Securities Exchange Act due to alleged misrepresentations and/or omissions in public statements regarding recognition of revenue. The court subsequently appointed New York Hotel Trades Council & Hotel Association of New York City, Inc. Pension Fund as lead plaintiff. The lead plaintiff then filed an amended complaint naming the Company's Senior Vice President of Investor Relations as an additional defendant. On June 21, 2019, the lead plaintiff filed a further amended complaint naming the Company's former Senior Vice President of International Sales, Corporate Secretary, and Director as an additional defendant. On July 26, 2019, the Company filed a motion to dismiss the complaint. On March 23, 2020, the Court granted the Company's motion to dismiss the complaint, with leave for lead plaintiff to file an amended complaint within 30 days. On April 22, 2020, lead plaintiff filed a further amended complaint. On June 5, 2020, the Company filed a motion to dismiss the further amended complaint, the hearing for which was calendared for September 23, 2020; however, the Court held a conference on September 15 to discuss how the Court could efficiently address the recent SEC settlement agreement. The parties stipulated to allow plaintiffs to further amend the complaint solely to add allegations relating to the SEC settlement. On October 14, 2020, plaintiffs filed a Fourth Amended Complaint. On October 28, 2020, defendants filed a supplemental motion to dismiss. On March 29, 2021, the Court granted in part and denied in part defendants' motions to dismiss. Plaintiffs' claims under Sections 10(b) and 20 of the Exchange Act were dismissed with prejudice as against the Company's former head of Investor Relations, Perry Hayes. Plaintiffs' Section 10(b) claim, but not the Section 20 claim, was likewise dismissed as to Wally Liaw, a founder, former director, and former SVP of International Sales. The Court denied the motions to dismiss the Section 10(b) and Section 20 claims against the Company, Charles Liang, and Howard Hidemitsu, the Company's former CFO. On March 11, 2022, the Company, together with the individual defendants, agreed in principle with plaintiffs' counsel to settle the action. On April 8, 2022, the parties entered into a stipulation of settlement, pursuant to which and subject to Court approval, plaintiff will dismiss with prejudice and release on behalf of a class of shareholders all claims against defendants, including the Company, in exchange for payment of \$18,250,000, of which sum \$2,000,000 will be funded by the Company. On May 25, 2022, the Court vacated the hearing on preliminary approval of the proposed settlement scheduled for June 2, 2022, stating that the unopposed motion was suitable for disposition without oral argument. All settlement funds have been transferred into an account controlled by the settlement's escrow agent. No settlement funds will be distributed until the Court grants final approval. On November 8, 2022,

the Court granted preliminary approval and calendared a hearing on March 2, 2023 for final approval, which the Court continued to May 4, 2023. At the May 4, 2023 hearing, the Court indicated that it planned to grant final approval in a subsequent order, which will fully resolve the action.

#### **Other legal 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 **March 31, 2023** **September 30, 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 **March 31, 2023** **September 30, 2023**, these remaining noncancelable commitments were **\$932.8 million** **\$1.4 billion**, including **\$83.3 million** **\$66.4 million** for related parties.

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#### **SUPER MICRO COMPUTER, INC.**

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

**Lease Commitments** - See Part I, Item 1, Note 7, "Leases," for a discussion of the Company's operating lease and financing lease commitments.

#### **Note 12. Segment Reporting**

The Company operates in one operating segment that develops and provides high-performance server solutions based upon an innovative, modular and open-standard architecture. The Company's chief operating decision maker is the Chief Executive Officer.

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#### **SUPER MICRO COMPUTER, INC.**

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

The following is a summary of property, plant and equipment, net (in thousands):

<b>Long-lived assets:</b>	<b>Long-lived assets:</b>	<b>March 31, 2023</b>		<b>June 30, 2022</b>		<b>September 30, 2023</b>		<b>June 30, 2023</b>	
		<b>United States</b>	<b>United States \$</b>	<b>\$</b>	<b>180,846</b>	<b>United States \$</b>	<b>\$</b>	<b>183,685</b>	<b>\$</b>
United States	United States	United States	181,913	\$	180,846	United States	\$	183,685	\$
Asia	Asia	Asia	105,368		102,241	Asia		105,405	
Europe	Europe	Europe	2,757		2,885	Europe		2,579	
			<b>\$ 290,038</b>		<b>\$ 285,972</b>			<b>\$ 291,669</b>	
									<b>\$ 290,240</b>

The Company's revenue is presented on a disaggregated basis in Part I, Item 1, Note 2, "Revenue," by type of product and by geographical market.

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## 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, 2022** **June 30, 2023** (the "2022" "2023 10-K"), which includes our condensed consolidated financial statements for the fiscal years ended **June 30, 2022** **June 30, 2023** and **2021**.

### 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. Our net income for the three months ended March 31, 2023 increased to \$85.8 million from \$77.0 million for the corresponding period in the prior year. In order to increase our sales and profits, we believe that we must continue to develop flexible customized and application optimized server and storage solutions and be among the first to market with new features and products. We also believe that we must continue to expand our software, and customer service and support offerings, particularly as we increasingly focus on artificial intelligence/machine learning ("AI"/"ML") applications and larger enterprise customers. Additionally, we intend to continue to focus on developing our sales partners and distribution channels to further expand our market share. 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, central processing units ("CPU") and graphics processing units ("GPU") 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 microprocessor, GPU, memory microprocessors, accelerators and storage technologies, and as a result, we monitor the product introduction cycles of NVIDIA Intel Corporation, Intel 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.

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### Financial Highlights

The following is a summary of our financial highlights of the third first quarter of fiscal year 2023: 2024:

- Net sales decreased increased by 5.3% 14.4% in the three months ended **March 31, 2023** **September 30, 2023** as compared to the three months ended **March 31, 2022** **September 30, 2022**.
- Gross margin decreased increased to 17.6% 16.7% in the three months ended **March 31, 2023** **September 30, 2023** from 15.5% 18.8% in the three months ended **March 31, 2022** **September 30, 2022**.
- Operating expenses increased by 5.2% 42.2% as compared to the three months ended **March 31, 2022** **September 30, 2022** and were equal to 9.9% 8.5% and 8.9% 6.9% of net sales in the three months ended **March 31, 2023** **September 30, 2023** and 2022, respectively.
- Effective tax rate decreased to 11.1% 11.4% in the three months ended **March 31, 2023** **September 30, 2023** from 17.4% in the three months ended **March 31, 2022** **September 30, 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 and assumptions on an ongoing basis and base our estimates based on a) historical experience, and on various other b) assumptions that we believe to be reasonable under the circumstances and are not readily apparent from other sources, the results of which form the basis for the making judgments we make about the carrying value values of assets and liabilities that are not readily apparent from other sources, 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 2022 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.

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## 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				Nine Months Ended				Three Months Ended				
		March 31,		March 31,		September 30,		2023		2022		2023		
								2023	2022	2023	2022	2023	2022	
Net sales	Net sales	100.0	%	100.0	%	100.0	%	100.0	%	Net sales	100.0	%	100.0	%
Cost of sales	Cost of sales	82.4	%	84.5	%	81.5	%	85.6	%	Cost of sales	83.3	%	81.2	%
Gross profit	Gross profit	17.6	%	15.5	%	18.5	%	14.4	%	Gross profit	16.7	%	18.8	%
Operating expenses:	Operating expenses:									Operating expenses:				
Research and development	Research and development	6.0	%	5.2	%	4.5	%	5.7	%	Research and development	5.2	%	4.0	%
Sales and marketing	Sales and marketing	2.0	%	1.6	%	1.7	%	1.9	%	Sales and marketing	1.7	%	1.6	%
General and administrative	General and administrative	1.9	%	2.0	%	1.5	%	2.1	%	General and administrative	1.6	%	1.3	%
Total operating expenses	Total operating expenses	9.9	%	8.9	%	7.7	%	9.6	%	Total operating expenses	8.5	%	6.9	%
Income from operations	Income from operations	7.7	%	6.6	%	10.8	%	4.8	%	Income from operations	8.2	%	11.9	%
Other income, net	Other income, net	—	%	0.3	%	—	%	0.1	%	Other income, net	0.3	%	0.4	%
Interest expense	Interest expense	(0.1)	%	(0.1)	%	(0.1)	%	(0.1)	%	Interest expense	(0.1)	%	(0.2)	%
Income before income tax provision	Income before income tax provision	7.6	%	6.9	%	10.7	%	4.8	%	Income before income tax provision	8.4	%	12.1	%
Income tax provision	Income tax provision	(0.8)	%	(1.2)	%	(1.6)	%	(0.8)	%	Income tax provision	(1.0)	%	(2.1)	%
Share of income (loss) from equity investee, net of taxes		(0.1)	%	—	%	(0.1)	%	—	%					
Share of loss from equity investee, net of taxes										Share of loss from equity investee, net of taxes				
Net income	Net income	6.7	%	5.7	%	9.0	%	4.1	%	Net income	7.4	%	10.0	%

## Net Sales

Net sales consist of sales of our server and storage solutions, including systems and related services and subsystems and accessories. The main factors that impact net sales of our server and storage systems are the number of systems and compute nodes sold and the average selling prices per system and node. The number of nodes and systems shipped will vary each quarter depending on our customers specific server application or workload. The main factors that impact net sales of our subsystems and accessories are units shipped and the average selling price per unit. The prices for our server and storage systems range widely depending upon the configuration, including the

number of compute nodes in a server system as well as the level of integration of key components such as CPUs, GPUs, SSDs and memory. The prices for our subsystems and accessories can also vary widely based on whether a customer is purchasing power supplies, server boards, chassis or other accessories.

A compute node is an independent hardware configuration within a server system capable of having its own CPU, memory and storage and that is capable of running its own instance of a non-virtualized operating system. The number of compute nodes sold, which can vary by product, is an important metric we use to track our business. 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 CPU/GPU, memory CPUs, GPUs, SSDs and storage, memory.

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The following table presents net sales by product type for the three and nine months ended March 31, 2023 September 30, 2023 and 2022 (dollars in millions):

		Three Months Ended March				Nine Months Ended March				Three Months Ended				
		31,		Change		31,		Change		September 30,		Change		
		2023	2022	\$	%	2023	2022	\$	%	2023	2022	\$	%	
Server and storage systems	Server and storage systems	\$ 1,163.7	\$ 1,145.9	\$ 17.8	1.6 %	\$ 4,537.7	\$ 2,981.8	\$ 1,555.9	52.2 %	Server and storage systems	\$ 1,966.6	\$ 1,713.1	\$ 253.5	14.8 %
Percentage of total net sales	Percentage of total net sales	90.7 %	84.5 %			91.9 %	83.7 %			Percentage of total net sales	92.8 %	92.5 %		
Subsystems and accessories	Subsystems and accessories	\$ 119.6	\$ 209.6	\$ (90.0)	(42.9) %	\$ 400.9	\$ 578.9	\$ (178.0)	(30.7) %	Subsystems and accessories	\$ 153.1	\$ 139.0	\$ 14.1	10.1 %
Percentage of total net sales	Percentage of total net sales	9.3 %	15.5 %			8.1 %	16.3 %			Percentage of total net sales	7.2 %	7.5 %		
Total net sales	Total net sales	\$ 1,283.3	\$ 1,355.5	\$ (72.2)	(5.3) %	\$ 4,938.6	\$ 3,560.7	\$ 1,377.9	38.7 %	Total net sales	\$ 2,119.7	\$ 1,852.1	\$ 267.6	14.4 %

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.

#### Comparison of Three Months Ended March 31, 2023 and 2022

The period-over-period increase in net sales of our server and storage systems was primarily due to a 33.1% strong demand from customers for GPU, high performance computing ("HPC"), and rack-scale solutions which are generally more complex and of higher value, resulting in an increase in the of average selling price as a result of product mix such as demand for high-performance GPU based server and storage systems ("ASP").

The period-over-period decrease increase in net sales for our subsystems and accessories of 42.9% was primarily due to the focus on allocating certain supply chain constrained components to build and ship server and storage systems rather than selling them as part of subsystems and accessories.

#### Comparison of Nine Months Ended March 31, 2023 and 2022

The period-over-period increase in net sales of our server and storage systems was due to both a 10.5% increase in the number of servers sold and a 38.9% increase in the average selling price. The increase in the number of servers sold was 10.1% is primarily due to increased demand for our products, including GPU systems.

The period-over-period decrease of accessories sold to data center customers as more accessories and spares were purchased in net conjunction with the strong sales for our subsystems of full systems and accessories of 30.7% was primarily due to the focus on allocating certain supply chain constrained components to build and ship server and storage systems rather than selling the constrained components as part of subsystems and accessories.

The following table presents net sales by geographic region for the three and nine months ended March 31, 2023 September 30, 2023 and 2022 (dollars in millions):

		Three Months Ended March 31,		Change		Change		Nine Months Ended March 31,		Change		Change	
		2023		2022		\$		2023		2022		\$	
		2023	2022	2022	2021	2023	2022	2023	2022	2022	2021	2023	2022
United States		\$ 785.5	\$ 762.4	\$ 23.1		3.0 %	\$ 3,172.5	\$ 1,961.6	\$ 1,210.9		61.7 %		
Percentage of total net sales		61.2 %	56.2 %				64.2 %	55.1 %					
Asia		\$ 214.4	\$ 310.0	\$ (95.6)		(30.8) %	\$ 815.1	\$ 857.1	\$ (42.0)		(4.9) %		

<i>Percentage of total net sales</i>	16.7 %	22.9 %		16.5 %	24.1 %		
Europe	\$ 228.5	\$ 205.4	\$ 23.1	\$ 776.1	\$ 600.6	\$ 175.5	29.2 %
<i>Percentage of total net sales</i>	17.8 %	15.2 %		15.7 %	16.8 %		
Others	\$ 54.9	\$ 77.7	\$ (22.8)	\$ 174.9	\$ 141.3	\$ 33.6	23.8 %
<i>Percentage of total net sales</i>	4.3 %	5.7 %		3.6 %	4.0 %		
Total net sales	<u>\$ 1,283.3</u>	<u>\$ 1,355.5</u>		<u>\$ 4,938.6</u>	<u>\$ 3,560.6</u>		

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#### Comparison of Three Months Ended March 31, 2023 and 2022

The period-over-period decrease in overall net sales is primarily due to lower sales in Asia region, including China, Taiwan and Korea, partially offset by higher sales in the United States where the increase is primarily due to both high demand and the higher prices for our GPU based server and storage systems. Net sales also increased in Europe, which is primarily driven by increased shipments to Germany, Netherlands, and UK.

#### Comparison of Nine Months Ended March 31, 2023 and 2022

	<i>Three Months Ended September 30,</i>		<i>Change</i>		<i>Change</i>	
	<i>2023</i>	<i>2022</i>	<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>
<i>United States</i>	\$ 1,619.5	\$ 1,295.5	\$ 324.0	25.0 %		
<i>Percentage of total net sales</i>	76.4 %	69.9 %				
<i>Asia</i>	\$ 225.5	\$ 270.0	\$ (44.5)	(16.5) %		
<i>Percentage of total net sales</i>	10.6 %	14.6 %				
<i>Europe</i>	\$ 190.9	\$ 235.1	\$ (44.2)	(18.8) %		
<i>Percentage of total net sales</i>	9.0 %	12.7 %				
<i>Others</i>	\$ 83.8	\$ 51.5	\$ 32.3	62.7 %		
<i>Percentage of total net sales</i>	4.0 %	2.8 %				
<i>Total net sales</i>	<u>\$ 2,119.7</u>	<u>\$ 1,852.1</u>				

The period-over-period increase in overall net sales is the result of higher ASP's, especially to large enterprise and data center customers. United States sales experienced significant growth due to increased selling prices led primarily by higher priced demand from data center customers for GPU based products HPC, and increased quantity rack-scale solutions. The period-over-period decrease in Asia and Europe is mainly due to macro economic concerns and slower adoption of overall new product shipments. The increase introductions, which has persisted in the United States is primarily due three months ended September 30, 2023.

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. We had no customers with net sales over 10% for the year ended June 30, 2023, however, we expect to higher sales driven by high demand for GPU based server and storage systems. The increase continue to have customers exceed 10% of net sales in Europe was primarily due to increases in net sales in Netherlands, UK and Germany. The decrease of net sales in Asia was primarily due to decreases in net sales in China, Taiwan and Korea partially offset by an increase in net sales in Singapore and Japan. future quarters.

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#### **Cost of Sales and Gross Margin**

Cost of sales primarily consists of the costs to manufacture our products, including which includes the costs of materials, contract manufacturing, shipping, personnel expenses including salaries, (Salaries, benefits, stock-based compensation and incentive bonuses, bonuses), equipment and facility expenses, warranty costs and inventory excess and obsolescence provisions, reserve charges. The primary factors that impact our cost of sales are the mix of products sold, changes in the cost of materials, which include purchased parts and material components, changes in logistic costs, shipping costs, changes in salary and benefits and overhead costs related to production as well as efficiencies or leverage 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 average selling prices our costs are not matched by corresponding changes in our costs, 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 expanding 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.

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

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change					
	2023		2022		\$	%	2023		2022		\$	%
	Cost of sales	\$ 1,056.9	Cost of sales	\$ 1,144.7	\$ (87.8)	(7.7)%	Cost of sales	\$ 4,027.3	Cost of sales	\$ 3,048.0	\$ 979.3	32.1 %
Gross profit	\$ 226.4	\$ 210.8	\$ 15.6	7.4 %	\$ 911.3	\$ 512.7	\$ 398.6	77.7 %				
Gross margin	17.6 %	15.5 %		2.1 %	18.5 %	14.4 %		4.1 %				

#### Comparison of Three Months Ended March 31, 2023 and 2022

The period-over-period decrease in cost of sales was primarily attributed to a decrease of \$78.6 million in costs of materials, key component costs and contract manufacturing expenses, a \$18.5 million decrease in freight costs, a \$4.2 million decrease in inventory charges, all partially offset by a \$13.5 million increase in overhead costs.

The period-over-period increase in the gross margin percentage was primarily due to a higher average selling price and a reduction in the cost of freight and certain key components. These key components included memory, solid-state drives, motherboards and other components.

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#### Comparison of Nine Months Ended March 31, 2023 and 2022

	Three Months Ended September 30,		Change	
	2023	2022	\$	%
Cost of sales	\$ 1,766.0	\$ 1,504.6	\$ 261.4	17.4 %
Gross profit	\$ 353.7	\$ 347.5	\$ 6.2	1.8 %
Gross margin	16.7 %	18.8 %		(2.1)%

The period-over-period increase in cost of sales was primarily attributed to an increase of \$938.2 million \$279.4 million in costs of materials and contract manufacturing expenses primarily related to the increase in net sales volume, partially offset by a \$55.0 million increase \$11.0 million decrease in freight costs due to an improved supply chain, a \$5.3 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 \$17.8 million 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 inventory charges offset by 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 \$31.7 million decrease result of the increase in freight costs. 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.

The period-over-period increase/decrease in the gross margin percentage was primarily due to a reduction product and customer mix, partially offset by an increase in the cost capitalization of freight and certain key components as well as efficiencies or leverage gained manufacturing overhead resulting from higher production volume in our facilities. These key components included memory, hard disk drives, solid-state drives, motherboards inventory level and other components. mix, lower costs related to freight due to an improved supply chain, and inventory reserve charges.

#### **Operating Expenses**

Research and development expenses consist of personnel expenses including salaries, benefits, stock-based compensation and incentive bonuses and related expenses 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 amounts 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 and related expenses for our sales and marketing personnel, cost for **tradeshows**, **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 amounts 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 and related expenses 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.

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

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2023	2022	\$	%	2023	2022	\$	%
Research and development	\$ 77.5	\$ 70.9	\$ 6.6	9.3 %	\$ 222.4	\$ 201.5	\$ 20.9	10.4 %
Percentage of total net sales	6.0 %	5.2 %			4.5 %	5.7 %		
Sales and marketing	\$ 25.3	\$ 22.4	\$ 2.9	12.9 %	\$ 83.1	\$ 65.9	\$ 17.2	26.1 %
Percentage of total net sales	2.0 %	1.6 %			1.7 %	1.9 %		
General and administrative	\$ 24.5	\$ 27.8	\$ (3.3)	(11.9) %	\$ 71.4	\$ 75.3	\$ (3.9)	(5.2) %
Percentage of total net sales	1.8 %	2.0 %			1.3 %	2.1 %		
Total operating expenses	\$ 127.3	\$ 121.0	\$ 6.3	5.2 %	\$ 376.9	\$ 342.7	\$ 34.2	10.0 %
Percentage of total net sales	9.9 %	8.9 %			7.6 %	9.6 %		

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#### Comparison of Three Months Ended March 31, 2023 and 2022

	Three Months Ended September 30,		Change	
	2023	2022	\$	%
Research and development	\$ 111.0	\$ 74.2	\$ 36.8	49.6 %
Percentage of total net sales	5.2 %	4.0 %		
Sales and marketing	\$ 37.2	\$ 29.4	\$ 7.8	26.5 %
Percentage of total net sales	1.7 %	1.6 %		
General and administrative	\$ 32.9	\$ 23.8	\$ 9.1	38.2 %
Percentage of total net sales	1.6 %	1.3 %		
Total operating expenses	\$ 181.1	\$ 127.4	\$ 53.7	42.2 %
Percentage of total net sales	8.5 %	6.9 %		

**Research and development expenses.** The period-over-period increase in research and development expenses was primarily driven by a \$39.1 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 \$11.4 million \$0.9 million increase in personnel expenses primarily due product development costs to increase in headcount partially support the development of next generation products and technologies, offset by a \$3.4 million higher research and development credits provided from certain suppliers and customers for our development efforts and a \$1.4 million decrease in product development costs.

**Sales and marketing expenses.** The period-over-period increase in sales and marketing expenses was due to a \$3.5 million increase in personnel expenses primarily due to an increase in headcount partially offset by a \$0.6 million lower advertising and other expenses.

**General and administrative expenses.** The period-over-period decrease in general and administrative expenses was primarily due to a \$2.3 million decrease in legal and litigation settlement expenses and a decrease of \$1.0 million in personnel related expenses and other expenses.

#### Comparison of Nine Months Ended March 31, 2023 and 2022

**Research and development expenses.** The period-over-period \$3.2 million increase in research and development expenses was due to a \$31.7 million increase in personnel expenses primarily due to increase in headcount and equity awards offset by a \$10.8 million higher research and development credits received from certain suppliers and customers towards customers. We believe that research and development expenses will continue to increase as we continue to expand our development efforts, workforce and invest in key talent.

**Sales and marketing expenses.** The period-over-period increase in sales and marketing expenses was primarily driven by a \$9.1 million increase in compensation expenses due to salary increases, higher headcount and the cost of equity awards offset by a \$15.7 million increase in personnel expenses \$1.3 million decrease primarily due to an increase in headcount marketing development funds to drive new sales opportunities for our products and equity awards customer support. We believe that sales and marketing expenses will continue to increase of a \$1.5 million as we continue to expand our workforce and invest in advertising and other expenses, key talent.

**General and administrative expenses.** The period-over-period decrease increase in general and administrative expenses was primarily due to a \$4.4 million decrease \$8.5 million increase in legal compensation expenses associated with higher headcount and litigation settlement the cost of equity awards and a \$0.6 million increase in professional and service fees. We believe that general and administrative expenses partially offset by an will continue to increase of \$0.5 million as we continue to expand our workforce and invest in personnel expenses and other expenses, key talent.

#### **Interest Expense and Other (Expense) Income, 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 (expense) income, net for the three and nine months ended March 31, 2023 September 30, 2023 and 2022 are as follows (dollars in millions):

	Three Months Ended				Nine Months Ended			
	March 31,		Change		March 31,		Change	
	2023	2022	\$	%	2023	2022	\$	%
Other (expense) income, net	\$ (0.1)	\$ 4.7	\$ (4.8)	(102.1)%	\$ 1.6	\$ 4.1	\$ (2.5)	(61.0)%
Interest expense	(1.3)	(1.5)	0.2	(13.3)%	(6.9)	(3.5)	(3.4)	97.1 %
Interest expense and other (expense) income, net	\$ (1.4)	\$ 3.2	\$ (4.6)	(143.8)%	\$ (5.3)	\$ 0.6	\$ (5.9)	(983.3)%

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#### Comparison of Three Months Ended March 31, 2023 and 2022

	Three Months Ended				Change			
	September 30,							
	2023	2022	\$	%	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 %				

The change of \$4.6 million \$0.5 million in interest expense and other expense, net was primarily attributable to a \$4.8 million increase in foreign exchange loss due to unfavorable currency fluctuations and a \$0.2 million decrease in interest expense due to decrease in loan balances.

#### Comparison of Nine Months Ended March 31, 2023 and 2022

The change of \$5.9 million in interest expense and other (expense) income, net was primarily attributable to a \$2.5 million increase \$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 loss due to unfavorable currency fluctuations and a \$3.4 million increase gain. The decrease in interest expense of \$2.0 million was due to an increase a decrease in interest rates on outstanding loan balances.

#### **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 nine months ended **March 31, 2023** **September 30, 2023** and 2022 are as follows (dollars in millions):

	Three Months Ended				Nine Months Ended					
	March 31,		Change		March 31,		Change			
	2023	2022	\$	%	2023	2022	\$	%		
Income tax provision	\$ 10.9	\$ 16.2	\$ (5.3)	(32.7)%	\$ 79.4	\$ 27.1	\$ 52.3	193.0 %		
Percentage of total net sales	0.8 %	1.2 %			1.6 %	0.8 %				
Effective tax rate	11.1 %	17.4 %			15.0 %	15.9 %				

#### Comparison of Three Months Ended March 31, 2023 and 2022

	Three Months Ended				Nine Months Ended					
	September 30,		Change		March 31,		Change			
	2023	2022	\$	%	2023	2022	\$	%		
Income tax provision	\$ 20.2	\$ 38.9	\$ (18.7)	(48.1)%						
Percentage of total net sales	1.0 %	2.1 %								
Effective tax rate	11.4 %	17.4 %								

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 effective tax rate for the three months ended **March 31, 2023** **September 30, 2023**, is lower than that for the three months ended **March 31, 2022** **September 30, 2022**, primarily due to a significant increase in tax-deductible stock compensation expense in the three months ended **March 31, 2023**.

#### Comparison of Nine Months Ended March 31, 2023 and 2022

The income tax provision increased for the nine months ended March 31, 2023, compared to the nine months ended March 31, 2022, while the effective tax rate for the same period is lower than that of last year. The primary reason for the higher income tax provision is the significant increase in income before tax for the nine months ended March 31, 2023, compared to the nine months ended March 31, 2022. The income tax rate was lower due to higher deductible stock compensation expense for the nine months ended March 31, 2023 compared to the nine months ended March 31, 2022 **September 30, 2023**.

#### **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 income loss from the Corporate Venture in which we have 30% ownership.

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

	Three Months Ended				Nine Months Ended					
	March 31,		Change		March 31,		Change			
	2023	2022	\$	%	2023	2022	\$	%		
Share of (loss) income from equity investee, net of taxes	\$ (1.0)	\$ 0.3	\$ (1.3)	n/m	\$ (3.3)	\$ 0.9	\$ (4.2)	n/m		

Share of loss from equity investee, net of taxes	Share of loss from equity investee, net of taxes
Percentage of total net sales	Percentage of total net sales
(0.1) %	0.02 %
(0.1) %	0.02 %
Percentage of total net sales	Percentage of total net sales
— %	— %

(1) n/m - Not meaningful

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### Comparison of Three Months Ended March 31, 2023 and 2022

The period-over-period decrease of \$1.3 \$0.9 million in share of (loss) income loss from equity investee, net of taxes was primarily due to less a smaller net income recognized by the Corporate Venture.

### Comparison of Nine Months Ended March 31, 2023 and 2022

The period-over-period decrease of \$4.2 million in share of (loss) income from equity investee, net of taxes was primarily due to less net income loss recognized by the Corporate Venture.

### Liquidity and Capital Resources

We have financed our growth primarily with funds generated from increased profits from operations, in addition to utilizing borrowing facilities. We draw on our credit facilities to fund Our recent drivers of liquidity changes have included an increase in the need for working capital requirements due to the higher level levels of inventories inventory required by growing revenues and accounts receivable based to a lesser extent, longer supply chain lead times on increasing sales as well as to finance the acquisition of property, plant and equipment. We also receive funds from the exercise of employee stock options. certain key components. Our cash and cash equivalents were \$362.8 million \$543.2 million and \$267.4 million \$440.5 million as of March 31, 2023 September 30, 2023 and June 30, 2022 June 30, 2023, respectively. Our cash and cash equivalents in foreign locations was \$210.7 million \$263.2 million and \$169.5 million \$192.3 million as of March 31, 2023 September 30, 2023 and June 30, 2022 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. In August 2022, we On September 28, 2023, our company through our Taiwan subsidiary, entered into a new general credit agreement with ESUN Bank. This pursuant to which our Taiwan subsidiary and CTBC Bank agreed to aggregate borrowings under all the New ESUN Bank CTBC Credit Facility permits borrowings Lines of up to (i) NTD 1.8 billion (\$61.0 million U.S. dollar equivalent) and (ii) US\$30.0 million in loans \$105.0 million. We continue to evaluate financing options that will may be required to support the growth of our Taiwan business. On February 7, 2023, we also entered into a new Facility Letter (the "New 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 may be comprised of borrowings under a New Taiwan Dollar revolving facility with a sub-limit of NTD300 million and an export/seller facility with a sub-limit of \$50 million. 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 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 three months fiscal year ended March 31, 2023 June 30, 2023 under this program and had have \$50.0 million of remaining availability as of March 31, 2023 September 30, 2023.

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

	Nine Months Ended	
	March 31,	
	2023	2022
Change		

Net cash provided by (used in) operating activities	\$ 672.9	\$ (415.7)	\$ 1,088.6
Net cash (used in) investing activities	\$ (28.6)	\$ (35.3)	\$ 6.7
Net cash (used in) provided by financing activities	\$ (547.3)	\$ 466.4	\$ (1,013.7)
Net increase in cash, cash equivalents and restricted cash	\$ 94.7	\$ 15.1	\$ 79.6

	Three Months Ended September 30,		
			Change
	2023	2022	
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

#### Operating Activities

Net cash provided by operating activities increased decreased by \$1,088.6 million \$43.1 million for the nine three months ended March 31, 2023 September 30, 2023 as compared to the nine three months ended March 31, 2022 September 30, 2022. The increase decrease was primarily due to an increase higher cash used to purchase inventory by \$416.8 million, a decrease in net income of \$302.1 million \$27.4 million, offset by an increase of \$383.0 million \$207.4 million from the collection of accounts receivables, from higher sales, an increase of \$535.2 million related to lower levels of inventory needed \$145.4 million from an improved supply chain, offset by a decrease of \$101.7 million in other working capital items, an increase of \$46.4 million in stock based compensation expense and a decrease an increase of \$30.0 million \$1.9 million in various other non-cash items in the nine months ended March 31, 2023. items.

#### Investing Activities

Net cash used in investing activities decreased by \$6.7 million \$3.1 million for the nine three months ended March 31, 2023 September 30, 2023 as compared to the nine three months ended March 31, 2022 September 30, 2022 primarily due to a decrease of \$8.1 million in purchases of property, plant and equipment offset by an investment of \$5.0 million made in the nine three months ended March 31, 2023 September 30, 2023.

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#### Financing Activities

Net cash used in financing activities for was \$171.3 million lower in the nine three months ended March 31, 2023 was \$547.3 million while net cash provided by financing activities for September 30, 2023 as compared to the nine three months ended March 31, 2022 was \$466.4 million. The change in cash flows from financing activities of \$1,013.7 million was September 30, 2022 primarily due to a decrease of \$773.7 million in proceeds from borrowings, an increase of \$89.7 million in lower repayment of debt and stock repurchases borrowings of \$146.5 million \$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.

#### 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 2023 2024 will be in range of \$11 million \$102.0 million to \$14 million \$112.0 million, relating primarily to costs associated with our manufacturing capabilities, including tooling for new products, new information technology investments, and facilities upgrades. We evaluated an expansion of our manufacturing into Malaysia, and during During the second quarter of fiscal year 2023, we entered into a letter of understanding to acquire land in Malaysia. 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 early access to such land prior to the acquisition, and we anticipate additional future capital expenditures for the remainder of fiscal year 2023 2024 of \$6 million \$31.0 million (included in the above range) for such initiative. In addition, we will 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.

We intend to continue to focus our capital expenditures in fiscal year **2023** **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.

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## **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.

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## **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 **March 31, 2023** **September 30, 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 **6.87%** **7.5%** at **March 31, 2023** **September 30, 2023** and **0.825%** **1.20%** to **4.004%** **7.08%** at **June 30, 2022** **June 30, 2023**. Based on the outstanding principal indebtedness of **\$187.2 million** **\$146.2 million** under our credit facilities as of **March 31, 2023** **September 30, 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. **Such fluctuations have not been significant historically. Realized and unrealized foreign exchange loss for the three months ended March 31, 2023 was \$1.2 million and realized and unrealized loss for the nine months ended March 31, 2023 was \$0.4 million. Realized and unrealized foreign exchange gain for the three and nine months ended March 31, 2022 September 30, 2023 and 2022 was \$4.6 million \$7.5 million and \$3.9 million, \$7.8 million, respectively.**

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## **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 **March 31, 2023** **September 30, 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 **March 31, 2023** **September 30, 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 **March 31, 2023** **September 30, 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.

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## 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 "Litigation" "Legal proceedings" and "Claims" "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 **such** 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 **2022** **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 months ended **March 31, 2023** **September 30, 2023**, we **repurchased the following** **did not repurchase** shares of our common stock: stock.

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share <sup>(1)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs
Month 1 (January 1, 2023 to January 31, 2023)	—	\$ —	—	\$200.0 Million
Month 2 (February 1, 2023 to February 28, 2023)	680,000	\$ 91.05	680,000	\$138.1 Million
Month 3 (March 1, 2023 to March 31, 2023)	873,350	\$ 100.85	873,350	\$50.0 Million
<b>Total</b>	<b>1,553,350</b>	<b>\$ 96.56</b>	<b>1,553,350</b>	

<sup>(1)</sup>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 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.

### Item 3. Defaults Upon Senior Securities

Not applicable.

#### Item 4. Mine Safety Disclosures

Not applicable.

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#### Item 5. Other Information

##### Disclosure Pursuant to Section 13(r) Rule 10b5-1 Trading Plans

Certain of the Company's 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:

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which amended the Exchange Act to add Section 13(r) thereof, an issuer is required to disclose in its annual or quarterly reports, as applicable, whether, during the relevant reporting period, it or any entity acting on its behalf knowingly engaged in certain activities, transactions or dealings relating to parties sanctioned pursuant to Executive Order 13382 or other specified authorities. Such sanctions are administered by the Office of Foreign Assets Control ("OFAC") within the U.S. Department of the Treasury, even if those transactions are authorized by law.

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

On March 2, 2021, pursuant to Executive Order 13382, the Russian Federal Security Service (the "FSB") was designated by the U.S. government as a blocked party. Notwithstanding such designation, OFAC has issued General License No. 1B, authorizing certain transactions involving the FSB, including all transactions ordinarily incident and necessary to requesting, receiving, utilizing, paying for, or dealing in licenses, permits, certifications, or notifications issued or registered by the FSB for the importation, distribution, or use of information technology products in the Russian Federation, subject to certain limitations. Section 13(r) of the Exchange Act requires disclosure of dealings with FSB, even where the activities were conducted in compliance with applicable laws and regulations, and where such activities, transactions, or dealings did not have a material financial or other impact on the issuer.

The Company had previously, before the designation of the FSB in Executive Order 13382, authorized certain third parties to periodically file notifications with, or apply for import licenses and permits from, the FSB on our behalf in connection with the importation of our products into Russia, as permitted under OFAC authorizations. During fiscal year 2023, including the most recent quarter ended March 31, 2023, third parties filed notifications with, applied for import licenses and permits from, and/or received the associated approvals from the FSB on our behalf. However, no sales of any products actually occurred in the Russian Federation during fiscal year 2023, including the most recent quarter ended March 31, 2023, and accordingly, these filing activities did not result in any revenue or otherwise contribute to the Company's net income for these quarters. The Company is in the process of terminating these authorizations. The Company and its subsidiaries do not sell products or provide services to the FSB. The Company and its subsidiaries had last recorded revenue from Russia on February 23, 2022.

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During the three months ended September 30, 2023, 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	<a href="#">General Agreement for Omnibus Credit Lines dated as of September 28, 2023 between Super Micro Computer, Inc. Taiwan and CTBC Bank Co., Ltd.</a> (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)
10.1 10.2	<a href="#">Facility Letter Agreement for Individually Negotiated Terms and Conditions dated as of February 7, 2023 September 28, 2023 between Super Micro Computer, Inc. Taiwan and HSBC CTBC Bank (Taiwan) Limited Co., Ltd.</a> (Incorporated by reference to Exhibit 10.1 10.2 from the Company's Current Report on 8-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on February 10, 2023 October 2, 2023)
10.2+ 10.3	<a href="#">Summary of Short-Term Credit Facilities dated as of August 21, 2023</a> (Incorporated by reference to Exhibit 10.3 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)
10.4	<a href="#">Form of Restricted Stock Units Notice of Grant and Agreement (Associated with the Director Compensation Plan adopted in August 2023)</a> (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	<a href="#">Form of Notice of Grant of Stock Option under 2020 Equity and Incentive Nonqualified Stock Option Award Agreement (Associated with the Director Compensation Plan (Supersedes previously filed adopted in August 2023))</a> (Incorporated by reference to Exhibit 10.31 10.58 from the Company's Annual Report on Form 10-K (Commission File No. 001-33383) filed with the Securities and Exchange Commission on August 31, 2020 August 28, 2023)
31.1+	<a href="#">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</a>
31.2+	<a href="#">Certification of David Weigand, Chief Financial Officer of the Registrant pursuant to Section 302, as adopted pursuant to the Sarbanes-Oxley Act of 2002</a>
32.1+	<a href="#">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</a>
32.2+	<a href="#">Certification of David Weigand, Chief Financial Officer of the Registrant pursuant to Section 906, as adopted pursuant to the Sarbanes-Oxley Act of 2002</a>
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: May 5, November 3, 2023

/s/ CHARLES LIANG

Charles Liang

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

Date: May 5, November 3, 2023

/s/ DAVID WEIGAND

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

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## NOTICE OF GRANT OF STOCK OPTION

Super Micro Computer, Inc.  
ID: 77-0353939  
980 Rock Ave.  
San Jose, CA 95131  
(408) 503-8000

Name:  
Address:  
City, Zip:  
Country:

Grant #:  
Plan:  
ID:

You ("you" or the "Grantee") have been granted Option Rights to purchase shares of Common Stock (the "Option") of Super Micro Computer, Inc. subject to the terms and conditions in the Super Micro Computer, Inc. 2020 Equity and Incentive Compensation Plan (the "Plan") and the attached award agreement for the Type of Option set forth below (the "Award Agreement"), as follows:

Date of Grant:  
Vesting Commencement Date:  
Option Exercise Price:  
Total Number of Shares of Common Stock Covered by the Option:  
Total Option Exercise Price: 11

**Type of Option:**

Expiration Date: 21

**Vesting Schedule:** The Option (unless terminated as provided in the associated Award Agreement) shall be exercisable as follows: (a) one-fourth (1/4th) of the shares of Common Stock covered by the Option on the one-year anniversary of the Vesting Commencement Date set forth above, so long as the Grantee's Service has not terminated prior to such date and (b) one-twelfth (1/12th) of the remaining shares of Common Stock covered by the Option every three full calendar months thereafter, so long as the Grantee's Service has not been terminated prior to each such date. The following table sets forth the number of shares of Common Stock covered by the Option that shall become exercisable on each applicable vesting date below in accordance with, and subject to the conditions of, the preceding sentence:

You ("you" or the "Grantee") have been granted Option Rights to purchase shares of Common Stock (the "Option") of Super Micro Computer, Inc. subject to the terms and conditions in the Super Micro Computer, Inc. 2020 Equity and Incentive Compensation Plan (the "Plan") and the attached award agreement for the Type of Option set forth below (the "Award Agreement"), as follows:

Date of Grant:  
Vesting Commencement Date:  
Option Exercise Price:  
Total Number of Shares of Common Stock Covered by the Option:  
Total Option Exercise Price: 11

**Type of Option:**

Expiration Date: 21

**Vesting Schedule:** The Option (unless terminated as provided in the associated Award Agreement) shall be exercisable as follows: (a) one-fourth (1/4th) of the shares of Common Stock covered by the Option on the one-year anniversary of the Vesting Commencement Date set forth above, so long as the Grantee's Service has not terminated prior to such date and (b) one-twelfth (1/12th) of the remaining shares of Common Stock covered by the Option every three full calendar months thereafter, so long as the Grantee's Service has not been terminated prior to each such date. The following table sets forth the number of shares of Common Stock covered by the Option that shall become exercisable on each applicable vesting date below in accordance with, and subject to the conditions of, the preceding sentence:

# of Shares of Common Stock Covered by the Option	Vesting Date
SHARES_PERIOD1	VEST_DATE_PERIOD1
SHARES_PERIOD2	VEST_DATE_PERIOD2
SHARES_PERIOD3	VEST_DATE_PERIOD3
SHARES_PERIOD4	VEST_DATE_PERIOD4
SHARES_PERIOD5	VEST_DATE_PERIOD5
SHARES_PERIOD6	VEST_DATE_PERIOD6
SHARES_PERIOD7	VEST_DATE_PERIOD7
SHARES_PERIOD8	VEST_DATE_PERIOD8
SHARES_PERIOD9	VEST_DATE_PERIOD9
SHARES_PERIOD10	VEST_DATE_PERIOD10
SHARES_PERIOD11	VEST_DATE_PERIOD11
SHARES_PERIOD12	VEST_DATE_PERIOD12
SHARES_PERIOD13	VEST_DATE_PERIOD13

You understand and agree that the Type of Option is granted subject to and in accordance with the terms of the Plan. You further agree to be bound by the terms of the Plan and the terms of the associated Award Agreement, which is attached hereto. A copy of the Plan is available in your grant package.

Nothing in this Notice, the attached Award Agreement or in the Plan confer upon you any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate your employment or other service at any time.

Definitions. All capitalized terms in this Notice shall have the meaning assigned to them in the Plan, this Notice or in the associated Award Agreement.

Super Micro Computer, Inc.

Charles Liang  
Chairman of the Board, President and CEO

**Note:** If this is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options) cannot be first exercisable for more than \$100,000 in value (measured by exercise price) in any calendar year. Any excess over \$100,000 is a Nonqualified Stock Option.

**Note:** If this is an Incentive Stock Option granted to a Significant Shareholder, the exercise price should be 110% of the fair market value of Common Stock on the date of grant and the option should expire no more than five years from the date of grant.

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: **May 5, November 3, 2023**

/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: **May 5, November 3, 2023**

**/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 **March 31, 2023** **September 30, 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: **May 5, November 3, 2023**

**/s/ CHARLES LIANG**

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

**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 **March 31, 2023** **September 30, 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: **May 5** November 3, 2023

/s/ DAVID WEIGAND

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

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