



Supermicro® Announces First Quarter Fiscal 2019 Preliminary Financial Information and Decision to Restate Prior Period Financial Statements

November 15, 2018

SAN JOSE, Calif.--(BUSINESS WIRE)--Nov. 15, 2018-- **Super Micro Computer, Inc. (NASDAQ:SMCI)**, a global leader in high-performance, high-efficiency server, storage technology and green computing, today announced preliminary financial information for its fiscal first quarter ended September 30, 2018.

Preliminary Fiscal First Quarter Highlights

The Company expects to report the following financial results for the quarter ended September 30, 2018:

- Net sales in a range of \$952 million to \$962 million compared to its previous guidance range of \$810 million to \$870 million
- GAAP and non-GAAP gross margin in the range of 13.2% to 13.4%
- GAAP fully diluted earnings per share in the range of \$0.35 to \$0.39; non-GAAP fully diluted earnings per share in the range of \$0.66 to \$0.70
- Cash flow from operations of \$50 million and capital expenditures of \$4 million

GAAP gross margin for the fiscal first quarter of 2019 that the Company expects to report is in the range of 13.2% to 13.4% and GAAP fully diluted earnings per share is in the range of \$0.35 to \$0.39.

Non-GAAP gross margin for the fiscal first quarter of 2019 that the Company expects to report is in the range of 13.2% to 13.4%, which excludes stock-based compensation expense of \$0.5 million. Non-GAAP fully diluted earnings per share is expected to be in the range of \$0.66 to \$0.70, which excludes stock-based compensation expense of \$6.0 million and Audit Committee investigation and review expense of \$16.1 million and the related tax effect of both.

As of September 30, 2018, total cash, cash equivalents and short-term investments was \$104.1 million and bank debt was \$79.6 million.

Decision to Restate Prior Period Financial Statements

Also today, the Company filed a Current Report on Form 8-K with the Securities and Exchange Commission noting that on November 14, 2018, the Board of Directors of the Company, based on the recommendation of the Audit Committee and in consultation with management, determined to restate prior period financial statements and advised that those financial statements should not be relied upon. The restatement primarily relates to the timing of recognition of revenue and classification of certain inventory. The Company believes total cash flows from operating, investing, and financing have not been affected with the exception of certain balance sheet classification errors that have been determined to have an immaterial effect on cash and cash flows from operations. Investors are encouraged to review that report. Included in the Form 8-K are the Company's preliminary estimates for the changes in revenue, net income, GAAP diluted earnings per share and non-GAAP diluted earnings per share for the fiscal years ended June 30, 2015 and 2016 (as reported) and fiscal year ended June 30, 2017 (as announced).

Financial Information Is Preliminary and May Be Subject To Change

The unaudited interim financial information presented in this press release is preliminary. The final financial results reported for this period may also differ from the results reported in this release as a result of the work necessary for the preparation of financial statements taking into account the results of the Audit Committee investigation and other testing.

Second Quarter Fiscal 2019 Guidance

The Company expects net sales in a range of \$830 million to \$890 million for the second quarter of fiscal year 2019 ending December 31, 2018.

Cautionary Statement Regarding Forward Looking Statements

Statements contained in this press release that are not historical fact may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements may relate to, among other things, the preliminary financial information for the quarter ended September 30, 2018 and guidance for the second quarter of fiscal year 2019 ending December 31, 2018. Such forward-looking statements do not constitute guarantees of future performance and are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from those anticipated, including the impact of any adjustments to the Company's historical or current financial results as a result of the Audit Committee investigation and further testing, and the timing and consequences of the delays in the Company's regaining compliance with its SEC filing obligations. Additional factors that could cause actual results to differ materially from those projected or suggested in any forward-looking statements are contained in our filings with the SEC, including those factors discussed under the caption "Risk Factors" in such filings.

Use of Non-GAAP Financial Measures

Non-GAAP gross margin and fully diluted earnings per share discussed in this press release exclude as applicable stock-based compensation expense, costs associated with the Audit Committee investigation and review described above, and the related tax effect of the applicable items. Management presents non-GAAP financial measures because it considers them to be important supplemental measures of performance. Management uses the non-GAAP financial measures for planning purposes, including analysis of the Company's performance against prior periods, the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management also believes that the

non-GAAP financial measures provide additional insight for analysts and investors in evaluating the Company's financial and operational performance. However, these non-GAAP financial measures have limitations as an analytical tool, and are not intended to be an alternative to financial measures prepared in accordance with GAAP. Pursuant to the requirements of SEC Regulation G, the reconciliation between the Company's GAAP gross margin and non-GAAP gross margin is stock-based compensation of \$0.5 million and the reconciliation between the Company's GAAP fully diluted earnings per share and non-GAAP fully diluted earnings per share is stock-based compensation of \$6.0 million, and Audit Committee investigation and review expense of \$16.1 million less related tax effect of \$5.3 million.

About Super Micro Computer, Inc.

Supermicro® (NASDAQ: SMCI), the leading innovator in high-performance, high-efficiency server technology is a premier provider of advanced Server Building Block Solutions® for Data Center, Cloud Computing, Enterprise IT, Hadoop/Big Data, HPC and Embedded Systems worldwide. Supermicro is committed to protecting the environment through its "We Keep IT Green®" initiative and provides customers with the most energy-efficient, environmentally-friendly solutions available on the market.

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