

SUPER MICRO COMPUTER, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	June 30, 2019	June 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 248,164	\$ 115,377
Accounts receivable, net of allowances of \$8,906 and \$1,945 at June 30, 2019 and 2018, respectively (including amounts receivable from related parties of \$13,439 and \$3,082 at June 30, 2019 and 2018, respectively)	393,624	451,393
Inventories	670,188	853,252
Prepaid expenses and other current assets (including receivables from related parties of \$21,302 and \$24,016 at June 30, 2019 and 2018, respectively)	109,795	110,856
Total current assets	1,421,771	1,530,878
Investment in equity investee	1,701	2,376
Property, plant and equipment, net	207,337	196,631
Deferred income taxes, net	41,126	25,583
Other assets	10,659	14,037
Total assets	\$ 1,682,594	\$ 1,769,505
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable (including amounts due to related parties of \$59,809 and \$77,810 at June 30, 2019 and 2018, respectively)	\$ 360,470	\$ 527,158
Accrued liabilities (including amounts due to related parties of \$10,536 and \$18,394 at June 30, 2019 and 2018, respectively)	114,678	102,478
Income taxes payable	13,021	7,191
Short-term debt	23,647	116,181
Deferred revenue	94,153	58,549
Total current liabilities	605,969	811,557
Deferred revenue, non-current	109,266	89,731
Other long-term liabilities (including related party balance of \$3,000 and \$3,500 at June 30, 2019 and 2018, respectively)	26,183	24,565
Total liabilities	741,418	925,853
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock and additional paid-in capital, \$0.001 par value		
Authorized shares: 100,000,000		
Issued shares: 51,289,413 and 50,914,571 at June 30, 2019 and 2018, respectively	349,683	331,550
Treasury stock (at cost), 1,333,125 shares at June 30, 2019 and 2018	(20,491)	(20,491)
Accumulated other comprehensive (loss) income	(80)	165
Retained earnings	611,903	532,271
Total Super Micro Computer, Inc. stockholders' equity	941,015	843,495
Noncontrolling interest	161	157
Total stockholders' equity	941,176	843,652
Total liabilities and stockholders' equity	\$ 1,682,594	\$ 1,769,505

See accompanying notes to consolidated financial statements.

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

	Years Ended June 30,		
	2019	2018	2017
Net sales (including related party sales of \$69,906, \$68,637 and \$33,821 in fiscal years 2019, 2018 and 2017, respectively)	\$ 3,500,360	\$ 3,360,492	\$ 2,484,929
Cost of sales (including related party purchases of \$276,843, \$262,747, and \$236,062 in fiscal years 2019, 2018 and 2017, respectively)	3,004,838	2,930,498	2,134,971
Gross profit	495,522	429,994	349,958
Operating expenses:			
Research and development	179,907	165,104	143,992
Sales and marketing	77,154	71,579	66,445
General and administrative	141,228	98,597	44,646
Total operating expenses	398,289	335,280	255,083
Income from operations	97,233	94,714	94,875
Other expense, net	(1,020)	(773)	(984)
Interest expense	(6,690)	(5,726)	(2,300)
Income before income tax provision	89,523	88,215	91,591
Income tax provision	(14,884)	(38,443)	(24,434)
Share of loss from equity investee, net of taxes	(2,721)	(3,607)	(303)
Net income	\$ 71,918	\$ 46,165	\$ 66,854
Net income per common share:			
Basic	\$ 1.44	\$ 0.94	\$ 1.38
Diluted	\$ 1.39	\$ 0.89	\$ 1.29
Weighted-average shares used in calculation of net income per common share:			
Basic	49,917	49,345	48,383
Diluted	51,716	52,151	51,679

See accompanying notes to consolidated financial statements.

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

	Years Ended June 30,		
	2019	2018	2017
OPERATING ACTIVITIES:			
Net income	\$ 71,918	\$ 46,165	\$ 66,854
Reconciliation of net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	24,202	21,846	16,357
Stock-based compensation expense	21,184	24,656	19,665
Excess tax benefits from stock-based compensation	—	—	(2,310)
Allowance (recoveries) for doubtful accounts	7,058	(96)	334
Provision for excess and obsolete inventories	32,946	9,649	15,729
Other	733	909	—
Impairment of investments	2,661	—	—
Share of loss from equity investee	2,721	3,607	303
Foreign currency exchange (gain) loss	(313)	171	1,274
Deferred income taxes, net	(17,100)	13,570	(5,434)
Changes in operating assets and liabilities:			
Accounts receivable, net (including changes in related party balances of \$(10,357), \$3,795, and \$(6,828) in fiscal years 2019, 2018, and 2017, respectively)	85,027	(127,082)	(149,455)
Inventories	119,314	(126,232)	(235,590)
Prepaid expenses and other assets (including changes in related party balances of \$2,714, \$(10,689), and \$(3,705) in fiscal years 2019, 2018, and 2017, respectively)	8,410	(15,714)	(2,856)
Accounts payable (including changes in related party balances of \$(18,001), \$21,882, and \$10,987 in fiscal years 2019, 2018, and 2017, respectively)	(173,410)	132,533	135,320
Income taxes payable	5,831	5,827	(1,873)
Accrued liabilities (including changes in related party balances of \$(7,858), \$9,944, and \$3,096 in fiscal years 2019, 2018, and 2017, respectively)	11,456	23,238	17,329
Deferred revenue	59,800	67,775	31,236
Other long-term liabilities (including changes in related party balances of \$(500), \$(1,400), and \$4,900 in fiscal years 2019, 2018, and 2017, respectively)	116	3,525	(3,071)
Net cash provided by (used in) operating activities	262,554	84,347	(96,188)
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment (including payments to related parties of \$4,472, \$6,005, and \$4,570 in fiscal years 2019, 2018, and 2017, respectively)	(24,849)	(24,824)	(29,365)
Proceeds from redemption of auction rate security	—	1,000	—
Investments in privately held companies	—	(2,100)	—
Net cash used in investing activities	(24,849)	(25,924)	(29,365)
FINANCING ACTIVITIES:			
Proceeds from borrowings, net of debt issuance costs	41,760	107,337	207,029
Repayment of debt	(67,700)	(220,299)	(140,452)
Net (repayment) borrowings on asset-backed revolving line of credit, net of costs	(65,945)	64,226	—
Payment of other fees for debt financing	(625)	(414)	—
Advances under receivables financing arrangement	—	—	227
Proceeds from exercise of stock options	—	3,043	10,878
Excess tax benefits from stock-based compensation	—	—	2,310
Payments of obligations under capital leases	(267)	(253)	(253)
Payment of withholding tax on vesting of restricted stock units	(3,051)	(4,472)	(3,554)
Payments to acquire treasury stock	—	—	(18,461)
Net cash (used in) provided by financing activities	(95,828)	(50,832)	57,724
Effect of exchange rate fluctuations on cash	(119)	(6)	(45)
Net increase (decrease) in cash, cash equivalents, and restricted cash	141,758	7,585	(67,874)
Cash, cash equivalents and restricted cash at beginning of year	120,382	112,797	180,671
Cash, cash equivalents and restricted cash at end of year	\$ 262,140	\$ 120,382	\$ 112,797