Applied Optoelectronics, Inc.

AAOI

Nasdaq; business equipment; SIC 3674, Semiconductors & Related Devices; CIK 0001158114

D

fourth fifth of 497 graded peers in business equipment

rank 324 of 497; percentile 65.1; sampling error 2.2 points; lower is stronger

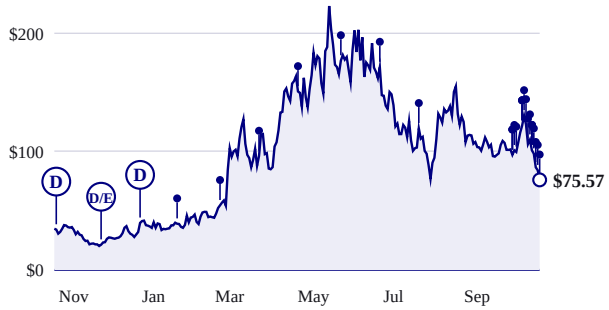
A B C D E

D, the sloth



Scoreboard	
Profitability	E percentile 84.8
Solvency	B/C percentile 38.9
Growth and financing	B percentile 37.7
Reliability	0.91 AUC filers with $591M to $2.67B assets; 95% interval 0.88 to 0.94; 160 events, 2020 to 2025
Peer failure rate	1.01% a year Item 1.03 bankruptcies, same asset band, 2012 to 2025
Size band	$591M to $2.67B assets total assets $1.2B
Standard universe	inside revenue above $1M and assets above $10M
Warnings	dilution; fortress balance sheet not computable: distress
Inputs computable	9 of 14
Graded from	filings received through Feb 26, 2026 235 days before the rescan; latest periodic filing 10-Q received Aug 6, 2026
Last close	$75.23 2026-10-16; market equity $6.4B; no price enters the letter

Share price, twelve months to the rescan



Split-adjusted close. Each lollipop is a rescan and carries the letter held then.

Letter at every rescan, 2012 to 2026



Sector percentile at each rescan, stronger toward the top; facts filed by each date only.

Business, in the company's words

opening of Item 1 of the 10-K received Feb 26, 2026

Applied Optoelectronics, Inc. (the "Company" or "AOI") is a leading, vertically integrated provider of fiber-optic networking products, primarily for four networking end-markets: internet data center, cable television ("CATV"), telecommunications, ("telecom"), and fiber-to-the-home ("FTTH"). We design and manufacture a range of optical communications products at varying levels of integration, from components, subassemblies and modules to complete turn-key equipment. In designing products for our customers, we typically begin with the fundamental building blocks of lasers and laser components.

The fourteen inputs

lower percentile is stronger; sleeves and inputs within a sleeve carry equal weight

Input	Value	Peer median	Percentile, 0 to 100	Pct	Peers	Period end
Profitability, sleeve percentile 84.8						
Gross profitability	11.7%	28.6%		80.2	557	2025-12-31
Return on invested capital	(11.9%)	11.0%		87.3	135	2025-12-31
Accruals ratio	15.9%	(7.4%)		95.8	620	2025-12-31

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Gross margin stability, five years	5.6 pts	2.3 pts	75.8	427	2025-12-31
Solvency, sleeve percentile 38.9					
Twelve-month failure probability	not computable	0.05%			
latest liabilities, cash plus short-term investments, book equity, and shares are required					
Altman Z double-prime	2.44	2.16	41.7	564	2025-12-31
Net debt to EBITDA	not computable	1.11x			
EBITDA must exceed $100,000					
Interest coverage	not computable	3.77x			
latest aligned inputs end 2023-12-31; latest annual assets end 2025-12-31					
Current ratio	2.63x	2.01x	36.0	664	2025-12-31
Growth and financing, sleeve percentile 37.7					
Revenue growth, three-year compound	26.9%	6.4%	13.1	537	2025-12-31
Free cash flow growth, three-year compound	not computable	17.7%			
current FCF must be positive and base FCF must exceed $100,000					
Reinvestment rate	not computable	13.5%			
NOPAT must exceed $100,000					
Asset growth, three years	42.0%	5.0%	7.5	562	2025-12-31
Net share issuance, one year	51.5%	0.5%	92.7	410	2026-02-01

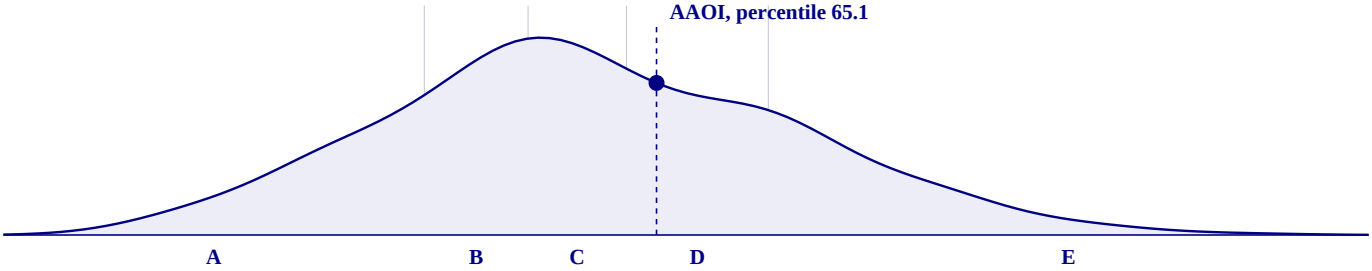
Warnings

2 of 7 checks triggered; none of them enters the letter

Check	Measured
Dilution	split-adjusted year-over-year share growth is 51.5%
Fortress balance sheet	cash minus debt is 172,165,000 USD; Altman Z is not used

Among 497 peers

business equipment; letters are fifths of this list



Composite score of every graded peer, smoothed; vertical rules are the letter band edges; stronger to the left.

Rank	Company	Percentile	Letter	Warnings
319	Nortech Systems Inc. (NSYS)	64.1	D	
320	Interlink Electronics Inc. (LINK)	64.3	D	
321	Danaher Corp. (DHR)	64.5	D	
322	N-able, Inc. (NABL)	64.7	D	late filer
323	Semtech Corp. (SMTC)	64.9	D	
324	Applied Optoelectronics, Inc. (AAOI)	65.1	D	dilution, fortress balance sheet
325	Enovix Corp. (ENVX)	65.3	D	short runway
326	ON Semiconductor Corp. (ON)	65.5	D	
327	PubMatic, Inc. (PUBM)	65.7	D	
328	ClearSign Technologies Corp. (CLIR)	65.9	D	
329	Shutterstock, Inc. (SSTK)	66.1	D	

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What the price implies

at the 2026-10-16 close; none of these enters the grade

Measure	Value	Peer median	Percentile
Twelve-month price change, skipping the latest month	315.3%	2.2%	99
Distance from 52-week high	(66.1%)	(33.4%)	17
EBIT to enterprise value	(0.9%)	1.5%	31
Free cash flow yield	(5.5%)	2.9%	18
Book value to price	0.26	0.26	50
Sales to price	0.07	0.32	11
Composite equity issuance, five years	115.3%	4.2%	93
Relative strength against the sector, log excess return	1.14	(0.26)	99

Diagnostics

shown on every report; none enters the grade

Measure	Value
Piotroski F-score 5 of 9, period end 2025-12-31	
Return on assets above zero	fail
Operating cash flow above zero	fail
Return on assets improved	pass
Operating cash flow exceeds net income	fail
Long-term leverage fell	pass
Current ratio improved	pass
No new shares issued	fail
Gross margin improved	pass
Asset turnover improved	pass
Cash, filings, liquidity	
Cash and equivalents	$499.7M
Operating cash flow, four quarters	-$131.8M
Months of runway	45.5
Days since last periodic filing	74 (10-Q received Aug 6, 2026)
Median daily dollar volume, 63 sessions	$986.3M

Sources

every fact behind the inputs; each row links to its filing index on sec.gov

#	Concept	XBRL tag	Value	Period end	Received	Form	Accession
1	gross profit	us-gaap:GrossProfit	$136.9M	2025-12-31	2026-02-26	10-K	26-005875
2	assets	us-gaap:Assets	$1.2B	2025-12-31	2026-02-26	10-K	26-005875
3	operating income	us-gaap:OperatingIncomeLoss	-$54.6M	2025-12-31	2026-02-26	10-K	26-005875
4	pretax income	us-gaap:IncomeLossFromContinuingOperationsBeforeInc...	-$46.7M	2025-12-31	2026-02-26	10-K	26-005875
5	income tax	us-gaap:IncomeTaxExpenseBenefit	-$8.5M	2025-12-31	2026-02-26	10-K	26-005875
6	total debt	us-gaap:LongTermDebt	$34.0M	2025-12-31	2026-02-26	10-K	26-005875
7	book equity	us-gaap:StockholdersEquity	$733.9M	2025-12-31	2026-02-26	10-K	26-005875
8	cash	us-gaap:CashAndCashEquivalentsAtCarryingValue	$206.1M	2025-12-31	2026-02-26	10-K	26-005875
9	total debt	us-gaap:LongTermDebt	$26.7M	2024-12-31	2026-02-26	10-K	26-005875
10	book equity	us-gaap:StockholdersEquity	$229.1M	2024-12-31	2026-02-26	10-K	26-005875
11	cash	us-gaap:CashAndCashEquivalentsAtCarryingValue	$67.4M	2024-12-31	2026-02-26	10-K	26-005875
12	net income	us-gaap:NetIncomeLoss	-$38.2M	2025-12-31	2026-02-26	10-K	26-005875
13	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	-$174.4M	2025-12-31	2026-02-26	10-K	26-005875
14	assets	us-gaap:Assets	$547.0M	2024-12-31	2026-02-26	10-K	26-005875
15	revenue	us-gaap:RevenueFromContractWithCustomerExcludingA...	$455.7M	2025-12-31	2026-02-26	10-K	26-005875
16	gross profit	us-gaap:GrossProfit	$61.8M	2024-12-31	2026-02-26	10-K	26-005875
17	revenue	us-gaap:RevenueFromContractWithCustomerExcludingA...	$249.4M	2024-12-31	2026-02-26	10-K	26-005875
18	gross profit	us-gaap:GrossProfit	$58.9M	2023-12-31	2026-02-26	10-K	26-005875

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19	revenue	us-gaap:RevenueFromContractWithCustomerExcludingA...	$217.6M	2023-12-31	2026-02-26	10-K	26-005875
20	gross profit	us-gaap:GrossProfit	$33.6M	2022-12-31	2025-02-28	10-K	25-005575
21	revenue	us-gaap:RevenueFromContractWithCustomerExcludingA...	$222.8M	2022-12-31	2025-02-28	10-K	25-005575
22	gross profit	us-gaap:GrossProfit	$37.7M	2021-12-31	2024-02-23	10-K	24-005367
23	revenue	us-gaap:RevenueFromContractWithCustomerExcludingA...	$211.6M	2021-12-31	2024-02-23	10-K	24-005367
24	current assets	us-gaap:AssetsCurrent	$675.7M	2025-12-31	2026-02-26	10-K	26-005875
25	current liabilities	us-gaap:LiabilitiesCurrent	$257.3M	2025-12-31	2026-02-26	10-K	26-005875
26	retained earnings	us-gaap:RetainedEarningsAccumulatedDeficit	-$490.1M	2025-12-31	2026-02-26	10-K	26-005875
27	liabilities	us-gaap:Liabilities	$434.5M	2025-12-31	2026-02-26	10-K	26-005875
28	depreciation amortization	us-gaap:Depreciation	$27.2M	2025-12-31	2026-02-26	10-K	26-005875
29	operating income	us-gaap:OperatingIncomeLoss	-$41.3M	2023-12-31	2026-02-26	10-K	26-005875
30	interest expense	us-gaap:InterestExpense	$9.4M	2023-12-31	2024-02-23	10-K	24-005367
31	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	$179.1M	2025-12-31	2026-02-26	10-K	26-005875
32	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	-$69.5M	2024-12-31	2026-02-26	10-K	26-005875
33	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	$43.4M	2024-12-31	2026-02-26	10-K	26-005875
34	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	-$7.9M	2023-12-31	2026-02-26	10-K	26-005875
35	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	$9.1M	2023-12-31	2026-02-26	10-K	26-005875
36	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	-$14.0M	2022-12-31	2025-02-28	10-K	25-005575
37	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	$3.2M	2022-12-31	2025-02-28	10-K	25-005575
38	current assets	us-gaap:AssetsCurrent	$301.3M	2024-12-31	2026-02-26	10-K	26-005875
39	current liabilities	us-gaap:LiabilitiesCurrent	$170.1M	2024-12-31	2026-02-26	10-K	26-005875
40	assets	us-gaap:Assets	$389.2M	2023-12-31	2025-02-28	10-K	25-005575
41	assets	us-gaap:Assets	$408.3M	2022-12-31	2024-02-23	10-K	24-005367
42	shares outstanding	dei:EntityCommonStockSharesOutstanding	75,198,817	2026-02-01	2026-02-26	10-K	26-005875
43	shares outstanding	dei:EntityCommonStockSharesOutstanding	49,651,482	2025-02-24	2025-02-28	10-K	25-005575

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