# 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 323 of 497; percentile 64.9; sampling error 2.2 points; lower is stronger

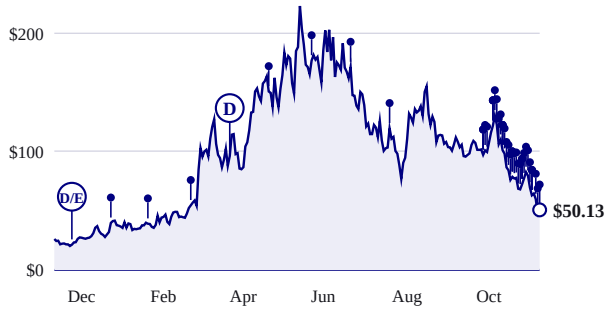
A B C D E

**D, the sloth**



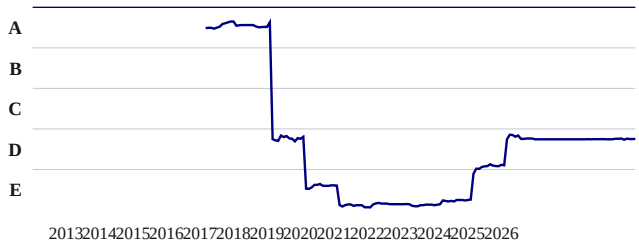
| Scoreboard | |
|---|---|
| **Profitability** | E<br>percentile 84.9 |
| **Solvency** | B/C<br>percentile 38.8 |
| **Growth and financing** | B<br>percentile 37.7 |
| **Reliability** | 0.91 AUC<br>filers with $591M to $2.67B assets; 95% interval 0.88 to 0.94; 160 events, 2020 to 2025 |
| **Peer failure rate** | 1.01% a year<br>Item 1.03 bankruptcies, same asset band, 2012 to 2025 |
| **Size band** | $591M to $2.67B assets<br>total assets $1.2B |
| **Standard universe** | inside<br>revenue above $1M and assets above $10M |
| **Warnings** | dilution; fortress balance sheet<br>not computable: distress |
| **Inputs computable** | 9 of 14 |
| **Graded from** | filings received through Feb 26, 2026<br>256 days before the rescan; latest periodic filing 10-Q received Nov 5, 2026 |
| **Last close** | $50.10<br>2026-11-06; market equity $4.5B; 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 84.9** | | | | | | |
| Gross profitability | 11.7% | 28.6% | | 80.3 | 554 | 2025-12-31 |
| Return on invested capital | (11.9%) | 11.4% | | 87.1 | 133 | 2025-12-31 |
| Accruals ratio | 15.9% | (7.3%) | | 95.9 | 617 | 2025-12-31 |

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| | | | | | |
|---|---|---|---|---|---|
| Gross margin stability, five years | 5.6 pts | 2.3 pts | 76.2 | 425 | 2025-12-31 |
| **Solvency, sleeve percentile 38.8** | | | | | |
| Twelve-month failure probability | not computable | 0.06% | | | |
| *latest liabilities, cash plus short-term investments, book equity, and shares are required* | | | | | |
| Altman Z double-prime | 2.44 | 2.18 | 41.7 | 564 | 2025-12-31 |
| Net debt to EBITDA | not computable | 1.08x | | | |
| *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 | 35.9 | 662 | 2025-12-31 |
| **Growth and financing, sleeve percentile 37.7** | | | | | |
| Revenue growth, three-year compound | 26.9% | 6.4% | 13.1 | 534 | 2025-12-31 |
| Free cash flow growth, three-year compound | not computable | 18.0% | | | |
| *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% | 5.2% | 7.5 | 559 | 2025-12-31 |
| Net share issuance, one year | 51.5% | 0.5% | 92.4 | 407 | 2026-02-01 |

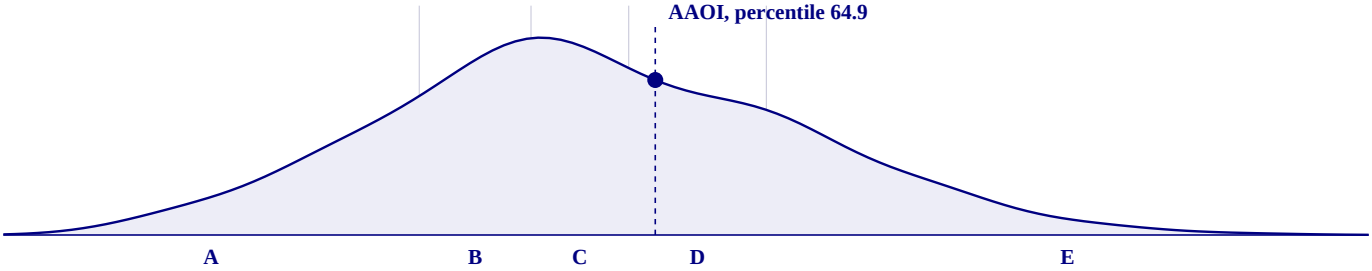
## Warnings

*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 |
|---|---|---|---|---|
| 318 | Caci International Inc. (CACI) | 63.9 | D | |
| 319 | Danaher Corp. (DHR) | 64.1 | D | |
| 320 | ON Semiconductor Corp. (ON) | 64.3 | D | |
| 321 | Semtech Corp. (SMTC) | 64.5 | D | |
| 322 | N-able, Inc. (NABL) | 64.7 | D | late filer |
| 323 | Applied Optoelectronics, Inc. (AAOI) | 64.9 | D | dilution, fortress balance sheet |
| 324 | Enovix Corp. (ENVX) | 65.1 | D | short runway |
| 325 | Viavi Solutions Inc. (VIAV) | 65.3 | D | fortress balance sheet |
| 326 | ClearSign Technologies Corp. (CLIR) | 65.5 | D | |
| 327 | Shutterstock, Inc. (SSTK) | 65.7 | D | |
| 328 | Analog Devices Inc. (ADI) | 65.9 | D | |

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## What the price implies

*at the 2026-11-06 close; none of these enters the grade*

| Measure | Value | Peer median | Percentile |
|---|---|---|---|
| Twelve-month price change, skipping the latest month | 179.1% | (2.0%) | 96 |
| Distance from 52-week high | (77.5%) | (36.5%) | 9 |
| EBIT to enterprise value | (1.4%) | 1.8% | 29 |
| Free cash flow yield | (7.8%) | 2.9% | 18 |
| Book value to price | 0.49 | 0.28 | 69 |
| Sales to price | 0.10 | 0.33 | 15 |
| Composite equity issuance, five years | 122.4% | 4.2% | 93 |
| Relative strength against the sector, log excess return | 0.76 | (0.29) | 96 |

## 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 | $605.4M |
| Operating cash flow, four quarters | -$106.2M |
| Months of runway | 68.4 |
| Days since last periodic filing | 4 (10-Q received Nov 5, 2026) |
| Median daily dollar volume, 63 sessions | $915.0M |

## 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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