Applied Optoelectronics, Inc.

AAOI

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

D

fourth fifth of 469 graded peers in business equipment

rank 307 of 469; percentile 65.4; sampling error 2.3 points; lower is stronger

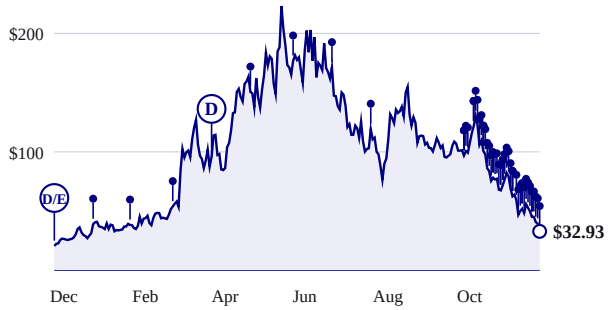
A B C D E

D, the sloth



Scoreboard	
Profitability	E percentile 85.6
Solvency	B/C percentile 39.2
Growth and financing	B percentile 37.3
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 13
Graded from	filings received through Feb 26, 2026 269 days before the rescan; latest periodic filing 10-Q received Nov 5, 2026
Last close	$32.93 2026-11-20; market equity $3.0B; 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 thirteen 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 85.6						
Gross profitability	11.7%	29.4%		82.0	513	2025-12-31
Return on invested capital	(11.9%)	11.2%		87.7	123	2025-12-31
Accruals ratio	15.9%	(7.4%)		96.3	566	2025-12-31

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Gross margin stability, five years	5.6 pts	2.3 pts		76.5	406	2025-12-31
Solvency, sleeve percentile 39.2						
Altman Z double-prime	2.44	2.18		42.6	517	2025-12-31
Net debt to EBITDA	not computable	1.11x				
EBITDA must exceed $100,000						
Interest coverage	not computable	4.90x				
latest aligned inputs end 2023-12-31; latest annual assets end 2025-12-31						
Current ratio	2.63x	1.98x		35.7	600	2025-12-31
Growth and financing, sleeve percentile 37.3						
Revenue growth, three-year compound	26.9%	6.6%		12.5	503	2025-12-31
Free cash flow growth, three-year compound	not computable	17.4%				
current FCF must be positive and base FCF must exceed $100,000						
Reinvestment rate	not computable	14.3%				
NOPAT must exceed $100,000						
Asset growth, three years	42.0%	5.0%		6.8	519	2025-12-31
Net share issuance, one year	51.5%	0.5%		92.6	404	2026-02-01

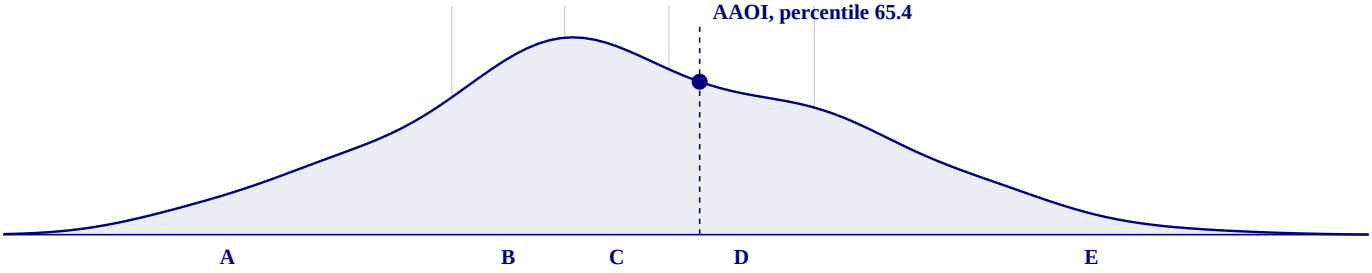
Warnings

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 469 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
302	Interlink Electronics Inc. (LINK)	64.3	D	
303	RingCentral, Inc. (RNG)	64.5	D	
304	Nortech Systems Inc. (NSYS)	64.7	D	
305	Danaher Corp. (DHR)	65.0	D	
306	Semtech Corp. (SMTC)	65.2	D	
307	Applied Optoelectronics, Inc. (AAOI)	65.4	D	dilution, fortress balance sheet
308	Netgear, Inc. (NTGR)	65.6	D	
309	N-able, Inc. (NABL)	65.8	D	late filer
310	ClearSign Technologies Corp. (CLIR)	66.0	D	
311	Analog Devices Inc. (ADI)	66.2	D	
312	Ichor Holdings, Ltd. (ICHR)	66.5	D	

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What the price implies

at the 2026-11-20 close; none of these enters the grade

Measure	Value	Peer median	Percentile
Twelve-month price change, skipping the latest month	179.1%	(2.2%)	96
Distance from 52-week high	(85.2%)	(41.7%)	7
EBIT to enterprise value	(2.3%)	2.0%	27
Free cash flow yield	(11.8%)	3.1%	16
Book value to price	0.75	0.31	78
Sales to price	0.15	0.35	24
Composite equity issuance, five years	122.4%	4.3%	93
Relative strength against the sector, log excess return	0.76	(0.29)	96
Twelve-month failure probability, CHS model	not computable	0.05%	

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	17 (10-Q received Nov 5, 2026)
Median daily dollar volume, 63 sessions	$776.4M

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

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18	gross profit	us-gaap:GrossProfit	$58.9M	2023-12-31	2026-02-26	10-K	26-005875
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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