



INVESTOR PRESENTATION

Third Quarter 2025

Nasdaq: AAOI

Forward Looking Statements & Non-GAAP Financial Measures

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "could," "would," "target," "seek," "aim," "predicts," "think," "objectives," "optimistic," "new," "goal," "strategy," "potential," "is likely," "will," "expect," "plan" "project," "permit" or by other similar expressions that convey uncertainty of future events or outcomes. These statements include management's beliefs and expectations related to our outlook for the fourth quarter of 2025. Such forward-looking statements reflect the views of management at the time such statements are made. These forward-looking statements involve risks and uncertainties, as well as assumptions and current expectations, which could cause the company's actual results to differ materially from those anticipated in such forward-looking statements. These risks and uncertainties include but are not limited to: reduction in the size or quantity of customer orders; change in demand for the company's products due to industry conditions; changes in manufacturing operations; volatility in manufacturing costs; delays in shipments of products; disruptions in the supply chain; change in the rate of design wins or the rate of customer acceptance of new products; the company's reliance on a small number of customers for a substantial portion of its revenues; potential pricing pressure; a decline in demand for our customers' products or their rate of deployment of their products; general conditions in the internet datacenter, cable television (CATV) broadband, telecom, or fiber-to-the-home (FTTH) markets; changes in the world economy (particularly in the United States and China); changes in the regulation and taxation of international trade, including the imposition of tariffs; changes in currency exchange rates; the negative effects of seasonality; and other risks and uncertainties described more fully in the company's documents filed with or furnished to the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2024 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2025. More information about these and other risks that may impact the company's business are set forth in the "Risk Factors" section of the company's quarterly and annual reports on file with the Securities and Exchange Commission. You should not rely on forward-looking statements as predictions of future events. All forward-looking statements in this press release are based upon information available to us as of the date hereof, and qualified in their entirety by this cautionary statement. Except as required by law, we assume no obligation to update forward-looking statements for any reason after the date of this press release to conform these statements to actual results or to changes in the company's expectations.

In addition, this presentation includes non-GAAP gross margin, non-GAAP net income (loss), adjusted EBITDA, and non-GAAP earnings per share, which eliminate the impact of items that we do not consider indicative of our overall operating performance. Non-GAAP financial measures are not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. A reconciliation between our GAAP and non-GAAP measures, as well as a discussion of why we present non-GAAP financial measures are included in our earnings press release that is available on our website and the appendix of this presentation.

Industry and Market Data

The information contained herein includes information provided by third-parties, such as market research firms. None of the Company, its affiliates or any third-parties that provided information to the Company (i) guarantee the accuracy, completeness, timeliness or availability of any information nor are they (ii) responsible for any error or omission (negligent or otherwise), regardless of the cause or the result obtained from the use of such content nor do they (iii) give any express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use, and they expressly disclaim any responsibility or liability for direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including lost income or profits and opportunity costs) in connection with the use of the information herein.

INVESTMENT HIGHLIGHTS

- | A Leader in Advanced Optics
- | Dynamic Markets
- | Marquee Customers
- | Proprietary Manufacturing
- | Diversifying Customer Base

AOI has **expanded its production footprint** across the U.S. and Taiwan to support the ramp-up of 800G transceivers and prepare for next-generation 1.6Tb products.

AOI is positioned as **one of the only U.S.-based suppliers** of high-speed optical modules.

Automated manufacturing capability enables AOI to manufacture anywhere in the world in a cost-effective way.

Expansion aligns with **AI infrastructure growth and onshoring trends among key hyperscale customers.**

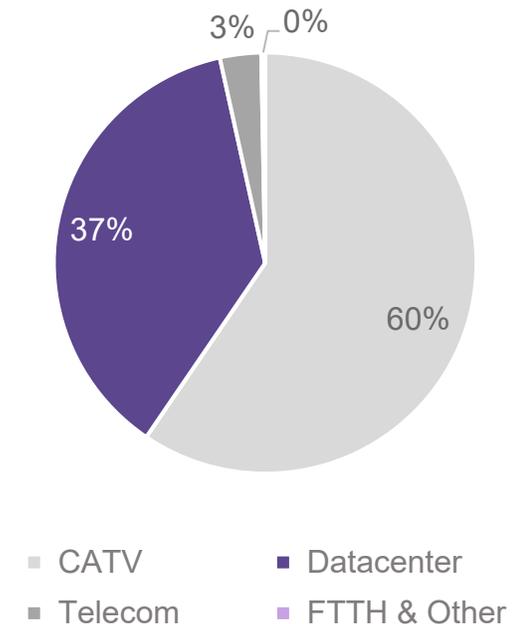
Expect to capture **premium share** among North American datacenter customers.

Building a **long-term foundation** for sustainable growth and profitability.

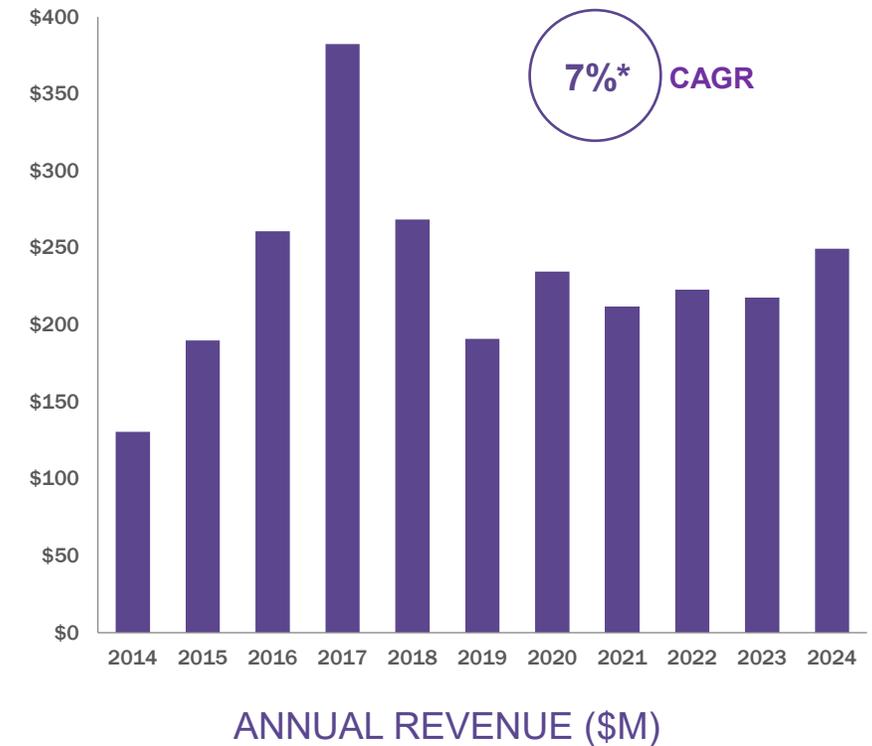
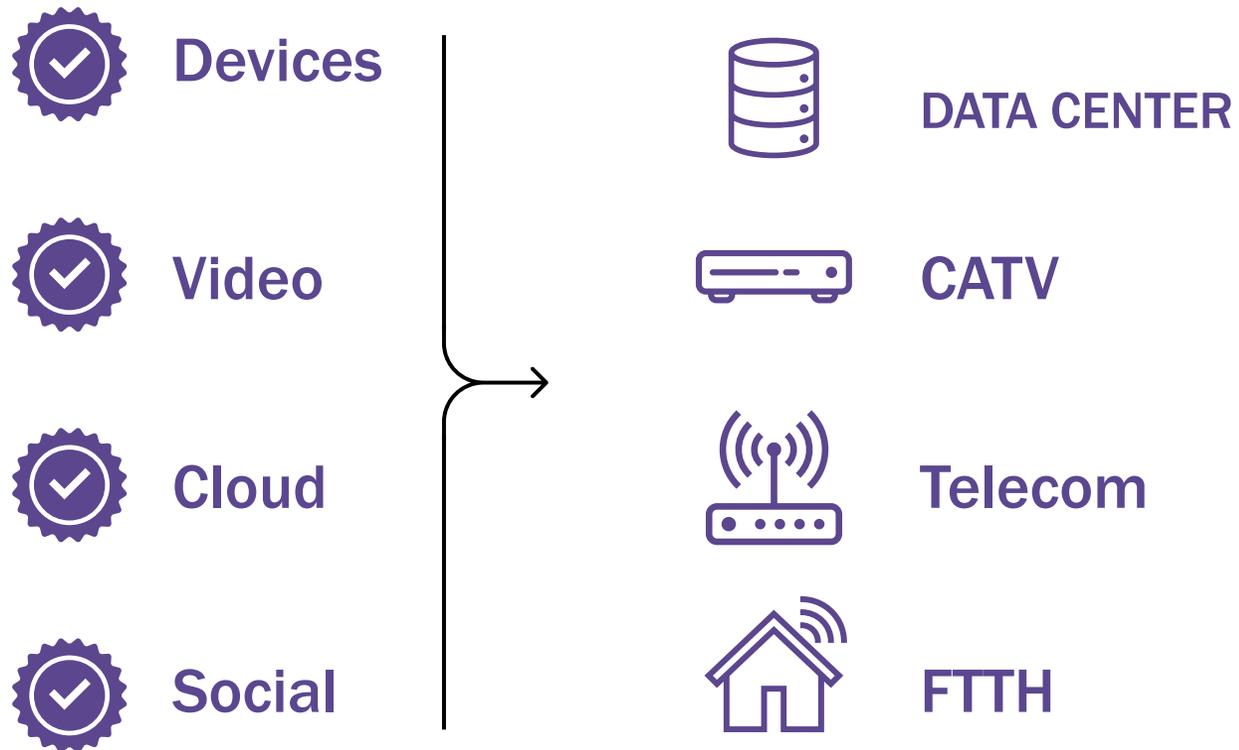
Q3 2025 Highlights and Q4 2025 Outlook

- **Revenue of \$118.6 million, in-line with our guidance range.**
 - Strength in CATV business more than offset our datacenter revenue, which came in a touch below our expectations, largely due to the timing of certain shipments at quarter end.
 - Datacenter revenue was \$43.9 million, which was up 7% year-over-year and was down 2% sequentially
 - CATV revenue was a record \$70.6 million, which more than tripled year-over-year, and was up 26% sequentially from a strong Q2
- **Non-GAAP Gross Margin of 31.0% vs. 25.0% in Q3 2024, within our guidance range.**
- **Continued to make progress on 800G products. We're approaching what we believe are the final stages for securing 800G product qualification and continue to believe that we will produce meaningful shipments of 800G products in the fourth quarter of 2025.**
- **Fourth Quarter 2025 Guidance**
 - Revenue in the range of \$125 million to \$140 million.
 - Non-GAAP gross margin in the range of 29% to 31%.
 - Non-GAAP net income in the range of a loss of \$9.0 million to a loss of \$2.8 million, and non-GAAP income per share in the range of a loss of \$0.13 to a loss of \$0.04 using approximately 70.3 million shares.
- **To date this year, we have made a total of \$124.9 million in capital investments and we are tracking at or above our CapEx projections we gave earlier this year of \$120 million to \$150 million in total CapEx.**

Q3 2025 Revenue Breakdown



Bandwidth Demand Drives Revenue



* CAGR calculated from 2014 through 2024.

Four End-Markets With Strong Demand Drivers

Datacenter

- Increasing size and complexity of datacenters, driven by AI
- Higher-speed interconnect - 1G to (10G/40G/100G/200G/400G/800G)
- Continuous need to expand, refresh and replenish

Cable Television

- DOCSIS 3.1+ & 4.0 upgrade cycle
- International market opportunities
- New opportunities for HFC nodes and optics

Telecommunications

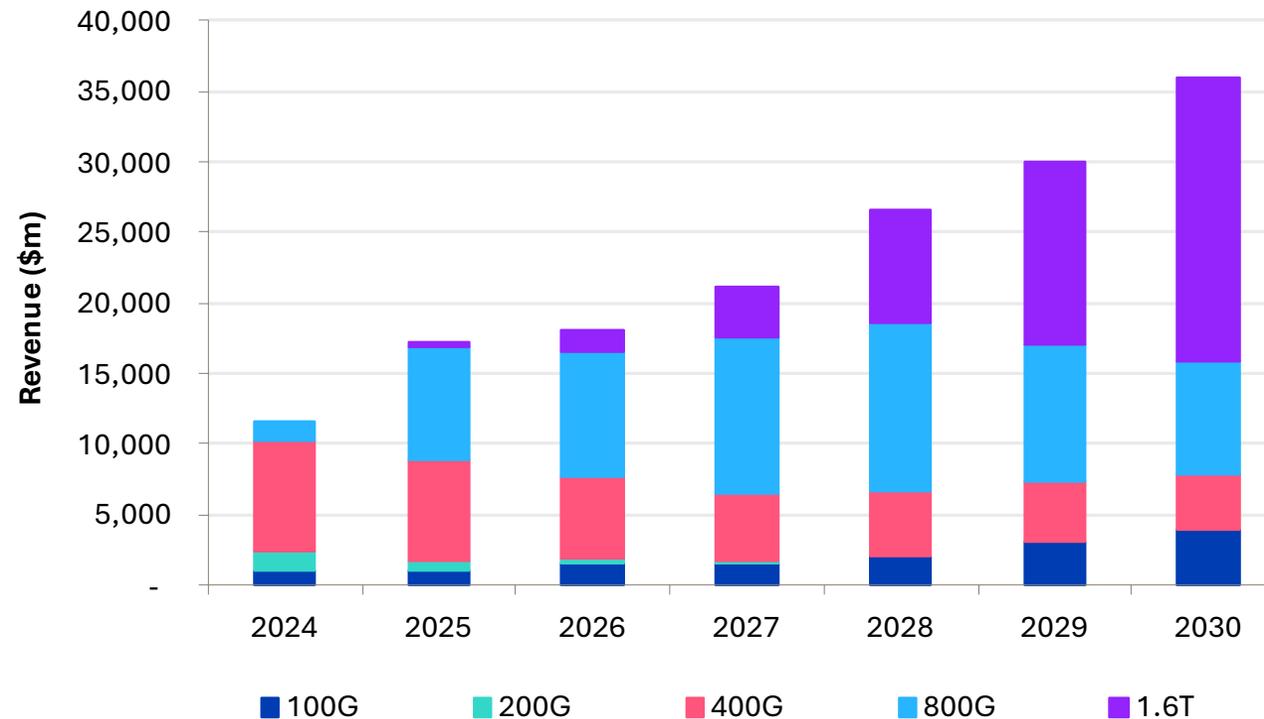
- 5G LTE deployment
- Backbone network for datacenter interconnect
- Aging access networks in need of rebuild

Fiber-to-the-Home

- 10/25/100 Gbps FTTH networks to replace 2.5Gbps
- Telecom carriers need to fiberize to compete with CATV, new entrants
- Greenfield economics and BEAD funding in US favor fiber deployment

Growth Expected in Datacenter Market

Total High-Speed (100G or greater) Market to Exceed \$35 Billion in 2030



Source: Omdia

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- Source: High-Speed OC Forecast: 2024-20 – Omdia | Oct 2025
- Historical and future data is estimated, based upon a methodology developed by Omdia research

AOI Global Operations



*As of 10/31/2025¹⁰

MANUFACTURING AUTOMATION

CRITICAL
DIFFERENTIATOR

| Location-agnostic

| Enhanced quality/reproducibility

| Highly scalable

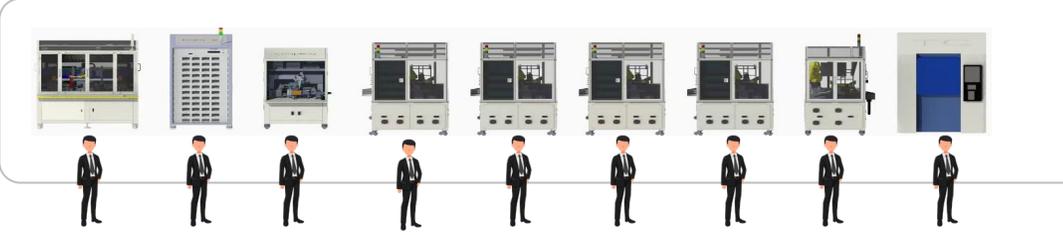
| Flexible platform (400G/800G/1.6T +)

| Rapid response to customer & market demand

Automated Production Roadmap Since Y2016



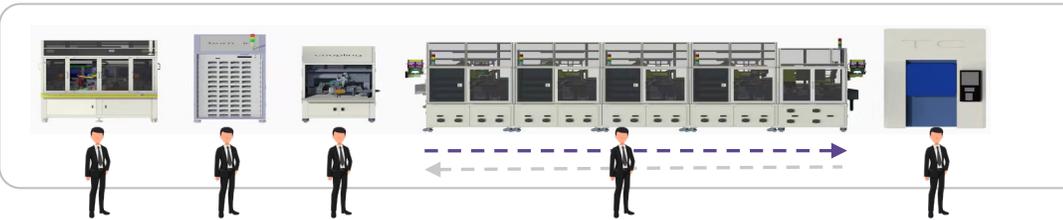
Phase #1



Phase #1 since FY2016

- Loading and unloading: Manual
- Material transportation: Manual

Phase #2



Phase #2

- Loading and unloading: Manual (excluding module assembly)
- Material transportation: Manual

Phase #3 lite



Phase #3 Lite

- Loading & unloading: Automated via magazine
- Material transportation: Manual via magazine

Phase #3



Phase #3

- Loading & unloading: Automated via magazine
- Material transportation: Automated via magazine

1. Product Compatibility Design

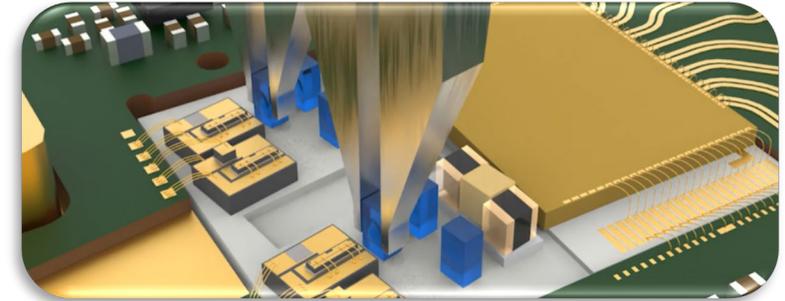


Product Platform

Standard product platform to increase the flexibility of the production automation system.

AOI self-developed technology

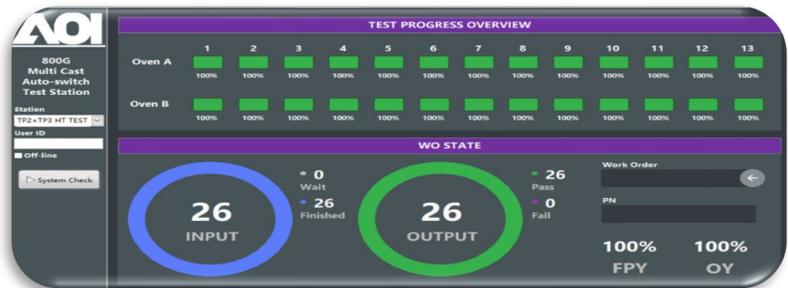
2. Advanced Manufacturing Process



High Precision

Highly integrated and automated process to increase production precision and efficiency

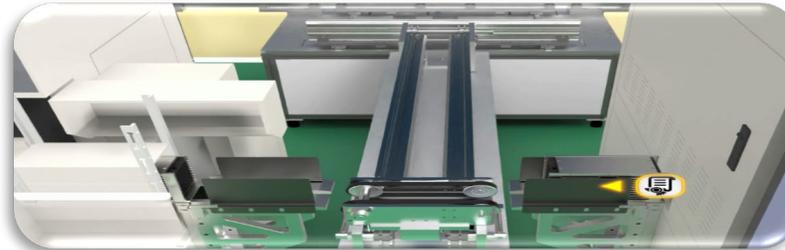
5. Efficient Test System



400G/800G/(1.6T*) GUI Test System

Proprietary technology increases test station throughput by 20x.

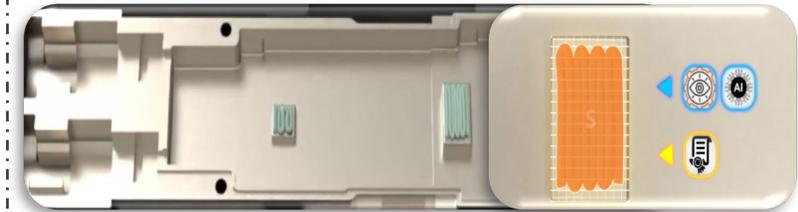
4. In-Process Material Handling



Unique Conveyor System

Standardized magazine and fixture design integrated throughout the production process to achieve reliable automated in-process material transport.

3. Online Inspection

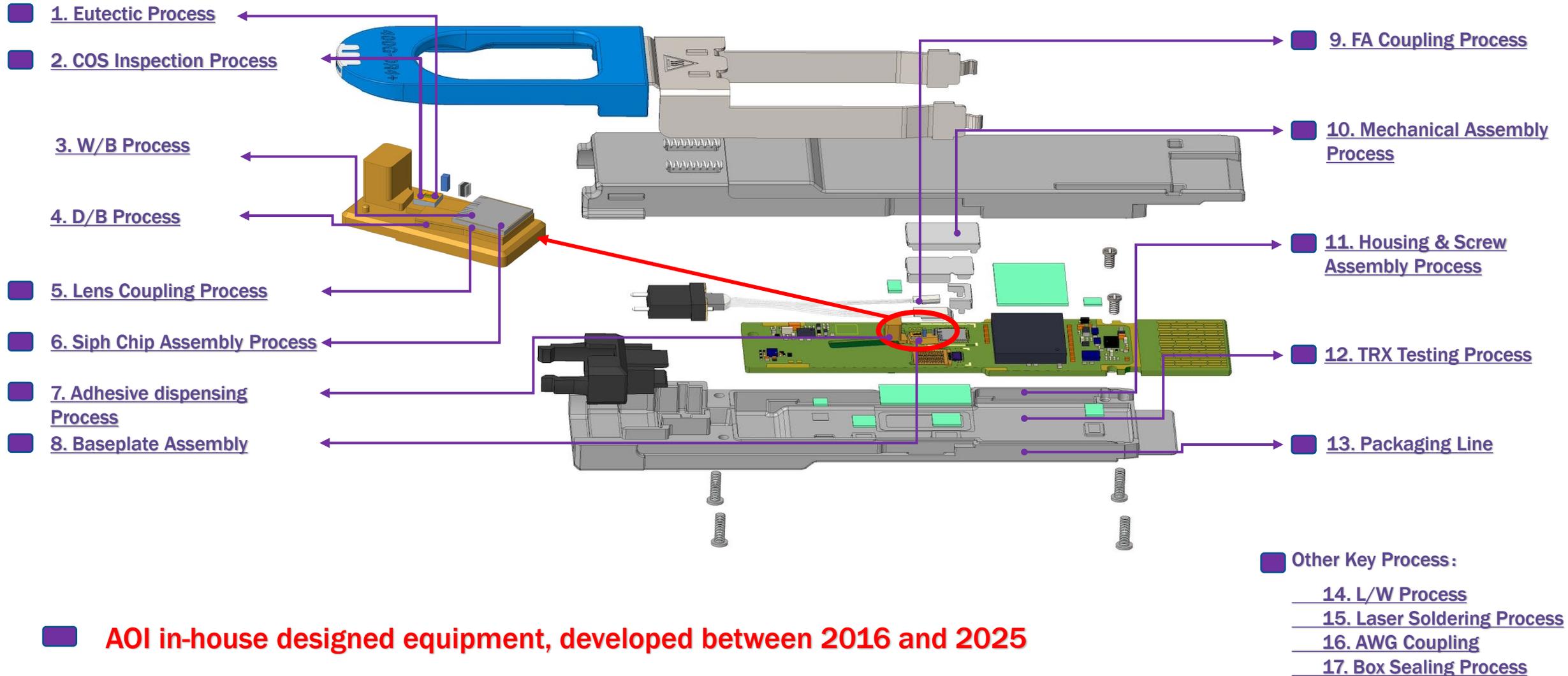


Trained AI Neural Networks for In-Process Inspection

Huge 9-year dataset for training neural networks on fused dataset combining imagery and test data

*1.6T testing under development

AOI Automatic Production, Largely In-House Developed



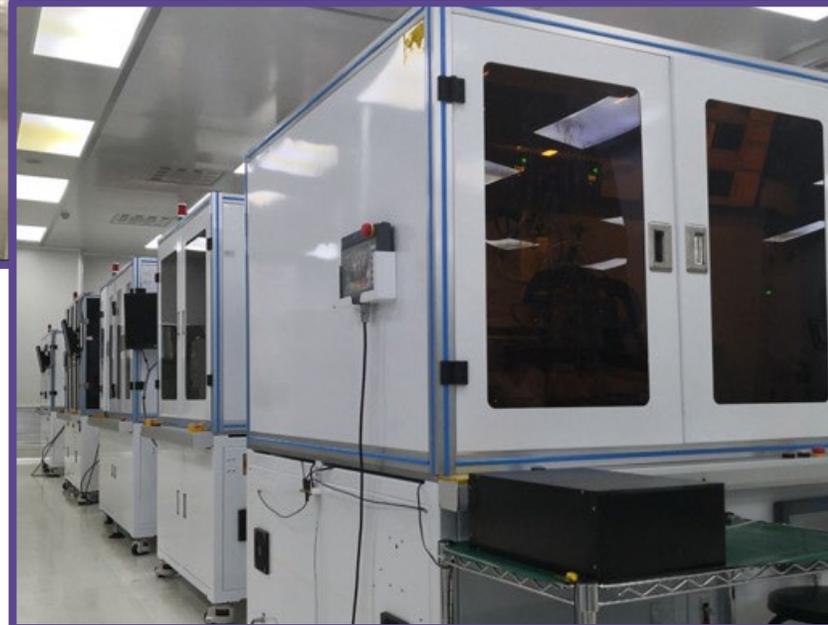
Automated Production is Largely Location-Agnostic, Minimizing Supply-Chain Risks for Customers



Reduced Manufacturing
Cycle Time by More Than
35%



DPPM (Defective Parts Per Million) \ll 50 for Multi-Lane Single Mode 800G TRx



Decreased Labor Hours by
85%+

Multi-Phase Capacity Addition Plan

*Expect to exit this year with **total production capacity of around 100,000 units of 800G transceivers per month** and to **double capacity (200,000 pieces per month) by mid-2026 for both 800G and 1.6T transceivers**, with the majority produced in Texas*

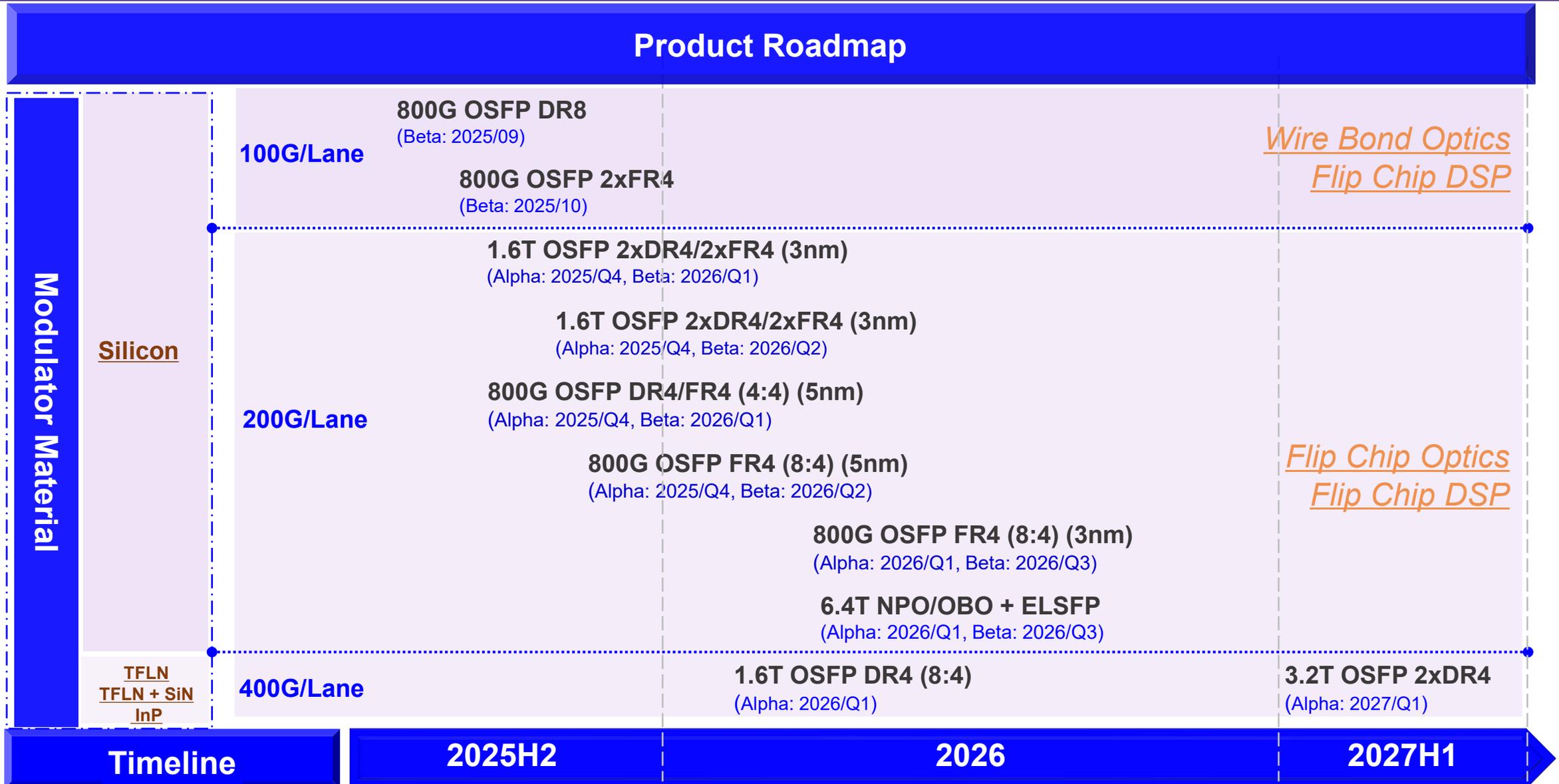
Sugar Land, Texas

- Expect to exit this year with production capacity of 35,000 units of 800G transceivers per month
- Signed an agreement to lease an additional building in Sugar Land, TX.
- Will begin construction on this new facility later this year and scale production towards the middle to end of next year to achieve 2026 targets.

Asia

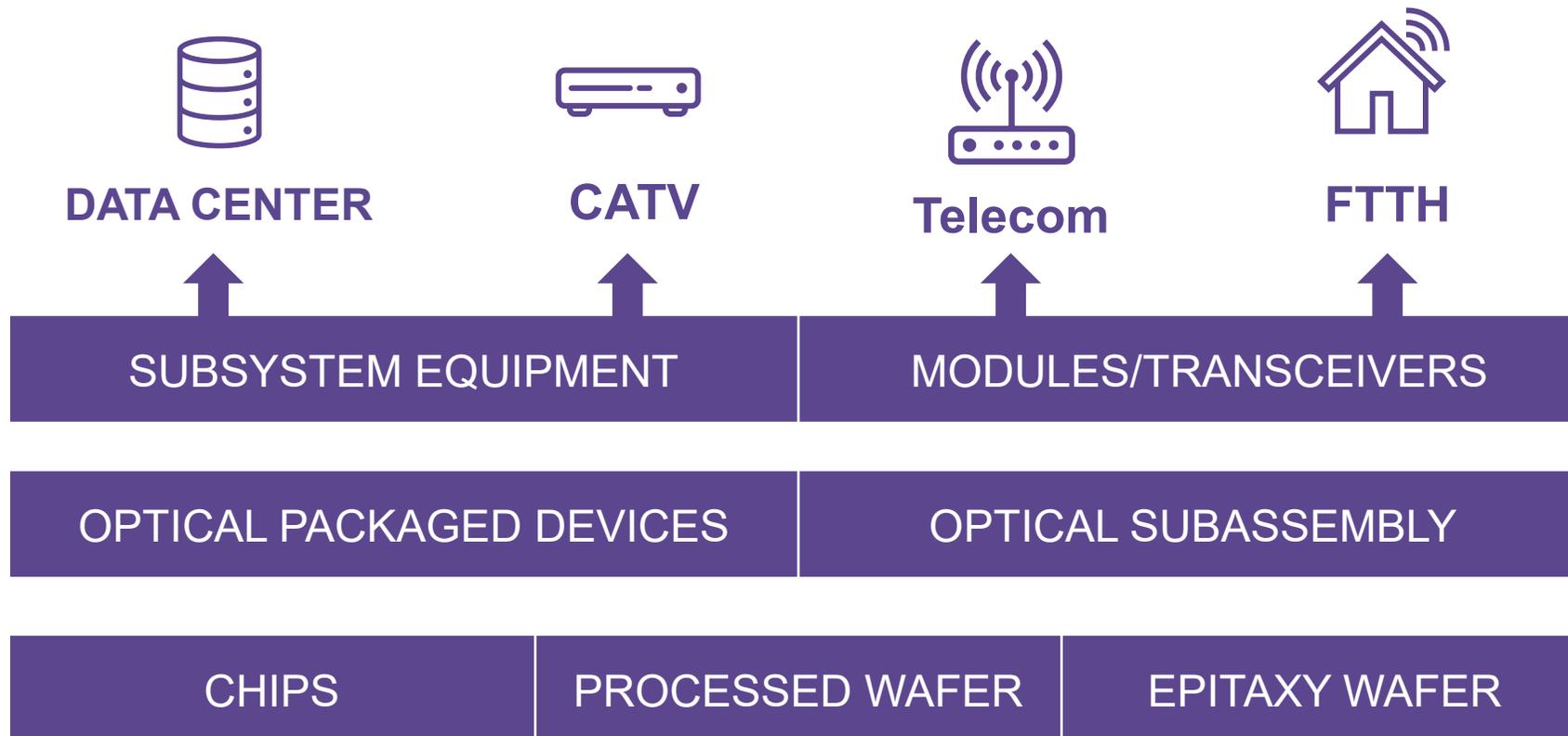
- Expect to exit this year with production capacity of 65,000 units of 800G transceivers per month
- Two manufacturing sites in Taipei, Taiwan with an additional one under construction

Product Roadmap



Automation Can Be Leveraged in Other Businesses as Volume Ramps

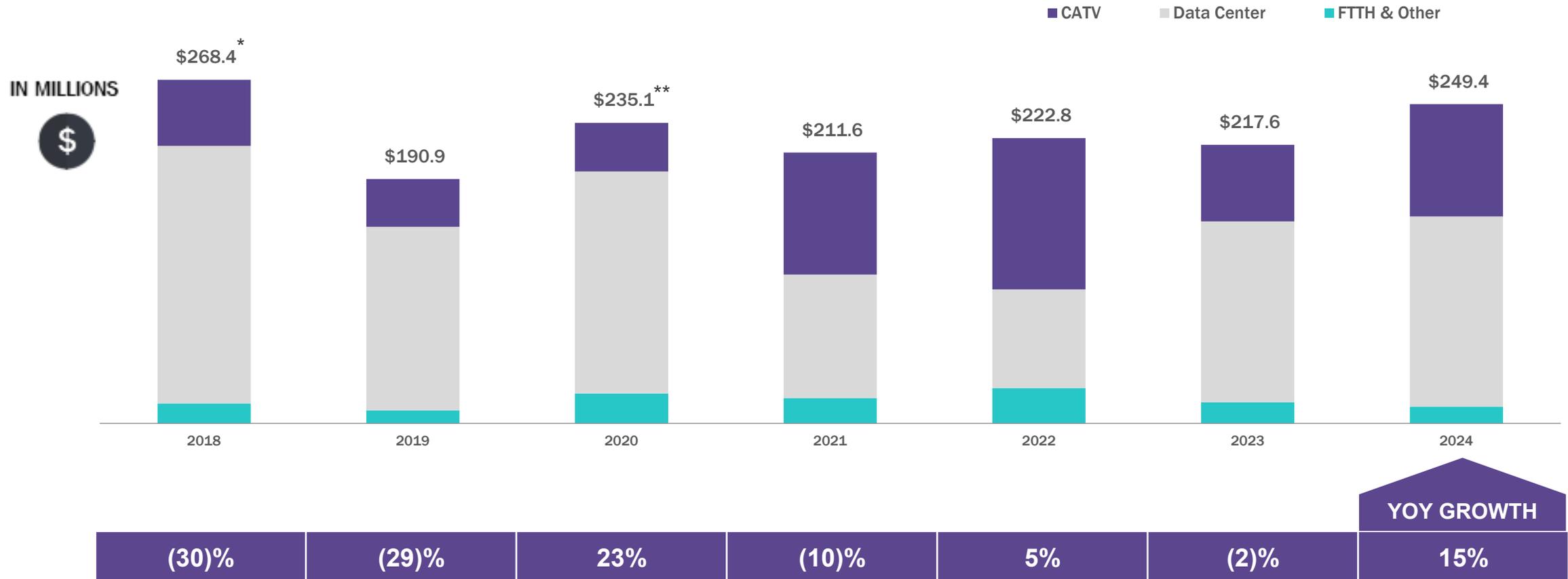
In-House Automation Team Enables New
Manufacturing Models for High-Volume, Scalable
Production



Financial Review

Financial Performance

ANNUAL REVENUE BY END MARKET



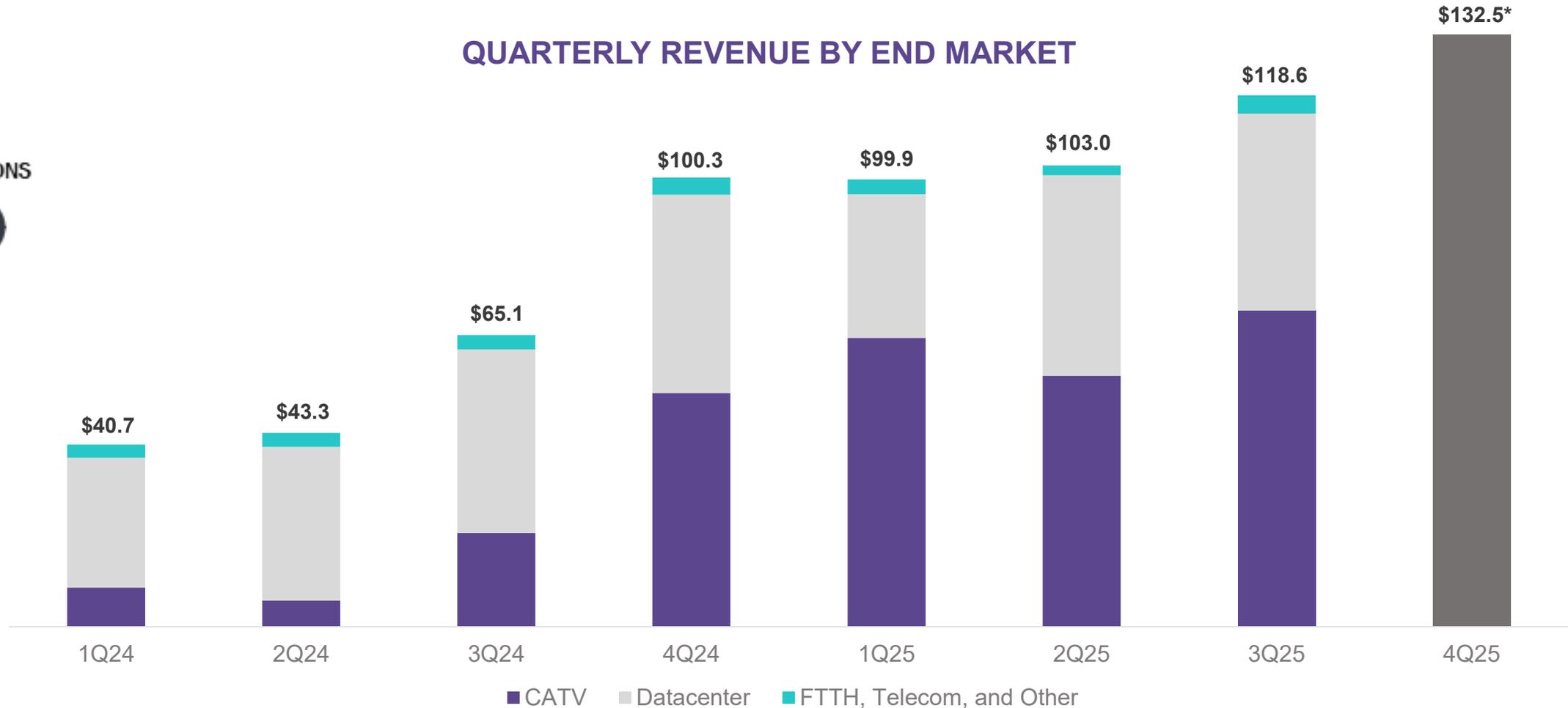
* Reflects a \$900 thousand credit issued to a customer, which is adjusted out of our non-GAAP revenue in Q4/2018. All other revenue is on a GAAP basis.

** Reflects a \$449 thousand credit issued to a customer, which is adjusted out of our non-GAAP revenue in Q4/2020. All other revenue is on a GAAP basis.

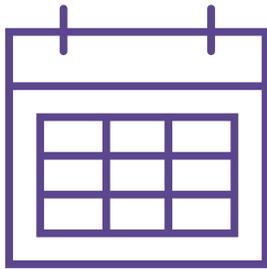
Recent Financial Performance

QUARTERLY REVENUE BY END MARKET

IN MILLIONS



* Reflects midpoint of Q4 2025 guidance of \$125 million to \$140 million provided in Q3 2025 earnings press release on 11/6/25



Q3/25 Results

NON-GAAP*

\$ IN MILLIONS EXCEPT %	Q3/25
TOTAL REVENUE	\$ 118.6
CATV	\$ 70.6
DATACENTER	\$ 43.9
TELECOM	\$ 3.7
GROSS MARGIN	31.0%
OPERATING LOSS	\$ 10.3
NET LOSS	\$ 5.4
CASH**	\$ 150.7

*Please refer to the Safe Harbor statement on the use of Non-GAAP metrics, as well as the attached GAAP-non-GAAP reconciliation.

** Cash: Cash, cash equivalents, short-term investments, and restricted cash.

Balance Sheet Highlights

IN MILLIONS	9/30/2023	9/30/2024	9/30/2025
CASH ⁽¹⁾	\$31	\$41	\$151
WORKING CAPITAL ⁽²⁾	\$(24)	\$71	\$326
PROPERTY, PLANT & EQUIPMENT, NET	\$194	\$205	\$310
TOTAL ASSETS	\$374	\$410	\$979
TOTAL DEBT ⁽³⁾	\$46	\$39	\$62
STOCKHOLDERS' EQUITY	\$178	\$212	\$559

(1) Cash: Cash, cash equivalents, short-term investments, and restricted cash.

(2) Working Capital: Total current assets less total current liabilities.

(3) Total Debt: Short-term loans, notes and bank acceptances payable and total long-term debt. Convertible notes outstanding are expected to be settled in common stock, not cash, so are excluded from total debt.

INVESTMENT SUMMARY

A leader In Advanced Optics

Focus on fast growing markets including hyperscale datacenters

Marquee global customers

Extensive internally developed technology

Manufacturing expertise creates differentiation & enhances margin

Operating model provides significant leverage

APPENDIX

MANAGEMENT TEAM



Dr. Thompson Lin
FOUNDER, PRESIDENT & CEO

28+ YEARS



Dr. Stefan Murry
CFO & CSO

28+ YEARS



Dr. Fred Chang
COMPONENT BU HEAD

23+ YEARS



Joshua Yeh
ASIA GM

19+ YEARS



David Kuo
GENERAL COUNSEL & CHIEF
COMPLIANCE OFFICER

16+ YEARS



Dr. Alex Anselm
SEMICONDUCTOR PRODUCTS
DIVISION HEAD

25+ YEARS



Todd McCrum
BROADBAND ACCESS GM

2+ YEARS

NON-GAAP FINANCIAL MEASURES

Non-GAAP Financial Measures

We provide non-GAAP gross margin, non-GAAP net income (loss), non-GAAP earnings per share, and non-GAAP Adjusted EBITDA to eliminate the impact of items that we do not consider indicative of our overall operating performance. To arrive at our non-GAAP gross margin, we exclude stock-based compensation and related expenses, expenses associated with discontinued products, and non-recurring (income) expenses, if any, from our GAAP gross margin. To arrive at our non-GAAP net income (loss), we exclude all amortization of intangible assets, stock-based compensation expense, non-recurring expenses, unrealized foreign exchange loss (gain), losses from the disposal of idle assets, if any, non-GAAP tax benefit (expenses), and losses from the disposal of idle assets, if any, from our GAAP net income (loss). Included in our non-recurring expenses in Q3 2025 and Q3 2024 are employee severance expenses (if any), legal expenses associated with litigation and certain legal and advisory expenses associated with purchase termination or patent protection (if any). Also included in our non-recurring expenses in Q3 2024, but not in Q3 2025, is management's estimate on the loss of aged account receivables. Moreover, in our non-recurring expenses in Q3 2025, but not in Q3, 2024, there is an early termination of factory lease related cost incurred. In computing our non-GAAP income tax benefit (expense), we have applied an estimate of our annual effective income tax rate and applied it to our net income before income taxes. Our non-GAAP Adjusted EBITDA is calculated by excluding depreciation expense, non-GAAP tax benefit (expense), and interest (income) expense, as well as the items excluded from non-GAAP net income (loss), from our GAAP net loss. Our non-GAAP diluted net loss per share is calculated by dividing our non-GAAP net loss by the fully diluted share count (for periods in which non-GAAP net income is positive) or basic share count (for periods in which our non-GAAP net income is negative).

We believe that our non-GAAP measures are useful to investors in evaluating our operating performance for the following reasons:

- We believe that elimination of items such as amortization of intangible assets, stock-based compensation expense, non-recurring revenue and expenses, losses from the disposal of idle assets, unrealized foreign exchange gain or loss, and depreciation on certain equipment undergoing reconfiguration is appropriate because treatment of these items may vary for reasons unrelated to our overall operating performance;
- We believe that elimination of expenses associated with discontinued products, including depreciation and inventory obsolescence is appropriate because these expenses are not indicative of our ongoing operations;
- We believe that estimating non-GAAP income taxes allows comparison with prior periods and provides additional information regarding the generation of potential future deferred tax assets;
- We believe that non-GAAP measures provide better comparability with our past financial performance, period-to-period results and with our peer companies, many of which also use similar non-GAAP financial measures; and
- We anticipate that investors and securities analysts will utilize non-GAAP measures as a supplement to GAAP measures to evaluate our overall operating performance.

NON-GAAP FINANCIAL MEASURES

A reconciliation of our GAAP net income (loss), GAAP total gross profit, GAAP earnings (loss), and GAAP earnings (loss) per share for Q3 2025 and first three quarters of 2025 to our non-GAAP net income (loss), non-GAAP total gross profit, Adjusted EBITDA, and earnings (loss) per share, respectively, is provided below, together with corresponding reconciliations for Q3 2024 and first three quarters of 2024.

Non-GAAP measures should not be considered as an alternative to gross profit, net income (loss), earnings (loss) per share, or any other measure of financial performance calculated and presented in accordance with GAAP. Our non-GAAP measures may not be comparable to similarly titled measures of other organizations because other organizations may not calculate such other non-GAAP measures in the same manner. We have not reconciled the non-GAAP measures included in our guidance to the appropriate GAAP financial measures because the GAAP measures are not readily determinable on a forward-looking basis. GAAP measures that impact our non-GAAP financial measures may include stock-based compensation expense, non-recurring expenses, amortization of intangible assets, unrealized exchange loss (gain), asset impairment charges, loss (gain) from disposal of idle assets, and changes in the fair value of our convertible notes. These GAAP measures cannot be reasonably predicted and may directly impact our non-GAAP gross margin, our non-GAAP net income and our non-GAAP fully-diluted earnings per share, although changes with respect to certain of these measures may offset other changes. In addition, certain of these measures are out of our control. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

NON-GAAP RECONCILIATION

Applied Optoelectronics, Inc.
GAAP to Non-GAAP Reconciliation
(In thousands)

Preliminary Unaudited	1Q 2024	2Q 2024	3Q 2024	4Q2024	CY2024	1Q 2025	2Q 2025	3Q 2025
GAAP total gross profit	7,591	9,562	15,918	28,729	61,800	30,544	31,162	33,263
Share-based compensation expense	102	137	116	118	473	83	94	87
Non-recurring expense	6	32	29	15	82	0	41	7
Expenses associated with discontinued products	-	-	202	98	-	-	-	3,372
Non-GAAP income from gross profit	7,699	9,731	16,265	28,960	62,655	30,627	31,297	36,728
GAAP research and development expense	11,712	13,078	13,428	16,737	54,955	17,810	20,612	21,265
Share-based compensation expense	280	478	356	341	1,455	275	331	293
Non-recurring expense	3	84	-	30	117	-	114	21
Non-GAAP research and development expense	11,429	12,516	13,072	16,366	53,383	17,535	20,167	20,951
GAAP sales and marketing expense	3,798	5,910	4,796	3,852	18,156	5,357	8,135	9,872
Share-based compensation expense	286	541	335	352	1,514	323	499	275
Non-recurring expense	-	1,842	20	(1,025)	837	-	75	11
Non-GAAP sales and marketing expense	3,512	3,527	4,441	4,325	15,805	5,034	7,561	9,586
GAAP general and administrative expense	13,727	16,818	14,240	14,813	59,598	16,314	18,391	20,314
Share-based compensation expense	2,173	4,902	2,137	2,137	11,349	1,880	2,240	2,480
Amortization expense	129	100	103	106	438	108	110	113
Non-recurring expense	513	818	498	743	2,572	393	632	116
Non-cash expenses associated with discontinued products	1,028	1,061	1,074	1,038	4,201	1,045	1,073	1,107
Non-GAAP general and administrative expense	9,884	9,937	10,428	10,789	41,037	12,888	14,336	16,518
GAAP total operating expense	29,237	35,806	32,464	35,202	132,709	39,481	47,138	51,451
Share-based compensation expense	2,738	5,921	2,828	2,830	14,317	2,478	3,070	3,028
Amortization expense	129	100	103	106	438	108	110	113
Non-recurring expense	516	2,744	518	(252)	3,526	393	821	148
Non-cash expenses associated with discontinued products	1,028	1,061	1,074	1,039	4,202	1,045	1,073	1,107
Non-GAAP total operating expense	24,826	25,980	27,941	31,479	110,225	35,457	42,064	47,055
GAAP operating income (loss)	(21,646)	(26,244)	(16,547)	(6,473)	(70,910)	(8,937)	(15,976)	(18,187)
Non-recurring customer credit	-	-	-	-	-	-	-	-
Share-based compensation expense	2,840	6,058	2,944	2,949	14,791	2,561	3,164	3,115
Amortization expense	129	100	103	106	438	108	110	113
Non-recurring expense	522	2,776	547	(237)	3,808	393	862	155
Expenses associated with discontinued products	-	-	202	98	300	-	-	3,372
Non-cash expenses associated with discontinued products	1,028	1,061	1,074	1,039	4,202	1,045	1,073	1,107
Non-GAAP operating income (loss)	(17,127)	(16,249)	(11,677)	(2,518)	(47,570)	(4,830)	(10,767)	(10,325)
GAAP other income (loss)	(1,524)	129	(1,210)	(113,217)	(115,822)	(235)	6,878	251
Loss (gain) from disposal of idle assets	-	-	-	-	-	-	-	-
Unrealized exchange loss (gain)	383	(107)	(260)	576	592	218	(5,278)	5,550
Non-recurring expense (income)	-	(1,200)	(139)	111,962	110,823	-	-	(69)
Non-GAAP other income (loss)	(1,141)	(1,178)	(1,609)	(678)	(4,608)	(17)	1,600	5,732

NON-GAAP RECONCILIATION

Applied Optoelectronics, Inc.
GAAP to Non-GAAP Reconciliation
(In thousands)
Preliminary Unaudited

	1Q 2024	2Q 2024	3Q 2024	4Q2024	CY2024	1Q 2025	2Q 2025	3Q 2025
GAAP net income (loss)	(23,170)	(26,115)	(17,757)	(119,692)	(186,734)	(9,172)	(9,098)	(17,936)
Share-based compensation expense	2,840	6,058	2,944	2,949	14,791	2,561	3,164	3,116
Expenses associated with discontinued products	-	-	202	98	300	-	-	3,372
Non-cash expenses associated with discontinued products	1,028	1,061	1,074	1,039	4,202	1,045	1,073	1,106
Amortization of intangible assets	129	100	103	106	438	108	110	113
Non-recurring expense (income)	522	1,576	408	111,725	114,231	393	862	85
Unrealized exchange loss (gain)	383	(107)	(260)	576	592	218	(5,278)	5,550
Non-GAAP Tax Benefit	6,236	6,571	4,504	2,152	19,463	3,968	337	(606)
Non-GAAP net income (loss)	(12,032)	(10,856)	(8,782)	(1,047)	(32,717)	(859)	(8,830)	(5,400)
GAAP net income (loss)	(23,170)	(26,115)	(17,757)	(119,692)	(186,734)	(9,172)	(9,098)	(17,936)
Non-recurring customer credit	-	-	-	-	0	-	-	-
Share-based compensation expense	2,840	6,058	-	2,949	11,847	2,561	3,164	3,116
Expenses associated with discontinued products	-	-	202	98	300	-	-	3,372
Non-cash expenses associated with discontinued products	1,028	1,061	1,074	1,039	4,202	1,045	1,073	1,106
Amortization of intangible assets	129	100	103	106	438	108	110	113
Non-recurring expense (income)	522	1,576	408	111,725	114,231	393	862	85
Unrealized exchange loss (gain)	383	(107)	(260)	576	592	218	(5,278)	5,550
Tax (benefit) expense related to the above	-	-	-	-	-	-	-	-
Depreciation expense	3,837	3,907	4,055	4,213	16,012	4,573	5,217	6,148
Loss (gain) from disposal of idle assets	-	-	-	-	0	-	-	-
Interest (income) expense, net	1,416	1,800	1,546	1,390	5,952	709	532	451
Adjusted EBITDA	(13,015)	(11,920)	(10,829)	2,404	(33,180)	435	(3,418)	2,005
GAAP diluted net income (loss) per share	\$ (0.80)	\$ (0.86)	\$ (0.42)	\$ (2.80)	\$ (4.50)	\$ (0.18)	\$ (0.18)	\$ (0.28)
Share-based compensation expense	0.07	0.15	0.07	0.06	0.36	0.05	0.06	0.05
Expenses associated with discontinued products	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.05
Non-cash expenses associated with discontinued products	0.03	0.02	0.03	0.02	0.10	0.02	0.02	0.02
Amortization of intangible assets	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Non-recurring expense (income)	0.01	0.04	0.01	2.43	2.75	0.01	0.01	0.00
Unrealized exchange loss (gain)	0.01	0.00	(0.01)	0.01	0.01	0	(0.10)	0.08
Non-GAAP Tax Benefit	0.16	0.17	0.11	0.06	0.47	0.08	0.01	(0.01)
Non-GAAP diluted net income (loss) per share	\$ (0.31)	\$ (0.28)	\$ (0.21)	\$ (0.02)	\$ (0.79)	\$ (0.02)	\$ (0.16)	\$ (0.09)
Shares used to compute diluted earnings per share	38,362	39,365	42,312	46,057	41,539	50,041	56,772	63,329