EPOCHX FIELD TAPE

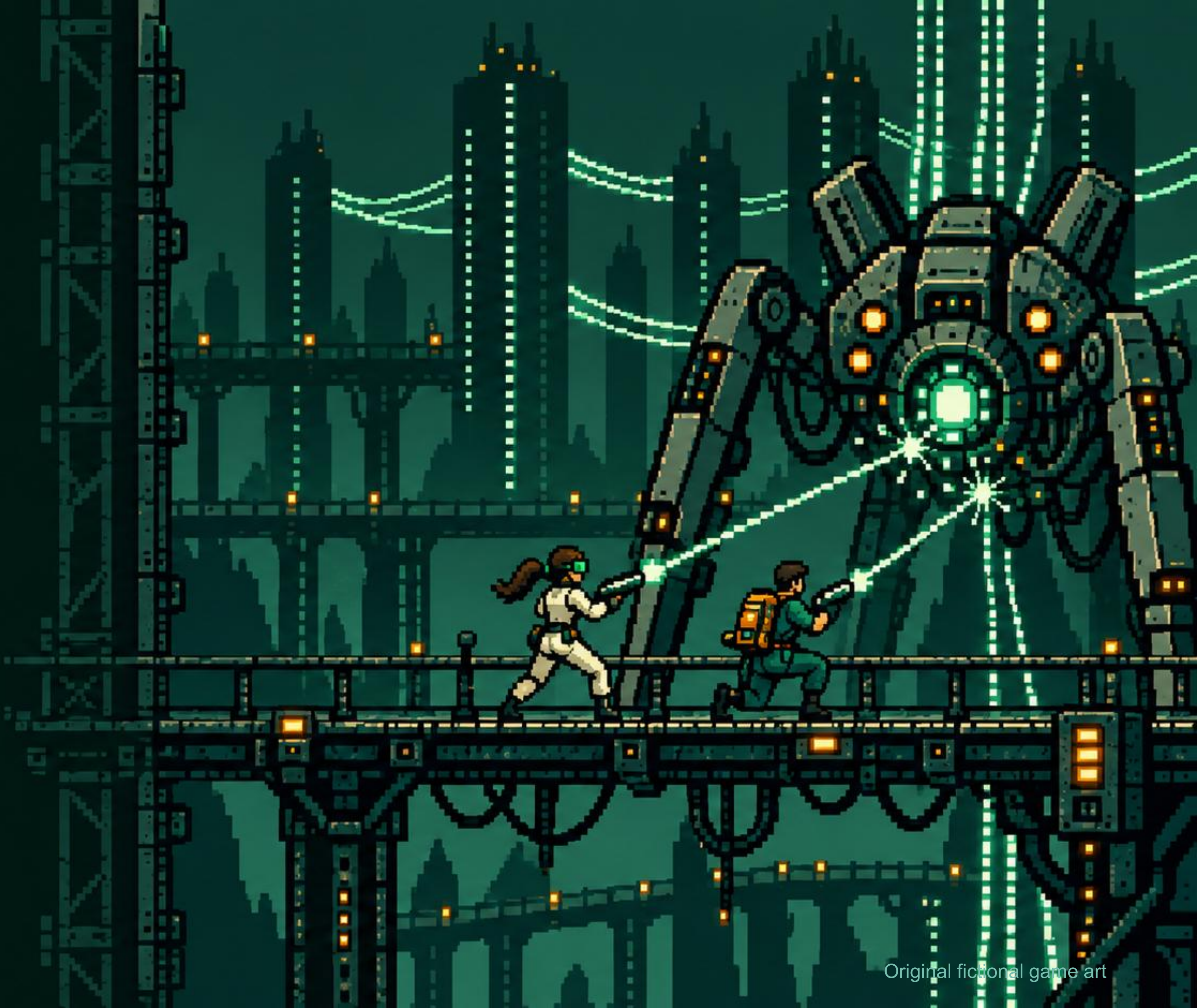
AAOI

The $1.1 billion factory test

September 24, 2026

YOUTUBE / VERSION TWO

Q2 call · Aug 6



Original fictional game art

The scale is real. So is the hurdle.

$191.9m	Q2 revenue, up 86% from a year earlier.
$707.5m	H1 cash used by operations and investing combined.
$484.4m	Q4 revenue implied by a $1.1bn year and Q3 guidance midpoint.

SEC Q2 10-Q · Aug 6   Q2 earnings · Aug 6   Q2 call · Aug 6

Position, dates and source trail

I own AAOI

EpochX discloses the holding. No cost basis or position size is assumed here.

September 24, 2026

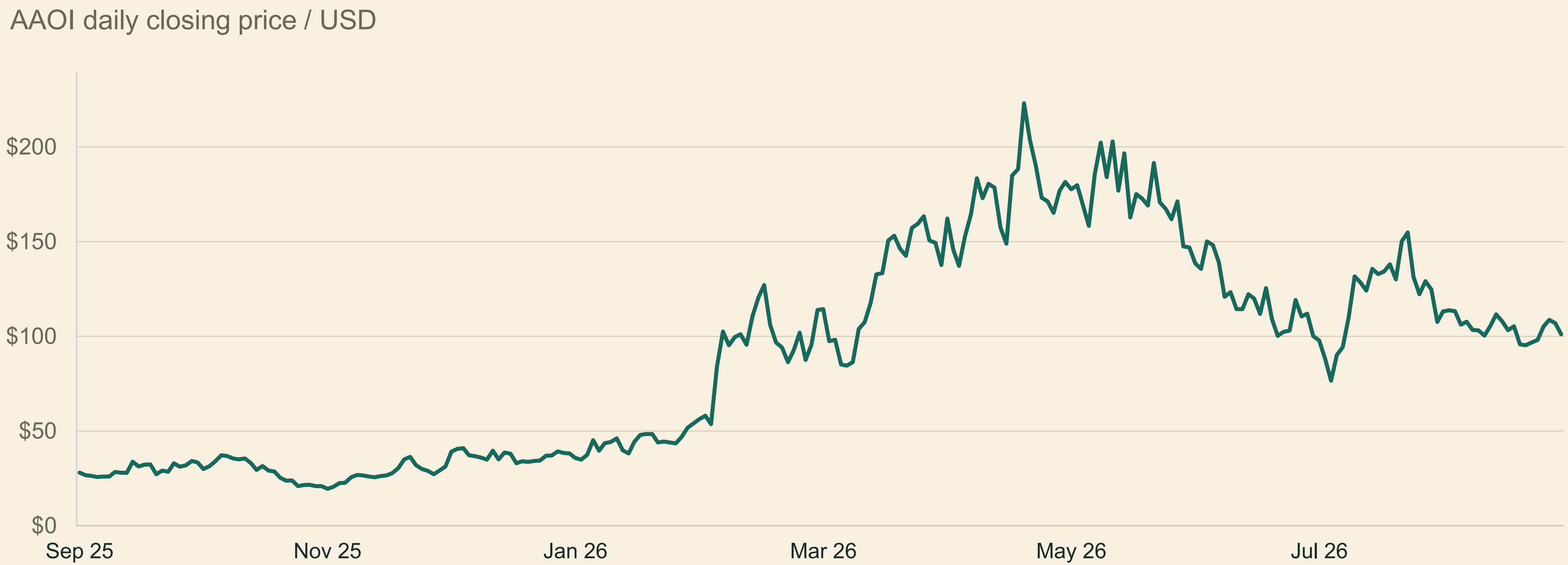
Research cutoff. Price charts end at the September 23 close.

Read the links

Each factual slide links to its sources. Calculations and scenarios carry separate labels.

EpochX portfolio | SEC filing history | FMP market data · Sep 23

A 57% retreat from the intraday high

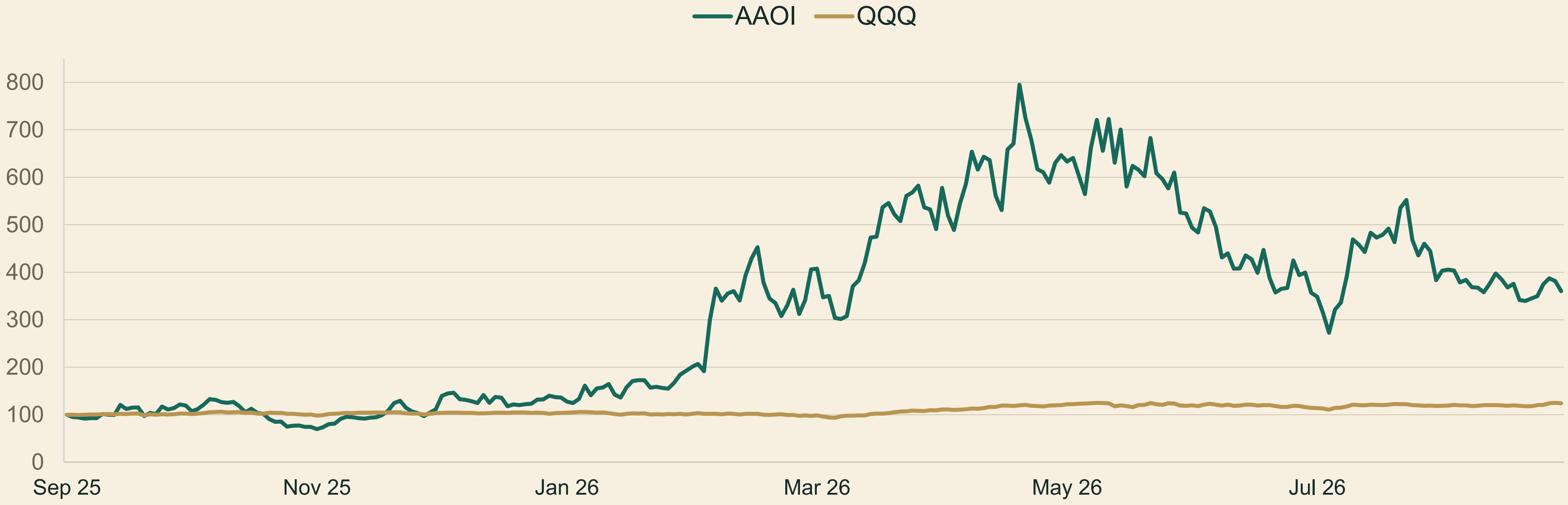


$101.06 close on Sep 23 / $233.67 intraday high on May 13 / 54.7% below the highest close

[FMP market data · Sep 23]

Still up 260% over twelve months

Price index / Sep 23, 2025 = 100



AAOI +260.2% / QQQ +23.9% / Price returns, excluding dividends

FMP market data · Sep 23

The valuation starts near $8.6 billion

Measure	Value	Basis
Share price	$101.06	September 23 close
Equity value proxy	$8.58bn	84.906m SEC shares × $101.06
Enterprise value proxy	$8.30bn	June cash and debt; August shares
EV / revenue	13.9× TTM	TTM revenue of $596.0m
EV / 2026 outlook	7.54×	Around $1.1bn management outlook

USD / Mixed-date proxies, not real-time capitalization. Full reconciliation in appendix.

FMP market data · Sep 23   SEC ATM prospectus · Aug 21   SEC Q2 10-Q · Aug 6

What AAOI sells

Optical links

Lasers and transceivers move information between electrical systems and fiber.

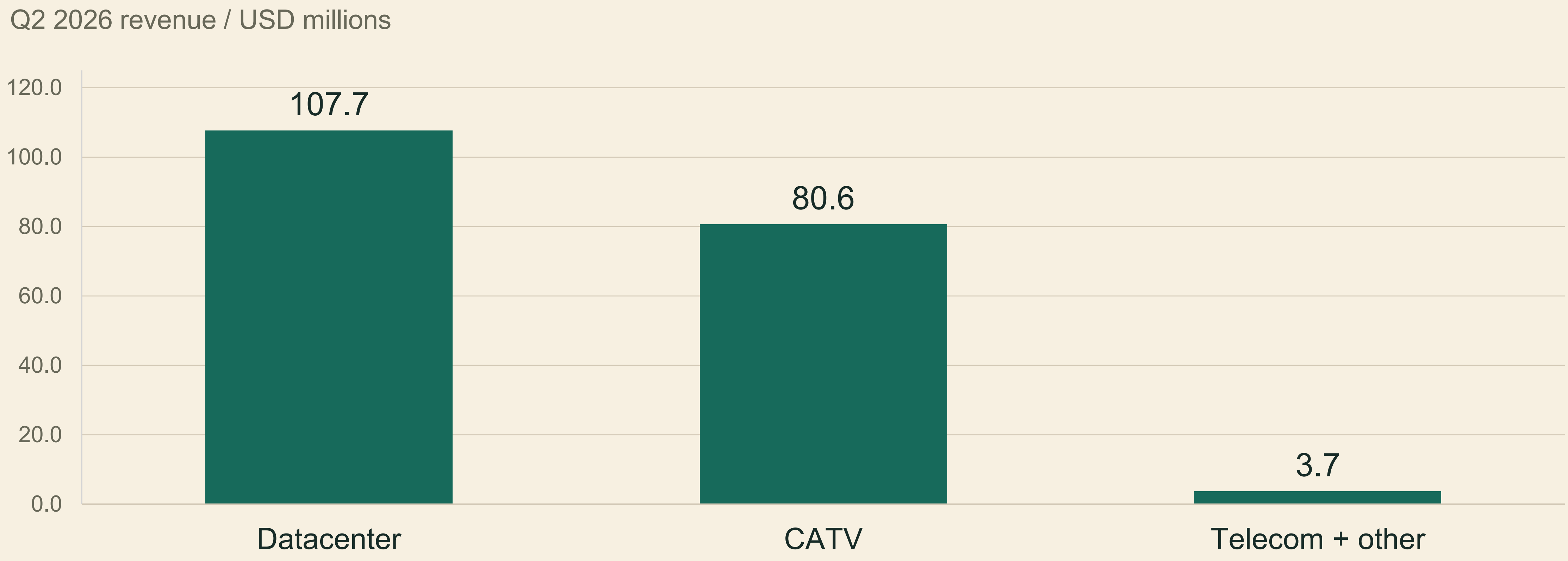
Cable broadband

Amplifiers and related systems support upgrades to cable networks.

Manufacturing

Laser production and assembly span the U.S., Taiwan and China.

Cable still supplies 42% of sales



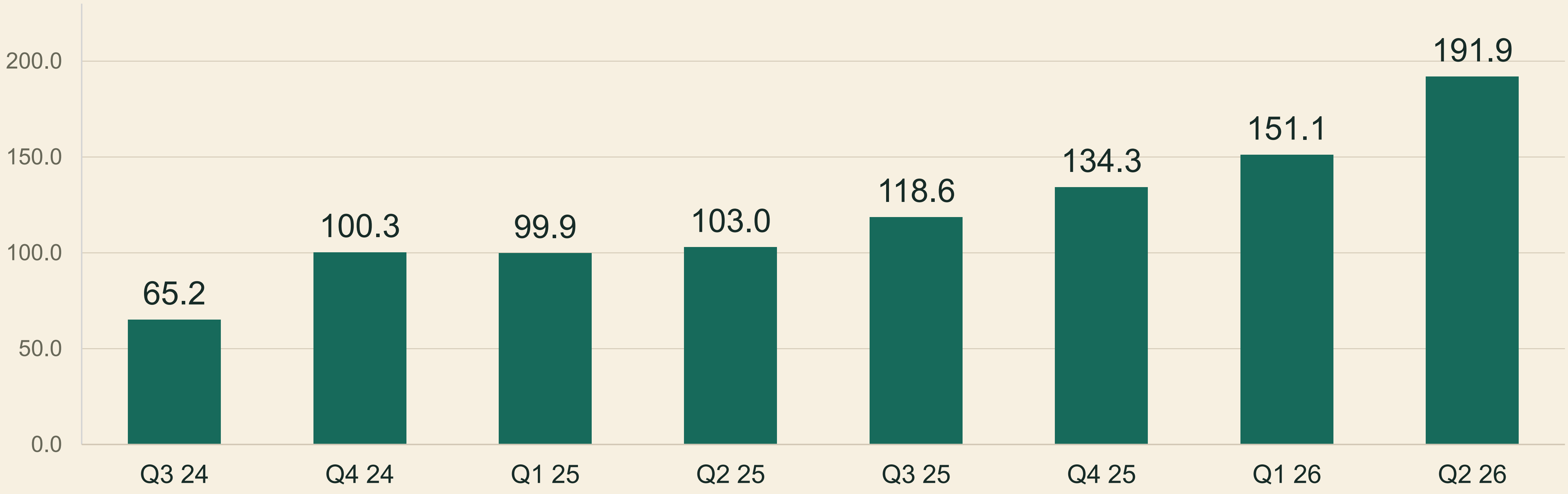
Datacenter 56.1% / CATV 42.0% / Exact figures reconcile to $191.922m

[Q2 earnings · Aug 6]

[SEC Q2 10-Q · Aug 6]

Growth accelerated across five record quarters

Quarterly revenue / USD millions



Q2 2026: +86.4% year over year / +27.0% sequentially

[SEC Q2 10-Q · Aug 6] [SEC FY25 10-K · Feb 26] [FMP market data · Sep 23]

800G is only 6.7% of current revenue

$12.8m

Q2 800G sales. Management reported more than 2× sequential growth.

$48.4m

Q2 200G / 400G category, about 45% of datacenter sales.

Nearly 5×

Management’s Q3 expectation for 800G revenue, roughly $64m.

Q2 call · Aug 6

Q2 earnings · Aug 6

01 / Cable Coast

Mara: “The chips are ready.”
Ivo: “The data is still in traffic.”

Q2 met the sales guide

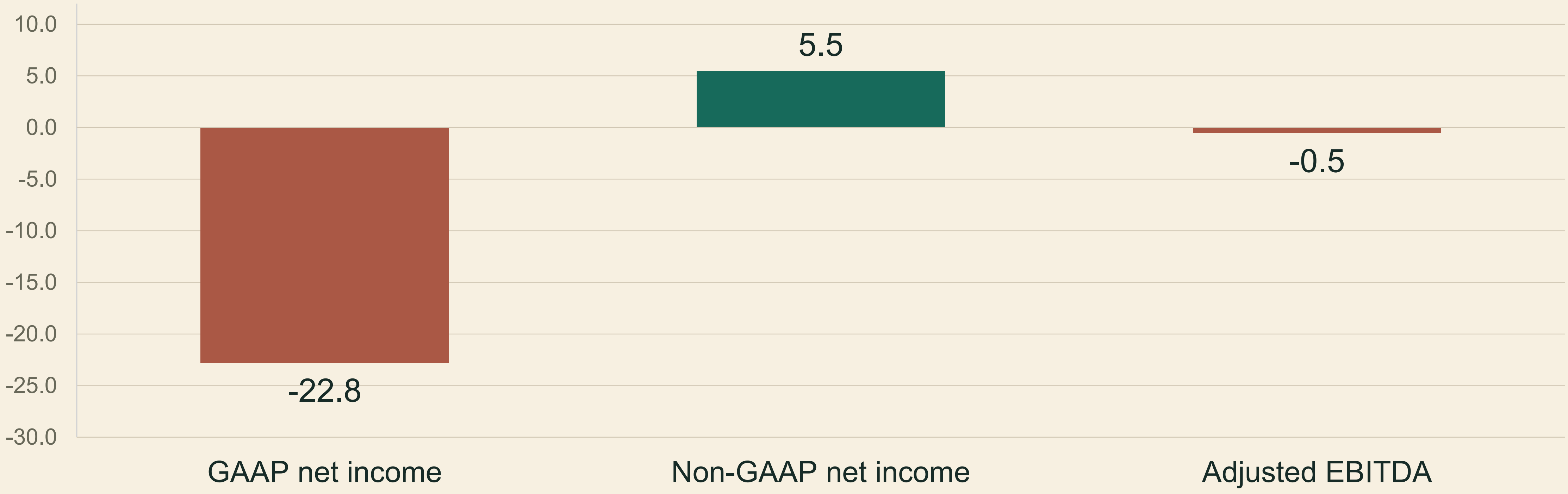
Measure	May guidance	Q2 reported
Revenue	\$180m–\$198m	\$191.9m
Non-GAAP gross margin	29%–30%	29.8%
Non-GAAP EPS	−\$0.03 to +\$0.03	+\$0.06
Non-GAAP operating result	No Q2 dollar guide here	−\$10.3m

Actuals versus guidance issued May 7. EPS is diluted when positive.

Q1 earnings · May 7 Q2 earnings · Aug 6 Q2 call · Aug 6

Three profit measures, three different signals

Q2 2026 / USD millions



Non-GAAP operating loss: $10.3m / A positive adjusted EPS does not establish self-funding

[Q2 earnings · Aug 6]() [Q2 call · Aug 6]()

Half the net-income adjustment comes from tax

Q2 reconciliation	USD millions
GAAP net loss	−22.781
Share-based compensation	+4.863
Discontinued-product costs (combined)	+4.696
Non-recurring items + amortization − unrealized FX	+4.435
Tax adjustment	+14.262
Non-GAAP net income	+5.475

Tax adjustment is 50.5% of the $28.256m bridge. It is not cash received.

The year-end margin ambition moved lower

Management discussion	May Q1 call	August Q2 call
Exit-2026 non-GAAP gross margin	About 35%	About 32%–33%
FY2026 revenue	Over $1.1bn	Around $1.1bn
FY2026 non-GAAP operating profit	Over $140m	Not reaffirmed in reviewed call
Near-term constraints	Ramp timing / efficiency	DSPs, TIAs and customer switches

Paraphrases of management commentary. “Not reaffirmed” does not mean formally withdrawn.

Q1 call · May 7

Q2 call · Aug 6

Q3 must absorb a 100G setback

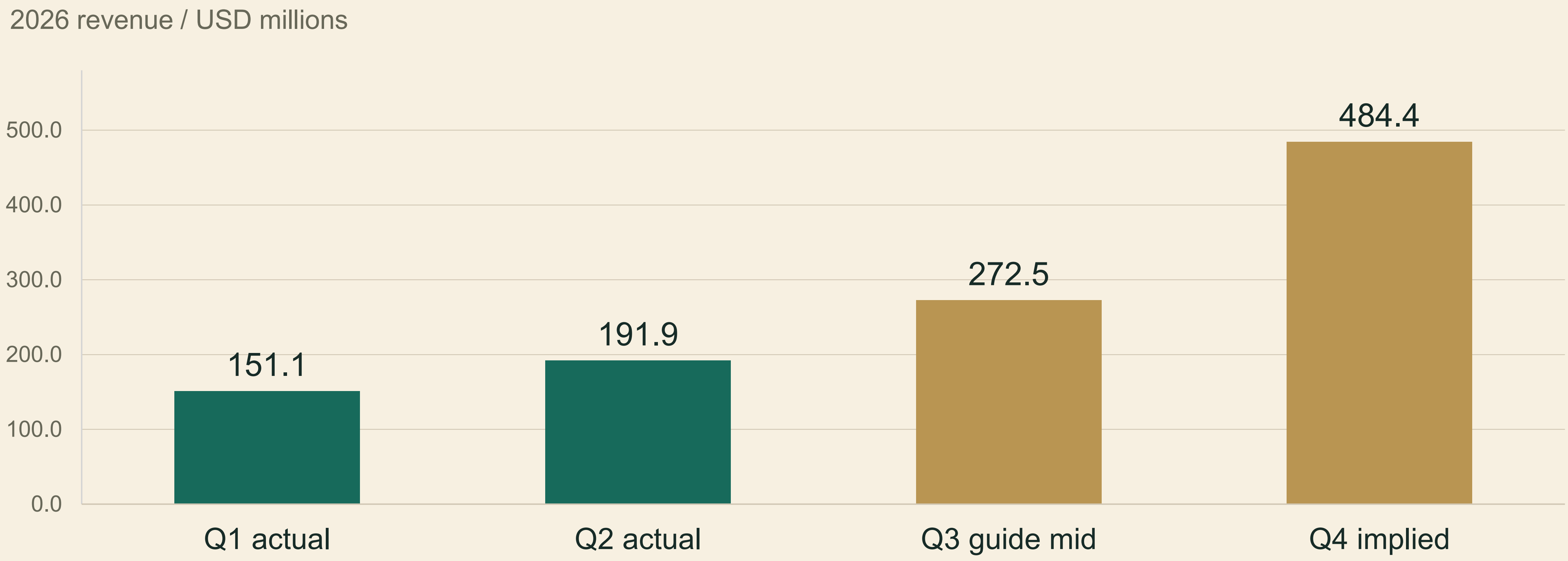
Driver	August management outlook	Implication
Total revenue	\$255m–\$290m	\$272.5m midpoint
800G sales	Nearly 5× sequential	About \$64m if achieved
100G sales	Down \$20m–\$25m	Customer switch / memory shortage
CATV revenue	\$100m–\$110m	Another meaningful growth source
Non-GAAP gross margin	29%–30.5%	Limited near-term expansion

Management outlook, not reported results. Implied 800G value rounds the “nearly 5×” comment.

Q2 earnings · Aug 6

Q2 call · Aug 6

The outlook requires a $484m fourth quarter



Q4 implied range: $466.9m–$501.9m / Midpoint requires +77.8% sequential growth

[Q2 earnings · Aug 6](#) [Q2 call · Aug 6](#)

The old $140m profit ambition needs a bridge

−$17.6m H1 non-GAAP operating loss from the two calls.

About $71m Illustrative full-year operating profit using the current revenue path and stated assumptions.

$151.5m in Q4 Required to reach $140m for the year under the same Q3 assumptions.

EpochX illustration: Q3 GM 29.75%, Q4 GM 32.5%, quarterly non-GAAP opex $75m.

Q1 call · May 7 Q2 call · Aug 6 Q2 earnings · Aug 6

The large 1.6T order has a timing question

CFO discussion	The bulk of the roughly $200m order in Q4, with a possible Q1 tail.
CEO discussion	Roughly $70m–$80m of Q4 1.6T deliveries under material constraints.
What I need	A single updated shipment schedule, with component supply and qualification status.

Transcript paraphrases, not verified audio quotations. Do not treat the two statements as one forecast.

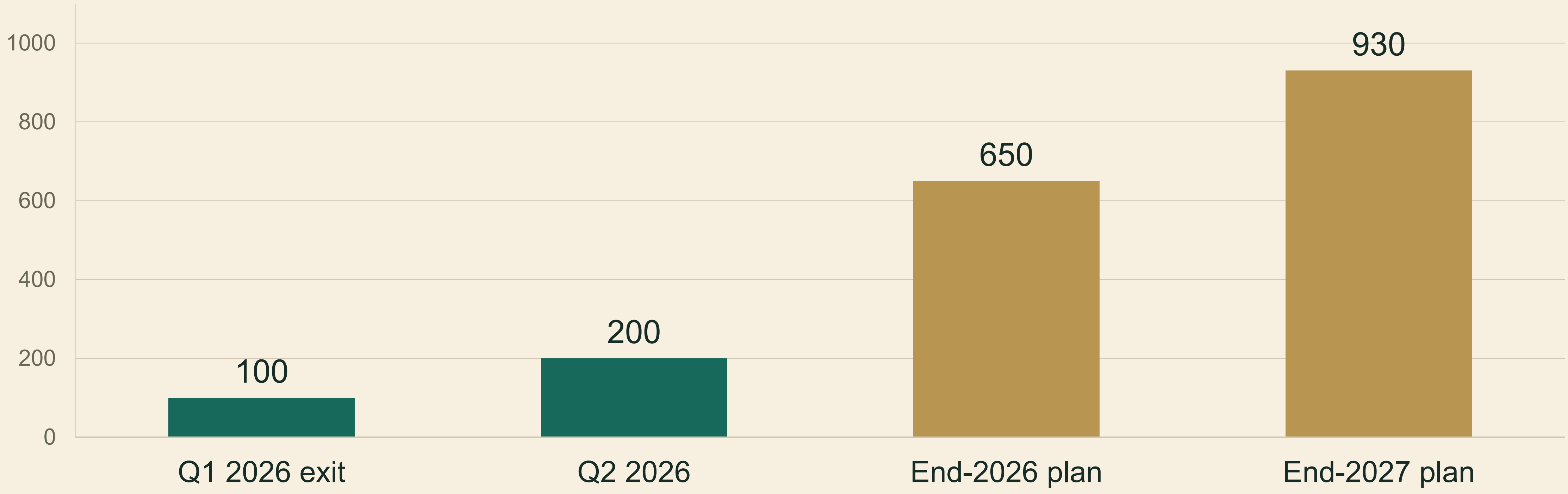
Q2 call · Aug 6

02 / Laser Foundry

Ivo: “More power?”
Mara: “Better alignment.”

Capacity is the beginning of the ramp

800G + 1.6T capacity / thousand units per month



Management estimates and plans / Capacity does not equal qualified shipments

[Q1 call · May 7] [Q2 call · Aug 6] [AOI presentation · Sep 21]

The revenue equation has four moving parts

Average available capacity	Installed and staffed during the period, not just on its last day.
Utilization and accepted yield	Downtime, test failures and missing components reduce shipments.
Realized price and mix	Accepted units × net selling price produces revenue. Cash comes after collection.

SEC Q2 10-Q · Aug 6

Q2 call · Aug 6

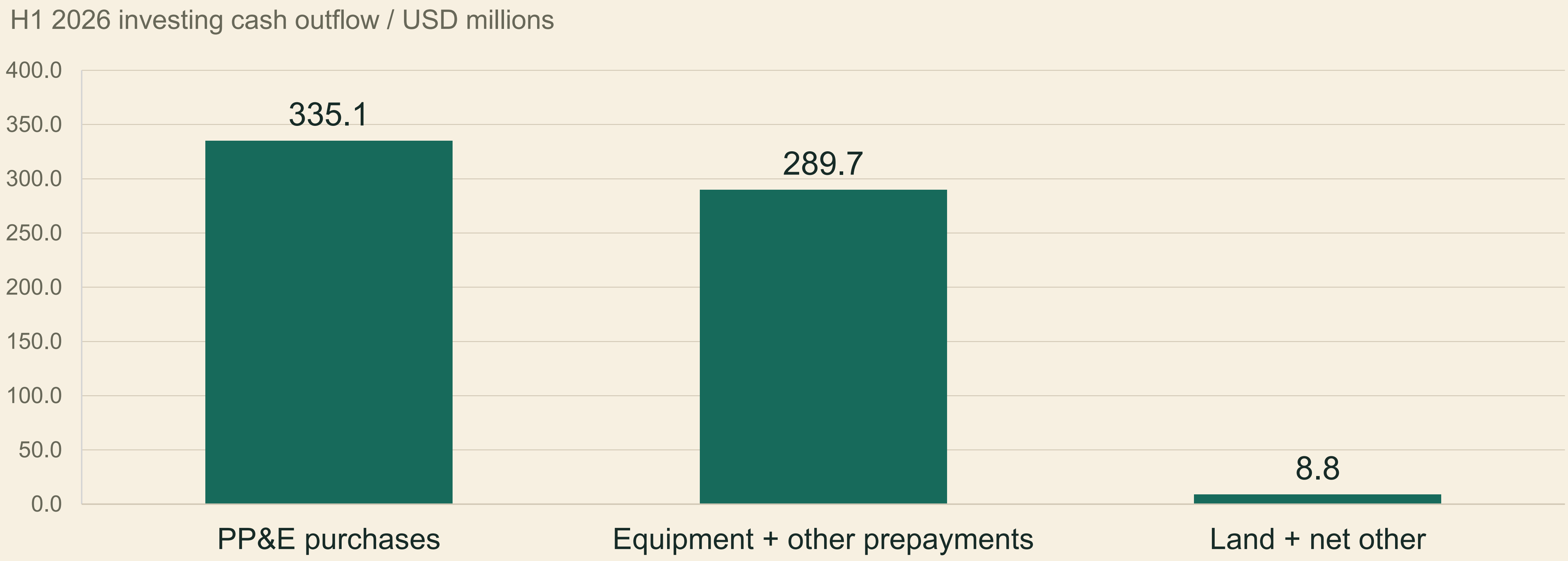
September filings add commitments

Filing	What changed	Timing / financial meaning
Sep 1 / Houston	~1.094m sq. ft. in two leased buildings	Completion expected ~16 months after Aug 31
Sep 10 / Houston	$26.8m cash building purchase	Previously leased space; not all incremental capacity
Sep 15 / Ningbo	38,311.8 m^2 lease	Ten-year term beginning Sep 16

Planned buildings, acquired buildings and qualified production are separate milestones.

SEC Houston lease · Sep 1 SEC purchase · Sep 10 SEC Ningbo lease · Sep 15

Equipment deposits nearly match purchased assets



$633.7m total investing outflow / Prepayments consume cash before equipment starts earning

[Q2 10-Q · cash-flow statement]

Equity funded the first-half build

Cash bridge / H1 2026	USD millions
Starting cash, including restricted cash	216.0
Operating activities	−73.8
Investing activities	−633.7
Financing activities	+980.3
Exchange-rate effects	+19.9
Ending cash, including restricted cash	508.8

Financing includes $1,028.2m net common-stock proceeds. Rounded totals may differ by $0.1m.

[Q2 10-Q · cash-flow statement]

Q2 operating cash benefited from payables

+$11.6m Q2 operating cash flow, derived from H1 less Q1.

+$137.9m Q2 accounts-payable contribution to operating cash flow.

−$126.4m Mechanical result excluding that one contribution. This is a sensitivity, not normalized cash flow.

Q2 values = six-month statement less Q1. Operating cash flow still excludes investing outlays.

SEC Q2 10-Q · Aug 6

SEC Q1 10-Q · May 7

One customer holds about $211m of receivables

$314.0m	Total receivables at June 30.
67.2%	Digicomm’s share of receivables, about $211.0m.
Longer payment terms	Management extended terms to support customer inventory and cited a good collection history.

Source: Q2 10-Q, MD&A “Customer Concentration.” Dollar exposure is an EpochX calculation.

Q2 10-Q · customer concentration

03 / Expansion Yard

Ivo: “We own a bigger factory.”
Mara: “Now it has to earn its keep.”

Use the right share count for the question

Share measure	Millions	Meaning
Dec 31, 2025 outstanding	74.998	Point-in-time ownership
Jun 30, 2026 outstanding	84.386	Point-in-time ownership
Aug 20, 2026 outstanding	84.906	Latest SEC count found
Q2 GAAP weighted average	81.568	Loss-per-share denominator
Q3 non-GAAP diluted guide	92.8	Management's expected EPS denominator

Outstanding, weighted-average and projected diluted counts are not interchangeable.

[SEC Q2 10-Q · Aug 6](#) [SEC ATM prospectus · Aug 21](#) [Q2 earnings · Aug 6](#)

The $600m ATM links funding to the stock price

Illustrative sale price	New shares	Ownership dilution
$80	7.50m	8.1%
$100	6.00m	6.6%
$120	5.00m	5.6%

Assumes full $600m gross sale and 84.906m starting shares. Cash rises as ownership percentage falls.

SEC ATM prospectus · Aug 21

The Amazon warrant trades equity for purchases

7.945m shares

Maximum warrant shares at a $23.6956 exercise price.

6.621m conditional

Remaining vesting depends on $4bn of purchases over ten years.

Two effects

Potential dilution and customer-related contra-revenue. The threshold is not guaranteed backlog.

Q2 10-Q · notes 3 and 6

SEC ATM prospectus · Aug 21

Three customers generated 92% of Q2 sales

42% / 26% / 24%

One CATV customer and two datacenter customers, according to the call.

99%

Top ten customers’ share of Q2 revenue.

Purchase-order exposure

The 10-Q says it has no customer purchase commitments longer than one year.

Q2 call · Aug 6

SEC Q2 10-Q · Aug 6

04 / Qualification Terraces

Ivo: “It lights up.”
Mara: “It has to pass their test.”

Competitors already show richer margins

Quarter ended June 2026	Revenue	GAAP gross margin
AAOI	$191.9m	27.7%
Coherent	$2,045.5m	38.5%
Lumentum	$1,006.3m	47.4%

Consolidated company figures. Different business mixes limit direct comparability.

Q2 earnings · Aug 6   Coherent results · Aug 12   Lumentum results · Aug 11

CPO is an option with a capacity constraint

The product	External laser-source modules can serve co-packaged optics.
The tradeoff	Management prioritizes lasers for its own transceivers while expanding the fab.
The timing gap	400k modules per month appears in 2028 in the Q2 call, versus Q4 2027 in the posted deck.

Management plans / No separate CPO revenue is added to the valuation scenarios.

Q2 call · Aug 6

AOI deck · capacity p. 18

A bullish rating can come with a lower target

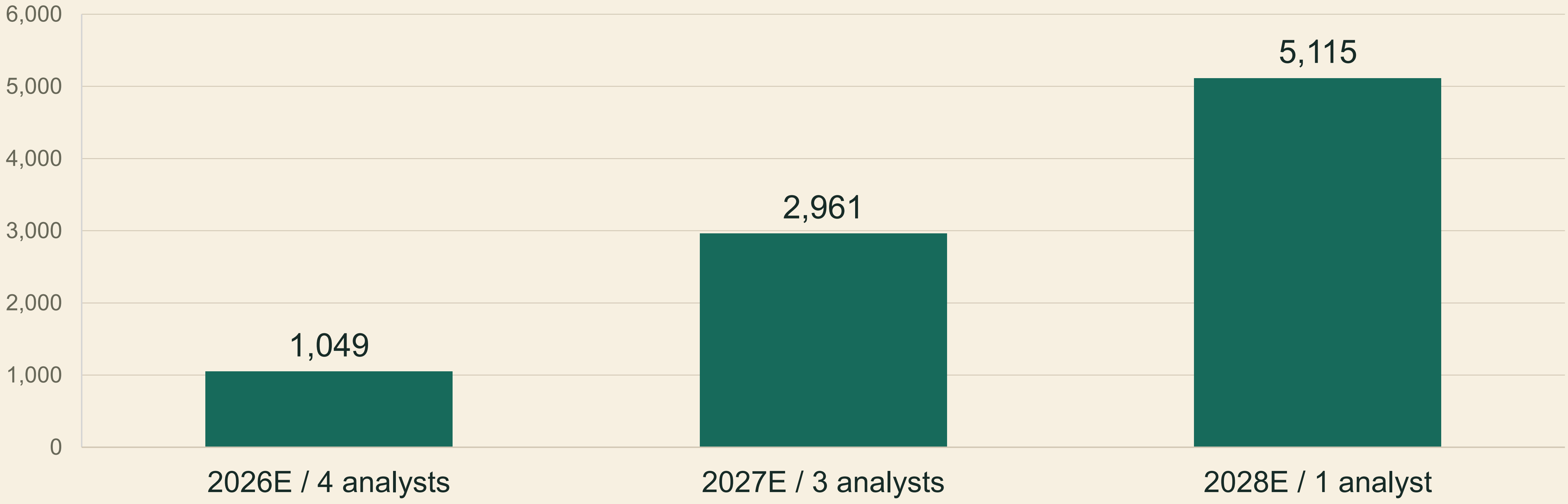
Evidence	Dated observation	What it says
Needham / UW	Aug 7: Buy, $190 target	Down from $220 on July 22
Public Needham summary	Aug 7	Margin timing and 1.6T supply constrained the model
Rosenblatt / UW	Jun 22: Buy, $220 target	Different target and update date

Ratings feed plus public coverage summary. Full proprietary broker reports were not accessed.

UW analyst feed · Sep 24 Needham coverage · Aug 7 FMP estimates · Sep 24

Consensus embeds a much larger company

FMP average revenue estimates / USD millions



Retrieved Sep 24 / Estimates, not guidance / 2028 contains only one contributor

[FMP estimates · Sep 24]

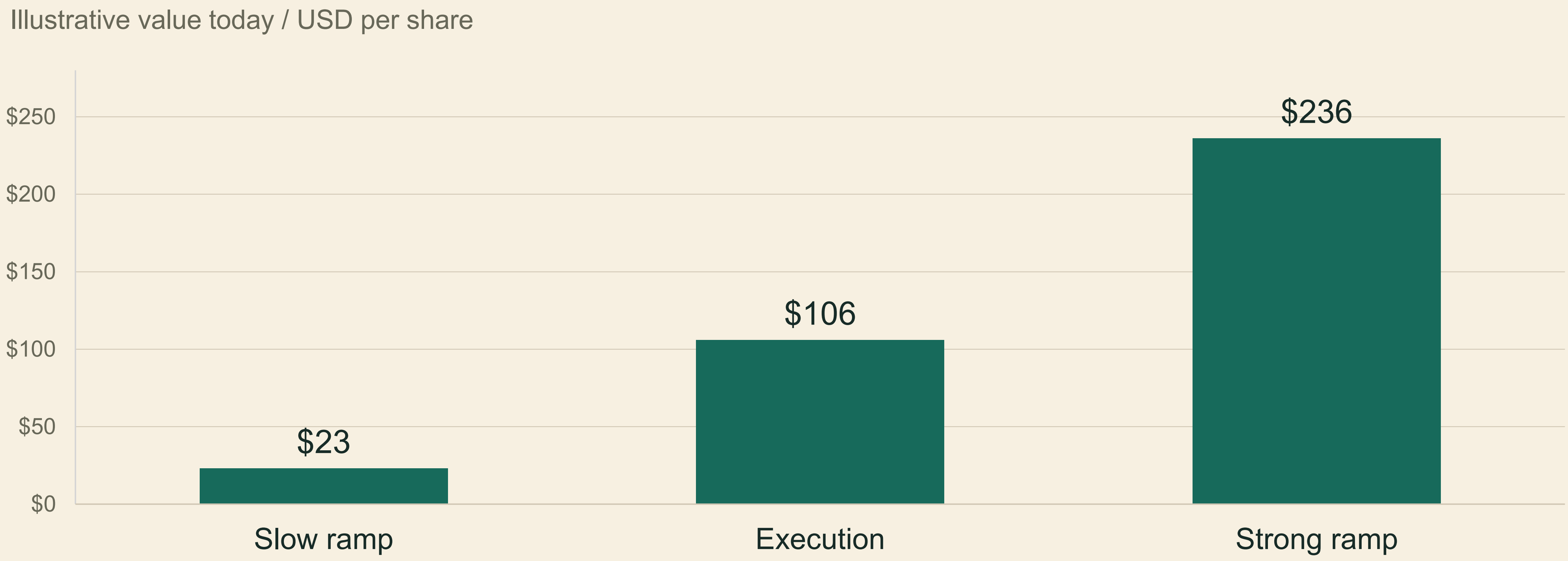
Three 2028 operating outcomes

Assumptions	Slow ramp	Execution	Strong ramp
Revenue / USD bn	2.5	4.0	5.5
GAAP gross margin	30%	35%	38%
Operating expense / USD m	450	600	715
GAAP EBIT / USD m	300	800	1,375
EV / EBIT	12×	18×	22×
Diluted shares / millions	110	105	100

EpochX assumptions / End-2028 outcomes / No probabilities assigned

[SEC Q2 10-Q · Aug 6] [Q2 call · Aug 6]

The middle scenario leaves little valuation cushion



Reference close $101.06 / 12% discount rate over 2.27 years / Assumptions, not targets

FMP market data · Sep 23

SEC Q2 10-Q · Aug 6

Margins and dilution change the answer

2028 EBIT margin	95m shares	105m shares	115m shares
15%	$114	$103	$94
20%	$152	$137	$125
25%	$189	$171	$157

End-2028 price / $4bn revenue / 18× EBIT / Zero net debt / Not discounted

[SEC Q2 10-Q · Aug 6]

A 5% cash yield needs about $415m of free cash

$8.30bn EV proxy	A 5% enterprise free-cash-flow yield implies about $415m a year.
About $780m EBIT	Illustration with 25% tax, $180m D&A, $250m capex and $100m working-capital use.
19.5% EBIT margin	Required at $4bn revenue under those cash assumptions.

EpochX cash-hurdle illustration / FCFF = EBIT × (1 − tax) + D&A − capex − change in working capital

[SEC Q2 10-Q · Aug 6] [FMP market data · Sep 23] [SEC ATM prospectus · Aug 21]

05 / Valuation Vault

Ivo: “The factory won.”
Mara: “What did each share earn?”

The next report has observable checkpoints

Checkpoint	Evidence I want	What weakens the thesis
800G / 1.6T	Shipments, qualification and component availability	Repeated delivery slips
Revenue path	Q3 $255m–$290m and credible Q4 bridge	A larger back-end dependency
Margins	Progress beyond ~30%; explain supplier fees	Growth without operating leverage
Cash / shares	Collections, prepayments, issuance and payables	More funding for less accepted output

Management mentioned Nov 5 for the next call. Confirm the date before scheduling production.

Q2 earnings · Aug 6 Q2 call · Aug 6 SEC Q2 10-Q · Aug 6

AAOI has to prove the cash return

The attraction	Rapid datacenter growth, in-house lasers and a larger U.S. manufacturing footprint.
The burden of proof	Qualified output, improving operating profit and collected cash.
My conclusion	A compelling research story with demanding execution and per-share economics.

SEC Q2 10-Q · Aug 6

Q2 call · Aug 6

SEC ATM prospectus · Aug 21

06 / The next checkpoint

Ivo: “Another level?”
Mara: “After the next filing.”

Market-cap reconciliation

Source / observation	Shares implied or reported	Equity value
FMP quote / Sep 23	~80.24m implied	$8.109bn
UW company / retrieved Sep 24	84.569m reported	$8.547bn reported
SEC / Aug 20 × Sep 23 close	84.906m outstanding	$8.581bn calculated

UW’s separate price field was $98.18 without a timestamp. Do not combine it with its market-cap field.

FMP market data · Sep 23 UW analyst feed · Sep 24 SEC ATM prospectus · Aug 21

Enterprise-value bridge

Item	USD millions	Treatment
SEC shares × Sep 23 close	8,580.630	Equity proxy
Loans	58.915	June 30 balance
Bank acceptances	33.940	Financing-like supplier claim
Convertible notes	124.925	Principal, debt treatment
Unrestricted cash	−499.737	June 30 balance
Enterprise-value proxy	8,298.673	Before operating leases

Operating leases excluded consistently with EBIT after rent. Later cash use and financing remain unknown.

Q2 10-Q · balance sheet / notes SEC ATM prospectus · Aug 21 FMP market data · Sep 23

Complete scenario assumptions

End-2028 assumption	Slow	Execution	Strong
Revenue / USD m	2,500	4,000	5,500
Gross profit / USD m	750	1,400	2,090
Operating expense / USD m	450	600	715
EBIT / USD m	300	800	1,375
EV / EBIT	12×	18×	22×
Net cash / USD m	−300	0	+300
Diluted shares / millions	110	105	100
Terminal price	$30.00	$137.14	$305.50

Formula: (EBIT × multiple + net cash) ÷ diluted shares. Discount factor: 1.12^2.269678.

SEC Q2 10-Q · Aug 6

Q2 call · Aug 6

The profit stress test

Non-GAAP illustration	H1 actual	Q3 assumed	Q4 assumed
Revenue / USD m	343.066	272.500	484.434
Gross margin	Reported quarters	29.75%	32.50%
Operating expense / USD m	Reported quarters	75.0	75.0
Operating profit / USD m	−17.6	+6.1	+82.4

Illustrative FY2026 non-GAAP operating profit: $70.9m. Values use rounded transcript H1 loss.

Q2 earnings · Aug 6 Q1 call · May 7 Q2 call · Aug 6

Quarterly fundamentals

Quarter	Revenue / $m	GAAP GM	GAAP operating / $m
Q1 2025	99.9	30.6%	-8.9
Q2 2025	103.0	30.3%	-16.0
Q3 2025	118.6	28.0%	-18.2
Q4 2025	134.3	31.2%	-11.5
Q1 2026	151.1	29.1%	-13.0
Q2 2026	191.9	27.7%	-24.7

GAAP operating income is used instead of the provider’s differently classified EBIT field.

SEC Q2 10-Q · Aug 6 SEC FY25 10-K · Feb 26 FMP market data · Sep 23

Cash uses and working capital

H1 2026 item	USD millions
Operating cash flow	−73.781
PP&E purchases	−335.132
Conventional CFO less PP&E	−408.913
Equipment + other prepayments	−289.744
Land and net other investing	−8.837
Operating + investing cash use	−707.494

All figures from the six-month cash-flow statement. No annualization of expansion spending.

Q2 10-Q · cash-flow statement

12.1m shares short, dated August 31

14.3% of vendor float

UW's August 31 record reports 12.087m shares short.

1.32 days to cover

Vendor measure depends on the trading-volume window.

Limited inference

A positioning snapshot can inform volatility context. It does not establish future fundamentals.

UW analyst feed · Sep 24

Filing review after earnings

Date	Document	Production consequence
Aug 21	ATM prospectus / 8-K	$600m authorized; latest SEC share count
Aug 24	8-K / indemnification	Director / officer protections; no equity proceeds
Sep 1	Houston lease 8-K	Future footprint and rent commitments
Sep 10	Houston purchase 8-K	$26.8m cash use; formerly leased building
Sep 15	Ningbo lease 8-K	Ten-year manufacturing commitment
Sep 17	Form 4	Charitable gift footnote; not an open-market sale

Reviewed through Sep 24. Read transaction codes and footnotes before classifying insider activity.

SEC filing history SEC ATM prospectus · Aug 21 SEC Form 4 · Sep 17

Data excluded from the thesis

Inconsistent estimate bases

FMP estimated net income ÷ EPS implies roughly 60m shares for 2026–27.

Constructed margin fields

The local lake flags earlier FMP estimates as "FLAT_FORWARD_MARGIN_FMP_CONSTRUCTION."

Undated blended targets

FMP's $184 target average conflicts with dated broker records. No blended target is adopted.

FMP estimates · Sep 24

UW analyst feed · Sep 24

SEC ATM prospectus · Aug 21

Questions still open

1.6T timing

Reconcile the $200m order discussion with the $70m–$80m Q4 delivery comment.

Profit and CPO targets

Clarify the prior $140m operating-profit ambition and 2027 versus 2028 ELSFP capacity dates.

Funding and collections

Update post-June cash, ATM issuance, equipment deposits and Digicomm receipts.

Q2 call · Aug 6

AOI presentation · Sep 21

SEC Q2 10-Q · Aug 6

Follow the primary evidence

Statements	Q2 10-Q, Q1 10-Q and 2025 10-K
Outlook and adjustments	Q2 release, earnings call and posted investor deck
Capital and commitments	ATM prospectus and September 8-Ks
Market and outside views	FMP snapshots, UW dated records and public analyst coverage

SEC Q2 10-Q · Aug 6 Q2 earnings · Aug 6 AOI presentation · Sep 21