

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549**

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 5, 2021

**Applied Optoelectronics, Inc.**  
(Exact name of Registrant as specified in its charter)

**Delaware**  
(State of Incorporation)

**001-36083**  
(Commission File Number)

**76-0533927**  
(I.R.S. Employer Identification No.)

**13139 Jess Pirtle Blvd.**  
**Sugar Land, TX 77478**  
(address of principal executive offices and zip code)

**(281) 295-1800**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, Par value \$0.001	AAOI	NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

On August 5, 2021 Applied Optoelectronics, Inc. (the “Company”) issued a press release regarding the Company’s financial results for the second quarter ended June 30, 2021. A copy of the Company’s press release is attached as Exhibit 99.1 to this Form 8-K.

The information furnished in this Current Report under this Item 2.02 and the exhibits attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.**

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Press release dated August 5, 2021, issued by Applied Optoelectronics, Inc., filed herewith.</a>
104	Cover Page Interactive File (the cover page tags are embedded within the Inline XBRL document).

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Applied Optoelectronics, Inc.

By: /s/ STEFAN J. MURRY

STEFAN J. MURRY

Chief Financial Officer

Date: August 5, 2021



## Applied Optoelectronics Reports Second Quarter 2021 Results

**Sugar Land, Texas, August 5, 2021 – Applied Optoelectronics, Inc. (NASDAQ: AAOI)**, a leading provider of fiber-optic access network products for the internet datacenter, cable broadband, telecom and fiber-to-the-home (FTTH) markets, today announced financial results for its second quarter 2021 ended June 30, 2021.

“We are pleased with the continued strength we are seeing in our CATV product sales, which recorded significant year over year and sequential growth to become our largest product type in the second quarter,” said Dr. Thompson Lin, Applied Optoelectronics Inc. Founder, President and Chief Executive Officer. “While we continue to see softness in the datacenter market as we expected, we are delighted to report that we secured two design wins for our 400G products during the second quarter, and expect that increased contribution from our 400G products will drive a recovery in our datacenter business.”

### Second Quarter 2021 Financial Summary

- GAAP revenue was \$54.2 million, compared with \$65.2 million in the second quarter of 2020 and \$49.7 million in the first quarter of 2021.
- GAAP gross margin was 19.9%, compared with 21.1% in the second quarter of 2020 and 21.6% in the first quarter of 2021. Non-GAAP gross margin was 25.0%, compared with 23.1% in the second quarter of 2020 and 24.6% in the first quarter of 2021.
- GAAP net loss was \$8.2 million, or \$0.31 per basic share, compared with net loss of \$18.6 million, or \$0.89 per basic share in the second quarter of 2020, and a net loss of \$15.6 million, or \$0.59 per basic share in the first quarter of 2021.
- Non-GAAP net loss was \$4.1 million, or \$0.15 per basic share, compared with non-GAAP net loss of \$5.0 million, or \$0.24 per basic share in the second quarter of 2020, and a non-GAAP net loss of \$5.5 million, or \$0.21 per basic share in the first quarter of 2021.

A reconciliation between all GAAP and non-GAAP information referenced above for the second quarters of 2021 and 2020 is contained in the tables below. Please also refer to “Non-GAAP Financial Measures” below for a description of these non-GAAP financial measures.

### Third Quarter 2021 Business Outlook (+)

For the third quarter of 2021, the company currently expects:

- Revenue in the range of \$ 51 million to \$ 56 million.
- Non-GAAP gross margin in the range of 19.5% to 21.5%.
- Non-GAAP net loss in the range of \$ 6.9 million to \$ 9 million, and non-GAAP loss per share in the range of \$0.25 to \$0.33 using approximately 27.7 million shares.

(+) Please refer to the note below on forward-looking statements and the risks involved with such statements as well as the note on non-GAAP financial measures.

## Conference Call Information

The company will host a conference call and webcast for analysts and investors on August 5, 2021 to discuss its second quarter 2021 results and outlook for its third quarter 2021 at 4:30 p.m. Eastern time / 3:30 p.m. Central time. Open to the public, investors may access the call by dialing 844-890-1794 (domestic) or 412-717-9586 (international). A live audio webcast of the conference call along with supplemental financial information will also be accessible on the company's website at investors.ao-inc.com. Following the webcast, an archived version will be available on the website for one year. A telephonic replay of the call will be available one hour after the call and will run for five business days and may be accessed by dialing 877-344-7529 (domestic) or 412-317-0088 (international) and entering passcode 10157944.

## Forward-Looking Information

This press release 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 third quarter of 2021. 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: the impact of the COVID-19 pandemic on our business and financial results; 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, 2020 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021. 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.

## Non-GAAP Financial Measures

We provide non-GAAP gross margin, non-GAAP net income (loss), and non-GAAP earnings per share 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 expense, expenses associated with discontinued products, and non-recurring 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 gain (loss), losses from the disposal of idle assets, if any, non-GAAP tax expenses (benefits), expenses associated with discontinued products, if any, and the effects of forgiveness of our PPP loan from our GAAP net income (loss). Included in our non-recurring expenses in Q2 2021 and Q2 2020 are certain one-time legal (if any) and consulting fees (if any) and employee severance expenses (if any). In computing our non-GAAP income tax expense (benefit), 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 earnings per share is calculated by dividing our non-GAAP net income 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, expenses and other income, losses from the disposal of idle assets, unrealized foreign exchange gain or loss, unamortized debt issuance costs associated with the extinguishment of debt, 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.

A reconciliation of our GAAP net income (loss) and GAAP earnings (loss) per share for the quarter ended June 30, 2021 to our non-GAAP net income (loss) and earnings (loss) per share is provided below, together with corresponding reconciliations for the quarter period ended June 30, 2020. A reconciliation of our GAAP net income (loss) and GAAP earnings (loss) per share for the quarter ended June 30, 2021 to our non-GAAP net income (loss) and earnings (loss) per share is provided in our earnings release dated August 5, 2021, which was filed with the Securities and Exchange Commission with a Current Report on Form 8-K filed on August 5, 2021.

Non-GAAP measures should not be considered as an alternative to 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, and loss (gain) from disposal of idle assets. 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.

### **About Applied Optoelectronics**

Applied Optoelectronics Inc. (AOI) is a leading developer and manufacturer of advanced optical products, including components, modules and equipment. AOI's products are the building blocks for broadband fiber access networks around the world, where they are used in the internet datacenter, CATV broadband, telecom and FTTH markets. AOI supplies optical networking lasers, components and equipment to tier-1 customers in all four of these markets. In addition to its corporate headquarters, wafer fab and advanced engineering and production facilities in Sugar Land, TX, AOI has engineering and manufacturing facilities in Taipei, Taiwan and Ningbo, China. For additional information, visit [www.ao-inc.com](http://www.ao-inc.com).

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**Applied Optoelectronics, Inc.**  
**Preliminary Condensed Consolidated Balance Sheets**  
(In thousands)  
(Unaudited)

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash, Cash Equivalents and Restricted Cash	\$ 50,499	\$ 50,114
Accounts Receivable, Net	48,404	43,042
Notes receivable	3,819	401
Inventories	100,399	110,397
Prepaid Income Tax	2	2
Prepaid Expenses and Other Current Assets	5,101	5,213
<b>Total Current Assets</b>	<b>208,224</b>	<b>209,169</b>
Property, Plant And Equipment, Net	246,797	252,984
Land Use Rights, Net	5,846	5,854
Right of Use Asset	7,576	7,817
Intangible Assets, Net	3,888	3,999
Other Assets	813	982
<b>TOTAL ASSETS</b>	<b>\$ 473,144</b>	<b>\$ 480,805</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 25,593	\$ 29,482
Accrued Expenses	15,509	18,511
Current Lease Liability	1,038	1,030
Bank Acceptance Payable	6,469	15,860
Current Portion of Notes Payable and Long Term Debt	41,876	38,265
<b>Total Current Liabilities</b>	<b>90,485</b>	<b>103,148</b>
Notes Payable and Long Term Debt	19,360	13,904
Convertible Senior Notes	78,264	77,854
Other Long-Term Liabilities	7,744	8,008
<b>TOTAL LIABILITIES</b>	<b>195,853</b>	<b>202,914</b>
<b>STOCKHOLDERS' EQUITY</b>		
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>277,291</b>	<b>277,891</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 473,144</b>	<b>\$ 480,805</b>

**Applied Optoelectronics, Inc.**  
**Preliminary Condensed Consolidated Statements of Operations**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue				
Datacenter	\$ 22,392	\$ 52,533	\$ 48,331	\$ 85,797
CATV	27,599	6,141	46,238	10,364
Telecom	3,333	6,170	7,811	8,730
FTTH	298	1	722	1
Other	567	377	788	797
Total Revenue	<u>54,189</u>	<u>65,222</u>	<u>103,890</u>	<u>105,689</u>
Total Cost of Goods Sold	43,411	51,486	82,393	85,615
Total Gross Profit	10,778	13,736	21,497	20,074
Operating Expenses:				
Research and Development	10,914	10,803	21,842	21,361
Sales and Marketing	2,832	3,430	5,792	6,366
General and Administrative	10,681	10,611	21,550	21,249
Total Operating Expenses	<u>24,427</u>	<u>24,844</u>	<u>49,184</u>	<u>48,976</u>
<b>Operating Loss</b>	<b>(13,649)</b>	<b>(11,108)</b>	<b>(27,687)</b>	<b>(28,902)</b>
Other Income (Expense):				
Interest Income	16	47	32	194
Interest Expense	(1,367)	(1,489)	(2,798)	(2,944)
Other Income	6,370	861	6,410	979
Foreign Exchange Gain (Loss)	427	113	218	252
Total Other Expense:	<u>5,446</u>	<u>(468)</u>	<u>3,862</u>	<u>(1,519)</u>
<b>Net loss before Income Taxes</b>	<b>(8,203)</b>	<b>(11,576)</b>	<b>(23,825)</b>	<b>(30,421)</b>
<b>Income Tax Expense</b>	<b>–</b>	<b>(7,024)</b>	<b>0</b>	<b>(4,976)</b>
<b>Net loss</b>	<b>(8,203)</b>	<b>(18,600)</b>	<b>(23,825)</b>	<b>(35,397)</b>
<b>Net loss per share attributable to common stockholders</b>				
<b>basic</b>	<u>\$ (0.31)</u>	<u>\$ (0.89)</u>	<u>\$ (0.89)</u>	<u>\$ (1.72)</u>
<b>diluted</b>	<u>\$ (0.31)</u>	<u>\$ (0.89)</u>	<u>\$ (0.89)</u>	<u>\$ (1.72)</u>
<b>Weighted-average shares used to compute net loss per share attributable to common stockholders</b>				
<b>basic</b>	<u>26,850</u>	<u>20,858</u>	<u>26,637</u>	<u>20,533</u>
<b>diluted</b>	<u>26,850</u>	<u>20,858</u>	<u>26,637</u>	<u>20,533</u>



**Applied Optoelectronics, Inc.**  
**Reconciliation of Statements of Operations under GAAP and Non-GAAP**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
GAAP total gross profit <sup>(a)</sup>	\$ 10,778	\$ 13,736	\$ 21,497	\$ 20,074
Non-recurring customer credit	-	-	-	-
Share-based compensation expense	267	237	468	483
Non-recurring expense	16	1	34	972
Expenses associated with discontinued products	2,461	1,077	3,750	1,431
Non-GAAP total gross profit <sup>(a)</sup>	<u>13,522</u>	<u>15,051</u>	<u>25,749</u>	<u>22,960</u>
GAAP net loss	(8,203)	(18,600)	(23,825)	(35,397)
Amortization of intangible assets	152	143	303	285
Share-based compensation expense	3,274	3,302	5,793	6,540
Non-recurring (income) expense	(6,246)	(463)	(5,744)	806
Expenses associated with discontinued products	2,461	1,077	3,750	1,431
Non-cash expenses associated with discontinued products	1,213	953	2,427	2,210
Unrealized exchange loss (gain)	(133)	43	710	(127)
Non-GAAP tax benefit	3,346	8,562	6,938	10,477
Non-GAAP net loss	<u>(4,136)</u>	<u>(4,983)</u>	<u>(9,648)</u>	<u>(13,775)</u>
GAAP diluted net loss per share	\$ (0.31)	\$ (0.89)	\$ (0.89)	\$ (1.72)
Amortization of intangible assets	0.01	0.01	0.01	0.01
Share-based compensation expense	0.12	0.16	0.22	0.32
Non-recurring (income) expense	(0.23)	(0.02)	(0.22)	0.04
Expenses associated with discontinued products	0.09	0.05	0.14	0.07
Non-cash expenses associated with discontinued products	0.05	0.04	0.09	0.10
Unrealized exchange loss (gain)	(0.00)	0.00	0.03	(0.01)
Non-GAAP tax benefit	0.12	0.41	0.26	0.51
Non-GAAP diluted net loss per share	<u>\$ (0.15)</u>	<u>\$ (0.24)</u>	<u>\$ (0.36)</u>	<u>\$ (0.68)</u>
Shares used to compute diluted loss per share	26,850	20,858	26,637	20,533
Shares used to compute diluted earnings per share	26,850	20,858	26,637	20,533

(a) Provided for the purpose of calculating gross profit as a percentage of revenue (gross margin).