



# INVESTOR PRESENTATION

SECOND QUARTER 2024

Nasdaq: AAOI

## Forward Looking Statements & Non-GAAP Financial Measures

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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 third quarter of 2024. 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; the impact of the COVID-19 pandemic on our business and financial results; 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, 2023 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024. 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

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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

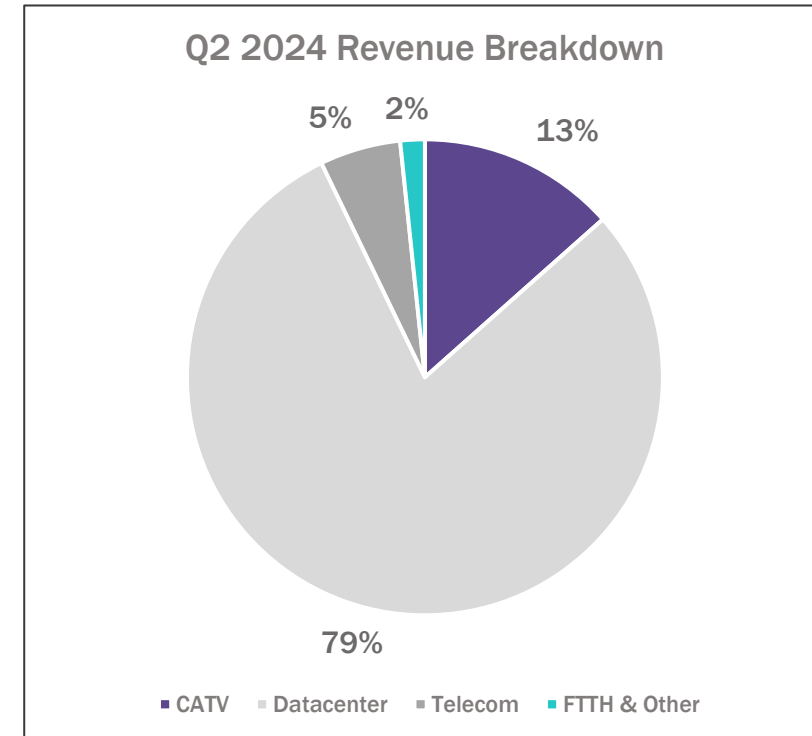
- | A Leader in Advanced Optics
- | Dynamic Markets
- | Marquee Customers
- | Proprietary Manufacturing
- | Diversifying Customer Base

**A leading provider of optical  
access products that enable the  
gigabit age**

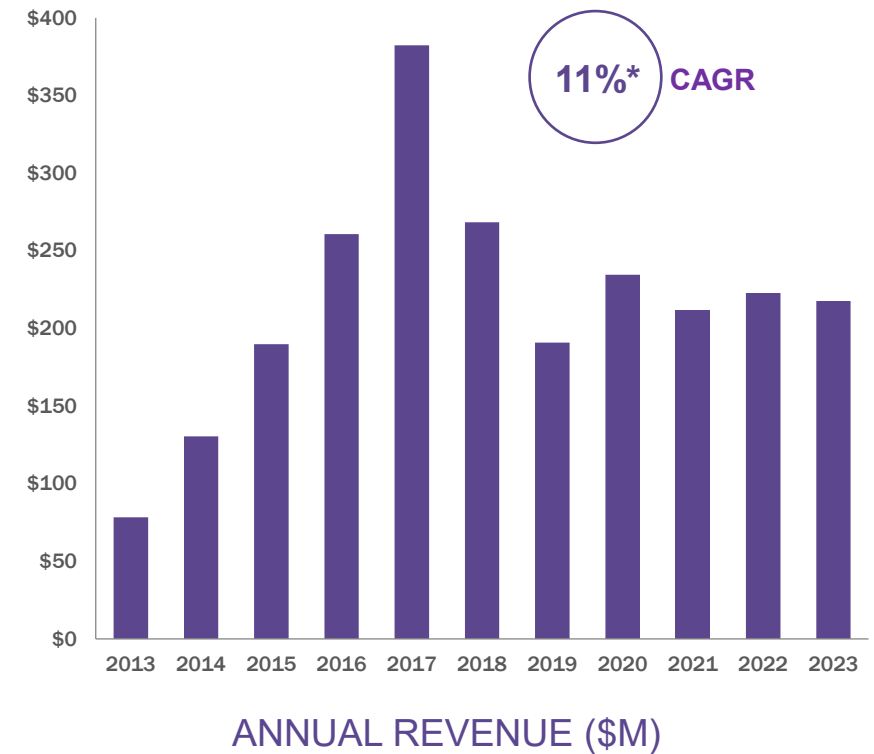
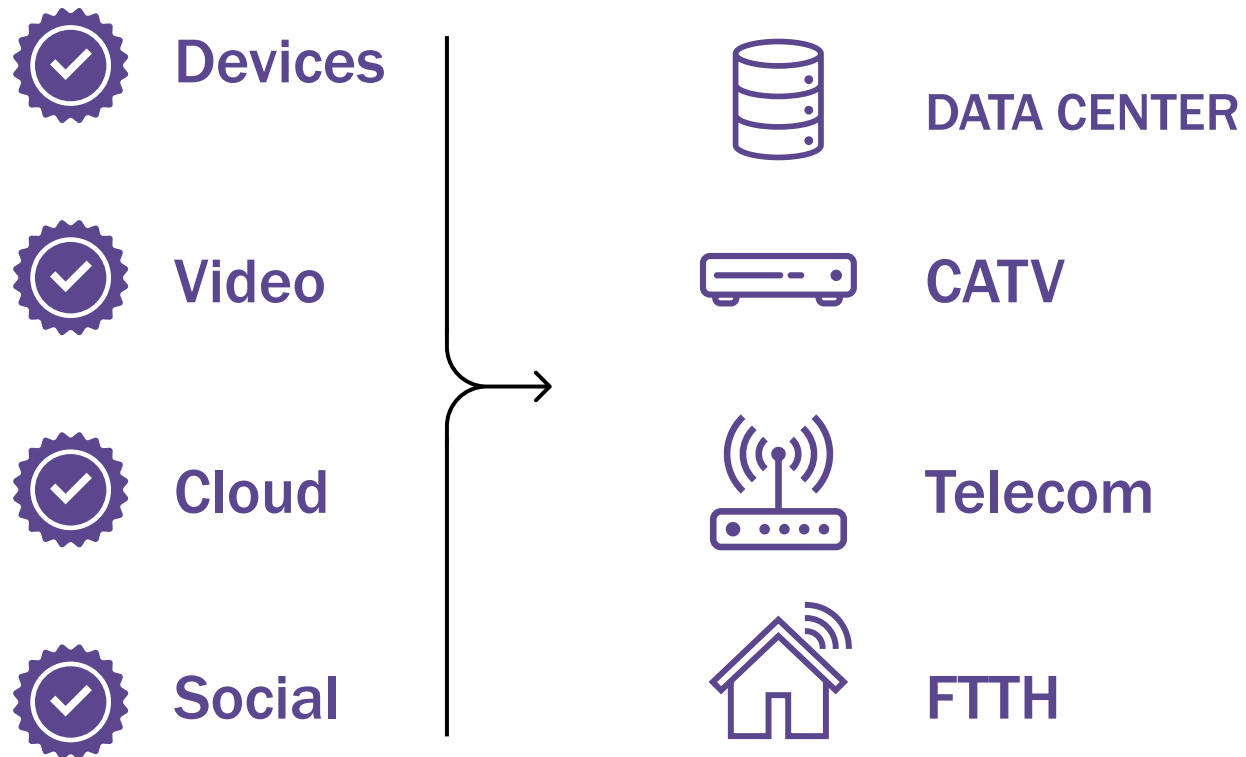
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# Q2 2024 Highlights and Outlook

- Revenue of \$43.3 million, in-line with our guidance range.
  - Revenue from 100G products increased 21% year-over-year, while revenue for 400G products more than doubled in the same period.
- Non-GAAP Gross Margin of 22.5% vs. 24.8% in Q2 2023, below our guidance range, primarily due to product mix.
- Began to see business improvement in our datacenter business during Q2 and expect continued improvement throughout the year.
- Received initial orders for 400G products from another large hyperscale customer and expect to ship these orders in Q3. With this new customer, we now are shipping 400G products to 3 out of the 5 of the largest hyperscale datacenter customers in the US.
- In our CATV business, while we saw generally slow sales in Q2 of DOCSIS 3.1 equipment as the industry transitions to DOCSIS 4.0, we finalized the qualification testing with 3 out of the 4 individual 1.8 GHz amplifier models with one of our major MSO customers. We expect our CATV results to improve markedly in Q3 as a result.
- Third Quarter 2024 Guidance
  - Revenue in the range of \$60 million to \$66 million
  - Non-GAAP gross margin in the range of 24% to 26%
  - Non-GAAP net loss in the range of \$5.9 million to \$8.6 million, and non-GAAP loss per share in the range of \$0.14 to \$0.20 using approximately 43.2 million shares



# Bandwidth Demand Drives Revenue



\* CAGR calculated from 2013 through 2023.

# Four End-Markets With Strong Demand Drivers

## Cable Television

- DOCSIS 3.1 & 4.0 upgrade cycle
- International market opportunities
- Continued outsourcing of design and production

## Datacenter

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

## Telecommunications

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

## Fiber-to-the-Home

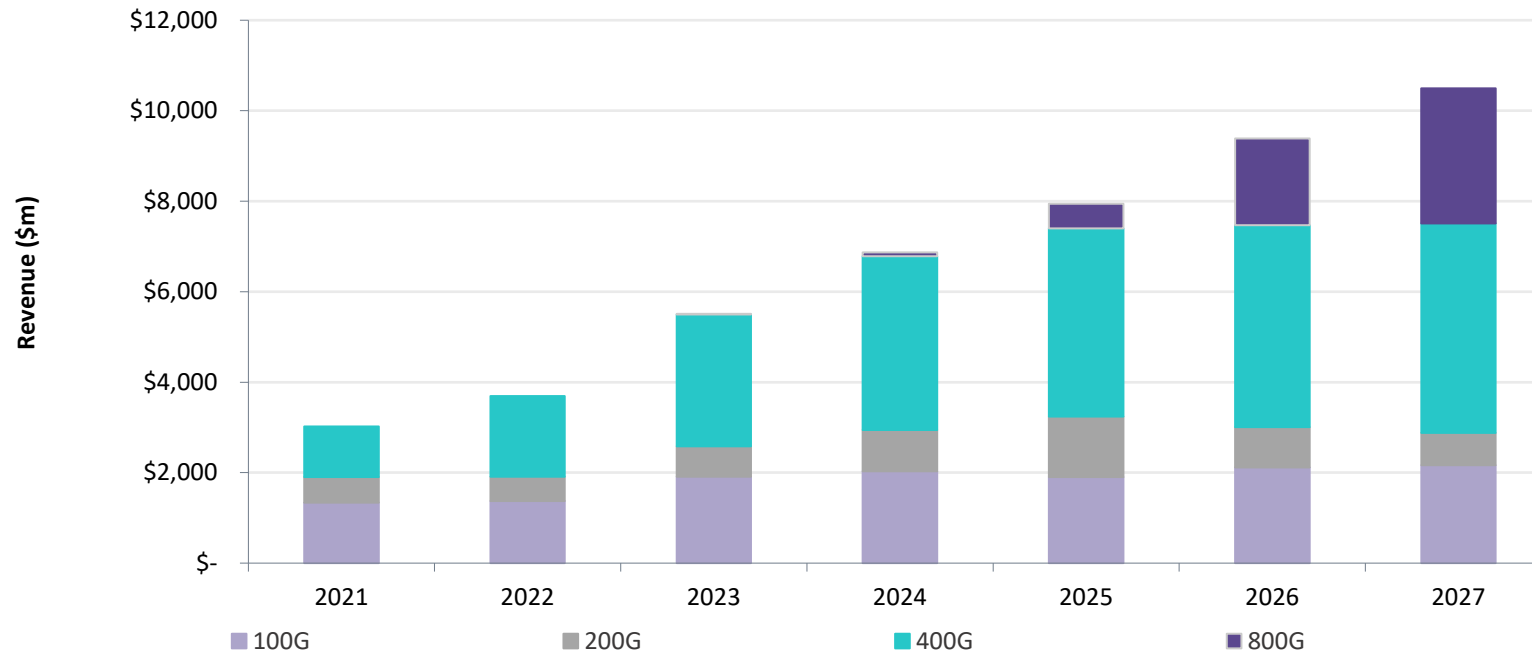
- 10/25 Gbps FTTH networks to replace 2.5Gbps
- Telecom carriers need to fiberize to compete with CATV, new entrants
- Greenfield economics favor fiber deployment



# Growth Expected in Datacenter Market

Total High-Speed (100G or greater) Market to Exceed \$10 Billion in 2027

**27%** 400G CAGR  
2021-2027



Source: Omdia

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- Source: High-speed (from 100G to 800G) optical modules by data rate Forecast Report, 2021 - 2027 – Omdia | 2022
- Historical and future data is estimated, based upon a methodology developed by Omdia research

## DATACENTER MARKET CHARACTERISTICS DIFFER FROM CHARACTERISTICS OF TELECOM OPTICAL COMPONENT MARKET

### Vertical Integration & In-house Manufacturing

#### DATACENTER MARKET

- ✔ Rapid product development cycles favor controlling a substantial part of the manufacturing process
- ✔ Large production volume/relatively low diversity enables rapid ROI on factory equipment
- ✔ Integration of manufacturing process enhances efficiency

#### TELECOM MARKET

- ✔ Telecom applications have much longer production cycles
- ✔ Small volume/high diversity favors outsourcing
- ✔ Initial costs of integration are high, and only economical with high production volume

# Current 400G Transceiver Form-factors

## Considerations for Designers:

- Backward Compatibility
- Connector Termination
- Latch Mechanism
- Mating Process
- Protruding area safety
- Electrical/optical breakout
- Thermal dissipation
- Common management interface specification

Reach Distance	Data Center Unique Spec	IEEE Standards	100G single Lambda MSA
<b>70m for OM3, 100m for OM4</b>	-	400G SR8*	-
	-	400G SR4.2	-
<b>500m</b>	-	100G DR*	-
	-	400G DR4*	-
<b>2km</b>	-	-	100G FR*
	-	-	400G FR4*
<b>10km</b>	400G DR4+*	-	-

\* In development by AOI for customer sampling

# 5G Requirements for Front/Mid-Haul Optics

Small-Cell Proliferation and C-RAN Evolution Is Expected to Create Need for New Optical Solutions

## 25 Gbps/50 Gbps/100 Gbps transceivers needed

### Front-Haul:

- Link remote radio head (RRH) to base station
- Distances typically several km
- 25 Gbps in SFP-28 form factor
- Outdoor RRH may require high-temperature optics

### Mid-Haul:

- Longer distances typical in C-RAN (Cloud-Radio Access Network)
- 50 Gbps/100Gbps over 10+ km
- Typically standard commercial temperature range

# VERTICAL INTEGRATION

A KEY  
DIFFERENTIATOR

| Faster time to market

| Cost advantages

| High yield manufacturing

| Flexible capacity support

| Rapid response to customer & market demand

# A Closer Look...

<p><b>CRYSTAL GROWTH (Epitaxy)</b></p>	<p><b>AUTOMATION</b></p>	<p><b>LIGHT ENGINE ASSEMBLY</b></p>
<p>AOI's Differentiation:</p> <p>Combination of proprietary MBE and MOCVD processes</p>	<p>AOI's Differentiation:</p> <p>Custom-designed and proprietary production machinery</p>	<p>AOI's Differentiation:</p> <p>Robust silicon optical bench platform technology leveraged across 40G, 100G, 200G and 400G products</p>
<ul style="list-style-type: none"> <li>• Improved high-temp and high-speed performance</li> <li>• Improved laser yield (low cost)</li> <li>• DFB performance adequate for many applications where competitors use EMLs</li> <li>• EMLs for long-distance inter-DC/telecom</li> </ul>	<ul style="list-style-type: none"> <li>• Decreased per-chip testing cost</li> <li>• Lower scrap rate = higher yield</li> <li>• Scalable</li> </ul>	<ul style="list-style-type: none"> <li>• Flexible manufacturing line between 40G /100G/200G/400G products</li> <li>• More efficient R&amp;D spend</li> <li>• Decreased scrap rate</li> <li>• Lower equipment depreciation</li> </ul>

## A Closer Look...

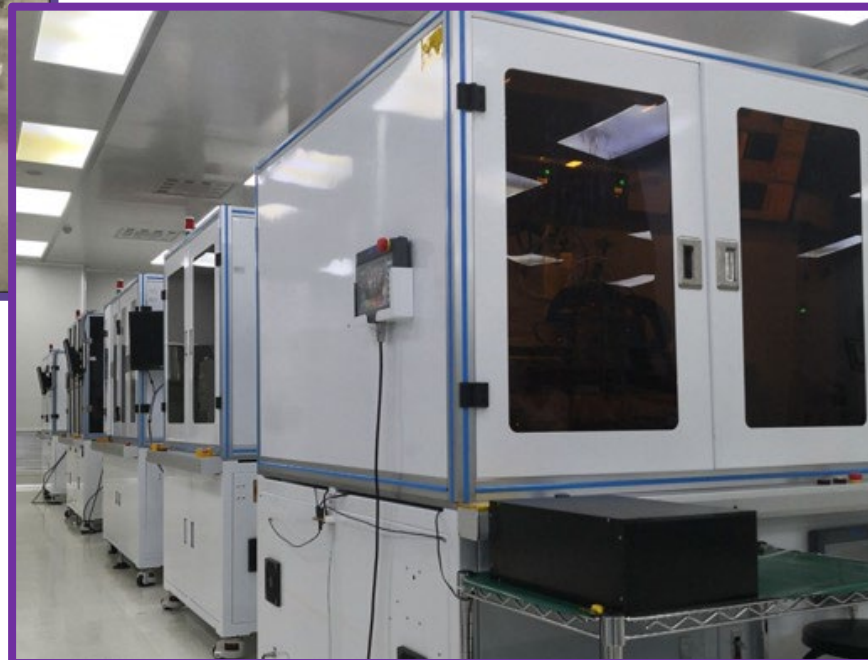


Automated Robotic Test Stations Increase Throughput, Decrease Human Error in Handling

Automated Receiver Sub-Assembly Decreased Labor by 58% and Improved Quality Control

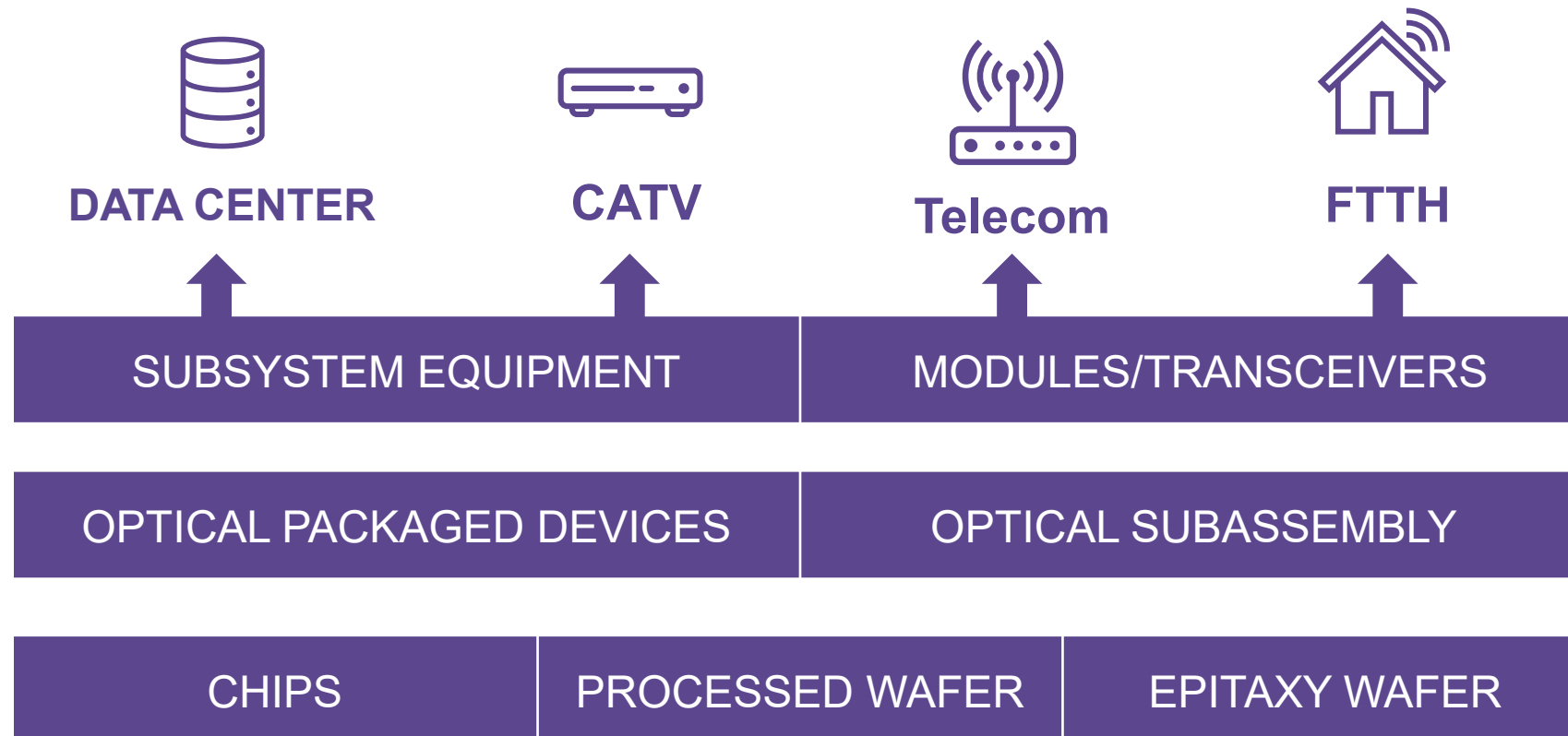


Automated Light Engine Final Assembly Decreased Labor by 85% and Improved Process Control and Quality



## Vertical Integration replicated across markets

In-house production and development of advanced laser diodes and light engines speeds time to market







## RESEARCH & DEVELOPMENT

- Excellent laser technology
- Proprietary Silicon Photonics Technology
- Strong R&D teams in all 3 sites from lasers, transceivers to equipment
- Customer NRE reimbursements

## MANUFACTURING & OPERATIONS

- Experienced in high-volume manufacture
- Efficient supply chain
- Vertical integration from laser chips to transceivers to equipment with cost advantages

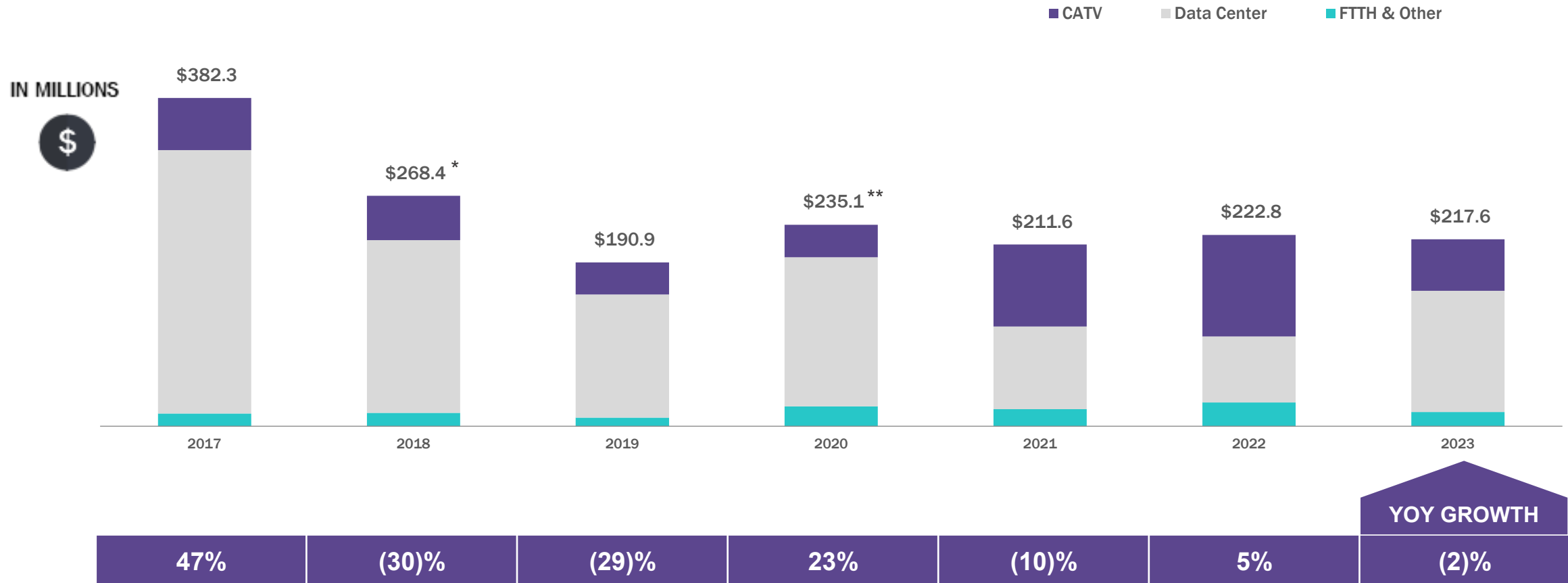
\* As of 6/30/24

# Financial Review

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# Financial Performance

## ANNUAL REVENUE BY END MARKET

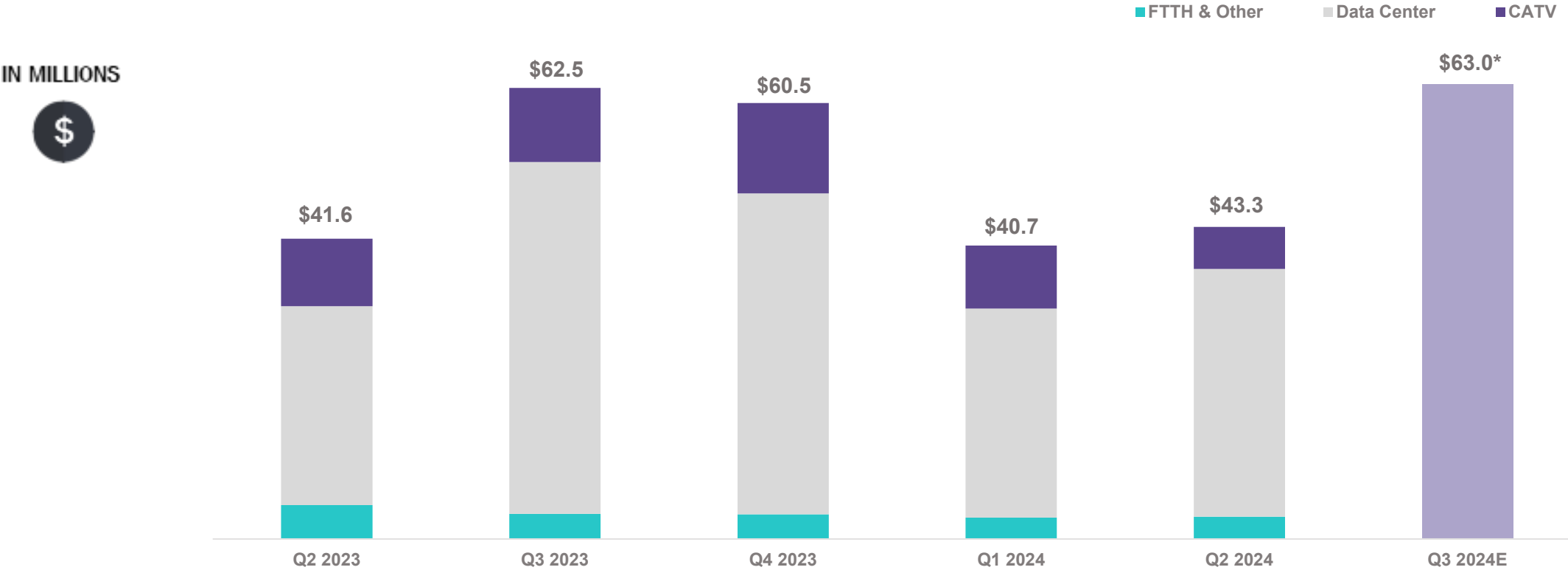


\* Reflects a \$900 thousand credit issued to a customer, which is adjusted out of our non-GAAP revenue in Q4/2018. All other revenue is on a GAAP basis.

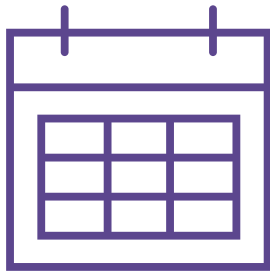
\*\* Reflects a \$449 thousand credit issued to a customer, which is adjusted out of our non-GAAP revenue in Q4/2020. All other revenue is on a GAAP basis.

# Recent Financial Performance

## QUARTERLY REVENUE BY END MARKET



\* Reflects midpoint of Q3 2024 guidance of \$60 million to \$66 million provided in Q2 2024 earnings press release on 8/6/24



# Q2/24 Results

NON-GAAP\*

\$ IN MILLIONS EXCEPT %	Q2/24
TOTAL REVENUE	\$ 43.3
CATV	\$ 5.8
DATACENTER	\$ 34.4
TELECOM	\$ 2.4
GROSS MARGIN	22.5%
OPERATING LOSS	\$ 16.2
NET LOSS	\$ 10.9
CASH**	\$ 16.1

\*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	6/30/2022	6/30/2023	6/30/2024
CASH <sup>(1)</sup>	\$41	\$29	\$16
WORKING CAPITAL <sup>(2)</sup>	\$65	\$(43)	\$52
PROPERTY, PLANT & EQUIPMENT, NET	\$224	\$198	\$198
TOTAL ASSETS	\$435	\$357	\$348
TOTAL DEBT <sup>(3)</sup>	\$64	\$46	\$28
STOCKHOLDERS' EQUITY	\$220	\$163	\$186

(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 & sustains margin**

**Operating model provides significant leverage**

# QUESTIONS

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# APPENDIX

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# 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



**Dr. Alex Anselm**  
SEMICONDUCTOR PRODUCTS  
DIVISION HEAD

25+ YEARS



**David Kuo**  
GENERAL COUNSEL & CHIEF  
COMPLIANCE OFFICER

16+ YEARS



**Joshua Yeh**  
ASIA GM

19+ YEARS

# NON-GAAP FINANCIAL MEASURES

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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 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 Q2 2023 and Q2 2024 are certain non-recurring expenses related employee severance expenses (if any), non-recurring expenses related to pandemic events (if any). Also included in our non-recurring expenses in Q2 2024, but not in Q2 2023, are certain non-recurring legal expenses associated with litigation and certain legal and advisory expenses associated with patent protection, certain non-recurring income from resolution of legal matters and management's estimate on the loss of aged account receivables. 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 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

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A reconciliation of our GAAP net income (loss), GAAP total gross profit, GAAP earnings (loss), and GAAP earnings (loss) per share for Q2 2024 and the first half of 2024 to our non-GAAP net income (loss), non-GAAP total gross profit, Adjusted EBITDA, and earnings (loss) per share, respectively, is provided in our Q2 2024 earnings press release, together with corresponding reconciliations for Q2 2023 and the first half of 2023. A reconciliation of our GAAP net income (loss), GAAP total gross profit, GAAP earnings (loss), and GAAP earnings (loss) per share for Q1 2024 to our non-GAAP net income (loss), non-GAAP total gross profit, Adjusted EBITDA, and earnings (loss) per share, respectively, was provided in our Q1 2024 earnings release.

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.

# NON-GAAP RECONCILIATION

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

	2Q22	3Q22	4Q22	CY2022	1Q23	2Q23	3Q23	4Q23	CY2023	1Q 2024	2Q 2024
GAAP revenue	52,299	56,693	61,584	222,818	53,030	41,615	62,547	60,453	217,646	40,673	43,270
Non-recurring customer credit	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP revenue	<u>52,299</u>	<u>56,693</u>	<u>61,584</u>	<u>222,818</u>	<u>53,030</u>	<u>41,615</u>	<u>62,547</u>	<u>60,453</u>	<u>217,646</u>	<u>40,673</u>	<u>43,270</u>
GAAP total gross profit	8,628	9,749	6,225	33,627	9,244	7,898	20,174	21,604	58,921	7,591	9,562
Non-recurring customer credit	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation expense	114	121	118	489	114	156	124	131	524	102	137
Non-recurring expense	-	164	5	169	-	-	-	-	-	6	32
Non-cash expenses associated with discontinued products	-	92	-	92	-	-	-	-	-	-	-
Expenses associated with discontinued products	-	56	6,802	6,858	2,962	2,254	29	275	5,520	-	-
Non-GAAP income from gross profit	<u>8,742</u>	<u>10,182</u>	<u>13,150</u>	<u>41,235</u>	<u>12,320</u>	<u>10,308</u>	<u>20,327</u>	<u>22,010</u>	<u>64,965</u>	<u>7,699</u>	<u>9,731</u>
GAAP research and development expense	8,328	9,206	9,224	36,244	8,536	8,640	9,457	9,341	35,975	11,712	13,078
Share-based compensation expense	310	343	313	1,331	297	480	358	356	1,492	280	478
Non-recurring expense	1	2	4	13	-	-	-	-	-	3	84
Non-cash expenses associated with discontinued products	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP research and development expense	<u>8,017</u>	<u>8,861</u>	<u>8,907</u>	<u>34,900</u>	<u>8,239</u>	<u>8,160</u>	<u>9,099</u>	<u>8,985</u>	<u>34,483</u>	<u>11,429</u>	<u>12,516</u>
GAAP sales and marketing expense	2,164	2,385	2,616	9,723	2,327	2,269	3,035	3,438	11,069	3,798	5,910
Share-based compensation expense	186	230	214	856	195	291	300	324	1,110	286	541
Non-recurring expense	-	3	2	9	-	-	-	-	-	-	1,842
Non-GAAP sales and marketing expense	<u>1,978</u>	<u>2,152</u>	<u>2,400</u>	<u>8,858</u>	<u>2,132</u>	<u>1,978</u>	<u>2,735</u>	<u>3,114</u>	<u>9,959</u>	<u>3,512</u>	<u>3,527</u>
GAAP general and administrative expense	11,035	11,654	12,749	46,658	12,548	12,954	14,368	13,356	53,226	13,727	16,818
Share-based compensation expense	1,534	1,933	1,712	6,924	1,684	2,135	2,454	2,486	8,759	2,173	4,902
Amortization expense	153	154	157	616	159	162	167	171	659	129	100
Non-recurring expense	7	16	3	38	357	602	1,344	396	2,699	513	818
Non-cash expenses associated with discontinued products	1,103	1,117	1,147	4,533	1,162	1,148	864	816	3,991	1,028	1,062
Non-GAAP general and administrative expense	<u>8,238</u>	<u>8,434</u>	<u>9,730</u>	<u>34,547</u>	<u>9,186</u>	<u>8,907</u>	<u>9,539</u>	<u>9,487</u>	<u>37,118</u>	<u>9,884</u>	<u>9,936</u>
GAAP total operating expense	21,527	23,245	24,589	92,625	23,411	23,863	26,860	26,135	100,269	29,237	35,806
Share-based compensation expense	2,030	2,506	2,239	9,111	2,176	2,906	3,112	3,166	11,360	2,738	5,921
Amortization expense	153	154	157	616	159	162	167	171	659	129	100
Non-recurring expense	8	21	9	60	357	602	1,344	396	2,699	516	2,744
Non-cash expenses associated with discontinued products	1,103	1,117	1,147	4,533	1,162	1,148	864	816	3,991	1,028	1,062
Non-GAAP total operating expense	<u>18,233</u>	<u>19,447</u>	<u>21,037</u>	<u>78,305</u>	<u>19,557</u>	<u>19,045</u>	<u>21,373</u>	<u>21,586</u>	<u>81,560</u>	<u>24,826</u>	<u>25,979</u>
GAAP operating income (loss)	(12,899)	(13,496)	(18,364)	(58,998)	(14,167)	(15,965)	(6,686)	(4,531)	(41,348)	(21,646)	(26,244)
Non-recurring customer credit	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation expense	2,145	2,626	2,357	9,600	2,290	3,062	3,236	3,297	11,885	2,840	6,058
Amortization expense	152	154	157	615	159	162	167	171	659	129	100
Non-recurring expense	8	185	14	229	357	602	1,344	396	2,699	522	2,776
Expenses associated with discontinued products	-	57	6,802	6,859	2,962	2,254	29	275	5,520	-	-
Non-cash expenses associated with discontinued products	1,103	1,209	1,147	4,625	1,162	1,148	864	816	3,990	1,028	1,062
Non-GAAP operating income (loss)	<u>(9,491)</u>	<u>(9,265)</u>	<u>(7,887)</u>	<u>(37,070)</u>	<u>(7,237)</u>	<u>(8,737)</u>	<u>(1,046)</u>	<u>424</u>	<u>(16,595)</u>	<u>(17,127)</u>	<u>(16,248)</u>

# NON-GAAP RECONCILIATION

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

	2Q22	3Q22	4Q22	CY2022	1Q23	2Q23	3Q23	4Q23	CY2023	1Q 2024	2Q 2024
GAAP other income (loss)	(1,557)	(2,131)	(1,886)	(7,398)	(2,125)	(971)	(2,267)	(9,326)	(14,691)	(1,524)	129
Loss (gain) from disposal of idle assets	-	-	-	-	-	-	-	-	-	-	-
Unrealized exchange loss (gain)	298	964	(434)	1,810	(1,109)	(66)	423	(635)	(1,386)	383	(107)
Non-recurring expense (income)	-	-	-	3	-	-	-	9,206	9,206	-	(1,200)
Non-GAAP other income (loss)	(1,259)	(1,167)	(2,320)	(5,585)	(3,234)	(1,037)	(1,844)	(755)	(6,871)	(1,141)	(1,178)
GAAP net income (loss)	(14,456)	(15,627)	(20,251)	(66,397)	(16,292)	(16,944)	(8,953)	(13,858)	(56,048)	(23,170)	(26,115)
Share-based compensation expense	2,143	2,628	2,357	9,601	2,290	3,062	3,236	3,297	11,885	2,840	6,058
Expenses associated with discontinued products	-	57	6,802	6,859	2,962	2,254	29	274	5,519	-	-
Non-cash expenses associated with discontinued products	1,102	1,209	1,147	4,624	1,162	1,148	864	816	3,990	1,028	1,061
Amortization of intangible assets	153	154	157	616	159	162	167	171	659	129	100
Non-recurring expense (income)	8	185	15	233	358	602	1,344	9,603	11,907	522	1,576
Unrealized exchange loss (gain)	298	964	(434)	1,809	(1,109)	(66)	423	(635)	(1,387)	383	(107)
Non-GAAP Tax Benefit	3,151	3,302	4,793	14,640	3,327	3,710	1,200	1,909	10,146	6,236	6,571
Non-GAAP net income (loss)	(7,601)	(7,128)	(5,414)	(28,015)	(7,143)	(6,072)	(1,690)	1,577	(13,329)	(12,032)	(10,856)
GAAP net income (loss)	(14,456)	(15,627)	(20,251)	(66,397)	(16,292)	(16,944)	(8,953)	(13,858)	(56,048)	(23,170)	(26,115)
Non-recurring customer credit	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation expense	2,144	2,629	2,358	9,603	2,290	3,062	3,236	3,297	11,885	2,840	6,058
Expenses associated with discontinued products	-	57	6,802	6,859	2,962	2,254	29	274	5,519	-	-
Non-cash expenses associated with discontinued products	1,103	1,209	1,147	4,625	1,162	1,148	864	816	3,990	1,028	1,061
Amortization of intangible assets	153	154	158	617	159	162	167	171	659	129	100
Non-recurring expense (income)	8	185	14	232	358	602	1,344	9,603	11,907	522	1,576
Unrealized exchange loss (gain)	298	962	(434)	1,807	(1,109)	(66)	423	(635)	(1,387)	383	(107)
Tax (benefit) expense related to the above	-	-	(1)	(1)	-	8	-	-	8	-	-
Depreciation expense	4,631	4,339	4,200	17,960	4,008	3,882	3,946	3,894	15,730	3,837	3,907
Loss (gain) from disposal of idle assets	-	-	-	0	-	-	-	-	-	-	-
Interest (income) expense, net	1,377	1,590	1,852	6,192	2,104	2,138	1,924	1,206	7,373	1,416	1,600
Adjusted EBITDA	(4,742)	(4,502)	(4,155)	(18,503)	(4,358)	(3,754)	2,980	4,768	(364)	(13,015)	(11,920)
GAAP diluted net income (loss) per share	\$ (0.52)	\$ (0.56)	\$ (0.71)	\$ (2.38)	\$ (0.56)	\$ (0.57)	\$ (0.27)	\$ (0.31)	\$ (1.75)	\$ (0.60)	\$ (0.66)
Non-recurring customer credit	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation expense	0.08	0.09	0.08	0.34	0.08	0.10	0.10	0.07	0.4	0.07	0.15
Expenses associated with discontinued products	-	-	0.24	0.24	0.01	0.08	0.00	0.01	0.2	0.00	0.00
Non-cash expenses associated with discontinued products	0.04	0.04	0.04	0.17	0.01	0.04	0.03	0.02	0.1	0.03	0.02
Amortization of intangible assets	0.01	0.01	0.01	0.02	0.10	0.01	0.01	0.00	0.0	0.01	0.00
Non-recurring expense (income)	-	0.01	-	0.01	0.04	0.02	0.04	0.21	0.4	0.01	0.04
Unrealized exchange loss (gain)	0.01	0.03	(0.02)	0.07	(0.04)	(0.01)	0.01	(0.01)	(0.0)	0.01	0.00
Non-GAAP Tax Benefit	0.11	0.12	0.17	0.52	0.12	0.12	0.03	0.04	0.3	0.16	0.17
Non-GAAP diluted net income (loss) per share	\$ (0.28)	\$ (0.25)	\$ (0.19)	\$ (1.01)	\$ (0.25)	\$ (0.21)	\$ (0.05)	\$ 0.04	\$ (0.42)	\$ (0.31)	\$ (0.28)
Shares used to compute diluted earnings per share	27,612	27,839	28,460	27,846	28,872	29,489	32,774	44,778	31,944	38,362	39,365