POET's Next Move Could Surprise

Jun 12, 2026 at 10:00 AM ET**POET Technologies Inc. (POET) Stock**MRVL, MRV:CA



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Summary

- POET shares have fallen 39% since the last coverage despite stronger manufacturing visibility and improving commercialization prospects.
- Recent CPO concerns appear overstated as POET's ELS business remains positioned for 2027 optical infrastructure deployments.
- The company now holds approximately $825 million in cash after a $400 million institutional financing completed at a premium.
- Consensus forecasts revenue growth from roughly $10 million in 2026 to nearly $100 million in 2027.
- Malaysia manufacturing expansion, optical engine production, and ELS commercialization now matter more than technology validation.

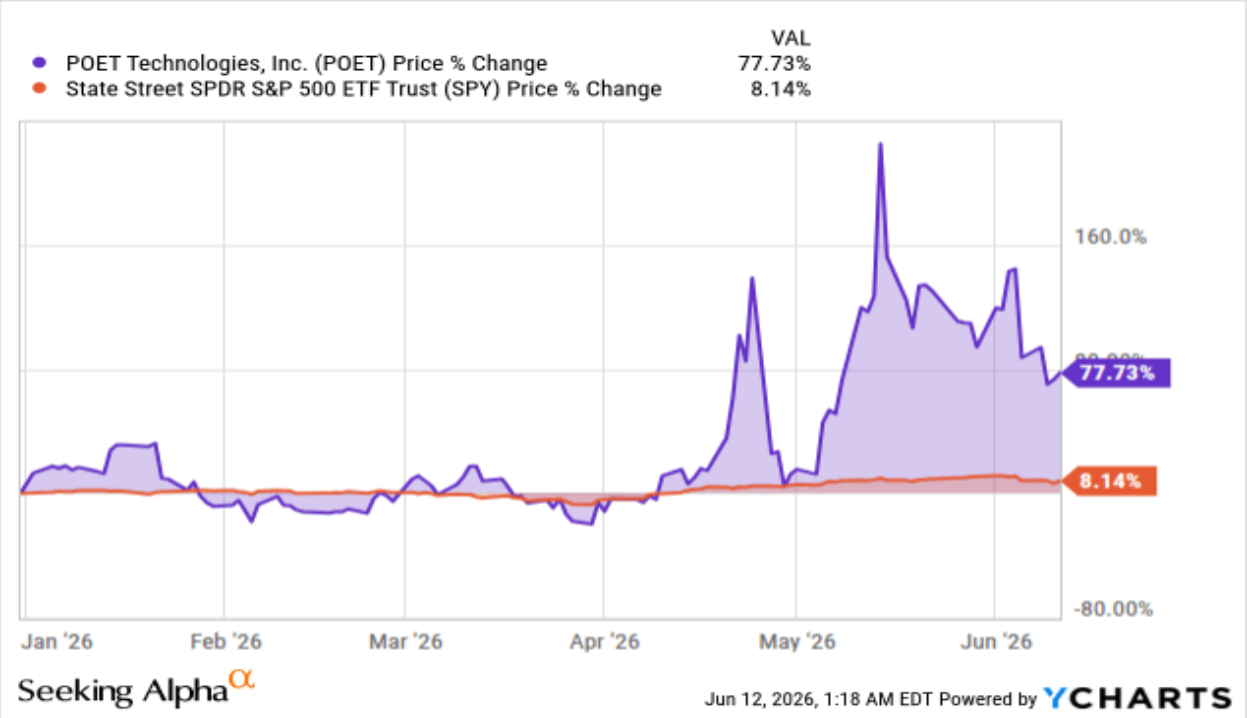


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Investment Thesis

The market's current sell-off of POET Technologies (POET) stems from fears that co-packaged optics adoption might be delayed. However, this is not what investors should be worried about right now. My concern is that they're focusing on the wrong variable altogether.

While POET's near-term growth might be a function of CPO adoption, the question here is whether or not POET can transition from being an engineering firm to becoming a manufacturing company. Since my last coverage, POET dropped 39% and I believe this pullback has created one of the most attractive entry points since the post-Marvell recovery began.



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Why The CPO Panic Might Be Overreacting To A Much Larger Story

Recently, we saw the release of the SemiAnalysis report predicting widespread adoption of CPO to be delayed until 2028, or even 2029. As a result, investors began to reevaluate the near-term outlook of the entire photonics industry.

At face value, this seems bad for POET. However, upon digging deeper into the company's current positioning, I do not believe that the situation here is as bad as investors seem to think. The reason is that POET's main risk here appears to stem not from the delay in the CPO adoption cycle but from POET's participation in the more complex aspects of that cycle. Specifically, because POET's involvement in CPOs is mainly through the use of External Light Sources modules, which can be added separately from the rest of the switching system.

What makes the situation even more intriguing is the apparent lack of consistency between recent data points and the theory that CPO adoption would be pushed back. For example, reports by industry participants like Lumentum suggest that production ramps for certain types of CPOs should begin in H2 '27. Also, demand forecasts of high-power continuous-wave lasers have not been cut, despite what one might expect from the SemiAnalysis predictions.

What this means is that this recent market drop might simply amount to a sentiment correction in an overheated market. What investors need to understand is that there are differences within the photonics industry that need to be taken into account. The risk profiles and growth outlooks of different firms in this space vary widely depending on whether their technology stacks are dependent on fast CPO adoption.

The Technology Has Already Won Its First Battle

A year ago, the biggest concern when it came to POET was whether or not they had any sort of commercial application whatsoever. Not anymore. Today, the company has grown into a robust platform with an ecosystem of customers, manufacturers and new product development programs. From the Infinity optical engines to the upcoming Teralight roadmap and next-generation photonics solutions, POET appears to be evolving into a full-fledged company.

What's really impressive is that despite the Marvell (MRVL) setback, industry participants are still willing to work with the company. In a way, this transforms the current debate around POET into something quite different. No longer does the investor community try to assess whether POET's Optical Interposer works. Instead, we are now trying to figure out whether it can be mass-produced at scale.

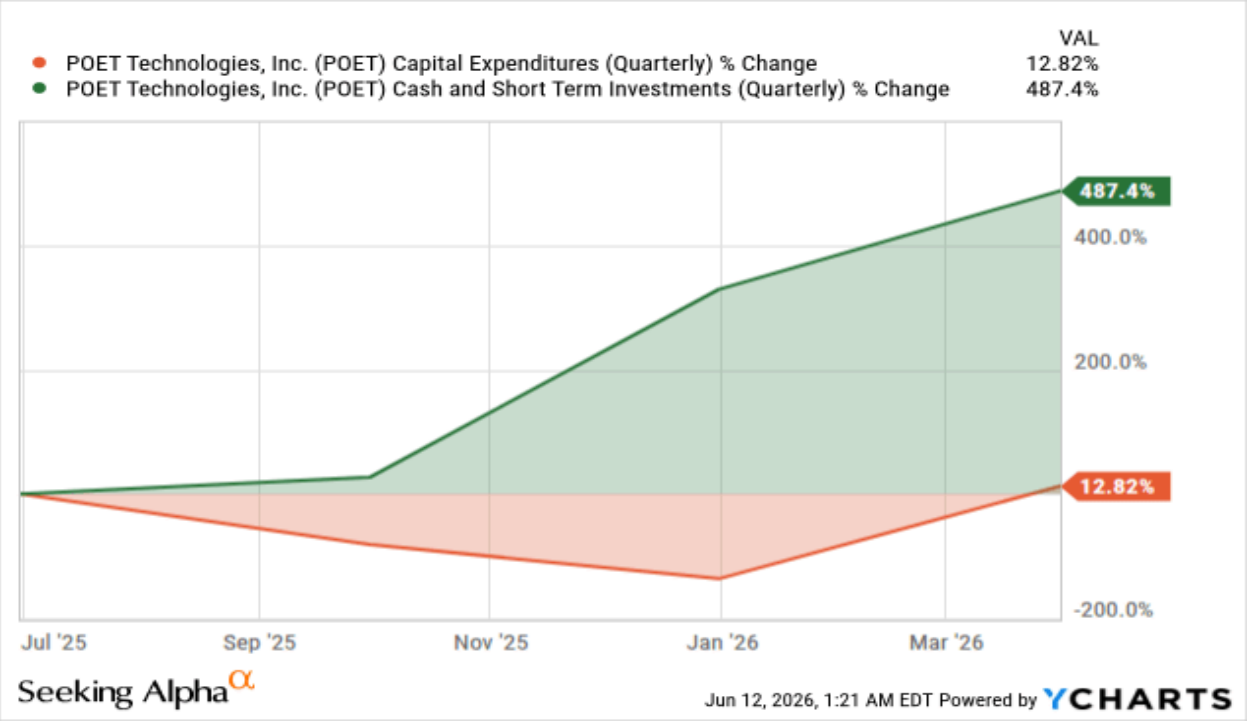
As any semiconductor engineer will tell you, economics of production for millions of units is often the distinguishing factor between a success and a failure. Consequently, in the absence of a major rise in both production statistics and income for POET, this element still presents the greatest risk for me. Numerous inventors share this dilemma.

Although creating an invention may be difficult, mass-producing millions of them is even more difficult.

The Balance Sheet Behind The Breakout

In terms of existing income, POET is just beginning to move into the stage of commercialization of its product. Revenues for Q1 2026 amounted to $503,389, indicating a yearly increase by 194% and there were net losses totaling $12.3 million, with expenditures on research & development estimated at $5.8 million during the period. The revenue for all of 2025 was only about $1.07 million.

Post-institutional financing of $400 million at the level of $21 per share, POET already holds about $825 million in cash. However, what is more relevant to highlight here is the fact that this particular financing was conducted at a premium, with warrants being exercisable at $26.15 per share, pointing to the expectations of the underwriters in terms of manufacturing capabilities and future commercialization of the product.

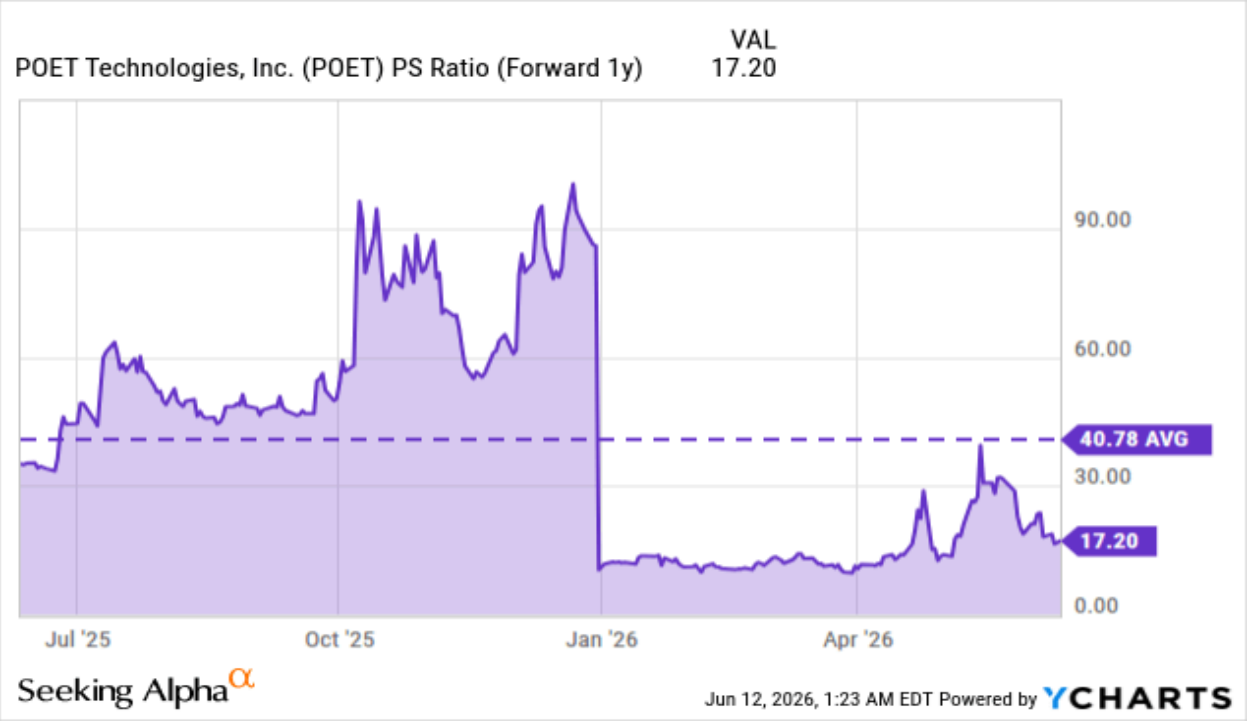


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Consensus estimates put revenues around $100 million for the year of 2027, pointing to significant growth as the production from Malaysia will kick in, followed by increased production of optical engines, alongside with revenues from sales of light sources. Should management continue to perform well in executing its strategy, then I can imagine that revenue potential in the future will play a more and more critical role in valuation than the financials of the present.

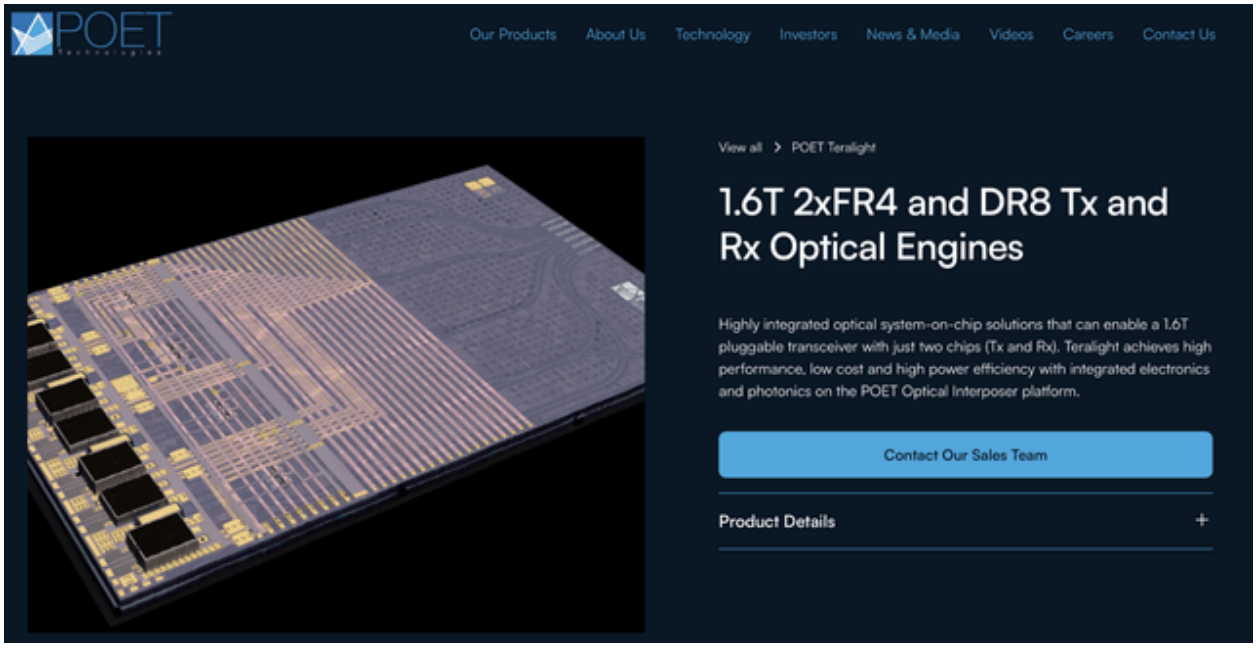
Why POET Is Actually Less Expensive Than It Seems

The POET's valuation profile looks dramatically better than it might seem at first glance. The reason is simple. Instead of looking at the company's current revenue run-rate of $10 million annually, investors should take a closer look at the growth POET plans to experience over the next several quarters. For example, consensus expects revenue to grow 10x YoY in FY '27, up to ~$100 million. On today's valuation, POET trades at 189x FY '26 sales which is extremely high. However as we see, the multiple falls down to around 17x 2027E sales, which I find quite reasonable.



Data by YCharts

After all, the photonics industry is expected to see strong growth over the next couple of years due to increasing AI optical requirements. Given that POET is set to produce 800G optical engines, ELS modules and 1.6T products throughout FY '27, the revenue forecast seems conservative. At those numbers, if POET executes well and achieves the revenue expectations set by analysts, a valuation of POET based on 25-30x EV/sales multiple to 2027E sales would justify higher valuation and maintain a Buy stance on POET.



poet-technologies.com/products

The Make-Or-Break Execution Phase

As mentioned above, manufacturing execution risks remain the main concern. While the technology seems to have been validated to a certain degree, success is conditional on achieving high production yield and volume. Another risk is governance. After the recent troubles with Marvell, there will still be concerns about the legal repercussions and the reputation of the company. I do not see how investors will trust POET again until we see consistent results.

Finally, one possible scenario that could lead to a negative re-rating is a much slower AI adoption timeline. While the long-term opportunity seems strong, in case it does, the company won't be able to take advantage of it for several quarters.

Takeaway

Last month, we talked about partnerships and technological capabilities. Now, we need to focus on whether POET is capable of mass manufacturing at scale. I believe that market is focused solely on the possible delay with CPO and has lost sight of the manufacturing aspect. If they can make the move from development to manufacturing, POET could be a very significant player in the AI photonics industry, much larger than people think.