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Bloom Energy

The Hedge That Fell With the Trade: Initiating at Neutral

Neutral

BE, BE US
Price (6 Nov 26): $173.24
Price Target (Dec-27): $186.00
Initiation of coverage

Bloom beat every Q3 line, raised 2026 guidance for the third time and watched the Democrats take Congress, then lost 27% in twelve sessions. The popular explanation is that funds were forced to sell their "hedge" against neocloud stocks. Bloom is not a hedge against the neocloud trade. It is the neocloud trade, sold as equipment. On the 41 days this year that Nebius fell more than 5%, Bloom fell on 90% of them, by 6.7% on average. Nebius is a Bloom customer, and two customers were 69% of Q3 revenue. The slide began the morning after results, on a cash outflow, not on election night; the election then added moratorium risk for the data centres Bloom supplies. The business is strong: revenue up 138% and FY26 guidance of $4.4bn-4.6bn. At 30x FY27E adj. EBITDA, though, the shares pay for most of it. We initiate at Neutral with a Dec-27 price target of $186.

- **Initiating at Neutral, Dec-27 PT $186.** Our PT blends three Dec-27 scenarios (Table 1). Base (50%): 22x FY28E adj. EBITDA of $2.68bn, or $188/share. Bull (25%): on-site power becomes the default and Bloom ships about 4 GW in 2028; 26x on $3.88bn, or $310. Bear (25%): moratoria and tighter neocloud funding stall orders; 14x on $1.30bn, or $58. **The bull (+79%) and bear (-67%) cases are close to symmetric, and the PT implies +7%.** We sit well below the Street: 16 of 29 analysts rate it Buy and the mean PT is $284 (range $102-380).
- **Good company, crowded book, thin cash.** Nine-month operating cash flow was $273M against GAAP net income of about $516M, and Q3 itself was an outflow of $27M as contract assets rose by about $430M. The marketed backlog was about $20bn at year-end, but remaining performance obligations in the accounts are $717M. **On our discounted cash flow, $173 needs about 8 GW of annual shipments by 2030, against roughly 1.3 GW this year (Figure 8).** Demand is not the question; the price paid for it is.
- **The forced-selling story, corrected.** What holds: hedge funds cut exposure at the fastest pace since March 2020, Lone Pine's largest 13F position at 30 June was Nebius, and Bloom did rise on election day and in pre-market trading after it. What does not: no fund is reported to have closed (two firms cut teams); Lone Pine held no Bloom; the stock had already fallen 11% on 23 October; and no enacted law pushes data centres to clean energy. Bloom runs mostly on natural gas (Figure 4).

Electrical Equipment & On-site Power

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Quarterly Forecasts (FYE Dec)

Adj. EBITDA ($ mn)

	2025A	2026E	2027E
Q1	25	143A	359
Q2	41	253A	413
Q3	59	300A	467
Q4	146	365	556
FY	272	1,060	1,795

Hedge Check: Bloom vs. Nebius

2026 daily returns	Bloom
Correlation with Nebius	0.60
Same, since 1 July	0.70
Days Nebius fell over 5% (41)	
Bloom average move	-6.7%
Share of those days Bloom fell	90%
Beta to Nasdaq 100 (QQQ)	2.9x
From 2026 high: Bloom | Nebius	-50% | -55%
YTD: Bloom | Nasdaq Comp.	+99% | +6%

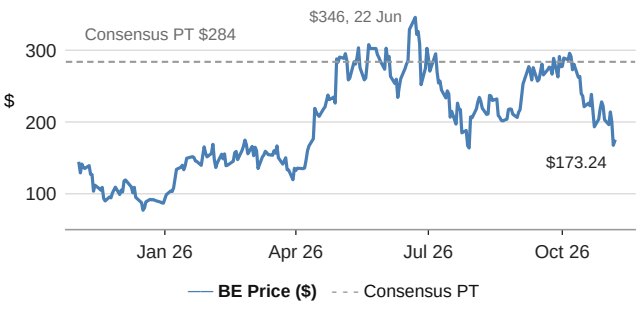
Daily closes, 2 Jan to 6 Nov 2026. A hedge should rise, or at least hold, when the hedged position falls. Red: moves with the neocloud trade. Q1-Q3 2026 adj. EBITDA is actual (A); quarters may not sum to FY due to rounding.

Sources for: Hedge Check: Yahoo Finance daily closes, K2 Capital calculations. All other tables are company data and K2 Capital estimates.

See page 9 for analyst certification and important disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	+99.4%	-41.4%	-24.3%	+26.6%
Rel	+85.0%	-37.9%	-20.9%	+15.3%

Company Data

Shares O/S, 19-Oct-26 (mn)	295.66
Diluted shares at current price (mn)	311.0
52-week range ($)	345.85-76.97
Market cap ($ mn)	51,220
Enterprise value, diluted ($ mn)	54,104
Cash, 30-Sep-26 ($ mn)	2,487
0% convertible notes due 2030 ($ mn)	2,500
Conversion price, 2030 notes ($)	194.97
Volume, 5-Nov-26 | 3m avg (mn shares)	37.6 | 15.7
Short interest, 15-Oct-26 (% of float)	6.2%
Consensus rating (29 analysts)	16 Buy | 12 Hold | 1 Sell
Consensus PT, mean | high | low ($)	284 | 380 | 102

Key Metrics (FYE Dec)

$ in millions	FY25A	FY26E	FY27E
Financial Estimates			
Revenue	2,024	4,522	6,800
Non-GAAP operating income	221	1,005	1,700
Adj. EBITDA	272	1,060	1,795
GAAP operating income	73	767	1,410
Non-GAAP EPS ($)	0.76	3.25	4.64
GAAP EPS ($)	(0.37)	2.54	3.89
Operating cash flow	114	423	1,150
Free cash flow	57	42	700
Margins and Growth			
Revenue growth Y/Y	37.3%	123.4%	50.4%
Non-GAAP operating margin	10.9%	22.2%	25.0%
Adj. EBITDA margin	13.4%	23.4%	26.4%
Stock comp. / revenue	6.9%	5.2%	4.2%
FCF / adj. EBITDA	21%	4%	39%
Ratios			
Net cash (debt), year end	(380)	(148)	584
Capex / revenue	2.8%	8.4%	6.6%
Valuation			
Non-GAAP P/E	227.9x	53.3x	37.4x
EV / revenue	26.7x	12.0x	8.0x
EV / adj. EBITDA	199.2x	51.0x	30.1x
FCF yield (on market cap)	0.1%	0.1%	1.4%

Summary Investment Thesis and Valuation

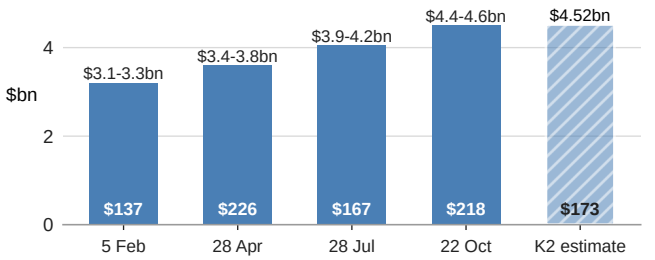
Investment Thesis

Bloom makes solid-oxide fuel cells that turn natural gas into electricity on site, without combustion. Its edge is time: gas turbines are sold out into the next decade and grid connections take years, while Bloom has open factory capacity and usually needs only minor-source air permits. Orders from Oracle, AEP, Nebius and NTT DATA have turned that into 138% revenue growth and three guidance raises in 2026. The same facts make it a geared claim on AI data-centre construction. It is not an offset to it: its largest customers are the builders, its cash conversion is thin while it scales, and its shares move with the neoclouds. After a 50% fall the valuation is no longer extreme, but it is not cheap either. We rate shares Neutral.

Valuation

Our $186 Dec-27 PT is a probability-weighted blend of three scenarios valued on FY28E adj. EBITDA. Base (50%): 22x on $2.68bn plus YE27E cash of $3.2bn, less the $2.5bn convertible, on 316M diluted shares, for $188. Bull (25%): 26x on $3.88bn for $310, with the notes converting. Bear (25%): 14x on $1.30bn for $58. GE Vernova trades on about 33x trailing EBITDA; Bloom is on 64x trailing and 20x FY28E. A discounted cash flow at 10% gives about $106, which is why we do not chase the fall. We rate shares Neutral.

Guidance Up, Shares Down: FY26 Revenue Guidance



K2 vs. consensus	FY26E K2	Cons.	FY27E K2	Cons.
Revenue ($ mn)	4,522	4,530	6,800	7,090
Non-GAAP EPS ($)	3.25	3.27	4.64	5.32

Capital structure, 30-Sep-26	$ mn	Terms
Cash and equivalents	2,487	
0% convertible notes due Nov-30	2,500	converts at $194.97
3% green convertible notes due Jun-29	23	converts at $20.84
Financing obligations	185	
Revolver (undrawn)	600	$510M available
Purchase commitments	5,800	$2.6bn due in 2027

Figures inside the bars are the share price at the close on each guidance date. Our FY27E sits below consensus because we assume slower conversion of Texas and Oracle-linked orders and a 15% tax rate.

Source: Company reports (Q3 2026 release and Form 10-Q), Yahoo Finance (prices), stockanalysis.com (consensus, updated 3-Nov-26), ChartExchange (short interest), K2 Capital estimates. Rel. performance vs the S&P 500. Diluted shares add RSUs, PSUs, options (treasury method) and the 2029 notes; the 2030 notes are excluded while the price is below $194.97. Enterprise value adds debt, financing obligations and non-controlling interest, less cash.

- **Policy and Power Update. (1)** As of 7 November the Democrats hold 254 House and 54 Senate seats and won the governorships of Texas, Ohio and Georgia. The Republican President keeps the veto until 2029, so federal law changes little; the shift is in the states. **(2)** The Texas governor-elect has pledged a moratorium on new data-centre construction; Wells Fargo puts 27% of planned US data-centre gigawatts in Texas, and at least 29 jurisdictions approved bans or restrictions on 3 November. A moratorium stops Bloom's customers whether they use the grid or not. **(3)** The squeeze on grid access is bipartisan and predates the vote: the outgoing Republican governor of Texas paused new large-load connections on 3 August and data-centre air permits on 21 September, and the White House pledge of 4 March has seven hyperscalers agreeing to "build, bring or buy" their own generation. **(4)** Bloom's subsidy is Republican law: the July 2025 budget act restored a 30% investment tax credit for fuel cells, including gas-fuelled ones. **(5)** Rival equipment is scarce: GE Vernova is selling 2032 turbine slots. **All told, policy pushes data centres to bring their own power, which helps Bloom, and now threatens to slow the building of data centres, which hurts it.**
- **Q3 2026 Summary.** Revenue was $1,235.8M (+138% y/y) against consensus of about $1.06bn; non-GAAP gross margin was 34.5%, adj. EBITDA $299.5M and non-GAAP EPS $0.94 (consensus $0.69). FY26 guidance rose to revenue of $4.4-4.6bn and non-GAAP EPS of $3.10-3.40. The shares fell 11% the next day: operating cash flow was -$27.1M and management gave no backlog figure and no update on the Oracle-linked New Mexico campus, where Oracle sent its developer a force majeure notice in September. See Figure 1.

Table 1: Bloom Energy Dec-27 PT Methodology

$ in millions, except per share

	Bull	Base	Bear
FY28E Revenue	12,500	9,400	6,200
Adj. EBITDA margin	31.0%	28.5%	21.0%
FY28E Adj. EBITDA (NTM at Dec-27)	**3,875**	**2,680**	**1,302**
x EV / NTM Adj. EBITDA	26.0x	22.0x	14.0x
Implied Enterprise Value	**100,750**	**58,967**	**18,228**
Plus: YE27E Cash	3,528	3,228	2,728
Less: 0% Convertible Notes due 2030	-	(2,500)	(2,500)
Less: Financing Obligations and NCI	(195)	(195)	(195)
Target Equity Value	104,083	59,500	18,261
Basic Shares, YE27E (M)	301.0	301.0	301.0
RSUs, PSUs, Options and 2029 Notes (M)	15.5	15.3	14.4
2030 Notes if Converted (M)	19.6	-	-
Total Diluted Shares (M)	**336.1**	**316.3**	**315.4**
Value per Share	**$309.72**	**$188.09**	**$57.89**
Scenario Probability	25%	50%	25%
Dec-27 Price Target (probability-weighted)		**$186.00**	
Return Potential		+7%	

Source: Company reports, K2 Capital estimates. Bull and bear cash reflect their free cash flow. The $2.5bn 0% notes due 2030 convert at $194.97 (19.55M shares): where value per share exceeds that, we add the shares and drop the debt. Awards are 9.3M RSUs and PSUs, 5.0M options (treasury method) and 1.45M shares on the 2029 notes.

Figure 1: Bloom Energy Earnings Trends

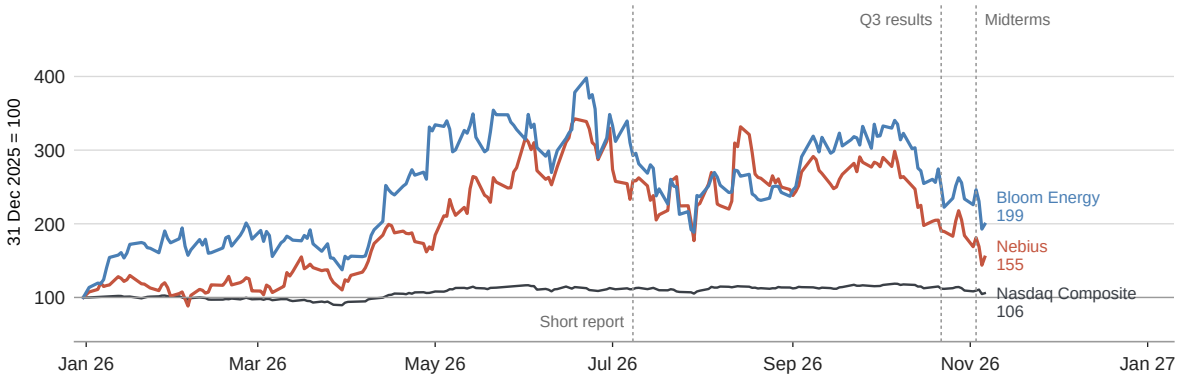
$ in millions, except per share

	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26
Revenue	**519.0**	**777.7**	**751.1**	**1,065.4**	**1,235.8**
Product	384.3	638.5	653.3	935.4	1,073.6
Installation	65.8	67.3	25.9	51.0	84.9
Service	58.6	61.7	61.9	69.0	67.6
Electricity	10.4	10.2	9.9	10.0	9.8
Revenue growth Q/Q	-	*49.8%*	*(3.4%)*	*41.8%*	*16.0%*
Non-GAAP gross margin	*30.4%*	*31.9%*	*31.5%*	*34.3%*	*34.5%*
Non-GAAP operating income	**46.2**	**133.0**	**129.7**	**239.6**	**285.7**
Non-GAAP operating margin	*8.9%*	*17.1%*	*17.3%*	*22.5%*	*23.1%*
Adj. EBITDA	**59.0**	**146.1**	**143.0**	**253.4**	**299.5**
GAAP operating income	7.8	87.5	72.2	182.2	225.4
Non-GAAP EPS ($)	0.15	0.45	0.44	0.78	0.94
Operating cash flow	**19.7**	**418.1**	**73.6**	**226.4**	**(27.1)**
Capital expenditure	(12.3)	(23.0)	(26.2)	(51.6)	(153.5)
Free cash flow	**7.4**	**395.1**	**47.4**	**174.8**	**(180.6)**

Source: Company releases (Q3 2025 to Q3 2026), K2 Capital calculations. Free cash flow is operating cash flow less purchases of property, plant and equipment.

Figure 2: Bloom Trades With the Neoclouds, Not Against Them

Share prices rebased to 100 at 31 December 2025; daily closes to 6 November 2026



Source: Yahoo Finance, K2 Capital. Correlation of daily returns between Bloom and Nebius: 0.60 in 2026 and 0.70 since 1 July. Short report: Hunterbrook, 8 July. Q3 results: 22 October, after the close.

Figure 3: Dec-27 Equity Value per Share: Multiple vs. FY28E Adj. EBITDA

YE27E cash of $3.2bn; 2030 notes treated as debt below $194.97 and as shares above it; red: below 75% of current price, amber: below current price

EV / NTM Adj. EBITDA	$1.30bn	$2.00bn	$2.68bn	$3.30bn	$3.88bn
14x	$59	$90	$120	$148	$173
18x	$76	$116	$154	$189	$217
22x	$92	$141	**$188**	$225	$263
26x	$109	$166	$216	$264	$309
30x	$125	$191	$248	$304	$355

Source: K2 Capital estimates. Columns span our bear ($1.30bn), base ($2.68bn) and bull ($3.88bn) cases. The current price is $173.24.

The Sell-Off, Fact-Checked

The account in circulation gets the events mostly right and the cause wrong. Bloom did report a strong quarter, the Democrats did win, and hedge funds did cut exposure at the fastest pace since March 2020. **But the fall started on 23 October, on cash flow; it resumed on 4 November because voters and governors-elect turned against data centres, which are Bloom's customers; and Bloom fell alongside Nebius, CoreWeave and Vertiv because it is the same position.** Figure 4 tests each claim; Figure 5 shows the week of the election.

Figure 4: The Forced-Selling Story, Claim by Claim

Claim in circulation	What the evidence shows	Verdict
"A massive sell-off"	Down 27% from 21 October to 6 November and 50% from the 22 June closing high of $345.85; still up 99% in 2026	Correct
"Perfect earnings ... smashed on every single metric"	Revenue, margin and EPS beat and guidance rose for the third time. But operating cash flow was -$27M, free cash flow about -$181M, and no backlog figure was given. The stock fell 11% the next day, seven sessions before the election	Overstated
"The Democrats won ... the Democrats in power"	They won the House (254 seats called) and the Senate (54), and the Texas, Ohio and Georgia governorships. The President keeps the veto, and the new Congress sits in January 2027	Right on the result, wrong on power
"Force data centres to shift to clean energy"	Of 42 data-centre laws enacted in 2025-26, none sets a clean-energy requirement (Quorum). The proposals make large users pay for the grid, bring their own power, or pause construction. Bloom's cells run mostly on natural gas	Wrong
"You really only have Bloom"	Engines and turbines are most of the announced on-site capacity: Oracle ordered 2.3 GW of gas engines as well as Bloom, and AEP agreed to buy up to 1.6 GW of linear generators from Mainspring on 13 October. Bloom is the only fuel cell at gigawatt scale (Figure 6)	Overstated
"Up the most of any AI stock right after the midterms"	Up 9% on election day, before any results, on a broker upgrade and a customer memorandum; about +6% pre-market on 4 November. We found no ranking that puts it first	Partly right
"The moment the market opened, forced liquidations kicked in"	It opened at $205.50, down 4%, and closed down 6%; the press cited moratorium fears. De-grossing was real: Goldman's prime desk saw about $20bn of technology sold in two weeks, and tech long-short funds lost over 4% on 5 November	Partly right
"Hedge funds and pods and large firms close down"	Walleye is cutting most of its equity long-short teams and returning some capital; Engineers Gate parted with most of one team. No fund closure is reported	Overstated
"Lone Pine ... number one position was in Nebius"	True at 30 June 2026: $1.18bn, 7.2% of its 13F. It held no Bloom in that filing or the one before, and its 30 September filing is not yet public	Right, but no Bloom
"Hedge your Nebius by owning some Bloom"	Bloom fell on 90% of the 41 days Nebius fell more than 5%, by 6.7% on average. Nebius is a Bloom customer (328 MW, New Jersey)	Wrong

Source: Company release and Form 10-Q (22-Oct-26); Yahoo Finance; AP tallies as of 7-Nov-26; Quorum (26-Oct-26); King & Spalding (6-Nov-26); Reuters (5 and 6-Nov-26); Forbes on Goldman Sachs prime data (2-Nov-26); Investing.com; Lone Pine Capital Form 13F for 30-Jun-26 (SEC); Utility Dive and POWER (AEP, Mainspring); K2 Capital.

Figure 5: The Week of the Election: AI Infrastructure Fell Together

Daily and weekly change; week is 30 October close to 6 November close

	4 Nov	5 Nov	6 Nov	Week	From 2026 high
Bloom Energy	**(6.4%)**	**(16.4%)**	**3.4%**	**(14.7%)**	**(49.9%)**
Nebius	(6.7%)	(14.9%)	7.6%	(16.0%)	(54.8%)
CoreWeave	(9.9%)	(9.8%)	6.3%	(15.4%)	(66.4%)
IREN	(11.2%)	(17.0%)	20.0%	(9.6%)	(68.1%)
Vertiv	(12.9%)	(14.0%)	3.5%	(21.4%)	(51.4%)
GE Vernova	(9.3%)	(7.5%)	0.5%	(9.8%)	(34.1%)
Nasdaq Composite	1.4%	(5.5%)	1.1%	(3.4%)	(10.9%)
S&P 500	1.6%	(4.4%)	0.3%	(2.7%)	(5.7%)

Source: Yahoo Finance, K2 Capital. From 2026 high uses closing prices.

One factor, many tickers. On 5 November the Nasdaq 100 had its worst day since March 2020 and the VIX closed at 28. Bloom fell 16% on 37.6M shares, more than twice its three-month average, on the day NTT DATA announced a 900 MW agreement with it. Good news did not help because the selling was of the theme. Funds that held both names, such as Value Aligned Research Advisors (down 33% in October), sold both. That is evidence of shared ownership, not of a hedge.

What $173 Already Pays For

The case for Bloom is about time. A data centre that cannot get a grid connection for five to eight years, or a turbine before 2031, will pay more per kilowatt for power that arrives in months and needs only a minor air permit; Nebius switched its New Jersey site to Bloom after a 32-engine plan failed on permits. That is a real advantage in a narrow part of the market, and it is why revenue will more than double this year. **It is not a monopoly: Bloom costs roughly twice as much per kilowatt as engines, most announced on-site capacity is combustion, and even one of Bloom's two anchor utility customers has added a second non-turbine supplier (Figure 6).** The price already assumes Bloom wins much more than the niche.

Figure 6: Behind-the-Meter Power Options for Data Centres

Installed cost, delivery time and availability as of early November 2026

On-site option	Installed $/kW	Lead time	Availability	Air permit
Bloom fuel cells	**3,000-4,000**	**Months; about 26 at utility scale**	**Open: 2 GW by end-26, site allows 5 GW**	**Minor source; no combustion**
Large gas turbines	2,000+ (combined cycle)	3-7 years	Sold into 2031-32	Major-source review
Aeroderivative turbines	1,700-2,000	18-36 months	Sold out; orders into 2030	Combustion; controls needed
Gas engines	1,700-2,000	12-24 months	Booked into 2028-29	NOx and noise
Other fuel cells	n/a	First 30 MW in 2026	Sub-scale (about 100 MW a year)	As Bloom
Grid connection	n/a	5-8 years (PJM, MISO)	ERCOT queue paused	n/a

Source: SemiAnalysis and Rabobank (installed costs); Bloom Energy Form 10-K and Q3 2026 call; AEP (Wyoming project timing); GE Vernova, Caterpillar and Mitsubishi Power (order books, October 2026); FuelCell Energy; Utility Dive; Akin Gump (Texas pause); K2 Capital. Bloom's cost excludes the 30% investment tax credit.

Figure 7: The Order Book Behind the Headline

Bloom Energy; latest reported

Order book and earnings quality	Value
Marketed backlog, 31-Dec-25: product | service	$6bn | $14bn
Remaining performance obligations, 30-Sep-26	$717M
Q3 revenue from two customers	43% + 26%
Q3 revenue from related parties	$322M (26%)
FY25 revenue from related parties	$892M (44%)
9M26 GAAP net income (K2 calc.)	$516M
9M26 operating cash flow	$273M
9M26 free cash flow	$42M
Stock compensation, Q3 annualised	$240M

Source: Company Form 8-K (5-Feb-26), Form 10-K and Form 10-Q (30-Sep-26), K2 Capital. Backlog is the company's own measure and includes long-dated service; remaining performance obligations are the contracted figure under accounting rules. Related parties include Brookfield joint ventures in which Bloom holds stakes.

Profit is running ahead of cash and of contracts. Bloom marketed about $20bn of backlog at year-end and declined to update it in October, while remaining performance obligations in the accounts are $717M. One customer was 73% of Q2 revenue, and related parties, chiefly joint ventures with Brookfield, were 26% of Q3. Nine-month free cash flow was $42M on about $516M of GAAP net income, with $5.8bn of purchase commitments ahead. A short seller raised several of these points in July and Bloom rejected the report. None of it shows a problem with demand. It does mean the order book rests on few counterparties, who are themselves under funding and political pressure.

Figure 8: What the Price Implies: Discounted Cash Flow by 2030 Revenue

10% discount rate, 3% terminal growth after 2032; adj. EBITDA margin rising to 30%; stock compensation treated as a cost; $2.94 a watt, from AEP's $2.65bn order for about 900 MW

2030 revenue	$9bn	$12bn	$15bn	$18bn	$25bn
Implied shipments (GW a year)	2.8	3.8	4.7	5.7	8.0
Value per share at Dec-27	**$68**	**$87**	**$106**	**$126**	**$173**

Source: K2 Capital estimates. The last column solves for the 2030 revenue at which the discounted cash flow equals the current price of $173.24. We estimate 2026 shipments at about 1.3 GW; Bloom says its current footprint allows 5 GW a year. At 9% and 4% the base path ($15bn) is worth $146; at 11% and 2%, $84.

Investment Thesis, Valuation and Risks

Bloom Energy *(Neutral; Price Target: $186.00)*

Investment Thesis
Bloom sells the fastest available on-site power to data centres that cannot wait for the grid or for turbines. Revenue should reach about $4.5bn in 2026 from $2.0bn in 2025, with non-GAAP operating margins above 22%. We think the business is sound and the popular reading of the sell-off is not. Bloom did not fall because holders were forced to sell a hedge; it fell because it is a geared version of the trade it is said to hedge, with a correlation to Nebius of 0.70 since July, two customers at 69% of revenue and cash flow that lags profit. The election helps the product and hurts the customer: more states will tell data centres to bring their own power, and more may stop them building. At 30x FY27E adj. EBITDA the shares balance those forces. We rate shares Neutral.

Valuation
Our $186 Dec-27 PT is a probability-weighted blend of a base case (50%) at 22x FY28E adj. EBITDA of $2.68bn ($188/share), a bull case (25%) at 26x on $3.88bn ($310) and a bear case (25%) at 14x on $1.30bn ($58). The shares trade on 37x our FY27E non-GAAP EPS of $4.64. We rate shares Neutral.

Risks to Rating and Price Target
Upside Risks: a formal backlog update that shows contracted orders well above revenue; faster conversion of the Oracle (up to 2.8 GW), AEP and NTT DATA (900 MW) agreements; federal or state rules that require new data centres to supply their own power without pausing construction; operating cash flow catching up with profit.

Downside Risks: construction moratoria in Texas or Ohio; cancellation or delay of Oracle-linked campuses; tighter credit for neocloud customers; loss of share to engines, turbines or linear generators as their supply improves; scandium supply; dilution from the $2.5bn convertible and about $240M a year of stock compensation; the pending securities class action.

What Would Make Us Wrong?
We would move to Overweight if two or more of tests 1-3 occur, and to Underweight on two or more of tests 4-6:

1. With Q4 results, Bloom reports product backlog above $12bn (about twice the $6.0bn at year-end 2025) or remaining performance obligations above $2bn.

2. FY26 operating cash flow exceeds $600M (we model $423M), with Q4 above $330M.

3. FY27 revenue guidance has a midpoint above $7.5bn (consensus $7.09bn; we model $6.8bn) and the shares are below $200.

4. Texas enacts a moratorium on data-centre construction or permitting that covers behind-the-meter projects, by 30 June 2027.

5. Revenue falls quarter on quarter in two consecutive quarters, or FY27 guidance has a midpoint below $6.0bn.

6. Operating cash flow is negative for FY26 in total, or any customer above 10% of revenue defers or cancels an order.

Signposts
Mid-November: Q3 Form 13F filings (who held Bloom and Nebius at 30 September) and responses to FERC's large-load orders. 3 January 2027: new Congress. 19 January 2027: Texas governor-elect takes office. Early February 2027: Q4 results, FY27 guidance and the promised backlog framework. Through 2027: the Oracle-linked New Mexico campus and AEP's Wyoming plant.

Bloom Energy: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**1,474**	**2,024**	**4,522**	**6,800**	**9,400**
o/w Product	1,085	1,531	3,952	6,008	8,357
o/w Installation	122	204	260	422	583
o/w Service	214	228	271	330	420
o/w Electricity	53	60	40	40	40
Gross profit (GAAP)	**405**	**587**	**1,491**	**2,351**	**3,316**
Operating expenses (GAAP)	(382)	(515)	(724)	(941)	(1,070)
GAAP operating income	**23**	**73**	**767**	**1,410**	**2,245**
o/w Stock-based compensation	(82)	(139)	(236)	(285)	(330)
Non-GAAP operating income	**108**	**221**	**1,005**	**1,700**	**2,580**
Depreciation and amortisation	53	51	55	95	100
Adj. EBITDA	**161**	**272**	**1,060**	**1,795**	**2,680**
Net interest income (expense)	(63)	(54)	78	95	120
Other items, incl. debt extinguishment	11	(107)	(16)	0	0
Income tax	-	-	(20)	(226)	(426)
GAAP net income to common	**(29)**	**(88)**	**809**	**1,279**	**1,940**
Non-GAAP net income	**64**	**235**	**1,051**	**1,526**	**2,214**
GAAP EPS, diluted ($)	(0.13)	(0.37)	2.54	3.89	5.82
Non-GAAP EPS, diluted ($)	**0.28**	**0.76**	**3.25**	**4.64**	**6.65**
Basic shares (avg, M)	227.4	240.4	291.0	298.5	302.5
Diluted shares, non-GAAP (avg, M)	227.4	309.8	323.5	329.0	333.0

Balance Sheet & Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash, incl. restricted	951	2,482	2,508	3,228	4,648
Receivables and contract assets	336	372	1,515	2,040	2,632
Inventories	545	643	972	1,292	1,645
Other assets, incl. PP&E	826	900	1,844	2,239	2,679
Total assets	**2,657**	**4,397**	**6,840**	**8,799**	**11,604**
Recourse and non-recourse debt	1,129	2,618	2,476	2,479	2,482
Financing obligations	256	244	180	165	150
Other liabilities	688	742	1,881	2,229	2,716
Total liabilities	**2,072**	**3,604**	**4,538**	**4,873**	**5,349**
Total equity	585	793	2,302	3,926	6,256
Total liabilities & equity	**2,657**	**4,397**	**6,840**	**8,799**	**11,604**
Net cash (debt)	**(434)**	**(380)**	**(148)**	**584**	**2,016**
Cash flow from operating activities	**92**	**114**	**423**	**1,150**	**1,900**
o/w Capital expenditure	(59)	(57)	(381)	(450)	(500)
as % of revenue	*4.0%*	*2.8%*	*8.4%*	*6.6%*	*5.3%*
Free cash flow	**33**	**57**	**42**	**700**	**1,400**

Share Count and Dilution (M)	Shares
Common shares outstanding, 19-Oct-26	295.7
RSUs and PSUs	9.3
Options (5.0M at $15.44, treasury method)	4.5
3% notes due 2029 (converts at $20.84)	1.45
Diluted shares at current price	**311.0**
0% notes due 2030 (converts at $194.97)	19.55
Fully diluted, 2030 notes converted	**330.5**

Income Statement - Quarterly	1Q26A	2Q26A	3Q26A	4Q26E
Revenue	**751.1**	**1,065.4**	**1,235.8**	**1,470.0**
o/w Product	653.3	935.4	1,073.6	1,290.0
o/w Installation	25.9	51.0	84.9	98.0
o/w Service	61.9	69.0	67.6	72.0
o/w Electricity	9.9	10.0	9.8	10.0
Non-GAAP gross margin	31.5%	34.3%	34.5%	34.7%
Non-GAAP operating income	**129.7**	**239.6**	**285.7**	**350.0**
Stock-based compensation	(57.0)	(56.4)	(60.1)	(62.0)
GAAP operating income	**72.2**	**182.2**	**225.4**	**287.0**
Adj. EBITDA	**143.0**	**253.4**	**299.5**	**364.5**
Non-GAAP EPS, diluted ($)	**0.44**	**0.78**	**0.94**	**1.09**
GAAP EPS, diluted ($)	0.23	0.62	0.78	0.90
Operating cash flow	73.6	226.4	(27.1)	150.0
Capital expenditure	(26.2)	(51.6)	(153.5)	(150.0)
Free cash flow	**47.4**	**174.8**	**(180.6)**	**0.0**

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin (GAAP)	27.5%	29.0%	33.0%	34.6%	35.3%
Non-GAAP operating margin	7.3%	10.9%	22.2%	25.0%	27.5%
Adj. EBITDA margin	10.9%	13.4%	23.4%	26.4%	28.5%
GAAP net margin	(2.0%)	(4.4%)	17.9%	18.8%	20.6%
Stock comp. / revenue	5.6%	6.9%	5.2%	4.2%	3.5%
Operating cash flow / adj. EBITDA	57%	42%	40%	64%	71%
FCF / adj. EBITDA	21%	21%	4%	39%	52%
ROE (GAAP)	-	(12.8%)	52.2%	41.1%	38.1%
Non-GAAP P/E (x)	618.7x	227.9x	53.3x	37.4x	26.1x
GAAP P/E (x)	nm	nm	68.2x	44.6x	29.7x
EV / revenue (x)	36.7x	26.7x	12.0x	8.0x	5.8x
EV / adj. EBITDA (x)	336.7x	199.2x	51.0x	30.1x	20.2x
FCF yield (on market cap)	0.1%	0.1%	0.1%	1.4%	2.7%
Revenue growth	-	37.3%	123.4%	50.4%	38.2%
Product revenue growth	-	41.1%	158.1%	52.0%	39.1%
Adj. EBITDA growth	-	69.0%	290.4%	69.3%	49.3%
Non-GAAP EPS growth	-	171.4%	327.6%	42.7%	43.4%

FY26 Guidance History	5 Feb	28 Apr	28 Jul	22 Oct
Revenue ($bn)	3.1-3.3	3.4-3.8	3.9-4.2	4.4-4.6
Non-GAAP operating income ($ mn)	425-475	600-750	800-900	960-1,030
Non-GAAP EPS ($)	1.33-1.48	1.85-2.25	2.55-2.85	3.10-3.40
Share price at close ($)	**136.60**	**226.37**	**166.84**	**217.77**

Dec-27 Scenarios	Bull	Base	Bear
FY28E revenue	12,500	9,400	6,200
FY28E adj. EBITDA	3,875	2,680	1,302
EV / adj. EBITDA (x)	26x	22x	14x
Value per share ($)	**310**	**188**	**58**
Probability	25%	50%	25%
Return vs. current price	+79%	+9%	-67%
Probability-weighted price target ($)		**186**	

Source: Company reports, K2 Capital estimates.
Note: $ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which. FY24A-FY25A and 1Q26-3Q26 are actuals. Non-GAAP measures follow the company's definitions and exclude stock-based compensation. FY25A receivables exclude contract assets, which sit in other assets for actual years. FY26E rolls forward from the 30-Sep-26 balance sheet; other liabilities is the balancing item in projections. FY26E GAAP net income is derived from reported EPS and share counts. For FY24A-FY25A, income tax and non-controlling interest are included in other items. Valuation ratios use the current price and diluted enterprise value. Totals may not sum due to rounding.

Analyst Certification: The research analysts of K2 Capital Limited responsible for this report certify that (1) the views expressed in this report accurately reflect their personal views about the subject company and its securities, and (2) no part of their compensation was, is or will be directly or indirectly related to the specific rating or views expressed in this report.

Important Disclosures

Ratings: Overweight: over the duration of the price target, we expect the stock to outperform the total return of the S&P 500. Neutral: we expect the stock to perform in line with it. Underweight: we expect the stock to underperform it. Price targets are set for the period stated and are based on the methodology and risks described in this report.

Date	Rating	Price ($)	Price Target ($)
7-Nov-26	N (initiation)	173.24	186.00

Positions and conflicts: K2 Capital Limited, its principals and employees may hold positions in, and may trade, the securities of the company discussed in this report or related instruments, including positions inconsistent with its rating.

Sources and methodology: Prices are as of the close on 6 November 2026 unless stated; no information published after 7 November 2026 is used. Company data are from Bloom Energy's Form 10-K for 2025, its Form 10-Q for the quarter to 30 September 2026, its quarterly results releases from Q2 2025 to Q3 2026, its Form 8-K filings of 5 February and 9 July 2026, its Q1 to Q3 2026 results calls (transcripts via The Motley Fool and Investing.com) and its press releases on Oracle, AEP, Brookfield, Nebius and NTT DATA. Market data are from Yahoo Finance; consensus is from stockanalysis.com (updated 3 November 2026) and analyst actions from published summaries; short interest is from ChartExchange. Holdings are from Form 13F filings on SEC EDGAR, including Lone Pine Capital's filing for 30 June 2026. Election results are Associated Press tallies as of 7 November 2026. Policy sources include the White House (4 March 2026), Quorum, King & Spalding, Akin Gump, Norton Rose Fulbright (Section 48E), Utility Dive and E&E News. Hedge-fund positioning is from Reuters, Forbes (Goldman Sachs prime brokerage data) and Hedgeweek (Bloomberg data). Industry data are from SemiAnalysis, Rabobank, Lazard, BloombergNEF, Enverus, POWER, and the Q3 2026 results of GE Vernova, Caterpillar and FuelCell Energy; the short report cited is Hunterbrook's of 8 July 2026, which the company rejected. Peer multiples are from multiples.vc. Correlations, betas, scenario values, the discounted cash flow, implied shipments (at $2.94 a watt) and FY26E GAAP net income (from reported EPS and share counts) are K2 calculations. Estimates are K2 Capital's and are subject to change without notice.

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Completed 7 Nov 2026

Disseminated 7 Nov 2026