

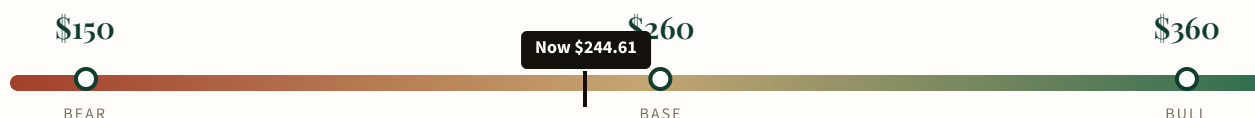
BE Bloom Energy Corporation

● Starter — Speculative (accumulate on weakness)

INVESTMENT MEMORANDUM | JULY 12, 2026

CONVICTION	CURRENT PRICE	PRICE TARGET	HORIZON
5/10 ■■■■■□□□□□	\$244.61 <i>as of July 10, 2026 close</i>	Bear \$150 · Base \$260 · Bull \$360	3-5 years

PRICE TARGET RANGE



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Thesis

Bloom is a business inflection wrapped in an extreme valuation and real structural fragility, and both halves of that sentence are true at once. The operating story is no longer a promise: Q1 2026 revenue grew 130.4% to \$751.1M, product gross margin sits in the mid-30s, the company printed positive GAAP operating income of 9.6% margin, and management raised full-year 2026 revenue guidance to a \$3.4-3.8B range. The problem is the entry, not the business. At \$244.61 the stock carries a \$69.58B market cap, about 28.4x trailing sales and roughly 180x trailing adjusted EBITDA, on a company that posted a GAAP net loss as recently as FY2025, dilutes shareholders every year, and derives about half its current revenue from a single related-party channel. We propose owning it small as a speculative starter, sized for volatility and dilution rather than for insolvency, and adding on weakness toward the long-term trend rather than chasing.

We have watched Bloom for a couple of weeks, and this note is a reassessment, not a first look. Our July 8 read carried a conviction of 6 at an Accumulate and Watch stance near \$270, formed before two short reports put a specific, unresolved supply-chain claim on the table. That news is material. The stock has since fallen to \$244.61, and our conviction now sits at 5. The step down is deliberate: a real business got cheaper at the same moment a concrete new risk appeared, and a conviction score should move on that rather than sit still.

The Debate

▲ BULL CASE

The demand

The scarce input in AI is interconnection, not silicon. Grid queues for large loads run multiple years in most US markets, and Bloom's solid-oxide fuel cells are one of the few technologies that deliver firm, 24/7, dispatchable power sited on the customer's pad and energized in quarters. That speed-to-power advantage is the demand engine behind product revenue rising to \$653.3M in Q1 2026, up 208.4% year over year, and behind full-year revenue guidance of \$3.4-3.8B, roughly 80% growth off FY2025's \$2.02B. Management-reported backlog figures near \$20B total and \$6B product (per the Visionary and Macro reports, not part of the reconciled ledger) would, if accurate, convert several years of the bull case from a demand bet into a delivery schedule.

The margin inflection

The profitability turn is the part that is hardest for a bear to wave away. Company GAAP operating margin swung from a loss in the prior-year quarter to 9.6% in Q1 2026, and adjusted operating margin reached 17.3%. Adjusted EBITDA was \$143.0M in the quarter against \$271.6M for all of FY2025, and management

▼ BEAR CASE

The valuation

The multiple is the risk. At \$244.61 the stock trades near 28.4x trailing sales and roughly 180x trailing adjusted EBITDA. Even handing Bloom its own raised FY2026 guidance in full, the midpoint \$3.6B revenue leaves the stock at roughly 19x forward sales, and forward guidance-based P/E is about 119x on the \$2.05 non-GAAP EPS midpoint. That non-GAAP EPS adds back very real stock compensation. There is no margin of safety in the price; the entry is priced for the guide to hold and to keep compounding well beyond 2026.

The quality of the profit

The GAAP story is thinner than the headline. FY2025 posted positive GAAP operating income of \$72.8M but a full-year GAAP net loss of \$0.37 per diluted share, because below-the-line items consumed all of operating income. Q1 2026's GAAP net income looks clean by comparison, but one quarter is not a run rate, and the gap between GAAP operating margin (9.6%) and adjusted (17.3%) is largely stock-based compensation. The non-GAAP EPS guide of

guides FY2026 non-GAAP gross margin to about 34%, up from 30.3% adjusted in FY2025. This is mostly operating-leverage absorption and a product-heavy mix filling a fixed cost base, not a gross-margin miracle, but the direction is clear and it is showing up in cash: Q1 operating cash flow was positive \$73.6M.

The policy floor

The macro read has shifted from subsidy-dependent to demand-driven with a policy floor. The 30% fuel-cell investment tax credit (Section 48E) survived the 2025 OBBBA reworking and was actually simplified for Bloom's core product. That lowers the levelized cost of Bloom power for customers and their financiers, which is what underwrites the order book, and it means the thesis no longer rests on subsidy generosity.

\$1.85-2.25 will convert to materially less GAAP profit.

The concentration and dilution

The two structural fragilities are customer concentration and serial dilution. Per the Risk Manager's read of the Q1 10-Q (a figure outside the reconciled ledger), roughly half of Q1 revenue ran through a single related-party channel tied to the Brookfield joint venture, which introduces financed-demand and single-counterparty characteristics. Separately, share count has grown materially year over year (analyst reports cite roughly 22% dilution in 2025, also outside the ledger), and the growth model has leaned on serial convertible and equity issuance. A \$2.5B zero-coupon convertible must be refinanced or converted by November 2030.

The contested supply chain

On July 8, Hunterbrook Media and Crossroads Capital published reports arguing that Bloom's China-free supply claim does not hold. The central claim is checkable: Bloom's stated five-gigawatt ambition would require roughly 220 tons of scandium oxide a year against a projected global supply near 240 tons, and Hunterbrook says trade data, corporate filings, and satellite imagery point to four China-linked routes, with a Chinese producer describing itself as Bloom's largest scandium supplier. The reports also fault Bloom for not disclosing scandium volumes, pricing, or sourcing, and question revenue recognition in the related-party channel. Bloom rejected the reports as false and misleading in an SEC 8-K filed July 9. It says it holds scandium inventory independent of China, has supply-chain visibility to support up

to 25 gigawatts of annual production, and rests on a diversified, multi-country supply chain built over two decades plus proprietary materials-recovery technology. Management said it would correct the record, and the shares recovered part of the drop on the rebuttal. We are not going to declare a winner, because we cannot yet. The short thesis is specific and quantitative, which makes it testable rather than rhetorical. The denial is equally specific and carries the legal weight of an 8-K, which makes a knowing misstatement costly. Both accounts cannot be right on the scandium math. What we can say is that the claim is unresolved, that it attaches to the exact fragility we flag elsewhere in this note, and that the arbiter is close. Q2 2026 results, expected around July 28, are the near-term test: scandium disclosure, gross-margin durability, and the related-party revenue split will either support the company's account or the shorts'.

The tape has not confirmed either side. The stock is down about 30% from its June high, insider transaction flow in 2026 has been sales only with no open-market buys, and the product mix that drives the model is lumpy box sales that a land-grab can pull forward and then air-pocket. Until Q2 clears the supply-chain question, the marginal informed trade is not paying up for the guide.

CIO Judgment

The business works; the entry is the question

On the business, the bulls are largely right. Bloom sells a scarce, contracted, in-demand product, it has crossed into GAAP operating profit and positive operating cash flow, and its core policy support

survived. If you could buy this business at a normal growth multiple, the accumulate case would be much stronger. The judgment call is not whether the business inflected. It is whether roughly 28x trailing sales and roughly 19x forward sales already capture several years of flawless execution.

The distribution is wide and left-skewed

At this multiple there is no cushion for slippage, and the sources of slippage are concrete: a related-party channel near half of revenue, lumpy order-timing product mix, annual dilution, a 2030 refinance event, and a live, unresolved activist short thesis on the supply chain. The base business can keep compounding and the equity can still fall if the multiple compresses or if any single large customer relationship stumbles. That combination argues for a small position, not a full one, and for buying weakness rather than strength.

What would raise conviction

We would move toward full weight on a specific sequence: two to three consecutive quarters of GAAP operating profit with stock comp flat to down, revenue broadening beyond the related-party channel, and share count stabilizing. Any of those would convert the thesis from financed growth to self-funding growth and justify paying up. Until then, conviction stays at 5.

Key Metrics

METRIC	VALUE	NOTE
Share price	\$244.61	settled NYSE close, 2026-07-10
Market cap	\$69.58B	company-consolidated
Enterprise value	\$70.04B	company-consolidated
Revenue, Q1 2026 (GAAP, company)	\$751.1M	+130.4% YoY
Revenue, TTM (GAAP, company)	\$2,449.0M	to 2026-03-31
Revenue, FY2026E guidance (company)	\$3.4B to \$3.8B	raised at Q1; midpoint ~\$3.6B
Revenue growth, Q1 2026 YoY (company)	+130.4%	Product category +208.4%
Gross margin, Q1 2026 (company)	30.0% GAAP / 31.5% adj	

METRIC	VALUE	NOTE
Gross margin, FY2026E guidance (company)	~34% adj	management guidance
Operating margin, Q1 2026 (company)	9.6% GAAP / 17.3% adj	
Adjusted EBITDA, Q1 2026 (company)	\$143.0M	TTM \$389.4M
Diluted EPS, Q1 2026 (company)	\$0.23 GAAP / \$0.44 adj	
Diluted EPS, FY2026E guidance (company)	\$1.85 to \$2.25 non-GAAP	midpoint \$2.05
Cash & equivalents (2026-03-31)	\$2,491.4M	company-consolidated
Net debt (2026-03-31)	~\$111M	recourse debt less cash; ~\$330M incl. financing obligations
Product gross margin, Q1 2026 (category)	34.3% GAAP / 35.3% adj	the franchise line
Installation gross margin, Q1 2026 (category)	-35.3% GAAP / -29.4% adj	shrinking, intentional drag
P/S (TTM, company)	28.4x	
EV / adj-EBITDA (TTM, company)	179.9x	adjusted-EBITDA basis

Analyst Scorecard

2 Bull · 4 Neutral · 2 Bear

Visionary	BULLISH	Speed-to-power moat plus a large contracted backlog make multi-year hyper-growth a delivery problem, not a demand bet.
Operator	NEUTRAL	Quality is concentrated in Product economics and operating leverage and both are improving, but the margin story is front-loaded on opex absorption and mix, not a gross-margin step-change.

Skeptic	BEARISH	A historically loss-making, dilution-prone equipment company priced like a de-risked compounder at 28x sales, with asymmetry favoring the bear.
Quant	NEUTRAL	The operational inflection is real, but at 19x forward sales and roughly 119x forward earnings the price is the guidance, fully, with zero room to slip.
Macro Man	BULLISH	The setup shifted from subsidy-dependent to demand-driven with a preserved 30% fuel-cell ITC as a policy floor; tariffs are the live headwind.
Insider	BEARISH	Positioning at the margin does not confirm the move: sales-only insider flow, net institutional dollar outflows into strength, and two fresh activist shorts.
Risk Manager	NEUTRAL	Survivable, not sturdy; no near-term insolvency, but customer concentration and serial dilution should cap size hard.
Technician	NEUTRAL	Long-term uptrend intact above a rising 200-day near \$197, but the intermediate trend has rolled over below the 50-day, so the correction may not be complete.

Position Sizing Recommendation

Position Sizing: 1.5% · Hard Cap 3% · Worst-Case Zone \$120-150

Initiate at roughly half of a normal position as a speculative starter, with a hard cap at about one times normal weight, per the Risk Manager. Do not let momentum push this to a core-weight holding. The binding constraints are customer concentration and serial dilution, not the balance sheet, so treat downside as volatility and dilution rather than insolvency. The worst-case zone of roughly \$120-150 corresponds to multiple compression toward 10-12x the FY2026E revenue guidance midpoint, the kind of level a demand air-pocket or a validated short thesis could produce, and it sits below the technician's key 200-day line near \$197. Add on weakness toward that structural support rather than into strength, and trim or pause if the related-party channel shows stress, if Q2 2026 results around July 28 leave the scandium supply-chain question unresolved, if operating cash flow turns negative outside of seasonality, or if a fresh raise arrives unmatched to a funded order book.

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