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Zacks Small-Cap Research

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Beneficient (NASDAQ: BENF)

BENF: Beneficient releases 1st fiscal quarter (period ending 6/30/26) and FY 2026 financial and operating results (FY ending 3/31/26).

Based on peer multiples and a DCF valuation process containing conservative estimates, we believe BENF could be worth **$9.00** per share.

Current Price (09/2/26)	$2.00
Valuation	**$9.00**

OUTLOOK

Beneficient (BENF) leverages a proprietary FinTech platform and an innovative fiduciary trust structure branded as the ExAlt Plan to provide early exit liquidity solutions and custody/data analytics services to holders of alternative assets including medium-to-high net worth (MHNW) individuals and small-to-midsized institutions (STMIs). In addition, the company delivers primary capital solutions to fundraising General Partners (GPs). After a turbulent past 12 months due to former CEO issues, we believe the company is back on track for sustained growth going forward.

SUMMARY DATA

52-Week High	**$12.48**
52-Week Low	**$2.02**
One-Year Return (%)	**-34.4**
Beta	**1.19**
Average Daily Volume (sh)	**15,961**
Shares Outstanding (mil)	**15.4**
Market Capitalization ($mil)	**$30.5**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**4**
Insider Ownership (%)	**94**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using F2026 Estimate	**N/A**
P/E using F2027 Estimate	**18.2**

Risk Level	**Above Average**
Type of Stock	**Small-Cap**
Industry	**Financial**

ZACKS ESTIMATES

Adjusted Segment Revenues
(in thousands of $)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2024	17,849 A	19,066 A	18,146 A	16,306 A	71,367 A
2025	16,242 A	16,626 A	16,621 A	14,253 A	63,742 A
2026	13,058 A	11,420 A	11,021 A	-23,942 A	55,622 A
2027	12,165 A	15,097 E	15,766 E	16,438 E	59,466 E

Adjusted Segment Earnings/Class A Share

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2024	-$66.39 A	-$29.84 A	-$10.73 A	-$130.27 A	-$237.24 A
2025	-$9.25 A	-$4.17 A	-$5.81 A	-$12.91 A	-$32.14 A
2026	-$8.16 A	-$2.32 A	-$26.08 A	-$4.51 A	-$41.07 A
2027	-$0.47 A	$0.15 E	$0.19 E	$0.23 E	$0.11 E

Quarterly revenues/EPS may not equal annual revenues/EPS due to rounding. Figures may be adjusted and non-GAAP.

WHAT'S NEW

Source: shareholders.trustben.com

1st Quarter 2027 Results (period ending June 30, 2026)

On August 14, 2026, Beneficient announced fiscal 1st quarter results for the period ending 6/30/26.

Beneficient reported $212.5 million of investments at fair value as of June 30, 2026, up from $195.5 million at the end of the prior fiscal year (3/31/26). These investments support a $186.0 million net loan portfolio, compared with $169.7 million previously, indicating continued growth in the company's lending platform and underlying collateral base.

A major positive is the substantial reduction in operating expenses. 1st quarter operating expenses fell 84.3% to $12.5 million, although the current period included $1.8 million of interest related to a loss-contingency accrual. Excluding these unusual items, operating expenses declined 37.4% to $10.8 million, from $17.2 million a year earlier. This sharp reduction in the underlying cost structure could provide meaningful operating leverage as the company grows its loan portfolio and generates additional fee and interest income.

Beneficient is also continuing to monetize assets and expand its alternative-asset financing platform. Asset sales and equity redemptions from the Customer ExAlt Trusts generated $57.6 million of cumulative gross proceeds from inception through June 30, 2026, which have been used to reduce debt and fund working capital.

In addition, new primary capital transactions with two funds have added more than $16 million of alternative-asset interests to the collateral supporting the ExAlt loan portfolio. Importantly, because ExAlt Holdings is a direct subsidiary of Beneficient and is not structurally subordinated to BCH, earnings from these loans and related fees are expected to accrue directly to Beneficient's common shareholders.

CEO James Silk stated, *"Our first-quarter results for FY 2027 showed an extension in our operating strategy with the announcement of our first collateral management services engagement providing monitoring and reporting services on a portfolio of professionally managed alternative assets for a Texas state-chartered bank. Paired with over $16 million in new primary capital commitments, a streamlined cost structure, and an enhanced collateral base, we continue to strengthen our balance sheet and position the company for sustainable growth."*

As of June 30, 2026, the company had cash and cash equivalents of $5.6 million and total debt of $96.8 million. Distributions received from alternative assets and other securities held in custody totaled $1.9 million in the 1st quarter, compared to $3.7 million for the same period of fiscal 2026. Additionally, during the quarter, the company received proceeds of $5.0 million from the disposition of certain investments in alternative assets. Subsequent to June 30, 2026, the company issued two promissory notes totaling $4.0 million, resulting in proceeds of approximately $3.8 million, which have been used to provide working capital.

Business Segments 1st Quarter FY 2027

Ben Liquidity

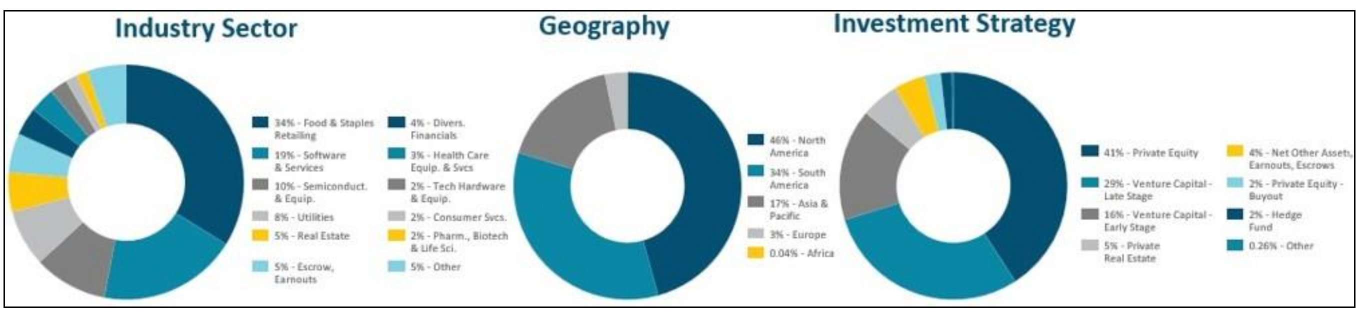
Ben Liquidity generated $8.2 million in interest income during the fiscal first quarter, up 4.0% from the 4th quarter ending March 31, 2026. The increase was mainly driven by approximately $8.8 million in new loan originations in April 2026 and the continued compounding of interest on existing loans. Operating income was $7.4 million, compared with an operating loss of $19.7 million in the prior quarter. The improvement was primarily due to lower intersegment credit losses. This was driven by increases in the net asset values (NAVs) of the underlying funds, based on updated financial information provided by the funds' investment managers or sponsors.

Ben Custody

Ben Custody's alternative assets and other securities under custody increased to $234.6 million at June 30, 2026, up from $219.8 million as of March 31, 2026. The $14.8 million increase was driven primarily by $15.9 million in higher valuations reported by investment managers and general partners, along with $8.8 million in new originations. These gains were partially offset by $8.1 million from asset sales and other distributions. Revenue remained essentially unchanged at $2.5 million for the fiscal first quarter. Revenue from new originations during the quarter offset the impact of a lower starting NAV. Ben Custody's revenue is calculated based on the NAV of the alternative assets and securities held in custody at the beginning of each quarter. Operating income improved significantly to $1.4 million from $0.5 million in the prior quarter. The improvement was primarily due to the absence of a credit-loss provision in the current quarter, compared with a $1.0 million provision recorded in the quarter ended March 31, 2026.

Loan Portfolio

Ben's balance sheet is primarily comprised of loans collateralized by a diversified portfolio of alternative assets. Its ExAlt Loan origination strategy follows an endowment-style model designed to diversify fiduciary financings across seven alternative asset classes, more than 11 industry sectors, at least six countries, and multiple investment time frames. This approach, which is supported by Ben's patent-pending OptimumAlt technology, is intended to reduce concentration risk while allowing the company's alternative asset portfolio and balance sheet to grow as it expands its core business.

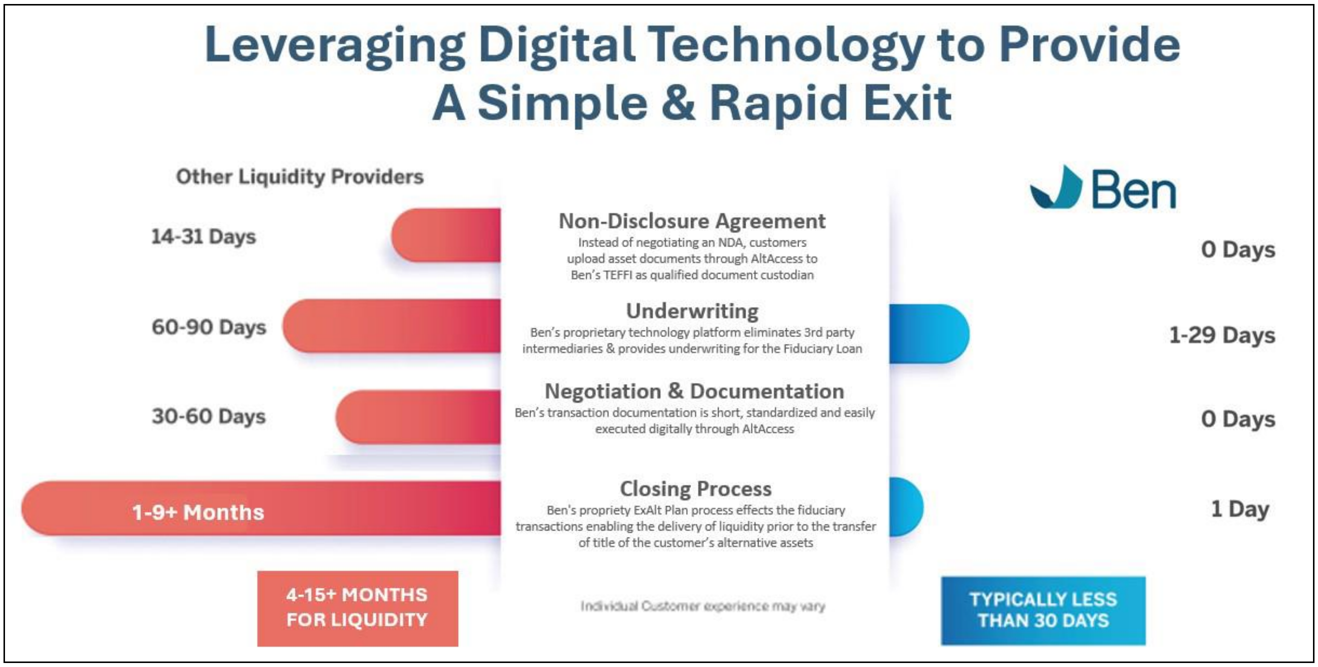


Source: shareholders.trustben.com

As of June 30, 2026, Ben's loan portfolio was backed by a highly diversified alternative asset collateral base spanning approximately 140 private-market funds and 380 investments across multiple asset classes, sectors, and geographies. The portfolio provides exposure to a range of attractive private companies, including a leading Latin American pharmacy and health retailer, a technology-enabled reforestation company, a mobile banking provider, a private intercity rail operator with associated real estate, and an integrated e-commerce and fulfillment platform for direct-to-consumer wine sales. This diversification of underlying collateral supports Ben's strategy of reducing concentration risk while providing exposure to growth-oriented private-market assets.

Current Summary

Looking ahead, Beneficient is in the early stages of positioning itself as a technology-enabled infrastructure provider for the alternative asset market rather than solely a liquidity solutions company. The company is commercializing its AI-powered collateral and portfolio management platform, which provides institutions with analytics, monitoring, reporting, and risk management services for complex alternative asset-backed transactions. Management believes these capabilities can create recurring, fee-based revenue streams while leveraging its existing technology platform, broadening the company's addressable market and enhancing the scalability of its business model. We believe the company is one of the few, if not the only company in the U.S. that can offer these rapid liquidity solutions compared to traditional methods.



Source: trustben.com

The settlement resolving the GWG litigation against the company received final court approval in February 2026. All GWG Litigation Trust claims against Beneficient and its subsidiaries were dismissed and claims against Beneficient's current and former directors and officers were resolved. The securities class action was also resolved.

HCLP and related Heppner-affiliated entities remain active defendants in the GWG Litigation Trust case. After the February settlement dismissed claims against Beneficient, the litigation shifted primarily to recovery efforts against Heppner-related parties, with Beneficient and the Trust aligning though a June 2026 amended settlement to coordinate those recoveries. No public settlement with HCLP has been announced amid other resolved claims against insurers, law firms, auditors, and professionals. The October 2026 sentencing of Heppner does not address these civil disputes.

Management also emphasized that recent structural changes are expected to improve value creation for common shareholders by directing a greater share of future transaction economics to common equity holders rather than non-controlling interests. Beneficient believes it is entering a new phase focused on execution, strategic partnerships, and long-term growth. The company remains committed to its mission of democratizing alternative asset liquidity while expanding the application of its technology platform across underwriting, custody, analytics, transaction execution, and other recurring service opportunities.

Although the company has a history that dates back over 20 years, we believe Beneficient is currently entering a "new" phase of clean revenue growth, balance sheet preservation, and effective management execution that could create substantial shareholder value going forward.

VALUATION & ESTIMATES

Our adjusted DCF-derived calculation is approximately **$9.00** per share. We also provide a simplified P/E multiple based on company segments. Based on our FY 2027 revenue and pre-tax income estimates, we arrive at a target price of **$9.00** per share.

	FY 2027 Est.
BEN Liquidity	
Interest	$35,408
CECL	($10,000)
Overhead	($17,500)
P/T Income	$7,908
BEN Custody	
Fees	$10,459
Overhead	($5,527)
P/T Income	$4,932
Total	
Revenue	$45,867
Expenses	($33,027)
P/T Income	**$12,839**
A/T Income (30%)	**$8,987**
EPS Attributed to Equity	**$0.58**
Peer 2027 P/E Ratio	**15x**
Target Price	**$8.72**

Source: Zacks Analyst

A material rebound in loan origination volumes (and therefore revenue and earnings power) likely remains dependent on further clarity on the company's debt profile and capital structure post-resolution of litigation involving BENF's former CEO. We continue to believe longer-term investors can capitalize on the current depressed stock price and realize sizeable returns over time, as the market increasingly appreciates BENF's unique business model and outsized growth prospects.

OTHER RECENT NEWS

4th Quarter & Full Year 2026 Financial and Operating Results

On June 29th, the company released 4th quarter and full year results for the fiscal year ending March 31, 2026. As expected, the results were quite messy showing large operating losses for the year. The company has experienced losses in its loan portfolio which were primarily driven by the sale of loan collateral, as opposed to holding to maturity. In addition, there has been a 3-4 year industry-wide slowdown in the timing of distributions. The company has been dealing with lower distributions due to the decline in the size of the loan portfolio.

One of the strategies Beneficient employed during the year to reduce outstanding liabilities (including paying off the principal balance of the loan ultimately owed to a Texas bank), was selling certain assets that served as collateral for certain of the ExAlt Loans. Those assets were largely sold at discounts to NAV, and the resulting reduction in collateral value contributed to the credit losses recorded for the year.

We believe the majority of these legacy issues are now behind the company (see former CEO issues below). Going forward, the financials should be simplified and show modest growth.

Beneficient reported that the fair value of investments supporting its Ben Liquidity loan portfolio declined to $195.5 million as of March 31, 2026, from $291.4 million a year earlier, while the related net loan portfolio decreased to $169.7 million from $244.1 million. After the end of the 4th quarter, the company completed two additional primary capital transactions that raised approximately $8.8 million and $7.44 million of collateral to its ExAlt loan portfolio (see below). The company also generated $51.5 million of gross proceeds from asset sales and equity redemptions within Customer ExAlt Trusts, using the funds to reduce debt and strengthen working capital.

Operating expenses increased 22% to $17.5 million in the 4th quarter of fiscal 2026, as compared to $14.3 million of operating expenses in the prior year period. The current year quarter included non-cash intangible asset impairment of $3.1 million while there was not a similar charge in the prior year quarter. For the full year, operating expenses increased significantly, mostly due to one-time items, reaching $127.4 million which primarily reflects a $62.8 million loss contingency, $5.1 million of related interest expense, and a $3.1 million non-cash intangible asset impairment. Excluding these unusual items, underlying cost performance improved significantly. Adjusted operating expenses declined 11% in the 4th quarter and 16% for the full fiscal year, reflecting continued expense discipline and operational efficiencies.

Beneficient also announced several strategic developments following year-end. The Board appointed James Silk as permanent CEO after serving as Interim CEO since July 2025. In addition, one of the company's subsidiaries secured its first commercial engagement to provide collateral management services for a Texas state-chartered bank in connection with a secured lending transaction. The engagement is expected to generate recurring fee revenue and marks the commercial launch of Beneficient's collateral management services business.

The company also released a shareholder letter outlining its fiscal 2026 results and long-term strategic direction (see below).

Loan Portfolio

Beneficient's business model centers on providing liquidity and early-exit financing to participants in the alternative asset market. As a result, its balance sheet is primarily composed of loans secured by a diversified portfolio of alternative assets, with management expecting this collateral base to expand as the company continues to originate new ExAlt loans.

The company's lending strategy is based on its OptimumAlt technology, which applies an endowment-style portfolio approach to diversify collateral across multiple dimensions. This framework spreads exposure across seven alternative asset classes, more than 11 industry sectors, at least six geographic regions, and multiple investment vintages, helping to reduce concentration risk while supporting long-term portfolio stability.

As of March 31, 2026, Beneficient's loan portfolio was backed by collateral spanning approximately 140 private market funds and 400 underlying investments across a broad range of industries and geographies. The portfolio includes interests in high-quality private companies, such as a leading Latin American pharmacy and beauty retailer, a technology-driven reforestation company, a mobile banking provider, a privately owned intercity passenger rail operator, and a direct-to-consumer wine e-commerce and fulfillment platform.

Collateral for the loan portfolio represents a diverse portfolio of direct and indirect interests (such as limited partnership interests and private and public equity and debt securities), primarily in third-party, professionally managed private funds and investments. As of March 31, 2026, the total allowance for credit losses was $414.4 million, for a total gross loan balance of $584.0 million and a loan balance net of allowance for credit losses of $169.7 million.

Business Segments 4th Quarter 2026

Ben Liquidity

Ben Liquidity generated $7.9 million in interest income during the 4th quarter, a 3.5% decrease from the prior quarter. The decline was mainly driven by more loans being placed on nonaccrual status and loan repayments from asset sale proceeds. This was partially offset by continued interest compounding on the remaining loan portfolio. The operating loss was ($19.7) million, improving from ($29.2) million in the previous quarter. The narrower loss was primarily attributable to reduced intersegment credit losses and lower interest expense following the repayment of the HH-BDH Credit Agreement, which more than offset the impact of lower interest income.

Ben Custody

Ben Custody's assets under custody declined to $219.8 million as of March 31, 2026, from $338.2 million a year earlier, primarily due to asset dispositions, distributions, unrealized valuation losses, and fair value adjustments, partially offset by $14.8 million in new originations. The lower asset base reduced 4th quarter revenue to $2.5 million from $2.9 million in the prior quarter, while operating income decreased to $0.5 million from $2.0 million, reflecting both lower fee revenue and a $1.0 million increase in the provision for credit losses.

Business Segments Fiscal Year 2026

Ben Liquidity

For the year ending March 31, 2026, Ben Liquidity generated $33.4 million in interest income, a 21.5% decline from the prior year, primarily due to a smaller earning loan portfolio resulting from higher nonaccrual loans and loan repayments, partially offset by new loan originations. The segment's operating loss widened to ($55.7) million from ($12.8) million in the prior year, reflecting lower interest income and increased intersegment credit losses.

Ben Custody

For the fiscal year ended March 31, 2026, Ben Custody reported $12.7 million in revenue, a 40.9% decline from the prior year, primarily due to lower assets under custody and the absence of certain intersegment fees that had been fully recognized in the previous year. Operating income fell to $8.0

million from $13.3 million, while adjusted operating income also declined to $8.0 million from $18.5 million, reflecting lower fee revenue and higher operating expenses. This was partially offset by lower overall expenses resulting from the absence of the prior year's $3.4 million non-cash goodwill impairment.

Shareholder Letter

CEO James Silk issued a shareholder update letter in conjunction with the 4th quarter financial release. He stated the company made meaningful progress during fiscal 2026 in resolving legacy issues and strengthening its corporate foundation. Management highlighted its cooperation with federal prosecutors in the successful conviction of former CEO Brad Heppner, continued resolution of matters related to the GWG Holdings bankruptcy, and restoration of Nasdaq listing compliance. Operationally, the company strengthened its balance sheet by generating approximately $51.5 million in gross proceeds from asset sales, repaying the principal balance of its HH-BDH Credit Agreement, and expanding its collateral base through GP Primary Commitment transactions totaling approximately $14.9 million in net asset value.

After the year end, the company completed two GP Primary Capital transactions which as a whole added $17.2 million in tangible book value to the company's balance sheet (see below).

$7.44 Million GP Primary Capital Transaction

On July 13, 2026, the company announced it has closed on the financing of a $7.44 million primary capital commitment in Quartus AI Fund II LP which is managed by Quartus Capital Partners LLC, a New York based investment firm investing in growth stage AI and technology ventures.

As consideration for the company's interest in the Fund, the Fund received approximately $7.44 million in stated value of shares of the company's Resettable Convertible Preferred Stock which is convertible at the election of the holder into shares of the Company's Class A common stock. The company's commitment is structured to scale with the Fund's total capital commitments, up to $26.25 million if the Fund achieves its target capital commitments of $150 million.

The Fund is expected to invest in growth-stage AI and AI-enabled companies with at least $5 million in revenue and strong expansion potential. The Fund will maintain a diversified portfolio across high-growth sectors including HealthTech, EdTech, Physical AI, World Models, LegalTech, Logistics, and Safety & Security.

The Transaction is expected to increase the collateral for the company's ExAlt loan portfolio by approximately $7.44 million of interests in alternative assets and add approximately $7.44 million of tangible book value attributable to the company's stockholders. So far in fiscal 2027 (ending 3/31/27), the company's GP primary capital transactions have contributed approximately **$17.2 million** of aggregate tangible book value attributable to the company's stockholders.

Former CEO Conviction

On May 11, 2026, the company released a statement regarding the conviction of its former CEO, Brad Heppner. Mr. Heppner was convicted by a federal jury on charges of securities fraud, wire fraud, conspiracy to commit securities fraud & wire fraud, and false statements to auditors in connection with a scheme to defraud GWG Holdings.

Beneficient parted ways with Mr. Heppner in June 2025 upon learning of the credible evidence of his fraud related to the company and has cooperated fully and transparently with the government's investigation and prosecution.

The conviction puts the company in a strong position to challenge its purported debt to HCLP Nominees, (an entity now known to be controlled by Mr. Heppner), which was the centerpiece of the criminal charges and conviction at trial where it was established that Mr. Heppner fabricated the debt.

Further, the company is actively evaluating other claims against Mr. Heppner and entities associated with him due to the verdict and will actively pursue such claims. The company believes that this outcome strengthens its position regarding these claims and supports the company's ability to eventually recover value for its stockholders.

Interim Chief Executive Officer James Silk stated, *"The verdict closes an important chapter and allows the Company to operate with increased clarity and confidence the Company and its stockholders deserve. The Company acted decisively when Mr. Heppner's misconduct came to light, cooperated fully with the government, and have been diligently working to move forward on a foundation of integrity and sound governance. We are energized by what lies ahead – more than ever, we believe Beneficient's mission and platform represent a genuinely meaningful opportunity, and this event improves our positioning to realize it."*

<u>$8.75 Million GP Primary Capital Transaction</u>

On April 10, 2026, the company announced it had closed on the financing of an $8.75 million primary capital commitment in Quartus AI Fund LP, a fund managed by Quartus Capital Partners, a New York based investment firm investing in growth stage AI and technology ventures.

This transaction maintains the company's efforts to deliver primary capital to qualifying private investment funds through its GP Primary Commitment Program. In exchange for an interest in the Fund, the Fund received approximately $8.75 million in shares of the company's Resettable Convertible Preferred Stock. The preferred stock is convertible into shares of the company's Class A common stock.

The company participates in an unrealized gain of approximately $1.2 million, which represents its pro rata interest in the appreciation of the Fund's existing asset portfolio. As a result of the Transaction, the collateral for the Company's ExAlt loan portfolio is expected to increase by approximately $9.77 million of interests in alternative assets. Beneficient believes this transaction will result in the addition of approximately $9.77 million in tangible book value.

Introducing The Ben® Way

We're committed to our vision of a democratized global alternative investment market, where underserved investors, especially mid-to-high net worth individuals and small-to-midsized institutions, can find rapid, cost-effective, and customized early exit solutions for their alternative assets.

Source: trustben.com

INVESTMENT THESIS

Source: shareholders.trustben.com

Beneficient leverages a proprietary FinTech platform and an innovative/fiduciary trust structure branded as the ExAlt Plan to provide early exit liquidity solutions and custody/data analytics services to holders of alternative assets including medium-to-high net worth (MHNW) individuals and small-to-midsized institutions (STMIs). In addition, the company delivers primary capital solutions to fundraising General Partners (GPs).

Our investment thesis revolves around:

1. **Unique business model, with sustainable competitive advantages**

   Beneficient's trust structure and FinTech platform provide timely, cost-effective liquidity solutions with price certainty to Mid-to-High Net Worth investors and Small-to-Medium Institutions. Its trust company originates loans to Customer ExAlt Trusts, which acquire alternative assets from LP customers and use those assets as collateral while drawing on investment distributions to cover loan payments, fees, and beneficiary distributions. In exchange for their alternative asset holdings, customers receive cash, BENF stock, or both. The proprietary Ben AltAccess® platform delivers these liquidity solutions alongside trust, custody, analytics, and broker-dealer services through an online portal. A state-chartered trust subsidiary oversees financing, trust, and custody services under Kansas banking regulatory oversight, lending credibility and customer confidence to the process.

2. **Renewed Growth Expected**

   We expect origination volumes to start to reaccelerate reflecting a number of powerful industry and company-specific factors. First, ongoing growth in alternative AUM generates rising demand for liquidity, particularly as distribution activity remains muted more broadly reflecting lackluster exit markets and extended holding periods. While GPs can access the secondary markets for larger, more complex liquidity transactions, Beneficient focuses on underserved MHNW investors and STMIs that value certainty of price, cost, and time when seeking early liquidity options. Of the $16+ trillion of global alternative AUM, recent studies estimate MHNW individuals and STMI investors in the U.S. hold a growing $2+ trillion of related assets, with annual demand for liquidity reaching $100+ billion over the next five years.

   In addition, the company's GP Solutions and Primary Commitment Program businesses target private funds with identifiable liquidity and fundraising needs. In aggregate, related funds represent north of $400 billion of potential new business. As such, even a fractional win rate likely translates into meaningful transaction volumes and TBV/earnings accretion for BENF.

   Also, Beneficient maintains a comprehensive go-to-market strategy spanning multiple clients, distribution channels, and approaches. GP Solutions targets funds facing identifiable liquidity needs including absolute/relative performance issues, limited carry potential, first-time managers, and those nearing wind-down. The company's Preferred Liquidity Program (PLP) offering leverages Beneficient's AltAccess platform (currently being re-engineered) to deliver turnkey liquidity, primary capital, custody, and reporting services to platform customers. Furthermore, the recently launched Primary Capital Program (PCP) supports GP fundraising initiatives, with Beneficient financing commitments to new alternative asset funds.

3. **Exposure to optimized alternative asset portfolio**

Beneficient has organically constructed a value-added balance sheet mostly comprised of loans collateralized by alternative asset fund holdings and direct investments. The underlying collateral remains well diversified across asset classes (private equity, real estate, natural resources, debt, and venture capital), sectors, and geographies.

Management has deliberately built the loan portfolio by leveraging the endowment model of investing. More specifically, Beneficient's approach incorporates longer-term time horizons, higher allocations to illiquid alternative assets, and broad diversification to lower correlations, minimize risk, and ultimately optimize returns. Continued growth of Beneficient's alternative asset portfolio drives accelerating interest income on loans to the Customer ExAlt Trusts, with the potential to earn additional interest based on various factors. Furthermore, balance sheet growth promotes stepped up deal flow for Ben Liquidity, thereby driving higher revenues and operating income.

Source: trustben.com

INVESTMENT RISKS

- **GAAP reporting clouds underlying financial performance and economic interests**

  BENF's GAAP income statement consolidates investment income and gains/losses on financial instruments held by Customer ExAlt Trusts, or the customized trust vehicles that facilitate the exchange of alternative assets for cash and/or equity or debt securities. Related income/losses represent NAV markups/markdowns on underlying fund holdings and fair value changes of equity/debt/derivative securities. Importantly, the Customer ExAlt Trusts are not legally owned by the company, and do not directly impact the economic interests of BENF equity holders. Furthermore, interest and fee income related to transactions between the company's operating subsidiaries – Ben Liquidity and Ben Custody – and Customer ExAlt Trusts are eliminated from consolidated financial statements despite related allocations to BENF equity holders. Given the unique aspects of the company's structure, the adjusted segment reporting provides a supplemental perspective that may be helpful to understanding the business.

- **Model partially reliant on issuing BENF (preferred) stock to finance liquidity transactions**

  One of the primary reasons behind management's decision to go public was the ability to offer BENF common/preferred stock in connection with Ben Liquidity's delivery of early liquidity solutions for its customers' alternative assets. Equity-linked transactions remain dependent on the relative attractiveness of BENF stock (versus other liquidity options and retaining illiquid assets). Factors influencing that analysis include projected stock price performance, volatility, and liquidity. BENF has meaningfully underperformed since the de-SPAC in June 2023 reflecting various headwinds including the complexity of Beneficient's structure and business model, continued net losses on a GAAP basis, and ongoing legal issues. As such, we suspect that accelerating Ben Liquidity transaction volumes will be partially dependent on a sustained period of stock price stability and building trading volumes. Moreover, further equity issuances to fund alternative asset exchanges may dilute existing shareholders and drive up volatility of investment income on the GAAP P&L.

- **Capital to fund growth**

  As Beneficient increasingly taps into the liquidity needs of MHNW individuals and STMI investors, LiquidTrust (cash considerations in exchange for alternative assets) acceptance and adoption will likely ramp up together. As such, the company seemingly needs broader access to capital to fund accelerating cash considerations, particularly as cash flow from operations likely remains insufficient to fund growth in the near term. One option is for management to tap the equity markets via a shelf registration.

- **Ongoing litigation risk**

  We await further clarity as it relates to ongoing litigation and potential implications for Beneficient's debt and ownership profiles, particularly as it relates to former Chief Executive Officer Brad Heppner's holdings of Class B and preferred shares.

  There is approximately $96 million of related-party debt (exceeding $126 million including accrued interest and fees) that formed the crux of Brad Heppner's criminal conviction. The U.S. District Court for the Southern District of New York (SDNY) characterized that debt as "fabricated" in its press release, making it an obvious and disclosed target for elimination. While the criminal proceeding does not itself resolve the Heppner-related debt and equity interests in the company, which are being addressed through settlement or civil litigation, the conviction and evidence developed in that case are highly encouraging for the company's efforts to do so.

PROJECTED SEGMENT INCOME STATEMENT

	Quarterly												Annual			
	F1Q25	F2Q25	F3Q25	F4Q25	F1Q26A	F2Q26A	F3Q26A	F4Q26A	F1Q27A	F2Q27E	F3Q27E	F4Q27E	F2024	F2025E	F2026E	F2027E
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Mar-24	Mar-25	Mar-26	Mar-27
Revenues																
Ben Liquidity	10,849	11,978	11,297	8,459	8,837	8,497	8,189	7,900	8,215	8,626	9,057	9,510	46,948	42,583	33,423	35,408
Ben Custody	5,382	5,386	5,410	5,396	4,183	3,081	2,944	2,535	2,500	2,575	2,652	2,732	24,536	21,574	12,743	10,459
Corporate & Other	11	(738)	(86)	398	38	(158)	(112)	(34,377)	(3,737)	0	0	0	(117)	(415)	9,456	(3,737)
Total Revenues	**16,242**	**16,626**	**16,621**	**14,253**	**13,058**	**11,420**	**11,021**	**(23,942)**	**6,978**	**11,201**	**11,709**	**12,242**	**71,367**	**63,742**	**55,622**	**42,130**
Operating Expenses																
Ben Liquidity	11,358	9,073	14,150	20,799	14,852	9,318	37,356	27,594	861	2,156	2,264	2,377	88,126	55,380	89,120	7,659
Ben Custody	966	759	563	764	1,055	789	955	1,990	1,150	1,416	1,459	1,502	4,771	3,052	4,789	5,527
Corporate & Other	8,470	9,055	6,645	6,541	6,378	4,125	4,762	11,483	6,863	500	600	700	52,597	30,711	26,748	8,663
Total Operating Expenses	**20,794**	**18,887**	**21,358**	**28,104**	**22,285**	**14,232**	**43,073**	**41,067**	**8,874**	**4,073**	**4,323**	**4,580**	**145,494**	**89,143**	**120,657**	**21,850**
Operating Income/(Loss)																
Ben Liquidity	(509)	2,905	(2,853)	(12,340)	(6,015)	(821)	(29,167)	(19,694)	7,354	6,469	6,793	7,132	(41,178)	(12,797)	(55,699)	27,749
Ben Custody	4,416	4,627	4,847	4,632	3,128	2,292	1,989	545	1,350	1,159	1,194	1,229	19,765	18,522	7,954	4,932
Corporate & Other	(8,459)	(9,793)	(6,731)	(6,143)	(6,340)	(4,283)	(4,874)	(45,860)	(10,600)	(500)	(600)	(700)	(52,714)	(31,126)	(93,128)	(12,400)
Total Operating Income/(Loss)	**(4,552)**	**(2,261)**	**(4,737)**	**(13,851)**	**(9,227)**	**(2,812)**	**(32,052)**	**(65,009)**	**(1,896)**	**7,128**	**7,386**	**7,662**	**(74,127)**	**(25,401)**	**(140,873)**	**20,280**
Net income/(loss) - Class A shareholders	(4,275)	(2,148)	(4,603)	(13,478)	(8,983)	(2,742)	(31,263)	(63,931)	(1,851)	6,962	7,219	7,492	(85,909)	(24,505)	(106,919)	19,822
Net income/(loss) - Class B shareholders	(295)	(119)	(138)	(402)	(251)	(72)	(809)	(1,078)	(47)	170	171	174	7,181	(953)	(3,342)	468
Earnings per share, basic & diluted																
Class A	**($9.25)**	**($4.17)**	**($5.81)**	**($12.91)**	**($8.16)**	**($2.32)**	**($26.08)**	**($4.51)**	**($1.01)**	**$0.45**	**$0.47**	**$0.49**	**($237.24)**	**($32.14)**	**($41.07)**	**$1.29**
Class B	**($1.23)**	**($0.50)**	**($0.58)**	**($1.68)**	**($1.05)**	**($0.30)**	**($3.38)**	**($4.51)**	**($1.57)**	**$5.68**	**$5.72**	**$5.81**	**$30.01**	**($3.98)**	**($13.97)**	**$15.64**

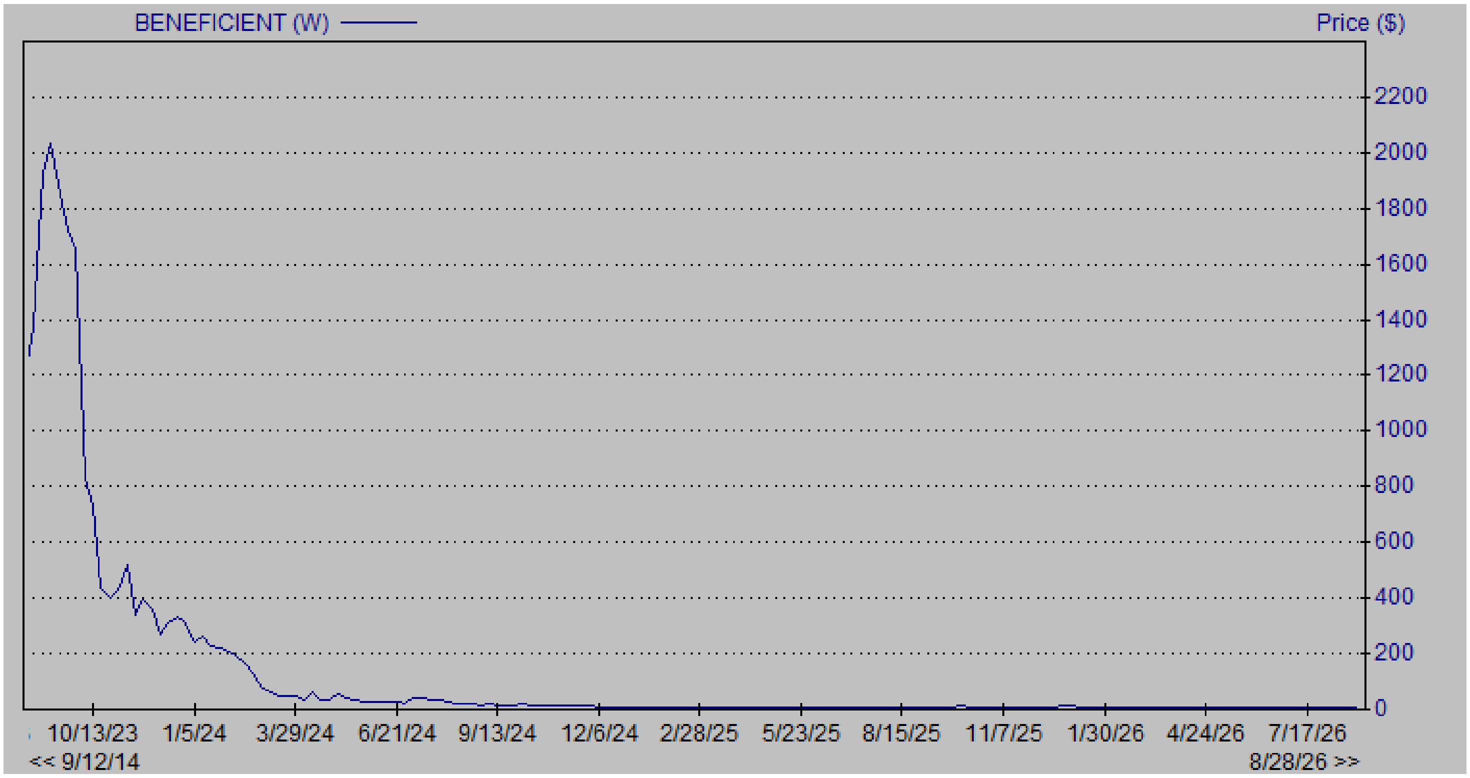
Source: Company reports and Zacks SCR estimates and calculations.

PROJECTED GAAP INCOME STATEMENT

	Quarterly												Annual			
	F1Q25	F2Q25	F3Q25	F4Q25	F1Q26A	F2Q26A	F3Q26A	F4Q26A	F1Q27A	F2Q27E	F3Q27E	F4Q27E	F2024	F2025	F2026A	F2027E
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Mar-24	Mar-25	Mar-26	Mar-27
Revenues																
Investment income (loss), net	11,028	8,541	4,742	(30,811)	(12,776)	(3,162)	(25,373)	(8,221)	15,875	16,034	16,194	16,356	4,791	(6,500)	(49,532)	64,459
Loss on financial instruments, net	(1,183)	(179)	(523)	(357)	(45)	211	43,845	(34,237)	(3,766)	(1,000)	(500)	0	(104,521)	(2,242)	9,774	(5,266)
Interest and dividend income	12	12	10	10	10	10	10	10	10	11	11	12	457	44	40	43
Trust services and admin. revenues	189	187	188	189	188	178	188	39	46	53	61	70	365	753	593	230
Other income	0	0	2	0	0	0	0	0	0	0	0	0	212	2	0	0
Total Revenues	**10,046**	**8,561**	**4,419**	**(30,969)**	**(12,623)**	**(2,763)**	**18,670**	**(42,409)**	**12,165**	**15,097**	**15,766**	**16,438**	**(98,696)**	**(7,943)**	**(39,125)**	**59,466**
Operating Expenses																
Employee compensation and benefits	3,850	7,135	2,929	2,937	3,331	2,429	3,010	3,075	2,827	2,912	2,999	3,089	65,129	16,851	11,845	11,827
Interest expense	4,288	4,320	3,240	3,060	3,415	4,898	5,810	4,678	4,570	4,570	4,570	4,570	17,559	14,908	18,801	18,280
Professional services	5,544	7,257	5,083	5,351	7,957	5,331	3,953	3,813	3,486	3,137	2,824	2,541	29,999	23,235	21,054	11,988
Provision (credit) for credit losses	524	476	0	0	0	0	0	1,048	0	0	0	0	6,016	1,000	1,048	0
Loss on impairment of goodwill	3,394	298	0	0	0	0	0	3,100	0	0	0	0	2,354,320	3,692	3,100	0
Loss on arbitration	(54,973)	0	0	0	62,831	0	0		0	0	0	0	54,973	(54,973)	62,831	0
Other expenses	3,081	2,790	2,680	2,978	2,491	2,443	1,953	1,821	1,659	1,825	2,007	2,208	21,854	11,529	8,708	7,699
Total Operating Expenses	**(34,292)**	**22,276**	**13,932**	**14,326**	**80,025**	**15,101**	**14,726**	**17,535**	**12,542**	**12,444**	**12,400**	**12,409**	**2,549,850**	**16,242**	**127,387**	**49,795**
Operating Income/(Loss)	**44,338**	**(13,715)**	**(9,513)**	**(45,295)**	**(92,648)**	**(17,864)**	**3,944**	**(59,944)**	**(377)**	**2,653**	**3,366**	**4,029**	**(2,648,546)**	**(24,185)**	**(166,512)**	**9,671**
Loss on extinguishment of debt, net	0	(23,462)	0	0	0	0	(1,996)	0	0	0	0	0	8,846	(23,462)	(1,996)	0
Pre-Tax Income	**44,338**	**9,747**	**(9,513)**	**(45,295)**	**(92,648)**	**(17,864)**	**5,940**	**(59,944)**	**(377)**	**2,653**	**3,366**	**4,029**	**(2,657,392)**	**(723)**	**(164,516)**	**9,671**
Income tax expense (benefit)	28	0	713	(661)	0	43	0	0	0	43	0	0	788	80	214	0
Net Income/(Loss)	**44,310**	**9,747**	**(10,226)**	**(44,634)**	**(92,648)**	**(17,907)**	**5,940**	**(59,944)**	**(377)**	**2,610**	**3,366**	**4,029**	**(2,658,180)**	**(803)**	**(164,730)**	**9,671**
Less NCI - Customer ExAlt Trusts	526	4,523	1,232	28,633	16,212	9,780	4,712	9,976	(1,519)	(1,534)	(1,550)	(1,565)	44,175	34,914	25,639	(6,168)
Less NCI - Ben	7,187	3,067	4,844	19,777	15,984	9,191	14,026	9,375	21	21	21	21	535,157	34,875	70,583	84
Less NCI guaranteed payment	(4,356)	(4,423)	(4,489)	(4,556)	(4,624)	(4,693)	(4,765)	(4,813)	(4,908)	(4,693)	(4,765)	(4,813)	(16,793)	(17,824)	(18,918)	(19,179)
Net loss - BENF common shareholders	**47,667**	**12,914**	**(8,639)**	**(780)**	**(65,076)**	**(3,629)**	**19,913**	**(45,406)**	**(6,783)**	**(3,596)**	**(2,928)**	**(2,328)**	**(2,095,641)**	**51,162**	**(18,286)**	**(15,635)**
Net loss - Class A common shareholders	44,770	12,270	(8,395)	(759)	(63,355)	(3,539)	1,427	(44,653)	(854)	2,282	2,939	3,530	(1,955,861)	47,886	(17,661)	7,897
Net loss - Class B common shareholders	2,897	644	(244)	(22)	(1,721)	(90)	36	(753)	(14)	37	48	57	(139,780)	3,275	(419)	128
Earnings per share, basic & diluted																
Class A	**$96.88**	**$23.81**	**($10.60)**	**($0.73)**	**($57.55)**	**($3.00)**	**$1.19**	**($3.15)**	**($0.46)**	**$0.15**	**$0.19**	**$0.23**	**($5,386.47)**	**$68.08**	**($14.02)**	**$0.11**
Class B	**$12.11**	**$2.69**	**($1.02)**	**($0.09)**	**($7.19)**	**($0.38)**	**$0.15**	**($3.15)**	**($0.01)**	**$1.24**	**$1.60**	**$1.92**	**($584.23)**	**$13.69**	**($14.02)**	**$4.29**
Weighted average shares out, basic & diluted																
Class A	462	515	792	1,044	1,101	1,181	1,199	14,184	1,828	15,426	15,426	15,426	363	703	1,290	15,426

Source: Company reports and Zacks SCR estimates and calculations.

HISTORICAL STOCK PRICE



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