



TERRA ROSSA FAMILY OFFICE

Beneficient (NASDAQ: BENF)

Research Report

Operating Inflection + HCLP /Balance-Sheet Optionality/Digitally-enabled financial infrastructure

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Research Classification: Speculative Bullish / High-Risk Special Situation

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Terra Rossa Family Office engaged Digital BD, Inc. as a third-party historical research and information provider and paid Digital BD \$10,000 for historical research, background information, prior analysis and supporting information concerning Beneficient and related matters.

Digital BD did not fund this report.

The investment analysis, updated conclusions, legal scenario analysis, probability assessments, valuation methodologies, fair-value estimates and opinions contained in this report are presented as the research and analysis of Terra Rossa Family Office.

Historical information obtained from Digital BD was reviewed together with Beneficient SEC filings, U.S. Department of Justice materials, judicial opinions, company announcements, publicly available research and other third-party sources.

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Executive Summary

Beneficient may have reached one of the most consequential periods in its history as a public company.

Previous research concerning Beneficient characterized BENF as a deeply distressed but potentially asymmetric alternative-asset-liquidity opportunity. The June 2025 historical research reviewed by Terra Rossa characterized Beneficient as a speculative turnaround opportunity and emphasized the potential value of its vertically integrated alternative-asset liquidity platform.

Research prepared in July 2026 further developed the turnaround thesis around improving operating discipline, balance-sheet restructuring, GP Primary Capital activity, the company's TEFFI regulatory framework and the possibility of a substantial valuation re-rating if Beneficient successfully normalized its business. That analysis contemplated a normalized enterprise valuation approaching approximately \$200 million under an optimistic operating scenario.

Terra Rossa Family Office believes subsequent developments have materially strengthened several components of that thesis.

Most importantly, Beneficient's recently reported fiscal first-quarter 2027 results suggest that the company's extensive restructuring may finally be beginning to appear in its operating performance.

Beneficient reported approximately:

- \$12.2 million of GAAP revenue
- \$15.9 million of adjusted revenue
- \$377,000 GAAP operating loss
- \$5.7 million of adjusted operating income
- \$12.5 million of operating expenses
- \$10.8 million of adjusted operating expenses
- \$212.5 million of investments at fair value
- \$186.0 million of net loans
- \$234.6 million of NAV within Ben Custody

These numbers represent a meaningful improvement from the financial profile investors had previously associated with Beneficient.

The company also reported more than \$16 million of recent GP Primary Capital commitments and its first collateral-management services engagement, potentially creating an additional recurring and comparatively capital-light revenue channel.

But Terra Rossa believes the most asymmetric component of the BENF investment thesis may now reside elsewhere on the balance sheet.

Beneficient currently reports approximately \$94.3 million of HCLP-related debt plus approximately \$32.2 million of accrued unpaid interest, for a combined obligation of approximately \$126.5 million.

That amount is enormous relative to Beneficient's public-equity valuation.

More importantly, the factual foundation underlying those obligations has been dramatically altered by the federal criminal proceedings involving Beneficient's former CEO and chairman, Bradley Heppner.

According to the U.S. Department of Justice, a federal jury convicted Heppner following a three-week criminal trial, and prosecutors stated that the evidence established that Heppner had fabricated a \$141 million debt that Beneficient purportedly owed to Highland Consolidated Limited Partnership, or HCLP, an entity DOJ said Heppner controlled.

That development potentially transforms the HCLP issue from a conventional debtor-creditor dispute into a significantly more complex question involving fraud, enforceability, collateral rights, issue preclusion and public policy.

The HCLP debt has not been extinguished. No investor should represent otherwise.

Nevertheless, Terra Rossa believes that the federal criminal verdict materially strengthens the analytical basis for Beneficient to challenge some or potentially all of the economic obligations associated with HCLP.

If substantial HCLP relief ultimately occurs, the consequences to Beneficient's equity valuation could be considerable.

Partial material HCLP relief could support approximately \$6.50 - \$8.50 per share

Full or near-full HCLP principal and accrued-interest relief could mechanically support approximately \$10.50 per share

Full HCLP resolution combined with sustainable operating normalization could support a hypothetical fair equity value of approximately \$160 million - \$200 million, or approximately \$10.50 - \$13.00 per current basic common share

These values are not price targets, guarantees or predictions. They are scenario-based estimates designed to illustrate the potential magnitude of the HCLP issue relative to Beneficient's existing market capitalization.

Beneficient is transitioning from a pure distressed-operating-turnaround thesis into a two-engine special situation: improving operating fundamentals occurring simultaneously with the potential resolution of a disputed liability whose value is multiple times the company's existing public-equity capitalization.

That combination is what makes BENF particularly interesting from a speculative special-situations perspective.

1. A Potential Operating Inflection

Fiscal 2026 was characterized by extensive restructuring.

Historical research reviewed by Terra Rossa showed that Beneficient's adjusted operating expenses had declined to approximately \$56.4 million in fiscal 2026 from \$67.5 million in fiscal 2025, while the fourth-quarter adjusted expense run rate declined to approximately \$12.7 million.

Fiscal Q1 2027 now provides an early indication that those reductions may be sustainable.

The significance is not simply that Beneficient generated positive adjusted operating income.

It is that the company's fixed-cost structure appears to have changed materially.

Beneficient has historically operated a platform with considerable infrastructure, regulatory, personnel and technology costs relative to its revenue base.

If management has permanently reduced that fixed-cost structure, future revenue growth should theoretically produce considerably greater operating leverage than investors observed historically.

That relationship is particularly important for Beneficient because many components of its AltAccess technology, trust infrastructure and underwriting platform should not require proportionate cost increases as transaction volume expands.

2. The Revenue Mix May Be Improving

The company's first collateral-management services engagement may ultimately prove more important than its immediate revenue contribution suggests.

Historically, Beneficient's liquidity model has been capital intensive.

The company provides liquidity against alternative assets and therefore frequently needs balance-sheet capital to generate incremental revenue.

Collateral management presents a different economic model.

If Beneficient can provide underwriting, valuation, monitoring, collateral-management or similar services to third-party financial institutions, the company could potentially generate recurring fees without deploying equivalent amounts of its own capital.

That would represent a significant evolution.

- generate recurring revenue
- increase operating margins
- reduce balance-sheet intensity
- reduce external capital requirements
- decrease dependence on equity financing
- reduce dilution risk
- justify a different valuation multiple than a purely balance-sheet-dependent specialty lender

Terra Rossa therefore considers future collateral-management engagements to be an important KPI for investors to monitor.

3. Beneficient's Regulatory Architecture Remains an Underappreciated Asset

One of Beneficient's most distinctive attributes remains its Kansas Technology-Enabled Fiduciary Financial Institution structure.

Historical research describes the TEFFI framework as allowing Beneficient to combine fiduciary services, custody and principal-based liquidity capabilities within a technology-enabled regulatory architecture.

This matters because Beneficient is not merely another online marketplace for private securities.

Its business potentially combines liquidity, custody, alternative-asset underwriting, portfolio administration, financial technology, data, fiduciary infrastructure and, potentially increasingly, third-party collateral management within one platform.

That combination could become strategically valuable if private-market assets continue migrating toward digitally enabled financial infrastructure.

4. The HCLP / Heppner Issue Could Become the Defining Catalyst

The most significant development affecting Beneficient's balance sheet may be the federal prosecution of its former CEO and chairman, Bradley Heppner.

An important legal distinction must be maintained.

The principal adjudication was not an SEC ruling.

It was a federal criminal jury verdict obtained by the U.S. Department of Justice in the Southern District of New York, although the SEC participated in the broader investigation.

According to DOJ, Heppner was convicted of securities fraud, wire fraud, conspiracy and making false statements to auditors.

More important for Beneficient investors is DOJ's description of the underlying conduct.

- controlled HCLP;
- caused a debt purportedly owed by Beneficient to HCLP to be created;
- fabricated approximately \$141 million of debt;
- falsely portrayed HCLP as independent;
- used the purported debt in connection with the fraudulent scheme; and
- falsified or backdated documents in connection with the conduct.

From the perspective of Beneficient shareholders, the words “fabricated a \$141 million debt” may ultimately become among the most important facts to emerge from the proceeding.

5. Why That Matters to Beneficient Today

Item	Approximate Amount
HCLP principal	\$94.3 million
Accrued HCLP interest	\$32.2 million
Total HCLP obligation	\$126.5 million
Illustrative annualized interest at 11.5% on \$94.3M principal	~\$10.8 million

The economic implications are therefore much broader than simply eliminating a balance-sheet liability.

1. Balance-Sheet Improvement: Reduction or elimination of as much as approximately \$126.5 million of reported obligations.

2. Interest Expense: Potential reduction of a continuing double-digit interest accrual.

3. Liquidity: Lower debt-service requirements could preserve cash.

4. Financing Requirements: Lower liabilities could decrease dependence on external financing.

5. Dilution: Reduced financing requirements could decrease the need to issue BENF shares through facilities such as the Yorkville SEPA.

6. Creditworthiness: A substantially less leveraged balance sheet could improve Beneficient's ability to access conventional financing.

7. Equity Valuation: Investors could potentially begin valuing Beneficient on its operating platform rather than principally as a distressed capital structure.

Terra Rossa believes the last point may be particularly important. Markets frequently apply disproportionately large discounts to companies facing uncertain solvency or litigation events. Removing the event does not simply increase book value by the amount of the liability. It can also cause investors to apply a different valuation multiple to the remaining enterprise.

6. The Relevant Legal Framework

Terra Rossa is not providing legal advice.

The following discussion is a research-oriented assessment of publicly available judicial authorities and should not be interpreted as a legal opinion regarding the enforceability of any particular Beneficient obligation.

The HCLP loan documentation reviewed in public SEC materials contains New York governing-law provisions. That makes several New York authorities potentially relevant.

Launders v. Steinberg

New York courts recognize that factual issues actually and necessarily determined in a criminal proceeding can, under appropriate circumstances, have collateral-estoppel effects in subsequent civil litigation when the party had a full and fair opportunity to litigate those issues.

This concept could become significant because the criminal proceeding reportedly addressed facts central to the creation and characterization of the Beneficient/HCLP debt.

However, application of collateral estoppel is fact-specific and would ultimately be determined by the court considering the subsequent dispute.

7. Goldberger v. Magid - Potentially Important Analogy

One particularly interesting New York precedent is Goldberger v. Magid.

The case involved allegations concerning whether a promissory note represented, at least in part, a sham transaction and whether enforcement could involve proceeds connected with criminal conduct.

The court determined that factual questions were sufficient to prevent straightforward summary enforcement.

Terra Rossa believes the analytical relevance is straightforward.

If a federal criminal proceeding has established facts indicating that an obligation itself was fabricated as part of fraudulent conduct, a future court reviewing enforceability would potentially have materially different facts before it than an ordinary commercial creditor seeking to enforce a legitimate loan.

This does not establish that the HCLP debt will be cancelled. But it provides a substantive legal basis for treating the issue as more than speculation.

8. The New York Public-Policy Doctrine

New York law has also long recognized that courts generally should not enable a party to profit directly from its own wrongful conduct.

Cases including *McConnell v. Commonwealth Pictures* and subsequent decisions addressing unlawful contractual arrangements demonstrate the underlying public-policy principle.

Again, the relevant question would be the connection between the alleged fraud and the specific obligation being enforced.

That brings us to an important limiting authority.

9. Tutor Perini - Why Investors Should Not Assume Automatic Cancellation

The New York courts have also made clear that wrongdoing associated with a broader transaction does not automatically invalidate every contract or payment obligation connected with it.

There generally must be an adequate nexus between the illegality and the specific obligation at issue.

This represents an important limitation on the bullish interpretation.

Beneficient investors should therefore distinguish between fraud occurring somewhere around a legitimate debt and the debt itself allegedly being fabricated as part of the fraud.

The latter would represent a considerably more powerful factual foundation for challenging enforceability.

Based upon DOJ's public characterization of the Heppner case, Terra Rossa believes that distinction is one of the strongest components of Beneficient's argument.

It nevertheless remains subject to future civil adjudication.

10. Why Full Cancellation Is Not Guaranteed

Investors should understand several counterarguments.

HCLP exists as a separate legal entity.

Guarantees, security interests, collateral arrangements and trust structures may create claims independent from Heppner personally.

Separate litigation concerning collateral rights may need to be resolved.

There may be questions concerning consideration actually transferred between parties.

A court could determine that some economic obligations survive even if certain aspects of the historical documentation were fraudulent.

A settlement could produce partial rather than complete relief.

And Heppner has post-trial and appellate rights.

Terra Rossa therefore believes the correct framework is probabilistic, rather than assuming either zero recovery or complete cancellation.

11. Terra Rossa Probability Assessment

The following probabilities represent subjective Terra Rossa Family Office research estimates. They are not legal opinions. They are not predictions by counsel. They do not represent probabilities established by any court, government agency or independent financial adviser.

Potential HCLP Outcome	Terra Rossa Subjective Probability
Full or near-full economic relief	35%
Material partial economic relief	40%
Little or no material economic relief	25%

75% subjective probability of some material HCLP economic relief

35% subjective probability of full or near-full relief

Terra Rossa assigns a greater-than-even probability to material relief because of the unusual factual development represented by the federal criminal verdict and DOJ's description of the debt as fabricated. Terra Rossa

deliberately assigns a substantially lower probability to complete extinguishment because the ultimate civil and contractual consequences remain unresolved.

12. What Would Debt Relief Mean for BENF?

Using an illustrative existing BENF equity capitalization of approximately \$37 million, Terra Rossa can construct a simple liability-removal model. This model assumes, solely for illustration, that reductions in HCLP obligations ultimately accrue to the economic benefit of Beneficient equity.

Hypothetical Scenario	Illustrative Equity Value	Approx. Value Per Current Basic Share
No HCLP relief	~\$37M	~\$2.40
50% of HCLP obligation removed	~\$100M	~\$6.50
HCLP principal removed	~\$131M	~\$8.50
Principal + accrued interest removed	~\$164M	~\$10.60

The exercise is intentionally simple. It is not an accounting forecast. It does not incorporate tax consequences, litigation expenses, changes in working capital, subsequent equity issuance or other potential adjustments. Its purpose is to demonstrate scale.

The disputed HCLP liability is sufficiently large that even partial relief could theoretically have an enormous effect on equity value relative to BENF's current capitalization.

13. Terra Rossa Operating Valuation Framework

A second valuation methodology looks at Beneficient independently of HCLP.

The recently reported approximately \$12.2 million of quarterly GAAP revenue produces an illustrative annualized revenue rate approaching \$49 million.

Quarterly revenue should not simply be annualized as a forecast because Beneficient's results can vary substantially from quarter to quarter. However, it provides a useful sensitivity benchmark.

Revenue Multiple	Illustrative Equity Value	Approx. Value Per Current Basic Share
2.5x	~\$122M	~\$7.90
3.0x	~\$146M	~\$9.45
3.5x	~\$170M	~\$11.00
4.0x	~\$195M	~\$12.60

This valuation methodology produces an interesting result. It independently begins converging upon the value generated by the HCLP-removal analysis.

Prior historical research also contemplated approximately \$50 million of normalized revenue and a valuation approaching approximately \$200 million under a successful operating scenario.

Using today's higher basic share count, approximately \$200 million of equity value would translate to approximately \$12.90 per basic share before consideration of future dilution.

14. Terra Rossa Fair-Market-Value Scenario

Terra Rossa believes that if two conditions occur simultaneously:

Condition One: Beneficient obtains substantial or complete economic relief from the HCLP obligations.

Condition Two: Beneficient demonstrates that the operating improvements visible during fiscal Q1 2027 are sustainable.

Then a reasonable hypothetical fair-value range for the equity could be approximately:

\$160 million - \$200 million

\$10.50 - \$13.00 per current basic share

Terra Rossa emphasizes that this range is not a guarantee; not an investment recommendation; not a statement that BENF will trade at these prices; and not a representation that HCLP debt cancellation is certain. It represents a scenario analysis of what Beneficient could potentially be worth if several identifiable catalysts resolve favorably.

15. Why \$10-\$13 Is Particularly Interesting

The convergence between different methodologies is noteworthy.

The approximately \$10.60 figure can be derived primarily from the balance-sheet effect of eliminating approximately \$126.5 million of HCLP principal and accrued interest.

Separately, approximately \$12-\$13 can be supported under an operating normalization framework using roughly \$49-\$50 million of annualized or normalized revenue and a revenue multiple appropriate to a successfully stabilized specialty-finance / fintech infrastructure business.

These are two materially different valuation approaches.

Neither requires assuming a short squeeze.

Neither requires assuming that Beneficient becomes an industry giant.

Neither requires assigning a valuation comparable to Hamilton Lane or other mature alternative-asset managers.

Instead, the analysis requires the market to stop valuing Beneficient primarily as a distressed enterprise facing existential balance-sheet risks.

That is a considerably more modest investment assumption.

16. Dilution Remains the Most Important Equity Risk

There is one variable that could materially reduce every per-share value presented above: future dilution.

Beneficient continues to possess access to equity financing under its Yorkville arrangement.

It also has convertible preferred securities and other instruments capable of increasing the Class A share count.

Accordingly, Terra Rossa believes investors should always evaluate BENF on multiple future share-count scenarios.

Future Common Shares	\$160M Equity Value	\$200M Equity Value
15.46M	\$10.35	\$12.94
20M	\$8.00	\$10.00
25M	\$6.40	\$8.00
30M	\$5.33	\$6.67
40M	\$4.00	\$5.00

This table illustrates why the HCLP outcome could have a second-order effect greater than the direct accounting benefit.

If Beneficient eliminates a major liability and reduces annual interest expense, it may require substantially less outside equity capital.

That could allow the company to preserve a greater percentage of enterprise value for existing shareholders.

In that scenario, shareholders benefit twice: first from deleveraging; and second from avoided dilution.

17. The Accounting Reality Must Still Be Recognized

Terra Rossa does not believe investors should claim that cancelling HCLP obligations would instantaneously create a pristine Beneficient balance sheet.

Other liabilities and contingencies remain.

The company has continued to report negative consolidated shareholders' equity.

It also faces a separate arbitration-related obligation.

Consequently, removing approximately \$126.5 million of HCLP obligations would represent a transformational development, but it would not automatically resolve every financial challenge facing Beneficient.

The investment thesis therefore depends upon both balance-sheet repair and operating execution.

18. The Short-Volume Dynamic

Historical research reviewed by Terra Rossa contains another unusual feature.

Approximately 43% of historical BENF trading volume dating back to late 2021 was characterized in the historical dataset as short-sale volume, with a split-adjusted short-volume VWAP materially above recent trading levels.

The separate historical short-volume data reviewed by Terra Rossa also shows numerous sessions where reported short-sale volume represented approximately 40%-60% or more of daily trading activity.

This deserves attention. But it also requires precision.

Short volume is not the same thing as short interest.

A share recorded as short-sale volume during a trading session may subsequently be covered or offset.

Therefore, historical short volume does not prove that an equivalent number of shares remains outstanding as short interest.

It also does not establish illegal short selling or market manipulation.

Terra Rossa therefore does not use a short squeeze as part of its intrinsic valuation model.

However, the market-structure implication remains relevant.

A relatively small public company with substantial historical short-sale activity could experience unusually strong price movements if a major fundamental catalyst materially alters the willingness of shareholders to sell while simultaneously increasing demand for shares.

- definitive HCLP debt relief
- material reduction in Beneficient's debt
- positive GAAP earnings
- additional collateral-management agreements
- elimination or reduction of SEPA dependence
- major strategic investment
- acquisition interest
- significant asset revaluation
- a sustained return to profitability

Under such circumstances, short covering could amplify an underlying fundamental revaluation. It should not, however, be confused with the source of that valuation.

Date	ShortVolume	TotalVolume	Percent	SqueezeTrigger	SValue
2/6/2026	10,937	24,462	44.71%	\$4.51	\$49,326
2/5/2026	9,136	30,096	30.36%	\$4.28	\$39,102
2/4/2026	6,483	17,291	37.49%	\$4.37	\$28,331
2/3/2026	6,633	18,664	35.54%	\$4.35	\$28,854
2/2/2026	5,993	17,886	33.51%	\$4.52	\$27,088
1/30/2026	27,816	46,528	59.78%	\$4.74	\$131,848
1/29/2026	8,812	15,752	55.94%	\$4.82	\$42,474
1/28/2026	17,885	44,301	40.37%	\$4.72	\$84,417
1/27/2026	26,276	50,534	52.00%	\$4.28	\$112,461
1/26/2026	10,882	19,125	56.90%	\$4.35	\$47,337
1/23/2026	17,868	40,443	44.18%	\$4.55	\$81,299
1/22/2026	27,307	46,076	59.27%	\$5.02	\$137,081
1/21/2026	22,454	66,020	34.01%	\$5.32	\$119,455
1/20/2026	52,890	133,207	39.71%	\$5.03	\$266,037
1/16/2026	14,506	22,262	65.16%	\$4.79	\$69,484
1/15/2026	16,235	31,405	51.70%	\$5.04	\$81,824
1/14/2026	25,380	54,563	46.52%	\$5.22	\$132,484
1/13/2026	7,937	23,353	33.99%	\$5.33	\$42,304
1/12/2026	32,245	55,781	57.81%	\$5.22	\$168,319
1/9/2026	7,405	14,977	49.44%	\$5.30	\$39,247
1/8/2026	18,250	39,884	45.76%	\$5.33	\$97,273
1/7/2026	31,774	61,200	51.92%	\$5.44	\$172,851
1/6/2026	38,343	76,763	49.95%	\$5.91	\$226,607
1/5/2026	52,332	144,141	36.31%	\$6.28	\$328,645
1/2/2026	36,149	72,708	49.72%	\$7.11	\$257,019
12/31/2025	112,099	215,480	52.02%	\$6.92	\$775,725
12/30/2025	34,937	73,033	47.84%	\$5.65	\$197,394
12/29/2025	27,999	99,788	28.06%	\$6.17	\$172,754
12/26/2025	56,840	148,260	38.34%	\$7.28	\$413,795
12/24/2025	45,241	105,363	42.94%	\$9.01	\$407,621
12/23/2025	161,192	317,758	50.73%	\$9.17	\$1,478,131
12/22/2025	114,453	299,279	38.24%	\$7.86	\$899,601
12/19/2025	471,291	939,258	50.18%	\$6.65	\$3,134,085
12/18/2025	303,507	591,946	51.27%	\$5.55	\$1,684,464
12/17/2025	192,499	392,902	48.99%	\$4.38	\$843,146
12/16/2025	119,372	256,786	46.49%	\$3.81	\$454,807
Total	110,942,844	246,861,978	44.94%	\$12.04	\$1,335,376,316

*Total includes data back to 12-6-21 and is split adjusted. Chart truncated for viewing.

Exhibit 1. Historical BENF short-volume data supplied for analysis (table truncated for viewing).

19. What Terra Rossa Believes the Market May Be Missing

The BENF investment thesis is not that Beneficient suddenly became a low-risk company. It did not. The thesis is that investors may be assigning very little value to several identifiable assets and catalysts simultaneously.

First - The Regulatory Platform: Beneficient possesses an unusual regulatory architecture specifically designed around alternative-asset liquidity and fiduciary services.

Second - The Alternative-Asset Portfolio: Beneficient controls economic exposure to a diversified portfolio of private-market assets.

Third - Operating Leverage: The company's cost structure appears substantially lower than it was historically.

Fourth - Capital-Light Revenue: Collateral management introduces a potential recurring revenue source requiring less balance-sheet capital.

Fifth - GP Primary Capital: New GP relationships could potentially create both investment returns and future LP liquidity opportunities.

Sixth - HCLP Optionality: Approximately \$126.5 million of reported principal and interest obligations may now be subject to a materially strengthened legal challenge following the Heppner criminal proceedings.

Seventh - Reduced Future Dilution: Successful deleveraging could materially decrease the company's need to issue shares at distressed valuations.

Terra Rossa believes the combination is considerably more powerful than any one factor by itself.

20. The Asymmetric Nature of the Opportunity

Special-situations investing frequently involves situations where downside risk is obvious but upside optionality is inadequately appreciated.

BENF appears to fit that framework.

The market already appears to recognize many of the risks:

- historical losses
- litigation
- going-concern warnings
- dilution
- reverse splits
- low liquidity
- related-party complexity
- private-market valuation uncertainty
- operating execution risk
- reputational damage associated with historical management

Much of the negative story is highly visible.

The investment question is therefore: What happens if several of those risks begin disappearing?

If HCLP obligations decline materially while Beneficient simultaneously demonstrates sustainable adjusted profitability, the company investors evaluate twelve months from now could be financially very different from the company reflected in historical financial statements. That is the essence of the asymmetric thesis.

21. Terra Rossa Scenario Matrix

Scenario	HCLP	Operations / Financing	Illustrative Outcome
Bear Case	Little or no relief	Revenue deteriorates; continued heavy SEPA usage; significant dilution	Existing equity could suffer material additional losses
Recovery Case	Material partial relief	Current operating improvements persist; more collateral-management customers; moderate dilution	\$6 - \$9 per share
Bull Case	Full or near-full economic relief	Sustainable positive adjusted operating performance; ~\$45-\$55M normalized revenue; reduced SEPA dependence	\$10.50 - \$13.00 per share
Upside Optionality Case	Not included in core value	Potential NAV appreciation, strategic deals, AI leverage, tokenization, short covering	Embedded optionality; not included in principal valuation

Because the upside optionality outcomes are considerably less predictable, Terra Rossa does not rely upon them when establishing its principal \$160-\$200 million hypothetical valuation framework.

22. Key Catalysts to Monitor

HCLP Litigation / Negotiations: Any filing, settlement, declaratory judgment or agreement affecting principal, accrued interest, guarantees, liens or collateral.

Heppner Post-Trial Proceedings: Post-trial motions, sentencing and eventual appellate proceedings.

Beneficient Quarterly Results: Particularly adjusted operating income and cash usage.

Collateral-Management Customers: Evidence that the first engagement can become a repeatable business line.

GP Primary Capital Activity: Additional transactions expanding Beneficient's alternative-asset portfolio.

Yorkville / SEPA Utilization: Perhaps the single most important variable affecting per-share valuation.

Fully Diluted Share Count: Investors should focus on share growth rather than simply the reported stock price.

Liquidity: Cash availability and cash generated through portfolio distributions or realizations.

23. Principal Risks

Beneficient remains a high-risk speculative security. A favorable interpretation of recent developments should not obscure the seriousness of the risks.

Going-Concern Risk: Beneficient has historically disclosed substantial doubt regarding its ability to continue as a going concern.

Cash Liquidity: Cash remains constrained.

Dilution: The Yorkville facility and convertible securities can materially increase the common share count.

HCLP Outcome Risk: Beneficient could fail to obtain meaningful economic relief.

Appeals and Post-Trial Risk: The Heppner criminal case is not necessarily the final procedural step.

Arbitration Exposure: Separate material litigation obligations remain.

Portfolio Valuation Risk: Beneficient's economics depend materially on illiquid alternative assets whose valuations can fluctuate substantially.

Credit Risk: The gross loan portfolio carries substantial credit-loss allowances.

Execution Risk: Management must convert cost reductions into sustainable profitability.

Market Risk: Micro-cap securities can experience extreme volatility unrelated to fundamental value.

Complete Loss Risk: Investors purchasing BENF must be financially capable of losing their entire investment.

24. Terra Rossa Family Office Investment Conclusion

Beneficient represents an unusual public-market special situation.

The company remains financially fragile. That fact should not be minimized.

But the company's investment profile appears materially different than it did twelve months ago.

Operating expenses have declined. Adjusted operating income has turned positive in the recently reported quarter. Private-asset collateral has increased. GP Primary Capital activity continues. A potentially capital-light collateral-management business is beginning to emerge.

And most importantly, a liability totaling approximately \$126.5 million is now being evaluated against a factual record arising from a federal criminal prosecution in which the government states that the underlying Beneficient-to-HCLP debt was fabricated by the company's former CEO.

The size of that potential catalyst relative to Beneficient's equity value is extraordinary.

Terra Rossa therefore believes BENF should no longer be analyzed solely as: "Can Beneficient survive?"

The more interesting question may increasingly become: "What could Beneficient be worth if it survives, normalizes its operations and eliminates a substantial portion of the liabilities created during its prior management era?"

Our analysis suggests that the answer could be dramatically different from the company's existing market valuation.

Scenario	Illustrative Current-Basic-Share Value
Partial Material HCLP Relief	\$6.50 - \$8.50
Full HCLP Principal + Interest Relief	~\$10.50
Full HCLP Resolution + Sustainable Operating Re-Rating	\$10.50 - \$13.00
Equivalent Equity Value (latter scenario)	\$160 million - \$200 million

Terra Rossa subjective probability of some material HCLP economic relief: 75%

Terra Rossa subjective probability of full or near-full relief: 35%

These are research estimates only. They are not court predictions. They are not guarantees.

The most compelling component of the investment thesis is therefore not any particular price objective. It is the relationship between the potential catalyst and the existing valuation.

A disputed liability of approximately \$126.5 million exists inside a company whose entire common equity has recently been valued at only a fraction of that amount.

If the liability remains enforceable, Beneficient continues facing substantial financial risk.

If a meaningful portion disappears, the mathematics of the equity could change dramatically.

If most or all of it disappears and the operating turnaround continues, Terra Rossa believes Beneficient could undergo a fundamental re-rating from distressed micro-cap security toward a normalized alternative-asset financial infrastructure company.

That is what makes BENF one of the more unusual asymmetric special situations currently available in the public market.

Important Disclaimers and Disclosures

Publisher and Research Provider

This report was prepared and published by Terra Rossa Family Office.

Terra Rossa Family Office paid Digital BD, Inc. \$10,000 to provide historical research, information and background materials concerning Beneficient and related matters.

Digital BD's historical materials represent source material utilized by Terra Rossa in conjunction with company filings, government records, judicial opinions, third-party research and other publicly available information.

The conclusions, probability estimates, scenario analysis and valuation opinions presented in this report are those presented by Terra Rossa Family Office for purposes of this research report.

No Investment Advice

Terra Rossa Family Office is not acting as the reader's investment adviser, broker-dealer, attorney, accountant or tax adviser through publication of this report.

Nothing contained herein constitutes personalized investment advice.

Nothing contained herein should be construed as an offer to sell or solicitation of an offer to purchase any security.

Readers should consult their own registered financial, legal, tax and accounting professionals before making investment decisions.

Speculative Nature of BENF

Beneficient is a speculative micro-cap security involving substantial risks. Investors could lose some or all of their investment. Past performance is not indicative of future results.

Forward-Looking Statements

This report contains numerous forward-looking statements and hypothetical scenarios, including statements concerning future Beneficient revenue, profitability, operating margins, asset valuations, HCLP litigation, debt extinguishment, settlements, collateral rights, future financing, dilution, market valuation, strategic transactions, alternative-asset markets and future BENF share prices. Actual results could differ materially.

HCLP Legal Scenario Disclaimer

Nothing in this report should be interpreted as stating that the HCLP obligations have been cancelled, invalidated, forgiven or judicially extinguished.

They have not been assumed to be extinguished in Beneficient's current reported financial statements.

The discussion concerning possible HCLP relief represents a hypothetical legal and financial scenario based upon Terra Rossa's review of publicly available information.

Terra Rossa Family Office is not rendering a legal opinion concerning the enforceability of the HCLP obligations.

Only the applicable courts, parties or duly authorized governmental authorities can ultimately determine the legal rights of the relevant parties.

Probability Disclaimer

The 75% and 35% probabilities referenced in this report are subjective scenario estimates developed by Terra Rossa Family Office.

They are not statistically derived probabilities. They are not predictions made by legal counsel. They do not represent probabilities assigned by the Department of Justice, SEC or any court. Actual outcomes may differ substantially.

Valuation Disclaimer

The \$160-\$200 million valuation and \$10.50-\$13.00 per-share scenario are hypothetical estimates.

They depend on assumptions including successful HCLP relief, sustainable operating performance, future financing requirements, alternative-asset valuations and future dilution.

BENF may never trade at or near these values.

Dilution Disclaimer

Beneficient has outstanding and potential securities capable of materially increasing its number of common shares.

Accordingly, future per-share values could be substantially below the estimates presented herein even if Beneficient's aggregate equity or enterprise value increases.

Readers should independently review Beneficient's latest SEC filings before making any investment decision.

Research Methodology

Terra Rossa Family Office prepared this analysis utilizing information including:

- Beneficient SEC filings
- Beneficient earnings releases
- U.S. Department of Justice materials
- publicly available court decisions
- publicly available HCLP credit documentation
- Beneficient corporate communications
- alternative-asset industry materials
- historical trading information
- third-party securities research
- historical research and background information supplied by Digital BD pursuant to Terra Rossa's \$10,000 research engagement

Third-party information is believed to be reliable but has not necessarily been independently verified in every instance. Terra Rossa Family Office makes no guarantee regarding the completeness or accuracy of information supplied by third parties.

Selected References

Beneficient SEC filings and earnings materials: Primary source for reported financial results, liabilities, capitalization, liquidity and risk disclosures. [Source link](#)

U.S. Department of Justice - United States v. Heppner: Primary source concerning the federal criminal prosecution, conviction and government's description of the alleged Beneficient/HCLP debt fabrication. [Source link](#)

DOJ press release concerning conviction: Public description of the Heppner conviction and alleged fabricated Beneficient/HCLP debt. [Source link](#)

Beneficient investor relations: Company releases and shareholder materials. [Source link](#)

New York Court of Appeals / Appellate Division decisions: Judicial authorities discussed in the report, including collateral estoppel, fraudulent or sham obligations, and public-policy limitations on enforcement. [Source link](#)

Historical Digital BD research: Terra Rossa Family Office paid Digital BD, Inc. \$10,000 for historical research and background information incorporated into Terra Rossa's broader research process.

The June 2025 historical report characterized Beneficient as a speculative high-risk/high-reward alternative-asset liquidity opportunity.

The July 2026 historical report documented the company's restructuring, expense reductions, alternative-asset strategy and previous optimistic valuation framework.

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