

**Chicago Atlantic BDC, Inc. (Q4 2025 Earnings)**  
**March 19, 2026**

**Corporate Speakers:**

- Tripp Sullivan; SCR Partners LLC; Investor Relations
- Peter Sack; Chicago Atlantic BDC, Inc.; Chief Executive Officer
- Thomas Geoffroy; Chicago Atlantic BDC, Inc.; Interim Chief Financial Officer
- Dino Colonna; Chicago Atlantic BDC, Inc.; President

**Participants:**

- Pablo Zuanic; Zuanic & Associates; Analyst
- Mitchel Penn; Oppenheimer; Analyst

**PRESENTATION**

Operator^ Good day and welcome to the Chicago Atlantic BDC, Inc. Fourth Quarter 2025 Earnings Conference Call. (Operator Instructions) Please note that this event is being recorded.

I would now like to turn the conference over to Tripp Sullivan. Please go ahead.

Tripp Sullivan^ Thank you. Good morning. Welcome to the Chicago Atlantic BDC conference call to review the company's results. On the call today will be Peter Sack, Chief Executive Officer, Tom Geoffroy, Interim Chief Financial Officer, and Dino Colonna, President.

Our results were released this morning in our earnings press release, which can be found on the Investor Relations section of our website, and in our supplemental earnings presentation filed with the SEC. A live audio webcast of this call is being made available today. For those who listen to the replay of this webcast, we remind you that the remarks made herein are as of today and will not be updated subsequent to this call.

Before we begin, I'd like to remind everyone that certain statements that are not based on historical facts made during this call, including statements related to financial guidance, may be deemed forward-looking statements under federal securities laws because such statements involve known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. We encourage you to refer to our most recent SEC filings for information on some of these risk factors. Chicago Atlantic BDC assumes no obligation or responsibility to update any forward-looking statements. Please note that the information reported on this call speaks only as of today, March 19, 2026. Therefore, you're advised that time-sensitive information may no longer be accurate at the time of any replay or transcript reading.

I'll now turn the call over to Peter Sack. Please go ahead.

Peter Sack^ Thanks, Tripp. Good morning, everyone. During the fourth quarter and the full year, the results continued to demonstrate that Chicago Atlantic BDC is a uniquely positioned BDC, investing primarily in direct loans to privately held companies in niche markets with the goal to deliver an attractive return while creating downside protection. We are one of the only public BDCs that is primarily focused on and able to lend to cannabis companies. We also focus on pockets of the lower middle market commonly overlooked by capital providers. We believe that this differentiation provides uncorrelated distinct credit opportunities.

Net investment income for the fourth quarter of 2025 was \$0.36 per share and \$1.45 for the full year, demonstrating the potential of the business model to generate a yield to book value of 2.7% for the fourth quarter and 11% for the year. During the fourth quarter, we executed on our pipeline, funding \$31.7 million across seven new investments including four new borrowers, effectively utilizing additional capacity on our credit facility. During the fourth quarter, the broader BDC market was impacted by negative sentiment among investors with many more BDCs trading below net asset value by the end of 2025.

Investors place less reliance on book value as a primary valuation metric and focus more on potential dividend cuts and losses in existing loan books. They were concerned that the froth in the private credit markets may have led to looser underwriting standards, potentially pressuring portfolio performance and driving higher defaults. Additionally, the drop in the Fed funds rate in December has caused fears that this will weigh on earnings and dividends. Meanwhile, in global markets, companies operating in the software industry, which were heavily backed by private credit, fell out of favor with the perception that AI would eliminate the needs for their services. And now they are developing concerns about the banks that have backed private credit.

It's clear to us that Chicago Atlantic BDC stock is being influenced by negative sentiment currently surrounding the private credit markets. I think it's important for us to reiterate how differentiated Chicago Atlantic BDC is from the rest. Chicago Atlantic BDC operates within a unique intersection of credit, the emerging sector of the U.S. cannabis industry, and lower middle markets underserved by other capital providers.

Our thesis is simple. We apply best-in-class sector expertise, highly developed relationship-based sourcing capabilities, and fundamental credit and investment principles to make debt investments to borrowers with limited sources of debt capital. We take advantage of limited lending competition to structure first what we believe to be differentiated downside risk of senior secured positions, and second, a highly outsized return profile relative to broader credit and lending portfolios.

Our portfolio has extremely limited overlap with other private credit managers and the drivers of current private credit market pressure simply are not relevant to us. We have limited exposure to software, receivables factored, and no exposure to recent examples of fraud in some large syndicated facilities. Our focus areas have not experienced an

overallocation of capital, leading to compressed yields that we see across other sectors of private credit.

Our strategy is built on a disciplined focus on credit and collateral. We work collaboratively with other borrowers to create value, and our work is executed by a team of originators and underwriters with deep industry and rigorous risk management expertise.

The metrics speak for themselves, so I will call out a few. The public BDC industry data points that I'm about to mention are taken from Raymond James BDC Weekly Insights as of March 13, 2026, and Oppenheimer's BDC quarterly report as of December 16, 2025. Our weighted average yield on debt investments as of December 31, 2025, was 15.8% compared to 10.8% for the average public BDC. 99.5% of our portfolio is senior secured compared to other BDCs who have an average of 24.9% exposure to subordinated debt, equity and JV investments. 73% of the portfolio at par is either fixed rate or floating rate at floor, insulating the company against a drop in interest rates. Only 27% of the portfolio is impacted by a further decline in interest rates. We calculate that a 100-basis point drop in rates only impacts NII of the company by approximately 1%.

Only 3% of the portfolio is currently exposed to the software industry. Our unique investment strategy is focused on underserved markets, providing no overlap in investments made by any other public BDC that we are aware of. We conduct full due diligence on new credits ourselves instead of relying on underwriting conducted by bankers or co-investors, and we carefully monitor the performance of each of our portfolio companies ourselves. The portfolio is underlevered, with only \$25 million of debt as of quarter end and with a 0.08x debt-to-equity ratio. This compares with the BDC average of 1.2x debt to equity. Assuming full utilization of our \$100 million credit facility during the year, we would still be well below industry averages of leverage. Lastly, we have no nonaccruals compared with an industry average of 3.3% of cost.

Today we announced a \$0.34 dividend, marking the sixth consecutive quarter at that rate. Total dividends paid out for the year now total \$1.36 per share. The platform is performing well exceeding returns from the larger BDC market with low downside risk and an expanding opportunity set. Recent M&A in the cannabis market has increased our pipeline for 2026. In addition, in recent months there has been positive momentum in cannabis policy. At the federal level, there was a meaningful shift in December 2025 with the current administration committed to pursuing the reclassification of cannabis from Schedule I to Schedule III. While this is not federal legalization, rescheduling would represent a significant federal policy.

As I've said before rescheduling would dramatically increase cash flow after taxes for our borrowers. In the short term, this would translate into higher equity valuations of both public and private cannabis companies. There would likely be increased M&A activity and higher capital expenditures driven by the higher free cash flow of operators, leading to greater opportunity for our platform. In the medium and long term, there's lingering uncertainty that would continue to limit investment until federal regulators put in place a

regulatory framework for cannabis as a Schedule III substance. This continued ambiguity will continue to create challenges for U.S. public listings and access to debt markets.

We highlighted a slide in this quarter's supplemental on how this may set the stage for improved industry economics without opening the door for increased lending competition. We believe that Chicago Atlantic BDC is well positioned to benefit from these developments, although the success of our strategy is not dependent on these changes. We manage the business assuming that the regulatory environment does not change. With this mindset, we will continue to pursue higher yields in niche markets where we believe the risk-reward is attractive, deploying available liquidity, all while continuing to build a portfolio with strong credit metrics and protections. We have carved out a unique strategy with above-market returns, opportunity for growth, and limited competition. We have demonstrated that this strategy delivers positive results.

Now I'll turn it over to Tom to discuss the numbers in greater detail.

Thomas Geoffroy^ Good morning. Thanks, Peter. I want to highlight the investor presentation that was filed with the SEC this morning that serves as our earnings supplemental. I'll start with the investment portfolio. We have 39 portfolio company investments. 25% of the portfolio is invested in noncannabis companies across multiple sectors. The average credit investment size is approximately 2.4% of our debt portfolio at fair value. 73% of the debt portfolio is insulated from further interest rate declines due to either fixed rates or floating rate floors. The gross weighted average yield of the company's debt investment portfolio is approximately 15.8%, which is in line with the last quarter's yield, and none of our loans are on nonaccrual status.

As of December 31, 2025, the company had \$25 million of debt outstanding, all of which was drawn from the revolving line of credit. As of March 18, 2026, the company had approximately \$47.5 million of liquidity, comprised of \$45.5 million of borrowing capacity under its \$100 million credit facility, subject to borrowing base and other restrictions and approximately \$2 million of cash on the balance sheet.

We started 2026 with ample liquidity and lower leverage than other BDCs, providing us the flexibility to deploy additional capital strategically. Financial highlights for the fourth quarter were gross investment income totaling \$14.2 million compared to \$15.1 million for the third quarter. The net decrease in investment income of approximately \$0.9 million from the prior quarter was primarily due to one-time fees from unscheduled repayments recognized in the third quarter of approximately \$2 million, which were partially offset by increases of approximately \$0.7 million in amendment and origination fees and an increase of \$0.4 million of interest income for the fourth quarter.

Net expenses for the quarter were \$5.9 million compared to \$5.6 million in the third quarter. Net investment income for the quarter was \$8.3 million or \$0.36 per share compared to \$9.5 million or \$0.42 per share in the third quarter. The decrease, again, was primarily due to the impact of onetime fees earned in the third quarter. Net assets totaled \$303.4 million at quarter end. Net asset value per share was \$13.30 compared to \$13.27

in the third quarter. At quarter end, there were 22.8 million common shares issued and outstanding on a basic and fully diluted basis.

I will now turn it over to Dino to talk about our originations efforts.

Dino Colonna^ Thanks, Tom. During the fourth quarter, we funded \$31.7 million in new debt investments to seven portfolio companies. Four of these investments are new borrowers to the BDC. Of these new debt investments, 100% of them were senior secured and 89% are floating rate loans at their floor at quarter end. During the fourth quarter, we also had loan repayments and amortization totaling approximately \$11 million, which included paydowns of \$8.1 million. As of the end of the fourth quarter, there were approximately \$25 million in total unfunded commitments for the portfolio. To date, in the first quarter of 2026, we have funded \$93.9 million in new investments to seven borrowers, of which three were new to the BDC. Included in this was a refinance of \$38.3 million to our largest borrower. We are excited to have delivered a bespoke solution to the company that met their needs while maintaining an attractive and well-structured investment for the portfolio.

We have had \$55.7 million in payoffs from borrowers quarter-to-date, resulting in approximately \$40 million in net originations thus far in 2026. The pipeline across the Chicago Atlantic platform as of quarter end, which includes cannabis and noncannabis opportunities, totaled approximately \$732 million in potential debt transactions. The breakdown of the opportunity set includes approximately \$616 million in cannabis opportunities and approximately \$116 million in noncannabis opportunities.

As Tom mentioned, we have approximately \$48 million of liquidity to grow the portfolio. But as always, we will maintain our disciplined approach to underwriting and structuring investments that deliver above-market risk-adjusted returns. We've had to show patience in the past when the markets around us seem to underprice risk and that patience has paid off because we have the portfolio strength and liquidity to go on offense when many other private credit managers are busy playing defense.

Both the cannabis and noncannabis verticals continue to perform well within the portfolio, while demand for new debt capital within the lower middle markets remains healthy. As Peter mentioned, recent M&A activity in the cannabis industry has been a positive for our pipeline. Our disciplined and thoughtful approach to sourcing and structuring investments has resulted in a portfolio with low correlation to other asset classes and the broader private credit markets. This differentiated portfolio has been intentionally constructed and is a direct result of how we approach creating value for our investors, and they include investing in underserved market niches, which allows for favorable downside protection with pricing power.

We have a limited reliance on sponsor-driven deal flow, so we tend to main control over underwriting, structuring and documentation. And we believe that not chasing the ultra-competitive parts of the market translates to better credit performance in the long run. We perform our own rigorous due diligence on all of our investments. Our strategy remains

almost entirely focused on first lien senior secured loans that are structured with lender-friendly covenants.

The underlying strength of the portfolio and structural protections from further interest rate risk has allowed us to continue to generate a stable and durable dividend. The underlying loans in the portfolio also continued to demonstrate significant health overall, with low net leverage, high interest coverage, and no nonaccruals. There's also no overlap with investments made by other public BDCs that we are aware of. And finally, the portfolio is underleveraged compared to industry standards.

Periods of macro uncertainty tend to expose underwriting shortcuts and reward discipline. While market anxiety today is real, our consistent, repeatable approach has positioned us well for what we believe is an increasingly attractive deployment environment. We do not compete by chasing large sponsor-driven deals or by stretching on leverage structure or pricing. Our focus remains on disciplined sourcing, conservative structuring and rigorous underwriting. That is how the platform was built, and it is how we intend to grow. We believe this approach has produced and will continue to produce an idiosyncratic credit opportunity that targets above-market returns with a strong emphasis on capital preservation. Thank you for your continued support, and we look forward to updating you again next quarter.

Operator, we are now ready for questions.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) The first question today comes from Pablo Zuanic with Zuanic & Associates.

Pablo Zuanic^ Look, just -- I guess a two-part question. But first, in terms of housekeeping, when you talk about the \$732 million pipeline, is that for the Chicago Atlantic Group as a platform or for LIEN specifically? Then I was looking at the third quarter press release, I don't think the pipeline number was given then. But if you can just talk about how much the pipeline grew between November and now March. That's the first part of the question, is housekeeping.

Then the second part is that -- I know you addressed it in part, but obviously we had December 18, right, executive order. Talk about how discussions are playing out with the potential borrowers out there. Has there been a bit of a cadence? Maybe there was a lot of discussions in December, January. But here, we are in March and we still don't have news on rescheduling. Has that changed? If you can just talk about the cadence and how the discussions have changed with operators in general?

Dino Colonna^ Pablo, maybe just quickly on the pipeline. That's across the entire platform. And last quarter was -- we reported approximately \$600 million of a pipeline. So that's a pretty nice increase to the \$700 million and change we just mentioned.

Peter Sack^ I'll start with your last question, Pablo, as it relates to pipeline. Rescheduling, I think is -- has breathed a new fresh air of optimism into the industry. We're seeing it from a couple of perspectives. We're seeing greater eagerness to execute on consolidation as larger players see potentially a short window to execute acquisitions before rescheduling becomes effective.

Then on the supply side, we're seeing greater eagerness of operators who have stayed on the sidelines, not pursuing exits in a very low valuation environment, starting to cross the sidelines to consider exiting or selling their business. And all of that volume, all of that transaction activity is positive for LIEN because it creates more new opportunities to provide financing. Then I think more difficult to quantify across the industry, you're seeing a general stronger willingness to -- for operators to invest in their businesses and invest in growth.

Pablo Zuanic^ Right. And just to follow up on that same point at the state level, given the news flow, right, on Virginia, I guess Pennsylvania is more a question mark, do you want to highlight any states where you're seeing more activity in terms of potential catalysts at the state level?

Peter Sack^ I'd say the thoughts are still early in Pennsylvania, but certainly eagerness in Virginia. I think the consolidation is -- the consolidation tends to be focused on states where the fundamental economics are attractive. So we're still seeing lots of consolidation activity in Ohio, Missouri, Maryland and some [ph] -- and more mature states that have seen stabilizations in their market, including legacy states like Colorado and California.

Pablo Zuanic^ Then in terms of the credit facility, obviously you gave the numbers for March 18, \$100 million in total. Is there room to increase that revolver in 2026 or that would be difficult right now?

Peter Sack^ It certainly is possible. Then there are other options of financing available to BDCs, including unsecured financings.

Pablo Zuanic^ But obviously issuing equity would not be an option given the discount to par value, right?

Peter Sack^ Correct.

Pablo Zuanic^ Okay. Then, look, I mean obviously totally agree with the fresh air and new optimism in the industry of course. But when I look at some of your new loans like in the fourth quarter, yes, about \$14 million on a new -- with Illicit [ph], right, the new company enterprises. But there was just one borrower, new borrower on the cannabis side, and I think three on the non-cannabis side. I don't know what's that ratio for the first quarter. I'm just trying to say, yes, we have to focus on the par value, right? So that was more lend to cannabis than to non-cannabis. But in terms of operators, it seems that you're increasing much faster the number of borrowers in terms of operators on the non-

cannabis side versus cannabis. Do you want to share some light on that? Or just by definition, loans to smaller to middle market companies in noncannabis will be smaller than cannabis loans?

Peter Sack^ It's more of the latter. We consist [ph] -- our noncannabis positions and that portfolio of noncannabis positions is going to reflect a much more diversified portfolio of positions and issuers than our cannabis positions.

Pablo Zuanic^ Then if you can -- you spoke about -- in the first quarter in terms of the new loans, you spoke about a bespoke solution for one of your operators. Do you want to share more color, in terms of what was that specifically and maybe on the borrowers?

Peter Sack^ I'm reluctant to provide the borrower names because we have not disclosed it in this specific filing. But in this case, this was a first out, last out financing in partnership with a large financial institution. We're finding that as the industry matures, partnership with bank partners can provide both attractive return and risk profiles for lenders such as Chicago Atlantic and also providing increasingly competitive and sustainable credit facilities for some of the larger, most creditworthy operators in the space.

Pablo Zuanic^ Right. I'm going to have two more questions, and apologies if there's anyone else in the queue. In terms of the repayments that we saw in the fourth quarter and the ones we've seen so far in the first quarter, does that come as a bit of a surprise? I mean, at least in terms of my modeling, it's a lot more than I had expected. I don't understand what's driving that? Or is it just normal for the course of business?

Peter Sack^ You're asking was the originations volume as a subsequent event a surprise?

Pablo Zuanic^ No. No, no. Not the origination. I'm talking about the repayments, the early repayments or unscheduled repayments that took place both in the fourth quarter and so far in the first quarter, it seems to me that -- I mean I know it's hard to model and anticipate, right? They are unscheduled. But it just seems to me that they've been a lot more than I had expected. And I'm wondering what's driving that, more opportunities for those borrowers out there, other solutions? I'm just trying to understand -- the book growth in terms of gross origination has been great. So obviously congratulations. But I think in terms of repayments has been maybe more than I had expected and maybe more than you had expected. I'm just trying to understand what has been driving that?

Peter Sack^ As far as payoffs in Q4, the payoffs have been idiosyncratic across a large -- a fairly large number of borrowers with relatively small individual positions. But I do think it is reflective of that broader transaction activity that's accelerated within the market. The broader transaction activity means both more frequent financing opportunities, but also more frequent refinancing opportunities of our existing portfolio.

With regard to originations and payoffs with -- as a subsequent event, the large origination and the large paydown were connected and we're the same borrower.

Operator^ The next question comes from Mitchel Penn with Oppenheimer.

Mitchel Penn^ Just following up on Pablo's question. You talked about the states. Is it possible to get disclosures on which states these companies are in?

Peter Sack^ We will explore that for next quarter.

Mitchel Penn^ And second question, can you remind us, in terms of your valuations, BDCs -- all BDCs sort of employ third-party valuation services, and they use them in different ways. Can you walk us through how you guys use third parties in the valuation services for your portfolio? Because it is a little different than most of the BDCs, as you mentioned.

Peter Sack^ We utilize a third-party valuation provider to value every position each quarter. Other BDC managers opt to use third-party advisers for -- in some cases, for each position only once per year, rely on internal valuations through the balance of the year. We've opted to provide a more transparent and consistent approach.

Mitchel Penn^ Got it. And my last question, is there -- what percent of the portfolio overlaps with refi?

Peter Sack^ We haven't published that number historically, but I think we will take it under consideration for next quarter in conjunction with your question on -- state-by-state exposure [ph].

Operator^ The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.