

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-40564

CHICAGO ATLANTIC BDC, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)
600 Madison Avenue, Suite 1800
New York, NY

(Address of principal executive offices)

86-2872887

(IRS Employer Identification No.)

10022
(Zip Code)

(212) 905-4923

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	LIEN	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of May 13, 2025, the registrant had 22,820,408 shares of common stock (\$0.01 par value per share) outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except where the context suggests otherwise, the terms “we,” “us,” “our,” “the Company,” and “LIEN” refer to Chicago Atlantic BDC, Inc. In addition, the terms “Adviser,” “investment adviser” and “administrator” refer to Chicago Atlantic BDC Advisers, LLC, our external investment adviser and administrator.

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q may include statements as to:

- uncertainties related to the new U.S. Presidential administration, including the potential impact of tariff enactment and tax reductions, and the risk of recession or a shutdown of government services, which could impact our business prospects and the prospects of our portfolio companies;
- our future operating results and distribution projections;
- the ability of Chicago Atlantic BDC Advisers, LLC (the “Adviser”) to attract and retain highly talented professionals;
- our business prospects and the prospects of our portfolio companies;
- the impact of interest and inflation rates on our business prospects and the prospects of our portfolio companies;
- the impact of the investments that we expect to make;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments and the timing of our investments in our initial portfolio;
- changes in regulation impacting the cannabis industry;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies; and
- the ability to realize benefits anticipated by the Loan Portfolio Acquisition (as defined below).

In addition, words such as “anticipate,” “believe,” “expect,” “seek,” “plan,” “should,” “estimate,” “project” and “intend” indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in “Item 1A. Risk Factors” in our annual report on Form 10-K for the fiscal year ended December 31, 2024 and elsewhere in this quarterly report on Form 10-Q. Other factors that could cause actual results to differ materially include:

- changes or potential disruptions in our operations, the economy, financial markets or political environment;
- risks associated with possible disruption in our operations or the economy generally due to terrorism, natural disasters, the conflicts between Russia and Ukraine and in the Middle East, and the potential for volatility in energy prices and other commodities and their impact on the industries in which we invest;
- the impact of information technology system failures, data security breaches, data privacy compliance, network disruptions, and cybersecurity attacks;
- future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies (“BDCs”) or regulated investment companies (“RICs”); and

- other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

We have based the forward-looking statements included in this quarterly report on Form 10-Q on information available to us on the date of this quarterly report on Form 10-Q, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The forward-looking statements contained in this quarterly report on Form 10-Q are excluded from the safe harbor protection provided by Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

PART I: FINANCIAL INFORMATION**Item 1. Financial Statements****Chicago Atlantic BDC, Inc.
Statements of Assets and Liabilities**

	<u>March 31, 2025</u> (Unaudited)	<u>December 31, 2024</u>
ASSETS		
Investments at fair value:		
Non-control/non-affiliate investments at fair value (amortized cost of \$288,402,119 and \$274,346,711, respectively)	\$ 289,262,741	\$ 275,241,398
Cash and cash equivalents	14,921,739	23,932,406
Due from affiliates	5,202,278	2,361,019
Interest receivable	3,061,836	3,582,610
Prepaid expenses and other assets	1,250,109	321,108
Receivable for investment sold	-	4,122,500
Total assets	\$ 313,698,703	\$ 309,561,041
LIABILITIES		
Distributions payable	\$ 7,758,931	\$ -
Income-based incentive fees payable	2,122,865	1,998,945
Management fee payable	1,339,250	758,362
Professional fees payable	756,602	458,809
Unearned interest income	213,269	37,752
Due to affiliates	197,344	905,129
Capital gains incentive fees payable	115,074	121,887
Deferred financing costs payable	114,548	47,881
Other payables	62,816	46,219
Transaction fees payable related to the Loan Portfolio Acquisition	-	2,945,125
Offering costs payable	-	989,645
Excise tax payable	-	88,709
Total liabilities	\$ 12,680,699	\$ 8,398,463
Commitments and contingencies (Note 6)		
NET ASSETS		
Common stock, \$0.01 par value, 100,000,000 shares authorized, 22,820,386 and 22,820,386 shares issued and outstanding, respectively	\$ 228,204	\$ 228,204
Additional paid-in-capital	303,152,031	303,272,034
Distributable earnings (accumulated loss)	(2,362,231)	(2,337,660)
Total net assets	\$ 301,018,004	\$ 301,162,578
NET ASSET VALUE PER SHARE	\$ 13.19	\$ 13.20

See notes to financial statements.

Chicago Atlantic BDC, Inc.
Statements of Operations
(Unaudited)

	For the Three Months Ended	
	March 31, 2025	March 31, 2024
INVESTMENT INCOME		
Non-control/non-affiliate investment income		
Interest income	\$ 11,279,456	\$ 2,726,497
Fee income	643,546	33,750
Total investment income	11,923,002	2,760,247
EXPENSES		
Income-based incentive fees	1,916,277	-
Management fee	1,260,875	246,131
General and administrative expense	974,477	-
Legal expenses	250,926	58,051
Professional fees	215,726	19,349
Audit expense	190,002	106,625
Sub-administrator fees	157,785	98,456
Interest expense	145,381	-
Other expenses	144,422	85,470
Capital gains incentive fees	(6,813)	119,924
Transaction expenses related to the Loan Portfolio Acquisition	-	2,106,050
Total expenses	5,249,058	2,840,056
Waiver of General and administrative expense (Note 6)	(658,477)	-
Expense limitation agreement (Note 6)	(316,000)	-
Net expenses	4,274,581	2,840,056
NET INVESTMENT INCOME (LOSS)	7,648,421	(79,809)
NET REALIZED GAIN (LOSS) FROM INVESTMENTS		
Non-controlled non-affiliate investments	-	-
Net realized gain (loss) from investments	-	-
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS		
Non-controlled/non-affiliate investments	(34,064)	599,620
Net change in unrealized appreciation (depreciation) on investments	(34,064)	599,620
Net realized and unrealized gains (losses)	(34,064)	599,620
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 7,614,357	\$ 519,811
NET INVESTMENT INCOME (LOSS) PER SHARE - BASIC AND DILUTED	\$ 0.34	\$ (0.01)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE - BASIC AND DILUTED	\$ 0.33	\$ 0.08
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED	22,820,386	6,214,941

See notes to financial statements.

Chicago Atlantic BDC, Inc.
Statements of Changes in Net Assets
(Unaudited)

	Common Stock			Distributable Earnings/ (Accumulated Loss)	Total Net Assets
	Shares	Par Value	Additional paid-in-capital		
Balance, December 31, 2024	22,820,386	\$ 228,204	\$ 303,272,034	\$ (2,337,660)	\$ 301,162,578
<i>Net increase (decrease) in net assets resulting from operations</i>					
Net investment income (loss)	-	-	-	7,648,421	7,648,421
Net realized gain (loss) from investments	-	-	-	-	-
Net change in unrealized appreciation (depreciation) from investments	-	-	-	(34,064)	(34,064)
Total net increase (decrease) in net assets resulting from operations	-	-	-	7,614,357	7,614,357
<i>Distributions to stockholders from:</i>					
Investment income-net	-	-	-	(7,758,931)	(7,758,931)
Total increase (decrease) in net assets	-	-	-	(144,574)	(144,574)
Effect of permanent adjustments	-	-	(120,003)	120,003	-
Balance, March 31, 2025	<u>22,820,386</u>	<u>\$ 228,204</u>	<u>\$ 303,152,031</u>	<u>\$ (2,362,231)</u>	<u>\$ 301,018,004</u>

	Common Stock			Distributable Earnings/ (Accumulated Loss)	Total Net Assets
	Shares	Par Value	Additional paid-in-capital		
Balance, December 31, 2023	6,214,941	\$ 62,149	\$ 85,041,203	\$ 449,266	\$ 85,552,618
<i>Net increase (decrease) in net assets resulting from operations</i>					
Net investment income (loss)	-	-	-	(79,809)	(79,809)
Net realized gain (loss) from investments	-	-	-	-	-
Net change in unrealized appreciation (depreciation) from investments	-	-	-	599,620	599,620
Total net increase (decrease) in net assets resulting from operations	-	-	-	519,811	519,811
<i>Distributions to stockholders from:</i>					
Investment income-net	-	-	-	(1,553,736)	(1,553,736)
<i>Capital transactions</i>					
Issuance of common stock, net of offering costs	-	-	-	-	-
Reinvestment of stockholder distributions	8	-	74	-	74
Total net increase (decrease) in net assets from capital transactions	8	-	74	-	74
Total increase (decrease) in net assets	8	-	74	(1,033,925)	(1,033,851)
Effect of permanent adjustments	-	-	(10,676)	10,676	-
Balance, March 31, 2024	<u>6,214,949</u>	<u>\$ 62,149</u>	<u>\$ 85,030,601</u>	<u>\$ (573,983)</u>	<u>\$ 84,518,767</u>

See notes to financial statements.

Chicago Atlantic BDC, Inc.
Statements of Cash Flows
(Unaudited)

	For the Three Months ended	
	March 31, 2025	March 31, 2024
Cash flows from operating activities		
Net increase (decrease) in net assets resulting from operations	\$ 7,614,357	\$ 519,811
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net change in unrealized (appreciation) depreciation from investments	34,064	(599,620)
Net (accretion of discounts) and amortization of premiums	(522,907)	(141,429)
Purchase of investments	(20,601,132)	-
PIK interest capitalized	(573,375)	(52,951)
Proceeds from sales of investments and principal repayments	7,642,007	63,000
Amortization of deferred financing costs	145,381	-
(Increase) Decrease in operating assets:		
Interest receivable	520,774	80,285
Receivable for investment sold	4,122,500	-
Due from affiliates	(2,841,259)	-
Prepaid expenses and other assets	(251,015)	(242,110)
Increase (Decrease) in operating liabilities:		
Income-based incentive fees payable	123,920	-
Management fee payable	580,888	(10,990)
Capital gains incentive fees payable	(6,813)	119,924
Professional fees payable	297,793	(95,182)
Transaction fees payable related to the Loan Portfolio Acquisition	(2,945,125)	2,001,313
Other payables	16,597	2,854
Due to affiliates	(707,785)	-
Excise tax payable	(88,709)	(10,655)
Unearned interest income	175,517	-
Due to custodian	-	468,829
Net cash provided by (used in) operating activities	(7,264,322)	2,103,079
Cash flows from financing activities		
Offering costs paid	(989,645)	(756)
Distributions paid	-	(1,553,664)
Financing costs paid	(756,700)	-
Net cash provided by (used in) financing activities	(1,746,345)	(1,554,420)
Net increase (decrease) in cash and cash equivalents	(9,010,667)	548,659
Cash and cash equivalents, beginning of period	23,932,406	32,611,635
Cash and cash equivalents, end of period	\$ 14,921,739	\$ 33,160,294
Supplemental disclosure of non-cash financing and investing activity		
Reinvestment of dividend distribution	-	74
Accrual for deferred financing costs (Note 2)	725,867	-
Excise taxes paid	\$ 115,357	\$ 30,568

See notes to financial statements.

CHICAGO ATLANTIC BDC, INC.
Schedule of Investments
March 31, 2025
(Unaudited)
(In thousands)

Portfolio Company	Facility Type	All in Rate	Benchmark (3)	Spread	PIK	Floor	Initial Acquisition Date	Maturity	Par (2)	Amortized Cost (15)	Fair Value (4)	% of Net Assets	Footnote
Investments at Fair Value													
US Corporate Debt													
First Lien Senior Secured U.S. Debt													
Cannabis													
Aeriz Holdings Corp	Delayed Draw Term Loan	15.50%	P	6.00%	2.00%	7.00%	10/1/2024	6/30/2025	\$ 9,774	\$ 9,700	\$ 9,579	3.2%	(9)
Archos Capital Group, LLC	Delayed Draw Term Loan	14.25%	P	5.75%	0.00%	8.50%	10/1/2024	4/30/2025	679	679	679	0.2%	(10)
Cannabis & Glass	Delayed Draw Term Loan	14.57%	S	10.25%	0.00%	4.00%	3/28/2025	7/28/2028	2,000	1,980	1,980	0.7%	(11)
Deep Roots Harvest, Inc.	Delayed Draw Term Loan	14.50%	P	6.50%	0.00%	8.00%	10/23/2024	8/15/2027	4,917	4,917	4,917	1.6%	(11)
Dreamfields Brands, Inc. (d/b/a Jeeter)	Delayed Draw Term Loan	16.25%	P	8.75%	0.00%	7.50%	5/3/2023	5/3/2026	31,745	31,675	31,745	10.6%	(11)
Elevation Cannabis, LLC	Delayed Draw Term Loan	16.25%	P	7.75%	0.00%	8.50%	10/1/2024	12/31/2026	13,850	13,493	13,642	4.5%	(10)
Flowery - Bill's Nursery, Inc.	Delayed Draw Term Loan	16.00%	F	11.00%	5.00%	0.00%	10/1/2024	12/31/2025	12,027	11,982	12,027	4.0%	(12)
HA-MD, LLC	Term Loan	15.00%	F	15.00%	0.00%	0.00%	10/1/2024	6/6/2026	3,185	3,182	3,185	1.1%	(12)
Kaleafa, Inc.	Term Loan	17.00%	P	8.50%	0.00%	8.50%	10/1/2024	12/3/2027	2,875	2,875	2,904	1.0%	(11)
Nova Farms, LLC	Term Loan	15.00%	P	6.50%	0.00%	8.50%	10/1/2024	3/28/2027	15,308	14,330	14,543	4.8%	(9)
Oasis - AZ GOAT AZ LLC	Term Loan	15.50%	P	7.50%	0.00%	8.00%	10/1/2024	3/31/2026	4,955	4,897	4,881	1.6%	(11)
Proper Holdings, LLC	Delayed Draw Term Loan	13.00%	F	11.00%	2.00%	0.00%	10/1/2024	11/28/2025	4,283	4,281	4,283	1.4%	(10)
Remedy - Maryland Wellness, LLC	Delayed Draw Term Loan	18.50%	P	7.50%	3.50%	5.00%	10/1/2024	8/4/2025	3,106	3,070	3,121	1.0%	(9)
STIIIZY Inc. (f/k/a Shryne Group Inc.)	Term Loan	17.00%	P	8.50%	1.00%	4.00%	5/26/2022	5/26/2027	40,894	40,641	40,485	13.4%	(11)
Silver Therapeutics, Inc.	Delayed Draw Term Loan	15.00%	P	7.25%	0.00%	7.75%	3/26/2025	3/24/2028	6,000	6,000	6,000	2.0%	(9)
Subsero Holdings - Illinois, Inc	Delayed Draw Term Loan	16.50%	P	7.00%	2.00%	7.00%	10/1/2024	7/29/2026	2,883	2,825	2,868	1.0%	(10)
TheraTrue, Inc.	Delayed Draw Term Loan	14.50%	F	14.50%	0.00%	0.00%	3/18/2025	3/13/2027	2,750	2,750	2,750	0.9%	(10)
Verano Holdings Corp.	Term Loan	14.00%	P	6.50%	0.00%	6.25%	10/27/2024	10/30/2026	51,584	51,577	51,842	17.2%	(10)(14)
Total Cannabis										210,854	211,431	70.2%	
Finance and Insurance													
Hartford Gold Group, LLC	Term Loan	14.17%	S	9.85%	0.00%	1.50%	10/1/2024	1/6/2027	1,285	1,065	1,131	0.4%	(11)
Minden Holdings, LLC	Term Loan	14.75%	P	7.25%	0.00%	0.00%	10/1/2024	5/31/2026	1,600	1,597	1,600	0.5%	(10)
Total Finance and Insurance										2,662	2,731	0.9%	
Information													
Protect Animals With Satellites LLC (Halo Collar)	Term Loan	13.25%	P	1.75%	3.00%	8.50%	10/1/2024	11/1/2026	3,660	3,446	3,440	1.2%	(9)
Protect Animals With Satellites LLC (Halo Collar)	Incremental Term Loan	13.25%	P	1.75%	3.00%	8.50%	10/1/2024	11/1/2026	1,986	1,870	1,866	0.6%	(9)
Simspace Corporation	Term Loan	18.25%	P	10.00%	0.00%	8.25%	10/1/2024	11/1/2025	6,290	6,341	6,290	2.1%	(9)
Total Information										11,657	11,596	3.9%	
Public Administration													
Youth Opportunity Investments, LLC	Term Loan	12.07%	S	7.75%	0.00%	4.00%	10/1/2024	9/18/2026	10,242	10,155	10,242	3.4%	(10)
Total Public Administration										10,155	10,242	3.4%	
Real Estate and Rental and Leasing													
Workbox Holdings Inc.	Term Loan	12.00%	F	6.00%	6.00%	0.00%	5/20/2024	5/31/2029	1,647	1,436	1,441	0.5%	(10)
Total Real Estate and Rental and Leasing										1,436	1,441	0.5%	
Retail Trade													
Aura Home, Inc	Term Loan	11.82%	S	7.50%	0.00%	4.00%	10/1/2024	9/22/2025	3,325	3,299	3,375	1.1%	(9)
Total Retail Trade										3,299	3,375	1.1%	
Total First Lien Senior Secured U.S. Debt										240,063	240,816	80.0%	
Senior Secured U.S. Notes													
Cannabis													
Ascend Wellness	Senior Secured Note	12.75%	F	12.75%	0.00%	0.00%	7/16/2024	7/16/2029	3,500	3,340	3,343	1.1%	(9)
Curaleaf Holdings, Inc.	Senior Secured Note	8.00%	F	8.00%	0.00%	0.00%	10/11/2022	12/15/2026	4,500	4,183	4,298	1.4%	(9)(14)
Total Cannabis										7,523	7,641	2.5%	
Finance and Insurance													
RTCP, LLC	Senior Secured Note	15.00%	F	15.00%	0.00%	0.00%	10/1/2024	10/2/2028	22,000	21,981	22,000	7.3%	(13)
West Creek Financial Holdings, Inc. dba Koalafi	Series A Senior Note	18.80%	F	13.80%	5.00%	0.00%	10/1/2024	11/29/2027	5,212	5,182	5,212	1.8%	(12)
Total Finance and Insurance										27,163	27,212	9.1%	
Total Senior Secured U.S. Notes										34,686	34,853	11.6%	
Total U.S. Corporate Debt										274,749	275,669	91.6%	
First Lien Senior Secured Canadian Debt													
Cannabis													
Fluent Corp.	Term Loan	13.00%	F	12.00%	1.00%	0.00%	3/31/2025	11/24/2028	10,035	9,871	9,885	3.3%	(8)(14)
Total Cannabis										9,871	9,885	3.3%	
Information													
Tulip.io Inc.	Term Loan	15.00%	P	4.00%	3.00%	8.00%	11/4/2024	11/4/2028	3,037	3,040	3,022	1.0%	(8)(14)
Total Information										3,040	3,022	1.0%	
Total First Lien Senior Secured Canadian Debt										12,911	12,907	4.3%	
Total Canadian Corporate Debt										12,911	12,907	4.3%	
Total Debt Investments										287,660	288,576	95.9%	

Portfolio Company	Class Series	Initial Acquisition Date	Shares	Cost	Fair Value	% of Net Assets	Footnote
U.S. Preferred Stock							
Real Estate and Rental and Leasing							
Workbox Holdings Inc.	A-1 Preferred	5/20/2024	358,950	500	500	0.2%	(10)
Total Real Estate and Rental and Leasing				500	500	0.2%	
Total U.S. Preferred Stock				500	500	0.2%	
U.S. Warrants							
Real Estate and Rental and Leasing							
Workbox Holdings Inc.	A-3 Warrants	5/20/2024	791,258	97	75	0.0%	(10)
Workbox Holdings Inc.	A-4 Warrants	5/20/2024	1,191,769	146	113	0.0%	(10)
Total Real Estate and Rental and Leasing				243	188	0.0%	
Total U.S. Warrants				243	188	0.0%	
Canadian Warrants							
Information							
Tulip.io Inc.	Warrants	11/4/2024	64,776	-	-	0.0%	(8)(14)
Total Information				-	-	0.0%	
Total Canadian Warrants				-	-	0.0%	
Total Equity Investments				743	688	0.2%	
TOTAL INVESTMENTS				\$ 288,403	\$ 289,264	96.1%	

Footnote Legend

- (1) Unless otherwise indicated, all securities are valued using significant unobservable inputs, which are categorized as Level 3 assets under the definition of Financial Accounting Standards Board's Accounting Standards Codification 820 Fair Value Hierarchy.
- (2) Par represents the outstanding principal balance net of repayments, if any, as per the terms of the debt instrument's contract.
- (3) Generally, the interest rate on floating interest rate investments is at benchmark rate plus spread, subject to a benchmark interest rate floor. The benchmark rate is determined via the Credit or Loan Service Agreement, such as the Secured Overnight Financing Rate ("S") or the U.S. Prime Rate ("P"). The terms in the Schedule of Investments disclose the actual interest rate in effect as of the reporting period. S loans are typically indexed to 30-day, 90-day or 180-day rates (1M, 3M or 6M, respectively) as defined in the Credit or Loan Service Agreement. As of March 31, 2025, rates for 1M S, 3M S and 6M S are 4.33%, 4.35%, and 4.55%, respectively. As of March 31, 2025, the P was 7.50%.
- (4) All investments were valued at fair value. See Note 4 — Fair Value of Financial Instruments in the accompanying notes to the financial statements.
- (5) The Company uses the North American Industry Classification System ("NAICS") code for classifying the industry grouping of its portfolio companies, excluding any portfolio company operating in the cannabis industry.
- (6) Indicates a non-income producing investment. As of March 31, 2025, no debt investments are deemed as non-income producing.
- (7) Geographic regions are determined by the respective portfolio company's headquarters' location.
- (8) The respective portfolio company's headquarters is located outside of the United States.
- (9) Portfolio company located in the Northeast.
- (10) Portfolio company located in the Midwest.
- (11) Portfolio company located in the West.
- (12) Portfolio company located in the Southeast.
- (13) Portfolio company located in the Southwest.
- (14) The investment is a "non-qualifying asset." Under the Investment Company Act of 1940, as amended (the "1940 Act"), a business development company ("BDC") may not acquire any "non-qualifying asset" (i.e., an asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as "qualifying assets"), unless, at the time the acquisition is made, qualifying assets represent at least 70% of the BDC's total assets. As of March 31, 2025, the aggregate fair value of non-qualifying assets is \$69,045,575 or 22.01% of the Company's total assets.
- (15) The amortized cost represents the original cost adjusted for any accretion of discounts, amortization of premiums and PIK interest or dividends.
- (16) Under the Investment Company Act of 1940, as amended, the Company generally is deemed to be an "affiliated person" of a portfolio company if it owns 5% or more of the portfolio company's voting securities and is generally deemed to "control" a portfolio company if it owns more than 25% of the portfolio company's voting securities or it has the power to exercise control over the management or policies of such portfolio company. As of March 31, 2025, the Company did not hold investments in portfolio companies of which it is deemed to be an "affiliated person" nor deemed to "control" a portfolio company.

F - Fixed
P - Prime
PIK - Payment-In-Kind
S - SOFR

See notes to financial statements.

CHICAGO ATLANTIC BDC, INC.

Schedule of Investments
December 31, 2024
(In thousands)

Portfolio Company	Facility Type	All-in Rate	Benchmark ⁽³⁾	Spread	PIK	Floor	Initial Acquisition Date	Maturity	Par ⁽²⁾	Amortized Cost ⁽¹⁷⁾	Fair Value ⁽⁴⁾	% of Net Assets	Footnote
Investments at Fair Value													
U.S. Corporate Debt													
First Lien Senior Secured U.S. Debt													
Cannabis													
Aeriz Holdings Corp	Delayed Draw Term Loan	15.50%	P	6.00%	2.00%	7.00%	10/1/2024	6/30/2025	\$10,075	\$ 9,927	\$ 9,873	3.3%	(9)
Archos Capital Group, LLC	Delayed Draw Term Loan	13.25%	P	5.75%	0.00%	8.50%	10/1/2024	2/28/2025	1,462	1,462	1,462	0.5%	(10)
Deep Roots Harvest, Inc.	Delayed Draw Term Loan	14.00%	P	6.50%	0.00%	8.00%	10/23/2024	8/15/2027	5,000	5,000	4,975	1.7%	(11)
Dreamfields Brands, Inc. (d/b/a Jeeter)	Delayed Draw Term Loan	16.25%	P	8.75%	0.00%	7.50%	5/3/2023	5/3/2026	31,745	31,659	31,745	10.5%	(11)
Elevation Cannabis, LLC	Delayed Draw Term Loan	15.25%	P	7.75%	0.00%	8.50%	10/1/2024	12/31/2026	14,300	13,893	14,157	4.7%	(10)
Flowery - Bill's Nursery, Inc.	Delayed Draw Term Loan	16.00%	F	11.00%	5.00%	0.00%	10/1/2024	12/31/2025	12,364	12,303	12,364	4.1%	(12)
HA-MD, LLC	Term Loan	15.00%	F	15.00%	0.00%	0.00%	10/1/2024	6/6/2026	3,290	3,286	3,290	1.1%	(12)
Kaleafa, Inc.	Term Loan	16.00%	P	8.50%	0.00%	8.50%	10/1/2024	12/3/2027	2,875	2,875	2,875	1.0%	(11)
Nova Farms, LLC	Term Loan	14.00%	P	6.50%	0.00%	8.50%	10/1/2024	3/28/2027	15,679	14,579	14,817	4.9%	(9)
Oasis - AZ GOAT AZ LLC	Term Loan	15.00%	P	7.50%	0.00%	8.00%	10/1/2024	3/31/2026	5,146	5,073	5,069	1.7%	(11)
Proper Holdings, LLC	Delayed Draw Term Loan	13.00%	F	11.00%	2.00%	0.00%	10/1/2024	11/28/2025	4,396	4,393	4,396	1.5%	(10)
Remedy - Maryland Wellness, LLC	Delayed Draw Term Loan	18.50%	P	7.50%	3.50%	5.00%	10/1/2024	8/4/2025	3,146	3,086	3,130	1.0%	(9)
STIIIZY, Inc (f/k/a Shryne Group Inc.)	Term Loan	17.00%	P	8.50%	1.00%	4.00%	5/26/2022	5/26/2027	40,793	40,504	40,385	13.4%	(11)
Subsero Holdings - Illinois, Inc	Delayed Draw Term Loan	16.50%	P	7.00%	2.00%	7.00%	10/1/2024	7/29/2026	2,941	2,873	2,882	1.0%	(10)
Verano Holdings Corp.	Term Loan	14.00%	P	6.50%	0.00%	6.25%	10/27/2024	10/30/2026	51,768	51,760	52,027	17.3%	(10)(14)
Total Cannabis										202,673	203,447	67.7%	
Finance and Insurance													
Hartford Gold Group, LLC	Term Loan	14.40%	S	9.85%	0.00%	1.50%	10/1/2024	12/17/2025	162	144	156	0.1%	(11)
Hartford Gold Group, LLC	Term Loan	14.40%	S	9.85%	0.00%	1.50%	10/1/2024	1/6/2027	1,682	1,431	1,455	0.5%	(11)
Minden Holdings, LLC	Term Loan	14.75%	P	7.25%	0.00%	0.00%	10/1/2024	5/31/2026	2,200	2,197	2,200	0.7%	(10)
Total Finance and Insurance										3,772	3,811	1.3%	
Health Care and Social Assistance													
Sunny Days Enterprises, LLC	Delayed Draw Term Loan	20.25%	P	4.75%	8.00%	3.50%	10/1/2024	3/31/2025	2,742	2,754	2,797	0.9%	(9)
Total Health Care and Social Assistance										2,754	2,797	0.9%	
Information													
Protect Animals With Satellites LLC (Halo Collar)	Term Loan	12.25%	P	1.75%	3.00%	8.50%	10/1/2024	11/1/2026	3,663	3,417	3,407	1.1%	(9)
Protect Animals With Satellites LLC (Halo Collar)	Incremental Term Loan	12.25%	P	1.75%	3.00%	8.50%	10/1/2024	11/1/2026	2,004	1,870	1,864	0.6%	(9)
Simspace Corporation	Term Loan	17.50%	P	10.00%	0.00%	8.50%	10/1/2024	11/1/2025	6,500	6,573	6,500	2.2%	(9)
Total Information										11,860	11,771	3.9%	
Public Administration													
Youth Opportunity Investments, LLC	Term Loan	12.28%	S	7.75%	0.00%	4.00%	10/1/2024	9/18/2026	10,375	10,273	10,323	3.4%	(10)
Total Public Administration										10,273	10,323	3.4%	
Real Estate and Rental and Leasing													
Workbox Holdings Inc.	Term Loan	12.00%	F	6.00%	6.00%	0.00%	5/20/2024	5/31/2029	1,622	1,406	1,452	0.5%	(10)
Total Real Estate and Rental and Leasing										1,406	1,452	0.5%	
Retail Trade													
Aura Home, Inc	Term Loan	12.03%	S	7.50%	0.00%	4.00%	10/1/2024	9/22/2025	3,325	3,285	3,275	1.1%	(9)
Total Retail Trade										3,285	3,275	1.1%	
Total First Lien Senior Secured U.S. Debt										236,023	236,876	78.8%	
Senior Secured U.S. Notes													
Cannabis													
Ascend Wellness Holdings, Inc	Senior Secured Note	12.75%	F	12.75%	0.00%	0.00%	7/16/2024	7/16/2029	3,500	3,331	3,308	1.1%	(9)
Curaleaf Holdings, Inc.	Senior Secured Note	8.00%	F	8.00%	0.00%	0.00%	10/11/2022	12/15/2026	4,500	4,142	4,253	1.4%	(9)(14)
Total Cannabis										7,473	7,561	2.5%	
Finance and Insurance													
RTCP, LLC	Senior Secured Note	15.00%	F	15.00%	0.00%	0.00%	10/1/2024	10/2/2028	22,000	21,980	22,000	7.3%	(13)
West Creek Financial Holdings, Inc. dba Koalafi	Series A Senior Note	18.80%	F	13.80%	5.00%	0.00%	10/1/2024	11/29/2027	5,148	5,115	5,096	1.7%	(12)
Total Finance and Insurance										27,095	27,096	9.0%	
Total Senior Secured U.S. Notes										34,568	34,657	11.5%	
Total U.S. Corporate Debt										270,590	271,532	90.3%	
First Lien Senior Secured Canadian Debt													
Information													
Tulip.io Inc.	Term Loan	14.50%	P	4.00%	3.00%	8.00%	11/4/2024	11/4/2028	3,014	3,014	2,984	1.0%	(8)(14)
Total Information										3,014	2,984	1.0%	
Total First Lien Senior Secured Canadian Debt										3,014	2,984	1.0%	
Total Canadian Corporate Debt										3,014	2,984	1.0%	
Total Debt Investments										273,604	274,516	91.3%	

Portfolio Company	Class Series	Initial Acquisition Date	Shares	Amortized Cost ⁽¹⁷⁾	Fair Value	% of Net Assets	Footnote
U.S. Preferred Stock							
Real Estate and Rental and Leasing							
Workbox Holdings Inc.	A-1 Preferred	5/20/2024	500,000	500	500	0.2%	(6)(10)
Total Real Estate and Rental and Leasing				500	500	0.2%	
Total U.S. Preferred Stock				500	500	0.2%	
U.S. Warrants							
Real Estate and Rental and Leasing							
Workbox Holdings Inc.	A-3 Warrants	5/20/2024	71,000	97	91	0.0%	(6)(10)
Workbox Holdings Inc.	A-4 Warrants	5/20/2024	105,000	146	134	0.0%	(6)(10)
Total Real Estate and Rental and Leasing				243	225	0.0%	
Total U.S. Warrants				243	225	0.0%	
Canadian Warrants							
Information							
Tulip.io Inc.	Warrants	11/4/2024	64,776	-	-	0.0%	(6)(8)(14)
Total Information				-	-	0.0%	
Total Canadian Warrants				-	-	0.0%	
Total Equity Investments				743	725	0.2%	
TOTAL INVESTMENTS				274,347	275,241	91.5%	
Portfolio Company		Yield	Cost	Fair Value	% of Net Assets	Footnote	
Cash & Cash Equivalents							
State Street Institutional US Government Money Market Fund			4.43%	23,932	23,932	7.9%	(15)(16)
Total Cash & Cash Equivalents				23,932	23,932	7.9%	
Total Portfolio Investments and Cash & Cash Equivalents				\$ 298,279	\$ 299,174	99.4%	

Footnote Legend

- (1) Unless otherwise indicated, all securities are valued using significant unobservable inputs, which are categorized as Level 3 assets under the definition of Financial Accounting Standards Board's Accounting Standards Codification 820 Fair Value Hierarchy.
- (2) Par represents the outstanding principal balance net of repayments, if any, as per the terms of the debt instrument's contract.
- (3) Generally, the interest rate on floating interest rate investments is at benchmark rate plus spread, subject to a benchmark interest rate floor. The benchmark rate is determined via the Credit or Loan Service Agreement, such as the Secured Overnight Financing Rate ("S") or the U.S. Prime Rate ("P"). The terms in the Schedule of Investments disclose the actual interest rate in effect as of the reporting period. S loans are typically indexed to 30-day, 90-day or 180-day rates (1M, 3M or 6M, respectively) as defined in the Credit or Loan Service Agreement. As of December 31, 2024, rates for 1M S, 3M S and 6M S are 4.53%, 4.69%, and 5.03%, respectively. As of December 31, 2024, the P was 7.50%.
- (4) All investments were valued at fair value. See Note 4 — Fair Value of Financial Instruments in the accompanying notes to the financial statements.
- (5) The Company uses the North American Industry Classification System ("NAICS") code for classifying the industry grouping of its portfolio companies, excluding any portfolio company operating in the cannabis industry.
- (6) Indicates a non-income producing investment. As of December 31, 2024, no debt investments are deemed as non-income producing.
- (7) Geographic regions are determined by the respective portfolio company's headquarters' location.
- (8) The respective portfolio company's headquarters is located outside of the United States.
- (9) Portfolio company located in the Northeast.
- (10) Portfolio company located in the Midwest.
- (11) Portfolio company located in the West.
- (12) Portfolio company located in the Southeast.
- (13) Portfolio company located in the Southwest.
- (14) The investment is a "non-qualifying asset." Under the Investment Company Act of 1940, as amended (the "1940 Act"), a business development company ("BDC") may not acquire any "non-qualifying asset" (i.e., an asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as "qualifying assets"), unless, at the time the acquisition is made, qualifying assets represent at least 70% of the BDC's total assets. As of December 31, 2024 the aggregate fair value of non-qualifying assets is \$59,263,833 or 19.14% of the Company's total assets.
- (15) The rate shown is the annualized seven-day yield as of December 31, 2024.
- (16) Included within 'Cash and cash equivalents' on the Statements of Assets and Liabilities.
- (17) The amortized cost represents the original cost adjusted for any accretion of discounts, amortization of premiums and PIK interest or dividends.

F - Fixed
P - Prime
PIK - Payment-In-Kind
S - SOFR

See notes to financial statements.

CHICAGO ATLANTIC BDC, INC.
Notes to Financial Statements
(Unaudited)

NOTE 1 — ORGANIZATION

Chicago Atlantic BDC, Inc. (formerly, Silver Spike Investment Corp.) (an emerging growth company) (the “Company”, “we” or “our”) was formed on January 25, 2021 as a Maryland corporation structured as an externally managed, closed-end, non-diversified management investment company. The Company has elected to be treated as a business development company (“BDC”), under the Investment Company Act of 1940, as amended (“1940 Act”). In addition, for U.S. federal income tax purposes the Company adopted an initial tax year end of December 31, 2021, and was taxed as a corporation for the tax period ended December 31, 2021. The Company adopted the tax year end of March 31 and elected to be treated for U.S. federal income tax purposes as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”) for the tax period January 1, 2022 through March 31, 2022, and has maintained (and intends to continue to maintain) such election in subsequent taxable years. However, there is no guarantee that the Company will qualify to make such an election for any taxable year.

The Company is managed by Chicago Atlantic BDC Advisers, LLC (formerly, Silver Spike Capital, LLC) (the “Adviser”), a registered investment adviser under the Investment Advisers Act of 1940 with the Securities and Exchange Commission (“SEC”). The Adviser has engaged SS&C Technologies, Inc. and ALPS Fund Services, Inc. (“SS&C”), as sub-administrator, to perform administrative services necessary for the Company to operate.

The Company is a specialty finance company focused on investing in companies in highly complex and highly regulated industries typically underserved by other capital providers, including investing across the cannabis ecosystem through investments in the form of direct loans to privately held cannabis companies. Although the Company focuses on investments in the cannabis industry, the Company may also invest in growth and technology companies, esoteric and asset-based lending opportunities, and liquidity solutions opportunities.

The Company’s investment objective is to maximize risk-adjusted returns on equity for its shareholders. The Company seeks to capitalize on, among other things, what it believes to be nascent cannabis industry growth, and drive return on equity by generating current income from its debt investments and capital appreciation from its equity and equity-related investments. The Company intends to achieve its investment objective by investing primarily in secured debt, unsecured debt, equity warrants and direct equity investments in privately held businesses. The Company intends that its debt investments will often be secured by either a first or second priority lien on the assets of the portfolio company, can include either fixed or floating rate terms and will generally have a term of between three and six years from the original investment date.

On October 1, 2024, the Company completed its previously announced acquisition from Chicago Atlantic Loan Portfolio, LLC (“CALP”) of a portfolio of loans (the “Loan Portfolio”) in exchange for newly issued shares of the Company’s common stock (the “Loan Portfolio Acquisition”), pursuant to the Purchase Agreement, dated as of February 18, 2024, between the Company and CALP (the “Loan Portfolio Acquisition Agreement”). In accordance with the terms of the Loan Portfolio Acquisition Agreement, at the effective time of the Loan Portfolio Acquisition, the Company issued 16,605,372 shares of its common stock to CALP in exchange for the Loan Portfolio, which was determined by the Company to have a fair value of \$219,621,125 as of September 28, 2024.

On October 1, 2024, the Adviser and Chicago Atlantic BDC Holdings, LLC (together with its affiliates, “Chicago Atlantic”), the investment adviser of CALP, consummated a previously announced transaction pursuant to which a joint venture between Chicago Atlantic and the Adviser has been created to combine and jointly operate the Adviser’s, and a portion of Chicago Atlantic’s, investment management businesses (the “Joint Venture”).

In connection with the Loan Portfolio Acquisition and the Joint Venture, the Company has been renamed “Chicago Atlantic BDC, Inc.,” and its ticker symbol has been changed to “LIEN,” and the Adviser has been renamed “Chicago Atlantic BDC Advisers, LLC.” The changes to the Company’s name and ticker symbol became effective in the market at the open of business on October 2, 2024.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company is an investment company following the accounting and reporting requirements set forth in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services—Investment Companies* and Articles 6 and 12 of Regulation S-X. The financial statements reflect all adjustments and reclassification that, in the opinion of management, are necessary for the fair presentation of results of operations and financial condition as of and for the periods presented. The current period's results of operations are not necessarily indicative of results that may be achieved for the year ending December 31, 2025.

Reclassifications

Certain reclassifications have been made in the presentation of prior year financial statements and accompanying notes to conform to the presentation as of and for the three months ended March 31, 2025.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions affecting reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income, expenses, and gains and losses during the reported period. These estimates are based on the information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions and conditions.

Cash and Cash Equivalents

Cash and cash equivalents consists of funds deposited with financial institutions and short-term (maturity of 90 days or less) liquid investments and money market funds. Funds held in money market funds are considered Level 1 in the fair value hierarchy in accordance with ASC 820. Cash held in demand deposit accounts may exceed the Federal Deposit Insurance Corporation ("FDIC") insured limit. The Company has not incurred any losses on these accounts, and the credit risk exposure is mitigated by the financial strength of the banking institution where the accounts are held. As of March 31, 2025 and December 31, 2024, cash and cash equivalents consisted of \$14.9 million and \$23.9 million, respectively, all of which are held with high credit quality financial institutions, which are members of the Federal Deposit Insurance Corporation.

Investment Transactions

Investment transactions are recorded on the trade date. Realized gains or losses are recognized as the difference between the net proceeds received (excluding prepayment fees, if any) and the amortized cost basis of the investment using the specific identification method without regard to unrealized gains or losses previously recognized, and include investments written off during the period, net of recoveries. Current-period changes in the fair value of investments are reflected as a component of the net change in unrealized appreciation (depreciation) from investments on the Statements of Operations. The net change in unrealized appreciation (depreciation) primarily reflects the change in fair value of investments as of the last business day of the reporting period, including the reversal of previously recorded unrealized gains or losses with respect to investments realized during the period.

Investments traded but not yet settled, if any, are reported in payable for investments purchased and receivable for investments sold on the Statements of Assets and Liabilities.

Investment Valuation

The Company's investments are recorded at their estimated fair value on the Statements of Assets and Liabilities.

Investments for which market quotations are readily available will typically be valued at the bid price of those market quotations. To validate market quotations, the Adviser utilizes a number of factors to determine if the quotations are representative of fair value, including the source and number of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by the Adviser, as the Company's valuation designee (the "Valuation Designee"), based on inputs that may include valuations, or ranges of valuations, provided by independent third-party valuation firm(s) engaged by the Adviser. Generally, the valuation approach used for debt investments is the income approach. The approach derives a value based on either determining the present value of a projected level of cash flow, including a terminal value, or by the capitalization of a normalized measure of future cash flow. The discounted cash flow ("DCF") method, one of the methodologies under the income approach, involves estimating future cash flows under various scenarios and discounting them to the measurement date. The discount rate represents a return required by a market participant in order to make an investment in the subject company.

Alternatively, the market approach or asset approach may be used. The market approach is a way of determining a value indication by using one or more methods that compare the portfolio company to similar businesses. Value indicators are applied to relevant financial information of the entity being valued to estimate its fair value. There are two methodologies to consider under the market approach: the guideline public company method ("GPC") and the controlling transaction method ("CTM"). The GPC method is based on the premise that the pricing multiples of comparable publicly traded companies can be used as a tool to value privately held companies. The publicly traded companies' ratios and business enterprise value provide guidance in the valuation process. Considerations of factors such as size, growth, profitability and return on investment are also analyzed and compared to the subject business. The CTM is based on the same premise as the GPC. Guideline transactions include change-of-control transactions involving public or private businesses for companies engaged in similar lines of business or with similar economic characteristics. The valuation considers the price at which the merger or acquisition took place to other factors in order to create a pricing multiple that can be used to determine an estimate of value for the subject company.

The asset approach provides an indication of the portfolio company's value by developing a valuation-based balance sheet. This approach requires adjusting the historical assets and liabilities listed on the U.S. GAAP-based balance sheet to estimated fair values. The excess of assets over liabilities represents the tangible value of the business enterprise. The asset approach does not consider the relevant earnings capacity of a going concern business.

Pursuant to Rule 2a-5 under the 1940 Act, the Board designated the Adviser as the Valuation Designee to perform the fair value determinations for the Company, subject to the oversight of the Board and certain Board reporting and other requirements.

As part of the valuation process, the Adviser takes into account relevant factors in determining the fair value of our investments, including: the estimated enterprise value of a portfolio company (i.e., the total fair value of the portfolio company's debt and equity), the nature and realizable value of any collateral, the portfolio company's ability to make payments based on its earnings and cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, and overall changes in the interest rate environment and the credit markets. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Adviser considers whether the pricing indicated by the external event corroborates its valuation.

The Adviser undertakes a multi-step valuation process, which includes, among other procedures, the following:

- With respect to investments for which market quotations are readily available, those investments will typically be valued at the bid price of those market quotations;
- With respect to investments for which market quotations are not readily available, the valuation process begins with the Adviser's valuation committee establishing a preliminary valuation of each investment, which may be based on valuations, or ranges of valuations, provided by independent valuation firm(s);

- Preliminary valuations are documented and discussed by the Adviser’s valuation committee and, where appropriate, the independent valuation firm(s); and
- The Adviser determines the fair value of each investment.

We conduct this valuation process on a quarterly basis.

We apply Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurement* (“ASC 820”), which establishes a framework for measuring fair value in accordance with U.S. GAAP and required disclosures of fair value measurements. ASC 820 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. Market participants are defined as buyers and sellers in the principal or most advantageous market (which may be a hypothetical market) that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820, we consider the principal market to be the market that has the greatest volume and level of activity. ASC 820 specifies a fair value hierarchy that prioritizes and ranks the level of observability of inputs used in determination of fair value. In accordance with ASC 820, these levels are summarized below:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or for which all significant inputs are observable, either directly or indirectly; and
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of such investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be realized. Further, such investments are generally less liquid than publicly traded securities and may be subject to contractual and other restrictions on resale. If we were required to liquidate a portfolio investment in a forced or liquidation sale, it could realize amounts that are different from the amounts presented and such differences could be material. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected previously.

Equity Securities and Warrants

The Company may be issued warrants by portfolio companies as yield enhancements in connection with a related debt investment. These warrants are recorded as assets at estimated fair value on the grant date. The Company determines the cost basis of the warrants or other equity securities received based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt and warrants or other equity securities received. Depending on the facts and circumstances, the Company generally utilizes a combination of one or several forms of the market approach and contingent claim analyses (a form of option analysis) to estimate the fair value of the securities as of the measurement date and determines the cost basis using a relative fair value methodology. As part of its application of the market approach, the Company estimates the enterprise value of a portfolio company utilizing customary pricing multiples, based on the development stage of the underlying issuers, or other appropriate valuation methods, such as considering recent transactions in the equity securities of the portfolio company or third-party valuations that are assessed to be indicative of fair value of the respective portfolio company. If appropriate, based on the facts and circumstances, the Company performs an allocation of the enterprise value to the equity securities utilizing a contingent claim analysis and/or other waterfall calculation by which it allocates the enterprise value across the portfolio company’s warrants and other equity securities in order of their preference relative to one another.

Earnings per share

Basic earnings per share is computed by dividing net increase (decrease) in net assets resulting from operations by the weighted-average number of common shares outstanding for the period. Other potentially dilutive common shares, and the related impact to earnings are considered when calculating earnings per share on a diluted basis using the treasury stock method.

Revenue Recognition

Interest Income

Interest income is recorded on an accrual basis and includes accretion and amortization of discounts or premiums, respectively. Discounts and premiums to par value on securities purchased are accreted and amortized, respectively, into interest income over the contractual life of the respective security using the effective yield method. The amortized cost of investments includes the original cost adjusted for the accretion and amortization of discounts and premiums, respectively. Upon prepayment of a loan or debt security, any prepayment premiums and unamortized discounts or premiums are recorded as interest income.

Certain investments may have contractual PIK interest or dividends. PIK interest or dividends represents accrued interest or dividends that is added to the principal amount of the investment on the respective interest or dividend payment dates rather than being paid in cash and generally becomes due at maturity.

Dividend Income

Dividend income on preferred equity securities is recorded on the accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Fee Income

All transaction fees earned in connection with our investments are recognized as fee income and are generally non-recurring. Such fees typically include fees for services, including administrative, structuring (including with respect to amendments) and advisory services, provided to portfolio companies. We recognize income from fees for providing such structuring and advisory services when the services are rendered or the transactions are completed, and payment is received (generally immediately).

Non-Accrual Policy

When a debt security becomes 90 days or more past due, or if management otherwise does not expect that principal, interest, and other obligations due will be collected in full, the Company will generally place the debt security on non-accrual status and cease recognizing interest income on that debt security until all principal and interest due has been paid or the Company believes the borrower has demonstrated the ability to repay its current and future contractual obligations. Any interest receivable is reversed from income in the period that a loan is placed on non-accrual status. However, the Company may make exceptions to this policy if the investment has sufficient collateral value and is in the process of collection. If PIK interest or dividends are not expected to be realized by the Company, the investment generating PIK interest or dividends will be placed on non-accrual status. When an investment with PIK is placed on non-accrual status, the accrued, uncapitalized interest or dividends are generally reversed through interest or dividend income, respectively. As of March 31, 2025 and December 31, 2024, there were no investments placed on non-accrual status.

Unearned Revenue

The Company utilizes interest reserves on certain loans which are applied to future interest payments. Such reserves are established at the time of loan origination. The interest reserve is recorded as a liability as it represents unearned interest revenue. The interest reserve is relieved when the interest on the loan is earned, and interest income is recorded in the period when the interest is earned in accordance with the credit agreement. The interest payment is deducted from the interest reserve deposit balance on the date when the interest payment is due.

The decision to establish an interest reserve is made during the underwriting process and considers the creditworthiness and expertise of the borrower, and the debt coverage provided by the pledged collateral. It is the Company's policy to recognize income for this interest component as long as the subject loan is performing as originally projected and if there has been no deterioration in the financial condition of the borrower. The Company's standard accounting policies for interest income recognition are applied to all loans, including those with interest reserves. As of March 31, 2025 and December 31, 2024, the Company recorded \$213,269 and \$37,752, respectively, of prepaid interest reserves, which are presented as unearned interest income on the Statements of Assets and Liabilities.

Income Taxes

The Company adopted an initial tax year end of December 31, 2021 and was taxed as a corporation for U.S. federal income tax purposes for the tax period ended December 31, 2021. The Company adopted the tax year end of March 31 and elected to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code for the tax period January 1, 2022 through March 31, 2022 and in subsequent years. The Company intends to maintain such election in the current and future taxable years. To maintain its tax treatment as a RIC, the Company must meet specified source-of-income and asset diversification requirements and timely distribute to its stockholders for each taxable year at least 90% of its investment company taxable income. In order for the Company not to be subject to U.S. federal excise taxes, it must distribute annually an amount at least equal to the sum of (i) 98% of its net ordinary income for the calendar year, (ii) 98.2% of its capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year and (iii) any net ordinary income and capital gains in excess of capital losses for preceding years that were not distributed during such years. The Company, at its discretion (subject to the requirement to distribute 90% of its investment company taxable income as described above), may carry forward taxable income in excess of calendar year dividends and pay a 4% nondeductible U.S. federal excise tax on this income. If the Company chooses to do so, this generally would increase expenses and reduce the amount available to be distributed to stockholders.

For the three months ended March 31, 2025 and March 31, 2024, the Company did not accrue any excise tax. As of March 31, 2025 and December 31, 2024, \$0 and \$88,709, respectively, of accrued excise taxes remained payable.

During the quarter ended March 31, 2025, the Company determined that it had overpaid its estimated federal excise tax liability for the prior fiscal year by \$26,648. This overpayment resulted in a deferred tax asset and is included in prepaid expenses and other assets on the Statements of Assets and Liabilities. The Company has evaluated the realizability of the deferred tax asset and believes it is more likely than not that the benefit will be realized in future periods through either a refund or application against future excise tax liabilities. Accordingly, no valuation allowance has been recorded against this deferred tax asset.

The Company evaluates tax positions taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority in accordance with ASC Topic 740, *Income Taxes* ("ASC 740"). Tax benefits of positions not deemed to meet the more-likely-than-not threshold, or uncertain tax positions, would be recorded as tax expense in the current year. It is the Company's policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax expense.

Based on the analysis of the Company's tax position, the Company has no uncertain tax positions that met the recognition or measurement criteria as of March 31, 2025 and December 31, 2024. The Company does not anticipate any significant increase or decrease in unrecognized tax benefits for the next twelve months. The Company identifies its major tax jurisdiction as the United States. As of March 31, 2025, the tax years that remain subject to examination by the Internal Revenue Service are from 2022 (commencement of operations) forward.

Distributions

Distributions to common stockholders are recorded on the record date. The amount of taxable income to be paid out as a distribution is determined by our Board on a quarterly basis and is generally based upon the future taxable income estimated by management. Capital gains, if any, are distributed at least annually, although the Company may decide to retain all or some of those capital gains for investment and pay U.S. federal income tax at corporate rates on those retained amounts. If the Company chooses to do so, this generally will increase expenses and reduce the amount available to be distributed to stockholders. Our distributions may exceed our earnings, and therefore, portions of the distributions that we make may be a return of the money originally invested and represent a return of capital distribution to shareholders for tax purposes.

Offering Costs

These costs consist primarily of legal fees and other costs incurred in connection with issuances of the Company's common stock, including the preparation of the Company's registration statement, registration fees, transfer agent expenses, and other expenses relating to the offering. Offering costs are capitalized as deferred offering costs and, if any, are included in prepaid expenses and other assets on the Statements of Assets and Liabilities. Deferred offering costs were \$49,998 as of March 31, 2025 and December 31, 2024.

The deferred offering costs were charged to capital upon the issuance of shares subsequent to the completion of the Loan Portfolio Acquisition. For the three months ended March 31, 2025, \$0 of offering costs were charged to capital. For the year ended December 31, 2024, \$1,214,375 of offering costs were charged to capital. As of March 31, 2025 and December 31, 2024, there were \$0 and \$989,645, respectively, of offering costs payable by the Company.

Transaction expenses related to the Loan Portfolio Acquisition

Cumulative transaction expenses related to the Loan Portfolio Acquisition through March 31, 2025 and December 31, 2024 were \$6,053,043 and \$6,053,043, respectively, and consisted primarily of legal fees and valuation fees.

For the three months ended March 31, 2025 and March 31, 2024, the Company incurred transaction expenses related to the Loan Portfolio Acquisition of \$0 and \$2,106,050, respectively. As of March 31, 2025 and December 31, 2024, \$0 and \$2,945,125, respectively, of transaction expenses related to the Loan Portfolio Acquisition remained payable, and are included in transaction fees payable on the Statements of Assets and Liabilities.

Deferred Financing Costs

Deferred financing costs consist of origination expenses incurred in connection with the closing, or anticipated closing, of a credit facility, and may include legal, accounting, and other related expenses. These costs are deferred and amortized as interest expense using the straight-line method over the term of the applicable credit facility. In addition to origination expenses, the Company pays an annual upfront fee related to the credit facility. These fees are deferred and amortized as interest expense using the straight-line method over a one-year term. Deferred financing costs are included in prepaid expenses and other assets on the Statements of Assets and Liabilities. As of March 31, 2025 and December 31, 2024, deferred financing costs payable were \$114,548 and \$47,881, respectively.

New Accounting Standards

On January 1, 2025, the Company adopted ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires, among other things, greater disaggregation of information in the income tax rate reconciliation and for paid income taxes to be disaggregated by jurisdiction. This ASU affects financial statement disclosure only, which is not required until year end 2025 and, as a result, does not affect our results of operations or financial condition.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40). ASU No. 2024-03 requires disaggregated disclosure of certain costs and expenses, including purchase of inventory, employee compensation, depreciation, amortization and depletion, within relevant income statement captions. ASU 2024-03 is effective for annual years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption and retrospective application are permitted. The Company is currently evaluating the impact of adopting ASU No. 2024-03.

NOTE 3 — INVESTMENTS

The Company's investments in portfolio companies are primarily in the form of debt investments, but may include equity warrants received in connection with debt investments, equity investments and derivative investments.

In the tables presented below for the Company's debt investments, the amortized cost represents the original cost adjusted for any accretion of discounts, amortization of premiums and PIK interest or dividends.

The following tables summarize the composition of the Company's portfolio investments by investment type as of March 31, 2025 and December 31, 2024.

As of March 31, 2025						
Investment Type	Principal Balance	Percentage at Principal Balance	Amortized Cost	Percentage at Amortized Cost	Fair Value	Percentage at Fair Value
First Lien Senior Secured Debt	\$ 255,921,337	87.9%	\$ 252,972,860	87.7%	\$ 253,722,547	87.7%
Senior Secured Notes	35,212,194	12.1	34,686,433	12.0	34,852,194	12.0
Preferred Stock	-	-	500,000	0.2	500,000	0.2
Warrants	-	-	242,826	0.1	188,000	0.1
Total	\$ 291,133,531	100.0%	\$ 288,402,119	100.0%	\$ 289,262,741	100.0%

As of December 31, 2024						
Investment Type	Principal Balance	Percentage at Principal Balance	Amortized Cost	Percentage at Amortized Cost	Fair Value	Percentage at Fair Value
First Lien Senior Secured Loans	\$ 242,269,725	87.3%	\$ 239,036,463	87.1%	\$ 239,860,206	87.1%
Senior Secured Notes	35,147,669	12.7	34,567,422	12.6	34,656,192	12.6
Preferred Stock	-	-	500,000	0.2	500,000	0.2
Warrants	-	-	242,826	0.1	225,000	0.1
Total	\$ 277,417,394	100.0%	\$ 274,346,711	100.0%	\$ 275,241,398	100.0%

The following tables summarize the composition of the Company's debt portfolio based on rate characteristics as of March 31, 2025 and December 31, 2024.

As of March 31, 2025				
Rate Type	Principal Balance	Amortized Cost	Fair Value	Time to Maturity
Fixed-rate loans	\$ 69,139,797	\$ 68,188,312	\$ 68,423,406	2.6 years
Floating-rate loans (SOFR)	16,852,192	16,499,325	16,727,820	1.5 years
Floating-rate loans (Prime)	205,141,542	202,971,656	203,423,515	1.6 years
Total Debt Instruments	\$ 291,133,531	\$ 287,659,293	\$ 288,574,741	

As of December 31, 2024				
Rate Type	Principal Balance	Amortized Cost	Fair Value	Time to Maturity
Fixed-rate loans	\$ 56,819,862	\$ 55,954,923	\$ 56,158,027	2.6 years
Floating-rate loans (SOFR)	15,543,708	15,134,388	15,209,230	1.5 years
Floating-rate loans (Prime)	205,053,824	202,514,574	203,149,141	1.8 years
Total Debt Instruments	\$ 277,417,394	\$ 273,603,885	\$ 274,516,398	

The Company's portfolio investments are primarily in companies conducting business in or supporting the cannabis industry. The Company uses NAICS for classifying the industry groupings of its portfolio companies, excluding any portfolio company operating in the cannabis industry. The following tables summarize the composition of the Company's portfolio investments by industry as of March 31, 2025 and December 31, 2024.

Industry	As of March 31, 2025			
	Amortized Cost	Percentage at Amortized Cost	Fair Value	Percentage at Fair Value
Cannabis	\$ 228,247,308	79.2%	\$ 228,955,592	79.2%
Finance and Insurance	29,826,074	10.3	29,943,347	10.4
Information	14,696,510	5.1	14,618,084	5.1
Public Administration	10,155,006	3.5	10,241,792	3.5
Retail Trade	3,298,843	1.1	3,374,875	1.2
Real Estate and Rental and Leasing	2,178,378	0.8	2,129,051	0.6
Total	\$ 288,402,119	100.0%	\$ 289,262,741	100.0%

Industry	As of December 31, 2024			
	Amortized Cost	Percentage at Amortized Cost	Fair Value	Percentage at Fair Value
Cannabis	\$ 210,144,841	76.6%	\$ 211,007,307	76.7%
Finance and Insurance	30,866,942	11.3	30,907,369	11.2
Information	14,873,810	5.4	14,754,624	5.4
Public Administration	10,273,444	3.7	10,322,928	3.8
Retail Trade	3,285,390	1.2	3,275,125	1.2
Health Care and Social Assistance	2,753,852	1.0	2,796,946	1.0
Real Estate and Rental and Leasing	2,148,432	0.8	2,177,099	0.7
Total	\$ 274,346,711	100.0%	\$ 275,241,398	100.0%

The geographic composition is determined by the location of the principal place of business of each portfolio company. Geographic regions are defined as: West, for the states of WA, OR, ID, MT, WY, CO, AK, HI, UT, NV and CA; Midwest, for the states ND, SD, NE, KS, MO, IA, MN, WI, MI, IL, IN and OH; Northeast, for the states PA, NJ, NY, CT, RI, MA, VT, NH and ME; Southeast, for the states AR, LA, MS, TN, KY, AL, FL, GA, SC, NC, VA, DE, WV and MD; and Southwest, for the states of AZ, NM, TX and OK.

The following tables summarize the composition of the Company's portfolio investments by geographic region as of March 31, 2025 and December 31, 2024.

Geographic Region	As of March 31, 2025			
	Amortized Cost	Percentage at Amortized Cost	Fair Value	Percentage at Fair Value
United States:				
Midwest	\$ 89,535,926	31.0%	\$ 90,035,384	31.1%
West	88,049,450	30.5	88,042,574	30.4
Northeast	55,578,825	19.3	55,854,173	19.3
Southwest	21,981,425	7.6	22,000,000	7.6
Southeast	20,345,551	7.1	20,424,344	7.1
International:				
Canada	12,910,942	4.5	12,906,266	4.5
Total	\$ 288,402,119	100.0%	\$ 289,262,741	100.0%

As of December 31, 2024

Geographic Region	As of December 31, 2024			
	Amortized Cost	Percentage at Amortized Cost	Fair Value	Percentage at Fair Value
United States:				
Midwest	\$ 88,999,405	32.4%	\$ 89,624,122	32.6%
West	86,686,279	31.6	86,660,218	31.5
Northeast	52,963,212	19.3	53,223,047	19.3
Southwest	21,980,052	8.0	22,000,000	8.0
Southeast	20,703,496	7.6	20,749,887	7.5
International:				
Canada	3,014,267	1.1	2,984,124	1.1
Total	\$ 274,346,711	100.0%	\$ 275,241,398	100.0%

Certain Risk Factors

In the ordinary course of business, the Company manages a variety of risks including market risk, concentration risk, credit risk, liquidity risk, interest rate risk, prepayment risk, risks associated with financial, economic and other global market developments and disruptions, including those arising from war, terrorism, market manipulation, government interventions, defaults and shutdowns, political changes or diplomatic developments, public health emergencies (such as the spread of infectious diseases, pandemics and epidemics) and natural/environmental disasters, which can all negatively impact the securities markets generally. These events can also impair the technology and other operational systems upon which the Company's service providers rely and could otherwise disrupt the Company's service providers' ability to fulfill their obligations to the Company. The Company identifies, measures and monitors risk through various control mechanisms, including trading limits and diversifying exposures and activities across a variety of instruments, markets and counterparties.

Market risk is the risk of potential adverse changes to the value of financial instruments because of changes in market conditions, including as a result of changes in the credit quality of a particular issuer, credit spreads, interest rates, and other movements and volatility in security prices or commodities. In particular, the Company may invest in issuers that are experiencing or have experienced financial or business difficulties (including difficulties resulting from the initiation or prospect of significant litigation or bankruptcy proceedings), which involves significant risks. The Company manages its exposure to market risk through the use of risk management strategies and various analytical monitoring techniques.

Concentration risk includes the risk that the Company's focus on investments in cannabis companies may subject the Company to greater price volatility and risk of loss as a result of adverse economic, business or other developments affecting cannabis companies than funds investing in a broader range of industries or sectors. At times, the performance of investments in cannabis companies will lag the performance of other industries or sectors or the broader market as a whole. Investing in portfolio companies involved in the cannabis industry subjects us to the following risks:

- The cannabis industry is extremely speculative and raises a host of legality issues, making it subject to inherent risk;
- The manufacture, distribution, sale, or possession of cannabis that is not in compliance with the U.S. Controlled Substances Act is illegal under U.S. federal law. Strict enforcement of U.S. federal laws regarding cannabis would likely result in our portfolio companies' inability to execute a business plan in the cannabis industry, and could result in the loss of all or part of any of our loans;
- The current Presidential Administration's or specifically the U.S. Department of Justice's change in policies or enforcement with respect to U.S. federal cannabis laws could negatively impact our portfolio companies' ability to pursue their prospective business operations and/or generate revenues;
- U.S. federal courts may refuse to recognize the enforceability of contracts pertaining to any business operations that are deemed illegal under U.S. federal law, including cannabis companies operating legally under state law;

- Consumer complaints and negative publicity regarding cannabis-related products and services could lead to political pressure on states to implement new laws and regulations that are adverse to the cannabis industry, to not modify existing, restrictive laws and regulations, or to reverse current favorable laws and regulations relating to cannabis;
- Assets collateralizing loans to cannabis businesses may be forfeited to the U.S. federal government in connection with government enforcement actions under U.S. federal law;
- U.S. Food and Drug Administration regulation of cannabis and the possible registration of facilities where cannabis is grown could negatively affect the cannabis industry, which could directly affect our financial condition and the financial condition of our portfolio companies;
- Due to our proposed strategy of investing in portfolio companies engaged in the regulated cannabis industry, our portfolio companies may have a difficult time obtaining the various insurance policies that are needed to operate such businesses, which may expose us and our portfolio companies to additional risks and financial liabilities;
- The cannabis industry may face significant opposition from other industries that perceive cannabis products and services as competitive with their own, including but not limited to the pharmaceutical industry, adult beverage industry and tobacco industry, all of which have powerful lobbying and financial resources;
- Many national and regional banks have been resistant to doing business with cannabis companies because of the uncertainties presented by federal law and, as a result, we or our portfolio companies may have difficulty borrowing from or otherwise accessing the service of banks, which may inhibit our ability to open bank accounts or otherwise utilize traditional banking services;
- Due to our proposed strategy of investing in portfolio companies engaged in the regulated cannabis industry, we or our portfolio companies may have a difficult time obtaining financing in connection with our investment strategy; and
- Laws and regulations affecting the regulated cannabis industry are varied, broad in scope and subject to evolving interpretations, and may restrict the use of the properties our portfolio companies acquire or require certain additional regulatory approvals, which could materially adversely affect our investments in such portfolio companies.

As of March 31, 2025 and December 31, 2024, we had three portfolio companies that represented 42.9% and 45.1%, respectively, of the fair values of our portfolio. As of March 31, 2025 and December 31, 2024, our largest portfolio company represented 17.9% and 18.9%, respectively, of the total fair values of our investments in portfolio companies.

Any of the foregoing could have an adverse impact on our and our portfolio companies' businesses, financial condition and results of operations.

Credit risk is the risk that a decline in the credit quality of an investment could cause the Company to lose money. The Company could lose money if the issuer or guarantor of a portfolio security fails to make timely payment or otherwise honor its obligations. Fixed income securities rated below investment grade (high-yield bonds) involve greater risks of default or downgrade and are generally more volatile than investment grade securities. Below investment grade securities involve greater risk of price declines than investment grade securities due to actual or perceived changes in an issuer's creditworthiness. In addition, issuers of below investment grade securities may be more susceptible than other issuers to economic downturns. Such securities are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could substantially adversely affect the market value of the security.

The Company's investments may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly traded, making purchase or sale of such securities and financial instruments at desired prices or in desired quantities difficult. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.

Interest rate risk refers to the change in earnings that may result from changes in the level of interest rates. To the extent that the Company borrows money to make investments, including under its credit facility, net investment income (loss) will be affected by the difference between the rate at which the Company borrows funds and the rate at which the Company invests these funds. In periods of rising interest rates, the Company's cost of borrowing funds would increase, which may reduce net investment income (loss). As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on net investment income (loss).

Prepayment risk is the risk that a loan in the Company's portfolio will prepay due to the existence of favorable financing market conditions that allow the portfolio company the ability to replace existing financing with less expensive capital. As market conditions change, prepayment may be possible for each portfolio company. In some cases, the prepayment of a loan may reduce the Company's achievable yield if the capital returned cannot be invested in transactions with equal or greater expected yields, which could have a material adverse effect on our business, financial condition and results of operations.

NOTE 4 — FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The Company accounts for its investments at fair value. As of March 31, 2025 and December 31, 2023, the Company's portfolio investments consisted primarily of investments in senior secured loans and secured notes. The fair value amounts have been measured as of the reporting date and have not been reevaluated or updated for purposes of these financial statements subsequent to that date. As such, the fair values of these financial instruments subsequent to the reporting date may be different than amounts reported.

The fair value determination of each portfolio investment categorized as Level 3 required the use of one or more unobservable inputs.

The use of significant unobservable inputs creates uncertainty in the measurement of fair value as of the reporting date. The significant unobservable inputs used in the fair value measurement of the Company's debt investments may vary and may include debt investments' yield (i.e. discount rate) and volatility assumptions. The significant unobservable inputs used in the fair value measurement of the Company's equity and warrant investments may vary and may include EBITDA multiples, revenue multiples and asset multiples.

The Company's investments measured at fair value by investment type on a recurring basis as of March 31, 2025 and December 31, 2024 were as follows:

Investment Type	Fair Value Measurements at March 31, 2025 Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
First Lien Senior Secured Loans	\$ -	\$ -	\$ 253,722,547	\$ 253,722,547
Senior Secured Notes	-	-	34,852,194	34,852,194
Preferred Stock	-	-	500,000	500,000
Warrants	-	-	188,000	188,000
Total	\$ -	\$ -	\$ 289,262,741	\$ 289,262,741

Investment Type	Fair Value Measurements at December 31, 2024 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
First Lien Senior Secured Loans	\$ -	\$ -	\$ 239,860,206	\$ 239,860,206
Senior Secured Notes	-	-	34,656,192	34,656,192
Preferred Stock	-	-	500,000	500,000
Warrants	-	-	225,000	225,000
Total	\$ -	\$ -	\$ 275,241,398	\$ 275,241,398

The following tables provide a summary of the significant unobservable inputs used to fair value the Level 3 portfolio investments as of March 31, 2025 and December 31, 2024. The methodology for the determination of the fair value of the Company's investments is discussed in "Note 2 – Significant Accounting Policies". Discount rate ranges are shown as spread over PRIME, SOFR and/or Treasuries, as applicable, for senior secured first lien term loans, as of March 31, 2025 and December 31, 2024.

Investment Type	Fair Value as of March 31, 2025	Valuation Techniques/ Methodologies	Unobservable Input	Range	Weighted Average (1)
First Lien Senior Secured Loans	\$ 253,722,547	Discounted Cash Flow	Discount Rate	9.60% - 28.60%	12.70%
Senior Secured Notes	34,852,194	Discounted Cash Flow	Discount Rate	7.60% - 17.20%	11.57%
Preferred Stock	500,000	Market Approach	Current Value	2.5x	2.5x
Warrants	188,000	Option Pricing Model	Volatility Factor	39.50%	39.50%
Total	\$ 289,262,741				

Investment Type	Fair Value as of December 31, 2024	Valuation Techniques/ Methodologies	Unobservable Input	Range	Weighted Average (1)
First Lien Senior Secured Loans	\$ 239,860,206	Discounted Cash Flow	Discount Rate	9.1% - 28.6%	13.4%
Senior Secured Notes	34,656,192	Discounted Cash Flow	Discount Rate	7.4% - 17.2%	11.5%
Preferred Stock	500,000	Market Approach	Current Value	2.5x	2.5x
Warrants	225,000	Option Pricing Model	Volatility Factor	47.2%	47.2%
Total	\$ 275,241,398				

(1) The weighted average is calculated based on the fair value of each investment.

Significant increases (decreases) in discount rate in isolation would result in a significantly lower (higher) fair value assessment. Significant increases (decreases) in volatility in isolation would result in a significantly lower (higher) fair value assessment.

The following tables provide a summary of changes in the fair value of the Company's Level 3 portfolio investments for the three months ended March 31, 2025 and 2024:

	First Lien Senior Secured Loans	Senior Secured Notes	Preferred Stock	Warrants	Total
Fair Value as of December 31, 2024	\$ 239,860,206	\$ 34,656,192	\$ 500,000	\$ 225,000	\$ 275,241,398
Purchases	20,601,132	-	-	-	20,601,132
Accretion of discount and fees (amortization of premium), net	468,421	54,486	-	-	522,907
PIK interest	508,850	64,525	-	-	573,375
Proceeds from sales of investments and principal repayments	(7,642,007)	-	-	-	(7,642,007)
Net realized gain (loss) on investments	-	-	-	-	-
Net change in unrealized appreciation (depreciation) on investments	(74,055)	76,991	-	(37,000)	(34,064)
Balance as of March 31, 2025	<u>\$ 253,722,547</u>	<u>\$ 34,852,194</u>	<u>\$ 500,000</u>	<u>\$ 188,000</u>	<u>\$ 289,262,741</u>

Net change in unrealized appreciation/depreciation on Level 3 investments still held as of March 31, 2025	<u>\$ (74,055)</u>	<u>\$ 76,991</u>	<u>\$ -</u>	<u>\$ (37,000)</u>	<u>\$ (34,064)</u>
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	First Lien Senior Secured Loans	Senior Secured Notes	Preferred Stock	Warrants	Total
Fair Value as of December 31, 2023	\$ 46,006,000	\$ 8,114,000	-	-	\$ 54,120,000
Purchases	-	-	-	-	-
Accretion of discount and fees (amortization of premium), net	83,022	58,407	-	-	141,429
PIK interest	52,951	-	-	-	52,951
Proceeds from sales of investments and principal repayments	(63,000)	-	-	-	(63,000)
Net realized gain (loss) on investments	-	-	-	-	-
Net change in unrealized appreciation (depreciation) on investments	548,027	51,593	-	-	599,620
Balance as of March 31, 2024	<u>\$ 46,627,000</u>	<u>\$ 8,224,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,851,000</u>

Net change in unrealized appreciation/depreciation on Level 3 investments still held as of March 31, 2024	<u>\$ 548,027</u>	<u>\$ 51,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,620</u>
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NOTE 5 – DEBT

Credit Agreement

On February 11, 2025, the Company entered into a senior secured revolving credit agreement (the "Credit Agreement") among the Company, as borrower, Western Alliance Trust Company, N.A. ("WATC"), as administrative agent, Western Alliance Bank, as an issuing bank and as the initial lender, and the other lenders party thereto from time to time.

Under the Credit Agreement, the lenders have agreed to extend credit to the Company on a revolving basis in an initial aggregate amount of up to \$100,000,000 with an option for the Company to request additional commitments, in a minimum amount of \$5,000,000, at one or more times from existing and/or new lenders (the "Revolving Line of Credit"). The Credit Agreement also provides for the issuance of letters of credit in an aggregate face amount of up to \$5,000,000.

Availability under the Credit Agreement (the "Revolving Period") will terminate on February 11, 2027, and the Credit Agreement has a scheduled maturity date of March 31, 2028.

Borrowings under the Credit Agreement bear interest at the annual rate of one-month term Secured Overnight Financing Rate plus 3.00%, subject to a minimum interest rate of 6.00%. The Company will pay a commitment fee of 0.50% per annum on the average daily unused portion of commitments under the Credit Agreement during the Revolving Period. For the three months ended March 31, 2025, the company recorded \$66,667 of commitment fees which are included in interest expense on the Statements of Operations. The Company also will be required to pay letter of credit participation fees and a fronting fee on the average daily amount of the lenders' exposure with respect to any letters of credit issued at the request of the Company under the Credit Agreement.

The Company incurred \$871,248 of financing costs in connection with the origination of the Revolving Line of Credit. As of March 31, 2025, the balance of \$725,867 of deferred financing costs is included in prepaid expenses and other assets on the Statements of Assets and Liabilities. For the three months ended March 31, 2025, \$145,381 of such costs were amortized and included in interest expense on the Statements of Operations.

As of March 31, 2025, the Company had no outstanding borrowings and \$100,000,000 available under the Revolving Line of Credit.

NOTE 6 — RELATED PARTY TRANSACTIONS

Investment Advisory Agreement

Pursuant to the investment advisory agreement between the Company and the Adviser (the "Investment Advisory Agreement"), fees payable to the Adviser are equal to (a) a base management fee of 1.75% of the average value of the Company's gross assets at the end of the two most recent quarters (i.e., total assets held before deduction of any liabilities), which includes investments acquired with the use of leverage and excludes cash and cash equivalents and (b) an incentive fee based on the Company's performance.

The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20% of the Company's "Pre-Incentive Fee Net Investment Income" for the quarter, subject to a preferred return, or "hurdle," of 1.75% per quarter (7% annualized), and a "catch-up" feature. The second part is determined and payable in arrears as of the end of each fiscal year (or upon termination of the Investment Advisory Agreement) and equals 20% of the Company's realized capital gains on a cumulative basis from inception through the end of the fiscal year, if any, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee (the "Incentive Fee on Capital Gains"). While the Investment Advisory Agreement neither includes nor contemplates the inclusion of unrealized gains in the calculation of the Incentive Fee on Capital Gains, as required by U.S. GAAP, we accrue the Incentive Fee on Capital Gains on unrealized capital appreciation exceeding unrealized depreciation. This accrual reflects the Incentive Fee on Capital Gains that would be payable to the Adviser if the Company's entire investment portfolio was liquidated at its fair value as of the balance sheet date even though the Adviser is not entitled to an Incentive Fee on Capital Gains with respect to unrealized capital appreciation unless and until such gains are actually realized.

The management fee is payable quarterly in arrears. For the three months ended March 31, 2025 and March 31, 2024, the Company incurred management fee expenses of \$1,260,875 and \$246,131, respectively. As of March 31, 2025 and December 31, 2024, \$1,339,250 and \$758,362, respectively, remained payable.

For the three months ended March 31, 2025 and March 31, 2024, the Company incurred income-based incentive fee expenses of \$1,916,277 and \$0, respectively. As of March 31, 2025 and December 31, 2024, \$2,122,865 and \$1,998,945, respectively, remained payable.

For the three months ended March 31, 2025 and March 31, 2024, the Company incurred capital gains incentive fee expenses of \$(6,813) and \$119,924, respectively. As of March 31, 2025 and December 31, 2024, \$115,074 and \$121,887, respectively, remained payable.

Expense Limitation Agreement

On October 1, 2024, in connection with the New Investment Advisory Agreement, the Company and the Adviser entered into an expense limitation agreement (the “Expense Limitation Agreement”) pursuant to which the Adviser has agreed to cap the Company’s operating expenses (excluding base management fees, incentive fees, expenses related to the Loan Portfolio Acquisition, and litigation and indemnification expenses) at an annualized rate of 2.15% of the Company’s net assets through the period ending September 30, 2025.

On February 14, 2025, the Board approved a clarification, as proposed by the Company and the Adviser, of the Expense Limitation Agreement, that any interest expense, fees, and other costs associated with raising debt and/or equity capital for the Company are not subject to, and do not count towards, the expense cap of 2.15% per annum under the Expense Limitation Agreement.

For the three months ended March 31, 2025 and March 31, 2024, \$316,000 and \$0 of the Company’s operating expenses were waived by the Adviser pursuant to the Expense Limitation Agreement.

Administration Agreement

Pursuant to the administration agreement between the Company and the Adviser (the “Administration Agreement”), the Company is to reimburse the Adviser for the costs and expenses incurred by the Adviser in performing its obligations, including but not limited to maintaining and keeping all books and records and providing personnel and facilities. This includes costs and expenses incurred by the Adviser in connection with the delegation of its obligations to SS&C, the sub-administrator. The Company is generally not responsible for the compensation of the Adviser’s employees or any overhead expenses. However, we may reimburse the Adviser for an allocable portion of the compensation paid by the Adviser to our CCO and CFO and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to our business affairs).

License Agreement

The Company has also entered into a license agreement with the Adviser pursuant to which the Adviser has agreed to grant the Company a nonexclusive, royalty-free license to use the name “Chicago Atlantic.” Under this agreement, the Company will have a right to use the “Chicago Atlantic” name, for so long as the Adviser or one of its affiliates remains the Company’s investment adviser. Other than with respect to this limited license, the Company will have no legal right to the “Chicago Atlantic” name.

Related Party Fees & Expenses

The following table summarizes the related parties fees and expenses incurred by the Company for the three months ended March 31, 2025 and March 31, 2024.

	For the Three Months Ended	
	March 31, 2025	March 31, 2024
Affiliate Payments		
Management fee	\$ 1,916,277	\$ -
Income based incentive fees	1,260,875	246,131
Capital gains incentive fees	(6,813)	119,924
Total management and incentive fees earned	<u>3,170,339</u>	<u>366,055</u>
General and administrative expenses	974,477	-
Expense limitation agreement	(316,000)	-
General and administrative expenses waiver	(658,477)	-
General and administrative expenses reimbursable to the Adviser	-	-
Total affiliate payments	<u>\$ 3,170,339</u>	<u>\$ 366,055</u>

General administrative expenses reimbursable to the Adviser are included in due to affiliates on the accompanying Statements of Assets and Liabilities as of March 31, 2025 and December 31, 2024. Total amounts payable to the Adviser and its affiliates as of March 31, 2025 are \$197,344, of which \$72,344 and \$125,000, represent general and administrative expenses reimbursable to the Adviser and amounts due to Chicago Atlantic Admin, LLC, respectively. Total amounts payable to the Adviser and its affiliates as of December 31, 2024 are \$905,129, of which \$820,797 and \$84,332, represent general and administrative expenses reimbursable to the Adviser and amounts due to Chicago Atlantic Admin, LLC, respectively.

For the three months ended March 31, 2025, the Adviser voluntarily and irrevocably waived approximately \$658,477 of general and administrative expenses incurred by the Adviser that would have otherwise been reimbursed and payable by the Company. The expenses waived for the three months ended March 31, 2025 are not subject to recoupment by the Adviser or future reimbursement by the Company.

Affiliated Loan Administrative and Collateral Agent

Chicago Atlantic Admin, LLC (the “Loan Administrator”), serves as a loan administrator and collateral agent for certain loans within the Company’s investment portfolio. Among other customary responsibilities as described in each respective loan document, the Loan Administrator is responsible for: (a) the collection of interest, loan fees, and principal payments from portfolio companies, and (b) the subsequent disbursement of the allocable portion of such collections to the lender(s), including the Company. The Loan Administrator is a wholly-owned subsidiary of Chicago Atlantic Group, LP.

Interest and principal payments from our portfolio companies which were received by the Loan Administrator prior to March 31, 2025, but which were not remitted to the Company until after March 31, 2025, are included in due from affiliates on the Statements of Assets and Liabilities. As of March 31, 2025, the due from affiliates balance of \$5,202,278 consists of \$1,812,561 and \$3,389,717 in interest and principal payments receivable, respectively. The amounts due from affiliate as of March 31, 2025 were collected in April 2025.

Interest and principal payments from our portfolio companies which were received by the Loan Administrator prior to December 31, 2024, but which were not remitted to the Company until after December 31, 2024, are included in due from affiliates on the Statements of Assets and Liabilities. As of December 31, 2024, the due from affiliates balance of \$2,361,019 consists of \$1,559,758 and \$801,261 in interest and principal payments receivable, respectively. The amounts due from affiliate as of December 31, 2024 were collected in January 2025.

Co-Investments

From time to time, the Company may co-invest with other investment vehicles managed by its affiliates, in accordance with the Company’s co-investment exemptive order and the Adviser’s co-investment allocation policies. The Company is not obligated to provide, nor has it provided, any financial support to the other managed investment vehicles. As such, the Company’s risk is limited to the carrying value of its investment in any such co-investment. As of March 31, 2025 and December 31, 2024, \$245,658,531 and \$272,816,695, respectively, of the Company’s investments were co-investments with affiliates of the Company.

Other Related Party Transactions

The Adviser was the seed investor of the Company and provided initial funding to the Company by purchasing approximately 4.5 million shares of the Company’s common stock in the Company’s initial public offering. The Adviser provided this “seed capital” to the Company for the purpose of facilitating the launch and initial operation of the Company, as opposed to for long term investment purposes. The Adviser does not expect to hold the Company’s common stock indefinitely, and may sell the Company’s common stock, or distribute the Company’s common stock to its members (who may, in turn, sell the Company’s common stock subject to certain holding period requirements), at a future point in time. In order for the Adviser’s sales of the shares of the Company not to be deemed to have been made “on the basis of” material nonpublic information, such sales may be made pursuant to a pre-approved trading plan that complies with Rule 10b5-1 under the Exchange Act and that may obligate the Adviser to make recurring sales of the Company’s common stock on a periodic basis. Sales of substantial amounts of the Company’s common stock, including by the Adviser, its members or other large stockholders, or the availability of such common stock for sale, could adversely affect the prevailing market prices for the Company’s common stock. If this occurs and continues for a sustained period of time, it could impair the Company’s ability to raise additional capital through the sale of securities, should the Company desire to do so.

During the three months ended March 31, 2025 and March 31, 2024, the Adviser and certain related parties received dividend distributions from the Company relating to their shares held. Refer to “Note 8 – Common Stock” for further details on the Company’s dividend reinvestment plan and the distributions declared.

NOTE 7 — COMMITMENTS AND CONTINGENCIES

Off-Balance Sheet Arrangements

The Company’s commitments and contingencies include unfunded commitments to extend credit, typically in the form of delayed draw term loans to the Company’s portfolio companies. A portion of these unfunded contractual commitments are generally dependent upon the portfolio company reaching certain milestones before the debt commitment becomes available. Furthermore, the Company’s credit agreements with its portfolio companies generally contain customary lending provisions that allow the Company relief from funding obligations for previously made commitments in instances where the underlying portfolio company experiences materially adverse events that affect the financial condition or business outlook of the company. Since a portion of these commitments may expire without being drawn, unfunded contractual commitments do not necessarily represent future cash requirements. As such, the Company’s disclosure of unfunded contractual commitments includes only those commitments that are available at the request of the portfolio company and are unencumbered by milestones or additional lending provisions. As of March 31, 2025 and December 31, 2024, the Company had the following unfunded commitments on existing loans:

	As of March 31, 2025	As of December 31, 2024
Unfunded delayed draw loan commitments	\$ 12,785,714	\$ 1,250,000
Total undrawn commitments	\$ 12,785,714	\$ 1,250,000

The Company did not have any other off-balance sheet commitments or liabilities as of March 31, 2025 or December 31, 2024. The Company will fund its unfunded commitments, if any, from the same sources it uses to fund its investment commitments that are funded at the time they are made (which are typically through existing cash and cash equivalents) and maintains adequate liquidity to fund its unfunded commitments through these sources.

Legal Proceedings

The Company may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. As of March 31, 2025, there were no material legal matters or material litigation pending of which the Company is aware.

NOTE 8 — COMMON STOCK

As of March 31, 2025, 100,000,000 shares of \$0.01 par value common stock were authorized.

Loan Portfolio Acquisition

On October 1, 2024, the Company completed its previously announced acquisition of a portfolio of loans (the “Loan Portfolio”) from Chicago Atlantic Loan Portfolio, LLC (“CALP”) in exchange for newly issued shares of the Company’s common stock (the “Loan Portfolio Acquisition”), pursuant to the Purchase Agreement, dated as of February 18, 2024, between the Company and CALP (the “Loan Portfolio Acquisition Agreement”). In accordance with the terms of the Loan Portfolio Acquisition Agreement, at the effective time of the Loan Portfolio Acquisition, the Company issued 16,605,372 shares of its common stock to CALP in exchange for the Loan Portfolio, which was determined by the Company to have a fair value of \$219,621,125 as of September 28, 2024. Upon the closing of the Loan Portfolio Acquisition, there were 22,820,367 shares of the Company’s common stock outstanding.

Distributions

The following table summarizes distributions declared by the Company during the three months ended March 31, 2025:

Declaration Date	Type	Record Date	Payment Date	Per Share Amount	Dividends Paid
March 14, 2025	Quarterly	March 28, 2025	April 11, 2025	\$ 0.34	\$ 7,758,931

The following table summarizes distributions declared and paid by the Company during the three months ended March 31, 2024:

Declaration Date	Type	Record Date	Payment Date	Per Share Amount	Dividends Paid
March 8, 2024	Quarterly	March 20, 2024	March 28, 2024	\$ 0.25	\$ 1,553,736

Dividend Reinvestment Plan

The Company's dividend reinvestment plan ("DRIP") provides for the reinvestment of distributions in the form of common stock on behalf of its stockholders, unless a stockholder has elected to receive distributions in cash. As a result, if the Company declares a cash distribution, its stockholders who have not "opted out" of the DRIP by the opt out date will have their cash distribution automatically reinvested into additional shares of the Company's common stock. The share requirements of the DRIP may be satisfied through the issuance of common shares or through open market purchases of common shares by the DRIP plan administrator.

The Company's DRIP is administered by its transfer agent on behalf of the Company's record holders and participating brokerage firms. Brokerage firms and other financial intermediaries may decide not to participate in the Company's DRIP but may provide a similar dividend reinvestment plan for their clients.

During the three months ended March 31, 2025, the Company did not issue any shares of common stock under the DRIP.

During the three months ended March 31, 2024, the Company issued the following shares of common stock under the DRIP:

Declaration Date	Type	Record Date	Payment Date	Shares
March 8, 2024	Quarterly	March 20, 2024	March 28, 2024	8

NOTE 9 — INDEMNIFICATION

Under the Company's organizational documents, the Company's officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business the Company enters into contracts that contain a variety of representations which provide general indemnifications. The Company's maximum exposure under these agreements cannot be known; however, the Company expects any risk of loss to be remote.

In the normal course of business, the Company enters into contracts that provide a variety of representations and warranties, and general indemnifications. Such contracts include those with certain service providers, brokers and trading counterparties. Any exposure to the Company under these arrangements is unknown as it would involve future claims that may be made against the Company; however, based on the Company's experience, the risk of loss is remote and no such claims are expected to occur. As such, the Company has not accrued any liability in connection with such indemnifications.

NOTE 10 — EARNINGS PER SHARE

The following table sets forth the computation of the weighted average basic and diluted net increase (decrease) in net assets per share resulting from operations for the three months ended March 31, 2025 and March 31, 2024:

	For the Three Months Ended	
	March 31, 2025	March 31, 2024
Net increase (decrease) in net assets resulting from operations	\$ 7,614,357	\$ 519,811
Weighted Average Shares Outstanding - basic and diluted	22,820,386	6,214,941
Net increase (decrease) in net assets resulting from operations- basic and diluted	\$ 0.33	\$ 0.08

NOTE 11 — INCOME TAXES

The Company adopted a tax year end of March 31 and elected to be treated as a regulated investment company ("RIC") for U.S. federal income tax purposes under Subchapter M of the Code. However, there is no guarantee that the Company will qualify to make such an election for any taxable year. As a RIC, the Company generally will not pay corporate-level income tax if it distributes to stockholders at least 90% of its investment company taxable income ("ICTI") (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of the current year distribution into the next tax year. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI. The amount to be paid out as a distribution is determined by the Board each quarter and is based upon the annual earnings estimated by the management of the Company. To the extent the Company's earnings fall below the amount of dividend distributions declared, however, a portion of the total amount of the Company's distributions for the tax year may be deemed a return of capital for tax purposes to the Company's stockholders.

The amounts and sources of distributions reported are only estimates and are not being provided for U.S. federal income tax reporting purposes. The timing and character of distributions for U.S. federal income tax purposes will be determined in accordance with the U.S. federal tax rules which may differ from GAAP. The final determination of the source of all distributions in 2024 will be made after the tax year-end and the amounts represented may be materially different from the amounts disclosed in the final Form 1099-DIV notice. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Company's investment performance and may be subject to change based on tax regulations.

Because federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income (loss) and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary in nature. Permanent differences are reclassified among the capital accounts in the financial statements to reflect their appropriate tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized in different periods for book and tax purposes.

The Company has not recorded a liability for any uncertain tax positions pursuant to the provisions of ASC 740, Income Taxes as of March 31, 2025 and December 31, 2024.

In the normal course of business, the Company is subject to examination by federal and certain state and local tax regulators.

For tax purposes, net realized capital losses may be carried over to offset future capital gains, if any. RICs are permitted to carry forward capital losses for an indefinite period, and such losses will retain their character as either short-term or long-term capital losses. As of March 31, 2025, the Company's most recent tax year end, the Company had a net short-term capital loss carryforward of \$210,767 and a net long-term capital loss carryforward of \$74,483, each of which may be carried forward for an indefinite period.

The Company's taxable income for each period is an estimate and will not be finally determined until the Company files its tax return for each year. Therefore, the final taxable income earned in each year and carried forward for distribution in the following year may be different than this estimate.

For the tax years ended March 31, 2025 and March 31, 2024, the Company reclassified for book purposes amounts arising from permanent book to tax differences primarily related to non-deductible excise tax paid.

	March 31, 2025	March 31, 2024
Increase (decrease) in additional paid in capital	\$ (120,003)	\$ (10,676)
Increase (decrease) in distributable earnings (accumulated loss)	120,003	10,676

For income tax purposes, distributions paid to shareholders are reported as ordinary income, return of capital, long-term capital gains, or a combination thereof. The tax character of distributions paid for the tax year ended March 31, 2025 and the tax year ended March 31, 2024, were as follows:

	For the Tax Year from April 1, 2024 through March 31, 2025	For the Tax Year from April 1, 2023 through March 31, 2024
Ordinary income	\$ 18,625,335	\$ 9,819,273
Long-term Capital Gain	-	-
Return of Capital	-	-
Total Distributions	<u>\$ 18,625,335</u>	<u>\$ 9,819,273</u>

As of March 31, 2025 and March 31, 2024, the components of distributable earnings on a tax basis detailed below differ from the amounts reflected in the Company's Statements of Assets and Liabilities by temporary book or tax differences primarily arising from the tax treatment of organizational costs, the tax treatment of transaction expenses related to the Loan Portfolio Acquisition, and the tax treatment of uncrystallized capital gain incentive fees, and distributions payable.

	March 31, 2025	March 31, 2024
Undistributed ordinary income	\$ 9,344,744	1,782,017
Net unrealized appreciation (depreciation) on investments	(3,210,239)	1,248,303
Capital Loss Carry Forwards	(285,250)	(210,767)
Other temporary differences	(8,211,487)	(3,393,536)
Total	<u>\$ (2,362,232)</u>	<u>\$ (573,983)</u>

The following table sets forth the tax cost basis and the estimated aggregate gross unrealized appreciation and depreciation from investments and cash equivalents for federal income tax purposes as of March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
Tax cost of investments and cash equivalents	\$ 307,394,719	\$ 298,279,117
Unrealized appreciation	1,286,665	1,285,099
Unrealized depreciation	(4,496,904)	(390,412)
Net unrealized appreciation (depreciation) from investments and cash equivalents	<u>\$ (3,210,239)</u>	<u>\$ 894,687</u>

NOTE 12 — FINANCIAL HIGHLIGHTS

The following presents financial highlights for the three months ended March 31, 2025 and March 31, 2024:

	For the Three Months Ended	
	March 31, 2025	March 31, 2024
Per share data:		
Net asset value at beginning of period	\$ 13.20	\$ 13.77
Net investment income (loss) ⁽¹⁾	0.34	(0.01)
Net realized and unrealized gains/(losses) on investments ⁽¹⁾	(0.01)	0.09
Net increase/(decrease) in net assets resulting from operations ⁽¹⁾	0.33	0.08
Distributions from net investment income (loss) ⁽²⁾	(0.34)	(0.25)
Net asset value at end of period	\$ 13.19	\$ 13.60
Net assets at end of period	\$ 301,018,004	\$ 84,518,767
Shares outstanding at end of period	22,820,386	6,214,949
Weighted average net assets	\$ 301,160,972	\$ 85,541,257
Per share market value at end of period	\$ 11.25	\$ 9.61
Total return based on market value ⁽³⁾	(4.97)%	16.82%
Total return based on net asset value ⁽³⁾	2.90%	1.33%
Ratio/Supplemental data:		
Ratio of expenses to average net assets ⁽⁴⁾	1.42%	3.32%
Ratio of net investment income (loss) to average net assets ⁽⁴⁾	2.54%	(0.09)%
Ratio of total operating expenses to average net assets ⁽⁴⁾	1.74%	-
Ratio of waived expenses to average net assets ⁽⁴⁾	(0.32)%	-
Ratio of net operating expenses to average net assets ⁽⁴⁾	1.42%	-
Portfolio turnover ⁽⁴⁾	2.71%	0.10%

(1) The per share data was derived by using the weighted average shares outstanding during the periods presented.

(2) The amount shown may not correspond for the period as it includes the effect of the timing of the distribution and the issuance of common stock.

(3) Total return based on market value is based on the change in market price per share between the beginning and ending market prices per share in each period and assumes that common stock dividends are reinvested in accordance with our common stock dividend reinvestment plan. Total return based on net asset value is based upon the change in net asset value per share between the beginning and ending net asset values per share in each period and assumes that dividends are reinvested in accordance with our common stock dividend reinvestment plan. For periods less than a year, total return is not annualized.

(4) Ratio is not annualized.

NOTE 13 — SEGMENT REPORTING

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (“ASC 280”): *Improvements to Reportable Segment Disclosures*. ASC 280 establishes standards for reporting information about operating segments on a basis consistent with the Company’s internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details of the Company’s business segments.

The Company uses the management approach to determine reportable operating segments. The Company operates through a single operating and reporting segment with an investment objective of maximizing risk-adjusted returns on equity for its shareholders. The management approach considers the internal organization and reporting used by the Company’s Chief Executive Officer, Chief Financial Officer, and Co-Chief Investment Officers, which comprise the chief operating decision maker (“CODM”) for making decisions, allocating resources and assessing performance. The CODM assesses the performance of, and makes operating decisions for, the Company primarily based on the Company’s net asset value, net investment income, and net increase (decrease) in net assets resulting from operations. These measures of segment performance are the same as those presented in the Company’s Statements of Assets and Liabilities and Statements of Operations, prepared in accordance with U.S. GAAP. In addition to other factors and metrics, the CODM utilizes net increase (decrease) in net assets resulting from operations, as reported on the Statements of Operations, as a key determinant of the amount of dividends to be distributed to the Company’s stockholders.

As the Company’s operations comprise of a single reporting segment, the segment assets are reflected on the accompanying Statements of Assets and Liabilities as “total assets” and the significant segment expenses are listed on the accompanying Statements of Operations.

NOTE 14 — SUBSEQUENT EVENTS

The Company’s management evaluated subsequent events through the date on which the financial statements were issued. Other than the item listed below, there have been no subsequent events that occurred during such period that have required adjustment or disclosure in the financial statements.

On May 12, 2025, the Board approved a cash dividend of \$0.34/share. The dividend is payable on July 11, 2025 to stockholders of record on June 27, 2025.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with the financial statements and the related notes that are included in Item 1 of Part I of this quarterly report on Form 10-Q. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section entitled "Item 1A. Risk Factors" in our annual report on Form 10-K for the fiscal year ended December 31, 2024 and elsewhere in this quarterly report on Form 10-Q. Please also see the section entitled "Special Note Regarding Forward-Looking Statements."

Overview

We were formed in January 2021 as a Maryland corporation and are structured as an externally managed, closed-end, non-diversified management investment company. We have elected to be treated as a BDC under the 1940 Act. In addition, for U.S. federal income tax purposes we have elected to be treated, and intend to qualify annually to be treated, as a RIC under Subchapter M of the Code, commencing with our taxable year ended March 31, 2022.

We are a specialty finance company focused on investing in companies in highly complex and highly regulated industries typically underserved by other capital providers, including investing across the cannabis ecosystem through investments in the form of direct loans to privately held cannabis companies. Although we primarily focus on investments in the cannabis industry, we may also invest in growth and technology companies, esoteric and asset-based lending opportunities, and liquidity solutions opportunities as described further below.

Our investment objective is to maximize risk-adjusted returns on equity for our shareholders. We seek to capitalize on, among other things, what we believe to be nascent cannabis industry growth, and drive return on equity by generating current income from our debt investments and capital appreciation from our equity and equity-related investments. We intend to achieve our investment objective by investing primarily in secured debt, unsecured debt, equity warrants and direct equity investments in privately held businesses. We intend that our debt investments will often be secured by either a first or second priority lien on the assets of the portfolio company, can include either fixed or floating rate terms and will generally have a term of between three and six years from the original investment date. To date, we have been focused on investing in first lien secured, fixed and floating rate debt with terms of two to four years. We expect our secured loans to be secured by various types of assets of our borrowers. While the types of collateral securing any given secured loan will depend on the nature of the borrower's business, common types of collateral we expect to secure our loans include real property and certain personal property, including equipment, inventory, receivables, cash, intellectual property rights and other assets to the extent permitted by applicable laws and the regulations governing our borrowers. Certain attractive assets of our cannabis borrowers, such as cannabis licenses and cannabis inventory, may not be able to be used as collateral or transferred to us. In some of our portfolio investments, we expect to receive nominally priced equity warrants and/or make direct equity investments in connection with a debt investment. In addition, a portion of our portfolio may be comprised of derivatives, including total return swaps.

Generally, the loans we invest in have a complete set of financial maintenance covenants, which are used to proactively address materially adverse changes in a portfolio company's financial performance. However, we may invest in "covenant-lite" loans. We use the term "covenant-lite" to refer generally to loans that do not have a complete set of financial maintenance covenants. Generally, "covenant-lite" loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence-based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower's financial condition. Accordingly, to the extent we invest in "covenant-lite" loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with a complete set of financial maintenance covenants.

The loans in which we tend to invest typically pay interest at rates which are determined periodically on the basis of U.S. Prime Rate ("PRIME") or Secured Overnight Financing Rate ("SOFR") plus a premium. The loans in which we have invested and expect to invest are typically made to U.S. and, to a limited extent, non-U.S. (including emerging market) corporations, partnerships and other business entities which operate in various industries and geographical regions. These loans typically are not rated or are rated below investment grade. Securities rated below investment grade are often referred to as "high-yield" or "junk" securities, and may be considered a higher risk than debt instruments that are rated above investment grade.

We have typically invested in and expect to continue to invest in loans made primarily to private leveraged lower middle-market and middle-market companies with up to \$100 million of earnings before interest, taxes, depreciation and amortization, or “EBITDA.” Our business model is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. We expect that our investments will generally range between \$2 million and \$50 million each, although we expect that this investment size will vary proportionately with the size of our capital base. We have an active pipeline of investments and are currently reviewing approximately \$590 million of potential investments in varying stages of underwriting.

The following describes the four primary current sub-strategies of our principal investment strategy. We are not required to have a minimum investment in any of these sub-strategies.

Cannabis

All of our cannabis investments are designed to be compliant with all applicable laws and regulations within the jurisdictions in which they are made or to which we are otherwise subject, including U.S. federal laws. We will make equity investments only in companies that are compliant with all applicable laws and regulations within the jurisdictions in which they are located or operate, including U.S. federal laws. We may make loans to companies that we determine based on our due diligence are licensed in, and complying with, state-regulated cannabis programs, regardless of their status under U.S. federal law, so long as the investment itself is designed to be compliant with all applicable laws and regulations in the jurisdiction in which the investment is made or to which we are otherwise subject, including U.S. federal law. We are externally managed by the Adviser and seek to expand the compliant cannabis investment activities of the Adviser’s leading investment platform in the cannabis industry. We primarily seek to partner with private equity firms, entrepreneurs, business owners and management teams to provide credit and equity financing alternatives to support buyouts, recapitalizations, growth initiatives, refinancings and acquisitions across cannabis companies, including cannabis-enabling technology companies, cannabis-related health and wellness companies, and hemp and cannabidiol (“CBD”) distribution companies. Under normal circumstances, each such cannabis company derives at least 50% of its revenues or profits from, or commits at least 50% of its assets to, activities related to cannabis at the time of our investment in the cannabis company. We are not required to invest a specific percentage of our assets in such cannabis companies, and we may make debt and equity investments in other companies regardless of sector.

The Adviser seeks to invest in cannabis companies that it believes have some or all of the following characteristics:

- Growth or EBITDA positive entities
- Companies that require capital but do not want to dilute their equity
- Companies that are showing strong cash flow performance with low leverage profiles
- Transactions that tend to be attractively priced and have better than normal covenants and amortization due to complexity of the industry
- Low debt to enterprise value

Growth & Technology

Our growth and technology sub-strategy is focused on industry leaders and disruptive companies that are experiencing strong growth trajectories and typically need capital to support continued revenue growth or expansion of the business. In most cases, these businesses have found a niche in their respective markets, proven their customer value proposition, and have already reached significant revenue milestones. These businesses include both private equity and venture capital backed businesses, as well as non-sponsor backed companies. In most cases, a significant amount of equity capital has been raised, resulting in low overall loan to enterprise value.

The Adviser seeks to invest in growth and technology focused companies that it believes have some or all of the following characteristics:

- Industry leaders and disruptive companies experiencing strong growth
- Companies that have raised significant equity capital validating market value
- Industry focus typically includes software, hardware, e-commerce, direct to consumer and other fast-growing companies
- Liquidity covenants that ensure such company has adequate cash runway
- Low debt to enterprise value
- Profitable or demonstrated path to near term profitability

Esoteric & Asset-Based Lending

The esoteric and asset-based lending sub-strategy is focused on established companies with strong cash flow profiles in industries that carry idiosyncratic or reputational risks, which limit access to traditional sources of capital. The sub-strategy also includes companies or opportunities that have strong asset collateral coverage, low loan values or other attractive risk-reward features. The lack of access to traditional sources of capital typically enables us to extract lender-friendly terms and covenants from companies with relatively low leverage and overall credit risk.

The Adviser seeks to invest in esoteric industries or companies in need of asset-based loans that it believes have some or all of the following characteristics:

- Companies that are showing strong cash flow performance with low leverage profiles, but the industries carry regulatory, reputational or other risks
- Companies with attractive assets, including, but not limited to, accounts receivable, equipment or real estate
- Transactions that tend to be attractively priced and have better than normal covenants and amortization due to complexity of the industry or situation
- Low debt to asset value and/or enterprise value ratios

Liquidity Solutions

The liquidity solutions lending sub-strategy is typically focused on event-driven opportunities including, but not limited to, mergers, acquisitions, refinancings, dividend recaps or other strategically driven liquidity needs to established businesses. These businesses also tend to be in complex industries, have time-sensitive aspects to financing, or require idiosyncratic structuring expertise that enables us to extract relatively lender friendly terms and covenants.

The Adviser seeks to invest in liquidity solutions opportunities that it believes have some or all of the following characteristics:

- Financing is typically event driven
- Companies that are pursuing a merger, acquisition, refinancing, dividend recap, or other strategic liquidity need
- Companies that are showing strong cash flow performance with low leverage profiles
- Companies that have multiple areas of value and liquidity in addition to the underlying business
- Low debt to enterprise value ratios

None of our investment policies are fundamental, and thus may be changed without stockholder approval.

We are externally managed by the Adviser. The Adviser also provides the administrative services necessary for us to operate. We believe that our ability to leverage the existing investment management platform of Chicago Atlantic enables us to operate more efficiently and with lower overhead costs than other funds of comparable size.

Revenues

We generate revenues primarily in the form of interest income from the investments we hold. In addition, we may generate income from dividends on either direct equity investments or equity interests obtained in connection with originating loans, such as options, warrants or conversion rights. Our debt investments typically have a term of two to six years. Our loan portfolio will bear interest at a fixed or floating rate, subject to interest rate floors in certain cases. Interest on our debt investments will generally be payable either monthly or quarterly, but may be semi-annually.

Our investment portfolio consists of fixed and floating rate loans, and our revolving credit facility also bears interest at a floating rate, when drawn. Macro trends in base interest rates like PRIME or SOFR may affect our net investment income (loss) over the long term.

We accrete premiums or amortize discounts into interest income using the effective yield method for term instruments. Repayments of our debt investments will reduce interest income in future periods. The frequency or volume of these repayments may fluctuate significantly. We will record prepayment premiums on loans as interest income. We may also generate revenue in the form of commitment, structuring, or due diligence fees, fees for providing managerial assistance to our portfolio companies, and consulting fees.

Dividend income on equity investments, if applicable, will be recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded companies.

Our portfolio activity may also reflect the proceeds from sales of investments. We will recognize realized gains or losses on sales of investments based on the difference between the net proceeds from the disposition and the amortized cost basis of the investment, without regard to unrealized gains or losses previously recognized. We will record current-period changes in fair value of investments that are measured at fair value as a component of the net change in unrealized gains (losses) on investments on the Statements of Operations.

Expenses

Our primary operating expenses are a base management fee and any incentive fees under the Investment Advisory Agreement. Our investment management fee compensates our Adviser for its work in identifying, evaluating, negotiating, executing, monitoring, servicing and realizing our investments. See “Item 1. Business—Investment Advisory Agreement.”

Except as specifically provided below, all investment professionals and staff of the Adviser, when and to the extent engaged in providing investment advisory and management services to us, the base compensation, bonus and benefits, and the routine overhead expenses of such personnel allocable to such services, are provided and paid for by the Adviser. We may bear our allocable portion of the compensation paid by the Adviser (or its affiliates) to our CFO and CCO and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to our business affairs). We may bear any other expenses of our operations and transactions, including (without limitation) fees and expenses relating to:

- the cost of our organization and offerings;
- the cost of calculating our NAV, including the cost of any third-party valuation services;
- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- fees and expenses payable under any underwriting agreements, if any;
- debt service and other costs of borrowings or other financing arrangements;

- costs of hedging;
- expenses, including travel expenses, incurred by the Adviser, or members of the investment team, or payable to third-parties, performing due diligence on prospective portfolio companies and, if necessary, enforcing our rights;
- management and incentive fees payable pursuant to the Investment Advisory Agreement;
- fees payable to third-parties relating to, or associated with, making investments and valuing investments (including third-party valuation firms);
- costs, including legal fees, associated with compliance under cannabis laws;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts (including attendance at industry and investor conferences and similar events);
- federal and state registration fees;
- any exchange listing fees and fees payable to rating agencies;
- federal, state and local taxes;
- independent directors' fees and expenses, including travel expenses;
- cost of preparing financial statements and maintaining books and records and filing reports or other documents with the SEC (or other regulatory bodies) and other reporting and compliance costs, and the compensation of professionals responsible for the preparation of the foregoing;
- the cost of any reports, proxy statements or other notices to our stockholders (including printing and mailing costs), the costs of any stockholder or director meetings and the compensation of investor relations personnel responsible for the preparation of the foregoing and related matters;
- brokerage commissions and other compensation payable to brokers or dealers;
- research and market data;
- fidelity bond, directors' and officers' errors and omissions liability insurance and other insurance premiums;
- direct costs and expenses of administration, including printing, mailing and staff;
- fees and expenses associated with independent audits, and outside legal and consulting costs;
- costs of winding up;
- costs incurred in connection with the formation or maintenance of entities or vehicles to hold our assets for tax or other purposes;
- extraordinary expenses (such as litigation or indemnification); and
- costs associated with reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws.

We expect, but cannot assure, that our general and administrative expenses will increase in dollar terms during periods of asset growth, but will decline as a percentage of total assets during such periods.

Hedging

To the extent that any of our investments are denominated in a currency other than U.S. dollars, we may enter into currency hedging contracts to reduce our exposure to fluctuations in currency exchange rates. We may also enter into interest rate hedging agreements. Such hedging activities, which will be subject to compliance with applicable legal requirements, may include the use of futures, options, swaps and forward contracts. Costs incurred in entering into such contracts or in connection with settling them will be borne by us.

Portfolio Composition and Investment Activity

Portfolio Composition

As of March 31, 2025, our investment portfolio had an aggregate fair value of approximately \$289.3 million and was comprised of approximately \$253.7 million in first lien, senior secured loans, approximately \$34.9 million in senior secured notes and approximately \$0.7 million in equity securities across thirty-one portfolio companies. As of December 31, 2024, our investment portfolio had an aggregate fair value of approximately \$275.2 million and was comprised of approximately \$239.9 million in first lien, senior secured loans, approximately \$34.7 million in senior secured notes and \$0.7 million in equity securities across twenty-eight portfolio companies.

A summary of the composition of our investment portfolio at amortized cost and fair value as a percentage of total investments are shown in the following tables as of March 31, 2025 and December 31, 2024.

Investment Type	As of March 31, 2025	
	Amortized Cost	Fair Value
First Lien Senior Secured Loans	87.7%	87.7%
Senior Secured Note	12.0%	12.0%
Preferred Stock	0.2%	0.2%
Warrants	0.1%	0.1%
Total	100.0%	100.0%

Investment Type	As of December 31, 2024	
	Amortized Cost	Fair Value
First Lien Senior Secured Loans	87.1%	87.1%
Senior Secured Notes	12.6%	12.6%
Preferred Stock	0.2%	0.2%
Warrants	0.1%	0.1%
Total	100.0%	100.0%

The following tables show the composition of our investment portfolio by geographic region of the United States at amortized cost and fair value as a percentage of total investments as of March 31, 2025 and December 31, 2024. The geographic composition is determined by the location of the headquarters of the portfolio company.

Geographic Region	As of March 31, 2025	
	Amortized Cost	Fair Value
United States:		
Midwest	31.0%	31.1%
West	30.5%	30.4%
Northeast	19.3%	19.3%
Southwest	7.6%	7.6%
Southeast	7.1%	7.1%
International:		
Canada	4.5%	4.5%
Total	100.0%	100.0%

Geographic Region	As of December 31, 2024	
	Amortized Cost	Fair Value
United States:		
Midwest	32.4%	32.6%
West	31.6%	31.5%
Northeast	19.3%	19.3%
Southwest	8.0%	8.0%
Southeast	7.6%	7.5%
International:		
Canada	1.1%	1.1%
Total	100.0%	100.0%

The tables below present the industry composition of our investment portfolio at amortized cost and fair value as a percentage of total investments as of March 31, 2025 and December 31, 2024.

Industry ⁽¹⁾	As of March 31, 2025	
	Amortized Cost	Fair Value
Cannabis	79.2%	79.2%
Finance and Insurance	10.3%	10.4%
Information	5.1%	5.1%
Public Administration	3.5%	3.5%
Retail Trade	1.1%	1.2%
Real Estate and Rental and Leasing	0.8%	0.6%
Total	100.0%	100.0%

Industry ⁽¹⁾	As of December 31, 2024	
	Amortized Cost	Fair Value
Cannabis	76.6%	76.7%
Finance and Insurance	11.3%	11.2%
Information	5.4%	5.4%
Public Administration	3.7%	3.8%
Retail Trade	1.2%	1.2%
Health Care and Social Assistance	1.0%	1.0%
Real Estate and Rental and Leasing	0.8%	0.7%
Total	100.0%	100.0%

(1) The Company uses the North American Industry Classification System (“NAICS”) code for classifying the industry grouping of its portfolio companies, excluding any portfolio company operating in the cannabis industry.

Concentrations of Credit Risk

Credit risk is the risk of default or non-performance by portfolio companies, equivalent to the investment's carrying amount. Industry and sector concentrations will vary from period to period based on portfolio activity.

As of March 31, 2025 and December 31, 2024, we had three portfolio companies that represented 42.9% and 45.1% respectively, of our investments, at fair value. As of March 31, 2025 and December 31, 2024, our largest portfolio company represented 17.9% and 18.9%, respectively, of our investments, at fair value.

Investment Activity

The following table provides a summary of the changes in the investment portfolio for the three months ended March 31, 2025 and March 31, 2024:

	For the Three Months Ended	
	March 31, 2025	March 31, 2024
Beginning Portfolio, at fair value	\$ 275,241,398	\$ 54,120,000
Purchases	20,601,132	-
Accretion of discount and fees (amortization of premium), net	522,907	141,429
PIK interest	573,375	52,951
Proceeds from sales of investments and principal repayments	(7,642,007)	(63,000)
Net realized gain (loss) on investments	-	-
Net change in unrealized appreciation (depreciation) on investments	(34,064)	599,620
Ending Portfolio, at fair value	<u>\$ 289,262,741</u>	<u>\$ 54,851,000</u>

Portfolio Asset Quality

Our portfolio management team uses an ongoing investment risk rating system to characterize and monitor our outstanding loans. Our portfolio management team monitors and, when appropriate, recommends changes to the investment risk ratings. Our Adviser's Valuation Committee reviews the recommendations and/or changes to the investment risk ratings, which are submitted on a quarterly basis to the Board of Directors and its Audit Committee.

Investment Performance Risk Rating	Summary Description
Grade 1	Investments rated 1 involve the least amount of risk to our initial cost basis. The borrower is performing above expectations, and the trends and risk factors for this investment since origination or acquisition are generally favorable. Full return of principal, interest and dividend income is expected.
Grade 2	Investment is performing in-line with expectations. Investments rated 2 involve an acceptable level of risk that is similar to the risk at the time of origination or acquisition. Risk factors remain neutral or favorable compared with initial underwriting. All investments or acquired investments in new portfolio companies are initially assessed a rating of 2.
Grade 3	Investments rated 3 involve a borrower performing below expectations and indicates that the loan's risk has increased somewhat since origination or acquisition. Capital impairment or payment delinquency is not anticipated. The investment may also be out of compliance with certain financial covenants.
Grade 4	Investments rated 4 involve a borrower performing materially below expectations and indicates that the loan's risk has increased materially since origination or acquisition. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 120 days past due). Delinquency of interest and / or dividend payments is anticipated. No loss of principal is anticipated.
Grade 5	Investments rated 5 involve a borrower performing substantially below expectations and indicates that the loan's risk has increased substantially since origination or acquisition. It is anticipated that the Company will not recoup its initial cost and may realize a loss upon exit. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Loans rated 5 are not anticipated to be repaid in full and we will reduce the fair market value of the loan to the amount we anticipate will be recovered.

The following tables show the distribution of our loan investments on the 1 to 5 investment risk rating scale at fair value as of March 31, 2025 and December 31, 2024:

Investment Performance Risk Rating	As of March 31, 2025	
	Investments at Fair Value	Percentage of Total Investments
1	\$ -	-%
2	289,262,741	100.0%
3	-	-%
4	-	-%
5	-	-%
Total	\$ 289,262,741	100.0%

Investment Performance Risk Rating	As of December 31, 2024	
	Investments at Fair Value	Percentage of Total Investments
1	\$ -	-%
2	275,241,398	100.0%
3	-	-%
4	-	-%
5	-	-%
Total	\$ 275,241,398	100.0%

Debt Investments on Non-Accrual Status

As of March 31, 2025 and December 31, 2024, there were no loans in our portfolio placed on non-accrual status.

Results of Operations

The following discussion and analysis of our results of operations encompasses our results for the three months ended March 31, 2025 and March 31, 2024.

Investment Income

The following table sets forth the components of investment income for the three months ended March 31, 2025 and March 31, 2024:

	For the Three Months Ended	
	March 31, 2025	March 31, 2024
Stated interest income	\$ 10,183,174	\$ 2,532,117
Accretion of discount and fees (amortization of premium), net	522,907	141,429
PIK	573,375	52,951
Total interest income	11,279,456	2,726,497
Other fee income	643,546	33,750
Total investment income	\$ 11,923,002	\$ 2,760,247

We generate revenues primarily in the form of investment income from the investments we hold, generally in the form of interest income from our debt securities. We also generate revenues in the form of investment income from the cash we hold, generally in the form of interest income from our investment in a money market fund. Stated interest income represents interest income recognized as earned in accordance with the contractual terms of the loan agreement. Stated interest income from original issue discount ("OID") and market discount represent the accretion into interest income over the term of the loan as a yield enhancement. Interest income from payment-in-kind ("PIK") represents contractually deferred interest added to the loan balance recorded on an accrual basis to the extent such amounts are expected to be collected.

The Company also recognizes certain fees as one-time fee income, including, but not limited to, structuring fees.

For the three months ended March 31, 2025, total investment income was approximately \$11.9 million, which is attributable to \$0.6 million of fee income related to commitment fees, success fees, amendment fees and administrative fees and \$11.3 million of interest income. For the three months ended March 31, 2024, total investment income was approximately \$2.8 million, which is attributable to less than \$0.1 million of fee income related to administrative fees and \$2.7 million of interest income.

Operating Expenses

Our operating expenses for the three months ended March 31, 2025 and March 31, 2024 are presented below:

	For the Three Months Ended		\$ Change	% Change
	March 31, 2025	March 31, 2024		
Income-based incentive fees	\$ 1,916,277	\$ -	\$ 1,916,277	100.0%
Management fee	1,260,875	246,131	1,014,744	412.3%
General and administrative expense	974,477	-	974,477	100.0%
Legal expenses	250,926	58,051	192,875	332.3%
Professional fees	215,726	19,349	196,377	1014.9%
Audit expense	190,002	106,625	83,377	78.2%
Sub-administrator fees	157,785	98,456	59,329	60.3%
Interest expense	145,381	-	145,381	100.0%
Other expenses	144,422	85,470	58,952	69.0%
Capital gains incentive fees	(6,813)	119,924	(126,737)	-105.7%
Transaction expenses related to the Loan Portfolio Acquisition	-	2,106,050	(2,106,050)	-100.0%
Total operating expenses	5,249,058	2,840,056	2,409,002	84.8%
Waiver of General and administrative expense (Note 6)	(658,477)	-	(658,477)	-100.0%
Expense limitation agreement (Note 6)	(316,000)	-	(316,000)	-100.0%
Net operating expenses	<u>\$ 4,274,581</u>	<u>\$ 2,840,056</u>	<u>\$ 1,434,525</u>	<u>50.5%</u>

Net Investment Income

Net investment income was approximately \$7.6 million for the three months ended March 31, 2025, as compared to approximately \$(0.1) million for the three months ended March 31, 2024. The fluctuation in net investment income is attributable to the increase in complexity, portfolio size and growth of the Company following the close of the Loan Portfolio Acquisition. The amortized cost of the Company's investment portfolio increased by \$234.8 million from March 31, 2024 to March 31, 2025.

Net Realized Gains and Losses

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment or a financial instrument and the amortized cost basis of the investment or financial instrument, without regard to unrealized appreciation or depreciation previously recognized, and includes investments written-off during the period. There were no net realized gains or losses from investments during the three month periods ended March 31, 2025 and March 31, 2024.

Net Change in Unrealized Appreciation (Depreciation) from Investments

Net change in unrealized appreciation (depreciation) from investments primarily reflects the net change in the fair value as of the last business day of the reporting period, including the reversal of previously recorded unrealized gains or losses with respect to investments realized during the period. We record current-period changes in fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments on the Statements of Operations.

Net change in unrealized appreciation (depreciation) from investments for the three months ended March 31, 2025 and March 31, 2024 is comprised of the following:

	For the Three Months Ended	
	March 31, 2025	March 31, 2024
Gross unrealized appreciation	\$ 391,542	\$ 608,096
Gross unrealized depreciation	(425,606)	(8,476)
Total net change in unrealized appreciation (depreciation) from investments	\$ (34,064)	\$ 599,620

The following table details net change in unrealized appreciation (depreciation) for our portfolio for the three months ended March 31, 2025 and March 31, 2024:

	For the Three Months Ended	
	March 31, 2025	March 31, 2024
Aeriz Holdings Corp	\$ (67,621)	\$ -
Ascend Wellness	25,821	-
Aura Home, Inc	86,298	-
Cannabis & Glass	(49)	-
Curaleaf Holdings, Inc.	3,873	31,445
Deep Roots Harvest, Inc.	25,000	-
Dreamfields Brands, Inc. (d/b/a Jeeter)	(15,920)	(8,476)
Elevation Cannabis, LLC	(114,848)	-
Flowery - Bill's Nursery, Inc.	(15,646)	-
Fluent Corp. (f/k/a Consortium)	13,110	-
HA-MD, LLC	(622)	-
Hartford Gold Group, LLC (Maturity: 12/17/2025)	(12,063)	-
Hartford Gold Group, LLC (Maturity: 1/6/2027)	42,166	-
Kaleafa, Inc.	28,750	-
Minden Holdings, LLC	(554)	-
Nova Farms, LLC	(24,233)	-
Oasis - AZ GOAT AZ LLC	(11,612)	-
PharmaCann, Inc	-	20,148
Proper Holdings, LLC	(849)	-
Protect Animals With Satellites LLC (Halo Collar): Term Loan	3,709	-
Protect Animals With Satellites LLC (Halo Collar): Incremental Term Loan	3,165	-
Remedy - Maryland Wellness, LLC	6,068	-
RTCP, LLC	(1,373)	-
STIIIZY, Inc. (f/k/a Shryne Group Inc.)	(37,087)	383,468
Simspace Corporation	21,529	-
Subsero Holdings - Illinois, Inc	33,726	-
Sunny Days Enterprises, LLC	(43,094)	-
Tulip.io Inc.	12,356	-
Verano Holdings Corp.	(2,041)	173,035
West Creek Financial Holdings, Inc. dba Koalafi	48,669	-
Workbox Holdings, Inc.	(40,994)	-
Youth Opportunity Investments, LLC	37,302	-
Workbox Holdings, Inc: A-3 Warrants	(16,000)	-
Workbox Holdings, Inc: A-4 Warrants	(21,000)	-
Total net change in unrealized appreciation (depreciation) from investments	\$ (34,064)	\$ 599,620

Financial Condition, Liquidity and Capital Resources

We generate cash primarily from the net proceeds of offerings of securities and cash flows from operations, including interest earned from the temporary investment of cash in U.S. government securities.

In addition, we have entered into a revolving credit facility. The amount of leverage that we employ will depend on our assessment of market conditions and other factors at the time of any proposed borrowing, such as the maturity, covenant package and rate structure of the proposed borrowings, our ability to raise funds through the issuance of shares of our common stock and the risks of such borrowings within the context of our investment outlook. Ultimately, we only intend to use leverage if the expected returns from borrowing to make investments will exceed the cost of such borrowing.

Our primary use of funds will be investments in portfolio companies, dividend payments to holders of our common stock who opt out of the DRIP, and the payment of operating expenses. As of March 31, 2025 and December 31, 2024, we had cash and cash equivalents of approximately \$14.9 million and \$23.9 million, respectively, and no indebtedness.

To maintain its tax treatment as a RIC, the Company must meet specified source-of-income requirements and timely distribute to its stockholders for each taxable year at least 90% of its investment company taxable income. Additionally, in order for the Company not to be subject to U.S. federal excise taxes, it must distribute annually an amount at least equal to the sum of (i) 98% of its net ordinary income for the calendar year, (ii) 98.2% of its capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year and (iii) any net ordinary income and capital gains in excess of capital losses for preceding years that were not distributed during such years.

Dividends may also be distributed in accordance with the DRIP, which provides for the reinvestment of distributions in the form of common stock on behalf of its stockholders, unless a stockholder has elected to receive distributions in cash. As a result, if the Company declares a cash distribution, its stockholders who have not “opted out” of the DRIP by the opt out date will have their cash distribution automatically reinvested into additional shares of the Company’s common stock. The share requirements of the DRIP may be satisfied through the issuance of common shares or through open market purchases of common shares by the DRIP plan administrator.

U.S. Federal Income Taxes

We elected to be treated, and intend to qualify annually to be treated, as a RIC under Subchapter M of the Code for federal income tax purposes. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders from our tax earnings and profits. To obtain and maintain our RIC tax treatment, we must, among other things, meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.

Critical Accounting Estimates

Basis of Presentation

The Company’s financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and pursuant to Regulation S-X under the Securities Act of 1933, as amended (the “Securities Act”). The Company follows accounting and reporting guidance as determined by the Financial Accounting Standards Board (“FASB”) Topic 946 Financial Services – Investment Companies.

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions affecting amounts reported in our financial statements. We will continuously evaluate our estimates, including those related to the matters described below. These estimates will be based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions or conditions. For additional information, please refer to “Note 2 – Significant Accounting Policies” in the notes to the financial statements included with this quarterly report on Form 10-Q. Valuation of investments is considered to be our critical accounting policy and estimates. A discussion of our critical accounting estimates follows.

Investment Valuation

Investments for which market quotations are readily available will typically be valued at the bid price of those market quotations. To validate market quotations, we utilize a number of factors to determine if the quotations are representative of fair value, including the source and number of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by the Adviser, as the Company’s valuation designee (the “Valuation Designee”), based on inputs that may include valuations, or ranges of valuations, provided by independent third-party valuation firm(s) engaged by the Adviser. Pursuant to Rule 2a-5 under the 1940 Act, the Board designated the Adviser as the Valuation Designee to perform the fair value determinations for the Company, subject to the oversight of the Board and certain Board reporting and other requirements.

As part of the valuation process, the Adviser takes into account relevant factors in determining the fair value of our investments, including: the estimated enterprise value of a portfolio company (i.e., the total fair value of the portfolio company's debt and equity), the nature and realizable value of any collateral, the portfolio company's ability to make payments based on its earnings and cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, and overall changes in the interest rate environment and the credit markets that may affect the price at which similar investments may be made in the future. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Adviser considers whether the pricing indicated by the external event corroborates its valuation.

The Adviser undertakes a multi-step valuation process, which includes, among other procedures, the following:

- With respect to investments for which market quotations are readily available, those investments will typically be valued at the bid price of those market quotations;
- With respect to investments for which market quotations are not readily available, the valuation process begins with the Adviser's valuation committee establishing a preliminary valuation of each investment, which may be based on valuations, or ranges of valuations, provided by independent valuation firm(s);
- Preliminary valuations are documented and discussed by the Adviser's valuation committee and, where appropriate, the independent valuation firm(s); and
- The Adviser determines the fair value of each investment.

We conduct this valuation process on a quarterly basis.

We apply Financial Accounting Standards Board Accounting Standards Codification 820, Fair Value Measurement ("ASC 820"), which establishes a framework for measuring fair value in accordance with U.S. GAAP and required disclosures of fair value measurements. ASC 820 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. Market participants are defined as buyers and sellers in the principal or most advantageous market (which may be a hypothetical market) that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820, we consider the principal market to be the market that has the greatest volume and level of activity. ASC 820 specifies a fair value hierarchy that prioritizes and ranks the level of observability of inputs used in determination of fair value. In accordance with ASC 820, these levels are summarized below:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or for which all significant inputs are observable, either directly or indirectly; and
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All of our investments as of March 31, 2025 and December 31, 2024 are categorized at Level 3, and therefore, 100% of our portfolio requires significant estimates. Our investments may not have readily available market quotations (as such term is defined in Rule 2a-5 under the 1940 Act), and those investments which do not have readily available market quotations are valued at fair value as determined in good faith in accordance with our valuation policy. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments we make. Significant unobservable inputs create uncertainty in the measurement of fair value as of the reporting date. The significant unobservable inputs used in the fair value measurement of the Company's investments may vary and may include the debt investments' yield and volatility fluctuations. Significant increases (decreases) in discount rate in isolation would result in a significantly lower (higher) fair value assessment. Significant increases (decreases) in volatility in isolation would result in a significantly lower (higher) fair value assessment.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of such investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be realized. Further, such investments are generally less liquid than publicly traded securities and may be subject to contractual and other restrictions on resale. If we were required to liquidate a portfolio investment in a forced or liquidation sale, it could realize amounts that are different from the amounts presented and such differences could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected previously.

Assumptions, or unobservable inputs, fluctuate based on both market and company specific factors. Please refer to “Note 4 – Fair Value of Financial Instruments” in the notes to the financial statements included with this quarterly report on Form 10-Q for specific unobservable inputs.

Other Contractual Obligations

We have certain commitments pursuant to our Investment Advisory Agreement that we have entered into with the Adviser. We have agreed to pay a fee for investment advisory services consisting of two components: a base management fee and an incentive fee. Payments under the Investment Advisory Agreement will be equal to (1) a percentage of the value of our average gross assets and (2) a two-part incentive fee. See “Item 1. Business—Investment Advisory Agreement.” We have also entered into a contract with the Adviser to serve as our administrator. Payments under the Administration Agreement will be reimbursements to the Adviser for the costs and expenses incurred by the Adviser in performing its obligations, including but not limited to maintaining and keeping all books and records and providing personnel and facilities. This includes costs and expenses incurred by the Adviser in connection with the delegation of its obligations to a sub-administrator. The Company is not responsible for the compensation of the Adviser’s employees and overhead expenses. See “Item 1. Business—Administration Agreement.”

Common Stock

Our common stock began trading on the Nasdaq Global Market on February 4, 2022 in connection with our IPO of shares of our common stock. Since October 2, 2024, our common stock trades on the Nasdaq Global Market under the symbol “LIEN.”

The following table lists the net asset value per share of our common stock, the range of high and low closing sales prices of our common stock reported on the Nasdaq Global Market, the closing sale prices as a premium (or discount) to our net asset value per share and dividends per share for each fiscal quarter since our common stock began trading on the Nasdaq Global Market. On May 12, 2025, the last reported closing sales price of our common stock on the Nasdaq Global Market was \$9.98 per share, which represented a discount of approximately 24.34% to our net asset value per share of \$13.19 as of March 31, 2025.

Class and Period	Net Asset Value ⁽¹⁾	Price Range		High Sales Price Premium (Discount) to Net Asset Value ⁽²⁾	Low Sales Price Premium (Discount) to Net Asset Value ⁽²⁾	Cash Dividend Per Share ⁽³⁾
		High	Low			
Year Ended December 31, 2025						
Second Quarter (Through May 12, 2025)	*	\$ 11.11	\$ 9.97	*	*	*
First Quarter	\$ 13.19	\$ 12.56	\$ 10.92	-4.8%	-17.2%	\$ 0.34
Year Ended December 31, 2024						
Fourth Quarter	\$ 13.20	\$ 13.24	\$ 10.74	0.3%	-18.7%	\$ 0.34
Third Quarter	\$ 13.28	\$ 12.00	\$ 10.64	-9.6%	-19.9%	\$ 0.25
Second Quarter	\$ 13.56	\$ 12.38	\$ 9.61	-8.7%	-29.1%	\$ 0.25
First Quarter	\$ 13.60	\$ 10.28	\$ 7.65	-24.4%	-43.8%	\$ 0.25
Year Ended December 31, 2023						
Fourth Quarter	\$ 13.77	\$ 9.81	\$ 8.32	-28.8%	-39.6%	0.70 ⁽⁶⁾
Third Quarter	\$ 14.06	\$ 10.37	\$ 7.65	-26.3%	-45.6%	0.63 ⁽⁶⁾
Second Quarter	\$ 14.49	\$ 9.19	\$ 7.82	-36.3%	-45.8%	-
First Quarter	\$ 14.29	\$ 9.98	\$ 8.25	-30.2%	-42.3%	-
Year Ended December 31, 2022⁽⁴⁾						
Fourth Quarter	\$ 13.91	\$ 10.55	\$ 9.57	-24.2%	-31.2%	-
Third Quarter	\$ 13.73	\$ 10.74	\$ 9.00	-21.8%	-34.5%	-
Second Quarter	\$ 13.64	\$ 13.50	\$ 7.80	-1.0%	-42.8%	-
First Quarter ⁽⁵⁾	\$ 13.61	14.41	12.57	5.9%	-7.6%	-

(1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low closing sales prices. The net asset values shown are based on outstanding shares at the end of the relevant quarter.

(2) Calculated as the respective high or low closing sales price less net asset value, divided by net asset value (in each case, as of the end of the applicable quarter).

(3) Represents the dividend or distribution declared in the relevant quarter.

(4) On November 8, 2022, our Board of Directors approved a change to our fiscal year end from March 31 to December 31.

(5) Shares of our common stock began trading on the Nasdaq Global Market on February 4, 2022. Since October 2, 2024, our common stock trades on the Nasdaq Global Market under the symbol “LIEN.”

(6) Consists of a quarterly dividend and a special dividend.

* Not determined at time of filing.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. At times, our shares of common stock have traded at prices both above and below our net asset value per share. The possibility that our shares of common stock will trade at a discount from net asset value per share or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value per share will decrease. It is not possible to predict whether our common stock will trade at, above, or below net asset value per share.

Holders

As of May 12, 2025, there were approximately 397 holders of record of our common stock, which does not include stockholders for whom shares are held in “nominee” or “street name.”

Distributions

We intend to pay quarterly distributions to our stockholders out of assets legally available for distribution. All distributions will be paid at the discretion of our Board of Directors and will depend on our earnings, financial condition, maintenance of our tax treatment as a RIC, compliance with applicable BDC regulations and such other factors as our Board of Directors may deem relevant from time to time.

We have elected to be treated, and intend to qualify annually to be treated, as a RIC under Subchapter M of the Code, for U.S. federal income tax purposes, commencing with our taxable year ended March 31, 2022. As long as we qualify as a RIC, we will not be taxed on our investment company taxable income or realized net capital gains, to the extent that such taxable income or gains are distributed, or deemed to be distributed, to stockholders on a timely basis.

To obtain and maintain RIC tax treatment, we must distribute (or be deemed to distribute) at least 90% of the sum of our: investment company taxable income (which is generally our ordinary income plus the excess of realized short-term capital gains over realized net long-term capital losses), determined without regard to the deduction for dividends paid, for such taxable year; and net tax-exempt interest income (which is the excess of our gross tax-exempt interest income over certain disallowed deductions) for such taxable year.

As a RIC, we (but not our stockholders) generally will not be subject to U.S. federal tax on investment company taxable income and net capital gains that we distribute to our stockholders. The discussion below assumes that we will qualify to be treated as a RIC for U.S. federal tax purposes each year.

We intend to distribute annually all or substantially all of such income. To the extent that we retain our net capital gains or any investment company taxable income, we generally will be subject to corporate-level U.S. federal income tax. We can be expected to carry forward our net capital gains or any investment company taxable income in excess of current-year dividend distributions, and pay the U.S. federal excise tax as described below.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current-year distributions into the next tax year. We will be subject to a 4% excise tax on a certain portion of these undistributed amounts. Please refer to “Item 1. Business — Material U.S. Federal Income Tax Considerations” for further information regarding the consequences of our retention of net capital gains. We may, in the future, make actual distributions to our stockholders of our net capital gains. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we may be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings. See “Item 1. Business — Business Development Company Regulations” and “Item 1. Business — Material U.S. Federal Income Tax Considerations.”

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the 4% U.S. federal excise tax, sufficient amounts of our taxable income and capital gains may not be distributed and as a result, in such cases, the excise tax will be imposed. In such an event, we will be liable for this tax only on the amount by which we do not meet the foregoing distribution requirement.

To the extent our current taxable earnings for a year fall below the total amount of our distributions for that year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. Stockholders should read written disclosure carefully and should not assume that the source of any distribution is our ordinary income or gains.

A return of capital is a return of a portion of your original investment in shares of our common stock. As a result, a return of capital will (i) lower your tax basis in your shares and thereby increase the amount of capital gain (or decrease the amount of capital loss) realized upon a subsequent sale or redemption of such shares and (ii) reduce the amount of funds we have for investment in portfolio companies. We have not established any limit on the extent to which we may use offering proceeds to fund distributions. However, our Board of Directors, including a majority of our independent directors, will be required to determine that making return of capital distributions from our offering proceeds is in the best interests of our stockholders based upon our then-current financial condition and our expected future growth prospects.

The following table summarizes distributions declared and/or paid by the Company from inception through March 31, 2025:

Declaration Date	Type	Record Date	Payment Date	Per Share Amount	Dividends Paid
August 10, 2023	Quarterly	September 15, 2023	September 29, 2023	\$ 0.23	\$ 1,429,375
August 10, 2023	Special	September 15, 2023	September 29, 2023	\$ 0.40	\$ 2,485,869
November 9, 2023	Quarterly	December 20, 2023	December 29, 2023	\$ 0.25	\$ 1,553,676
November 9, 2023	Special	December 20, 2023	December 29, 2023	\$ 0.45	\$ 2,796,617
March 8, 2024	Quarterly	March 20, 2024	March 28, 2024	\$ 0.25	\$ 1,553,736
May 9, 2024	Quarterly	June 20, 2024	June 28, 2024	\$ 0.25	\$ 1,553,738
August 8, 2024	Quarterly	September 19, 2024	September 27, 2024	\$ 0.25	\$ 1,553,741
December 9, 2024	Quarterly	December 19, 2024	December 27, 2024	\$ 0.34	\$ 7,758,925
March 14, 2025	Quarterly	March 28, 2025	April 11, 2025	\$ 0.34	\$ 7,758,931

Dividend Reinvestment Plan

We have adopted an “opt out” dividend reinvestment plan (“DRIP”) for our stockholders. As a result, if we declare a dividend, then stockholders’ cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically “opt out” of the dividend reinvestment plan so as to receive cash distributions. Stockholders who receive distributions in the form of shares of our common stock generally are subject to the same U.S. federal income tax consequences as are stockholders who elect to receive their distributions in cash.

During the three months ended March 31, 2025, the Company did not issue any shares of common stock under the DRIP.

During the three months ended March 31, 2024, the Company issued the following shares of common stock under the DRIP:

Declaration Date	Type	Record Date	Payment Date	Shares
March 8, 2024	Quarterly	March 20, 2024	March 28, 2024	8

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the three months ended March 31, 2025 or the fiscal year ended December 31, 2024.

Recent Developments

On February 11, 2025, the Company entered into a senior secured revolving credit agreement (the “Credit Agreement”) among the Company, as borrower, Western Alliance Trust Company, N.A. (“WATC”), as administrative agent, Western Alliance Bank, as an issuing bank and as the initial lender, and the other lenders party thereto from time to time.

Under the Credit Agreement, the lenders have agreed to extend credit to the Company on a revolving basis in an initial aggregate amount of up to \$100,000,000 with an option for the Company to request additional commitments, in a minimum amount of \$5,000,000, at one or more times from existing and/or new lenders at their election. The Credit Agreement also provides for the issuance of letters of credit in an aggregate face amount of up to \$5,000,000.

Availability under the Credit Agreement (the “Revolving Period”) will terminate on February 11, 2027, and the Credit Agreement has a scheduled maturity date of March 31, 2028.

Borrowings under the Credit Agreement bear interest at the annual rate of one-month term Secured Overnight Financing Rate plus 3.00%. The Company will pay a commitment fee of 0.50% per annum on the average daily unused portion of commitments under the Credit Agreement during the Revolving Period. The Company also will be required to pay letter of credit participation fees and a fronting fee on the average daily amount of the lenders' exposure with respect to any letters of credit issued at the request of the Company under the Credit Agreement.

In connection with the Company entering into the Credit Agreement, the Board approved a clarification, as proposed by the Company and the Adviser, of the Expense Limitation Agreement, that the interest expense, fees, and other costs associated with the Credit Agreement, and any future interest expense, fees, and other costs associated with raising debt and/or equity capital for the Company are not subject to, and do not count towards, the expense cap of 2.15% per annum under the Expense Limitation Agreement.

Additionally, on February 11, 2025, WATC and the Company entered into a custody agreement (the "WATC Custody Agreement"), pursuant to which WATC was appointed to serve as the Company's custodian to hold securities, loans, cash, and other assets on behalf of the Company. Either party may terminate the WATC Custody Agreement at any time upon sixty (60) days' prior written notice. In addition, Western Alliance Bank ("WAB") and the Company entered into two substantively identical custody agreements (the "WAB Custody Agreements" and together with the WATC Custody Agreement, the "Custody Agreements"), pursuant to which WAB was appointed to hold and act as the Company's custodian with respect to all Deposit Accounts (as defined in the WAB Custody Agreements) for funds of the Company placed through the ICS Deposit Placement Agreement (included with the WAB Custody Agreements).

On February 14, 2025, Mr. Mahajan resigned from his position as Chief Financial Officer of the Company. Mr. Mahajan's decision to resign from his position as Chief Financial Officer of the Company was due to his desire to focus more attention on his duties as the Co-Chief Investment Officer of the Company, and was not due to a disagreement on any matter related to the Company's operations, policies or practices.

On February 14, 2025, the Board appointed Martin Rodgers to the position of Chief Financial Officer of the Company. Mr. Rodgers will serve as Chief Financial Officer of the Company until his successor has been duly elected and qualified, or until the earlier of his resignation or removal.

Mr. Rodgers has over 35 years of accounting, finance, project and risk management experience, and serves as the Senior Managing Director of Finance and Accounting at Chicago Atlantic Group, LP. Prior to joining Chicago Atlantic, Mr. Rodgers spent 15 years at First Eagle Alternative Credit, a \$20 billion alternative credit manager specializing in bank syndicated loans and direct lending debt, in various roles, including Director of Finance and Administration and Director of Alternative Credit Risk, with responsibilities for fund accounting, performance measurement, enterprise risk management, and special projects. Mr. Rodgers started his career in the United Kingdom and spent 4 years in the audit practice at PricewaterhouseCoopers. He has also held positions at Goldman Sachs, Abbot Laboratories, and Jefferson Wells. Mr. Rodgers holds a Bachelor of Arts (Accountancy and Economics) degree from the University of Stirling in Scotland and is a member of the Institute of Chartered Accountants of Scotland.

On March 13, 2025, each of Mr. Frederick Herbst and Mr. Jason Papastavrou resigned from his position as Director of the Company. Each of Mr. Herbst's and Mr. Papastavrou's decision to resign from his position as Director of the Company was not due to a disagreement on any matter related to the Company's operations, policies or practices.

On March 13, 2025, the Board appointed Ms. Supurna VedBrat to replace Mr. Herbst as a Class 1 Director of the Company, to serve until the Company's annual meeting of stockholders to be held in 2025, or until her successor is duly elected and qualified. On March 13, 2025, the Board appointed Mr. Patrick McCauley to replace Mr. Papastavrou as a Class 3 Director of the Company, to serve until the Company's annual meeting of stockholders to be held in 2027, or until his successor is duly elected and qualified.

Ms. VedBrat has had a professional career spanning over 25 years of experience in both the U.S. and Europe, and within the financial and technologies industries. Since 2023, Ms. VedBrat has served as a consultant. Previously, Ms. VedBrat was Head of Global Trading at BlackRock from July 2011 to February 2023, where she oversaw the company's trading function across asset classes and regions. Ms. VedBrat was responsible for driving innovation and setting the trading platform's strategic vision focused on growth and sustainable scalable trading solutions. Ms. VedBrat also served as a member of BlackRock's Global Operating Committee and the Investment Subcommittee. Ms. VedBrat served as the President of Strategic Solutions Consulting from January 2009 to July 2011 and as a fixed income, commodities and distressed debt analyst at Bank of America from March 2004 to January 2009. Ms. VedBrat has served two terms each on the Commodity Futures Trading Commission (CFTC) Technology Advisory Committee (TAC) and the CFTC Global Markets Advisory Committee (GMAC). Previously, Ms. VedBrat held various positions at Bank of America, ING Barings in London, and Lehman Brothers in New York. She started her career as a software engineer with IBM at their research center. Ms. VedBrat serves on the boards of directors of Roadzen, Inc. and South Street Securities LLC. She also serves on the board of Women in Derivatives (WIND), a non-profit with a mission to advance women in the workforce. Ms. VedBrat was given the Financial Markets Luminary award by Women in Derivatives. Ms. VedBrat was ranked #8 on the Institutional Investor's 2018 Trading Tech 40 list. She was also a recipient of the Markets Media Women in Finance Award for Excellence in Leadership. Ms. VedBrat holds a Bachelor of Arts (Honors) degree in Mathematics from Delhi University and a Bachelor of Arts (High Honors) degree in Computer Science from Rutgers University.

Mr. McCauley is Chief Executive Officer and Owner of Bridgewell Agribusiness LLC (SWAB), a commodity-based sales and trading company headquartered in Portland, Oregon. SWAB sources food and agricultural products for industrial and retail food companies. In January 2018, Mr. McCauley purchased SWAB from Bridgewell Resources, where he served as President and Chief Executive Officer since October 2013. Bridgewell Resources is a similar platform to SWAB, focusing on sales and trading of lumber-based products across a range of construction, utility, and retail markets. Prior to working at Bridgewell Resources, Mr. McCauley spent 22 years at Susquehanna International Group (SIG), a global quantitative financial trading firm based in Philadelphia, Pennsylvania. At SIG, Mr. McCauley held a number of key positions including Chief Operating Officer, Head of Business Development, Head of Equity Trading and Head of Trader Development and Education. Mr. McCauley regularly conducts seminars that explore the principles of Decision Science applied to managerial decision-making and strategic business management. In addition, he has developed a curriculum that he has taught as an independent study course for local high school students. Mr. McCauley holds a Bachelor of Arts degree from Swarthmore College and a Master of Business Administration degree from Vanderbilt University.

On March 13, 2025, Dr. Andreas Bodmeier resigned from his position as Chief Executive Officer of the Company. Dr. Bodmeier's decision to resign from his position as Chief Executive Officer of the Company was not due to a disagreement on any matter related to the Company's operations, policies or practices.

On March 13, 2025, the Board appointed Mr. Peter Sack to the position of Chief Executive Officer of the Company. Mr. Sack will serve as Chief Executive Officer of the Company until his successor has been duly elected and qualified, or until the earlier of his resignation or removal.

Mr. Sack is a Managing Partner at Chicago Atlantic Group, LP. Mr. Sack is a credit investor and portfolio manager with experience investing across the capital structure. Prior to joining Chicago Atlantic, Mr. Sack was a Principal at BC Partners Credit from July 2018 to June 2021, where he sourced and underwrote across the firm's opportunistic and senior lending strategies in a wide array of industries including cannabis-related direct lending. Previously, Mr. Sack was an Associate at Atlas Holdings LLC, a private-equity firm focused on supporting distressed manufacturing and distribution companies globally, from July 2012 to June 2016. Mr. Sack serves on the boards of directors of Chicago Atlantic Real Estate Finance, Inc., Ability Insurance Company, and the New York City Charter School of the Arts. Mr. Sack speaks Mandarin Chinese and Spanish. Mr. Sack holds a Bachelor of Arts degree in East Asian Studies from Yale University, and a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, and was a Fulbright Scholar at Sun Yat-sen University in China.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Uncertainty with respect to the economic effects of political tensions in the United States and around the world (including the current conflicts between Russia and Ukraine and in the Middle East) have introduced significant volatility in the financial markets, and the effect of the volatility could materially impact our market risks, including those listed below. We are subject to financial market risks, including valuation risk, interest rate risk and credit risk.

Valuation Risk

Our investments may not have readily available market quotations (as such term is defined in Rule 2a-5 under the 1940 Act), and those investments which do not have readily available market quotations are valued at fair value as determined in good faith in accordance with our valuation policy. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments we make. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is possible that the difference could be material.

Interest Rate Risk

Interest rate sensitivity and risk refer to the change in earnings that may result from changes in the level of interest rates. To the extent that we borrow money to make investments, including under our credit facility, our net investment income will be affected by the difference between the rate at which we borrow funds and the rate at which we invest these funds. In periods of rising interest rates, our cost of borrowing funds would increase, which may reduce our net investment income. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

As of March 31, 2025, 76.3% of our debt investments based on outstanding principal balance represented floating-rate investments based on PRIME or SOFR and approximately 23.7% of our debt investments based on outstanding principal balance represented fixed rate investments. As of December 31, 2024, 79.5% of our debt investments based on outstanding principal balance represented floating-rate investments based on PRIME or SOFR and approximately 20.5% of our debt investments based on outstanding principal balance represented fixed rate investments.

Based on our Statements of Operations for the three months ended March 31, 2025, the following table shows the annualized impact on net income of hypothetical base rate changes in the benchmark rate on our debt investments (considering interest rate floors for floating rate instruments):

Change in Interest Rates	Interest Income	Interest Expense	Net Income/(Loss)
Up 300 basis points	\$ 6,150	\$ -	\$ 6,150
Up 200 basis points	3,930	-	3,930
Up 100 basis points	1,710	-	1,710
Down 100 basis points	(1,098)	-	(1,098)
Down 200 basis points	(1,696)	-	(1,696)
Down 300 basis points	(2,147)	-	(2,147)

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In accordance with Rules 13a-15(b) and 15d-15(b) under the Exchange Act, we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report on Form 10-Q and determined that our disclosure controls and procedures are effective as of the end of the period covered by this quarterly report on Form 10-Q.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings, nor, to our knowledge, are any material legal proceedings threatened against us. From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. Furthermore, third parties may seek to impose liability on us in connection with the activities of our portfolio companies. Our business is also subject to extensive regulation, which may result in regulatory proceedings against us. While the outcome of any future legal or regulatory proceedings cannot be predicted with certainty, we do not expect that any such future proceedings will have a material effect upon our financial condition or results of operations.

Item 1A. Risk Factors

There have been no material changes during the three months ended March 31, 2025 to the risk factors discussed in “Item 1A. Risk Factors” in our annual report on Form 10-K for the fiscal year ended December 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Dividend Reinvestment Plan

On April 11, 2025, pursuant to its dividend reinvestment plan, the Company issued 22 shares of its common stock, at a price of \$10.71 per share, to stockholders of record as of March 28, 2025 that did not opt out of the Company’s dividend reinvestment plan in order to satisfy the reinvestment portion of the Company’s dividends. This issuance was not subject to the registration requirements of the Securities Act. See “Item 1. Financial Statements – Note 8 – Common Stock – Dividend Reinvestment Plan” for more information.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

During the three months ended March 31, 2025, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits

The following exhibits are filed as part of this quarterly report on Form 10-Q or hereby incorporated by reference to exhibits previously filed with the SEC:

Exhibit Number	Description of Exhibit
3.1	Articles of Amendment and Restatement of the Company ⁽¹⁾
3.2	Articles of Amendment of the Company ⁽²⁾
3.3	Amended and Restated Bylaws of the Company ⁽³⁾
10.1	WATC Custody Agreement ⁽⁴⁾
10.2	WAB Custody Agreement ⁽⁵⁾
10.3	Credit Agreement ⁽⁶⁾
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.INS	Inline XBRL Instance Document (this instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)*

* Filed herewith.

- (1) Incorporated by reference to Exhibit 3.1 of the Company's annual report on Form 10-K/A, filed on June 30, 2022.
- (2) Incorporated by reference to Exhibit 3.2 of the Company's quarterly report on Form 10-Q filed on November 8, 2024.
- (3) Incorporated by reference to Exhibit 3.2 of the Company's annual report on Form 10-K/A, filed on June 30, 2022.
- (4) Incorporated by reference to Exhibit 10.2 of the Company's current report on Form 8-K filed on February 18, 2025.
- (5) Incorporated by reference to Exhibit 10.3 of the Company's current report on Form 8-K filed on February 18, 2025.
- (6) Incorporated by reference to Exhibit 10.1 of the Company's current report on Form 8-K filed on February 18, 2025.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 13, 2025.

CHICAGO ATLANTIC BDC, INC.

By: /s/ Peter Sack
Peter Sack
Chief Executive Officer (Principal Executive Officer)

By: /s/ Martin Rodgers
Martin Rodgers
Chief Financial Officer (Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Peter Sack, Chief Executive Officer of Chicago Atlantic BDC, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chicago Atlantic BDC, Inc. (the "registrant") for the quarter ended March 31, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2025

By: _____ /s/ Peter Sack

Peter Sack
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Martin Rodgers, Chief Financial Officer of Chicago Atlantic BDC, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chicago Atlantic BDC, Inc. (the "registrant") for the quarter ended March 31, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2025

By: _____ /s/ Martin Rodgers
Martin Rodgers
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Chicago Atlantic BDC, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

- 1) the Company's Form 10-Q for the quarter ended March 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) as applicable of the Securities Exchange Act of 1934, as amended; and
- 2) the information contained in the Company's Form 10-Q for the quarter ended March 31, 2025 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2025

By: _____ /s/ Peter Sack
Peter Sack
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Chicago Atlantic BDC, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

- 1) the Company's Form 10-Q for the quarter ended March 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) as applicable of the Securities Exchange Act of 1934, as amended; and
- 2) the information contained in the Company's Form 10-Q for the quarter ended March 31, 2025 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2025

By: _____

/s/ Martin Rodgers
Martin Rodgers
Chief Financial Officer
(Principal Financial Officer)