

**Chicago Atlantic BDC (Q3 2025 Earnings)
November 14, 2025**

Corporate Speakers

- Tripp Sullivan; SCR Partners; President
- Peter Sack; Chicago Atlantic BDC; Chief Executive Officer
- Thomas Geoffroy; Chicago Atlantic BDC; Interim Chief Financial Officer
- Dino Colonna; Chicago Atlantic BDC; President

Participants

- Pablo Zuanic; Zuanic & Associates; Analyst

PRESENTATION

Operator^ Good day. And welcome to the Chicago Atlantic BDC Quarter Three 2025 Earnings Call.

(Operator Instructions)

Please note this event is being recorded.

I would now like to turn the conference over to Tripp Sullivan of IR.

Please go ahead.

Tripp Sullivan^ Thank you. Good morning. Welcome to the Chicago Atlantic BDC conference call to review the company's results.

On the call today will be Peter Sack, Chief Executive Officer; Tom Geoffroy, Interim Chief Financial Officer; and Dino Colonna, President.

Our results were released this morning in our earnings press release, which can be found on the Investor Relations section of our website and in our supplemental earnings presentation filed with the SEC.

A live audio webcast of this call is being made available today.

For those who listen to the replay of this webcast, we remind you that the remarks made herein are as of today and will not be updated subsequent to this call.

Before we begin, I would like to remind everyone that certain statements that are not based on historical facts made during this call including any statements related to financial guidance, may be deemed forward-looking statements under federal securities laws, because such statements

involve known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

We encourage you to refer to our most recent SEC filings for information on some of these risk factors.

Chicago Atlantic BDC assumes no obligation or responsibility to update any forward-looking statements.

Please note that the information reported on this call speaks only as of today November 13, 2025.

Therefore you are advised that time-sensitive information may no longer be accurate at the time of any replay or transcript reading.

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

Please go ahead.

Peter Sack^ Thank you, Tripp. Good morning, everyone.

During the third quarter, the results continued to demonstrate that Chicago Atlantic BDC is a uniquely positioned BDC with the experience and expertise to capture above-market returns while protecting principal.

We remain the only BDC focused on and able to lend to cannabis companies, together with a focus on the lower middle market commonly underserved by capital providers.

We believe that this differentiation provides uncorrelated distinct credit opportunities.

Net investment income per share was \$0.42 for the third quarter of 2025, demonstrating the potential of the business model to generate a 12.5% yield-to-book value.

For the third quarter, we are excited to announce that we executed on our pipeline and funded 66.7 million to 13 new investments, of which seven were new borrowers, which improved diversification of the portfolio and allowed us to utilize our credit facility.

I'm proud to say that's a new originations record for us.

I believe we're all familiar with the issues that are arising in the broader private credit markets, borrowers defaulting, interest rate sensitivity, dividend coverage and in some cases, outright fraud.

With our company seeming to trade as if these issues apply to us equally as well, it's worth pointing out some specifics when we say Chicago Atlantic is a differentiated BDC.

The public BDC industry data points that I'm about to mention are taken from Oppenheimer's Equity Research Industry Update as of August 20, 2025, except for the average yield, which was taken from Raymond James' BDC Weekly Insights as of October 3, 2025.

Our weighted average yield on debt investments as of September 30, 2025, was 15.8% compared to 11.4% for the average BDC. 99.5% of our portfolio is senior secured compared to other BDCs who have an average of 19.5% exposure to subordinated debt, equity and JV investments.

The balance of fixed to floating interest rates of the portfolio has improved with 31% of the debt portfolio fixed and 69% floating, better positioning the company against the drop in interest rates.

We calculate that 100 basis point drop in rates only impacts 17% of the portfolio, which demonstrates the impact of high interest rate floors.

Our unique investment strategy is focused on underserved markets, providing no overlap in investments made by any other public BDC that we are aware of.

We conduct full due diligence on new credits ourselves instead of relying on underwriting conducted by banks or co-investors, and we carefully monitor the performance of each of our companies ourselves. The portfolio was underlevered, with only \$11 million of debt as of quarter end compared with the BDC average of 1.2x debt-to-equity.

Assuming full utilization of our \$100 million credit facility during the year, we would still be well below industry averages. Lastly, we have no non-accruals compared with an industry average of 3.5% of cost.

Today we announced a \$0.34 dividend, marking the fifth consecutive quarter at that rate. This dividend is also well covered this quarter with net investment income per share of \$0.42.

As we continue executing our strategy, we will focus on further diversifying the portfolio, utilizing the credit facility and managing interest rate sensitivity while maintaining the overall strength of the portfolio.

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

Thomas Geoffroy^ Good morning. Thanks, Peter.

I want to highlight our investor presentation that we filed with the SEC this morning that serves as our earnings supplemental. I'll start with the investment portfolio.

We have 37 portfolio company investments. 24% of the portfolio is invested in non-cannabis companies across multiple sectors. The average credit investment size is approximately 2.4% of our debt portfolio. 69% of the portfolio has floating interest rates and 58% of these loans have already reached their respective interest rate floors.

The gross weighted average yield of the company's credit investment portfolio is approximately 15.8% and all loans are performing.

As of September 30, 2025, the company had 11 million of debt outstanding, all of which was drawn from the new credit facility.

As of November 12, 2025, the company had approximately 97.8 million of liquidity comprised of 92.5 million of borrowing capacity and 5.3 million of cash on the balance sheet, which is available to deploy. This gives us ample liquidity to deploy additional capital over the remainder of the year while remaining relatively underlevered compared to other BDCs.

Financial highlights for the third quarter were gross investment income totaling 15.1 million compared to \$13.1 million for the second quarter.

Interest income included 1.9 million of onetime prepayment and make-whole fees from unscheduled repayments. Net expenses were 5.6 million, which is net of the expense limitation agreement compared to 5.4 million of net expenses in the second quarter.

Net investment income was 9.5 million or \$0.42 per share, up from 7.7 million or \$0.34 per share in the second quarter. Net assets totaled 302.9 million at quarter end, and the net asset value per share was 13.27, up from 13.23 in the second quarter.

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

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

Dino Colonna^ Thanks, Tom.

During the third quarter, we funded 66.3 million in new debt investments to 11 portfolio companies, a record quarter for LIEN.

Seven of these investments are new borrowers to the BDC.

Of these new debt investments, 100% of them are senior secured and 84% are either fixed or floating rate loans at their respective floors as of quarter end.

During the third quarter, we also had loan repayments and amortization totaling approximately 62.7 million, which included early principal payoffs of 59.6 million.

As of the end of the third quarter, there was approximately 27 million in total unfunded commitments for the portfolio. To date, in the fourth quarter, we have funded 5 million to one new borrower.

We expect additional deployment activity between now and year-end, but at a more measured pace than the robust gross originations activity we have seen in the last two quarters. The

pipeline across the Chicago Atlantic platform as of quarter end, which includes cannabis and non-cannabis opportunities totaled approximately 610 million in potential debt transactions. The breakdown of the opportunity set includes approximately 415 million in cannabis opportunities and approximately 195 million in non-cannabis investments.

As Tom mentioned, we have approximately 98 million of dry powder to grow the portfolio, but we will maintain our high bar when it comes to underwriting and structuring investments that deliver above-market risk-adjusted returns.

We've had to show patience in the past when the markets around us seem to underprice risk, and we will continue to adhere to that discipline when needed. Both the cannabis and non-cannabis verticals continue to show healthy performance in the portfolio and strong demand for new debt capital within the lower middle markets where our focus lies.

As Peter noted earlier, this is in contrast to some middle and upper middle market credit lenders, which are experiencing growing credit issues, where there is some overlap among lenders and even certain challenges maintaining existing dividends.

At Chicago Atlantic, our focus has always been on building credit portfolios with attractive risk-adjusted returns.

We believe our approach to lending is unique, and our results thus far have highlighted our ability to create alpha in the private credit markets.

As a result of our direct origination model, 84% of our portfolio company investments are agented internally. This model allows us to be highly selective and not dependent on syndicated deals, which tend to have overlap among other public BDCs. Lastly, our rigorous approach to underwriting and structuring loans while maintaining pricing discipline has allowed us to craft a differentiated portfolio with strong credit metrics.

Thank you for your continued support, and we look forward to updating you again next quarter.

Operator, we're now ready for questions.

QUESTIONS AND ANSWERS

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

Pablo Zuanic^ Congratulations on deploying that large amount of new loans in the quarter.

I think you said 65 million, 66 million.

I guess the question is more about the repayments of loans in the quarter, were they in line with your expectations? Or were there some repayments that were unexpected?

And did that, in a way force you to be more aggressive in lending in the quarter to show some book growth, if you can comment on that?

And then the second question, in the context of other lenders out there are sounding pretty bearish about the cannabis industry outlook, it seems to me that you have a more constructive view about the industry, and that's allowing you to increase your book, but if you can comment on that.

Peter Sack^ Sure. Thank you, Pablo.

Our pipeline is more longer, takes a long time to develop, a long time to mature into deployment.

And these are relationships that are nurtured over many months and sometimes years.

And so, while we had a larger amount of repayments in Q3 than expected, that does not impact the pace of our deployment because our pipeline and deployment is simply not that reactive to liquidity for better or worse.

I'd say we had -- we're extremely proud of our deployment.

We executed 13 new investments. That's almost one investment per week in the quarter, at which seven were new borrowers. I think it's a testament to the work to build relationships and nurture relationships across the industry that goes back in time way before this quarter.

With regards to our outlook on the industry as a whole, I think from the start of our involvement in the cannabis industry, we haven't viewed the industry as a monolith. The industry there -- it's challenging to speak to the industry as one national industry because it's really a collection of 40 or 41 different jurisdictions in which adult-use in medical markets are active. And each of those reflects its own supply and demand dynamics, its own growth expectations, its own competitive dynamics.

Our focus within each of those jurisdictions evolves over time as certain markets are growing, certain markets are declining, certain markets are facing more difficult margin pressure and certain markets are facing less difficult margin pressure or none at all.

And so, I think this is where the investment in a very fulsome originations platform, a very fulsome underwriting platform pays off.

It's the ability to be able to pivot from challenging markets to less challenging markets to be constantly developing relationships with the strongest borrowers possible and to maintain the broadest pipeline possible.

And pipeline and relationships is the lifeblood of our industry. Ultimately, the quality of our deployments is determined by the quality of this -- of our ultimate -- deployments is determined by the quality of the relationships that we can garner at the beginning of the process in the development of that pipeline.

Pablo Zuanic^ Right. And again, congratulations on all the deployment in the quarter.

Look, this is, again, a bigger picture industry question, and I know the bill was only signed last night, but some people have estimated the hemp derivatives industry to be north of 20 billion. I don't know if I totally agree with that number.

But if that's the right number and that were to flow to the cannabis industry, that would be a big lift for the industry that we're all involved in, right?

Do you see it that way? Do you see a lot of that with a lot of hemp derivatives being recriminalized that type of volume flowing into cannabis players benefiting the industry.

And I know this has not yet happened, but how do you think about that in terms of the industry outlook?

Peter Sack^ I think that part of price compression that we're seeing in many cannabis markets over the last year, while data is difficult to ascertain, I suspect that part of that price compression is driven by competition with the hemp-derived THC markets.

And so, the closing of the hemp-related loophole, I suspect is going to support state regulated markets and be a positive catalyst for most of our borrowers.

I think on the flip side, there are some negatives that are worth recognizing. I think that the hemp-derived beverage market in particular was successful in expanding the pie and the market of users of the THC ecosystem.

I think it brought consumers into the THC ecosystem that were not consumers previously.

I think it is somewhat unfortunate that this area of the market that was not necessarily well served by dispensaries in the state license market won't exist anymore.

But I think overall, this is -- overall, it's an unequivocal positive for our target markets and for our investment base.

Pablo Zuanic^ Okay.

And then one more.

In terms of what you can share publicly, I know we've talked about 280E many times before. What we are hearing is that, I mean, obviously, Trulieve in their 10-Q disclosed that there's a penalty being charged by the IRS because of their uncertain tax provisions. And, of course, you are going to contest that.

That's the only company that's disclosed that so far.

We are hearing that other companies are starting to negotiate terms on those long-term uncertain tax provisions with IRS and they're beginning to pay them over time without interest, without penalties, but paying them over time.

I don't know if you can comment, in very general terms, about what you're hearing in terms of how companies are starting to deal with paying back those long-term uncertain tax provisions that are in most companies' balance sheets. Again in terms of what you can share, Peter?

Peter Sack^ Sure. I think our outlook and views on this are a little bit different in that we assume that uncertain tax liabilities, unpaid tax liabilities, we view them as indebtedness that ultimately will have to be paid. When and under what terms is difficult to forecast, but we view it in no uncertain terms as a liability and obligation of our borrowers.

And in our loan documents, we aim to limit the incurrence of such liability as it does add ultimate risk to the balance sheet.

And so, I'm not surprised by such articles. And not surprised that companies ultimately do want to reduce the liabilities on their balance sheet because it leads to a healthy, more sustainable enterprise.

But I don't have additional information beyond what you've been reading public.

Pablo Zuanic^ Right. Look, and apologies if there's more people in the queue here, but I'm going to ask a couple of more.

Obviously, because of a BDC structure, you are able to lend against cash flow and not just real estate backed loans. But a lot of these loans are to medium-sized, maybe smaller private companies, right? There's very few large public MSOs here.

Obviously, Verano is a large one. There's a new loan to Cresco I'm looking here in the 10-Q.

But in general, they are mostly smaller, midsized companies in which we don't have a lot of visibility. I don't know if you want to comment on that.

I mean, from my perspective, that could imply a little bit more risk, but maybe I'm reading it wrongly.

I'm interpreting it wrongly.

Peter Sack^ I think in addition, with smaller companies, we also have more leverage and bargaining power and negotiate with greater assets of downside protection in our loans.

So with smaller companies, we also find the ability to limit leverage, have greater negotiation power in structuring our loan documents, in structuring covenants, in structuring portfolio monitoring activities.

And so, I think we try to balance the risk of lending to smaller enterprises with lower leverage, with stronger portfolio monitoring characteristics and with a very strong focus on the markets in which we're lending.

Operator^ (Operator Instructions)

This concludes our question-and-answer session.

I would like to turn the conference back over to Peter Sack for any closing remarks.

Peter Sack^ Thank you, Pablo, for your questions.

Thank you to our investors for your support.

We look forward to finishing out the year on a strong note and reporting earnings in the first quarter. Thank you.

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

You may now disconnect.