

Chicago Atlantic BDC (Q1 2026 Earnings)
May 14, 2026

Corporate Speakers:

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

Participants:

- Pablo Zuanic; Zuanic & Associates; Analyst

PRESENTATION

Operator^ Good day. Welcome to Chicago Atlantic BDC, Inc. First Quarter 2026 Earnings Conference Call. (Operator Instructions)

Please note this event is being recorded.

I would like to turn the conference over to Lisa Kampf. Please go ahead, ma'am.

Lisa Kampf^ 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 security laws.

Such statements involve known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those 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, May 14, 2026. Therefore, you are advised that time-sensitive information may no longer be accurate at the time of any replay or transcript reading.

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

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

Chicago Atlantic BDC's record results this quarter demonstrate the benefits of our differentiated strategy.

As the first publicly listed BDC focused primarily on lending to the cannabis industry, we remain uniquely positioned to participate in a market with limited competition. In an environment where other BDCs are struggling against credit performance, dividend coverage concerns and interest rate uncertainty, Chicago Atlantic BDC has continued to strengthen its position.

Net investment income for the first quarter of 2026 reached a record \$10 million or \$0.44 per share. During the quarter, we executed on our pipeline, funding a record \$93.9 million across seven portfolio companies including three new borrowers.

We efficiently utilized additional capacity on our credit facility, growing the portfolio to its largest level in company history. Today we announced a \$0.34 dividend, marking the seventh consecutive quarter at that rate.

We continue to benchmark the company's performance against the broader public BDC industry as documented in the Raymond James BDC Weekly Insights as of May 1, 2026, and Oppenheimer's BDC quarterly report as of March 27, 2026.

Our weighted average yield on debt investments as of March 31, 2026, was 15.8% compared to 10.8% for the average public BDC. 100% of our debt portfolio is senior secured. 1.3% of our total investment portfolio has exposure to sub debt, equity or JV investments compared to other BDCs who have an average exposure of 25.5%. 94% of the portfolio at par is either fixed rate or floating rate at their respective floor, insulating the company against the drop in interest rates. 100 basis point drop in benchmark rates would have an estimated annualized impact of less than 15 basis points on interest income.

Importantly, our floating rate loans, combined with our rate floor protections, provides a structural advantage in portfolio construction.

Only 2.6% of the portfolio at fair value has exposure to the software industry.

We believe that our investments have very little overlap with the investments made by other public BDCs due to our unique investment strategy focused on underserved markets. The portfolio is under-levered with only \$54.5 million of debt as of quarter end with 0.18x debt-to-equity ratio. This compares with the BDC average of 1.3x debt-to-equity ratio, providing us with ample room to expand our liquidity and still below industry average for leverage.

Lastly, we have no nonaccruals compared with an industry average of 3.4% of cost.

In addition to our record quarter, in April, federal cannabis policy momentum accelerated meaningfully. The Department of Justice took a significant step announcing that state-licensed medical cannabis products will be moved from Schedule I to Schedule III. This represents the most significant federal policy shift in decades. The rescheduling will eliminate the onerous

280E tax code, meaning that medical cannabis will be taxed like a normal business on pretax income and no longer taxed on gross profit.

Operators with medical cannabis market exposure will benefit with increased cash flow and strengthened balance sheets over time. We foresee this as favorably impacting the credit quality of our borrowers, although each business will be impacted differently based on their medical market exposure.

We await the administrative hearing scheduled for June 29 when the rescheduling of recreational cannabis will be considered. The outcome of this hearing, expected to conclude by July 15, could have tremendous impact on the economics of the broader cannabis industry in the U.S. including increasing capital markets and M&A activity, which Chicago Atlantic is well positioned to benefit from.

While the current regulatory trajectory supports improved industry economics, we believe ongoing federal constraints and industry complexity will limit new large-scale lending competition in the near term.

Consistent with our historical approach, we will maintain our rigorous underwriting standards based on today's regulatory framework, not potential future regulatory reform.

In conclusion, relying on our niche strategy enables us to operate in markets with limited competition and generate yields above our BDC peers. By focusing on underserved segments of the debt market, we benefit from strong pricing power with meaningful downside protection.

We believe cannabis and the lower middle market remains structurally attractive relative to larger markets with less competition, stronger lender controls and stable underlying credit fundamentals. The company's performance through volatile markets underscores the resilience of our business model and its ability to support a consistent dividend.

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

Thomas Geoffroy^ Good morning. Thanks, Peter.

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

We have 40 portfolio company investments. 24% of the portfolio is invested in non-cannabis companies across multiple sectors. The average credit investment size is approximately 2.3% of our debt portfolio at fair value.

While approximately 94% of the debt portfolio is insulated from interest rate declines through fixed rate structures or interest rate floors, the portfolio retains meaningful upside through favorable convexity in a rising rate environment. The gross weighted average yield of the company's debt investment portfolio is approximately 15.8%, which is in line with last quarter's yield, and none of our loans are on nonaccrual status.

As of March 31, 2026, the company had \$54.5 million of debt outstanding, all of which was drawn from the revolving line of credit. As of May 13, 2026, the company had approximately \$51.5 million of liquidity, comprised of \$50 million of borrowing capacity under its \$100 million credit facility, subject to a borrowing base and other restrictions, and approximately \$1.5 million of cash on the balance sheet.

Subsequent to quarter end, the company filed a shelf registration statement with the SEC to allow the company to issue up to \$500 million in securities including debt securities to increase our available liquidity beyond the credit facility and create additional financial flexibility. We believe the opportunistic use of additional leverage deployed into high-quality, high-yielding assets and be accretive to earnings and supportive towards shareholder returns.

Turning now to the financial highlights for the first quarter. Gross investment income increased to \$16.7 million from \$14.2 million for the fourth quarter of 2025, primarily due to higher interest income. Net expenses for the quarter were \$6.7 million compared to \$5.9 million in the fourth quarter of '25. This increase was driven by an increase in interest expense from the utilization of the credit facility to fund new originations.

Net investment income for the quarter was a record \$10 million or \$0.44 per share, up from \$8.3 million or \$0.36 per share in the fourth quarter of 2025. The increase was driven by increases in both interest income and fee income on strong deployments and partially offset by changes in expenses.

In our investment portfolio, we recognized a net unrealized loss this quarter of \$1.4 million which was due to the impact of widening spreads, not underlying credit performance. Net assets reached a new high of \$304.2 million at quarter end. Net asset value per share was \$13.33 compared to \$13.30 in the fourth quarter of 2025. 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.

Bernardino Colonna^ Thanks, Tom. The first quarter of 2026 was our most active origination period to date from both a gross and net deployment perspective.

We funded \$93.9 million in new debt investments including a \$38.3 million refinancing to our largest borrower, which we believe remains an attractive investment for the portfolio now with an extended duration. Three of the seven portfolio companies we transacted with were new borrowers to the BDC.

Of these new debt investments, 100% of them were senior secured and 83% are fixed rate or floating rate loans at their respective floor at quarter end. Net investment activity for the quarter stood at \$32 million.

During the first quarter, we had loan repayments and amortization totaling approximately \$63.4 million which included refinancings of \$42.1 million and \$21.3 million in paydowns and amortization. As of the end of the first quarter, there were approximately \$13.7 million in total unfunded commitments for the portfolio.

Since quarter end, one borrower fully repaid a \$7 million loan. The pipeline across the Chicago Atlantic platform as of quarter end which includes cannabis and non-cannabis opportunities totaled approximately \$810 million in potential debt transactions. The breakdown of the opportunity set includes approximately \$482 million in cannabis opportunities and approximately \$328 million in non-cannabis opportunities.

Our non-cannabis origination pipeline expanded meaningfully throughout the quarter as companies increasingly looked past broader macro uncertainty and reengaged in strategic activity. While larger lenders seem to take a more cautious posture at the start of the first quarter, we saw a clear inflection point mid-quarter with a notable pickup in deal flow and financing demand.

We also expect activity in cannabis to pick up throughout the remainder of the year as regulatory tailwinds start to filter through the industry fundamentals and M&A appetite. Regardless of which way activity or competition for financing shifts or regulatory reform plays out, we will remain disciplined in our approach to underwriting.

As the BDC sector continues to navigate macro uncertainty, we believe performance dispersion across BDCs will continue to widen.

While peers face pressure from mark-to-market volatility, yield compression and evolving dividend dynamics, we see these as largely market-driven repricing events rather than broad-based BDC industry deterioration.

In this context, differentiation matters. Our focus on cannabis and the underserved lower middle market positions us in a less competitive segment with favorable pricing dynamics and strong lender protections. Combined with our disciplined underwriting and senior secured portfolio, we believe we are well positioned to capture attractive risk-adjusted returns while managing downside risk and delivering sustainable returns for our shareholders.

Operator, we're now ready for questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) First question comes from Pablo Zuanic with Zuanic Associates.

Pablo Zuanic^ Can we just get more color on the shelf registration, \$500 million?

I suppose because of the discount to book value per share, equity would not be an option. It will be mostly debt securities.

Can you talk about the type of rates you could get compared to your current revolver and timing you may tap the debt security market?

Peter Sack^ Pablo, so we filed the shelf registration primarily with a focus on being able to raise debt in the future. It's too early to speak to what rates we may or may not be able to get and when we might raise the capital.

Pablo Zuanic^ Understood. Then just a reminder in terms of what leverage you're comfortable with?

I know you mentioned 1.3 is the BDC average, but what are you comfortable with given your model?

Peter Sack^ We expect to stay well below the BDC average.

Pablo Zuanic^ All right. Then just moving on to book loan growth.

I know Dino talked about -- he gave the split of the pipeline between cannabis and non-cannabis. I don't remember what number had been given before.

Can you just remind us by how much the -- just a better sense of how much the non-cannabis pipeline grew by?

Then given the favorable regulatory news on cannabis, I would have thought that over the next one or two years, you would skew more into cannabis in terms of new lending than non-cannabis, but that doesn't seem to be the case based on the numbers you're giving us.

Bernardino Colonna^ Pablo, I think the non-cannabis origination pipeline grew significantly, but it's just a pipeline. What actually will wind up transacting, it's hard to tell.

I do think the cannabis portfolio, as I mentioned, the origination pipeline will continue to grow off the back of the recent news. We've seen increased M&A activity, and I think we expect to see more as the year progresses.

Pablo Zuanic^ Okay. But just for modeling purposes, and I know we could do this offline, but for modeling purposes, can we just assume that you will make full use of the revolver by end of the year?

Peter Sack^ We would certainly aim to do so.

Pablo Zuanic^ Okay. Then just I was trying to do the math in terms of the average loan size for those three new portfolio companies. I don't know if you can give that number.

I don't think the 10-Q has been filed yet, and I couldn't figure it out from the presentation. But it just seems to me that the new loans have been a lot smaller. Is that within your target range?

Or do you expect them to be larger over time?

Peter Sack^ I think you might notice that the -- our non-cannabis portfolio is comprised of loans that are much smaller, and that's by design, that we expect that cannabis -- non-cannabis diversified lending portfolio to range between 20% and 30% of the portfolio and to be comprised of smaller positions than you'll see in our cannabis portfolio.

Pablo Zuanic^ Right. Okay.

Then just stepping back, bigger picture, I know everyone is talking about this ramp on potential M&A activity because of the rescheduling news. But are you really seeing that so far?

And is this going to be more about public companies going private operators or both ways, private and private?

Just give more color in terms of M&A because what we are hearing is that it has changed, but not as much as one would have expect, but just give more color in that regard.

Peter Sack^ We are certainly seeing it in our pipeline that -- an increasing portion of our pipeline of opportunities is driven by M&A. I think not all of this M&A is large enough or with public companies enough to be publicly announced.

But I think the interest is definitely there. The excitement is there, and the eagerness to take advantage of what seems like a one-time opportunity within the industry is driving this sentiment change.

Operator^ Ladies and gentlemen, this ends our question-and-answer session.

Also the conference has now concluded. Thank you for attending today's presentation.

You may now disconnect.