

**Chicago Atlantic (Q3 2025 Earnings)
February 27, 2026**

Corporate Speakers

- Tripp Sullivan; SCR Partners, LLC; Investor Relations
- Peter Sack; Chicago Atlantic; Co-Chief Executive Officer
- David Kite; Chicago Atlantic; Chief Operating Officer
- Phillip Silverman; Chicago Atlantic; Chief Financial Officer

Participants

- Aaron Grey; Alliance Global Partners; Analyst
- Christopher Muller; Citizens Capital Markets; Analyst
- Pablo Zuanic; Zuanic & Associates; Analyst

PRESENTATION

Operator^ Good day, and welcome to the Chicago Atlantic Real Estate Finance, Inc. Third Quarter 2025 Earnings Call.

Today, all participants will be in a listen-only mode. (Operator Instructions)

Please note that today's event is being recorded.

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

Please go ahead.

Tripp Sullivan^ Thank you. Good morning. Welcome to the Chicago Atlantic Real Estate Finance Conference Call to review the company's results.

On the call today will be Peter Sack, Co-Chief Executive Officer; David Kite, Chief Operating Officer; and Phillip Silverman, Chief Financial Officer.

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

During this call certain comments and statements we make may be deemed forward-looking statements within the meaning prescribed by the securities laws including statements related to

the future performance of our portfolio, our pipeline of potential loans and other investments, future dividends and financing activities.

All forward-looking statements represent Chicago Atlantic's judgment as of the date of this conference call and are subject to risks and uncertainties that can cause actual results to differ materially from our current expectations.

Investors are urged to carefully review various disclosures made by the company, including the risk and other information disclosed in the company's filings with the SEC.

We also will discuss certain non-GAAP measures, including but not limited to distributable earnings. Definitions of these non-GAAP measures and reconciliations to the most comparable GAAP measures are included in our filings with the SEC.

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

Please go ahead.

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

This quarter, against the backdrop of a volatile private credit environment, we demonstrated another consistent period of execution and performance. The benefits of our consistent approach and disciplined focus on principal protection yielded a strong quarter, and this quarter's gross originations have us on pace to hit our goal of net growth in the loan portfolio.

Challenges in private credit markets have created newfound concern in the investor community.

Declining interest rates impacted lenders with floating rate portfolios. The syndicated loan market experienced high-profile fears of fraud and excess capital in the market underlies perceived lack of underwriting standards.

I suspect that these broader concerns have caused us to trade at a sizable discount to our book value rather than the premium we long enjoyed since our IPO nearly four years ago.

Noting this disconnect from the reality of our portfolio, our management team and Board of Directors recently purchased shares on the open market, bringing our collective ownership of the common stock to nearly 1.8 million shares on a fully diluted basis. There are several reasons why we're so confident with what we've created at Chicago Atlantic. The first is that we have a cannabis pipeline that currently stands at approximately 441 million.

We believe that this pipeline of opportunities is unrivaled in the industry and is diversified across growth investments, maturities in the market, M&A activity related to operational and balance sheet restructurings and potential ESOP sale transactions.

Secondly, we have the most robust platform and capital to meet the growth of the industry.

We deploy capital with consumer and product-focused operators in limited license jurisdictions at low leverage profiles to support fundamentally sound growth initiatives.

I can't think of a better example of our commitment to the industry than Chicago Atlantic's funding this quarter of what we believe to be the largest real estate-backed revolving credit facility among U.S. operators in the history of the industry, a \$75 million three-year secured revolver with Verano.

Lastly, we've constructed a portfolio with differentiated and low levered risk return profile that is insulated from both Cannabis Equity and interest rate volatility.

As David will break down for you in a moment, because we have structured our floating loans with interest rate floors, only approximately 14% of our total loan portfolio is exposed to any further rate declines based on today's 7% prime rate. That discipline provides a meaningful measure of protection to the portfolio.

We are focused on outperforming and delivering the kind of returns that we all expect to shareholders. Confidence in the strategy is important.

And hopefully, I've provided some insight into why we are enthusiastic and why we, as a management team, executed share repurchases in recent weeks.

But execution on our plan matters even more, and I look forward to reporting on our continued progress over the balance of the year.

David, why don't you take it from here?

David Kite^ Thank you, Peter.

As of September 30, our loan portfolio principal totaled approximately 400 million across 26 portfolio companies with a weighted average yield to maturity of 16.5% compared with 16.8% for the second quarter. Gross originations during the quarter were 39.5 million of principal fundings of which 11 million was advanced to a new borrower and 20 million was related to the new Verano credit facility that Peter mentioned earlier. These were offset by unscheduled principal repayments of 62.7 million that we disclosed last quarter.

As of September 30, 2025, our portfolio consisted of 36.7% fixed rate loans and 63.3% floating rate loans.

The floating rate portion is primarily benchmarked to the prime rate. Following last week's 25 basis point rate reduction, bringing the prime rate to 7%, only 14% of our portfolio remains exposed to further rate decline. The remaining 86% is either fixed rate or protected by primary floors of 7% or higher.

Importantly, our floating rate loans are not exposed to interest rate caps. This structural advantage, combined with our rate floor protections positions our portfolio favorably compared to most mortgage REITs.

Should the Federal Reserve implement another adjustment to the Fed funds target in December, we are well insulated against the adverse effects of declining interest rates. Total leverage equaled 33% of book equity at September 30 compared with 39% as of June 30.

As of September 30, we had 52.4 million outstanding on our senior secured revolving credit facility and 49.3 million outstanding on our unsecured term loan.

As of today we have approximately 69.1 million available on the senior credit facility and total liquidity, net of estimated liabilities of approximately 63 million.

I'll now turn it over to Phillip.

Phillip Silverman^ Thanks, David.

Our net interest income of 13.7 million for the third quarter represented a 5.1% decrease from 14.4 million during the second quarter of 2025. The decrease was primarily attributable to nonrecurring prepayment make-whole exit and structuring fees, which amounted to 1.1 million for Q3 2025 compared with 1.5 million in Q2 2025.

Additionally, approximately 0.1 million of the decrease in net interest income was attributed to the impact of the 25 basis point rate cut late in September on our floating rate portfolio and interest expense on our revolving credit facility. Total interest expense including noncash amortization of financing costs for the third quarter was approximately 1.6 million, down from 2.1 million in the second quarter.

The weighted average borrowings on our revolving loan decreased 14 million compared to 42.3 million during the second quarter.

Our CECL reserve on our loans held for investment as of September 30, 2025, was approximately 5 million compared with 4.4 million as of June 30.

On a relative size basis, our reserve for expected credit losses represents approximately 1.25% of our outstanding principal of our loans held for investment.

On a weighted average basis, our portfolio maintained strong real estate coverage of 1.2x.

Our loans are secured by various forms of other collateral in addition to real estate including UCC-1, all asset liens on our borrower credit parties. These other collateral types contribute to overall credit quality and lower loan-to-value ratios.

Our portfolio has a loan-to-enterprise value ratio on a weighted average basis of 43.5% as of September 30, calculated as senior indebtedness of the borrower divided by the fair value of total collateral to refi.

Distributable earnings per weighted average share on a basic and fully diluted basis were approximately \$0.50 and \$0.49 for the third quarter, a modest decrease from \$0.52 and \$0.51, respectively, during the second quarter.

In October, we distributed the third quarter dividend of \$0.47 per common share declared by our Board in September.

Our book value per common share outstanding was \$14.71 as of September 30, 2025, and there are approximately 21.5 million common shares outstanding on a fully diluted basis as of such date.

We continue to expect to maintain a dividend payout ratio based on our basic distributable earnings per share of 90% to 100% for the 2025 tax year.

If our taxable income requires additional distributions more than the regular quarter dividend to meet our taxable income requirements, we expect to meet that requirement with a special dividend in the fourth quarter.

Operator, we're now ready to take questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions)

At this time we will take today's first question from Aaron Grey with Alliance Global Partners.

Aaron Grey^ First question for me. I just wanted to talk about the pipeline a bit.

So 415 million, I know that's down a little bit from prior quarters. So I just wanted to talk about where there are some large potential originations that exited the pipeline.

And I know prior quarter, you had talked about ESOPs and potential opportunity there. So I want to see if you still see those as appealing and within the pipeline opportunities.

Peter Sack^ Yes. ESOPs continue to form a large part of the pipeline. There was no significant exits, other than ordinary turnaround of our pipeline quarter-over-quarter.

We have -- our pipeline tends to refresh every quarter or so and is deals that -- as deals either disappear, get turned down by us or get funded. So changes quarter-over-quarter were ordinary churn.

Aaron Grey^ Okay. Great. Glad to hear ESOPs are still a good opportunity for you guys.

Second question for me, just in terms of some of the loans that are maturing before year-end. Any color you can talk about in terms of how those conversations are panning out?

I know you're still targeting net portfolio growth for the year. So any color on those would be greatly appreciated.

Peter Sack^ We are in the midst of negotiating the terms under which we may extend to maintain the business and maintain the position.

And I expect that the vast majority of those loans that are maturing before the end of the year, we will retain in some form or another.

Aaron Grey^ Okay. That's great to hear. Last question for me. No direct implications for new cannabis legalization in the election today but some indirect, particularly for Virginia, if there is a new government that comes in that's more pro-cannabis. Particularly looking at that state, I know new states coming online could be a good opportunity for you guys.

So how would you guys potentially look at a state like Virginia, in terms of the opportunities there and how the regulatory landscape exists today and could exist tomorrow based on pass legislation for retail setup?

Peter Sack^ We think Virginia is a very attractive medical market due to its very controlled licensure structure and the way in which the regulator has set up the geographic orientation of license holders.

And we think it will be an extremely attractive recreational market as well.

So as those discussions progress, we'll be looking to expand our relationships in the state and deploy capital.

Operator^ And today's next question comes from Chris Muller with Citizens Capital Markets.

Christopher Muller^ Congrats on another solid quarter here.

So you guys have done a really great job underwriting a pretty challenging part of the market here.

So can you guys talk about your approach to underwriting and what's driving that success? Is it more the type of borrowers you focus on or the geographies or maybe a combination of those?

Peter Sack^ Yes. I think you've hit on some of the key points. The first, I think the foundation of our underwriting is an analysis of each of the markets, each of the markets of the 40 states that are legalized medical or recreational cannabis and that underwrite begins before we've deployed a single dollar into that market.

It's not just a focus on the state, it's also a deeper dive into each piece of the supply chain within that market.

We focus on limited license jurisdictions because we find that in these spaces, the regulatory moat creates greater predictability of wholesale prices, margins and the competitive environment.

Within that framework, we're focused on operators with a diverse source of earnings streams, whether that's earnings coming from a diverse portfolio of retail operations, retail and vertical integration or retail vertical integration spread across multiple limited license states.

Then lastly, in addition to -- apologies, in addition to real estate collateral, we're focused on lending to operators at conservative leverage levels of under 2x EBITDA.

And the combination of all of these factors, frankly, allows for diversity of repayment, diversity of potential growth opportunities.

And then while we're in structuring loans, I think it's important that in the majority of our loans, not only is our capital going towards growth initiatives that drive EBITDA improvement, and the majority of our loans also include amortization.

Christopher Muller^ Got it. That's all very helpful and I guess --

Peter Sack^ And so, the aim is that our loans will be less risky by their maturity date by virtue of EBITDA growth and loan paydown than they were at the outset and that we can then continue to support those clients in the next phase of their growth, whether that's acquisitions, expansion of cultivation, expansion of retail.

And it's really just consistency with what we think are pretty simple fundamentals approach to this industry, a focus on credit quality and a focus on principal protection that's allowed us to maintain the track record through a lot of volatility in equity valuations and in the marketplaces, the operating marketplaces in each of these states.

Christopher Muller^ Got it. That's very, very helpful.

And I guess maybe looking forward a little bit. So looking at the LTVs of your portfolio, they're well below what we see for a typical commercial mortgage REIT.

So if we do end up getting some type of reform, whether it's this year or next year, whenever that timing is, what type of normalized LTV would you expect to see in the portfolio?

Peter Sack^ Well, it's a difficult question to answer because there's a few variables.

I would expect that in the case if the reform that we're discussing about is rescheduling, I haven't seen examples of a significant amount of new lenders entering the market in the event of rescheduling.

And so, I think there's opportunity to increase our loan sizes in many cases with many of our borrowers by nature of the improved cash flow dynamics of operators in a rescheduling environment because of the lack of the impact of 280E taxes.

So that's one reason why you might see loan balances go up in a post-rescheduling world because the fundamental cash flow profile of the industry and individual operators has improved significantly.

But also, on the other hand, I would expect there to be a lot more equity interest in the sector as a result of rescheduling.

And so, I would expect to see the denominator, the V in that ratio increase significantly starting with public operators and public cannabis valuations.

And so the combination of those two, it's difficult to parse exactly what would be the change in LTV.

Christopher Muller^ Got it. There's a lot of unknowns out there still. So that's very fair.

Peter Sack^ Yes. But I would note that we focus in our underwriting on the ability of a cannabis operator to service its indebtedness and to pay back that indebtedness.

And that was our focus when cannabis companies were valued in the high teens EV to EBITDA.

That's our focus today when cannabis companies are valued in single-digit EV to EBITDA.

And so, I think it's -- and so, that's why the understanding of the cash flow and diversity of cash flows and the collateral is really fundamental to us and more fundamental to us than an ephemeral -- potentially ephemeral market cap, potentially an ephemeral license value.

Christopher Muller^ Got it. That's all very, very helpful.

I guess just one clarifying one real quick, if I could. Did I hear you guys correctly say that 86% of the portfolio has active floors in place as we sit today?

Peter Sack^ That's a combination of floors and fixed rate.

Operator^ And the next question comes from Pablo Zuanic with Zuanic & Associates.

Pablo Zuanic^ Peter, I realize that every company is different.

But for example, IIPR this morning announced an investment outside cannabis, AFC Gamma transforming to a BDC investing outside cannabis. Chicago Atlantic BDC also is investing outside cannabis.

Is that something that Chicago Atlantic Real Estate Finance would also consider given the environment in cannabis?

Peter Sack^ We have, on occasion, invested outside of cannabis, but we find that the risk reward profile for real estate-backed loans in the cannabis space is simply much more attractive than the risk reward in most cases than the risk-reward profile of real estate-backed loans in non-cannabis real estate opportunities.

I think that's what's driving our focus and the overwhelming allocation of the portfolio to cannabis opportunities in refi.

But to the extent that changes, to the extent that we find attractive real estate-backed opportunities, we will certainly offer them to refi and may deploy them in refi.

But Chicago Atlantic was founded with a focus on idiosyncratic and niche areas of the private credit market and with a focus on cannabis.

And that's part of our DNA and that focus on cannabis and our fidelity to the sector is not going to change.

I think it's one of the reasons why we've persisted in this industry and continue to deploy in this industry as the equity markets have experienced significant volatility as other lenders have exited the space.

We think that focus and specialization can drive outsized returns and really differentiated returns for our investors and that we can provide a better product, better support, better relationship with our clients, with our borrowers.

We find that consistent presence in the market, that consistent support to our borrowers leads to better relationships, leads to more longevity of relationships and leads to a greater ability for us to build relationships with the next top operator that emerges from the ecosystem.

Pablo Zuanic^ Right. That's good color. Just moving on in terms of 280E, you explained in the prior question that your main focus is on the company's ability to service debt, right?

So how do you think about the uncertain tax provision that most MSOs have, right?

The majority of them -- well most MSOs, not the majority, like pretty much all of them except one, are paying their taxes, declaring taxes as a normal corporation and assuming 280E does not apply and based on lawyers and auditors recommendations, their advice, they are putting an item that's called uncertain tax provisions or benefits as a long-term liability, right?

We will see if it's ever due and it doesn't have a maturity date. But how do you factor that in your ability to service debt?

Peter Sack^ We consider it as another form of leverage.

And so, we aim to create covenants that limit the ability of our borrowers to incur uncertain tax liabilities above a certain amount. And that amount is set by our comfort of the total leverage profile of the company.

Pablo Zuanic^ That's good.

Look, I know we normally do not talk about specific borrowers, but you mentioned Verano in your prepared remarks.

I'm trying to understand here the dynamics. In the case of Verano, Chicago Atlantic, I believe, as a group, not just refi, has about a \$300 million facility, \$292 million book in Verano due next year, right?

And now, you have issued these revolvers for \$75 million, three-year revolver.

I'm trying to understand the dynamics in terms of why not just restructure the whole thing and just have to restructure the 300 million loan that was due next year?

Or given that we don't know what's going to happen in reform, you might just -- I'm just trying to understand why not do that as opposed to issuing a three-year short-term revolver here?

Peter Sack^ We have incredible respect for the team at revolver -- at Verano and what the team at Verano has accomplished, what they're executing on today and their growth prospects.

And we think their footprint, their asset base and their mindset when approaching the industry is something that we think is really unique within the space and we really value the partnership.

So to the extent that we can support them in any way we're going to be ready and willing and we'll do our best to further their next growth initiatives and that applies for the rest of our portfolio as well.

And so, I can't -- I don't want to speak for what the team's aims are and how they wish to structure their balance sheet, except to say that we value their relationship, we value their partnership and we would love to support them in any way we can. And are really excited for what they're executing on within their portfolio.

Pablo Zuanic^ Okay. One last one, if I may.

I know that we discussed the competition from other sectors before. I was recently at the Blank Rome conference. Bank Needham there, they said that they had issued about \$500 million in loans to the cannabis sector including Curaleaf most recently.

They said they would never go to 2 billion, but they implied that they could double the current amount.

So my read is that the competition from the regional banks under the current regulatory status quo is increasing, whether it's Valley Bank, Needham or other people. Am I wrong about that read, Peter?

Peter Sack^ I think those banks that have developed an expertise that have invested in the infrastructure and invested in the relationships of the cannabis space, in general, those banks have done well because they've deployed capital with discipline and conservatism and built relationships with some of the strongest operators in the space.

In many cases, those banks are now opting to go deeper because they've seen -- they've experienced success.

And so, I think we've seen that among some of the largest banks that have consistently deployed capital in the space that they're seeking to do more, and that's great.

We view banks as partners in our deployment strategy. They are leverage providers in both our public and private funds. There are co-lenders in many transactions. There are co-lenders in unitranche transactions in many transactions.

And so, we think they're an integral part of the lending ecosystem, and they're part of this process of building a mature capital markets for the cannabis industry.

And I think to compare -- just to compare where the banking industry sits within the broader private credit ecosystem today banks are not outside of the cannabis industry. Banks are operators alongside of the private credit space.

The private credit space and whether that's mortgage REITs and/or BDCs operate alongside the banking ecosystem, and they benefit one another significantly and work together as part of this ecosystem.

And that's what we hope to see develop in the cannabis industry, and that's what we're trying to build at Chicago Atlantic through our various partnerships with nearly all of the major banks that are operating in the cannabis space today.

And so, long story short, we welcome and have worked to help banking institutions enter the cannabis space and we hope more will do so.

Pablo Zuanic^ Look, I'm sorry, I want to add one more question if you don't mind, and apologies if there's someone else on the queue here.

Can you give an update in terms of your lending program to the New York? I think your loan is to the regulator, right? It's not necessarily to a fund there, not necessarily to the stores. I think we're up to 251 stores. Obviously, the state continues to expand in terms of retail stores, but I haven't seen necessarily that reflected in your loan book or maybe I'm missing something, but if you can provide an update on that.

Peter Sack^ I'm sorry, Pablo, I lost you at the beginning of your question.

Could you repeat it?

Pablo Zuanic^ Okay. I'm going to repeat that.

I'm talking about New York State, in terms of the number of stores and dispensaries in New York continues to grow. We are, I think north of 250 now.

I thought that given the agreement that you have with the regulator there in terms of the funding, the fund there that as the number of stores increases that your lending to the program will have increased. But I don't see that reflecting in your loan book or maybe I'm missing something.

I'm sorry if it's about connection.

Peter Sack^ The New York Social Equity Fund has opted not to draw additional capital from our funds. They've supported the construction of close to 23 stores across the state and they've taken a pause on deployments. That being said, we are ready and willing to support them if they decide to continue deployments and continue to grow the portfolio of stores that they're supporting.

Operator^ This concludes our question-and-answer session for today.

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

Peter Sack^ Thank you, all for the support and the questions. Glad to follow up offline with any questions.

And please reach out at any time. Thank you, again.

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

You may now disconnect.