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 June 30, 2026

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	**86-2872887**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
600 Madison Avenue, Suite 1800 **New York, NY**	**10022**
(Address of principal executive offices)	(Zip Code)

(312) 625-9295

(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 August 11, 2026, the registrant had 22,820,590 shares of common stock ($0.01 par value per share) outstanding.

CHICAGO ATLANTIC BDC, INC.
FORM 10-Q

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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 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 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; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

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, 2025 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 or regulated investment companies;
- the ability of the parties to consummate the proposed transactions that will result in Chicago Atlantic Real Estate Finance, Inc. ("REFI") merging with and into the Company (the "Merger") pursuant to an Agreement and Plan of Merger, dated June 17, 2026 (the "Merger Agreement"), by and among the Company, REFI, and, for the limited purposes set forth therein, the Adviser and Chicago Atlantic REIT Manager, LLC, on the expected timeline or at all;
- the ability to realize the anticipated benefits of the Merger;
- the effects of disruption on our business from the Merger;
- the combined company's plans, expectations, objectives and intentions as a result of the Merger;
- any potential termination of the Merger Agreement;

- the actions of our shareholders or the shareholders of REFI with respect to the proposals submitted for their approval in connection with the Merger;
- the actions of the board of directors of REFI with respect to the approvals required for completion of the Merger under Rule 17a-8 of the Investment Company Act of 1940, as amended;
- the risk that integration of the businesses and portfolios of the Company and REFI as a result of the Merger may be more difficult, time-consuming or costly than expected;
- the risk that, with respect to the Merger, required regulatory approvals or non-objections, effectiveness of the registration statement on Form N-14, the Securities and Exchange Commission's (the "SEC") acceptance of REFI's election to be regulated as a business development company, and Nasdaq listing authorization for the shares to be issued in connection with the Merger, may not be obtained on the contemplated timeline or at all;
- movement in the Exchange Ratio (as defined in the Merger Agreement) between signing of the Merger Agreement and closing of the Merger due to changes in the net asset values of the Company and REFI;
- the incurrence of significant transaction costs relating to the Merger;
- the risk that shareholder litigation in connection with the Merger may result in significant costs of defense and liability;
- the risk that the share repurchase program of up to $25.0 million, that our Board of Directors has agreed to consider pursuant to the Merger Agreement, may not be adopted or may differ from current expectations;
- our ability to issue securities under a shelf registration statement that is not yet effective and the potential dilutive effect of any such issuances; 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.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

Chicago Atlantic BDC, Inc.
Statements of Assets and Liabilities

	June 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
Investments at fair value:		
Non-controlled/non-affiliate investments (amortized cost of $336,747,389 and $332,209,170, respectively)	$ 334,833,992	$ 333,311,787
Interest receivable	3,588,157	3,175,591
Prepaid expenses and other assets	2,605,281	770,292
Due from affiliates	2,008,432	1,804,032
Cash	925,534	2,934,752
Total assets	$ 343,961,396	$ 341,996,454
LIABILITIES		
Revolving line of credit	$ 27,000,000	$ 25,000,000
Distributions payable	7,759,001	7,759,001
Income-based incentive fees payable	1,920,905	2,073,319
Other payables	1,677,560	284,774
Management fee payable	1,555,022	1,446,470
Due to affiliates	1,441,236	1,311,604
Professional fees payable	118,133	456,616
Capital gains incentive fees payable	-	163,473
Excise tax payable	-	69,609
Unearned interest income	-	23,514
Total liabilities	$ 41,471,857	$ 38,588,380
Commitments and contingencies (Note 7)		
NET ASSETS		
Common stock, $0.01 par value, 100,000,000 shares authorized, 22,820,590 and 22,820,590 shares issued and outstanding, respectively	$ 228,206	$ 228,206
Additional paid-in-capital	303,079,082	303,154,218
Distributable earnings	(817,749)	25,650
Total net assets	$ 302,489,539	$ 303,408,074
NET ASSET VALUE PER SHARE	$ 13.26	$ 13.30

See notes to financial statements.

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

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
INVESTMENT INCOME				
Non-controlled/non-affiliate investment income				
Interest income	$ 12,333,209	$ 11,906,066	$ 26,113,981	$ 23,185,522
Fee income	659,411	1,173,972	2,756,268	1,817,518
Total investment income from non-controlled/non-affiliate investments	12,992,620	13,080,038	28,870,249	25,003,040
Non-controlled affiliate investment income				
Interest income	955,512	-	1,758,156	-
Fee income	22,500	-	45,000	-
Total investment income from non-controlled affiliate investments	978,012	-	1,803,156	-
Total investment income	13,970,632	13,080,038	30,673,405	25,003,040
EXPENSES				
Income-based incentive fees	1,920,903	1,968,637	4,378,192	3,884,914
Management fee	1,555,022	1,345,331	3,084,381	2,606,206
General and administrative expenses	1,142,752	1,366,783	2,355,536	2,341,260
Interest expense	1,000,939	301,260	2,025,481	446,641
Professional fees	210,244	275,860	408,482	491,586
Audit expense	153,750	153,750	307,500	343,752
Other expenses	145,109	169,717	291,215	314,139
Sub-administrator fees	115,766	128,805	249,176	286,590
Legal expenses	72,954	313,139	118,704	564,065
Excise tax expense	-	-	2,730	-
Capital gains incentive fees	-	183,932	(163,473)	177,119
Total expenses	6,317,439	6,207,214	13,057,924	11,456,272
Waiver of general and administrative expense (Note 6)	-	-	-	(658,477)
Expense limitation agreement (Note 6)	-	(791,783)	-	(1,107,783)
Net expenses	6,317,439	5,415,431	13,057,924	9,690,012
NET INVESTMENT INCOME (LOSS)	7,653,193	7,664,607	17,615,481	15,313,028
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS				
Non-controlled non-affiliate investments	(528,944)	919,658	(3,016,014)	885,594
Non-controlled affiliate investments	(1,060,170)	-	-	-
Net change in unrealized appreciation (depreciation) on investments	(1,589,114)	919,658	(3,016,014)	885,594
Net realized and unrealized gains (losses)	(1,589,114)	919,658	(3,016,014)	885,594
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 6,064,079	$ 8,584,265	$ 14,599,467	$ 16,198,622
NET INVESTMENT INCOME (LOSS) PER SHARE - BASIC AND DILUTED	$ 0.34	$ 0.34	$ 0.77	$ 0.67
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE - BASIC AND DILUTED	$ 0.27	$ 0.38	$ 0.64	$ 0.71
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED	22,820,590	22,820,405	22,820,590	22,820,396

See notes to financial statements.

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

	Common Stock				
	Shares	**Par Value**	**Additional paid-in-capital**	**Distributable Earnings/ (Accumulated Loss)**	**Total Net Assets**
Balance, March 31, 2026	22,820,590	$ 228,206	$ 303,079,082	$ 877,173	$ 304,184,461
Net increase (decrease) in net assets resulting from operations					
Net investment income (loss)	-	-	-	7,653,193	7,653,193
Net change in unrealized appreciation (depreciation) from investments	-	-	-	(1,589,114)	(1,589,114)
Total net increase (decrease) in net assets resulting from operations	-	-	-	6,064,079	6,064,079
Distributions to stockholders from:					
Investment income-net	-	-	-	(7,759,001)	(7,759,001)
Total increase (decrease) in net assets	-	-	-	(1,694,922)	(1,694,922)
Effect of permanent adjustments	-	-	-		-
Balance, June 30, 2026	22,820,590	$ 228,206	$ 303,079,082	$ (817,749)	$ 302,489,539

	Common Stock				
	Shares	**Par Value**	**Additional paid-in-capital**	**Distributable Earnings/ (Accumulated Loss)**	**Total Net Assets**
Balance, March 31, 2025	22,820,386	$ 228,204	$ 303,152,031	$ (2,362,231)	$ 301,018,004
Net increase (decrease) in net assets resulting from operations					
Net investment income (loss)	-	-	-	7,664,607	7,664,607
Net change in unrealized appreciation (depreciation) from investments	-	-	-	919,658	919,658
Total net increase (decrease) in net assets resulting from operations	-	-	-	8,584,265	8,584,265
Distributions to stockholders from:					
Investment income-net	-	-	-	(7,758,939)	(7,758,939)
Reinvestment of stockholder distributions	22	-	233	-	233
Total increase (decrease) in net assets	22	-	233	825,326	825,559
Effect of permanent adjustments	-	-	-	-	-
Balance, June 30, 2025	22,820,408	$ 228,204	$ 303,152,264	$ (1,536,905)	$ 301,843,563

See notes to financial statements.

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

	Common Stock				
	Shares	**Par Value**	**Additional paid-in-capital**	**Distributable Earnings/ (Accumulated Loss)**	**Total Net Assets**
Balance, December 31, 2025	22,820,590	$ 228,206	$ 303,154,218	$ 25,650	$ 303,408,074
Net increase (decrease) in net assets resulting from operations					
Net investment income (loss)	-	-	-	17,615,481	17,615,481
Net change in unrealized appreciation (depreciation) from investments	-	-	-	(3,016,014)	(3,016,014)
Total net increase (decrease) in net assets resulting from operations	-	-	-	14,599,467	14,599,467
Distributions to stockholders from:					
Investment income-net	-	-	-	(15,518,002)	(15,518,002)
Total increase (decrease) in net assets	-	-	-	(918,535)	(918,535)
Effect of permanent adjustments	-	-	(75,136)	75,136	-
Balance, June 30, 2026	22,820,590	$ 228,206	$ 303,079,082	$ (817,749)	$ 302,489,539

	Common Stock				
	Shares	**Par Value**	**Additional paid-in-capital**	**Distributable Earnings/ (Accumulated Loss)**	**Total Net Assets**
Balance, December 31, 2024	22,820,386	$ 228,204	$ 303,272,034	$ (2,337,660)	$ 301,162,578
Net increase (decrease) in net assets resulting from operations					
Net investment income (loss)	-	-	-	15,313,028	15,313,028
Net change in unrealized appreciation (depreciation) from investments	-	-	-	885,594	885,594
Total net increase (decrease) in net assets resulting from operations	-	-	-	16,198,622	16,198,622
Distributions to stockholders from:					
Investment income-net	-	-	-	(15,517,870)	(15,517,870)
Capital transactions					
Reinvestment of stockholder distributions	22	-	233	-	233
Total net increase (decrease) in net assets from capital transactions	22	-	233	-	233
Total increase (decrease) in net assets	22	-	233	680,752	680,985
Effect of permanent adjustments	-	-	(120,003)	120,003	-
Balance, June 30, 2025	22,820,408	$ 228,204	$ 303,152,264	$ (1,536,905)	$ 301,843,563

See notes to financial statements.

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

	For the Six Months Ended	
	June 30, 2026	**June 30, 2025**
Cash flows from operating activities		
Net increase (decrease) in net assets resulting from operations	$ 14,599,467	$ 16,198,622
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	3,016,014	(885,594)
Net (accretion of discounts) and amortization of premiums	(1,947,081)	(1,216,102)
Purchase of investments	(95,406,486)	(59,050,605)
PIK interest capitalized	(2,740,969)	(1,045,967)
Proceeds from sales of investments and principal repayments	95,556,317	29,940,662
Amortization of deferred financing costs	351,377	248,779
(Increase) Decrease in operating assets:		
Interest receivable	(412,566)	1,101,836
Due from affiliates	(204,400)	(4,156,696)
Prepaid expenses and other assets	(1,550,897)	(218,528)
Receivable for investment sold	-	4,122,500
Increase (Decrease) in operating liabilities:		
Income-based incentive fees payable	(152,414)	(30,305)
Management fee payable	108,552	586,969
Capital gains incentive fees payable	(163,473)	177,119
Professional fees payable	(338,483)	170,191
Transaction fees payable related to the Loan Portfolio Acquisition	-	(2,945,125)
Other payables	1,392,786	108,783
Due to affiliates	129,632	(180,823)
Excise tax payable	(69,609)	(88,709)
Unearned interest income	(23,514)	88,384
Payable for investments purchased	-	11,760,000
Net cash provided by (used in) operating activities	12,144,253	(5,314,609)
Cash flows from financing activities		
Offering costs paid	(135,469)	(998,316)
Distributions paid	(15,518,002)	(7,758,698)
Financing costs paid	(500,000)	(1,031,429)
Proceeds from borrowings on revolving line of credit	46,500,000	5,000,000
Principal payments under revolving line of credit	(44,500,000)	-
Net cash provided by (used in) financing activities	(14,153,471)	(4,788,443)
Net increase (decrease) in cash and cash equivalents	(2,009,218)	(10,103,052)
Cash and cash equivalents, beginning of period	2,934,752	23,932,406
Cash and cash equivalents, end of period	$ 925,534	$ 13,829,354
Supplemental disclosures		
Excise taxes paid	$ 72,339	$ 115,357
Interest expense paid	$ 919,727	$ -
Reinvestment of dividend distribution	$ -	$ 233
Non-cash operating, financing and investing activity		
Accrual for deferred financing costs (Note 2)	$ 500,000	$ 830,531

See notes to financial statements.

CHICAGO ATLANTIC BDC, INC.
Schedule of Investments
June 30, 2026
(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	Footnotes
Investments at Fair Value													(1)(5)(16)(17)
US Corporate Debt													
First Lien Senior Secured U.S. Debt													
Administrative and Support and Waste Management and Remediation Services													
Hugo Technologies, Inc.	Term Loan	11.62%	S	8.00%	0.00%	3.25%	12/11/2025	12/11/2030	2,875	2,875	2,875	1.0%	(10)
Total Administrative and Support and Waste Management and Remediation Services										**2,875**	**2,875**	**1.0%**	
Cannabis													
Aeriz Holdings Corp	Delayed Draw Term Loan	12.75%	P	5.75%	0.00%	7.00%	6/30/2025	6/30/2028	9,590	9,590	9,158	3.0%	(9)
BeLeaf Medical, LLC	Term Loan	13.25%	P	5.75%	0.00%	7.50%	8/20/2025	8/20/2028	12,537	12,537	12,412	4.1%	(10)
Cresco Labs, LLC	Term Loan	12.50%	F	12.50%	0.00%	0.00%	8/13/2025	8/13/2030	7,500	7,253	7,013	2.3%	(10)
Dreamfields Brands, Inc. (d/b/a Jeeter)	Delayed Draw Term Loan	16.25%	P	8.75%	0.00%	7.50%	5/3/2023	9/30/2028	31,745	31,719	31,269	10.3%	(11)
Flowery - Bill's Nursery, Inc.	Delayed Draw Term Loan	16.00%	F	11.00%	5.00%	0.00%	10/1/2024	12/31/2027	13,636	13,621	13,499	4.5%	(12)
FLUENT Corp.	Term Loan	13.00%	F	12.00%	1.00%	0.00%	3/31/2025	11/24/2028	8,525	8,435	8,610	2.8%	(12)
FLUENT Corp.	Term Loan	13.00%	F	0.00%	13.00%	0.00%	3/17/2026	12/31/2026	862	862	1,414	0.5%	(12)
Illicit - S1 Enterprises, Inc.	Term Loan	13.96%	S	10.24%	0.00%	3.72%	12/31/2025	12/31/2028	13,512	13,219	13,242	4.4%	(10)
Kaleafa, Inc.	Term Loan	17.00%	P	8.50%	0.00%	8.50%	12/4/2024	12/3/2027	2,597	2,597	2,597	0.9%	(11)
Kapple Holdings LLC (d/b/a Cannabis & Glass)	Delayed Draw Term Loan	14.25%	S	10.25%	0.00%	4.00%	3/28/2025	7/28/2028	5,800	5,757	5,742	1.9%	(11)
Nova Farms, LLC	Term Loan	15.00%	P	6.50%	0.00%	8.50%	10/1/2024	3/28/2027	13,521	13,214	13,183	4.4%	(9)
Oasis - AZ GOAT AZ LLC	Term Loan	15.50%	P	7.50%	0.00%	8.00%	10/1/2024	3/31/2027	4,002	3,995	3,922	1.3%	(11)
Shangri-La Columbia, LLC	Delayed Draw Term Loan	13.25%	P	5.75%	0.00%	7.50%	6/30/2025	6/30/2028	10,680	10,537	10,520	3.5%	(10)(18)
Silver Therapeutics, Inc.	Delayed Draw Term Loan	15.00%	P	7.25%	0.00%	7.75%	3/26/2025	3/24/2028	5,914	5,914	5,795	1.9%	(9)
Subsero Holdings - Illinois, Inc	Delayed Draw Term Loan	16.00%	P	7.00%	2.00%	7.00%	10/1/2024	7/29/2026	2,604	2,601	2,721	0.9%	(10)
TheraTrue, Inc.	Delayed Draw Term Loan	14.50%	F	14.50%	0.00%	0.00%	3/17/2025	3/13/2027	2,986	2,986	3,031	1.0%	(10)
Verano Holdings Corp.	Term Loan	11.66%	S	7.66%	0.00%	4.00%	3/11/2026	3/11/2029	38,181	38,181	37,799	12.5%	(10)
Verano Holdings Corp.	Revolver	12.33%	S	8.33%	0.00%	4.00%	9/30/2025	2/28/2029	26,667	26,667	26,400	8.7%	(10)
Wellgreens 2.0, LLC	Term Loan	14.00%	P	6.50%	0.00%	7.50%	7/24/2025	7/31/2029	4,384	4,418	4,296	1.4%	(11)(19)
Northwest Commonwealth, LLC (d/b/a WYLD)	Term Loan	16.67%	P	8.42%	1.50%	6.75%	1/30/2026	1/30/2029	11,620	11,620	11,505	3.8%	(11)
Total Cannabis										**225,723**	**224,128**	**74.1%**	
Educational Services													
Energize Holdings, Inc. (d/b/a Exos)	Term Loan	11.99%	S	8.00%	0.00%	3.99%	10/24/2025	10/24/2029	5,000	4,970	4,900	1.6%	(13)
Total Educational Services										**4,970**	**4,900**	**1.6%**	
Information													
Engage3 Holdings, Inc.	Term Loan	14.00%	P	2.50%	4.00%	7.50%	7/22/2025	7/22/2030	6,213	5,935	5,871	1.9%	(11)
Protect Animals With Satellites LLC (d/b/a Halo Collar)	Term Loan	12.00%	P	3.25%	2.00%	6.75%	10/1/2024	3/30/2031	3,594	3,524	3,630	1.2%	(9)
Protect Animals With Satellites LLC (d/b/a Halo Collar)	Incremental Term Loan	12.00%	P	3.25%	2.00%	6.75%	10/1/2024	3/30/2031	1,850	1,814	1,868	0.6%	(9)
Total Information										**11,273**	**11,369**	**3.7%**	
Manufacturing													
Action Target, Inc.	Term Loan	12.00%	P	2.00%	1.50%	8.50%	8/29/2025	7/19/2027	2,252	2,252	2,252	0.7%	(11)
Ocular Science, Inc.	Term Loan	13.00%	P	5.25%	1.00%	6.75%	12/17/2025	6/17/2029	4,961	4,835	4,712	1.6%	(11)
Round 2 Holdings, LLC	Term Loan	13.00%	P	5.25%	1.00%	6.75%	3/2/2026	3/2/2030	7,519	7,284	7,256	2.4%	(10)
Total Manufacturing										**14,371**	**14,220**	**4.7%**	
Public Administration													
Youth Opportunity Investments, LLC	Term Loan	11.75%	S	7.75%	0.00%	4.00%	10/1/2024	9/18/2026	11,137	11,118	11,193	3.7%	(10)
Total Public Administration										**11,118**	**11,193**	**3.7%**	
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	2,302	2,090	2,072	0.7%	(10)
Total Real Estate and Rental and Leasing										**2,090**	**2,072**	**0.7%**	

CHICAGO ATLANTIC BDC, INC.
Schedule of Investments
June 30, 2026
(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	Footnotes
Retail Trade													
Aura Home, Inc	Term Loan	10.15%	S	6.50%	0.00%	3.50%	10/1/2024	9/22/2028	3,325	3,325	3,225	1.1%	(9)
Aura Home, Inc	Term Loan	10.15%	S	6.50%	0.00%	3.50%	4/11/2025	9/22/2028	519	519	503	0.2%	(9)
Portofino Labs, Inc. (d/b/a Because Market)	Term Loan	12.00%	S	6.25%	1.50%	4.25%	4/30/2025	4/30/2029	5,083	5,051	5,033	1.7%	
Total Retail Trade										**8,895**	**8,761**	**3.0%**	
Total First Lien Senior Secured U.S. Debt										**281,315**	**279,518**	**92.5%**	
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	3,388	3,396	1.1%	(9)
Total Cannabis										**3,388**	**3,396**	**1.1%**	
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	21,984	22,000	7.3%	(13)
West Creek Financial Holdings, Inc. (d/b/a Koalafi)	Series A Senior Note	12.65%	S	8.00%	1.00%	3.65%	10/1/2024	5/22/2029	5,509	5,501	5,509	1.8%	(12)
Total Finance and Insurance										**27,485**	**27,509**	**9.1%**	
Total Senior Secured U.S. Notes										**30,873**	**30,905**	**10.2%**	
Second Lien Senior Secured													
Cannabis													
Remedy - Maryland Wellness, LLC	Delayed Draw Term Loan	20.25%	P	9.00%	3.50%	7.75%	10/1/2024	8/1/2028	1,345	1,345	1,358	0.4%	(9)
Total Cannabis										**1,345**	**1,358**	**0.4%**	
Total Second Lien Senior Secured U.S. Debt										**1,345**	**1,358**	**0.4%**	
Total U.S. Corporate Debt										**313,533**	**311,781**	**103.1%**	
First Lien Senior Secured Canadian Debt													
Cannabis													
Canopy Growth Corporation	Term Loan	9.87%	S	6.25%	0.00%	3.25%	1/8/2026	1/31/2031	16,212	13,911	13,942	4.6%	(8)(14)
TerrAscend Corporation	Term Loan	12.75%	F	12.75%	0.00%	0.00%	7/15/2025	8/1/2028	2,825	2,729	2,741	0.9%	(8)(14)
Total Cannabis										**16,640**	**16,683**	**5.5%**	
Information													
Tulip.io Inc.	Term Loan	16.50%	P	4.00%	4.50%	8.00%	11/4/2024	11/4/2028	3,156	3,157	3,125	1.0%	(8)(14)
Total Information										**3,157**	**3,125**	**1.0%**	
Total First Lien Senior Secured Canadian Debt										**19,797**	**19,808**	**6.5%**	
Total Canadian Corporate Debt										**19,797**	**19,808**	**6.5%**	
Total Debt Investments										**333,330**	**331,589**	**109.6%**	

CHICAGO ATLANTIC BDC, INC.
Schedule of Investments
June 30, 2026
(Unaudited)
(In thousands)

Portfolio Company	Class Series	Initial Acquisition Date	Shares	Cost	Fair Value	% of Net Assets	Footnotes
U.S. Preferred Stock							(6)
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							(6)
Educational Services							
Energize Holdings, Inc. (d/b/a Exos)	Warrants	10/24/2025	152,880	36	12	0.0%	(13)
Total Educational Services				**36**	**12**	**0.0%**	
Information							
AI Software, LLC (d/b/a Capacity)	Warrants	6/13/2025	270,850	431	487	0.2%	(10)
Engage3 Holdings, Inc.	Warrants	7/22/2025	975,490	342	234	0.1%	(11)
Total Information				**773**	**721**	**0.2%**	
Manufacturing							
Ocular Science, Inc.	Warrants	12/17/2025	1,890,960	151	223	0.1%	(11)
Round 2 Holdings, LLC	Warrants	3/2/2026	257	255	251	0.1%	(10)
Total Manufacturing				**406**	**474**	**0.2%**	
Real Estate and Rental and Leasing							
Workbox Holdings, Inc.	A-3 Warrants	5/20/2024	791,258	97	186	0.1%	(10)
Workbox Holdings, Inc.	A-4 Warrants	5/20/2024	2,083,258	231	422	0.1%	(10)
Total Real Estate and Rental and Leasing				**328**	**608**	**0.2%**	
Retail Trade							
Portofino Labs, Inc. (d/b/a Because Market)	Warrants	4/30/2025	73,220	46	32	0.0%	(11)
Total Retail Trade				**46**	**32**	**0.0%**	
Total U.S. Warrants				**1,589**	**1,847**	**0.6%**	
Canadian Warrants							(6)
Cannabis							
Canopy Growth Corporation	Warrants	1/8/2026	1,870,558	1,328	898	0.3%	(8)(14)
Total Cannabis				**1,328**	**898**	**0.3%**	
Total Canadian Warrants				**1,328**	**898**	**0.3%**	
Total Equity Investments				**3,417**	**3,245**	**1.1%**	
TOTAL INVESTMENTS				**336,747**	**334,834**	**110.7%**	

Footnote Legend

(1) Unless otherwise indicated, all securities are valued using significant unobservable inputs, which are categorized as Level 3 assets under the Financial Accounting Standards Board's Accounting Standards Codification 820, *Fair Value Measurement.*

(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 June 30, 2026, rates for 1M S, 3M S and 6M S are 3.63%, 3.63%, and 3.67%, respectively. As of June 30, 2026, the P was 6.75%. Loans identified as "F" pay interest at the fixed rate listed in the table.

(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 June 30, 2026, 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 June 30, 2026, the aggregate fair value of non-qualifying assets is $20,705,378 or 6.02% of the Company’s total assets.

(15) The amortized cost represents the original cost adjusted for any accretion of discounts, amortization of premiums and payment-in-kind ("PIK") interest or dividends.

(16) Under the 1940 Act, 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 June 30, 2026, the Company did not hold investments in portfolio companies of which it is deemed to be an “affiliated person” or deemed to “control” a portfolio company.

(17) Assets are pledged as collateral for the Revolving Line of Credit (as defined below). See "Note 5 - Debt."

(18) Facility has an all in rate cap of 16.75%.

(19) Facility has a prime rate cap of 9.50%.

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

See notes to financial statements.

CHICAGO ATLANTIC BDC, INC.
Schedule of Investments
December 31, 2025
(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	Footnotes
Investments at Fair Value													(1)(5)(16)(17)
US Corporate Debt													
First Lien Senior Secured													
U.S. Debt													
Administrative and Support and Waste Management and Remediation Services													
Hugo Technologies, Inc.	Term Loan	11.79%	S	8.00%	0.00%	3.25%	12/10/2025	12/10/2030	3,000	3,000	3,000	1.0%	(10)
Total Administrative and Support and Waste Management and Remediation Services										**3,000**	**3,000**	**1.0%**	
Cannabis													
Aeriz Holdings Corp	Delayed Draw Term Loan	12.50%	P	5.75%	0.00%	7.00%	6/30/2025	6/30/2028	9,590	9,590	9,590	3.2%	(9)
Archos Capital Group, LLC	Delayed Draw Term Loan	14.25%	P	5.75%	0.00%	8.50%	10/1/2024	1/5/2026	113	113	113	0.0%	(10)
BeLeaf Medical, LLC	Term Loan	13.25%	P	5.75%	0.00%	7.50%	8/20/2025	8/20/2028	14,004	14,004	14,074	4.6%	(10)
CO Acquisition Vehicle, LLC	Term Loan	20.00%	F	0.00%	20.00%	0.00%	9/30/2025	12/31/2029	15,521	15,521	15,521	5.1%	(9)
Cresco Labs, LLC	Term Loan	12.50%	F	12.50%	0.00%	0.00%	8/13/2025	8/13/2030	7,500	7,223	7,162	2.4%	(10)
Dreamfields Brands, Inc. (d/b/a Jeeter)	Delayed Draw Term Loan	16.25%	P	8.75%	0.00%	7.50%	5/3/2023	9/30/2028	31,745	31,713	31,745	10.5%	(11)
Elevation Cannabis, LLC	Delayed Draw Term Loan	16.25%	P	7.75%	0.00%	8.50%	10/1/2024	12/31/2026	10,822	10,671	10,768	3.5%	(10)
Flowery - Bill's Nursery, Inc.	Delayed Draw Term Loan	16.00%	F	11.00%	5.00%	0.00%	10/1/2024	12/31/2027	13,978	13,958	13,908	4.6%	(12)
FLUENT Corp.	Term Loan	13.00%	F	12.00%	1.00%	0.00%	3/31/2025	11/24/2028	8,481	8,372	8,311	2.7%	(12)
HA-MD, LLC	Term Loan	15.00%	F	15.00%	0.00%	0.00%	10/1/2024	6/6/2026	2,870	2,869	2,870	1.0%	(12)
Illicit - S1 Enterprises, Inc.	Term Loan	13.96%	S	10.24%	0.00%	3.72%	12/31/2025	12/31/2028	15,000	14,610	14,610	4.8%	(10)
Kaleafa, Inc.	Term Loan	17.00%	P	8.50%	0.00%	8.50%	12/4/2024	12/3/2027	2,741	2,741	2,768	0.9%	(11)
Kapple Holdings LLC (Cannabis & Glass)	Delayed Draw Term Loan	14.53%	S	10.25%	0.00%	4.00%	3/28/2025	7/28/2028	3,667	3,635	3,685	1.2%	(11)
Nova Farms, LLC	Term Loan	15.00%	P	6.50%	0.00%	8.50%	10/1/2024	3/28/2027	14,196	13,655	13,770	4.5%	(9)
Oasis - AZ GOAT AZ LLC	Term Loan	15.50%	P	7.50%	0.00%	8.00%	10/1/2024	3/31/2027	4,384	4,370	4,296	1.4%	(11)
Shangri-La Columbia, LLC	Delayed Draw Term Loan	13.25%	P	5.75%	0.00%	7.50%	6/30/2025	6/30/2028	11,400	11,210	11,343	3.7%	(10)(18)
Silver Therapeutics, Inc.	Delayed Draw Term Loan	15.00%	P	7.25%	0.00%	7.75%	3/26/2025	3/24/2028	6,070	6,070	6,009	2.0%	(9)
Subsero Holdings - Illinois, Inc	Delayed Draw Term Loan	16.00%	P	7.00%	2.00%	7.00%	10/1/2024	7/29/2026	2,711	2,688	2,792	0.9%	(10)
TerrAscend Corporation	Term Loan	12.75%	F	12.75%	0.00%	0.00%	7/15/2025	8/1/2028	3,043	2,915	2,937	1.0%	(14)
TheraTrue, Inc.	Delayed Draw Term Loan	14.50%	F	14.50%	0.00%	0.00%	3/18/2025	3/13/2027	2,986	2,986	3,016	1.0%	(10)
Verano Holdings Corp.	Term Loan	13.25%	P	6.50%	0.00%	6.25%	10/27/2024	10/30/2026	42,249	42,241	42,249	13.9%	(10)
Verano Holdings Corp.	Revolver	12.49%	S	8.33%	0.00%	4.00%	9/30/2025	9/29/2028	10,000	10,000	10,000	3.3%	(10)
Wellgreens 2.0, LLC	Term Loan	14.00%	P	6.50%	0.00%	7.50%	7/24/2025	7/31/2029	4,398	4,438	4,333	1.4%	(11)(19)
Total Cannabis										**235,593**	**235,870**	**77.6%**	
Educational Services													
Energize Holdings, Inc. (d/b/a Exos)	Term Loan	11.99%	S	8.00%	0.00%	3.99%	10/24/2025	10/24/2029	5,000	4,966	4,966	1.6%	(13)
Total Educational Services										**4,966**	**4,966**	**1.6%**	
Information													
AI Software, LLC (d/b/a Capacity)	Delayed Draw Term Loan	16.00%	P	6.50%	2.00%	7.50%	6/13/2025	6/13/2029	5,044	4,670	5,095	1.7%	(10)
Engage3 Holdings, Inc.	Term Loan	14.00%	P	2.50%	4.00%	7.50%	7/22/2025	7/22/2030	6,089	5,777	5,784	1.9%	(11)
Protect Animals With Satellites LLC (Halo Collar)	Term Loan	13.25%	P	1.75%	3.00%	8.50%	10/1/2024	11/1/2026	3,577	3,472	3,470	1.1%	(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	1,858	1,804	1,803	0.6%	(9)
Total Information										**15,723**	**16,152**	**5.3%**	
Manufacturing													
Action Target, Inc.	Delayed Draw Term Loan	12.00%	P	2.00%	1.50%	8.50%	8/29/2025	7/19/2027	2,440	2,440	2,440	0.8%	(11)
Ocular Science, Inc.	Term Loan	13.00%	P	5.25%	1.00%	6.75%	12/17/2025	6/17/2029	5,000	4,851	4,851	1.6%	(11)
Total Manufacturing										**7,291**	**7,291**	**2.4%**	
Public Administration													
Youth Opportunity Investments, LLC	Term Loan	12.02%	S	7.75%	0.00%	4.00%	10/1/2024	9/18/2026	11,447	11,407	11,504	3.8%	(10)
Total Public Administration										**11,407**	**11,504**	**3.8%**	
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	2,234	1,988	1,988	0.7%	(10)
Total Real Estate and Rental and Leasing										**1,988**	**1,988**	**0.7%**	
Retail Trade													
Aura Home, Inc	Term Loan	10.77%	S	6.50%	0.00%	3.75%	10/1/2024	9/22/2026	3,325	3,325	3,309	1.1%	(9)
Aura Home, Inc	Term Loan	10.77%	S	6.50%	0.00%	3.75%	4/11/2025	9/22/2026	519	519	516	0.2%	(9)
Portofino Labs, Inc. (d/b/a Because Market)	Term Loan	12.03%	S	6.25%	1.50%	4.25%	4/30/2025	4/30/2029	5,045	5,007	5,070	1.7%	
Total Retail Trade										**8,851**	**8,895**	**3.0%**	
Total First Lien Senior Secured U.S. Debt										**288,819**	**289,666**	**95.4%**	

CHICAGO ATLANTIC BDC, INC.
Schedule of Investments
December 31, 2025
(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	Footnotes
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	3,370	3,483	1.1%	(9)
Curaleaf Holdings, Inc.	Senior Secured Note	8.00%	F	8.00%	0.00%	0.00%	10/11/2022	12/15/2026	8,500	8,052	8,330	2.7%	(9)(14)
Total Cannabis										**11,422**	**11,813**	**3.8%**	
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. (d/b/a Koalafi)	Series A Senior Note	18.80%	F	13.80%	5.00%	0.00%	10/1/2024	11/29/2027	3,643	3,628	3,661	1.2%	(12)
Total Finance and Insurance										**25,609**	**25,661**	**8.5%**	
Total Senior Secured U.S. Notes										**37,031**	**37,474**	**12.3%**	
Second Lien Senior Secured													
Cannabis													
Remedy - Maryland Wellness, LLC	Delayed Draw Term Loan	20.25%	P	9.00%	3.50%	7.75%	10/1/2024	8/1/2028	1,426	1,426	1,447	0.5%	(9)
Total Cannabis										**1,426**	**1,447**	**0.5%**	
Total Second Lien Senior Secured U.S. Debt										**1,426**	**1,447**	**0.5%**	
Total U.S. Corporate Debt										**327,276**	**328,587**	**108.2%**	
First Lien Senior Secured Canadian Debt													
Information													
Tulip.io Inc.	Term Loan	15.00%	P	4.00%	3.00%	8.00%	11/4/2024	11/4/2028	3,099	3,100	3,053	1.0%	(8)(14)
Total Information										**3,100**	**3,053**	**1.0%**	
Total First Lien Senior Secured Canadian Debt										**3,100**	**3,053**	**1.0%**	
Total Canadian Corporate Debt										**3,100**	**3,053**	**1.0%**	
Total Debt Investments										**330,376**	**331,640**	**109.2%**	

Portfolio Company	Class Series	Initial Acquisition Date	Shares	Cost	Fair Value	% of Net Assets	Footnotes
U.S. Preferred Stock							(6)
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							(6)
Educational Services							
Energize Holdings, Inc. (d/b/a Exos)	Warrants	11/24/2025	152,880	36	36	0.0%	(13)
Total Educational Services				**36**	**36**	**0.0%**	
Information							
AI Software, LLC (d/b/a Capacity)	Warrants	6/13/2025	270,850	431	539	0.2%	(10)
Engage3 Holdings, Inc.	Warrants	7/22/2025	975,490	342	268	0.1%	(11)
Total Information				**773**	**807**	**0.3%**	
Manufacturing							
Ocular Science, Inc.	Warrants	12/17/2025	1,890,960	151	151	0.0%	(11)
Total Manufacturing				**151**	**151**	**0.0%**	
Real Estate and Rental and Leasing							
Workbox Holdings, Inc.	A-3 Warrants	5/20/2024	791,258	97	44	0.0%	(10)
Workbox Holdings, Inc.	A-4 Warrants	5/20/2024	2,083,258	230	115	0.0%	(10)
Total Real Estate and Rental and Leasing				**327**	**159**	**0.0%**	
Retail Trade							
Portofino Labs, Inc. (d/b/a Because Market)	Warrants	4/30/2025	73,554	46	19	0.0%	(11)
Total Retail Trade				**46**	**19**	**0.0%**	
Total U.S. Warrants				**1,333**	**1,172**	**0.5%**	
Canadian Warrants							(6)
Information							
Tulip.io Inc.	Warrants	11/4/2024	-	-	-	0.0%	(8)(14)
Total Information				**-**	**-**	**0.0%**	
Total Canadian Warrants				**-**	**-**	**0.0%**	
Total Equity Investments				**1,833**	**1,672**	**0.7%**	
TOTAL INVESTMENTS				**332,209**	**333,312**	**109.9%**	

Footnote Legend

(1) Unless otherwise indicated, all securities are valued using significant unobservable inputs, which are categorized as Level 3 assets under the 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, 2025, rates for 1M S, 3M S and 6M S are 3.79%, 4.01%, and 4.20%, respectively. As of December 31, 2025, the P was 6.75%. Loans identified as "F" pay interest at the fixed rate listed in the table.

(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, 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 December 31, 2025, the aggregate fair value of non-qualifying assets is $14,319,903 or 4.19% of the Company's total assets.

(15) The amortized cost represents the original cost adjusted for any accretion of discounts, amortization of premiums and payment-in-kind ("PIK") interest or dividends.

(16) Under the 1940 Act, 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 December 31, 2025, the Company did not hold investments in portfolio companies of which it is deemed to be an "affiliated person" or deemed to "control" a portfolio company.

(17) Assets are pledged as collateral for the Revolving Line of Credit (as defined below). See "Note 5 - Debt."

(18) Facility has an all in rate cap of 16.75%

(19) Facility has a prime rate cap of 9.50%.

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

See notes to financial statements.

NOTE 1 — ORGANIZATION

Chicago Atlantic BDC, Inc. (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 regulated 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 (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's operations.

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 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.

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 was 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 was renamed “Chicago Atlantic BDC, Inc.,” and its ticker symbol was changed to “LIEN,” and the Adviser was 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.

On June 17, 2026, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Chicago Atlantic Real Estate Finance, Inc., a Maryland corporation (“REFI”) and, solely for the limited purposes set forth therein, the Adviser and Chicago Atlantic REIT Manager, LLC ("REFI Manager"), investment manager to REFI. The Merger Agreement provides that, subject to the conditions set forth in the Merger Agreement, REFI will merge with and into the Company, with the Company continuing as the surviving company (the "Merger"). See “Note 14. Proposed Merger with Chicago Atlantic Real Estate Finance, Inc.” for additional discussion of the Merger.

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 ("ASC 946")* 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 statement 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 full fiscal year.

Consolidation

As provided under ASC 946, the Company will not consolidate its investment in a portfolio company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. An investment company's interests in portfolio companies that are not investment companies are measured at fair value in accordance with ASC 946.

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, *Fair Value Measurement* ("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 June 30, 2026 and December 31, 2025, cash consisted of $0.9 million and $2.9 million, respectively, all of which are held with high credit quality financial institutions, which are members of the FDIC.

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 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 of Directors of the Company (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.

The Adviser conducts this valuation process on a quarterly basis.

The Adviser applies 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 is 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, the Adviser considers the principal market to be the market that has the greatest volume and level of activity. The Adviser applies 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, the Company 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.

Preferred Stock and Warrants

The Company may be issued preferred stock or warrants by portfolio companies as yield enhancements in connection with a related debt investment. Preferred stock or warrants are recorded as assets at fair value on the grant date. The Adviser determines the cost basis of these equity investments received based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt and equity received.

The Adviser generally utilizes the market approach to estimate the fair value of preferred stock as of the measurement date. As part of its application of the market approach, the Company estimates the enterprise value of a portfolio company utilizing customary pricing multiples, which may include EBITDA multiples, revenue multiples or asset multiples, based on the development stage of the underlying issuers, that are assessed to be indicative of fair value of the respective portfolio company.

Depending on the facts and circumstances, the Adviser generally utilizes the market approach or a Black-Scholes pricing model to estimate the fair value of warrants as of the measurement date. As part of its application of the market approach, the Adviser estimates the enterprise value of a portfolio company utilizing customary pricing multiples, which may include EBITDA multiples, revenue multiples or asset multiples, based on the development stage of the underlying issuers, that are assessed to be indicative of fair value of the respective portfolio company. When appropriate the Black-Scholes pricing model is used to estimate the fair value of warrants for accounting purposes. This model requires the use of highly subjective inputs including expected volatility and expected life, in addition to variables for the valuation of equity positions in private companies. Significant changes in any of these unobservable inputs may result in a significantly higher or lower fair value estimate.

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 payment-in-kind ("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 June 30, 2026 and December 31, 2025, 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 June 30, 2026 and December 31, 2025, the Company recorded $0 and $23,514, 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 June 30, 2026 and 2025 the Company accrued $0 and $0, respectively, of excise taxes. For the six months ended June 30, 2026 and 2025 the Company accrued $2,730 and $0, respectively, of excise taxes. As of June 30, 2026 and December 31, 2025, $0 and $69,609, respectively, of accrued excise taxes remained payable.

During the year ended December 31, 2025, the Company determined that it had overpaid its estimated federal excise tax liability for the prior fiscal year by $23,850. This overpayment resulted in an excise tax receivable and is included in prepaid expenses and other assets on the Statements of Assets and Liabilities. The Company has evaluated the realizability of the excise tax receivable 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.

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 had no uncertain tax positions that met the recognition or measurement criteria as of June 30, 2026 and December 31, 2025. 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 June 30, 2026, the tax years that remain subject to examination by the Internal Revenue Service are from 2023 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. As of June 30, 2026 and December 31, 2025, deferred offering costs were $286,753 and $151,284, respectively.

Deferred offering costs are charged to capital upon issuance of the Company's shares. For the three and six months ended June 30, 2026, and 2025, no offering costs were charged to capital. As of June 30, 2026 and December 31, 2025, no offering costs were payable by the Company.

Deferred Financing Costs

Deferred financing costs consist of origination expenses incurred in connection with the closing, or anticipated closing, of a credit facility, and 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 its 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.

Transaction Costs Related to the Proposed Merger

Direct costs incurred in connection with the Merger described in Note 14, including advisory, legal, accounting and financial printing fees, are capitalized as deferred charges within prepaid expenses and other assets on the Statements of Assets and Liabilities. Because the Company expects to account for the Merger as an asset acquisition under ASC 805-50, such costs will be included in the total accumulated cost of the acquired assets upon consummation of the Merger as a purchase price premium. Capitalized transaction costs are assessed for recoverability at each reporting date and are charged to expense in the period in which consummation of the Merger is no longer considered probable. Costs that are not direct costs of the transaction, including integration costs are expensed as incurred. Costs incurred directly in connection with the issuance of common stock as Merger consideration are deferred and will be netted against additional paid-in-capital upon the closing of the Merger.

New Accounting Standards

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 June 30, 2026 and December 31, 2025.

	As of June 30, 2026					
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	$ 305,686,111	90.4%	$ 301,111,960	89.4%	$ 299,326,128	89.5%
Senior Secured Notes	31,009,496	9.2%	30,873,754	9.2%	30,904,496	9.2%
Warrants	-	0.0%	2,916,757	0.9%	2,745,000	0.8%
Second Lien Senior Secured Loans	1,344,919	0.4%	1,344,918	0.4%	1,358,368	0.4%
Preferred Stock	-	0.0%	500,000	0.1%	500,000	0.1%
Total	$ 338,040,526	100.0%	$ 336,747,389	100.0%	$ 334,833,992	100.0%

	As of December 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 Loans	$ 295,145,971	88.3%	$ 291,918,975	87.9%	$ 292,719,497	87.8%
Senior Secured Notes	37,642,786	11.3%	37,030,961	11.1%	37,473,499	11.2%
Second Lien Senior Secured Loans	1,425,799	0.4%	1,425,798	0.4%	1,447,186	0.4%
Warrants	-	0.0%	1,333,436	0.4%	1,171,605	0.4%
Preferred Stock	-	0.0%	500,000	0.2%	500,000	0.2%
Total	$ 334,214,556	100.0%	$ 332,209,170	100.0%	$ 333,311,787	100.0%

The following tables summarize the composition of the Company's debt portfolio based on rate characteristics as of June 30, 2026 and December 31, 2025.

	As of June 30, 2026			
Rate Type	**Principal Balance**	**Amortized Cost**	**Fair Value**	**Time to Maturity**
Fixed-rate debt	$ 64,136,566	$ 63,349,309	$ 63,774,697	2.3 years
Floating-rate debt (SOFR)	133,820,943	131,094,921	130,364,147	2.7 years
Floating-rate debt (PRIME)	140,083,017	138,886,402	137,450,148	2.3 years
Total Debt Instruments	$ 338,040,526	$ 333,330,632	$ 331,588,992	2.4 years

	As of December 31, 2025			
Rate Type	**Principal Balance**	**Amortized Cost**	**Fair Value**	**Time to Maturity**
Fixed-rate debt	$ 94,255,821	$ 92,862,392	$ 93,187,170	2.7 years
Floating-rate debt (SOFR)	57,002,436	56,470,076	56,660,443	2.5 years
Floating-rate debt (PRIME)	182,956,299	181,043,266	181,792,569	2.0 years
Total Debt Instruments	$ 334,214,556	$ 330,375,734	$ 331,640,182	2.3 years

The Company's portfolio investments are primarily in companies conducting business in or supporting the cannabis industry. The Company uses the North American Industry Classification System ("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 June 30, 2026 and December 31, 2025.

	As of June 30, 2026			
Industry	**Amortized Cost**	**Percentage at Amortized Cost**	**Fair Value**	**Percentage at Fair Value**
Cannabis	$ 248,423,841	73.8%	$ 246,461,746	73.6%
Finance and Insurance	27,485,554	8.2%	27,509,496	8.2%
Information	15,202,728	4.5%	15,215,348	4.5%
Manufacturing	14,777,170	4.4%	14,694,123	4.4%
Public Administration	11,118,144	3.3%	11,193,188	3.3%
Retail Trade	8,940,645	2.6%	8,793,122	2.6%
Educational Services	5,006,092	1.5%	4,912,000	1.5%
Real Estate and Rental and Leasing	2,918,213	0.9%	3,179,967	1.0%
Administrative and Support and Waste Management and Remediation Services	2,875,002	0.8%	2,875,002	0.9%
Total	$ 336,747,389	100.0%	$ 334,833,992	100.0%

	As of December 31, 2025			
Industry	**Amortized Cost**	**Percentage at Amortized Cost**	**Fair Value**	**Percentage at Fair Value**
Cannabis	$ 248,441,479	74.8%	$ 249,130,462	74.7%
Finance and Insurance	25,609,187	7.7%	25,660,999	7.7%
Information	19,595,501	5.9%	20,011,566	6.0%
Public Administration	11,407,386	3.4%	11,504,108	3.5%
Retail Trade	8,896,598	2.7%	8,914,151	2.7%
Manufacturing	7,441,941	2.2%	7,441,941	2.2%
Educational Services	5,001,681	1.5%	5,001,681	1.5%
Administrative and Support and Waste Management and Remediation Services	3,000,000	0.9%	3,000,000	0.9%
Real Estate and Rental and Leasing	2,815,397	0.9%	2,646,879	0.8%
Total	$ 332,209,170	100.0%	$ 333,311,787	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 of ND, SD, NE, KS, MO, IA, MN, WI, MI, IL, IN and OH; Northeast, for the states of PA, NJ, NY, CT, RI, MA, VT, NH and ME; Southeast, for the states of 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 June 30, 2026 and December 31, 2025.

	As of June 30, 2026			
Geographic Region	**Amortized Cost**	**Percentage at Amortized Cost**	**Fair Value**	**Percentage at Fair Value**
United States:				
Midwest	$ 138,864,624	41.2%	$ 138,379,323	41.3%
West	78,716,696	23.4%	77,687,008	23.2%
Northeast	42,631,772	12.7%	42,116,754	12.6%
Southeast	28,419,631	8.4%	29,033,529	8.7%
Southwest	26,990,594	8.0%	26,912,000	8.0%
International:				
Canada	21,124,072	6.3%	20,705,378	6.2%
Total	$ 336,747,389	100.0%	$ 334,833,992	100.0%

Geographic Region	As of December 31, 2025 Amortized Cost	Percentage at Amortized Cost	Fair Value	Percentage at Fair Value
United States:				
Midwest	$ 138,071,134	41.6%	$ 138,912,130	41.7%
Northeast	66,803,146	20.1%	67,247,357	20.2%
West	65,511,094	19.7%	65,410,158	19.6%
Southeast	28,827,032	8.7%	28,750,558	8.6%
Southwest	26,982,778	8.1%	27,001,681	8.1%
International:				
Canada	6,013,986	1.8%	5,989,903	1.8%
Total	$ 332,209,170	100.0%	$ 333,311,787	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, government 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.

Federal Action on Medical Cannabis Rescheduling

On April 23, 2026, the U.S. Department of Justice (“DOJ”), acting through the Drug Enforcement Administration (“DEA”), issued an order to reclassify certain cannabis products under the CSA from Schedule I to Schedule III. The order applies to (i) cannabis-derived products approved by the U.S. Food and Drug Administration and (ii) cannabis produced and distributed in compliance with state-licensed medical cannabis programs, subject to applicable federal enforcement parameters. The order does not extend to cannabis produced or distributed outside such frameworks, including products intended for adult-use markets, which remain classified as Schedule I controlled substances under current federal law.

The April 2026 order represents a significant shift in federal policy and is expected to be followed by additional administrative proceedings. The DEA commenced additional hearings in June 2026 to consider related regulatory considerations for adult-use cannabis, and further rulemaking, interpretive guidance, or enforcement policy statements may be issued thereafter. Closing briefs and in-person hearings, if any, are expected to occur in August 2026. As a result, the scope, implementation, and practical effects of the rescheduling action remain subject to ongoing administrative review and uncertainty.

The rescheduling of qualifying medical cannabis activities may affect the financial and operating profile of the borrowers within our portfolio. In particular, to the extent such activities are no longer subject to the limitations of Section 280E of the Code, affected operators may experience improved after-tax cash flows and liquidity. However, many of our borrowers operate integrated businesses that include both medical and adult-use cannabis activities, and it is unclear how the rescheduling will be applied in practice to such operations. Accordingly, any potential benefit from changes to Section 280E may be partial, delayed, or subject to further regulatory clarification.

In addition, the differentiated federal treatment of medical and adult-use cannabis may introduce operational and compliance complexities for our borrowers. These may include the need to segment operations, maintain separate reporting and controls, and adapt to evolving federal and state regulatory expectations. The extent to which federal agencies will enforce distinctions between qualifying medical cannabis activities and non-qualifying activities remains uncertain and may vary over time.

The April 2026 action may also influence the availability of capital to the cannabis industry. To the extent rescheduling reduces perceived regulatory risk for certain market participants, it may facilitate increased participation by financial institutions and other capital providers, particularly with respect to operators focused on medical cannabis. Increased competition could result in compression of lending spreads, changes in transaction structures, and reduced origination opportunities for our platform. At the same time, continued federal prohibition of adult-use cannabis may limit the extent of such effects across the broader industry.

As of the date of this Quarterly Report, no final regulatory framework has been established with respect to cannabis rescheduling beyond the April 2026 order, and no formal action has been taken to reclassify or de-schedule adult-use cannabis. While federal authorities have initiated additional administrative proceedings, including the June 2026 DEA hearing, the outcome, timing, and scope of any further actions remain uncertain.

Concentration and Other Credit Risk

As of June 30, 2026 and December 31, 2025, we had three portfolio companies that represented 35.1% and 31.8%, respectively, of the fair values of our portfolio. As of June 30, 2026 and December 31, 2025, our largest portfolio company represented 19.2% and 15.7%, 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 June 30, 2026 and December 31, 2025, 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). 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 June 30, 2026 and December 31, 2025 were as follows:

Investment Type	Fair Value Measurements at June 30, 2026 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	$ -	$ -	$ 299,326,128	$ 299,326,128
Senior Secured Notes	-	-	30,904,496	30,904,496
Warrants	-	-	2,745,000	2,745,000
Second Lien Senior Secured Loans	-	-	1,358,368	1,358,368
Preferred Stock	-	-	500,000	500,000
Total	$ -	$ -	$ 334,833,992	$ 334,833,992

Investment Type	Fair Value Measurements at December 31, 2025 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	$ -	$ -	$ 292,719,497	$ 292,719,497
Senior Secured Notes	-	-	37,473,499	37,473,499
Second Lien Senior Secured Loans	-	-	1,447,186	1,447,186
Warrants	-	-	1,171,605	1,171,605
Preferred Stock	-	-	500,000	500,000
Total	$ -	$ -	$ 333,311,787	$ 333,311,787

The following tables provide a summary of the significant unobservable inputs used to fair value the Level 3 portfolio investments as of June 30, 2026 and December 31, 2025. 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 the U.S. Prime Rate ("PRIME"), Secured Overnight Financing Rate ("SOFR") and/or U.S. Treasury Rates, as applicable, for senior secured first lien term loans, as of June 30, 2026 and December 31, 2025.

Investment Type	Fair Value as of June 30, 2026	Valuation Techniques/Methodologies	Unobservable Input	Range	Weighted Average[(1)]
First Lien Senior Secured Loans	$ 299,326,128	Discounted Cash Flow	Discount Rate	7.00% - 20.40%	12.55%
Senior Secured Notes	30,904,496	Discounted Cash Flow	Discount Rate	9.00% - 12.60%	11.20%
Warrants	2,745,000	Option Pricing Model	Volatility Factor	40.00% - 72.00%	56.67%
Second Lien Senior Secured Loans	1,358,368	Discounted Cash Flow	Discount Rate	18.90% - 20.90%	19.90%
Preferred Stock	500,000	Market Approach	Current Value	2.00x	2.00x
Total	$ 334,833,992				

Investment Type	Fair Value as of December 31, 2025	Valuation Techniques/Methodologies	Unobservable Input	Range	Weighted Average[(1)]
First Lien Senior Secured Loans	$ 249,770,789	Discounted Cash Flow	Discount Rate	8.40% - 23.25%	12.81%
First Lien Senior Secured Loans	42,948,708	Recent Transaction	N/A	N/A	N/A
Senior Secured Notes	37,473,499	Discounted Cash Flow	Discount Rate	5.87% - 18.23%	10.66%
Second Lien Senior Secured Loans	1,447,186	Discounted Cash Flow	Discount Rate	18.39% - 20.39%	19.64%
Warrants	826,250	Enterprise Value	Revenue Multiple	1.75x - 5.25x	4.52x
Preferred Stock	500,000	Market Approach	Current Value	1.75x	1.75x
Warrants	345,355	Option Pricing Model	Volatility Factor	49.00% - 72.00%	51.51%
Total	$ 333,311,787				

(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 six months ended June 30, 2026 and 2025:

	First Lien Senior Secured Loans	Senior Secured Notes	Second Lien Senior Secured Loans	Preferred Stock	Warrants	Total
Fair Value as of December 31, 2025	$ 292,719,497	$ 37,473,499	$ 1,447,186	$ 500,000	$ 1,171,605	$ 333,311,787
Purchases	91,107,507	2,715,658	-	-	1,583,321	95,406,486
Accretion of discount and fees (amortization of premium), net	1,470,998	476,083	-	-	-	1,947,081
PIK interest	2,634,170	82,143	24,656	-	-	2,740,969
Proceeds from sales of investments and principal repayments	(86,019,690)	(9,431,091)	(105,536)	-	-	(95,556,317)
Net realized gain (loss) on investments	-	-	-	-	-	-
Net change in unrealized appreciation (depreciation) on investments	(2,586,354)	(411,796)	(7,938)	-	(9,926)	(3,016,014)
Balance as of June 30, 2026	$ 299,326,128	$ 30,904,496	$ 1,358,368	$ 500,000	$ 2,745,000	$ 334,833,992
Net change in unrealized appreciation/depreciation on Level 3 investments still held as of June 30, 2026	$ (2,055,652)	$ (133,584)	$ (7,938)	$ -	$ (9,926)	$ (2,207,100)

	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	55,028,224	3,600,000	-	422,381	59,050,605
Accretion of discount and fees (amortization of premium), net	1,096,351	119,751	-	-	1,216,102
PIK interest	937,827	108,140	-	-	1,045,967
Proceeds from sales of investments and principal repayments	(29,940,662)	-	-	-	(29,940,662)
Net realized gain (loss) on investments	-	-	-	-	-
Net change in unrealized appreciation (depreciation) on investments	638,803	370,506	-	(123,715)	885,594
Balance as of June 30, 2025	$ 267,620,749	$ 38,854,589	$ 500,000	$ 523,666	$ 307,499,004
Net change in unrealized appreciation/depreciation on Level 3 investments still held as of June 30, 2025	$ 638,803	$ 370,506	$ -	$ (123,715)	$ 885,594

NOTE 5 – DEBT

Revolving Line of Credit

On February 11, 2025, the Company entered into a senior secured revolving credit agreement (the "Credit Agreement", or the "Revolving Line of Credit") by and 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 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 SOFR plus 3.00%, subject to a minimum interest rate of 6.00% with the all in interest rate on outstanding borrowings under the Revolving Line of Credit. As of June 30, 2026 and December 31, 2025 the stated interest rate on borrowings was 6.62% and 6.72%, respectively. 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 June 30, 2026 and 2025, the company recorded $69,236 and $126,111, respectively, of commitment fees which are included in interest expense on the Statements of Operations. The Company will also 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 $1,654,310 of financing costs in connection with the Revolving Line of Credit. As of June 30, 2026, and December 31, 2025, $673,947 and $525,324, respectively, of deferred financing costs were included in prepaid expenses and other assets on the Statements of Assets and Liabilities. For the three months ended June 30, 2026 and 2025, $176,659 and $170,065 respectively, of such costs were amortized and included in interest expense on the Statements of Operations.

As of June 30, 2026, the Company had $27,000,000 in outstanding borrowings and $73,000,000 available under the Revolving Line of Credit. As of December 31, 2025, the Company had $25,000,000 in outstanding borrowings and $75,000,000 available under the Revolving Line of Credit. The Revolving Line of Credit includes customary affirmative and negative covenants, including certain limitations on the incurrence of additional indebtedness and liens, as well as usual and customary events of default for revolving credit facilities of this nature. The Revolving Line of Credit is secured by all of the Company's assets pledged as collateral.

The fair value of the Revolving Line of Credit is equal to its carrying value because the revolver is a floating rate facility that reprices to a market rate frequently. The fair value is categorized as Level 2 under ASC 820.

The following table presents the components of interest expense for the following periods:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Commitment fee	$ 69,236	$ 126,111	$ 136,042	192,778
Amortization of deferred financing costs	176,659	170,065	351,377	248,779
Interest expense	755,044	5,084	1,538,062	5,084
Total interest expense	$ 1,000,939	$ 301,260	$ 2,025,481	446,641
Average interest rate	6.65%	7.32%	6.67%	7.32%
Average daily borrowings	$ 44,917,582	$ 274,725	$ 45,895,028	138,122

Senior Securities

Information about our senior securities is shown in the following table as of June 30, 2026 (in thousands except for per unit data).

Class and Period	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Revolving Credit Facility				
June 30, 2026	$ 27,000,000	$ 12,203	-	N/A
March 31, 2026	$ 54,500,000	$ 6,581	-	N/A
December 31, 2025	$ 25,000,000	$ 13,136	-	N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented.
(2) Asset coverage per unit is the ratio of the carrying value of our total assets, less all liabilities excluding indebtedness represented by senior securities in this table, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per $1,000 of indebtedness and is calculated on a consolidated basis.
(3) The amount to which such class of senior security would be entitled upon our involuntary liquidation in preference to any security junior to it. The "-" in this column indicates information that the SEC expressly does not require to be disclosed for certain types of senior securities.
(4) Not applicable because the senior securities are not registered for public trading.

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 June 30, 2026 and 2025, the Company incurred management fee expenses of $1,555,022 and $1,345,331, respectively. As of June 30, 2026 and December 31, 2025, $1,555,022 and $1,446,470, respectively, remained payable.

For the three months ended June 30, 2026 and 2025, the Company incurred income-based incentive fee expenses of $1,920,903 and $1,968,637, respectively. As of June 30, 2026 and December 31, 2025, $1,920,905 and $2,073,319, respectively, remained payable.

For the three months ended June 30, 2026 and 2025, the Company incurred capital gains incentive fee expenses of $0 and $183,932, respectively. As of June 30, 2026 and December 31, 2025, $0 and $163,473, respectively, remained payable.

Transactions with Affiliates

As defined in the Investment Company Act, an investment is deemed to be a "controlled affiliated person" of the Company because the Company owns, either directly or indirectly, 25% or more of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company. As defined in the Investment Company Act an investment is deemed to be an "affiliated person" of the Company because the Company owns, either directly or indirectly, 5% or more of the portfolio company's outstanding voting securities.

The table below presents the Company's affiliated investments:

	Beginning Fair Value Balance	Gross Additions(1)	Gross Reductions(2)	Net Realized Gain/Loss	Net Change in Unrealized Appreciation (Depreciation)	Ending Fair Value Balance	Interest, PIK and Other Income
For the Six months ended June 30, 2026							
Non-controlled affiliates							
CO Acquisition Vehicle LLC	$ -	$ 17,022,084	$ (17,022,084)	$ -	$ -	$ -	$ 1,803,156
Total non-controlled affiliates	**$ -**	**$ 17,022,084**	**$ (17,022,084)**	**$ -**	**$ -**	**$ -**	**$ 1,803,156**

(1) Gross additions may include increases in the cost basis of investments resulting from new portfolio investments, PIK, the accretion of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.
(2) Gross reductions may include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

On February 26, 2026 the borrower, CO Acquisition Vehicle LLC ("COAV"), was acquired by an affiliate of the Company as part of an asset acquisition of cannabis assets. An officer and board member of the acquirer's parent company is also a beneficial owner of the Adviser, but does not currently participate in the investment decisions related to COAV. The Company does not control COAV, and the terms of the Company's investment were not modified in connection with the acquisition.

Expense Limitation Agreement

On October 1, 2024, the Company and the Adviser entered into an expense limitation agreement (the "Expense Limitation Agreement") pursuant to which the Adviser 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 ended 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.

The Expense Limitation Agreement expired in accordance with its terms on September 30, 2025 and was not renewed.

For the three months ended June 30, 2026 and 2025, $0 and $791,783, respectively, and for the six months ended June 30, 2026 and 2025, $0 and $1,107,783, respectively, 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, the Company may reimburse the Adviser for an allocable portion of the compensation paid by the Adviser to its Chief Compliance Officer ("CCO") and Chief Financial Officer ("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 and six months ended June 30, 2026 and 2025.

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Affiliate Payments				
Income-based incentive fees	$ 1,920,903	$ 1,968,637	$ 4,378,192	$ 3,884,914
Management fee	1,555,022	1,345,331	3,084,381	2,606,206
Capital gains incentive fees	-	183,932	(163,473)	177,119
Total management and incentive fees earned	3,475,925	3,497,900	7,299,100	6,668,239
General and administrative expenses	1,142,752	1,366,783	2,355,536	2,341,260
Expense limitation agreement	-	(791,783)	-	(1,107,783)
General and administrative expenses waiver	-	-	-	(658,477)
General and administrative expenses reimbursable to the Adviser	1,142,752	575,000	2,355,536	575,000
Total affiliate payments	$ 4,618,677	$ 4,072,900	$ 9,654,636	$ 7,243,239

General administrative expenses reimbursable to the Adviser are included in due to affiliates on the accompanying Statements of Assets and Liabilities as of June 30, 2026 and December 31, 2025. Due to affiliates as of June 30, 2026 was $1,441,236, of which $1,319,786 and $121,450, represented 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, 2025 were $1,311,604, of which $1,210,993 and $100,611, represented general and administrative expenses reimbursable to the Adviser and amounts due to Chicago Atlantic Admin, LLC, respectively.

The Adviser voluntarily and irrevocably waived approximately $0 and $0 of general and administrative expenses that would have otherwise been reimbursed and payable by the Company for the three months ended June 30, 2026 and 2025, respectively, and $0 and $658,477 for the six months ended June 30, 2026 and 2025, respectively. The expenses waived for the six months ended June 30, 2025 are not subject to recoupment by the Adviser or future reimbursement by the Company.

Affiliated Loan Administrative and Collateral Agents

Chicago Atlantic Admin, LLC and Chicago Atlantic Financial Services, LLC (the "Loan Administrators"), serve as loan administrators and collateral agents for certain loans within the Company's investment portfolio. Among other customary responsibilities as described in each respective loan document, the Loan Administrators are 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 Administrators are wholly-owned subsidiaries of Chicago Atlantic Group, LP.

The Loan Administrators allocated fees to the Company, recorded as fee income, amounting to $556,429 and $133,125 for the three months ended June 30, 2026 and 2025, respectively, and $990,672 and $214,182 for the six months ended June 30, 2026 and 2025, respectively.

The Loan Administrators allocated PIK to the Company, recorded as PIK income, amounting to $13,836 and $9,349 for the three months ended June 30, 2026 and 2025, respectively, and $34,711 and $16,904 for the six months ended June 30, 2026 and 2025, respectively.

Interest and principal payments from our portfolio companies which were received by the Loan Administrators prior to June 30, 2026, but which were not remitted to the Company until after June 30, 2026, are included in due from affiliates on the Statements of Assets and Liabilities. As of June 30, 2026, the due from affiliates balance of $2,008,432 consists of $1,202,191 and $806,241 in interest and principal payments receivable, respectively. The amounts due from affiliates as of June 30, 2026 were collected in July 2026.

Interest and principal payments from our portfolio companies which were received by the Loan Administrators prior to December 31, 2025, but which were not remitted to the Company until after December 31, 2025, are included in due from affiliates on the Statements of Assets and Liabilities. As of December 31, 2025, the due from affiliates balance of $1,804,032 consists of $1,249,998 and $554,034 in interest and principal payments receivable, respectively. The amounts due from affiliates as of December 31, 2025 were collected in January 2026.

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 June 30, 2026 and December 31, 2025, $293,890,442 and $280,731,131, 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. Since the Company's initial public offering, the Adviser has transferred a substantial portion of these shares to its members and other recipients and as of June 30, 2026, held approximately 2.9 million shares of the Company's common stock. 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.

As of June 30, 2026, the Adviser and its affiliates held approximately 14% of the Company's voting stock and have the ability to exert influence over all corporate actions requiring stockholder approval, including the election and removal of directors, certain amendments of the Company's charter, the Company's ability to issue its common stock at a price below net asset value per share, and the approval of any merger or other extraordinary corporate action.

During the six months ended June 30, 2026 and 2025, 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 distributions declared.

Proposed Affiliated Merger

On June 17, 2026, the Company entered into the Merger Agreement with REFI and, for the limited purposes set forth therein, the Adviser and REFI Manager. REFI and the Company are affiliated because they are advised by affiliated entities within the Chicago Atlantic platform, and following the Merger the Adviser will serve as investment adviser to the combined company. Because the Merger is a transaction between affiliated entities, it is subject to Rule 17a-8 under the 1940 Act and was negotiated and approved by special committees of the boards of directors of each company comprised solely of independent directors. The Board determined that the Company's existing stockholders will not suffer dilution as a result of the Merger. Refer to Note 14 "Proposed Merger with Chicago Atlantic Real Estate Finance, Inc." for further details on the Merger.

Pursuant to the merger agreement, transaction costs incurred in connection with the Merger generally will be shared equally between the Company and REFI, except for specified SEC and printing and mailing costs. For the three and six months ended June 30, 2026, the Company's allocable share of transaction costs relating to the Merger was approximately $1.3 million. These amounts represent direct acquisition costs of the transaction and have been deferred within prepaid expenses and other assets on the Statements of Assets and Liabilities as of June 30, 2026, and are expected to be capitalized as a component of the total cost of the acquisition upon closing of the Merger. As of June 30, 2026, approximately $0.8 million remained unpaid and are included in other payables on the accompanying Statements of Assets and Liabilities.

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 June 30, 2026 and December 31, 2025, the Company had the following unfunded commitments on existing loans:

	As of June 30, 2026	As of December 31, 2025
Unfunded delayed draw loan commitments	$ 12,435,714	$ 16,319,048
Undrawn revolver commitments	-	8,333,333
Total unfunded commitments	$ 12,435,714	$ 24,652,381

The Company did not have any other off-balance sheet commitments or liabilities as of June 30, 2026 or December 31, 2025. 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 Revolving Line of Credit) 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 June 30, 2026, there were no material legal matters or material litigation pending of which the Company is aware.

NOTE 8 — COMMON STOCK

As of June 30, 2026, 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 Loan Portfolio Acquisition, pursuant to 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 six months ended June 30, 2026:

Declaration Date	Type	Record Date	Payment Date	Per Share Amount		Dividends Paid	
March 18, 2026	Quarterly	March 30, 2026	April 14, 2026	$	0.34	$	7,759,001
May 12, 2026	Quarterly	June 26, 2026	July 10, 2026	$	0.34	$	7,759,001

The following table summarizes distributions declared by the Company during the six months ended June 30, 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
May 12, 2025	Quarterly	June 27, 2025	July 11, 2025	$	0.34	$	7,758,939

Dividend Reinvestment Plan

Prior to December 31, 2025, the Company operated an "opt out" Dividend Reinvestment Plan ("DRIP") for its stockholders. As a result, if the Company declared a dividend, then stockholders' cash distributions were automatically reinvested in additional shares of the Company's common stock, unless they specifically chose to "opt out" of the DRIP so as to receive cash distributions. Stockholders who received distributions in the form of shares of the Company's common stock generally were subject to the same U.S. federal income tax consequences as were stockholders who elected to receive their distributions in cash. On November 26, 2025, in accordance with the terms of the DRIP and by unanimous written consent of the Company's Board, the DRIP was terminated with an effective date of December 31, 2025. Following the termination of the DRIP, all cash dividends or distributions on the Company's common stock with a record date for payment after December 31, 2025 will be paid in cash rather than in shares of the Company's common stock.

During the six months ended June 30, 2026, the Company issued no shares of common stock under the DRIP.

During the six months ended June 30, 2025, the Company issued the following shares of common stock under the DRIP:

Declaration Date	Type	Record Date	Payment Date	Shares
March 14, 2025	Quarterly	March 28, 2025	April 11, 2025	22

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 and six months ended June 30, 2026 and 2025:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Net increase (decrease) in net assets resulting from operations	$ 6,064,079	$ 8,584,265	$ 14,599,467	$ 16,198,622
Weighted Average Shares Outstanding - basic and diluted	22,820,590	22,820,405	22,820,590	22,820,396
Net increase (decrease) in net assets resulting from operations per share - basic and diluted	$ 0.27	$ 0.38	$ 0.64	$ 0.71

NOTE 11 — INCOME TAXES

The Company adopted a tax year end of March 31 and elected to be treated as a 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 maintain its RIC status 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 U.S. GAAP. The final determination of the source of all distributions in 2026 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 U.S. 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 had not recorded a liability for any uncertain tax positions pursuant to the provisions of ASC 740 as of June 30, 2026 and December 31, 2025.

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. Funds 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, 2026, the Company’s most recent tax year end, the Company had a net short-term capital loss carryforward of $827,127 and a net long-term capital loss carryforward of $427,162, 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, 2026 and March 31, 2025, the Company reclassified for book purposes amounts arising from permanent book to tax differences primarily related to non-deductible excise tax paid.

	March 31, 2026	March 31, 2025
Increase (decrease) in additional paid in capital	$ (75,136)	$ (120,003)
Increase (decrease) in distributable earnings (accumulated loss)	75,136	120,003

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 three months ended June 30, 2026, and tax year ended March 31, 2026, were as follows:

	For the tax period from April 1, 2026 through June 30, 2026	For the tax year from April 1, 2025 through March 31, 2026
Ordinary income	$ 7,759,001	$ 31,035,942
Long-term Capital Gain	-	-
Return of Capital	-	-
Total Distributions	$ 7,759,001	$ 31,035,942

As of March 31, 2026 and March 31, 2025, 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 distributions payable.

	March 31, 2026	March 31, 2025
Undistributed ordinary income	$ 11,829,656	9,344,744
Net unrealized appreciation (depreciation) on investments	(1,632,944)	(3,210,239)
Capital Gain/(Loss) Carry Forwards	(1,254,289)	(285,250)
Other temporary differences	(8,065,250)	(8,211,487)
Total	$ 877,173	$ (2,362,232)

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 June 30, 2026 and March 31, 2026:

	June 30, 2026	March 31, 2026
Tax cost of investments and cash equivalents	337,720,260	$ 365,599,657
Unrealized appreciation	1,646,213	1,859,220
Unrealized depreciation	(4,532,481)	(3,492,164)
Net unrealized appreciation (depreciation) from investments and cash equivalents	(2,886,268)	$ (1,632,944)

NOTE 12 — FINANCIAL HIGHLIGHTS

The following presents financial highlights for the six months ended June 30, 2026 and 2025:

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Per share data:		
Net asset value at beginning of period	$ 13.30	$ 13.20
Net investment income (loss) (1)	0.77	0.67
Net realized and unrealized gains/(losses) on investments (1)	(0.13)	0.04
Net increase/(decrease) in net assets resulting from operations (1)	0.64	0.71
Distributions from net investment income (loss) (2)	(0.68)	(0.68)
Net asset value at end of period	$ 13.26	$ 13.23
Net assets at end of period	$ 302,489,539	$ 301,843,563
Shares outstanding at end of period	22,820,590	22,820,408
Weighted average net assets	$ 303,789,048	$ 301,094,453
Per share market value at end of period	$ 9.77	$ 10.35
Total return based on market value	1.04% (3)	(12.40)% (4)
Total return based on net asset value	4.86% (3)	3.41% (4)
Ratio/Supplemental data:		
Ratio of net investment income (loss) to average net assets (5)	5.80%	5.09%
Ratio of expenses to average net assets (5)	4.30%	3.80%
Ratio of waived expenses to average net assets(5)	0.00%	(0.59)%
Ratio of net expenses to average net assets(5)	4.30%	3.22%
Portfolio turnover (5)	27.77%	10.30%

(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 calculated as the change in market value per share during the period plus declared dividends per share, assuming reinvestment of dividends at the closing market price on the dividend payment date, divided by the beginning market value per share. Total return based on net asset value is calculated as the change in net asset value per share during the period plus declared dividends per share, assuming reinvestment of dividends at the last reported net asset value per share on the respective dividend payment date, divided by the beginning net asset value per share. For periods less than a year, total return is not annualized.

(4) 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.

(5) Ratio is not annualized.

NOTE 13 — SEGMENT REPORTING

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, Principal 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 increase (decrease) in net assets resulting from operations, which is reported on the Statement of Operations. In addition to numerous other factors and metrics, the CODM utilizes net increase (decrease) in net assets resulting from operation as a key metric in determining 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 — PROPOSED MERGER WITH CHICAGO ATLANTIC REAL ESTATE FINANCE, INC.

On June 17, 2026, the Company entered into the Merger Agreement with REFI and, for the limited purposes discussed therein, the Adviser and REFI Manager. Pursuant to the Merger Agreement and assuming that all conditions contained in the Merger Agreement are satisfied, REFI will merge with and into the Company, with the Company continuing as the surviving company. Prior to the Merger, REFI, which has elected to be taxed as a real estate investment trust ("REIT"), will elect to be regulated as a BDC under the 1940 Act by filing a Form N-54A with the SEC. (the "BDC Election"). The BDC Election requires the approval of REFI's stockholders, together with their approval of a new investment advisory agreement between REFI and the Adviser, and becomes effective when the Form N-54A is accepted for filing by the SEC. The Company intends to continue to qualify as a RIC, and the parties intend the Merger to qualify as a "reorganization" within the meaning of Section 368(a) of the Code.

At the effective time of the Merger (the "Merger Effective Time"), each outstanding share of REFI common stock (other than shares owned by the Company or its consolidated subsidiaries) will be converted into the right to receive a number of shares of the Company's common stock equal to the Exchange Ratio (as defined below), plus any cash (without interest) in lieu of fractional shares in connection with the closing of the Merger.

Under the terms of the Merger Agreement, the "Exchange Ratio" equals the ratio (rounded to the fourth decimal place) of REFI's adjusted book value per share (the "Closing REFI NAV") to the the net asset value per share of the Company's common stock (the "Closing LIEN NAV") subject to adjustment as set forth in the Merger Agreement. Each of the Closing REFI NAV and the Closing LIEN NAV is calculated in good faith as of a single date mutually agreed by the parties that is no earlier than 48 hours (excluding Sundays and holidays) prior to the Merger Effective Time, based on the valuation principles, assumptions and methodologies, and giving effect to the categories of adjustments, set forth in Exhibit A to the Merger Agreement. Each calculation is required to be approved by the applicable board of directors, including its special committee, and certified in writing by the applicable adviser or manager,

Based on the respective net asset values of the Company and REFI as of March 31, 2026, as disclosed in the joint press release issued by the Company and REFI on June 18, 2026, former REFI stockholders would be expected to own approximately 50.5% of the Company's outstanding common stock immediately following the Merger. The actual ownership percentage will depend on the Exchange Ratio calculated shortly prior to the closing of the Merger and is expected to differ from this estimate.

The Merger Agreement was approved by the Board upon the unanimous recommendation of a special committee of the Board comprised solely of independent directors (the "LIEN Special Committee"), which received a fairness opinion from Keefe, Bruyette & Woods, Inc., which served as financial advisor to the LIEN Special Committee.

Consummation of the Merger is subject to customary closing conditions, including, among others, (i) requisite approvals by the Company's and REFI's stockholders, , including in each case the separate approval of the Merger Agreement by a majority of the shares voted by stockholders unaffiliated with the Company, the Adviser, REFI and REFI Manager, and including REFI stockholder approval of the BDC Election and of a new investment advisory agreement between REFI and the Adviser, (ii) approvals by the board of directors of REFI required under Rule 17a-8 of the 1940 Act, (iii) effectiveness of the Company's registration statement on Form N-14 (which contains a joint proxy statement/prospectus) for the Company's common stock to be issued as consideration in the Merger, (iv) Nasdaq listing authorization for the shares of the Company's common stock to be issued as consideration in the Merger, (v) subject to certain exceptions, the accuracy of the representations and warranties and compliance with the covenants of each party to the Merger Agreement, (vi) the absence of a material adverse effect in respect of the parties, (vii) receipt of required regulatory approvals, (viii) receipt of customary legal opinions to the effect that the Merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code by the parties and (ix) completion of the closing net asset value determinations.

Concurrently with the execution of the Merger Agreement, certain stockholders of the Company and REFI entered into Voting and Support Agreements covering approximately 12.9% of the Company's outstanding common stock and approximately 4.8% of REFI's outstanding common stock. Pursuant to these agreements, each such stockholder agreed to vote its/his shares of the Company's common stock or REFI's common stock, as applicable, in favor of the Merger-related proposals at the respective special meetings of the Company's and REFI's stockholders held for the purpose of approving the Merger and related transactions.

The Merger Agreement may be terminated under specified circumstances, including if the Merger has not been consummated by June 30, 2027, and does not provide for a termination fee.

Except for specified SEC and printing and mailing costs, fees and expenses incurred in connection with the Merger generally will be shared equally between the Company and REFI, with REFI Manager paying $2.0 million of REFI's Merger-related expenses.

The Merger Agreement also provides that, prior to the Merger Effective Time, the Board will consider in good faith the adoption of a share repurchase program of up to $25.0 million to be implemented following the closing of the Merger.

The Merger had not closed as of June 30, 2026 and, accordingly, no amounts related to the Merger are reflected in the accompanying financial statements. However, pre-close transaction costs of $1.3 million incurred in connection with the Merger are included in prepaid expenses and other assets, of which $0.8 million are unpaid and included in other payables on the Statements of Assets and Liabilities (see NOTE 6 — RELATED PARTY TRANSACTIONS). The Company expects to account for the Merger as an asset acquisition under ASC 805-50 , with the Company treated as the accounting acquirer. Direct transaction costs incurred by the Company are expected to be included as a component of the total accumulated cost of the transaction. The final accounting, including allocation of the consideration transferred, will be determined as of the closing date of the Merger. The Merger is expected to close in the fourth quarter of 2026, subject to satisfaction or waiver of the closing conditions. On July 31, 2026, the Company filed a registration statement on Form N-14 with the SEC containing a preliminary joint proxy statement/prospectus relating to the Merger. As of the date of this Quarterly Report, that registration statement had not been declared effective, and the record dates and the dates of the special meetings of the Company's and REFI's stockholders had not been established. There can be no assurance that the Merger will be completed on the contemplated terms or at all.

The foregoing summary description of the Merger Agreement and the transactions contemplated thereby is subject to and qualified in its entirety by reference to the Merger Agreement, a copy of which was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on June 18, 2026 and is incorporated herein by reference. Schedules and exhibits to the Merger Agreement, including the exhibit setting out the valuation principles and categories of adjustments used to determine the Closing REFI NAV and the Closing LIEN NAV, were omitted from that filing pursuant to Item 601(a)(5) of Regulation S-K.

NOTE 15 — SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 12, 2026, the date the financial statements were issued, and has identified the following events requiring disclosure.

On July 9, 2026, REFI issued 4,306,754 shares of its common stock, at a price of $14.53 per share, in a private placement in exchange for second lien promissory notes in an aggregate principal amount of approximately $62.5 million. The issuance was permitted under the Merger Agreement. The additional REFI shares outstanding, and the notes received in exchange, will be reflected in the Closing REFI NAV per share and, accordingly, in the Exchange Ratio. See "Note 14. Proposed Merger with Chicago Atlantic Real Estate Finance, Inc."

On July 31, 2026, the Company filed a registration statement on Form N-14 with the SEC containing a preliminary joint proxy statement/prospectus relating to the Merger. The registration statement had not been declared effective as of the date of this Quarterly Report.

On August 10, 2026 the Board approved a cash dividend of $0.34 per share. The dividend is payable on October 9, 2026, to stockholders of record on September 25, 2026.

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, 2025 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 regulated as a business development company ("BDC") under the Investment Company Act of 1940 (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 regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code (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 $1.1 billion 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 Chicago Atlantic BDC Advisers, LLC (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.

Recent Developments

Proposed Merger with Chicago Atlantic Real Estate Finance, Inc.

On June 17, 2026, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Chicago Atlantic Real Estate Finance, Inc. ("REFI") and, for the limited purposes described therein, the Adviser and Chicago Atlantic REIT Manager, LLC (the "REFI Manager"), pursuant to which REFI will elect to be regulated as a business development company and merge with and into the Company, with the Company continuing as the surviving company (the "Merger") and continuing to trade on Nasdaq under the symbol "LIEN." REFI's stockholders will receive shares of our common stock based on the Exchange Ratio. The "Exchange Ratio" equals the net asset value per share of REFI common stock (the "Closing REFI NAV") divided by the net asset value per share of the Company's common stock (the "Closing LIEN NAV") (rounded to the fourth decimal place), in each case calculated in good faith as of a date no earlier than 48 hours (excluding Sundays and holidays) prior to the effective time of the Merger (the "Merger Effective

Time”). The Merger, which is subject to stockholder approvals, regulatory approvals, effectiveness of a Form N-14 registration statement and other customary conditions, is expected to close in the fourth quarter of 2026. See Note 14 to the financial statements.

Shelf Registration Statement

On May 11, 2026, the Company filed a registration statement on Form N-2 (the “Shelf Registration Statement”) with the U.S. Securities and Exchange Commission registering the offering, from time to time on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, of up to $500,000,000 in aggregate amount of the Company’s common stock, preferred stock, subscription rights, warrants, debt securities, and units comprising any combination of the foregoing. The specific terms of any offering will be established in one or more prospectus supplements at the time of the offering. As of the date of this Quarterly Report on Form 10-Q, the Shelf Registration Statement had not been declared effective.

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 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 between the Company and the Adviser (the "Investment Advisory Agreement"). Our base management fee and any incentive fees compensate 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 Chief Financial Officer ("CFO") and Chief Compliance Officer ("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 net asset value, 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 ensure, 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.

Portfolio Composition and Investment Activity

Portfolio Composition

As of June 30, 2026, our investment portfolio had an aggregate fair value of approximately $334.8 million and was comprised of approximately $299.3 million in first lien, senior secured loans, approximately $30.9 million in senior secured notes, approximately

$1.4 million in second lien, senior secured loans, and approximately $3.2 million in equity securities across thirty-seven portfolio companies. As of December 31, 2025, our investment portfolio had an aggregate fair value of approximately $333.3 million and was comprised of approximately $292.7 million in first lien, senior secured loans, approximately $37.5 million in senior secured notes, approximately $1.4 million in second lien, senior secured loans, and approximately $1.7 million in equity securities across thirty-nine portfolio companies.

A summary of the composition of our investment portfolio at amortized cost and fair value as a percentage of total investments as of June 30, 2026 and December 31, 2025 are shown in the following tables.

	As of June 30, 2026	
Investment Type	**Amortized Cost**	**Fair Value**
First Lien Senior Secured Loans	89.4%	89.5%
Senior Secured Notes	9.2%	9.2%
Warrants	0.9%	0.8%
Second Lien Senior Secured Loans	0.4%	0.4%
Preferred Stock	0.1%	0.1%
Total	100.0%	100.0%

	As of December 31, 2025	
Investment Type	**Amortized Cost**	**Fair Value**
First Lien Senior Secured Loans	87.9%	87.8%
Senior Secured Notes	11.1%	11.2%
Second Lien Senior Secured Loans	0.4%	0.4%
Warrants	0.4%	0.4%
Preferred Stock	0.2%	0.2%
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 June 30, 2026 and December 31, 2025. The geographic composition is determined by the location of the headquarters of the 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 of ND, SD, NE, KS, MO, IA, MN, WI, MI, IL, IN and OH; Northeast, for the states of PA, NJ, NY, CT, RI, MA, VT, NH and ME; Southeast, for the states of 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.

	As of June 30, 2026	
Geographic Region	**Amortized Cost**	**Fair Value**
United States:		
Midwest	41.2%	41.3%
West	23.4%	23.2%
Northeast	12.7%	12.6%
Southeast	8.4%	8.7%
Southwest	8.0%	8.0%
International:		
Canada	6.3%	6.2%
Total	100.0%	100.0%

	As of December 31, 2025	
Geographic Region	**Amortized Cost**	**Fair Value**
United States:		
Midwest	41.6%	41.7%
Northeast	20.1%	20.2%
West	19.7%	19.6%
Southeast	8.7%	8.6%
Southwest	8.1%	8.1%
International:		
Canada	1.8%	1.8%
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 June 30, 2026 and December 31, 2025.

	As of June 30, 2026	
Industry[1]	**Amortized Cost**	**Fair Value**
Cannabis	73.8%	73.6%
Finance and Insurance	8.2%	8.2%
Information	4.5%	4.5%
Manufacturing	4.4%	4.4%
Public Administration	3.3%	3.3%
Retail Trade	2.6%	2.6%
Educational Services	1.5%	1.5%
Real Estate and Rental and Leasing	0.9%	1.0%
Administrative and Support and Waste Management and Remediation Services	0.8%	0.9%
Total	100.0%	100.0%

	As of December 31, 2025	
Industry[1]	**Amortized Cost**	**Fair Value**
Cannabis	74.8%	74.7%
Finance and Insurance	7.7%	7.7%
Information	5.9%	6.0%
Public Administration	3.4%	3.5%
Retail Trade	2.7%	2.7%
Manufacturing	2.2%	2.2%
Educational Services	1.5%	1.5%
Administrative and Support and Waste Management and Remediation Services	0.9%	0.9%
Real Estate and Rental and Leasing	0.9%	0.8%
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 June 30, 2026 and December 31, 2025, we had three portfolio companies that represented 35.1% and 31.8% respectively, of our investments, at fair value. As of June 30, 2026 and December 31, 2025, our largest portfolio company represented 19.2% and 15.7%, respectively, of our investments, at fair value.

Investment Activity

The following table provides a summary of the changes in the investment portfolio for the six months ended June 30, 2026 and 2025:

	For the Six Months Ended	
	June 30, 2026	**June 30, 2025**
Beginning Portfolio, at fair value	$ 333,311,787	$ 275,241,398
Purchases	95,406,486	59,050,605
Accretion of discount and fees (amortization of premium), net	1,947,081	1,216,102
PIK interest	2,740,969	1,045,967
Proceeds from sales of investments and principal repayments	(95,556,317)	(29,940,662)
Net realized gain (loss) on investments	-	-
Net change in unrealized appreciation (depreciation) on investments	(3,016,014)	885,594
Ending Portfolio, at fair value	$ 334,833,992	$ 307,499,004

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 Company's Board of Directors (the "Board") and the Audit Committee of the Board.

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 June 30, 2026 and December 31, 2025:

	As of June 30, 2026	
Investment Performance Risk Rating	**Investments at Fair Value**	**Percentage of Total Investments**
1	$ -	0.0%
2	319,371,061	95.4%
3	15,462,931	4.6%
4	-	0.0%
5	-	0.0%
Total	$ 334,833,992	100.0%

	As of December 31, 2025	
Investment Performance Risk Rating	**Investments at Fair Value**	**Percentage of Total Investments**
1	$ -	0.0%
2	327,611,910	98.3%
3	5,699,877	1.7%
4	-	0.0%
5	-	0.0%
Total	$ 333,311,787	100.0%

Debt Investments on Non-Accrual Status

As of June 30, 2026 and December 31, 2025, there were no loans in our portfolio placed on non-accrual status.

Debt

Revolving Line of Credit

On February 11, 2025, the Company entered into a senior secured revolving credit agreement (the "Credit Agreement", the "Revolving Line of Credit") by and 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 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.

As of June 30, 2026, the Company had $27,000,000 in outstanding borrowings and $73,000,000 available under the Revolving Line of Credit. The Revolving Line of Credit is secured by all of the Company's assets pledged as collateral.

Results of Operations

The following discussion and analysis of our results of operations encompasses our results for the three and six months ended June 30, 2026 and 2025.

The fair value of the Company's investment portfolio grew from $307.5 million as of June 30, 2025, to $334.8 million as of June 30, 2026. The 9% growth in the fair value of our investment portfolio resulting from originations is the main driver for the changes in investment income, operating expenses, net investment income and change in unrealized appreciation (depreciation) for the three and six months ended June 30, 2026 compared to the three and six months ended June 30, 2025.

Investment Income

The following table sets forth the components of investment income for the three and six months ended June 30, 2026 and 2025:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Stated interest income	$ 11,668,809	$ 10,616,576	$ 23,479,451	$ 20,799,750
Accretion of discount and fees (amortization of premium), net	553,421	693,195	1,947,081	1,216,102
PIK	1,066,491	596,295	2,445,605	1,169,670
Total interest income	13,288,721	11,906,066	27,872,137	23,185,522
Fee income	681,911	1,173,972	2,801,268	1,817,518
Total investment income	$ 13,970,632	$ 13,080,038	$ 30,673,405	$ 25,003,040

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 cash we hold, generally in the form of interest income from our cash deposits held by our custodian. 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 June 30, 2026 and 2025, total investment income was approximately $14.0 million and $13.1 million, respectively, which was attributable to approximately $0.7 million and $1.2 million of fee income related to commitment fees, success fees, amendment fees and administrative fees and approximately $13.3 million and $11.9 million of interest income, respectively. For the six months ended June 30, 2026 and 2025, total investment income was approximately $30.7 million and $25.0 million, which was attributable to approximately, $2.8 million and $1.8 million of fee income related to commitment fees, success fees, amendment fees and administrative fees and approximately $27.9 million and $23.2 million of interest income, respectively. Approximately $0.5 million and $1.1 million of prepayment premiums were included in interest income for the three and six months ended June 30, 2026, respectively. There were no prepayment premiums included in interest income for the three and six months ended June 30, 2025.

Operating Expenses

Our operating expenses for the six months ended June 30, 2026 and 2025 are presented below:

	For the Six Months Ended			
	June 30, 2026	June 30, 2025	$ Change	% Change
Income-based incentive fees	$ 4,378,192	$ 3,884,914	$ 493,278	12.7%
Management fee	3,084,381	2,606,206	478,175	18.3%
General and administrative expenses	2,355,536	2,341,260	14,276	0.6%
Interest expense	2,025,481	446,641	1,578,840	353.5%
Professional fees	408,482	491,586	(83,104)	-16.9%
Audit expense	307,500	343,752	(36,252)	-10.5%
Other expenses	291,215	314,139	(22,924)	-7.3%
Sub-administrator fees	249,176	286,590	(37,414)	-13.1%
Legal expenses	118,704	564,065	(445,361)	-79.0%
Excise tax expense	2,730	-	2,730	0.0%
Capital gains incentive fees	(163,473)	177,119	(340,592)	-192.3%
Total operating expenses	13,057,924	11,456,272	1,601,652	14.0%
Waiver of General and administrative expense (Note 6)	-	(658,477)	658,477	-100.0%
Expense limitation agreement (Note 6)	-	(1,107,783)	1,107,783	-100.0%
Net operating expenses	$ 13,057,924	$ 9,690,012	$ 3,367,912	34.8%

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 and six months ended June 30, 2026 and 2025.

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 and six months ended June 30, 2026 and 2025 is comprised of the following:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Gross unrealized appreciation	$ 1,205,671	$ 1,428,075	$ 1,588,165	$ 1,553,712
Gross unrealized depreciation	(2,794,785)	(508,417)	(4,604,179)	(668,118)
Total net change in unrealized appreciation (depreciation) from investments	$ (1,589,114)	$ 919,658	$ (3,016,014)	$ 885,594

The following table details net change in unrealized appreciation (depreciation) for our portfolio for the three and six months ended June 30, 2026 and 2025:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Aeriz Holdings Corp	$ -	$ 121,039	$ -	$ 53,418
Aeriz Holdings Corp (Maturity: 6/30/2028)	(143,846)	-	(431,537)	-
AI Software, LLC (d/b/a Capacity)	-	-	(425,453)	-
AI Software, LLC (d/b/a Capacity) - Warrants	(500)	-	(52,000)	-
Archos Capital Group, LLC	-	255	(1)	255
Ascend Wellness Holdings Inc.	(44,157)	58,604	(105,714)	84,425
Aura Home, Inc	(99,750)	(63,591)	(83,125)	22,707
Aura Home, Inc - Term D	(15,568)	-	(12,973)	-
BeLeaf Medical, LLC	(58,017)	-	(195,393)	-
Canopy Growth Corporation	30,910	-	30,910	-
Canopy Growth Corporation - Warrants	(149,500)	-	(430,000)	-
CO Acquisition Vehicle LLC	(1,060,170)	-	-	-
Cresco Labs, LLC	(52,451)	-	(179,737)	-
Curaleaf Holdings, Inc.	-	207,714	(278,212)	211,587
Deep Roots Harvest, Inc.	-	797,813	-	822,813
Dreamfields Brands, Inc. (d/b/a Jeeter)	(161,608)	(20,800)	(481,909)	(36,720)
Elevation Cannabis, LLC	(74,884)	2,663	(96,433)	(112,185)
Energize Holdings, Inc. (d/b/a Exos)	(27,218)	-	(70,489)	-
Energize Holdings, Inc. (d/b/a Exos) - Warrants	(9,500)	-	(23,603)	-
Engage3 Holdings, Inc.	(20,535)	-	(71,216)	-
Engage3 Holdings, Inc. - Warrants	(9,000)	-	(34,000)	-
Flowery - Bill's Nursery, Inc.	(629)	(17,934)	(72,405)	(33,580)
Fluent Corp. (f/k/a Consortium)	160,914	(11,661)	236,230	1,449
FLUENT Corp. (f/k/a Consortium) - Bridge Loan	551,932	-	551,932	-
HA-MD, LLC	(374)	(831)	(920)	(1,453)
Hartford Gold Group, LLC: (Maturity: 1/6/2027)	-	(72,170)	-	(30,004)
Hartford Gold Group, LLC: (Maturity: 12/17/2025)	-	-	-	(12,063)
Hugo Technologies Inc.	14,688	-	-	-
Illicit - S1 Enterprises, Inc.	114,007	-	22,734	-
Kaleafa, Inc.	-	(431)	(27,409)	28,319
Kapple Holdings LLC (Cannabis & Glass)	(34,797)	18,489	(64,756)	18,440
Minden Holdings, LLC	-	(1,896)	-	(2,450)
Northwest Commonwealth, LLC (d/b/a WYLD)	(116,198)	-	(116,198)	-
Nova Farms, LLC	(36,186)	(83,199)	(146,451)	(107,432)
Oasis - AZ GOAT AZ LLC	21,874	(16,565)	1,616	(28,177)
Ocular Science, Inc.	(9,838)	-	(121,985)	-
Ocular Science, Inc. - Warrants	31,352	-	72,248	-
Portofino Labs, Inc. (d/b/a Because Market)	(53,684)	-	(81,728)	-
Portofino Labs, Inc. (d/b/a Because Market) - Warrants	10,750	-	12,750	-
Proper Holdings, LLC	-	(694)	-	(1,543)
Protect Animals With Satellites LLC (Halo Collar): Incremental Term Loan	16,606	18,067	55,881	21,232
Protect Animals With Satellites LLC (Halo Collar): Term Loan	32,252	34,273	108,413	37,982
Remedy - Maryland Wellness, LLC	(7,332)	(12,172)	(7,938)	(6,104)
Round 2 Holdings, LLC	(28,989)	-	(28,989)	-
Round 2 Holdings, LLC - Warrants	(3,709)	-	(4,321)	-
RTCP, LLC	(1,712)	3,790	(3,405)	2,417
Shangri-La Columbia, LLC	(17,728)	-	(150,444)	-
Silver Therapeutics, Inc.	5,137	(87,300)	(57,573)	(87,300)
Simspace Corporation	-	51,430	-	72,959
STIIIZY, Inc. (f/k/a Shryne Group Inc.)	-	26,093	-	(10,994)
Subsero Holdings - Illinois, Inc	1,467	14,675	16,592	48,401

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Sunny Days Enterprises, LLC	-	-	-	(43,094)
TerrAscend Corporation	(12,723)	-	(10,451)	-
TheraTrue, Inc.	29,857	(14,928)	14,929	(14,928)
Tulip.io Inc.	(334)	17,788	14,930	30,144
Verano Holdings Corp.	-	7,357	(7,895)	5,316
Verano Holdings Corp. - Term Loan	(381,813)	-	(381,813)	-
Verano Holdings Corp. - Revolver	(133,334)	-	(266,667)	-
Wellgreens 2.0, LLC	2,925	-	(16,165)	-
West Creek Financial Holdings, Inc. (d/b/a Koalafi)	(1,124)	23,407	(24,465)	72,076
Workbox Holdings Inc.	(20,690)	24,618	(18,728)	(16,376)
Workbox Holdings Inc.: A-3 Warrants	55,000	(24,000)	142,000	(40,000)
Workbox Holdings Inc.:A-4 Warrants	126,000	(62,715)	307,000	(83,715)
Youth Opportunity Investments, LLC	(6,887)	(17,530)	(21,678)	19,772
Total net change in unrealized appreciation (depreciation) from investments	$ (1,589,114)	$ 919,658	$ (3,016,014)	$ 885,594

Financial Condition, Liquidity and Capital Resources

Our liquidity and capital resources are generated primarily from cash flows from operating activities, including proceeds from sales of investments and principal repayments, and interest and fee income earned on investments, as well as borrowings under our Revolving Line of Credit and potentially from future offerings of our securities. The primary uses of our cash includes (i) investments in portfolio companies, (ii) payment of operating expenses, and (iii) dividend payments to holders of our common stock. We have used, and expect to continue to use, our borrowings, including our Revolving Line of Credit, as well as proceeds from investment income and the turnover of our portfolio, to finance our investment objectives and activities.

In addition, on May 11, 2026, we filed a $500.0 million universal Shelf Registration Statement on Form N-2, which, once effective, would permit us to offer common stock, preferred stock, subscription rights, warrants, debt securities and units from time to time as an additional source of capital, subject to market conditions and the requirements of the 1940 Act.

In accordance with the 1940 Act, we are allowed to borrow amounts such that our asset coverage, calculated pursuant to the 1940 Act, is at least 150% after such borrowings (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). As of June 30, 2026, we had approximately $0.9 million in cash and $27.0 million in total aggregate principal amount of outstanding debt. Our asset coverage as of June 30, 2026, was 1220%. Subject to borrowing base and other restrictions, we had approximately $73.0 million available for additional borrowings under the Revolving Line of Credit as of June 30, 2026.

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.

We believe we have sufficient liquidity available to meet our short-term and long-term obligations for at least the next 12 months and for the foreseeable future thereafter. We cannot, however, be certain that these sources of funds will be available at a time and upon terms acceptable to us in sufficient amounts in the future.

As of June 30, 2026 and December 31, 2025, we had cash of approximately $0.9 million and $2.9 million, respectively. During the six months ended June 30, 2026, we experienced a net decrease in cash of approximately $2.0 million. During the period, cash provided by operating activities was approximately $12.1 million, primarily driven by the purchase of investments of approximately $95.4 million, partially offset by proceeds from sales of investments and principal repayments of portfolio investments of $95.6 million and net investment income of approximately $17.6 million. Cash used in financing activities was approximately $14.2 million, primarily driven by net borrowings and repayments under our Revolving Line of Credit of $2.0 million, offset by distributions paid of approximately $15.5 million and financing costs paid of approximately $0.5 million.

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. To maintain our tax treatment as a RIC, we must meet specified source-of-income requirements and timely distribute to our stockholders for each taxable year at least 90% of our investment company taxable income. Additionally, in order for us not to be subject to U.S. federal excise taxes, we must distribute annually an amount at least equal to the sum of (i) 98% of our net ordinary income for the calendar year, (ii) 98.2% of our 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.

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, 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. 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.

The Adviser conducts this valuation process on a quarterly basis.

The Adviser applies Accounting Standards Codification ("ASC") 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, the Adviser considers 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 June 30, 2026 and December 31, 2025 were 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.

Common Stock

Our common stock began trading on the Nasdaq Global Market on February 4, 2022 in connection with our initial public offering 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 August 11, 2026, the last reported closing sales price of our common stock on the Nasdaq Global Market was $9.78 per share, which represented a discount of approximately (26.34%) to our net asset value per share of $13.26 as of June 30, 2026.

Class and Period	Net Asset Value[1]		Price Range High		Price Range Low	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]	
Year Ended December 31, 2026										
Third Quarter (Through August 11, 2026)	*		10.02		9.24	*	*	$	0.34	(7)
Second Quarter	$	13.26	$ 10.46	$	9.01	-21.1%	-32.0%	$	0.34	
First Quarter	$	13.33	$ 10.91	$	9.31	-18.2%	-30.2%	$	0.34	
Year Ended December 31, 2025										
Fourth Quarter	$	13.30	$ 11.22	$	10.03	-15.6%	-24.6%	$	0.34	
Third Quarter	$	13.27	$ 11.12	$	10.12	-16.2%	-23.7%	$	0.34	
Second Quarter	$	13.23	$ 11.11	$	9.71	-16.0%	-26.6%	$	0.34	
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 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.
(7) The dividend is payable on October 9, 2026 to stockholders of record on September 25, 2026.
* 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 August 11, 2026, there were approximately 103 holders of record of our common stock, which does not include stockholders for whom shares are held in "nominee" or "street name."

Distributions

To the extent that we have income available, we intend to make quarterly distributions to our stockholders. The amount of our distributions, if any, will be determined by our Board.

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.

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 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 may deem relevant from time to time.

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, 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 June 30, 2026:

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
May 12, 2025	Quarterly	June 27, 2025	July 11, 2025	$ 0.34	$ 7,758,939
August 14, 2025	Quarterly	September 29, 2025	October 10, 2025	$ 0.34	$ 7,759,001
November 11, 2025	Quarterly	December 31, 2025	January 15, 2026	$ 0.34	$ 7,759,001
March 18, 2026	Quarterly	March 30, 2026	April 14, 2026	$ 0.34	$ 7,759,001
May 12, 2026	Quarterly	June 26, 2026	July 10, 2026	$ 0.34	$ 7,759,001

Dividend Reinvestment Plan

Prior to December 31, 2025, we operated an "opt out" Dividend Reinvestment Plan ("DRIP") for our stockholders. As a result, if we declared a dividend, then stockholders' cash distributions were automatically reinvested in additional shares of our common stock, unless they specifically chose to "opt out" of the DRIP so as to receive cash distributions. Stockholders who received distributions in the form of shares of our common stock generally were subject to the same U.S. federal income tax consequences as were stockholders who elected to receive their distributions in cash.

During the six months ended June 30, 2026, the Company issued no shares of common stock under the DRIP.

During the six months ended June 30, 2025, the Company issued the following shares of common stock under the DRIP:

Declaration Date	Type	Record Date	Payment Date	Shares
March 14, 2025	Quarterly	March 28, 2025	April 11, 2025	22

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the six months ended June 30, 2026 or the fiscal year ended December 31, 2025.

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 generally do 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 June 30, 2026, 81.0% of our debt investments based on outstanding principal balance represented floating-rate investments based on PRIME or SOFR and approximately 19.0% of our debt investments based on outstanding principal balance represented fixed rate investments. As of December 31, 2025, 71.8% of our debt investments based on outstanding principal balance represented floating-rate investments based on PRIME or SOFR and approximately 28.2% of our debt investments based on outstanding principal balance represented fixed rate investments.

Based on our Statements of Assets and Liabilities as of June 30, 2026, the following table shows the annualized impact on net investment income of hypothetical base rate changes in the benchmark rate on our debt investments (considering interest rate floors/ceilings for floating rate instruments) and hypothetical changes in the SOFR on our Revolving line of credit, assuming that there is no change in our investment and borrowing structure (in thousands):

Change in Interest Rates	**Increase (Decrease) in Interest Income**	**Increase (Decrease) in Interest Expense**	**Increase (Decrease) in Net Investment Income**
Up 300 basis points	$ 6,836	$ 810	$ 6,026
Up 200 basis points	4,097	540	3,557
Up 100 basis points	1,513	270	1,243
Down 100 basis points	(76)	(174)	98
Down 200 basis points	(76)	(174)	98
Down 300 basis points	(76)	(174)	98

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In accordance with Rules 13a-15(b) and 15d-15(b) under the Securities Exchange Act of 1934 (the “Exchange Act”), we, under the supervision and with the participation of our Chief Executive Officer and Interim 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 June 30, 2026 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 six months ended June 30, 2026 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, 2025. Except for the following related to the Merger:

Sales of shares of our common stock after the completion of the Merger may cause the market price of our common stock to decline.

At the Merger Effective Time, each share of REFI's common stock issued and outstanding immediately prior to such time (other than shares owned by us or any of our consolidated subsidiaries), will be converted into the right to receive a number of shares of our common stock equal to the Exchange Ratio, plus any cash (without interest) in lieu of fractional shares.

Former REFI shareholders may decide not to hold the shares of our common stock that they will receive pursuant to the Merger Agreement. Certain of REFI's shareholders, such as funds with limitations on their permitted holdings of stock in individual issuers, may be required to sell the shares of our common stock that they receive pursuant to the Merger Agreement. In addition, our shareholders may decide not to hold their shares of our common stock after completion of the Merger. In each case, such sales of our common stock could have the effect of depressing the market price for our common stock and may take place soon after the completion of the Merger.

Immediately prior to the date and time that REFI elects to be regulated as a BDC under the 1940 Act by filing a Form N-54 with the SEC (the "BDC Election Time"), any vesting conditions applicable to each outstanding share of REFI's restricted stock will, automatically and without any required action on the part of the holder thereof, accelerate in full and thereafter participate in the Merger along with the other shares of REFI's common stock. Following the Merger Effective Time, holders of previously restricted shares may sell the shares of our common stock that they receive in the Merger, subject to applicable securities laws.

In addition, on July 9, 2026, REFI entered into a Loan Agreement with Koach Capital Fund I LLC, Koach Capital Fund II LP, Koach Capital Fund III LP and their respective wholly-owned subsidiaries (collectively, "Koach"), pursuant to which REFI issued 4,306,754 shares of REFI's common stock, at a price of $14.53 per share, in a private placement in exchange for second lien promissory notes issued by Koach in an aggregate principal amount of approximately $62.5 million (collectively, the "Koach Notes" and, such transaction, the "Koach Transaction"). The shares of REFI's common stock issued to Koach investors in the Koach Transaction will be converted into shares of our common stock in the Merger. These shares are subject to lock-up letters restricting transfers for periods of three months (as to 20% of the shares) and six months (as to the remaining 80% of the shares) following the July 9, 2026 closing of the Koach Transaction. Following expiration of the applicable lock-up periods, the shares of our common stock held by the Koach investors will become freely transferable, and the subsequent sale of these shares could create market overhang and adversely affect the market price of our common stock.

Our shareholders will experience a reduction in percentage ownership and voting power in the combined company as a result of the Merger.

Our shareholders will experience a substantial reduction in their respective percentage ownership interests and effective voting power in respect of the combined company relative to their respective ownership interests in the Company prior to the Merger. Consequently, Our shareholders should expect to exercise less influence over the management and policies of the combined company following the Merger than they currently exercise over the management and policies of the Company.

Prior to completion of the Merger, subject to certain restrictions in the Merger Agreement, and certain restrictions under the 1940 Act for issuances at prices below the then current net asset value per share of our common stock, we may issue additional shares of our common stock, which would further reduce the percentage ownership of the combined company to be held by our shareholders.

The Merger Agreement conditions completion of the Merger on approval by our and REFI's unaffiliated shareholders who vote at the relevant shareholder meetings, and the failure to obtain such approvals will result in the Merger not being completed.

In addition to the customary shareholder approvals required for the Merger, the Merger Agreement conditions completion of the Merger on approval of the Merger Agreement by at least a majority of the shares of our common stock voted at the special meeting of our shareholders held by the unaffiliated holders of our common stock (the "LIEN Minority Vote"), and on approval of the Merger Agreement by at least a majority of the shares of REFI's common stock voted at the special meeting of REFI's shareholders (the "REFI Special Meeting") held by the unaffiliated holders of REFI's common stock (the "REFI Minority Vote," and together with the LIEN Minority Vote, the "Minority Vote Requirements").

The Minority Vote Requirements are heightened voting standards that were added to the Merger Agreement in response to our affiliation with REFI (as we share a common investment adviser platform) and the potential conflicts of interest presented by the Merger. Because affiliated shares are excluded from both the numerator and the denominator of the Minority Vote Requirements, a relatively small number of unaffiliated shareholder votes can determine whether the Merger is approved. If the Minority Vote Requirements are not obtained on either side, the Merger cannot be completed, notwithstanding Voting and Support Agreements or the affirmative vote of affiliated shareholders.

The Minority Vote Requirements also make the vote outcome more sensitive to shareholder participation. Broker non-votes and abstentions have the effect of votes against the Merger Agreement because approval of the Merger Agreement requires the affirmative vote of at least a majority of the outstanding shares of our common stock and REFI's common stock. As a result, low shareholder turnout or high broker non-vote levels could result in failure of the Merger even if a substantial majority of unaffiliated shareholders who actually vote support the Merger. However, abstentions will not be counted as votes cast for purposes of the separate majority-of-the-minority-shares-voted requirement.

The REFI Special Meeting will be conducted in two sessions, which are expected to occur on the same day, pursuant to a sequencing adjournment, and this meeting structure may be subject to challenge that could delay or prevent the completion of the Merger.

The REFI Special Meeting is expected to be conducted in two sessions, which are expected to occur on the same day. At the initial session, REFI's shareholders will vote on REFI's election to be regulated as a BDC (the "BDC Election"), REFI's investment advisory agreement with the Adviser (the "New BDC Advisory Agreement") and a proposal to approve the adjournment of the REFI Special Meeting, from time to time, if necessary or appropriate, including (a) to permit the filing and SEC acceptance of the BDC Election and REFI's board of director's consideration and adoption of the approvals required to be made by the board of directors of REFI pursuant to Rule 17a-8 of the 1940 Act (the "Post-BDC Election Approvals") prior to the vote on the Merger Agreement, and (b) to solicit additional proxies if there are insufficient votes to approve the BDC Election, the New BDC Advisory Agreement or the Merger Agreement (such proposal, the "REFI Adjournment Proposal"). Following the vote on the BDC Election and the New BDC Advisory Agreement, the REFI Special Meeting will be adjourned pursuant to the REFI Adjournment Proposal for a short period of time, during which (i) REFI will file its Form N-54A with the SEC and, upon acceptance of such filing, the BDC Election Time will occur, and (ii) the board of directors of REFI (acting on the recommendation of REFI's special committee) will consider and adopt the Post-BDC Election Approvals. The REFI Special Meeting will thereafter be reconvened, which is expected to occur on the same day, and REFI's shareholders will vote on the Merger Agreement at the reconvened session.

The two-session meeting structure is designed to accommodate the sequencing required by the Merger Agreement and the 1940 Act. Specifically, REFI's status must change from a real estate investment trust ("REIT") to a BDC (and the Post-BDC Election Approvals must be adopted) before REFI's shareholders vote on the Merger Agreement, because REFI's shareholders voting on the Merger Agreement at the reconvened session will be voting as shareholders of a BDC rather than a REIT.

In addition, the two-session structure requires that a series of steps be completed within a limited timeframe, including SEC acceptance of the Form N-54A, REFI's special committee's recommendation to the board of directors of REFI, and the board of directors of REFI's adoption of the Post-BDC Election Approvals. Any delay in completing these steps could require an additional adjournment (which could implicate a new record date if not completed within 120 days of the original record date) and could delay or prevent the completion of the Merger.

We may be unable to realize the benefits anticipated by the Merger, including estimated cost savings, or it may take longer than anticipated to achieve such benefits.

The realization of certain benefits anticipated as a result of the Merger will depend in part on the integration of REFI's investment portfolio with our investment portfolio and the integration of REFI's business with our business. There can be no assurance that REFI's investment portfolio or business can be operated profitably or integrated successfully into our operations in a timely fashion or at all. The dedication of management resources to such integration may detract attention from the day-to-day business of the combined company, and there can be no assurance that there will not be substantial costs associated with the transition process or that there will not be other material adverse effects as a result of these integration efforts. Such effects, including incurring unexpected costs or delays in connection with such integration and failure of REFI's investment portfolio to perform as expected, could have a material adverse effect on the financial results of the combined company.

We also expect to achieve certain cost savings from the Merger when the two companies have fully integrated their portfolios. It is possible that the estimates of the potential cost savings could ultimately be incorrect. The cost savings estimates also assume we will be able to combine the operations of the Company and REFI in a manner that permits those cost savings to be fully realized. If the estimates turn out to be incorrect or if we are not able to combine REFI's investment portfolio or business with our operations successfully, the anticipated cost savings may not be fully realized or realized at all or may take longer to realize than expected.

The Merger may trigger certain "change of control" provisions and other restrictions in our or REFI's contracts or of our respective affiliates and the failure to obtain any required consents or waivers could adversely impact the combined company.

Certain of our or REFI's agreements or contracts of our respective affiliates, which may include agreements governing indebtedness of us or REFI, will or may require the consent or waiver of one or more counterparties in connection with the Merger. The failure to obtain any such consent or waiver may permit such counterparties to terminate, or otherwise increase their rights or our or REFI's obligations under, any such agreement because the Merger or other transactions contemplated by the Merger Agreement may violate an anti-assignment, change of control or other similar provision relating to any of such transactions. If this occurs, we may have to seek to replace that agreement with a new agreement or seek an amendment to such agreement. We cannot assure you that we will be able to replace or amend any such agreement on comparable terms or at all.

If any such agreement is material, the failure to obtain consents, amendments or waivers under, or to replace on similar terms or at all, any of these agreements could adversely affect the financial performance or results of operations of the combined company following the Merger, including preventing us from operating a material part of REFI's business.

In addition, the consummation of the Merger may violate, conflict with, result in a breach of provisions of, or the loss of any benefit under, constitute a default (or an event that, with or without notice or lapse of time or both, would constitute a default) under, or result in the termination, cancellation, acceleration or other change of any right or obligation (including any payment obligation) under, certain agreements of us or REFI. Any such violation, conflict, breach, loss, default or other effect could, either individually or in the aggregate, have a material adverse effect on the financial condition, results of operations, assets or business of the combined company following completion of the Merger.

The Merger is conditioned on the assumption or repayment of REFI's outstanding indebtedness, and consent from the lenders under REFI's unsecured notes has not been obtained.

It is a condition to the closing of the Merger that the lenders under REFI's revolving credit facility and unsecured notes shall have either agreed to our assumption of the indebtedness or such indebtedness shall have been repaid prior to the closing of the Merger. As of the date of the Merger Agreement, the agent and lenders under REFI's revolving credit facility have provided a preliminary consent supporting the Merger, and we and REFI expect to obtain a definitive consent prior to the closing of the Merger. However, the lenders under REFI's unsecured notes have not provided any consent as of the date of the Merger Agreement, and although REFI expects to obtain their consent (or, alternatively, to repay the notes) prior to the closing of the Merger, there is no assurance that either outcome will occur. If REFI is unable to satisfy the closing condition, we may not be able to consummate the Merger.

The opinion delivered to the special committee of our Board (the "LIEN Special Committee") by its financial advisor prior to the signing of the Merger Agreement will not reflect changes in circumstances since the date of the opinion.

The opinion of the financial advisor to the LIEN Special Committee was delivered to the LIEN Special Committee on, and dated, June 16, 2026. Changes in our or REFI's operations and prospects, general market and economic conditions and other factors that may be beyond the control of us or REFI may significantly alter our or REFI's respective value or the price of shares of our common stock or REFI's common stock by the time the Merger is completed. The opinion does not speak as of the time the Merger will be completed or as of any date other than the date of such opinion.

The announcement and pendency of the Merger could adversely affect both our and REFI's business, financial results and operations.

The announcement and pendency of the Merger could cause disruptions in and create uncertainty surrounding both our and REFI's business, including affecting relationships with existing and future borrowers, which could have a significant negative impact on future revenues and results of operations, regardless of whether the Merger is completed. In addition, we and REFI have diverted, and will continue to divert, management resources towards the completion of the Merger, which could have a negative impact on each of our and REFI's future revenues and results of operations.

We and REFI are also subject to restrictions on the conduct of each of our and REFI's businesses prior to the completion of the Merger as provided in the Merger Agreement, generally requiring us and REFI to conduct business only in the ordinary course and subject to specific limitations, including, among other things, certain restrictions on each of our and REFI's respective ability to make certain investments and acquisitions, sell, transfer or dispose of our and REFI's respective assets, amend each of our and REFI's respective organizational documents and enter into or modify certain material contracts. These restrictions could prevent us or REFI from pursuing otherwise attractive business opportunities, industry developments and future opportunities and may otherwise have a significant negative impact on the respective future investment income and results of operations of each of us and/or the combined company following the Merger.

If the Merger does not close, we will benefit from the expenses incurred in its pursuit.

The Merger may not be completed. If the Merger is not completed, we will have incurred substantial expenses for which no ultimate benefit will have been received. We have incurred out-of-pocket expenses in connection with the Merger for investment banking, legal and accounting fees and financial printing and other related charges, much of which will be incurred even if the Merger is not completed.

The termination of the Merger Agreement could negatively impact us.

If the Merger Agreement is terminated, there may be various consequences, including:

- our business may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the Merger, without realizing any of the anticipated benefits of completing the Merger; and

- the market price of our common stock might decline to the extent that the market price prior to termination reflects a market assumption that the Merger will be completed.

The Merger Agreement limits our ability to pursue alternatives to the Merger.

The Merger Agreement contains provisions that limit our ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of us. These provisions, which are typical for transactions of this type, might discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of us from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the Merger or might result in a potential competing acquirer proposing to pay a lower per share price to acquire us than it might otherwise have proposed to pay. However, unlike many public-company merger agreements, the Merger Agreement does not require us to pay a termination fee to the other party under any circumstance.

The Merger is subject to closing conditions, including shareholder approvals, that, if not satisfied or (to the extent legally allowed) waived, will result in the Merger not being completed, which may result in material adverse consequences to our business and operations.

The Merger is subject to closing conditions, including certain approvals of our and REFI's respective shareholders that, if not satisfied, will prevent the Merger from being completed. The closing condition that REFI's shareholders adopt the Merger Agreement and approve the Merger, the BDC Election and the New BDC Advisory Agreement may not be waived under applicable law and must be satisfied for the Merger to be completed. If REFI's shareholders do not approve the Merger Agreement and the Merger, the BDC Election and the New BDC Advisory Agreement and the Merger is not completed, the resulting failure of the Merger could have a material adverse impact on our business and operations. In addition, the closing condition that our shareholders approve the Merger Agreement, including the Merger and related transactions, and the issuance of shares of our common stock pursuant to the Merger Agreement (the "Merger Stock Issuance Proposal") may not be waived under applicable law and must be satisfied for the Merger to be completed. If our shareholders do not approve the Merger Stock Issuance Proposal and the Merger Agreement, including the Merger and related transactions, and the Merger is not completed, the resulting failure of the Merger could have a material adverse impact on our business and operations. The Merger is also conditioned on receipt by REFI of the Post-BDC Election Approvals from REFI's board of directors (upon recommendation of REFI's special committee) under Rule 17a-8 of the 1940 Act following the BDC Election Time. If the Post-BDC Election Approvals are not obtained on the anticipated schedule, the Merger will not be completed on the anticipated timeline and may not be completed at all. In addition to the required approvals of our and REFI's shareholders, the Merger is subject to a number of other conditions beyond our control that may prevent, delay or otherwise materially adversely affect completion of the Merger. We cannot predict whether and when these other conditions will be satisfied.

Litigation filed against us and REFI in connection with the Merger could result in substantial costs and could delay or prevent the Merger from being completed.

We and REFI may be subject to legal actions, including securities class action lawsuits and derivative lawsuits, as well as various regulatory, governmental and law enforcement inquiries, investigations and subpoenas in connection with the Merger. These or any similar securities class action lawsuits and derivative lawsuits, regardless of their merits, may result in substantial costs and divert management time and resources. An adverse judgment in such cases could have a negative impact on the liquidity and financial condition of us and/or the combined company following the Merger or could prevent the Merger from being completed.

We will be subject to operational uncertainties and contractual restrictions while the Merger is pending.

Uncertainty about the effect of the Merger may have an adverse effect on us and, consequently, on the combined company following completion of the Merger. These uncertainties may cause those that deal with us to seek to change their existing business relationships with us. In addition, the Merger Agreement restricts us from taking actions that we might otherwise consider to be in our best interests. These restrictions may prevent us from pursuing certain business opportunities that may arise prior to the completion of the Merger.

We and REFI may waive one or more conditions to the Merger without resoliciting shareholder approval.

Certain conditions to our and REFI's respective obligations to complete the Merger may be waived, in whole or in part, to the extent legally allowed, either unilaterally or by agreement of us and REFI. In the event that any such waiver does not require resolicitation of shareholders, the parties to the Merger Agreement will have the discretion to complete the Merger without seeking further shareholder approval. The conditions requiring the approval of the Merger Stock Issuance Proposal and the Merger Agreement, including the Merger and related transactions, by our shareholders and the BDC Election, the New BDC Advisory Agreement, and the Merger Agreement by REFI's shareholders, however, cannot be waived.

The market price of our common stock after the Merger may be affected by factors different from those affecting our common stock currently.

Our business and REFI's business differ in some respects and, accordingly, the results of operations of the combined company and the market price of our common stock after the Merger may be affected by factors different from those currently affecting the independent results of operations of us and REFI and the market prices of our common stock. These factors include a larger shareholder base, differences in the investment strategies and a different capital structure.

Accordingly, our historical trading prices and financial results may not be indicative of these matters for the combined company following the Merger.

Our shareholders and REFI's shareholders do not have appraisal rights in connection with the Merger.

Appraisal rights are statutory rights that enable shareholders to dissent from certain extraordinary transactions, such as certain mergers, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to shareholders in connection with the applicable transaction. Under Maryland law, our shareholders and REFI's shareholders will not have rights to an appraisal of the fair value of their shares in connection with the Merger.

The Merger may not be treated as a tax-free reorganization under Section 368(a) of the Code.

We and REFI intend that the Merger will qualify as a tax-free reorganization under Section 368(a) of the Code, and each expect to receive a legal opinion to that effect. However, if the Internal Revenue Service or a court determines that the Merger should not be treated as a tax-free reorganization under Section 368(a) of the Code, then a shareholder would generally recognize gains or losses for U.S. federal income tax purposes upon the exchange of REFI's common stock for our common stock in the Merger.

The combined company may incur adverse tax consequences if either we or REFI have failed or fails to qualify for taxation as a RIC or a REIT, respectively, for United States federal income tax purposes.

REFI has elected to qualify as a REIT and has operated in a manner that it believes has allowed it to qualify as a REIT for U.S. federal income tax purposes under the Code and intends to continue to so qualify as a REIT at the time of the Merger. We have elected to qualify as a RIC and have operated in a manner that we believe has allowed us to qualify as a RIC for U.S. federal income tax purposes under the Code and intend to continue to do so through and following the Merger. In order to qualify as a RIC or a REIT, a corporation must satisfy numerous requirements relating to, among other things, the nature of its assets, income and distributions. If we or REFI had failed or fails to qualify as a RIC or a REIT, respectively, for U.S. federal income tax purposes, the combined company may have significant tax liabilities, or may have to make significant distributions and pay penalty or excise taxes in order for the combined company to qualify as a RIC. These liabilities could substantially reduce the combined company's cash available for distribution to its shareholders and the value of our common stock. In addition, if either we or REFI have failed or fail to qualify as a RIC or a REIT, respectively, for U.S. federal income tax purposes, the analysis of the Merger as a tax-free reorganization could be impacted.

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

Dividend Reinvestment Plan

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

During the quarter ended June 30, 2026, 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
2.1	Agreement and Plan of Merger, dated as of June 17, 2026, by and among Chicago Atlantic Real Estate Finance, Inc., Chicago Atlantic BDC, Inc., Chicago Atlantic BDC Advisers, LLC, and Chicago Atlantic REIT Manager, LLC(1)
3.1	Articles of Amendment and Restatement of the Company(2)
3.2	Articles of Amendment of the Company(3)
3.3	Second Amended and Restated Bylaws of the Company(4)
10.1	WATC Custody Agreement(5)
10.2	WAB Custody Agreement(6)
10.3	Credit Agreement(7)
10.4	Form of Support Agreement (REFI Stockholders), dated as of June 17, 2026, by and among Chicago Atlantic Real Estate Finance, Inc. and the stockholders party thereto(8)
10.5	Form of Support Agreement (LIEN Stockholders), dated as of June 17, 2026, by and among Chicago Atlantic BDC, Inc., and the stockholders party thereto(9)
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 with Embedded Linkbase Documents*
104	Cover page formatted as Inline XBRL and contained in Exhibit 101*

* Filed herewith.

(1) Incorporated by reference to Exhibit 2.1 to the Company's current report on Form 8-K filed June 18, 2026.
(2) Incorporated by reference to Exhibit 3.1 of the Company's annual report on Form 10-K/A, filed on June 30, 2022.
(3) Incorporated by reference to Exhibit 3.2 of the Company's quarterly report on Form 10-Q filed on November 8, 2024.
(4) Incorporated by reference to Exhibit 3.3 of the Company's current report on Form 8-K, filed on December 19, 2025.
(5) Incorporated by reference to Exhibit 10.2 of the Company's current report on Form 8-K filed on February 18, 2025.
(6) Incorporated by reference to Exhibit 10.3 of the Company's current report on Form 8-K filed on February 18, 2025.
(7) Incorporated by reference to Exhibit 10.1 of the Company's current report on Form 8-K filed on February 18, 2025.
(8) Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed June 18, 2026.
(9) Incorporated by reference to Exhibit 10.2 to the Company's current report on Form 8-K filed June 18, 2026.

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 August 12, 2026.

CHICAGO ATLANTIC BDC, INC.

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

By: /s/ Thomas Geoffroy
Thomas Geoffroy
Interim Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

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 June 30, 2026;

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: August 12, 2026

By: /s/ Peter Sack

Peter Sack
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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, Thomas Geoffroy, Interim 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 June 30, 2026;

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: August 12, 2026

By: /s/ Thomas Geoffroy
Thomas Geoffroy
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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 June 30, 2026 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 June 30, 2026 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2026

By: /s/ Peter Sack

Peter Sack
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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 Interim 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 June 30, 2026 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 June 30, 2026 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2026

By: /s/ Thomas Geoffroy
Thomas Geoffroy
Interim Chief Financial Officer
(Principal Financial Officer)