



GREAT ELM CAPITAL®

*Great Elm Capital Corp.*

**Great Elm Capital Corp.**

(NASDAQ: GECC)

Investor Presentation

Quarter Ended June 30, 2021

August 3, 2021

# Forward Looking Statement

Statements in this communication that are not historical facts are “forward-looking” statements within the meaning of the federal securities laws. These statements are often, but not always, made through the use of words or phrases such as “expect,” “anticipate,” “should,” “will,” “estimate,” “designed,” “seek,” “continue,” “upside,” “potential,” “preliminary” and similar expressions. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are: conditions in the credit markets, the price of GECC common stock, the performance of GECC’s portfolio and investment manager and risks associated with the economic impact of the COVID-19 pandemic on GECC and its portfolio companies. Information concerning these and other factors can be found in GECC’s Annual Report on Form 10-K and other reports filed with the SEC. GECC assumes no obligation to, and expressly disclaims any duty to, update any forward-looking statements contained in this communication or to conform prior statements to actual results or revised expectations except as required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

You should consider the investment objective, risks, charges and expenses of GECC carefully before investing. GECC’s filings with the SEC contain this and other information about GECC and are available by contacting GECC at the phone number and address at the end of this presentation. The SEC also maintains a website that contains the aforementioned documents. The address of the SEC’s website is <http://www.sec.gov>. These documents should be read and considered carefully before investing.

The performance, distributions and financial data contained herein represent past performance, distributions and results and neither guarantees nor is indicative of future performance, distributions or results. Investment return and principal value of an investment will fluctuate so that an investor’s shares may be worth more or less than the original cost. GECC’s market price and net asset value will fluctuate with market conditions. Current performance may be lower or higher than the performance data quoted. All information and data, including portfolio holdings and performance characteristics, is as of June 30, 2021, unless otherwise noted, and is subject to change.

This presentation does not constitute an offer of any securities for sale.

## Great Elm Capital Corp.

- Externally managed, total-return-focused BDC
- Liquid balance sheet
- Directors of GECC, employees of GECM and officers and directors of GECM's parent, including investment funds managed by directors of GECM's parent, own approximately 42.5% of GECC's outstanding shares

## Investment Objective

- To generate current income and capital appreciation by investing in debt and income generating equity securities, including actively pursuing investments in specialty finance businesses

## Portfolio (as of 6/30/2021)

- \$209.4 million of portfolio fair value; \$91.7 million of net asset value
- Debt investments carry a weighted average current yield of 11.1%<sup>1</sup>
- 53 investments (42 debt, 11 equity) in 43 companies across 24 industries, excluding investments in SPACs

<sup>(1)</sup> Weighted average current yield is based upon the stated coupon rate and fair value of outstanding debt securities at the measurement date.

## Deployment of Capital

- During Q2 2021, deployed \$49.9 million, excluding SPACs, into 25 investments at a weighted average current yield of 9.29% and a weighted average price of 98% of par

## Monetization of Investments

- During Q2 2021, monetized \$35.1 million, excluding SPACs, across 18 investments, in whole or in part, at a weighted average current yield of 8.0% and a weighted average price of 100% of par
  - This includes \$19.4 million of paydowns and repayments with the complete exit of 5 positions during the quarter
- Monetized \$0.4 million of SPAC securities during the period

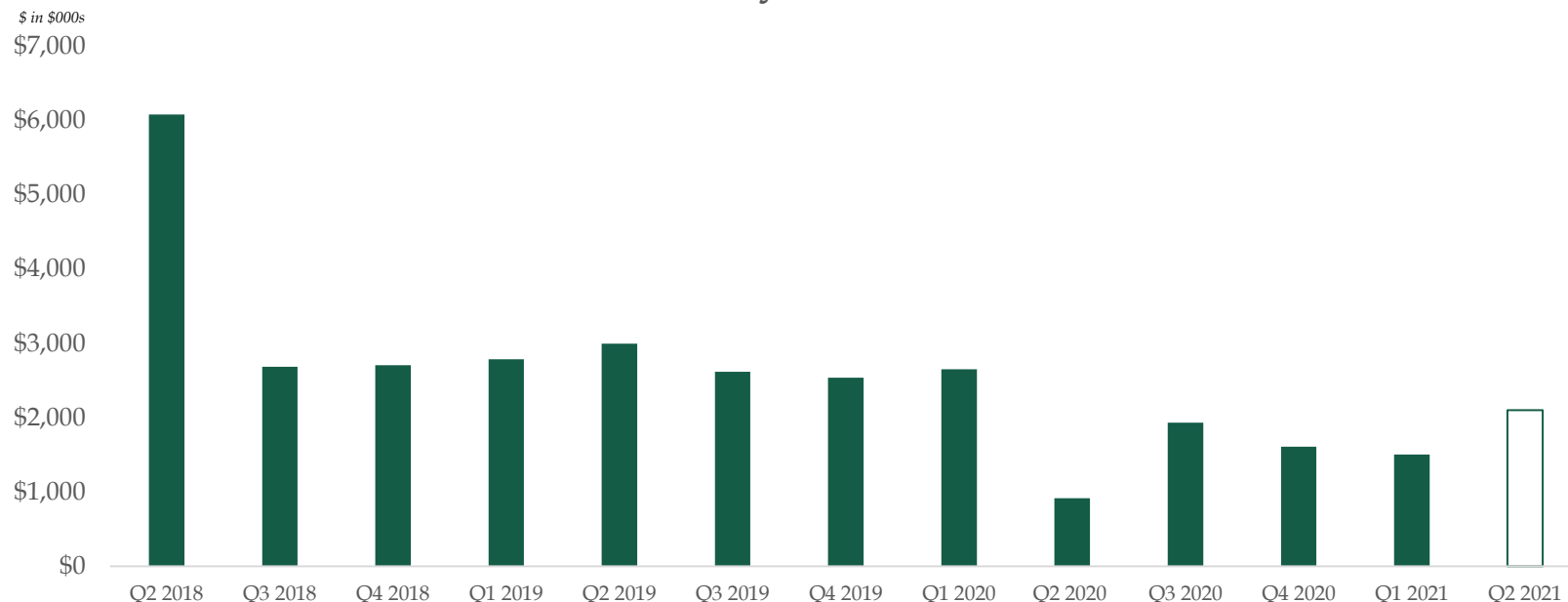
## Attractive Funding Sources

- GECCN 6.50% Notes due June 2024
- GECCM 6.75% Notes due January 2025
- New \$25.0 Million Credit Facility with a 3 Year Term at LIBOR rate plus 3.50%
- GECCO 5.875% Notes due June 2026 (Issued in June 2021)

# Second Quarter 2021: Net Investment Income (“NII”) Analysis

- NII for the quarter ended June 30, 2021 was approximately \$2.1 million, or \$0.09 per share<sup>(1)</sup>, as compared to NII of \$1.5 million or \$0.06 per share for the quarter ended March 31, 2021

## NII by Quarter



<sup>(1)</sup> Based on weighted average shares outstanding of 23,508,232 for the quarter ended June 30, 2021 and 23,401,837 for the quarter ended March 31, 2021.

# Net Asset Value Change from March 31, 2021 to June 30, 2021

		\$ in \$000s	
<b>Net Asset Value at March 31, 2021</b>		<b>\$91,531</b>	<b>\$3.89</b>
Portfolio Company	Realized / Unrealized Gain / Loss	Per Share	
Avanti Communications Group plc - 2nd Lien Secured Bond	\$(6,066)	\$(0.26)	
California Pizza Kitchen, Inc. - Common Equity	\$3,619	\$0.15	
PFS Holdings Corporation - Common Equity	\$(1,558)	\$(0.07)	
Crestwood Equity Partners - Preferred Equity	\$1,396	\$0.06	
Prestige Capital Finance, LLC - Common Equity	\$823	\$0.04	
Davidzon Radio, Inc.- 1 <sup>st</sup> Lien Secured Loan	\$(789)	\$(0.03)	
All other positions	\$2,959	\$0.13	
Total Asset Gains (Losses)	\$384	\$0.02	
2Q 2021 NII	\$2,103	\$0.09	
2Q 2021 Distributions	\$(2,351)	\$(0.10)	
<b>Net Asset Value Change</b>	<b>\$136</b>	<b>\$0.01</b>	
<b>Net Asset Value at June 30, 2021</b>		<b>\$91,667</b>	<b>\$3.90</b>

# Investment Activity: New Investments (April 1 – July 30, 2021)

Investment Activity: New Investments <sup>1*</sup>								
Portfolio Company	Investment Description	Maturity	Par Amount / Quantity	Cost	Market Discount	Interest Rate	Current Yield (%) <sup>2</sup>	Current Yield (\$) <sup>2</sup>
Arrow BidCo LLC	2nd Lien Note	3/15/2024	\$4,000	\$3,997	\$4	9.50%	9.36%	\$374
Levy/Stormer	Senior Secured Note	5/13/2024	\$2,564	\$2,459	\$105	12.50%	12.50%	\$321
Prestige Capital Finance, LLC	Senior Secured Note	6/15/2023	\$3,000	\$3,000	\$0	12.50%	12.50%	\$375
Vantage Specialty Chemicals	2nd Lien Term Loan	10/26/2025	\$615	\$596	\$19	9.25%	9.59%	\$59
Lenders' Funding, LLC	Receivable	6/23/2022	\$1,752	\$1,752	\$0	11.50%	11.50%	\$201
W&T Offshore, Inc.	2nd Lien Note	11/1/2023	\$3,000	\$2,681	\$319	9.75%	10.05%	\$302
Monitronics International Inc.	1st Lien Term Loan	3/29/2024	\$3,000	\$2,921	\$79	7.75%	8.00%	\$240
Lenders Funding, LLC	Receivable	6/30/2022	\$1,275	\$1,275	\$0	10.50%	10.50%	\$134
Mad Engine Global, LLC	1st Lien Term Loan	6/30/2027	\$5,000	\$4,875	\$125	8.00%	8.21%	\$410
CURO Group Holdings Corp	1st Lien Note	8/1/2028	\$4,000	\$4,000	\$0	7.50%	7.50%	\$300
Cleaver-Brooks, Inc.	1st Lien Note	3/1/2023	\$2,203	\$2,195	\$8	7.88%	7.95%	\$175
GAC HoldCo Inc.	1st Lien Note	8/15/2025	\$3,000	\$2,895	\$105	12.00%	12.44%	\$373
Michael Baker International	2nd Lien Note	3/1/2023	\$3,000	\$3,023	(\$23)	8.75%	8.68%	\$261
Foresight Energy	1st Lien Term Loan	6/30/2027	\$5,000	\$5,038	(\$38)	9.50%	9.43%	\$471
Equitrans Midstream Corp.	Preferred Equity	Perpetual	\$4,998	\$5,275	(\$278)	9.75%	9.24%	\$462
Summit Mid Holdings, LLC	Preferred Equity	Perpetual	\$1,500	\$1,068	\$433	9.75%	N/A	N/A
Viasat Inc.	Receivable	12/15/2021	\$1,500	\$1,230	\$270	N/A	N/A	N/A
Viasat Inc.	Receivable	9/15/2021	\$3,000	\$2,610	\$390	N/A	N/A	N/A
Viasat Inc.	Receivable	6/15/2021	\$3,000	\$2,700	\$300	N/A	N/A	N/A
Total/ Weighted Average			\$55,406	\$53,588	\$1,818	9.6%	9.6%	\$4,458

\$ m \$000s

- Throughout Q2 2021 and subsequent to quarter end, we actively deployed approximately \$53.6 million of available cash into new investments at a weighted average current yield of 9.6%

(1) Investment Activity includes activity in Q2/2021 and the subsequent period through and including July 30, 2021. Investment activity does not include SPAC activity, revolver draws or PIK interest.

(2) Weighted average current yield is based upon the stated coupon rate and fair value of outstanding investments is as of the most recent measurement date or date of purchase, as applicable. These figures do not include Viasat, Inc. receivables or the accreting Summit Midstream preferred equity.





CASH FLOW MADE SIMPLE

- Prestige<sup>(1)</sup> is a leading provider of “spot factoring” services, providing clients with an opportunity to sell individual accounts receivable for an upfront payment

## Functional

Prestige purchases the individual accounts receivable of creditworthy companies from its clients. It typically advances 75%-85% of the receivable to the client upfront and remits the rest to the client (less Prestige's fee) upon payment of the receivable

## Wide Assortment of Potential Customers

Prestige's clients are generally unable to access traditional bank financing to meet their capital needs but have accounts receivable from creditworthy companies

## Limited Risk

The combination of clients' capital needs and receivables from creditworthy counterparties allows Prestige to consistently underwrite profitable business while taking limited corporate credit risk

**Over 30 years in business and through \$6+ billion of transactions factored, Prestige has a track record of strong credit underwriting with minimal losses**

<sup>(1)</sup> On February 8, 2019, GECC acquired 80.0% of the outstanding equity interests of Prestige for approximately \$7.5 million





## Significant Mutual Benefits



Greater access to capital allows Prestige to increase the size of the transactions it can pursue, which may further enhance its growth

**“Overflow”** opportunities that would allow GECC to participate in certain of Prestige’s larger factoring transactions directly

- Rates of return may be higher than traditional leveraged credit investments
- Proprietary to GECC and unique to portfolio

Actively pursuing specialty finance acquisitions

## Portfolio Repositioning Moving in Right Direction

- A diversified portfolio, primarily comprised of secured loans, secured bonds, preferred equity and investments in specialty finance businesses uncorrelated to the corporate credit portfolio
- Actively pursuing investments in specialty finance businesses
- Debt investments carry a weighted average current yield of 11.1%<sup>1</sup>
- Weighted average current yield of income generating equity investments carry a weighted average current yield of 14.1%<sup>1,2</sup>

## Distributions to Shareholders

- Cash distribution of \$0.10 per share authorized for third quarter of 2021
- Since the Company's initial distribution in December 2016, \$5.04 in total distributions paid, declared or authorized (in cash or stock)

## Ample Liquidity

- Solid Cash Balance
- Credit facility provides ample capital at favorable terms
- New debt issuance provides additional capital at lower cost

<sup>(1)</sup> Weighted average current yield is based upon the anticipated distribution rate and fair value of outstanding investments at the measurement date.

Amounts in the above tables do not include investments in short-term securities, including United States Treasury Bills.

<sup>(2)</sup> Three of the 10 equity investments, totaling approximately \$25.4 million of fair value as of June 30, 2021, are income-generating equity investments: Prestige Capital Finance, LLC, Blueknight Energy Partners L.P., and Crestwood Equity Partners, L.P.

# Portfolio Review

*(Quarter Ended 6/30/2021)*

# Portfolio Review: Quarter End Portfolio Detail

## Debt Investments:

**42**                      **90.0%**                      **\$155.7 million**                      **74.4%**                      **11.1%<sup>1</sup>**

Debt Investments	Weighted Average Dollar Price of Debt Investments	Fair Value of Debt Investments	Of Invested Capital in Debt Investments	Weighted Average Current Yield of Debt Investments
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## Equity Investments:

**3**  
Income Generating  
Equity Investments                      **\$25.4 million**                      **12.1%**                      **14.1%<sup>1</sup>**

**11**

Equity Investments,  
excl. SPACs

Fair value of Equity Investments	Of Invested Capital in Equity Investments	Weighted Average Current Yield of Income-Generating Equity Investments
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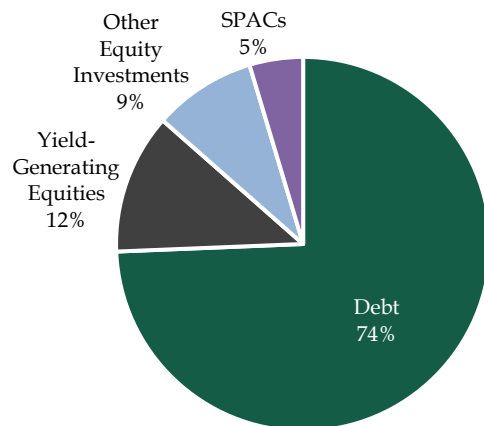
**8**  
Other Equity Investments

**\$18.7 million**                      **8.9%**

<sup>(1)</sup> Weighted average current yield is based upon the anticipated distribution rate and fair value of outstanding investments at the measurement date.  
Amounts in the above tables do not include investments in short-term securities, including United States Treasury Bills.

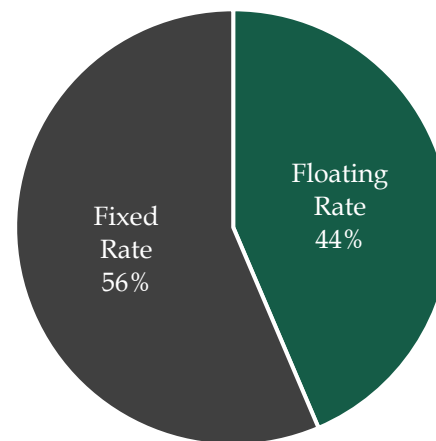
# Portfolio Review: Quarter End Asset Type and Interest Rate Type

Portfolio by Asset Type (\$MM)



Investments	Fair Value of Investments	Percentage of Total Portfolio
Debt	\$ 155.7	74.4%
Yield-Generating Equities	\$ 25.4	12.1%
Other Equities	\$ 18.6	8.9%
SPACs	\$ 9.7	4.6%
<b>Total</b>	<b>\$ 209.4</b>	<b>100%</b>

Portfolio by Interest Rate Type (\$MM)



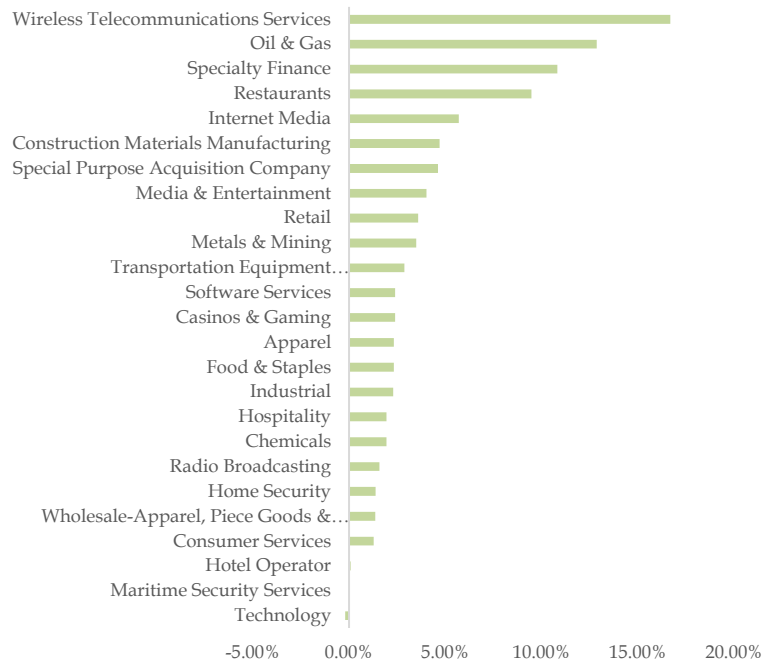
Investments	Fair Value of Debt	Percentage of Debt Holdings
Fixed Rate	\$ 87.8	56.4%
Floating Rate	\$ 67.9	43.6%
<b>Total</b>	<b>\$ 155.7</b>	<b>100%</b>

- *Weighted average fixed rate yield of 12.2%<sup>1</sup>*
- *Weighted average floating rate yield of 9.7%<sup>1</sup>*

<sup>(1)</sup> Weighted average fixed and floating rate current yield is based upon the stated coupon rate and fair value of outstanding debt instruments at the measurement date. Amounts in the above tables do not include investments in short-term securities, including United States Treasury Bills.

# Portfolio Review: Quarter End Industry Breakdown

Industry by % of Fair Value at June 30, 2021



Industry	June 30, 2021	
	Investments at Fair Value	Percentage of Fair Value
Wireless Telecommunications Services	\$ 34,941	16.69%
Oil & Gas	26,931	12.86%
Specialty Finance	22,670	10.82%
Restaurants	19,842	9.48%
Internet Media	11,943	5.70%
Construction Materials Manufacturing	9,848	4.70%
Special Purpose Acquisition Company	9,677	4.62%
Media & Entertainment	8,425	4.02%
Retail	7,549	3.60%
Metals & Mining	7,313	3.49%
Transportation Equipment Manufacturing	6,032	2.88%
Software Services	5,013	2.40%
Casinos & Gaming	4,999	2.39%
Food & Staples	4,881	2.33%
Apparel	4,875	2.33%
Industrial	4,817	2.30%
Chemicals	4,063	1.94%
Hospitality	4,059	1.94%
Radio Broadcasting	3,335	1.59%
Home Security	2,900	1.38%
Wholesale-Apparel, Piece Goods & Notions	2,849	1.36%
Consumer Services	2,685	1.28%
Hotel Operator	165	0.08%
Maritime Security Services	11	0.01%
Technology	(390)	(0.19)%
<b>Total</b>	<b>\$ 209,433</b>	<b>100.00%</b>

Amounts in the above tables do not include investments in short-term securities, including United States Treasury Bills.

\$ in \$000s

# Portfolio Review: Quarterly Investment Activity

## New Investments vs. Monetized Investments

	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021
Dollar Value of New Investments <sup>1</sup>	\$15.9 million	\$34.5 million	\$35.3 million	\$58.4 million	\$49.9 million
Weighted Average Price of New Debt Investments	\$0.92	\$0.91	\$0.94	\$0.96	\$0.98
Weighted Average Current Yield of New Debt Investments <sup>2</sup>	12.2%	12.3%	10.9%	9.9%	9.3%
% of New Debt Investments – Secured Instruments	43%	81%	92%	78%	96%
Dollar Value of Monetized Investments <sup>3</sup>	\$37.5 million	\$18.2 million	\$43.8 million	\$28.2 million	\$35.5 million
Weighted Average Price of Monetized Debt Investments	\$0.98	\$0.97	\$1.00	\$0.89	\$1.00
Weighted Average Current Yield of Monetized Debt Investments <sup>2</sup>	7.5%	9.6%	8.8%	11.6%	8.0%
% of Monetized Debt Investments – Secured Instruments	96%	100%	100%	100%	92%

<sup>(1)</sup> This includes new deals, additional fundings (inclusive of those on revolving credit facilities), refinancings and PIK interest. Amounts included herein are exclusive of investments in short-term securities, including United States Treasury Bills. Weighted average dollar price is based upon the stated par value and fair value of outstanding debt securities at the measurement date. Weighted average current yield is based upon the stated coupon rate and fair value of outstanding debt securities at the measurement date.

<sup>(2)</sup> Weighted average current yield metrics specifically refer to the applicable investment activity in the respective period.

<sup>(3)</sup> This includes scheduled principal payments, prepayments, sales and repayments (inclusive of those on revolving credit facilities). Amounts included herein are exclusive of investments in short-term securities, including United States Treasury Bills. Weighted average dollar price is based upon the stated par value and fair value of outstanding debt securities at the measurement date. Weighted average current yield is based upon the stated coupon rate and fair value of outstanding debt securities at the measurement date.



## SPAC Investments at 6/30/2021:

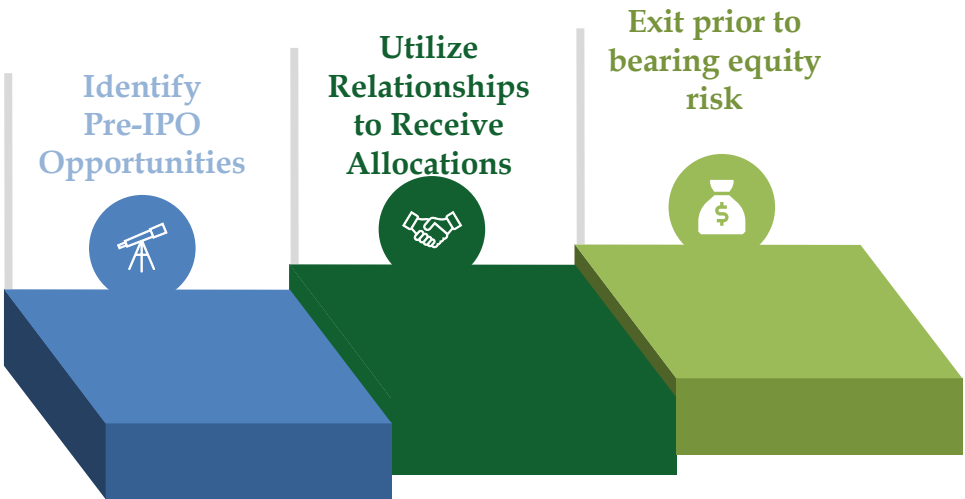
106 issuers

\$9.7 million

4.6%

Investments in Units, Warrants and Common Stock	Total Market Value of SPAC Instruments	Of Invested Capital in SPAC Investments
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*Opportunity to generate a more favorable return on cash balances for the Company in a low-interest rate environment with minimal permanent capital impairment risk*



# Financial Review

*(Quarter Ended 6/30/2021)*

# Financial Review: Per Share Data

## Financial Highlights – Per Share Data

	Q2/2020 <sup>1</sup>	Q3/2020 <sup>1</sup>	Q4/2020 <sup>1</sup>	Q1/2021 <sup>1</sup>	Q2/2021 <sup>1</sup>
Earnings Per Share (“EPS”)	\$0.34	\$0.72	(\$0.43)	\$0.53	\$0.11
Net Investment Income (“NII”) Per Share	\$0.09	\$0.18	\$0.07	\$0.06	\$0.09
Net Realized Gains / (Losses) Per Share	\$0.09	(\$0.02)	\$0.03	(\$0.14)	\$0.02
Net Unrealized Gains / (Losses) Per Share	\$0.16	\$0.56	(\$0.54)	\$0.61	\$0.12
Net Asset Value Per Share at Period End	\$5.10	\$5.53	\$3.46	\$3.89	\$3.90
Distributions Paid / Declared Per Share	\$0.249	\$0.249	\$0.249	\$0.10	\$0.10

<sup>(1)</sup> The per share figures are based on a weighted average outstanding share count for the respective period.

# Financial Review: Quarterly Operating Results

	Q2/2020		Q3/2020		Q4/2020		Q1/2021		Q2/2021	
\$ in \$000s	Per Share <sup>1</sup>		Per Share <sup>1</sup>		Per Share <sup>1</sup>		Per Share <sup>1</sup>		Per Share <sup>1</sup>	
<b>Total Investment Income<sup>2</sup></b>	<b>\$4,768</b>	<b>\$0.47</b>	<b>\$5,951</b>	<b>\$0.56</b>	<b>\$5,749</b>	<b>\$0.26</b>	<b>\$5,295</b>	<b>\$0.23</b>	<b>\$6,233</b>	<b>\$0.27</b>
Interest Income	4,184	0.41	4,375	0.41	4,664	0.21	4,179	0.18	5,092	0.22
Dividend & Other Income	584	0.06	1,576	0.15	1,085	0.05	1,116	0.05	1,141	0.05
<b>Net Operating Expenses</b>	<b>3,852</b>	<b>0.38</b>	<b>4,018</b>	<b>0.38</b>	<b>4,084</b>	<b>0.18</b>	<b>3,791</b>	<b>0.16</b>	<b>4,130</b>	<b>0.18</b>
Management fees	591	0.06	609	0.06	613	0.03	660	0.03	765	0.03
Incentive fees <sup>3</sup>	228	0.02	482	0.05	210	0.01	108	0.004	398	0.02
Total Investment Management fees	819	0.08	1,091	0.10	823	0.04	768	0.03	1,163	0.05
Administration fees	191	0.02	152	0.01	182	0.01	156	0.01	180	0.01
Directors' fees	51	0.01	49	0.005	47	0.002	55	0.002	56	0.002
Interest expense	2,390	0.23	2,225	0.21	2,206	0.10	2,198	0.09	2,273	0.10
Professional services	250	0.02	287	0.03	647	0.03	425	0.02	251	0.01
Custody fees	19	0.00	20	0.002	(8)	0.0004	13	0.0006	13	0.001
Other	132	0.01	195	0.02	187	0.01	176	0.01	194	0.01
Income Tax, Including Excise Tax	0	0.00	0	0.00	17	0.0008	0	0.00	0	0.00
<b>Net Investment Income</b>	<b>\$916</b>	<b>\$0.09</b>	<b>\$1,933</b>	<b>\$0.18</b>	<b>\$1,648</b>	<b>\$0.07</b>	<b>\$1,504</b>	<b>\$0.06</b>	<b>\$2,103</b>	<b>\$0.09</b>

<sup>(1)</sup> The per share figures are based on a weighted average of the shares outstanding for the preceding quarter, except where such amounts need to be adjusted to be consistent with the financial highlights of our consolidated financial statements.

<sup>(2)</sup> Total investment income includes PIK income and net accretion of OID and market discount.

<sup>(3)</sup> Incentive fees include the reversal of certain accrued incentive fees.

## Financial Highlights - Portfolio

	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021
Capital Deployed	\$15.9 million	\$34.5 million	\$35.3 million	\$58.4 million	\$49.9 million
Investments Monetized	\$37.5 million	\$18.2 million	\$43.8 million	\$28.3 million	\$35.5 million
Total Fair Value of Investments at Period End <sup>1</sup>	\$146.3 million	\$169.5 million	\$151.7 million	\$193.6 million	\$209.4 million
Net Asset Value at Period End	\$53.2 million	\$60.5 million	\$79.6 million	\$91.5 million	\$91.7 million
Total Assets at Period End	\$258.0 million	\$264.5 million	\$283.3 million	\$371.4 million	\$397.8 million
Total Debt Outstanding at Period End (Par Value)	\$119.5 million	\$118.7 million	\$118.7 million	\$118.7 million	\$138.4 million <sup>2</sup>
Debt to Equity Ratio at Period End	2.25x	1.96x	1.49x	1.30x	1.51x
Cash at Period End <sup>3</sup>	\$31.0 million	\$12.6 million	\$52.6 million	\$26.6 million	\$29.1 million <sup>4</sup>

(1) Total Fair Value of Investments does not include investments in short-term securities, including United States Treasury Bills.

(2) Total debt outstanding excludes the Company's 6.50% senior notes due 2022 (NASDAQ: GECC), which were called prior to quarter end and subsequently redeemed at 100% of their principal amount, plus accrued and unpaid interest through the redemption date on July 23, 2021.

(3) Cash does not include our holdings in United States Treasury Bills or Restricted Cash.

(4) Comprised of \$59.8 million of gross cash less \$30.7 million reserved for the July 23rd redemption of our unsecured notes due 2022

# Summary


## Distributions

- GECC's Board authorized the distribution for the quarter ending December 31, 2021 at \$0.10 per share, with the record and payment dates to be set by the officers of GECC pursuant to authority granted by the Board

On an annualized basis, this currently represents an indicated yield of 10.3%\* on NAV and a 12.2% yield on the July 30, 2021 closing price of \$3.28.

(\* Based on an annualized \$0.10 per share total / Net Asset Value of \$3.90 at June 30, 2021)



A close-up photograph of several vibrant green leaves with prominent veins and serrated edges. A semi-transparent white circle is positioned on the right side of the image, containing a list of document sections. The text is centered within the circle and includes a horizontal line under the final item.

Appendix

*Financial Statements*

*Balance Sheet*

*General Risks*

*Contact Information*

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# Consolidated Statements of Operations

(unaudited)

\$ in \$000s

(except per share amounts)

	For the Three Months Ended		For the Six Months Ended	
	June 30,	2020	2021	June 30, 2020
2021				
<b>Investment Income:</b>				
Interest income from:				
Non-affiliated, non-controlled investments	\$ 2,983	\$ 2,616	\$ 5,425	\$ 7,082
Non-affiliated, non-controlled investments (PIK)	68	-	98	-
Affiliated investments	324	243	584	470
Affiliated investments (PIK)	1,568	1,297	3,007	2,521
Controlled investments	149	28	157	98
Total interest income	5,092	4,184	9,271	10,171
Dividend income from:				
Non-affiliated, non-controlled investments	453	-	934	3
Controlled investments	640	480	960	880
Total dividend income	1,093	480	1,894	883
Other income from:				
Non-affiliated, non-controlled investments	48	26	81	56
Affiliated investments (PIK)	-	75	282	75
Controlled investments	-	3	-	12
Total other income	48	104	363	143
<b>Total investment income</b>	<b>\$ 6,233</b>	<b>\$ 4,768</b>	<b>\$ 11,528</b>	<b>\$ 11,197</b>
<b>Expenses:</b>				
Management fees	\$ 765	\$ 591	\$ 1,425	\$ 1,289
Incentive fees	398	228	506	328
Administration fees	180	191	336	395
Custody fees	13	19	26	39
Directors' fees	56	51	111	102
Professional services	251	250	676	507
Interest expense	2,291	2,390	4,489	4,695
Other expenses	176	132	352	274
<b>Total expenses</b>	<b>\$ 4,130</b>	<b>\$ 3,852</b>	<b>\$ 7,921</b>	<b>\$ 7,629</b>
<b>Net investment income</b>	<b>\$ 2,103</b>	<b>\$ 916</b>	<b>\$ 3,607</b>	<b>\$ 3,568</b>
<b>Net realized and unrealized gains (losses):</b>				
Net realized gain (loss) on investment transactions from:				
Non-affiliated, non-controlled investments	\$ 1,683	\$ (42)	\$ (1,732)	\$ (11,498)
Affiliated investments	(4,052)	-	(4,052)	-
Controlled investments	-	-	140	-
Realized gain on repurchase of debt	-	974	-	1,117
Total net realized gain (loss)	(2,369)	932	(5,644)	(10,381)
Net change in unrealized appreciation (depreciation) on investment transactions from:				
Non-affiliated, non-controlled investments	7,706	2,472	17,196	(17,243)
Affiliated investments	(5,777)	(1,030)	(1,494)	(6,115)
Controlled investments	824	221	1,368	144
Total net change in unrealized appreciation (depreciation)	2,753	1,663	17,070	(23,214)
Net realized and unrealized gains (losses)	\$ 384	\$ 2,595	\$ 11,426	\$ (33,595)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 2,487</b>	<b>\$ 3,511</b>	<b>\$ 15,033</b>	<b>\$ (30,027)</b>
Net investment income per share (basic and diluted):				
	\$ 0.09	\$ 0.09	\$ 0.15	\$ 0.35
Earnings per share (basic and diluted):				
	\$ 0.11	\$ 0.34	\$ 0.64	\$ (2.96)
Weighted average shares outstanding (basic and diluted):				
	23,508,232	10,195,857	23,455,328	10,129,269

# Consolidated Statements of Assets and Liabilities

(unaudited)

\$ in \$000s

(except per share amounts)

	June 30, 2021	December 31, 2020
<b>Assets</b>		
Investments		
Non-affiliated, non-controlled investments, at fair value (amortized cost of \$167,643 and \$147,494, respectively)	\$ 154,225	\$ 112,116
Non-affiliated, non-controlled short-term investments, at fair value (amortized cost of \$119,987 and \$74,997, respectively)	119,984	74,998
Affiliated investments, at fair value (amortized cost of \$126,638 and \$109,840, respectively)	39,833	29,289
Controlled investments, at fair value (amortized cost of \$11,394 and \$7,630, respectively)	15,375	10,243
<b>Total investments</b>	<b>329,417</b>	<b>226,646</b>
Cash and cash equivalents	59,761	52,582
Restricted cash	-	600
Receivable for investments sold	3,907	-
Interest receivable	2,985	2,423
Dividends receivable	640	-
Due from portfolio company	723	837
Deferred financing costs	324	-
Prepaid expenses and other assets	33	240
<b>Total assets</b>	<b>\$ 397,790</b>	<b>\$ 283,328</b>
<b>Liabilities</b>		
Notes payable 6.50% due September 18, 2022 (including unamortized discount of \$354 and \$494, respectively)	\$ 29,939	\$ 29,799
Notes payable 6.75% due January 31, 2025 (including unamortized discount of \$916 and \$1,042, respectively)	44,694	44,568
Notes payable 6.50% due June 30, 2024 (including unamortized discount of \$1,312 and \$1,529, respectively)	41,511	41,294
Notes payable 5.875% due June 30, 2026 (including unamortized discount of \$1,646)	48,354	-
Payable for investments purchased	130,374	75,511
Interest payable	415	328
Distributions payable	-	1,911
Accrued incentive fees payable	9,682	9,176
Due to affiliates	905	764
Accrued expenses and other liabilities	249	362
<b>Total liabilities</b>	<b>\$ 306,123</b>	<b>\$ 203,713</b>
<b>Commitments and contingencies</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Assets</b>		
Common stock, par value \$0.01 per share (100,000,000 shares authorized, 23,508,232 shares issued and outstanding and 23,029,453 shares issued and outstanding, respectively)	\$ 235	\$ 230
Additional paid-in capital	232,219	230,504
Accumulated losses	(140,787)	(151,119)
<b>Total net assets</b>	<b>\$ 91,667</b>	<b>\$ 79,615</b>
<b>Total liabilities and net assets</b>	<b>\$ 397,790</b>	<b>\$ 283,328</b>
<b>Net asset value per share</b>	<b>\$ 3.90</b>	<b>\$ 3.46</b>

Debt instruments are subject to credit and interest rate risks.

Credit risk refers to the likelihood that an obligor will default in the payment of principal or interest on an instrument. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument, and debt instruments that are rated by rating agencies are often reviewed and may be subject to downgrade. Our debt investments either are, or if rated would be, rated below investment grade by independent rating agencies. These “junk bonds” and “leveraged loans” are regarded as having predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal. They may be illiquid and difficult to value and typically do not require repayment of principal before maturity, which potentially heightens the risk that we may lose all or part of our investment.

Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate obligations) or directly (especially in the case of an instrument whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors).

GECC utilizes leverage to seek to enhance the yield and net asset value of its common stock. These objectives will not necessarily be achieved in all interest rate environments. The use of leverage involves risk, including the potential for higher volatility and greater declines of GECC’s net asset value, fluctuations of dividends and other distributions paid by GECC and the market price of GECC’s common stock, among others. The amount of leverage that GECC may employ at any particular time will depend on, among other things, our Board’s and our adviser’s assessment of market and other factors at the time of any proposed borrowing.

As part of our lending activities, we may purchase notes or make loans to companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although the terms of such financings may result in significant financial returns to us, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high. We cannot assure you that we will correctly evaluate the value of the assets collateralizing our investments or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a portfolio company, we may lose all or part of the amounts advanced to the borrower or may be required to accept collateral with a value less than the amount of the investment advanced by us to the borrower.



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