



**November 9, 2023**

Fiscal First Quarter  
Ended September 30, 2023  
NASDAQ: GEG



# GEG Fiscal First Quarter Highlights

- GEG is a publicly traded alternative asset manager growing a scalable and diversified portfolio of long-duration and permanent capital vehicles, anchored by two fee-paying vehicles positioned for growth:
  - Great Elm Capital Corp (“GECC”)
  - Monomoy Properties REIT (“Monomoy REIT”)
- GECC had a strong quarter, growing NAV and will pay \$1.3 million in incentive fees to GEG in addition to its management fees of \$0.9 million
- Great Elm’s momentum in real estate continued with Monomoy REIT’s property acquisitions and Monomoy BTS’s continued ramp of build-to-suit development
- GEG ended the quarter with ~\$76 million of cash and marketable securities to deploy across its growing alternative asset management platform
- GEG’s Board of Directors has approved a share repurchase program of up to \$10 million



# Our Goals

*GEG Leadership is focused on three simple goals*



## Improve Profitability



- GECC had another strong quarter ended September 30, 2023
  - GEG will collect \$1.3 million incentive fees from GECC for the second recurring quarter, with total fees of \$2.5 million for the quarter
- GEG remains well positioned to continue to earn cash incentive fees in the year ahead

## Expand Platform



- Great Elm Specialty Finance partnered with strategic investor, providing flexibility to scale its operations and drive growth
- Monomoy BTS is positioned to grow, executing upon existing projects and significantly growing its pipeline of new projects
- Took meaningful steps to launch a complementary credit fund in fiscal 2Q24

## Grow AUM



- GEG grew Fee-Paying AUM and AUM by 5% and 3% year-over-year in fiscal 1Q24
- Leveraging liquid balance sheet to support growth at core businesses and to support additional fund launches
- Positioned to expand the platform to create future AUM growth

# Positioned to Achieve Strategic Goals



# About GEG

**Great Elm Group, Inc. (GEG) is a publicly-traded, alternative asset manager focused on:**

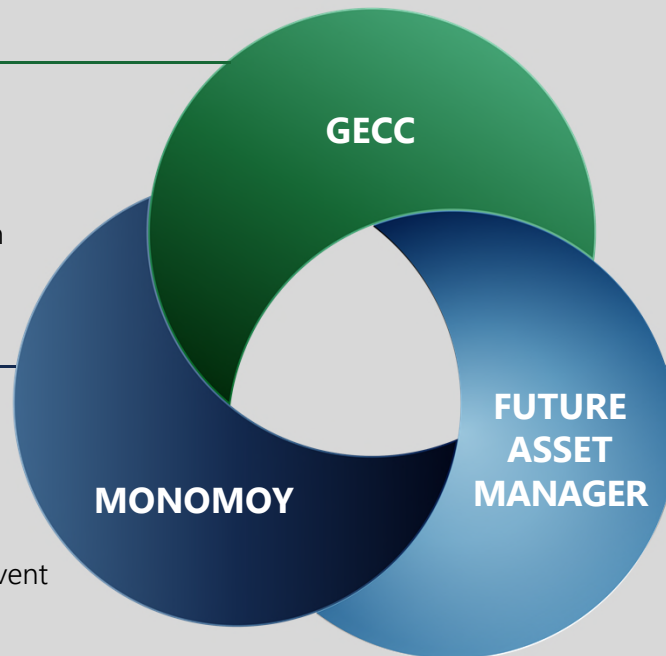
- Growing a scalable and diversified portfolio of long-duration and permanent capital vehicles
- Investing in credit, real estate, specialty finance and other alternative strategies

## GECC

- Public BDC with ~\$240 million AUM
- 20% of common stock held by GEG
- Base management fee of 1.5% on gross assets
- Income incentive fee of 20% after 7% hurdle on net assets

## Monomoy

- Private Industrial REIT with \$380+ million AUM
- ~8% direct investment held by GEG
- Base management fee of 1% on net assets
- Property management fee of 4% on rents
- 20% performance fee charged upon liquidity event after 8% hurdle



## Future Asset Manager

- Active process underway to identify new strategic business
- Focus on long duration “sticky” capital
- Alignment through GEG investment in funds
- Durable fee structure
- Operational leverage supported by existing GEG infrastructure

Approximate amounts as of September 30, 2023

# Summary Financial Position

*GEG September 30, 2023 condensed balance sheet*



| \$ Million                                |                 | 9/30/2023                             |                 |
|---|-----------------|---------------------------------------|-----------------|
| Cash & Marketable Securities <sup>1</sup> | \$ 75.9         | Current Liabilities                   | \$ 5.3          |
| Investments                               | 37.9            | Long-Term Debt                        | 25.9            |
| Other Current and Long-Term Assets        | 22.4            | Convertible Notes                     | 37.2            |
|   |                 | Other Liabilities                     | 0.5             |
|   |                 | <b>Total Liabilities</b>              | <b>\$ 68.9</b>  |
|   |                 | <b>Total Equity</b>                   | <b>\$ 67.3</b>  |
| <b>Total Assets</b>                       | <b>\$ 136.2</b> | <b>Total Liabilities &amp; Equity</b> | <b>\$ 136.2</b> |
|   |                 | <b>Book Value per Share</b>           | <b>~ \$2.25</b> |

<sup>1</sup> At September 30, 2023, marketable securities are comprised of 6-month treasuries maturing on or before January 4, 2024.

# GECC & Monomoy Highlights



- Positioned to pay cash incentive fees to GEG for second consecutive quarter
- Generated ROE of ~8.5% and ~25% for the quarter and calendar year to date
- Reported strong NII of \$0.40 per share, covering the \$0.35 distribution
- Grew NAV to \$12.88 per share, from \$12.21 at June 30, 2023
- Successfully refinanced its Notes due 2024 with the issuance of new Notes due 2028



- Monomoy REIT maintained strong quarterly activity:
  - Closed on two properties with key tenants, totaling ~\$6mm
  - Amended four existing tenant leases for meaningful term extensions
  - Executed 5-year renewal options at three properties
- Monomoy BTS continued development of first two build-to-suit projects in Florida and Mississippi, expecting completion within the current fiscal year

Approximate amounts as of September 30, 2023

# Fiscal 2024 First Quarter Highlights





# Fiscal 1Q24 Financial Highlights



## Revenue

- Fiscal 1Q24 revenue up 78% to \$3.3 million vs. Fiscal 1Q23 revenue of \$1.9 million

## Net Income

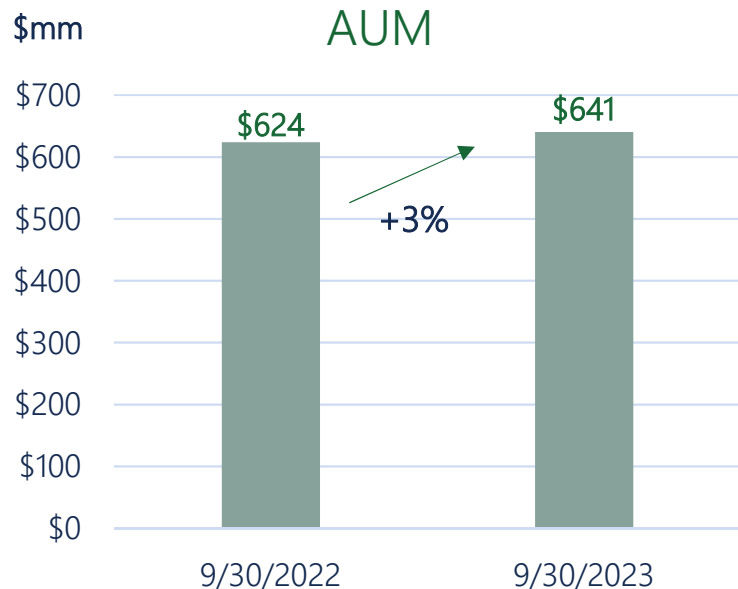
- Net income from continuing operations of \$2.8 million for Fiscal 1Q24, compared to a net loss from continuing operations of (\$9.5) million in the prior-year period

## Adjusted EBITDA<sup>1</sup>

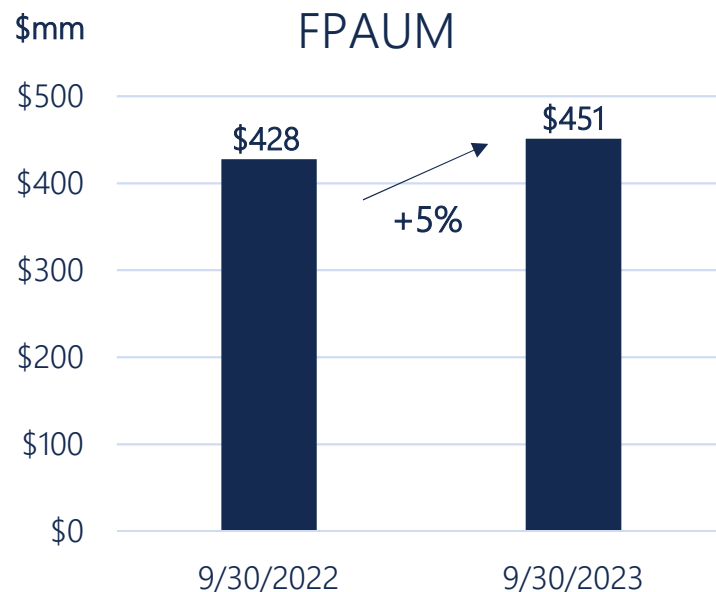
- Fiscal 1Q24 Adjusted EBITDA of \$1.7 million, compared to \$0.7 million in Fiscal 1Q23

<sup>1</sup> Please refer to the disclaimers on slide 16 and the Adjusted EBITDA reconciliation table on page 11

# Assets Under Management



\$641 million of Assets Under Management ("AUM"), up 3% since September 30, 2022



\$451 million of Fee-Paying AUM ("FPAUM"), up 5% since September 30, 2022

# Results By Quarter



(in thousands)

|  | Three Months Ended    |                   |                   |                      |                       |
|--|-----------------------|-------------------|-------------------|----------------------|-----------------------|
|  | September 30,<br>2023 | June 30,<br>2023  | March 31,<br>2023 | December 31,<br>2022 | September 30,<br>2022 |
| <b>NON-GAAP RECONCILIATION</b>                             |                       |                   |                   |                      |                       |
| <b>Net income (loss) from continuing operations - GAAP</b> | <b>\$ 2,758</b>       | <b>\$ (5,256)</b> | <b>\$ (455)</b>   | <b>\$ 29,693</b>     | <b>\$ (9,503)</b>     |
| Interest expense   | 1,062                 | 1,050             | 1,095             | 1,955                | 1,974                 |
| Income tax expense (benefit)                               | -                     | 198               | -                 | (231)                | 233                   |
| Depreciation and amortization                              | 283                   | 282               | 281               | 295                  | 294                   |
| Non-cash compensation                                      | 887                   | 702               | 660               | 645                  | 942                   |
| (Gain) loss on investments, excluding investment in Forest | (3,284)               | 2,187             | (1,964)           | 2,131                | 6,813                 |
| Gains related to sale of Forest                            | -                     | -                 | (25)              | (34,897)             | -                     |
| Transaction and integration related costs                  | -                     | 634               | -                 | 425                  | 46                    |
| Change in contingent consideration                         | 18                    | 603               | 120               | 130                  | (70)                  |
| <b>Adj. EBITDA<sup>1</sup></b>                             | <b>\$ 1,724</b>       | <b>\$ 400</b>     | <b>\$ (288)</b>   | <b>\$ 146</b>        | <b>\$ 729</b>         |
| <b>CASH FLOW</b>   |                       |                   |                   |                      |                       |
| <b>Adj. EBITDA<sup>1</sup></b>                             | <b>\$ 1,724</b>       | <b>\$ 400</b>     | <b>\$ (288)</b>   | <b>\$ 146</b>        | <b>\$ 729</b>         |
| Capital expenditures                                       | (118)                 | (16)              | (7)               | (19)                 | (11)                  |
| <b>Unleveraged free cash flow</b>                          | <b>1,606</b>          | <b>384</b>        | <b>(295)</b>      | <b>127</b>           | <b>718</b>            |
| Interest expense paid                                      | (488)                 | (483)             | (597)             | (1,406)              | (1,345)               |
| <b>Leveraged free cash flow<sup>1</sup></b>                | <b>\$ 1,118</b>       | <b>\$ (99)</b>    | <b>\$ (892)</b>   | <b>\$ (1,279)</b>    | <b>\$ (627)</b>       |

<sup>1</sup> Adjusted EBITDA for prior periods has been adjusted to include dividend income earned during such periods consistent with the methodology for September 30, 2023. Please refer to the disclaimers on slide 16.

# Results Year-Over-Year



(in thousands)

|  | Three months ended September 30, |                   |
|--|----------------------------------|-------------------|
|  | 2023                             | 2022              |
| <b>NON-GAAP RECONCILIATION</b>                             |                                  |                   |
| <b>Net income (loss) from continuing operations - GAAP</b> | <b>\$ 2,758</b>                  | <b>\$ (9,503)</b> |
| Interest expense   | 1,062                            | 1,974             |
| Income tax expense (benefit)                               | -                                | 233               |
| Depreciation and amortization                              | 283                              | 294               |
| Non-cash compensation                                      | 887                              | 942               |
| Loss on investments, excluding investment in Forest        | (3,284)                          | 6,813             |
| Transaction and integration related costs                  | -                                | 46                |
| Change in contingent consideration                         | 18                               | (70)              |
| <b>Adj. EBITDA<sup>1</sup></b>                             | <b>\$ 1,724</b>                  | <b>\$ 729</b>     |
| <b>CASH FLOW</b>   |                                  |                   |
| <b>Adj. EBITDA<sup>1</sup></b>                             | <b>\$ 1,724</b>                  | <b>\$ 729</b>     |
| Capital expenditures                                       | (118)                            | (11)              |
| <b>Unleveraged free cash flow</b>                          | <b>\$ 1,606</b>                  | <b>\$ 718</b>     |
| Interest expense paid                                      | (488)                            | (1,345)           |
| <b>Leveraged free cash flow<sup>1</sup></b>                | <b>\$ 1,118</b>                  | <b>\$ (627)</b>   |

<sup>1</sup> Adjusted EBITDA for prior periods has been adjusted to include dividend income earned during such periods consistent with the methodology for September 30, 2023. Please refer to the disclaimers on slide 16.

# Financial Review: Fiscal 1Q24 Balance Sheet



(in thousands)

|   | September 30, 2023 | June 30, 2023     |
|---|--------------------|-------------------|
| <b>ASSETS</b>   |                    |                   |
| Cash and cash equivalents   | \$ 41,077          | \$ 60,165         |
| Receivables from managed funds  | 4,073              | 3,308             |
| Investments in marketable securities  | 34,783             | 24,595            |
| Investments at fair value   | 37,865             | 32,611            |
| Prepaid and other current assets  | 2,935              | 717               |
| Identifiable intangible assets, net   | 11,839             | 12,115            |
| Real estate under development   | 3,116              | 1,742             |
| Other assets  | 554                | 640               |
| <b>Total assets</b>   | <b>\$ 136,242</b>  | <b>\$ 135,893</b> |
| <b>LIABILITIES</b>  |                    |                   |
| Accounts payable and accrued expenses                                       | \$ 3,696           | \$ 5,609          |
| Related party payables  | 1,228              | 2,335             |
| Long-term debt  | 25,878             | 25,808            |
| Convertible notes   | 37,158             | 37,129            |
| Other liabilities   | 961                | 1,170             |
| <b>Total liabilities</b>  | <b>\$ 68,921</b>   | <b>\$ 72,051</b>  |
| <b>Stockholders' equity and non-controlling interest</b>                    | <b>\$ 67,321</b>   | <b>\$ 63,842</b>  |
| <b>Total liabilities, non-controlling interest and stockholders' equity</b> | <b>\$ 136,242</b>  | <b>\$ 135,893</b> |

# Financial Review: Fiscal 1Q24 Income Statement



(in thousands)

|   | Three months ended September 30, |                   |
|---|----------------------------------|-------------------|
|   | 2023                             | 2022              |
| <b>Revenues</b>   | \$ 3,310                         | \$ 1,860          |
| <b>Operating costs and expenses:</b>                                  |                                  |                   |
| Investment management expenses  | 2,762                            | 1,989             |
| Depreciation and amortization   | 283                              | 294               |
| Selling, general and administrative                                   | 1,715                            | 1,487             |
| Expenses of consolidated funds  | -                                | 46                |
| <b>Total operating costs and expenses</b>                             | <b>4,760</b>                     | <b>3,816</b>      |
| <b>Operating loss</b>   | <b>(1,450)</b>                   | <b>(1,956)</b>    |
| Dividends and interest income   | 1,986                            | 1,473             |
| Net realized and unrealized gain (loss) on investments                | 3,284                            | (6,797)           |
| Net realized and unrealized loss on investments of consolidated funds | -                                | (16)              |
| Interest expense  | (1,062)                          | (1,974)           |
| <b>Income (loss) before income taxes from continuing operations</b>   | <b>2,758</b>                     | <b>(9,270)</b>    |
| Income tax expense  | -                                | (233)             |
| <b>Net income (loss) from continuing operations</b>                   | <b>\$ 2,758</b>                  | <b>\$ (9,503)</b> |
| <b>Net income (loss) from discontinued operations</b>                 | <b>16</b>                        | <b>964</b>        |
| <b>Net income (loss)</b>  | <b>\$ 2,774</b>                  | <b>\$ (8,539)</b> |

# Contact Information

## Investor Relations Contact

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# Disclaimer



Statements in this presentation that are “forward-looking” statements, including statements regarding expected growth, profitability, acquisition opportunities and outlook involve risks and uncertainties that may individually or collectively impact the matters described herein. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made and represent Great Elm’s assumptions and expectations in light of currently available information. These statements involve risks, variables and uncertainties, and Great Elm’s actual performance results may differ from those projected, and any such differences may be material. For information on certain factors that could cause actual events or results to differ materially from Great Elm’s expectations, please see Great Elm’s filings with the Securities and Exchange Commission (“SEC”), including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Additional information relating to Great Elm’s financial position and results of operations is also contained in Great Elm’s annual and quarterly reports filed with the SEC and available for download at its website [www.greatelmgroup.com](http://www.greatelmgroup.com) or at the SEC website [www.sec.gov](http://www.sec.gov).

## Non-GAAP Financial Measures

The SEC has adopted rules to regulate the use in filings with the SEC, and in public disclosures, of financial measures that are not in accordance with US GAAP, such as adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) and free cash flow. See slides 11 & 12 for reconciliations of non-GAAP measures to their most directly comparable GAAP measures.

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