



Great Elm Group, Inc.
Conference Call Presentation
Fiscal Fourth Quarter and Year
Ended June 30, 2021

September 20, 2021
NASDAQ: GEG

Statements in this press release 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 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 or at the SEC website 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 the Appendix for important information regarding the use of non-GAAP financial measures and reconciliations of non-GAAP measures to their most directly comparable GAAP measures.

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

Business Operating Units

Operating Companies

Great Elm Durable Medical Equipment (“DME”) Business

- Distributor of respiratory care equipment (CPAP, ventilators, oxygen) and sleep study services
- Services a large and growing segment of the population who suffer from sleep disorders
- Aging population, rising obesity rates and the prevalence of smoking are causative factors
- Operates in AK, AZ, KS, IA, MO, NE, OR, WA
- 362 employees

Investment Management

Great Elm Capital Management, Inc. (“GECM”)

- SEC Registered Investment Advisor
- Investment Advisor to Great Elm Capital Corp. (Nasdaq: GECC), a publicly-traded business development company
- Manager of the Great Elm SPAC Opportunity Fund (“GESOF”), a privately-held fund
- Three IMAs with a leading institutional investor
- Manager of the Great Elm Opportunities Fund (“GEOF”), a fund structured for a series of co-investment opportunities
- Manager of future funds, co-investments and separately managed accounts

Growth Strategy

- Target undercapitalized small and mid-sized companies where we can partner with management to accelerate earnings and cash flow growth
- Focus on growing Great Elm DME, Inc. both organically and via an expansion strategy that targets existing and adjacent markets
- Focus on driving asset growth in GECC
- Increase AUM via new fund launches, SMAs and co-investments and leverage the existing team and infrastructure to generate incremental free cash flow

Consolidated

Completed a holding company reorganization and financing transaction with J.P. Morgan Broker-Dealer Holdings Inc. (JPM) resulting in a \$5 million distribution to GEG

Lowered GEG's durable medical equipment (DME) segment's cost of capital and provided additional capital for acquisition opportunities

Eliminated \$57 million in debt from our balance sheet through the sale of the real estate business and transactions at GECC GP Corp (GP Corp).

IM

Investment Management (IM) business grew AUM substantially through growth and capital raises at GECC

Launched GESOF, a privately-held fund with a focus on investments in special purpose acquisition companies

Repurchased substantially all of the minority equity interest in GECC GP Corp. (GP Corp) as well as a \$3.1 million note issued by GP Corp, further simplifying GEG's corporate structure

Operating Companies

DME Revenue grew 10.8% QTD and 3.4% YTD as compared to fiscal 2020

Continued to expand the DME business with additional acquisitions

Following fiscal year end, completed the acquisition the power mobility assets of MedOne Healthcare LLC ("MedOne"), which enhances DME's power mobility solutions and expands its geographic reach

Sale of Real Estate

Sold Real Estate business to an affiliate of Monomoy Properties, LLC ("Monomoy") for a cash payment of \$4.6 million, which was subsequently reinvested in dividend-earning shares of Monomoy

Simplified financial statements by removing the non-recourse debt of approximately \$54 million

Cash flow for the company generated through ongoing dividend payments

- As of June 30, 2021, we had approximately \$952 million of net operating loss (NOL) carryforwards for Federal income tax purposes.

Consolidated Summary Financials: By Quarter



(in thousands)

	Three Months Ended				
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Revenue By Segment					
Operating Companies (DME)	\$ 15.4	\$ 13.1	\$ 14.5	\$ 14.6	\$ 13.9
Investment Management	0.9	0.7	0.8	0.8	0.7
General Corporate	0.3	0.2	0.0	0.1	0.0
Eliminations	(0.3)	(0.2)	(0.0)	(0.1)	(0.0)
Consolidated	\$ 16.3	\$ 13.8	\$ 15.3	\$ 15.4	\$ 14.7
Net Income (Loss) by Segment					
Operating Companies (DME)	5.9	(5.1)	(2.9)	(0.5)	2.8
Investment Management	1.3	(0.7)	3.6	(1.5)	3.4
General Corporate	(8.6)	2.8	(1.8)	(2.0)	(2.1)
Consolidated	\$ (1.4)	\$ (3.0)	\$ (1.0)	\$ (3.9)	\$ 4.1
Adj. EBITDA¹ by Segment					
Operating Companies (DME)	4.3	3.4	1.9	2.8	7.0
Investment Management	0.1	0.0	0.0	0.2	0.2
General Corporate	(0.9)	(1.2)	(1.0)	(1.1)	(1.2)
Consolidated	\$ 3.5	\$ 2.2	\$ 0.9	\$ 1.9	\$ 5.9

(1) Please refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix.

Consolidated Summary Financials: Year Over Year

(in millions)

	Three Months Ended		Year Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenue By Segment				
Operating Companies (DME)	\$ 15.4	\$ 13.9	\$ 57.6	\$ 55.7
Investment Management	0.9	0.7	3.2	3.3
General Corporate	0.3	0.0	0.6	0.2
Eliminations	(0.3)	(0.0)	(0.6)	(0.2)
Consolidated	\$ 16.3	\$ 14.7	\$ 60.9	\$ 59.0
Net Income (Loss) by Segment				
Operating Companies (DME)	5.9	2.8	(2.5)	(0.1)
Investment Management	1.3	3.4	2.7	(6.2)
General Corporate	(8.6)	(2.1)	(9.6)	(7.1)
Consolidated	\$ (1.4)	\$ 4.1	\$ (9.3)	\$ (13.3)
Adj. EBITDA¹ by Segment				
Operating Companies (DME)	4.3	7.0	12.4	16.0
Investment Management	0.1	0.2	0.4	1.2
General Corporate	(0.9)	(1.2)	(4.2)	(6.0)
Consolidated	\$ 3.5	\$ 5.9	\$ 8.6	\$ 11.2

(1) Please refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix.

Operating Companies: DME – Operating Highlights

- **In fiscal 4Q21, Great Elm DME, Inc. (“DME”) generated \$15.4 million of revenue, \$5.9 million of net income and \$4.3 million of adjusted EBITDA¹**
 - Revenues overall increased due to continued organic growth in resupply sales and one month of contributions from the AMPM acquisition in fiscal 3Q21
 - Profitable operations on higher sales, largely due to the strengthening of our Midwest business in Kansas and Missouri as a result of our AMPM acquisition
 - Encountered a slowdown in usage at our sleep labs due to products on recall as well as supply chain delays, which have been largely offset due to our ability to scale the DME business in the year
 - We are continuing to work closely with our manufacturing partners and remain opportunistic as the industry continues to consolidate

(1) Please refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

AMPM

- On March 1, 2021 closed the acquisition of Advanced Medical DME, LLC and PM Sleep Lab, LLC (“AMPM”), providers of sleep testing, PAP, and other respiratory products and services in 9 locations throughout Kansas and Missouri, for purchase consideration of \$1.1 million
- Increased the patient base by 2,500+ active patients to provide full range of respiratory equipment and PAP resupply, and the opportunity to introduce ventilator and oxygen services and gain additional referral opportunities in the acquired markets
- Potential operating efficiencies and procurement savings through better pricing and volumes

MedOne Power Mobility Assets

- Subsequent to quarter end, DME acquired the power mobility assets of MedOne
- Strengthens geographic reach into Arizona



A full service provider of custom and power mobility products, ranging from scooters and basic power wheelchairs to custom, complex group 3 wheelchairs.

Operating Companies: DME – Quarterly Financials

(in thousands)

	Three Months Ended				
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total Net Revenue					
Sales and Services Revenue - Medical Equipment	\$ 8,566	\$ 7,309	\$ 8,411	\$ 8,008	\$ 7,418
Sales and Services Revenue - Sleep Studies	1,531	1,297	1,133	1,205	1,071
Total Sales and Services Revenue	10,097	8,606	9,544	9,213	8,489
Rental Income	5,276	4,511	4,999	5,397	5,420
Total Net Revenue	\$ 15,373	\$ 13,117	\$ 14,543	\$ 14,610	\$ 13,909
GAAP Net Income (Loss)	\$ 5,906	\$ (5,059)	\$ (2,878)	(458)	2,787
Interest expense	1,274	1,280	687	709	816
Depreciation and amortization	2,079	1,986	1,919	2,211	2,800
Transaction and integration related costs	211	380	2,127	139	470
Change in contingent consideration	(126)	-	-	-	-
Location closure	250	-	-	54	9
Mgmt fees	168	46	62	116	70
Other (income) / expense	(5,457)	4,795	(33)	3	(2)
Adj. EBITDA¹	\$ 4,305	\$ 3,428	\$ 1,884	\$ 2,774	\$ 6,950
Cash Flow:					
Adj. EBITDA¹	\$ 4,305	\$ 3,428	\$ 1,884	\$ 2,774	\$ 6,950
(Maintenance capex)	(219)	(14)	(13)	(41)	(147)
(Growth capex)	(1,881)	(2,008)	(1,467)	(1,984)	(1,141)
Transaction costs and integration costs paid, including ext of debt	(340)	(380)	(1,888)	(193)	(479)
Unleveraged free cash flow	\$ 1,865	\$ 1,026	\$ (1,484)	\$ 556	\$ 5,183
Interest expense paid	(989)	(1,011)	(639)	(677)	(781)
Scheduled debt amortization	-	-	-	(354)	(354)
Leveraged free cash flow	\$ 876	\$ 15	\$ (2,123)	\$ (475)	\$ 4,048

(1) Please also refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

Operating Companies: DME – Year over Year Financials

(in thousands)

	Three Months Ended		Year Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Total Net Revenue:				
Sales and Services Revenue - Medical Equipment	\$ 8,566	\$ 7,418	\$ 32,294	\$ 28,915
Sales and Services Revenue - Sleep Studies	1,531	1,071	5,166	5,299
Total Sales and Services Revenue	10,097	8,489	37,460	34,214
Rental Income	5,276	5,420	20,183	21,448
Total Net Revenue	\$ 15,373	\$ 13,909	\$ 57,643	\$ 55,662
Adj. EBITDA¹:				
GAAP Net Income (Loss)	\$ 5,906	\$ 2,787	\$ (2,489)	\$ (106)
Interest expense	1,274	816	3,950	3,655
Depreciation and amortization	2,079	2,800	8,195	10,145
Transaction and integration related costs	211	470	2,857	1,746
Change in contingent consideration	(126)	-	(126)	-
Location closure	250	9	304	329
Mgmt fees	168	70	392	259
Other (income) / expense	(5,457)	(2)	(692)	(5)
Adj. EBITDA¹	\$ 4,305	\$ 6,950	\$ 12,391	\$ 16,023
Cash Flow:				
Adj. EBITDA¹	\$ 4,305	\$ 6,950	\$ 12,391	\$ 16,023
(Maintenance capex)	(219)	(147)	(287)	(731)
(Growth capex)	(1,881)	(1,141)	(7,340)	(6,154)
Transaction costs and integration costs paid, including ext of debt	(340)	(479)	(2,801)	(2,075)
Unleveraged free cash flow	\$ 1,865	\$ 5,183	\$ 1,963	\$ 7,063
Interest expense paid	(989)	(781)	(3,316)	(4,382)
Scheduled debt amortization	-	(354)	(354)	(1,687)
Leveraged free cash flow	\$ 876	\$ 4,048	\$ (1,707)	\$ 994

(1) Please also refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

Investment Management: A Scalable, High Margin Business

AUM GROWTH

Grow GECC's AUM through the issuance of additional debt and equity, supplemented by accretive acquisitions of other BDCs, resulting in an increase in fee revenue

Grow the Investment Management business by leveraging the existing team to launch additional vehicles

SCALABLE MODEL

Investment team and infrastructure in place to support growth in AUM and new investment vehicles

AUM Growth



High Margins



Scalable Model



Free Cash Flow

HIGH MARGINS

Given the largely fixed cost nature of the Investment Management business, we expect adjusted EBITDA margins to increase as our AUM increases and the business scales

FREE CASH FLOW

Growth in AUM in the Investment Management business coupled with its high margins and scalable business model could result in operating leverage and, thus, the potential for growth in adjusted EBITDA and free cash flow

In fiscal 4Q21, Investment Management generated \$0.9 million of revenue, \$0.7 million of net income and \$0.1 million of adjusted EBITDA¹

- Revenue and profitability were stable and reflect the increases in average assets on which management fees are calculated. Sequential revenue growth as IM revenue recovers from lows during COVID
 - GECC's deployment accelerated throughout the quarter, ending solidly with \$49.9 million in new investments (excluding SPACs)
 - GECC's NAV per share increased driven by unrealized gains as a result of positive developments at several portfolio companies
- **At GECC, we:**
 - Closed a \$25.0 million senior secured revolving line of credit with City National Bank. Borrowings under the revolving line bear interest at the applicable LIBOR rate plus 3.50% with a 1.00% floor. The LoC was undrawn as of June 30, 2021
 - Increased investible assets by completing a \$31.7 million rights offering
 - Further diversified capital structure and enhanced liquidity by issuing \$57.5 million of 5.875% senior dues 2026
 - Redeemed the 6.50% Notes due 2022 subsequent to quarter end
 - Increased average assets on which IM earns management fees by 29% in fiscal 4Q21 as compared to fiscal 4Q20 driven by portfolio appreciation as well as the deployment of proceeds generated by the rights offering and issuance of the 2026 notes (net of the redemption of the 2022 notes)
- Simplified balance sheet and corporate structure at subsidiary, GECC GP Corp., resulting in a greater share of investment profits for GEG. Transactions included the purchase of 18.2% of GP Corp's noncontrolling interests and the purchase of a \$3.1 million note at GP Corp

(1) Please refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

Investment Management: Quarterly Financials

	Three Months Ended				
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total revenues	\$ 949	\$ 728	\$ 760	\$ 773	\$ 747
GAAP Net Income (Loss)	\$ 1,311	\$ (735)	\$ 3,632	\$ (1,485)	\$ 3,402
Stock based compensation	185	181	197	194	66
Interest expense, net	25	25	25	26	35
GECC dividend income	(554)	(554)	(1,322)	(524)	(500)
(Gain) loss on managed investments	(981)	984	(2,626)	1,902	(2,919)
Depreciation and amortization expense	109	109	127	128	128
Adj. EBITDA¹	\$ 95	\$ 10	\$ 33	\$ 241	\$ 212
Interest expense paid	-	-	(50)	-	(26)
GECC dividend cash received	554	-	69	78	215
Scheduled debt amortization	-	-	-	-	(76)
Leveraged free cash flow	\$ 649	\$ 10	\$ 52	\$ 319	\$ 325

(1) Please also refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

Investment Management: Year over Year Financials

(in thousands)

	Three Months Ended		Year Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Total revenues	\$ 949	\$ 747	\$ 3,210	\$ 3,332
GAAP Net Income (Loss)	\$ 1,311	\$ 3,402	\$ 2,723	\$ (6,182)
Stock based compensation	185	66	757	(34)
Interest expense, net	25	35	101	157
GECC dividend income	(554)	(500)	(2,954)	(2,068)
Gain (loss) on managed investments	(981)	(2,919)	(721)	8,684
Depreciation and amortization expense	109	128	473	636
Adj. EBITDA¹	\$ 95	\$ 212	\$ 379	\$ 1,193
Interest expense paid	-	(26)	(50)	(141)
GECC dividend cash received	554	215	701	1,685
Scheduled debt amortization	-	(76)	-	(76)
Leveraged free cash flow	\$ 649	\$ 325	\$ 1,030	\$ 2,661

(1) Please also refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

Sold our Real Estate business consisting of our entire ownership interest in two Class A office buildings located in Fort Myers, Florida to an affiliate of Monomoy Properties, LLC (“Monomoy”), a privately-held industrial properties focused REIT managed by Imperial Capital Asset Management, LLC, for a cash payment of \$4.6 million, which was reinvested for a member interest.

- Improves overall capitalization
 - Eliminated \$54 million of Debt associated with our Real Estate Business from our balance sheet
 - Consolidated operating and leverage ratios that are more reflective of our current operating businesses
- Diversifies holdings from a single location real estate asset to membership interests in a diversified industrial properties REIT portfolio
- Benefits of cash flow for the company generated through ongoing dividend payments and improved liquidity

General Corporate: Financials by Quarter

(in thousands)

	Three Months Ended				
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total revenue	\$ 281	\$ 162	\$ 45	\$ 91	\$ 45
Operating costs and expenses:					
Public company costs	(429)	(1,162)	(651)	(614)	(714)
Stock-based compensation	(20)	(31)	(88)	(235)	(248)
Other general and administrative	(975)	(773)	(579)	(564)	(567)
Operating loss	\$ (1,143)	\$ (1,804)	\$ (1,273)	\$ (1,322)	\$ (1,484)
Depreciation & Amortization	-	(1)	-	-	-
Dividend and interest income	1,125	1,232	2	5	16
Interest expense, net	(1,340)	(1,460)	(552)	(571)	(609)
Income tax	(1,807)	43	50	(99)	(49)
Other	(5,442)	4,795	-	-	-
GAAP net loss	\$ (8,607)	\$ 2,805	\$ (1,773)	\$ (1,987)	\$ (2,126)
Management fee	(168)	(46)	(45)	(91)	(45)
Stock based compensation	240	435	88	235	248
Transaction costs and integration	254	155	229	32	36
Interest, taxes, and depreciation	3,147	1,418	502	670	658
Interest income from preferred stock	(1,186)	(1,168)	-	-	-
Other	5,442	(4,795)	-	-	-
Adj. EBITDA	\$ (878)	\$ (1,200)	\$ (999)	\$ (1,141)	\$ (1,229)
Interest expense paid	141	965	-	-	-
Capital expenditures	-	-	-	-	-
Transaction costs and integration costs paid	(253)	(155)	(229)	(32)	(36)
Levered free cash flow	\$ (991)	\$ (390)	\$ (1,228)	\$ (1,173)	\$ (1,265)

(1) Please also refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

General Corporate: Financials Year Over Year



(in thousands)

	Three Months Ended		Year Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Total revenue	\$ 281	\$ 45	\$ 579	\$ 159
Operating costs and expenses:				
Public company costs	(429)	(714)	(2,856)	(3,618)
Stock-based compensation	(20)	(248)	(374)	(582)
Other general and administrative	(975)	(567)	(2,891)	(2,266)
Operating loss	\$ (1,143)	\$ (1,484)	\$ (5,542)	\$ (6,307)
Depreciation and amortization	-	-	(1)	(1)
Interest income	1,125	16	2,364	56
Interest expense, net	(1,340)	(609)	(3,923)	(764)
Income tax	(1,807)	(49)	(1,813)	(44)
Change in value of embedded derivative	(5,442)	-	(647)	-
GAAP net loss	\$ (8,607)	\$ (2,126)	\$ (9,562)	\$ (7,059)
Adj. EBITDA¹:				
GAAP net income (loss)	\$ (8,607)	\$ (2,126)	\$ (9,562)	\$ (7,059)
Management fee	(168)	(45)	(350)	(159)
Stock based compensation	240	248	998	582
Transaction costs and integration	254	36	670	962
Interest, taxes, and depreciation	3,147	658	5,737	808
Interest income on preferred stock	(1,186)	-	(2,354)	-
Change in value of embedded derivative	5,442	-	647	(1,135)
Adj. EBITDA¹	\$ (878)	\$ (1,229)	\$ (4,214)	\$ (6,001)
Cash Flow:				
Adj. EBITDA¹	\$ (875)	\$ (1,229)	\$ (4,214)	\$ (6,001)
Capital expenditures	-	-	-	(3)
Interest paid	141	-	1,106	-
Transaction costs and integration costs paid	(254)	(36)	(670)	(962)
Levered free cash flow	\$ (991)	\$ (1,265)	\$ (3,778)	\$ (6,966)

(1) Please also refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

Financial Review: 4Q21 Consolidating Balance Sheets (Unaudited)

<i>\$ in thousands</i>	<u>Operating Companies (DME)</u>	<u>Investment Management</u>	<u>Corporate</u>	<u>Elimination</u>	<u>Consolidated</u>
ASSETS					
Cash and cash equivalents	\$ 5,685	\$ 516	\$ 18,181	\$ -	\$ 24,382
Accounts receivable, net	6,518	1,787	-	(122)	8,183
Investments at fair value	-	19,444	4,600	-	24,044
Investments at fair value, consolidated fund NAV	-	14,749	-	122	14,871
Inventory	1,066	-	-	-	1,066
Property and equipment, net	8,350	21	2	-	8,372
Identifiable intangible assets, net	7,105	1,823	-	-	8,928
Goodwill	50,536	-	-	-	50,536
Right of use asset	4,331	910	-	-	5,241
Other assets	3,549	248	1,229	(977)	4,049
Total Assets	\$ 87,139	\$ 39,497	\$ 24,012	\$ (977)	\$ 149,672
LIABILITIES					
Accounts payable & accrued liabilities	\$ 9,226	\$ 842	\$ 3,385	\$ (977)	\$ 12,476
Deferred revenue	4,438	-	-	-	4,438
Lease and other liabilities	5,025	1,035	526	-	6,586
Long term debt	-	-	-	-	-
Related party notes payable	-	3,072	(3,072)	-	-
Convertible notes	-	-	22,054	-	22,054
Preferred stock - HC LLC	41,956	-	(40,363)	-	1,593
Preferred stock - Forest	-	-	33,936	-	33,936
Equipment financing	2,041	-	-	-	2,041
Intercompany, net ⁽¹⁾	20,699	37,934	(58,633)	-	-
Total Liabilities	83,385	42,883	(42,167)	(977)	83,124
EQUITY					
	3,754	(3,385)	66,179	-	66,548
Total Liabilities and Equity	\$ 87,139	\$ 39,497	\$ 24,012	\$ (977)	\$ 149,672

(1) Intercompany balances, including intercompany borrowings and GEC investments in subsidiaries. All intercompany balances eliminate in consolidation.

Financial Review: 4Q21 Consolidating Income Statement (Unaudited)

For the three months ended June 30, 2021

<i>\$ in thousands</i>	Operating Companies (DME)	Investment Management	Corporate	Elimination	Consolidated
Total Revenues	\$ 15,373	\$ 949	\$ 281	\$ (281)	\$ 16,322
Cost of revenue	(5,922)	-	-	-	(5,922)
Depreciation and amortization expense	(476)	(109)	-	-	(585)
Selling, general and administration	(7,252)	(991)	(1,424)	281	(9,381)
Total operating costs and expenses	(13,650)	(1,100)	(1,424)	281	(15,888)
Operating income (loss)	1,723	(151)	(1,143)	-	433
Dividends and interest income	-	554	1,125	-	1,679
(Gain) loss on managed investments	-	933	-	-	933
Interest expense, net	(1,274)	(25)	(1,340)	-	(2,639)
Extinguishment of debt	-	-	-	-	-
Other income (expense), net	5,457	-	(5,442)	-	15
Income (loss) before taxes	5,906	1,311	(6,796)	-	421
Income tax expense	-	-	(1,807)	-	(1,807)
Net income (loss) from continuing operations, net of tax	5,906	1,311	(8,607)	-	(1,386)
Adjusted EBITDA ¹	\$ 4,305	\$ 95	\$ (878)	\$ -	3,522

(1) Please refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

Employee Share
Ownership



Director
Share Ownership



Significant
Alignment of
Interest

- Employees of GEG collectively own approximately 2.0 million shares of GEG, representing approximately 7% of GEG's outstanding shares¹
- The directors of GEG beneficially own approximately 6.0 million shares of GEG in the aggregate, representing approximately 23% of GEG's outstanding shares
- When combined, **insider ownership totals approximately 30% of the outstanding shares**
- We believe this level of insider ownership results in a **significant and long-term alignment of interest** between the shareholders and the insiders of GEG

(1) This includes restricted shares that are subject to both performance and service vesting and is based on the share count pro forma for the vesting of said restricted shares.

Appendix

OVERVIEW

- On December 29, 2020, we completed a reorganization of our corporate structure and executed a financing transaction with **J.P. Morgan Broker-Dealer Holdings** (“JPM”), wherein JPM invested a total of \$37.7 million
- **Great Elm Capital Group, Inc.** (“GEC”) changed its name to **Forest Investments, Inc.** (“Forest”) and became a subsidiary of a new parent holding company, **Great Elm Group, Inc.** (“Great Elm” or “GEG”)
- Common shares of GEC automatically converted into common shares of Great Elm Group, and began trading on NASDAQ under a new ticker “GEG”; GEC stock was delisted and deregistered

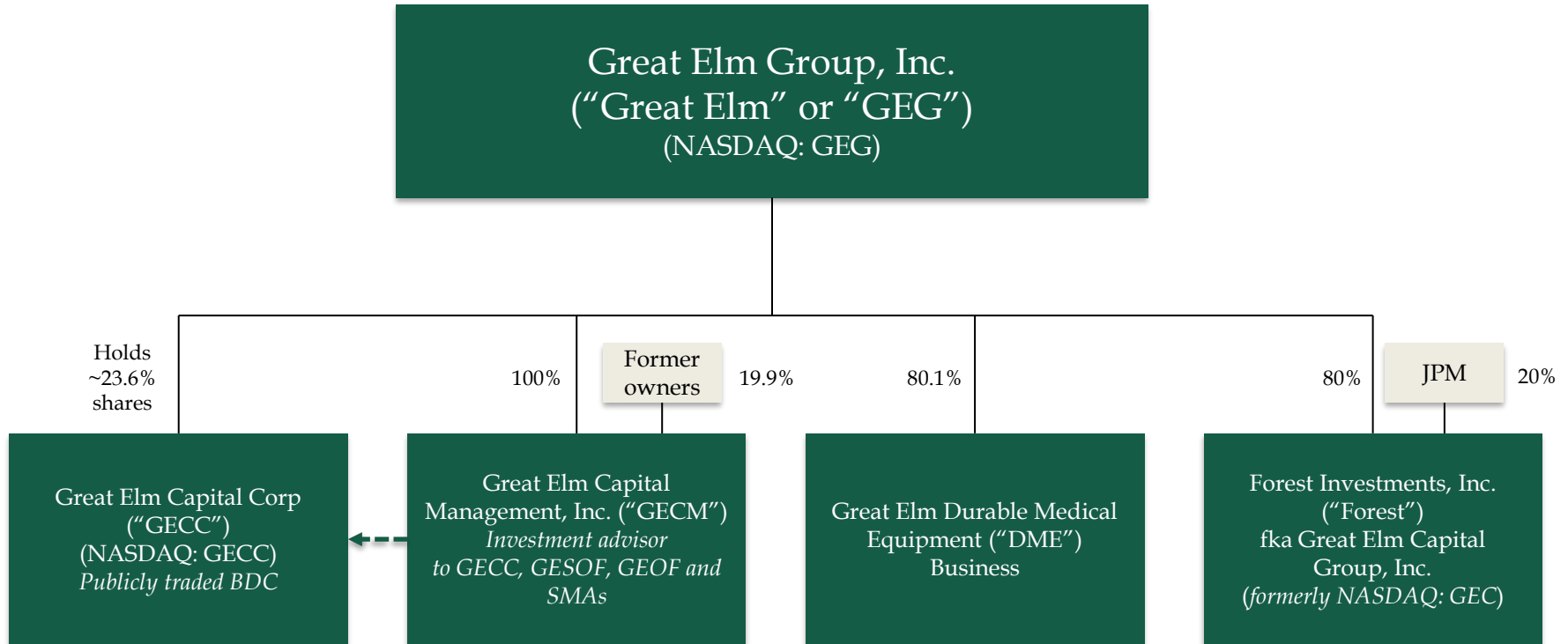
JPM FINANCING DETAILS

- JPM purchased Preferred Shares and common equity of Forest
 - Forest issued to JPM \$35 million of 9.0% Preferred Shares maturing 2027
 - JPM also purchased 20% of the common equity of Forest for \$2.7 million
- Proceeds were used to refinance DME’s existing term loan of approximately \$24.8 million and provide growth capital; DME also distributed approximately \$2.3 million to GEG inclusive of fees and expenses

DISTRIBUTIONS AND OWNERSHIP

- Forest distributed to GEG its common ownership of the DME business, its ownership of the Investment Management business, its GECC shares and its cash, and retained ownership of the Real Estate business and a preferred interest in the DME business
- Forest also retained its U.S. Federal NOLs, which were unaffected and remain usable across the Great Elm platform

Organization: Structure



Note: Chart is designed to be illustrative following the JPM financing transaction and does not include all entities comprising Great Elm Group, Inc.'s corporate structure.

Appendix: Non-GAAP Reconciliation

	For the three months ended June 30, 2021			
	Operating Companies (DME)	Investment Management ⁽¹⁾	Corporate ⁽¹⁾	Consolidated
<i>\$ in thousands</i>				
EBITDA:				
Income (loss) from continuing operations - GAAP	\$ 5,906	\$ 1,311	\$ (8,607)	\$ (1,390)
Interest expense	1,274	25	1,340	2,639
Interest income from preferred stock	-	-	(1,186)	(1,186)
Depreciation & amortization	2,079	109	-	2,188
Tax expense	-	-	1,807	1,807
EBITDA	9,259	1,445	(6,646)	4,058
Adjusted EBITDA				
Stock based compensation	-	185	240	425
Change in contingent consideration ⁽²⁾	(126)	-	-	(126)
GECC dividend income	-	(554)	-	(554)
(Gains) / losses on managed investments	-	(981)	-	(981)
Other (income) expense	(5,457)	-	5,442	(15)
Transaction and integration costs ⁽²⁾	90	-	254	344
Extinguishment of debt	-	-	-	-
Severance	121	-	-	121
Severance	250	-	-	250
DME management and monitoring fees	168	-	(168)	-
Adjusted EBITDA	\$ 4,305	\$ 95	\$ (878)	\$ 3,522

⁽¹⁾ Previously reported non-operating activity including dividend income and gains/losses related to managed investments has been reclassified from General Corporate to Investment Management to conform with current segment organization

⁽²⁾ Transaction and integration related costs include costs to acquire and integrate acquired businesses. This also represents change in contingent consideration liability since the initial valuation at the acquisition date.

Appendix: Non-GAAP Reconciliation (cont.)

	For the three months ended June 30, 2020			
	Operating Companies (DME)	Investment Management (1)	Corporate (1)	Consolidated
<i>\$ in thousands</i>				
EBITDA:				
Income (loss) from continuing operations - GAAP	\$ 2,787	\$ 3,404	\$ (2,127)	\$ 4,064
Interest expense	816	35	609	1,460
Interest income from preferred stock	-	-	-	-
Depreciation & amortization	2,800	127	-	2,927
Tax expense	-	-	49	49
EBITDA	6,403	3,566	(1,469)	8,500
Adjusted EBITDA				
Stock based compensation	-	67	246	313
GECC dividend income	-	(500)	-	(500)
(Gains) / losses on managed investments	-	(2,919)	-	(2,919)
Other (income) expense	(2)	-	-	(2)
Transaction and integration costs (2)	417	-	36	453
Severance	53	-	-	53
Location closure	9	-	-	9
DME management and monitoring fees	70	-	(45)	25
Adjusted EBITDA	\$ 6,950	\$ 214	\$ (1,232)	\$ 5,932

(1) Previously reported non-operating activity including dividend income and gains/losses related to managed investments has been reclassified from General Corporate to Investment Management to conform with current segment organization

(2) Transaction and integration related costs include costs to acquire and integrate acquired businesses. This also represents change in contingent consideration liability since the initial valuation at the acquisition date.

Appendix: Non-GAAP Reconciliation (cont.)

	For the year ended June 30, 2021			
	Operating Companies (DME)	Investment Management ⁽¹⁾	Corporate ⁽¹⁾	Consolidated
<i>\$ in thousands</i>				
EBITDA:				
Income (loss) from continuing operations - GAAP	\$ (2,489)	\$ 2,723	\$ (9,562)	\$ (9,328)
Interest expense	3,950	101	3,923	7,974
Interest income on preferred stock	-	-	(2,354)	(2,354)
Depreciation & amortization	8,195	473	1	8,669
Tax expense	-	-	1,813	1,813
EBITDA	9,656	3,297	(6,179)	6,774
Adjusted EBITDA				
Stock based compensation	-	757	998	1,755
Change in contingent consideration ⁽²⁾	(126)	-	-	(126)
GECC dividend income	-	(2,954)	-	(2,954)
(Gains) / losses on managed investments	-	(721)	-	(721)
Other (income) expense	(692)	-	647	(45)
Transaction and integration costs ⁽²⁾	796	-	670	1,466
Extinguishment of debt	1,866	-	-	1,866
Severance	195	-	-	195
Location closure	304	-	-	304
DME management and monitoring fees	392	-	(350)	42
Adjusted EBITDA	\$ 12,391	\$ 379	\$ (4,215)	\$ 8,556

⁽¹⁾ Previously reported non-operating activity including dividend income and gains/losses related to managed investments has been reclassified from General Corporate to Investment Management to conform with current segment organization

⁽²⁾ Transaction and integration related costs include costs to acquire and integrate acquired businesses. This also represents change in contingent consideration liability since the initial valuation at the acquisition date.

Appendix: Non-GAAP Reconciliation (cont.)

	For the year ended June 30, 2020			
	Operating Companies (DME)	Investment Management ⁽¹⁾	Corporate ⁽¹⁾	Consolidated
<i>\$ in thousands</i>				
EBITDA:				
Income (loss) from continuing operations - GAAP	\$ (106)	\$ (6,182)	\$ (7,058)	\$ (13,346)
Interest expense	3,655	157	764	4,576
Depreciation & amortization	10,145	636	1	10,782
Tax expense	-	-	44	44
EBITDA	13,694	(5,389)	(6,249)	2,056
Adjusted EBITDA				
Stock based compensation	-	(33)	580	547
Change in contingent consideration ⁽²⁾	-	-	(1,135)	(1,135)
GECC dividend income	-	(2,067)	-	(2,067)
(Gains) / losses on managed investments	-	8,684	-	8,684
Other (income) expense	(5)	-	-	(5)
Transaction and integration costs ⁽²⁾	1,693	-	962	2,655
Severance	53	-	-	53
Location closure	329	-	-	329
DME management and monitoring fees	259	-	(159)	100
Adjusted EBITDA	\$ 16,023	\$ 1,195	\$ (6,002)	\$ 11,217

⁽¹⁾ Previously reported non-operating activity including dividend income and gains/losses related to managed investments has been reclassified from General Corporate to Investment Management to conform with current segment organization

⁽²⁾ Transaction and integration related costs include costs to acquire and integrate acquired businesses. This also represents change in contingent consideration liability since the initial valuation at the acquisition date.



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