



**August 30, 2024**

Fiscal Year & Fourth Quarter

Ended June 30, 2024

NASDAQ: GEG



# GEG Fiscal 2024 Highlights

- Great Elm invested \$9 million to support capital raises in excess of \$90 million at Great Elm Capital Corp. (“GECC”), from February to July 2024. The new capital significantly increases AUM, supporting GEG’s opportunity to grow fee-related revenue at the BDC.
- Great Elm’s credit business delivered solid performance, paying \$6.5 million in total fees to GEG from GECC and building a strong, marketable track record for the newly-launched Great Elm Credit Income Fund (“GECIF”).
- Great Elm’s build-to-suit real estate venture, Monomoy BTS, closed its first property sale in June for over \$1 million in profit and meaningful IRR to shareholders. Strong activity at Monomoy REIT throughout the year and the launch of the Monomoy BTS Construction Management business supported increased fee revenue streams to GEG.
- Great Elm repurchased 1.3 million shares to date for \$2.4 million in the market since inception of its \$10 million share repurchase program and extinguished \$4.2 million in principal of 5% convertible notes due 2030 for \$2.1 million, or 47% of face value.
- GEG ended the quarter with over \$58<sup>1</sup> million of cash and marketable securities to deploy across its growing alternative asset management platform.



<sup>1</sup> Amounts exclude Consolidated Funds and Restricted Cash

# \$92.5mm of Capital Raised Year To Date

## \$36 million Equity Raised at NAV

- GECC issued 1.85 million shares at \$12.97 (then current NAV) to Great Elm Strategic Partnership I, LLC (“GESPI”) for \$24 million in February 2024
  - GEG participated in \$6 million of the \$24 million; a strategic institutional investor participated in the other \$18 million of the transaction
- GECC issued 1.0 million shares at \$12.03 (then current NAV) for \$12 million, to Prosper Peak Holdings, LLC (“PPH”) in June 2024
  - GEG made a \$3 million investment in PPH

## \$56.5 million Of GECCI Notes Issued

- GECC issued \$34.5 million of 8.50% Notes due 2029 in April 2024
  - Spread to treasury more than 50bps improved from the GECCZ notes at issuance, driven by strong earnings and fresh equity capital
  - Egan Jones rating upgrade to BBB (from BBB-)
- GECC issued \$22.0 million of additional 8.50% Notes due 2029 in July 2024
  - Further optimizes GECC's weighted cost of capital

## Benefits

- Non-dilutive equity raises and subsequent debt issuance increase scale of GECC
- Increasing capital base grows FPAUM for GEG
- GEG's \$9 million in investments in the GECC equity capital raises are expected to deliver attractive returns over time

# About GEG

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

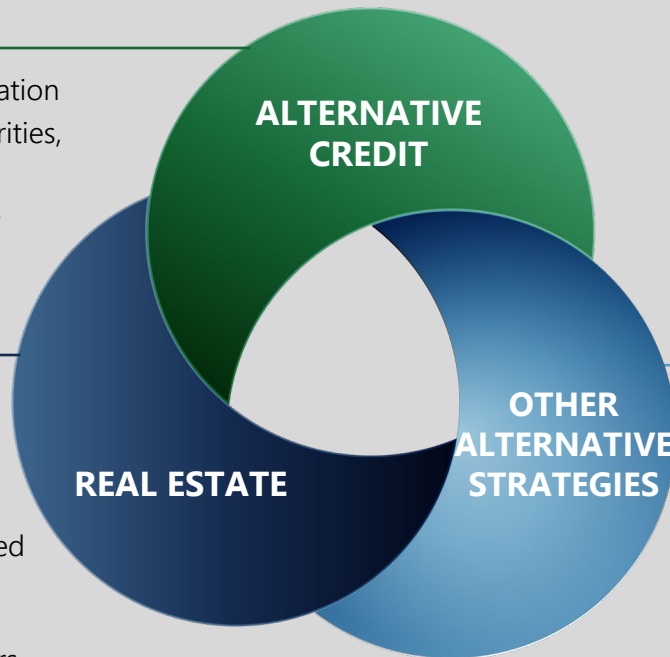
- Growing a scalable and diversified portfolio of long-duration and permanent capital vehicles
- Investing in credit, real estate, specialty finance and other alternative strategies

## Alternative Credit

- Focus on income generation and capital preservation
- Investment in debt and income-generating securities, direct lending and special situations
- Active investment in specialty finance businesses including Factoring, Asset Based Lending, and Healthcare

## Real Estate

- Full service, tenant-focused holder of industrial real estate across the United States
- Focus on single tenant light industrial properties with building footprints on significant acreage
- Build-to-Suit “BTS” division provides differentiated design-build solutions and construction management services
- Actively seeking growth through other subsectors



## Other Alternative Strategies

- Active pursuit of new strategic businesses
- Focus on long duration “sticky” capital
- Alignment through GEG investment in funds
- Durable fee structure
- Operational leverage supported by existing GEG infrastructure

# Our Goals

## Improve Profitability



- Debt and equity capital raises at GECC expected to drive growth of future recurring fee revenue streams with high contribution margins
  - GEG's \$9 million in investments in the GECC equity capital raises are expected to deliver attractive returns over time
- GECC delivered strong performance, and GEG collected incentive fees of ~\$2.7 million for the year ended June 30, 2024
- Sold first Monomoy BTS property for over \$1 million in profit and a significant IRR, with focus on sale of second substantially-complete property in 2025

## Expand Platform



- Monomoy BTS contracted third project and grew significant pipeline of new projects, building expected future value
- Launched Great Elm Credit Income Fund in Nov 2024, creating strong eight-month track record
- Launched Monomoy BTS Construction Management, a consulting business, adding another accretive revenue stream to GEG

## Grow AUM



- Since February, GECC raised over \$90 million of new capital, comprised of \$36 million of equity at NAV and ~\$56 million of 8.50% notes due 2029
- Grew FPAUM and AUM by approximately 17% and 14%, respectively, from prior fiscal year end
- Grew pro forma FPAUM<sup>1</sup> and AUM<sup>1</sup> by approximately 22% and 17%, respectively, from prior fiscal year end
- Positioned to expand the platform to create future AUM growth

<sup>1</sup> Pro forma FPAUM and AUM reflects amounts as of June 30, 2024, plus proceeds from the GECC July 2024 notes offering, assuming full investment of incremental capital

# GEG Managed Vehicles

## ALTERNATIVE CREDIT

### GECC

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- Public BDC with \$325+<sup>1</sup> million AUM
- 15% 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

### Private Funds

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- Great Elm Credit Income Fund focuses on direct lending, syndicated credit and special situations
- Great Elm Opportunities Fund I participates in unique investment opportunities presented to the Great Elm investment team

## REAL ESTATE

### Monomoy REIT

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- Private Industrial REIT with \$400+ million AUM
- ~7% 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

### Monomoy BTS

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- Build-to-Suit division provides design-build solutions and utilizes exclusive vendor relationships to offer cost savings and expedited timelines
- Construction Management consulting services allow customers to leverage seasoned Monomoy team to oversee in-house projects

<sup>1</sup> GECC pro forma AUM includes amounts as of June 30, 2024, plus proceeds from the GECC July 2024 notes offering. GECC AUM was \$304.0 million as of June 30, 2024. All other amounts are approximate as of June 30, 2024.

# Summary Financial Position<sup>1</sup>

*GEG June 30, 2024 condensed balance sheet, excluding Consolidated Funds*



\$ Million			6/30/2024		
Cash & Marketable Securities <sup>2</sup>	\$	58.1	Current Liabilities	\$	8.1
Restricted Cash		1.6	Long-Term Debt		26.1
Investments		36.3	Convertible Notes		34.9
Other Current and Long-Term Assets		36.7	Other Liabilities		0.9
			<b>Total Liabilities</b>	<b>\$</b>	<b>70.0</b>
			<b>Total Equity</b>	<b>\$</b>	<b>62.7</b>
<b>Total Assets</b>	<b>\$</b>	<b>132.7</b>	<b>Total Liabilities &amp; Equity</b>	<b>\$</b>	<b>132.7</b>

**Book Value per Share** ~ **\$2.14**<sup>\*</sup>

<sup>1</sup> Condensed balance sheet excludes the impact of consolidation of Consolidated Funds. Amounts related to Consolidated Funds include Cash of \$2.4mm, Investments of \$11.5mm, Other Assets of \$0.3mm, Current Liabilities of \$0.4mm, and Equity related to Non-Controlling Interests of \$7.5mm, resulting in GEG's Investment and related Current Assets of \$6.3mm.

<sup>2</sup> At June 30, 2024, marketable securities are comprised of treasuries maturing on or before September 24, 2024.

<sup>\*</sup> Book Value per Share updated to exclude shares repurchased by GEG from total shares outstanding for purposes of this calculation.

# GECC & Monomoy Highlights



- Raised over \$92 million of fresh capital YTD, increasing asset base by nearly 30%
  - Paid cash incentive fees to GEG of \$2.7 million for the year ended June 30, 2024, on top of growing management fees of \$3.8 million
  - Continued to expand investment into CLOs with the formation of CLO JV in April 2024, with an experienced, institutional investor
  - 13.6% annualized dividend yield on closing market price of \$10.28, as of August 28, 2024
- Monomoy BTS sold its first property and focuses on its strong project pipeline
    - Closed the sale on its first build-to-suit property, realizing over \$1 million in profit on the sale and a significant IRR for shareholders
    - Remains focused on sale of second substantially-complete property and development of third contracted project
  - Launched Monomoy BTS Construction Management, a consulting business anchored by key tenant contract
  - Monomoy REIT maintained strong activity throughout fiscal 2024:
    - Deployed ~\$25 million of capital into 13 new properties
    - Amended 16 tenant leases for meaningful term extensions, executed 12 renewal options, entered 4 new leases
    - Increased rental rates at ~70% of properties
    - Closed loan refinancing adding \$10 million of growth capital



# Fiscal 2024 Fourth Quarter and Full Year Highlights



# Fiscal 4Q24 Financial Highlights



## Revenue

- Fiscal 4Q24 revenue approximately tripled to \$8.9 million from fiscal 4Q23 revenue of \$3.0 million
- Growth primarily driven by Monomoy BTS property sale

## Net Income

- Net loss from continuing operations of (\$0.6) million for Fiscal 4Q24, compared to (\$5.3) million in the prior-year period
- Net loss for Fiscal 4Q24 includes (\$1.1) million of unrealized loss on our investment in PPH

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

- Fiscal 4Q24 Adjusted EBITDA of \$1.2 million, compared to \$0.4 million in Fiscal 4Q23

<sup>1</sup> Please refer to the disclaimers on slide 18 and the Adjusted EBITDA reconciliation table on slide 15

# Fiscal 2024 Financial Highlights



## Revenue

- Fiscal 2024 revenue more than doubled at \$17.8 million from fiscal 2023 revenue of \$8.7 million
- Growth primarily driven by increased incentive fees earned from GECC and Monomoy BTS property sale

## Net Income

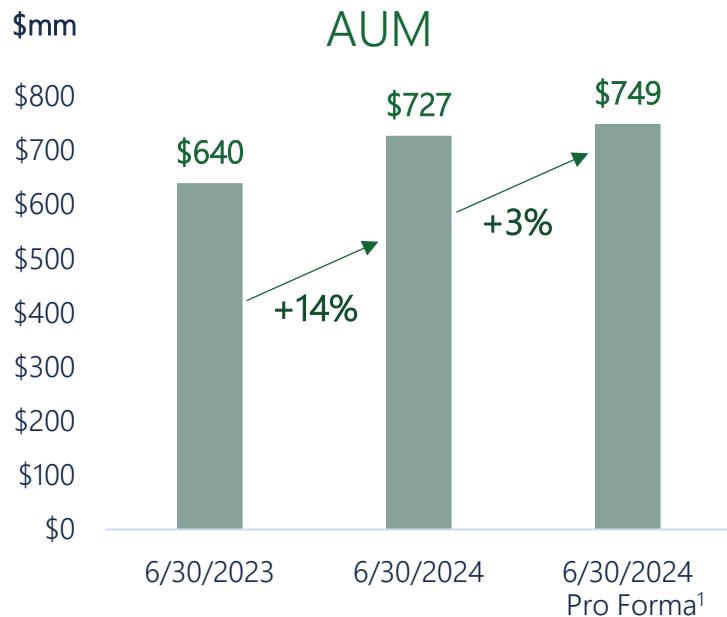
- Net loss from continuing operations of (\$0.9) million for fiscal 2024, compared to net income from continuing operations of \$14.5 million in fiscal 2023
- Net loss in fiscal 2024 includes (\$3.8) million of unrealized losses on our investments in GESP and PPH
- Net income in fiscal 2023 was driven by significant gains related to the sale of Forest Investments, Inc.

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

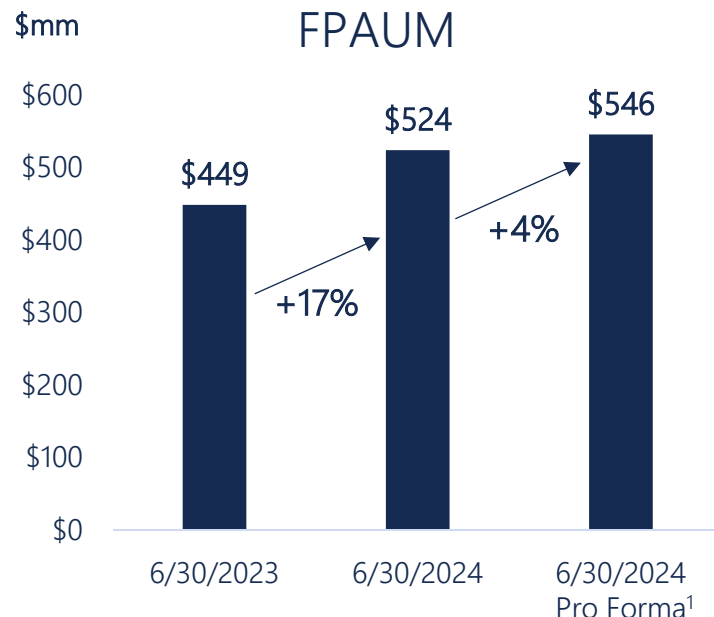
- Fiscal 2024 Adjusted EBITDA of \$4.8 million, compared to \$1.0 million in Fiscal 2023

<sup>1</sup> Please refer to the disclaimers on slide 18 and the Adjusted EBITDA reconciliation table on slide 15

# Assets Under Management<sup>1</sup>



\$749 million of Pro Forma Assets Under Management ("AUM") as of June 30, 2024, up 17% since June 30, 2023



\$546 million of Pro Forma Fee-Paying AUM ("FPAUM") as of June 30, 2024, up 22% since June 30, 2023

<sup>1</sup> Pro forma FPAUM and AUM reflects amounts as of June 30, 2024, plus proceeds from the GECC July 2024 notes offering, assuming full investment of incremental capital

# Financial Review: Fiscal 4Q24 Balance Sheet



<i>(in thousands)</i>	June 30, 2024	June 30, 2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 48,147	\$ 60,165
Restricted cash	1,571	-
Receivables from managed funds	2,259	3,308
Investments in marketable securities	9,929	24,595
Investments at fair value	44,585	32,611
Prepaid and other current assets	1,215	717
Identifiable intangible assets, net	11,037	12,115
Real estate under development	5,769	1,742
Other assets	1,839	640
Assets of consolidated funds	14,095	-
<b>Total assets</b>	<b>\$ 140,446</b>	<b>\$ 135,893</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	7,326	5,609
Related party payables	634	2,335
Long-term debt	26,090	25,808
Convertible notes	34,900	37,129
Other liabilities	1,039	1,170
<b>Total liabilities</b>	<b>\$ 70,251</b>	<b>\$ 72,051</b>
<b>Stockholders' equity and non-controlling interest</b>	<b>\$ 70,195</b>	<b>\$ 63,842</b>
<b>Total liabilities, non-controlling interest and stockholders' equity</b>	<b>\$ 140,446</b>	<b>\$ 135,893</b>

# Financial Review: Fiscal 4Q24 Income Statement



<i>(In thousands)</i>	Three months ended June 30,		Twelve months ended June 30,	
	2024	2023	2024	2023
<b>Revenues</b>	\$ 8,918	\$ 3,026	\$ 17,834	\$ 8,663
<b>Cost of Revenues</b>	5,526	-	5,526	-
<b>Operating costs and expenses:</b>				
Investment management expenses	2,997	3,303	11,331	10,196
Depreciation and amortization	271	282	1,108	1,152
Selling, general and administrative	1,916	3,039	7,654	8,480
Expenses of Consolidated Funds	31	-	53	46
<b>Total operating costs and expenses</b>	\$ 5,215	\$ 6,624	\$ 20,146	\$ 19,874
<b>Operating loss</b>	<b>(1,823)</b>	<b>(3,598)</b>	<b>(7,838)</b>	<b>(11,211)</b>
Dividends and interest income	1,640	1,777	8,057	6,209
Net realized and unrealized gain (loss)	477	(2,187)	2,212	15,247
Net realized and unrealized loss on investments of Consolidated Funds	(12)	-	233	(16)
Interest and other income of Consolidated Funds	378	-	829	-
Gain on sale of Forest	-	-	-	10,524
Interest expense	(1,137)	(1,050)	(4,334)	(6,074)
<b>Income (loss) before income taxes from continuing operations</b>	\$ <b>(477)</b>	\$ <b>(5,058)</b>	\$ <b>(841)</b>	\$ <b>14,679</b>
Income tax benefit (expense)	(101)	(198)	(101)	(200)
<b>Net income (loss) from continuing operations</b>	\$ <b>(578)</b>	\$ <b>(5,256)</b>	\$ <b>(942)</b>	\$ <b>14,479</b>
<b>Net income (loss) from discontinued operations</b>	-	(1)	16	13,201
<b>Net income (loss)</b>	\$ <b>(578)</b>	\$ <b>(5,257)</b>	\$ <b>(926)</b>	\$ <b>27,680</b>

Note: Net realized and unrealized gain (loss) on investments includes an approximate (\$1.1) million unrealized loss on Great Elm's investment in Prosper Peak Holdings, LLC for the three months ended June 30, 2024 and an approximate (\$3.8) million unrealized loss on Great Elm's investment in Great Elm Strategic Partnership I, LLC and Prosper Peak Holdings, LLC, collectively, for the twelve months ended June 30, 2024.

# Results By Quarter



	Three Months Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
<i>(in thousands)</i>					
<b>NON-GAAP RECONCILIATION</b>					
<b>Net income (loss) from continuing operations - GAAP</b>	\$ (578)	\$ (2,883)	\$ (239)	\$ 2,758	\$ (5,256)
Interest expense	1,137	1,074	1,061	1,062	1,050
Income tax expense (benefit)	101	-	-	-	198
Depreciation and amortization	271	271	283	283	282
Non-cash compensation	688	698	839	887	701
(Gain) loss on investments, excluding investment in Forest	(465)	2,622	(1,318)	(3,284)	2,187
Gains related to sale of Forest	-	-	-	-	-
Transaction and integration related costs	-	-	-	-	634
Change in contingent consideration	20	(554)	18	18	603
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$ 1,174</b>	<b>\$ 1,228</b>	<b>\$ 644</b>	<b>\$ 1,724</b>	<b>\$ 399</b>
<b>CASH FLOW</b>					
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$ 1,174</b>	<b>\$ 1,228</b>	<b>\$ 644</b>	<b>\$ 1,724</b>	<b>\$ 399</b>
Capital expenditures	(3)	443	(340)	(118)	(16)
<b>Unleveraged free cash flow</b>	<b>1,171</b>	<b>1,671</b>	<b>304</b>	<b>1,606</b>	<b>383</b>
Interest expense paid	(489)	(483)	(494)	(488)	(483)
<b>Leveraged free cash flow<sup>1</sup></b>	<b>\$ 682</b>	<b>\$ 1,188</b>	<b>\$ (190)</b>	<b>\$ 1,118</b>	<b>\$ (100)</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 June 30, 2024. Please refer to the disclaimers on slide 18.

# Results Year-Over-Year



<i>(in thousands)</i>	Three months ended June 30,		Twelve months ended June 30,	
	2024	2023	2024	2023
<b>NON-GAAP RECONCILIATION</b>				
<b>Net income (loss) from continuing operations - GAAP</b>	\$ (578)	\$ (5,256)	\$ (942)	\$ 14,479
Interest expense	1,137	1,050	4,334	6,074
Income tax expense (benefit)	101	198	101	200
Depreciation and amortization	271	282	1,108	1,152
Non-cash compensation	688	701	3,112	2,948
(Gain) loss on investments	(465)	2,187	(2,445)	9,167
Gains related to sale of Forest	-	-	-	(34,922)
Transaction and integration related costs	-	634	-	1,105
Change in contingent consideration	20	603	(498)	783
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$ 1,174</b>	<b>\$ 399</b>	<b>\$ 4,770</b>	<b>\$ 986</b>
<b>CASH FLOW</b>				
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$ 1,174</b>	<b>\$ 399</b>	<b>\$ 4,770</b>	<b>\$ 986</b>
Capital expenditures	(3)	(16)	(18)	(53)
<b>Unleveraged free cash flow</b>	<b>\$ 1,171</b>	<b>\$ 383</b>	<b>\$ 4,752</b>	<b>\$ 933</b>
Interest expense paid	(489)	(483)	(1,954)	(3,831)
<b>Leveraged free cash flow<sup>1</sup></b>	<b>\$ 682</b>	<b>\$ (100)</b>	<b>\$ 2,798</b>	<b>\$ (2,898)</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 June 30, 2024. Please refer to the disclaimers on slide 18.



# Contact Information

## Investor Relations Contact

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# Disclaimer



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## 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 15 & 16 for reconciliations of non-GAAP measures to their most directly comparable GAAP measures.

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