



February 13, 2023

Fiscal Second Quarter
Ended December 31, 2022
NASDAQ: GEG



Focus on Scaling Alternative Asset Management



Fiscal Q2 2023 marks a transformative period anchored by two successful transactions in December 2022 and January 2023.

Sale of Majority
Interest in Forest for
\$45 Million

+

Sale of DME
Business for
\$80 Million

=

**GEG is Now Solely
Focused on Scaling
Alternative Asset
Management**

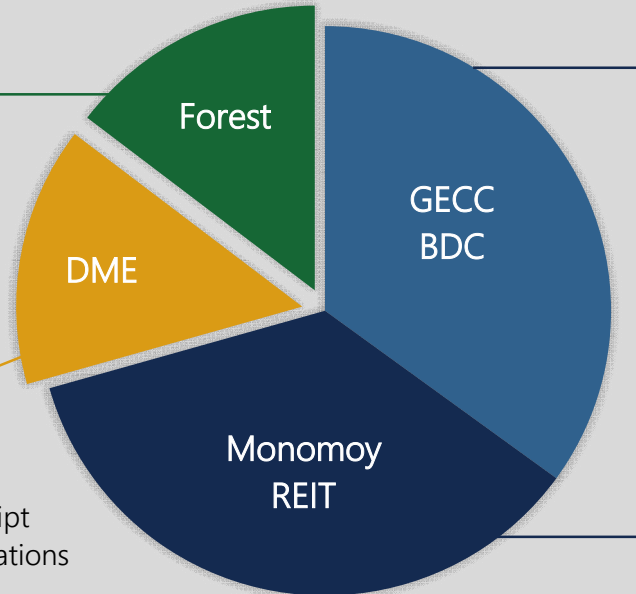
Transformative Transactions

Sale of Majority Interest in Forest for \$45 Million

- \$27 million from the right to put the remaining 19% ownership interest in Forest in January 2023
- \$18 million from sale of 61% of the common equity of Forest in December 2022

Sale of DME Business for \$80 Million

- \$26 million of cash and 346k shares of Quipt stock net to GEG after repayment of obligations

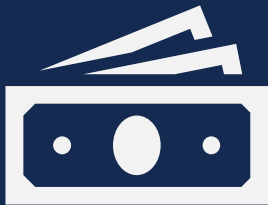


GEG is Solely Focused on Scaling Alternative Asset Management

- Great Elm Capital Corp (NASDAQ: GECC): Public business development company ("BDC")
- Monomoy Properties: Private Industrial REIT focusing on single-tenant properties

Combined the Transactions:

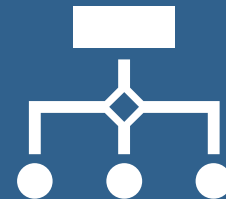
Add \$70 million+
of cash to GEG's
balance sheet



Provide significant
capital to accelerate
growth of alternative
asset management



Simplify the
organization and
reporting
structure



Summary Pro Forma Financial Position

GEG December 31 balance sheet as adjusted for January DME Sale and Forest Transaction

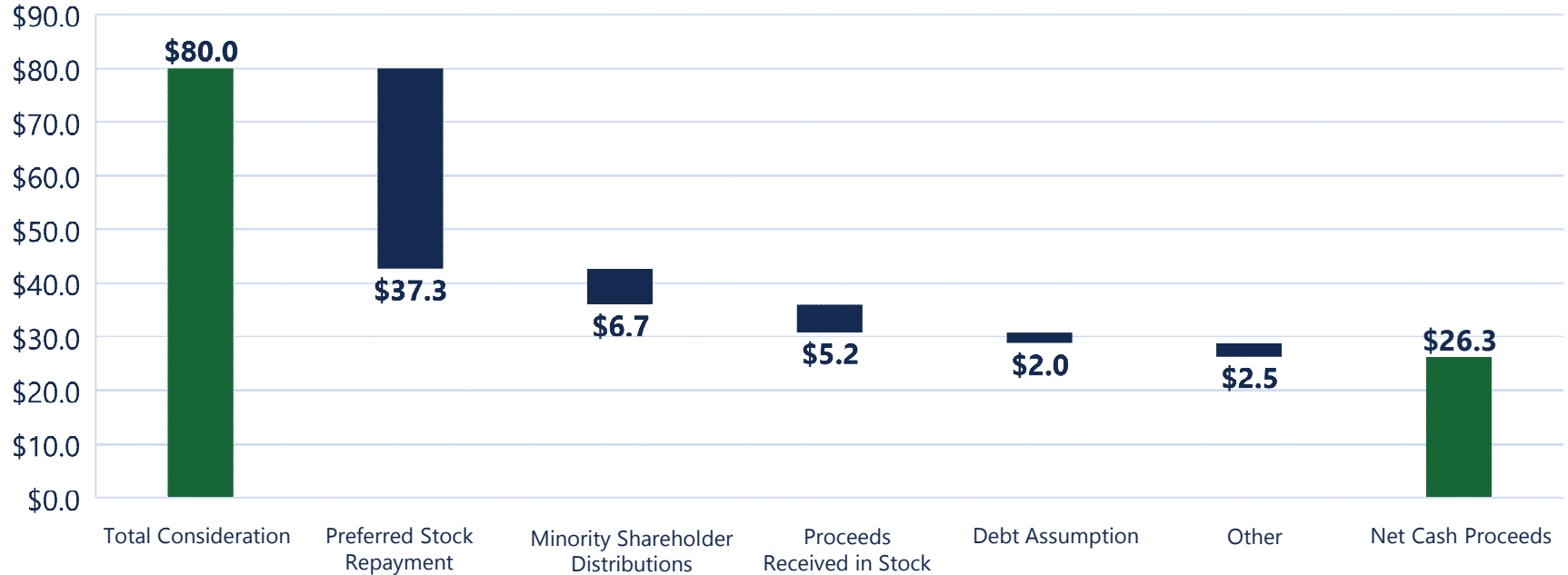


\$ Million			12/31/2022 PF
Cash and Cash Equivalents	\$ 89.9	Current Liabilities	\$ 7.9
Investments	30.0	Long-Term Debt	25.7
Other Current and LT Assets	19.6	Convertible Notes	36.1
		Other Liabilities	1.3
		Total Liabilities	\$ 71.0
		Total Equity	\$ 68.5
Total Assets	\$ 139.5	Total Liabilities & Equity	\$ 139.5
		Book Value per Share	~ \$2.30

As a result of the transactions, GEG is expected to retain approximately \$154 million of the NOLs it held as of 6/30/2022, of which approximately \$131 million can be used for certain taxable income in Fiscal 2023 but expire on 6/30/2023.

DME Sale Pro Forma Cash

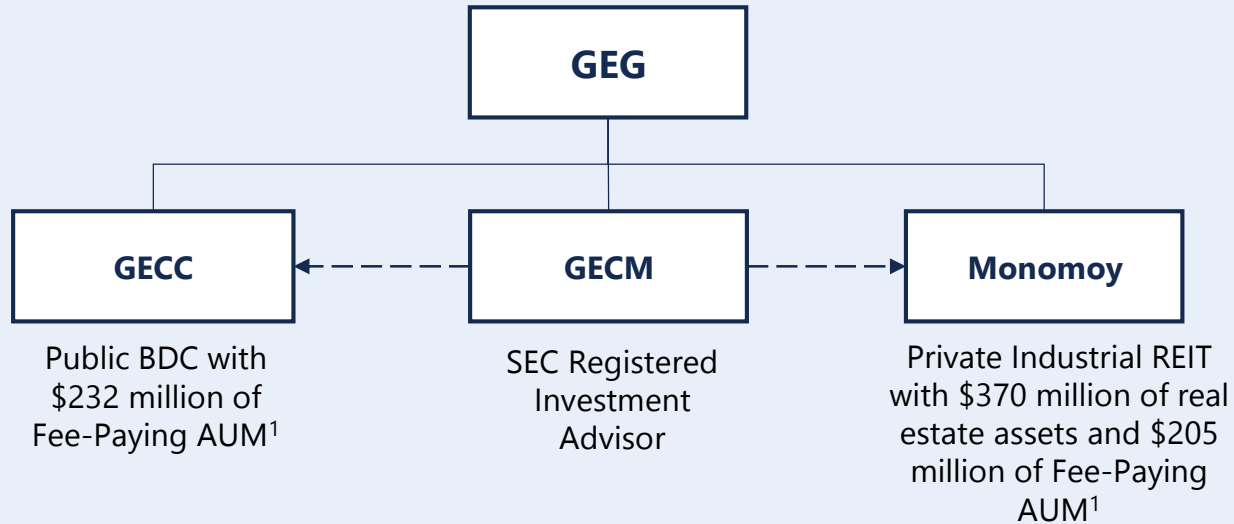
(\$ in millions)



Pro Forma Simplified Organizational Structure



Streamlined Organization Focused on Scaling an Alternative Asset Management Business



¹ Figures as of December 31, 2022.

Fiscal 2023 Second Quarter Highlights



Financial Highlights



Revenue

- FY 2Q23 revenue up 84% vs FY 2Q22 to \$1.9 million
- Increase primarily related to the May 2022 acquisition of the Monomoy REIT management agreement

Net Income

- Net income of \$29.7 million for FY 2Q23, compared to a net loss of \$4.2 million in FY 2Q22
- Increase is driven by \$22.2 million in net realized and unrealized gain on investments and a gain on sale of controlling interest in subsidiary of \$10.5 million

Adjusted EBITDA¹

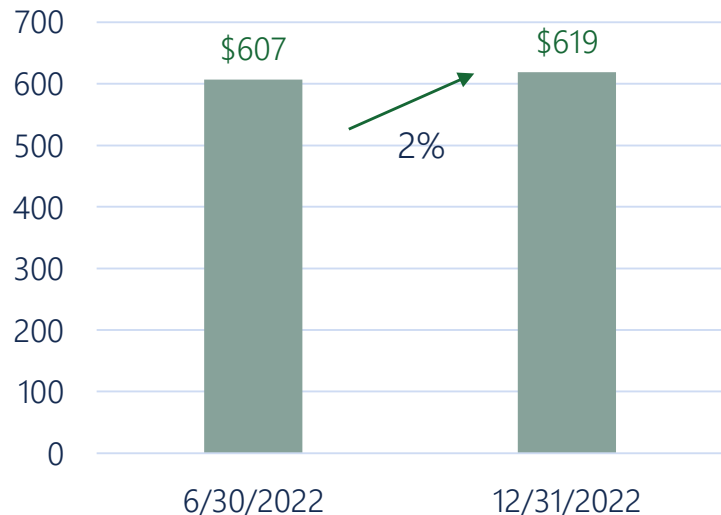
- FY 2Q23 Adjusted EBITDA of (\$1.2) million, approximately unchanged from FY 2Q22

¹ Please refer to the disclaimers on slide 18 and the Adjusted EBITDA reconciliation table in the Appendix

Assets Under Management

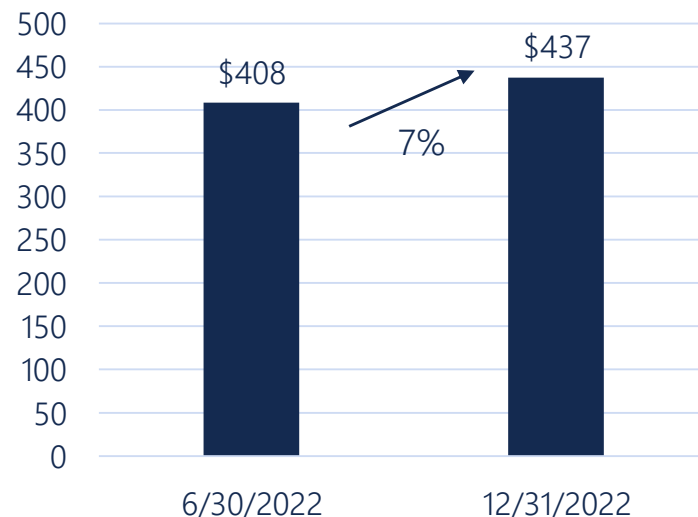


AUM



\$619 million of Assets Under Management ("AUM"), up 2% since June 30, 2022

FPAUM



\$437 million of Fee-Paying AUM ("FPAUM"), up 7% since June 30, 2022

Results By Quarter



(in thousands)

	Three Months Ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Total revenues	\$ 1,879	\$ 1,860	\$ 1,524	\$ 988	\$ 1,021
Net income (loss) from continuing operations - GAAP	\$ 29,693	\$ (9,503)	\$ (5,240)	\$ (6,445)	\$ (4,790)
Interest expense	1,955	1,974	1,674	1,286	1,293
Dividend income on investments	(1,345)	(1,386)	(1,222)	(642)	(644)
Income tax expense (benefit)	(231)	233	107	(20)	(53)
Depreciation and amortization	295	294	217	89	109
Non-cash compensation	645	941	639	578	1,226
Loss (gain) on investments, excluding investment in Forest	2,131	6,813	2,762	3,504	1,627
Gains related to sale of Forest	(34,897)	-	-	-	-
Transaction and integration related costs	425	46	188	92	35
Change in contingent consideration	130	(70)	-	-	-
Adj. EBITDA¹	\$ (1,199)	\$ (658)	\$ (875)	\$ (1,558)	\$ (1,197)
Cash Flow:					
Adj. EBITDA¹	\$ (1,199)	\$ (658)	\$ (875)	\$ (1,558)	\$ (1,197)
Capital expenditures	(19)	(11)	-	-	(3)
Transaction costs and integration costs paid	-	-	(188)	(92)	(35)
Proceeds from sale of Forest	17,735	-	-	-	-
Unleveraged free cash flow	\$ 16,517	\$ (669)	\$ (1,063)	\$ (1,650)	\$ (1,235)
Interest expense paid	(1,406)	(1,345)	(891)	(794)	(794)
Dividends received in cash on investments	1,345	1,386	1,158	548	1,103
Scheduled debt amortization	(18,409)	-	-	-	-
Leveraged free cash flow¹	\$ (1,953)	\$ (628)	\$ (796)	\$ (1,896)	\$ (926)

¹ Please refer to the disclaimers on slide 18 and the Adjusted EBITDA reconciliation table in the Appendix.

Results Year-Over-Year



(in thousands)

	Three Months Ended		Six Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net income (loss) from continuing operations - GAAP	\$ 29,693	\$ (4,790)	\$ 20,190	\$ (7,539)
Interest expense	1,955	1,293	3,929	2,586
Dividend income on investments	(1,345)	(644)	(2,731)	(1,297)
Income tax expense (benefit)	(231)	(53)	2	(85)
Depreciation and amortization	295	109	589	218
Non-cash compensation	645	1,226	1,586	1,994
Loss (gain) on investments, excluding investment in Forest	2,131	1,627	8,944	1,830
Gains related to sale of Forest	(34,897)	-	(34,897)	-
Transaction and integration related costs	425	35	471	219
Change in contingent consideration	130	-	60	-
Adj. EBITDA¹	\$ (1,199)	\$ (1,197)	\$ (1,857)	\$ (2,074)
Cash Flow:				
Adj. EBITDA	\$ (1,199)	\$ (1,197)	\$ (1,857)	\$ (2,074)
Capital expenditures	(19)	(3)	(30)	(3)
Transaction costs and integration costs paid	-	(35)	-	(219)
Proceeds from sale of Forest	17,735	-	17,735	-
Unleveraged free cash flow¹	\$ 16,517	\$ (1,235)	\$ 15,848	\$ (2,296)
Interest expense paid	(1,406)	(794)	(2,751)	(1,580)
Dividends received in cash on investments	1,345	1,103	2,731	1,657
Scheduled debt amortization	(18,409)	-	(18,409)	-
Leveraged free cash flow¹	\$ (1,953)	\$ (926)	\$ (2,581)	\$ (2,219)

¹ Please refer to the disclaimers on slide 18 and the Adjusted EBITDA reconciliation table in the Appendix.

Financial Review: FY 2Q23 Balance Sheet



(in thousands)

	December 31, 2022	June 30, 2022
ASSETS		
Cash and cash equivalents	\$ 18,971	\$ 22,281
Receivables from managed funds	2,318	2,445
Investments at fair value	54,536	48,042
Investments at fair value, consolidated funds	-	2,543
Prepaid and other current assets	3,715	665
Identifiable intangible assets, net	12,668	13,250
Other assets	853	836
Assets held for sale	76,629	78,025
Total assets	\$ 169,690	\$ 168,087
LIABILITIES		
Accrued expenses and other liabilities	\$ 1,823	\$ 3,853
Related party payables	1,340	1,606
Related party notes payable	23,361	6,270
Long-term debt	25,667	25,532
Convertible notes	36,147	35,187
Preferred stock - Forest	-	34,099
Other liabilities	1,206	1,732
Liabilities held for sale	18,047	17,554
Total liabilities	107,591	125,833
Stockholders' equity	62,099	42,254
Total liabilities, non-controlling interest and stockholders' equity	\$ 169,690	\$ 168,087

Financial Review: FY 2Q23 Income Statement



(in thousands)

	Three Months Ended		Six Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenues	1,879	1,021	3,739	2,004
Operating costs and expenses:				
Investment management expenses	2,311	1,969	4,300	3,156
Depreciation and amortization	295	109	589	218
Selling, general and administrative	2,061	1,465	3,548	3,038
Expenses of consolidated funds	-	45	46	97
Total operating costs and expenses	4,667	3,588	8,483	6,509
Operating loss	(2,788)	(2,567)	(4,744)	(4,505)
Dividends and interest income	1,439	644	2,912	1,297
Net realized and unrealized gain (loss) on investments	22,242	(1,821)	15,445	(1,835)
Net realized and unrealized gain (loss) on investments of consolidated funds	-	194	(16)	5
Gain on sale of Forest	10,524	-	10,524	-
Interest expense	(1,955)	(1,293)	(3,929)	(2,586)
Income (loss) before income taxes from continuing operations	29,462	(4,843)	20,192	(7,624)
Income tax benefit (expense)	231	53	(2)	85
Net income (loss) from continuing operations	29,693	(4,790)	20,190	(7,539)
Net income from discontinued operations	35	631	999	3,486
Net income (loss)	\$ 29,728	\$ (4,159)	\$ 21,189	\$ (4,053)

Appendix



Appendix: Non-GAAP Reconciliation



(in thousands)

	Three Months Ended		Six Months Ended	
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Net income (loss) from continuing operations - GAAP	\$ 29,693	\$ (4,790)	\$ 20,190	\$ (7,539)
Interest expense	1,955	1,293	3,929	2,586
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Change in contingent consideration	130	-	60	-
Adj. EBITDA¹	\$ (1,199)	\$ (1,197)	\$ (1,857)	\$ (2,074)

¹ Please refer to the disclaimers on slide 18.

Appendix: Contact Information

Investor Relations Contact

geinvestorrelations@greatlmcap.com



Disclaimer



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.