Great Elm Capital Group, Inc.

Investor Presentation – Quarter Ended March 31, 2020

May 12, 2020

Disclaimer

Statements in this press release that are "forward-looking" statements, including statements regarding expected growth, profitability 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. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are risks associated with the economic impact of the COVID-19 pandemic on Great Elm's businesses, including DME as well as GECC and its portfolio investments. 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.greatelmcap.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.

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A Note to Shareholders

- **The impact of COVID-19 has been significant and widespread but our businesses are well positioned for the difficult economic environment**
  - DME: Year-over-year revenue growth of 20.2% during the quarter ended March 31, 2020, underpinned by growth in major product categories
  - Investment Management: A majority of GECC's portfolio companies are weathering the difficult economic environment with resilient business models and sustainable cash flows
  - Real Estate: Class A property under long term, triple net lease to a creditworthy tenant
  - General Corporate: Unrealized loss on investment in GECC shares of approximately $9.8 million during the quarter ended March 31, 2020, driven by a reduction in the price of GECC shares. Approximately $39 of cash and cash equivalents at quarter end

- **We believe we must take every opportunity to bolster liquidity in order to successfully navigate the current environment and be in a position to capitalize on attractive acquisition opportunities if they materialize**
  - During the quarter ended March 31, 2020, we issued $30 million in aggregate principal of senior unsecured convertible notes, significantly enhancing our ability to pursue attractive new business opportunities

- **We are confident in the quality of our businesses and our ability to capitalize on new potential opportunities for growth**

Performance Overview

Performance Overview: Quarter Ended March 31, 2020 [1]

Revenue by Segment		
Segment	**3Q20**	**3Q19**
DME	$14.1	$11.8
Investment Management	$0.8	$1.1
Real Estate [2]	$1.3	$1.3
General Corporate	$0.0	($0.0)
Consolidated	$16.2	$14.1

Net Income (Loss) by Segment		
Segment	**3Q20**	**3Q19**
DME	($1.4)	($0.5)
Investment Management	$0.5	($0.2)
Real Estate [2]	$0.1	$0.0
General Corporate	($11.1)	$4.8
Consolidated	($11.9)	$4.2

Adjusted EBITDA [3] by Segment		
Segment	**3Q20**	**3Q19**
DME	$2.5	$3.2
Investment Management	$0.3	$0.3
Real Estate	$1.2	$1.1
General Corporate	($1.4)	($1.5)
Consolidated	$2.6	$3.2

(1) Numbers in millions.
(2) Prior year non-GAAP adjustments have been updated to conform to current year presentation by removing adjustments associated with the adoption of ASC 606 *Contracts with Customers.*
(3) Please refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix.

Organizational Overview

Organizational Overview: Drivers of Shareholder Value

Operating Companies

- Target undercapitalized small and mid-sized companies where we can partner with management to accelerate earnings and cash flow growth
- Focus on companies that offer a platform for follow-on acquisitions and investment, particularly with respect to DME and adjacent industries

Investment Management

- Grow Great Elm Capital Corp. ("GECC") through capital raises and potential BDC acquisitions
- Increase assets under management ("AUM") via new fund launches, SMAs and co-investments

Real Estate

- Manage the Fort Myers investment to monetize significant net operating loss carryforwards ("NOLs")

Organizational Overview: Alignment of Interest

Employee Share Ownership

- Employees of GEC/Great Elm Capital Management, Inc. ("GECM") collectively own approximately 2.0 million shares of GEC, representing approximately 7% of GEC's outstanding shares[1]

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Director Share Ownership

- The directors of GEC collectively own approximately 5.1 million shares of GEC, representing approximately 20% of GEC's outstanding shares[1]

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Significant Alignment of Interest

- When combined, **insider ownership totals approximately 27% 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 GEC

(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.

Operating Companies: Great Elm DME

Operating Companies: Growth at DME Amid Uncertainty

- **In FY 3Q20, Great Elm DME, Inc. ("DME") generated $14.1 million of revenue, $1.4 million of net loss and $2.5 million of adjusted EBITDA[1]**
  - Meaningful revenue growth in major product categories, including PAP
  - Management is investing heavily in people, processes and technology to enhance DME's scalable infrastructure, capable of supporting multiple acquisitions per year
- **DME continues to generate rapid year-over-year patient growth in its PAP product category**
  - New patient setups grew 19.0% in key PAP segment year-over-year, with total active PAP patients hitting a new high
- **Physician referrals negatively impacted by shelter-in-place orders in areas of operation**
  - Toward the end of the quarter ended March 31, 2020, we began to see a reduction in physician visits, leading to a reduction in referral volume for DME
  - The decline in referrals continued post quarter end
- **DME has been proactive in taking measures to respond to the COVID-19 pandemic to ensure it can continue to provide critical respiratory services**

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

Operating Companies: M&A

- **Acknowledging the many challenges in the current business environment, DME seeks to partner with companies in tangential and overlapping markets**
  - Exploring opportunities for corporate development with respiratory-focused, durable medical equipment businesses may result in relationships that provide stabilization in a fragmented industry
  - In addition, these opportunities could help to further diversify DME's payor and product mix

- DME also seeks to explore complementary product lines and services that can leverage the company's valuable contracts, referral sources, customer bases and infrastructure

Operating Companies: DME Segment Financial Detail

DME Segment Financials - Quarter Ended 3/31/20		
Total revenues	$	14,131
Total expenses		(15,529)
GAAP Net income		(1,398)
Adjusted EBITDA:		
GAAP Net income		(1,398)
Interest expense, net		906
Depreciation and amortization expense		2,354
Transaction and integration related costs		540
Location build out		65
Management fees		59
Adjusted EBITDA[1]	**$**	**2,526**
Capital expenditures		(1,524)
Unleveraged free cash flow	**$**	**1,002**
Interest expense paid		(870)
Scheduled debt amortization		(354)
Excess cash flow payments		(453)
Payments on equipment financing		(822)
Leveraged free cash flow	**$**	**(1,497)**

- Revenue and profitability were negatively impacted by revenue reserves of $1.1 million, approximately $0.8 million of which is associated with receivables older than nine months

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

Investment Management

Investment Management: A Focus on Liquidity and Opportunity

- **In FY 3Q20, Investment Management generated $0.8 million of revenue, $0.5 million of net income and $0.3 million of adjusted EBITDA[1]**
  - The first half of 2020 has been characterized by remarkable volatility in the leveraged credit markets, driven by the impact of the COVID-19 pandemic and violent swings in asset prices
  - The fair value of managed portfolio investments, primarily at GECC, was negatively impacted by this volatility
  - All GECC portfolio companies are operating in a highly uncertain environment
  - Nevertheless, a majority of these portfolio companies are weathering the difficult economic environment with resilient business models and sustainable cash flows

- **In managing GECC, we are focused on liquidity preservation and strengthening its balance sheet**
  - We believe that prudent cash management is paramount during bouts of market volatility
  - As of March 31, 2020, GECC reported approximately $23 million of cash

(1) Please 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

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

AUM Growth

+

High Margins

+

Scalable Model

=

Free Cash Flow

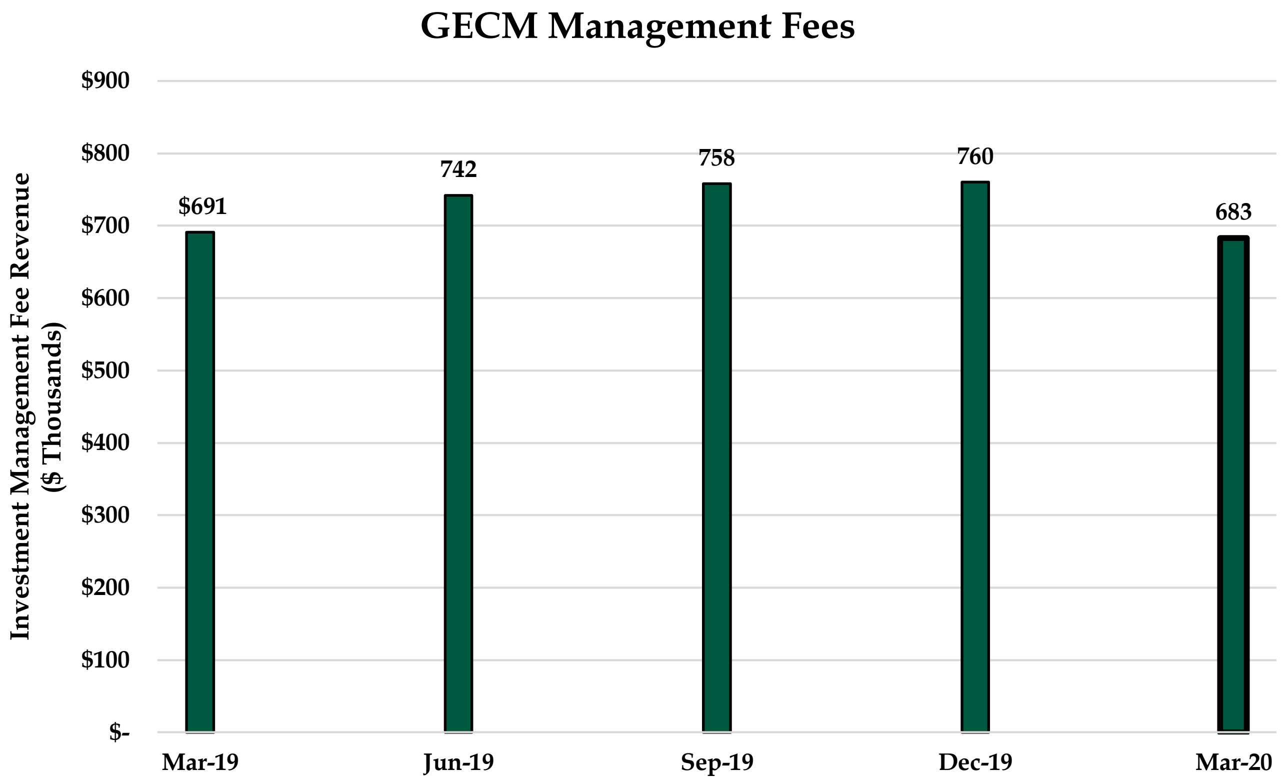
SCALABLE MODEL

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

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

Investment Management: Management Fee Stability



Investment Management: Segment Financial Detail

Near-Term Drivers of Incremental Free Cash Flow:

- Despite recent volatility, we believe GECC will continue to grow its investment portfolio, including via incremental capital raises, which will drive incremental management fee revenue
- The Full Circle consulting agreement terminated on November 3, 2019. The FY19 expense associated with this agreement was $763 thousand

IM Segment Financials - Quarter Ended 3/31/20		
Total revenues	$	829
Total expenses		(338)
GAAP Net income		491
Adjusted EBITDA:		
Stock based compensation		(373)
Interest expense, net		39
Depreciation and amortization expense		150
Adjusted EBITDA[1]	**$**	**307**
Capital expenditures		-
Unleveraged free cash flow	**$**	**307**
Interest expense paid		(35)
Scheduled debt amortization		-
Leveraged free cash flow	**$**	**272**

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

Real Estate

Real Estate: Overview

Our current Real Estate investment is attractive for the following reasons:

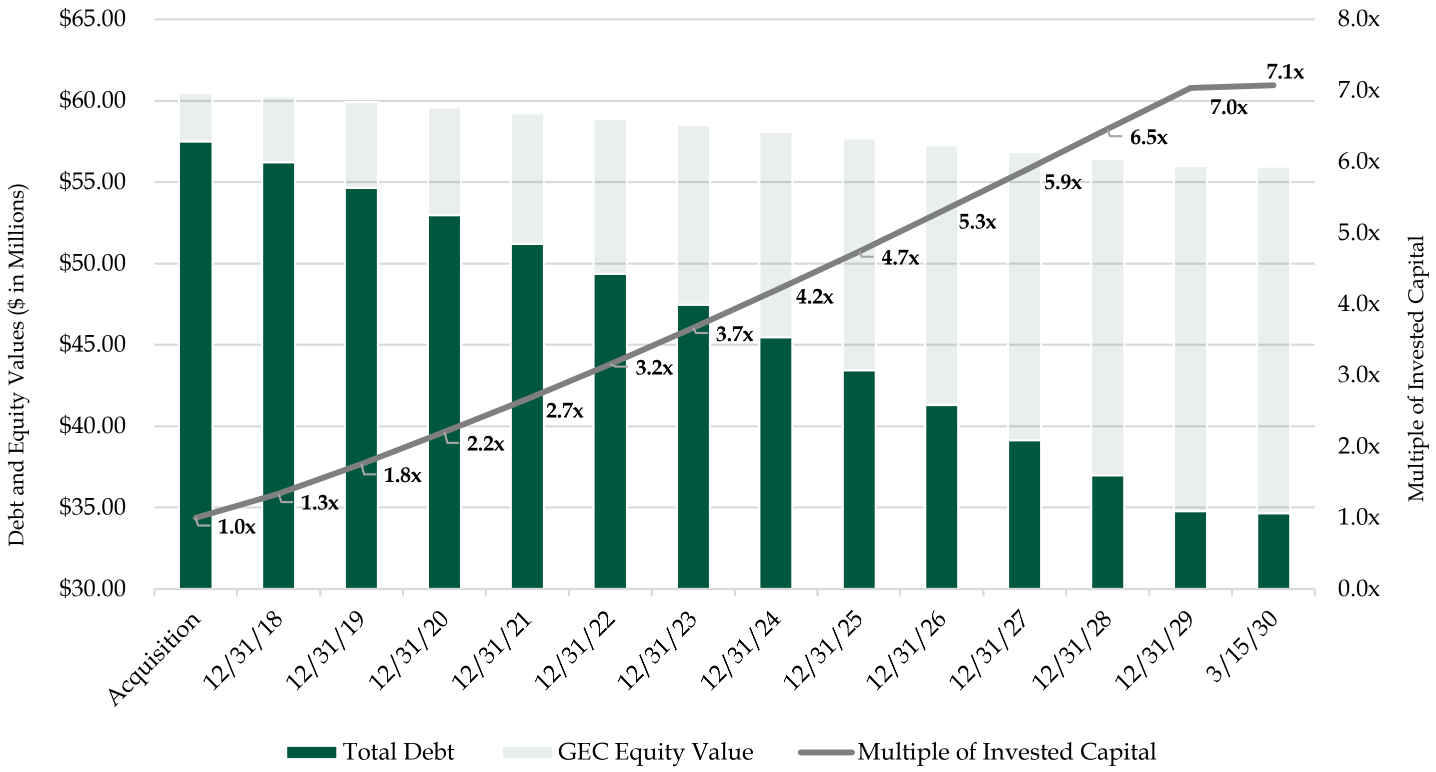
Limited Equity Capital Deployed

High Level of Non-Recourse Leverage

Monetization of Significant NOLs

Real Estate: Fort Myers – Organic Equity Growth

- *Assuming a constant property value of $61.2 million, the chart at the right depicts the* ***growth in GEC's equity value*** *as cash flows from the rental stream are utilized to amortize debt over the lease term*
- *As you can see, GEC builds significant equity value[1] over time without any additional capital deployment*



(1) Equity value is equal to the property value at acquisition minus the face value of the debt on a given date.

Real Estate: Segment Financial Detail

Real Estate Financials - Quarter Ended 3/31/20		
Total revenues	$	1,276
Total expenses		(1,209)
GAAP Net income		67
Adjusted EBITDA:		
Interest expense		654
Depreciation and amortization expense		430
Adjusted EBITDA[1]	**$**	**1,151**
Non-cash rental income		(162)
Capital expenditures		-
Unleveraged free cash flow	**$**	**989**
Interest expense paid		(444)
Scheduled debt amortization		(545)
Leveraged free cash flow	$	-

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

General Corporate

General Corporate: Segment Financial Detail

General Corporate Financials - Quarter Ended 3/31/20	
Revenue:	
Total revenue	$ 34
Operating costs and expenses:	
Public company costs	(746)
Stock-based compensation	(106)
Depreciation and amortization expense	(1)
Other general and administrative	(949)
Total other operating costs and expenses:	**(1,802)**
Other income (expense):	
Dividend and interest income	491
Income tax benefit	148
Interest expense	(155)
Unrealized loss on GECC investment	(9,794)
Total other income (expense)	**(9,310)**
GAAP Net Loss	**(11,078)**

EBITDA and Free Cash Flow - Quarter Ended 3/31/20	
Adjusted EBITDA:	
GAAP net loss	(11,078)
Management fee	(34)
Stock based compensation	106
Transaction costs and integration	291
GECC dividends	(490)
Unrealized loss, taxes, and depreciation	9,802
Adjusted EBITDA[1]	**(1,403)**
Capital expenditures	-
Transaction costs and integration paid	(291)
Unleveraged free cash flow	**(1,694)**
GECC dividends	490
Leveraged free cash flow	**(1,204)**

- **As of March 31, 2020, GEC's consolidated cash balance was approximately $39 million**
- **GEC is actively looking for new investment opportunities**

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

Financial Review

Financial Review: 3Q20 Consolidating Balance Sheets (Unaudited)

$ in thousands	DME	Investment Management	Real Estate	Corporate	Eliminations	Consolidated
ASSETS						
Cash and cash equivalents, including restricted cash	$ 1,559	$ 161	$ 847	$ 36,963	$ -	$ 39,530
Accounts receivable, net	8,522	1,008	-	163	-	9,693
Investments at fair value	-	-	-	5,507	-	5,507
Inventory	1,750	-	-	-	-	1,750
Property and equipment, net	10,330	36	53,494	4	-	63,864
Identifiable intanglible assets, net	8,275	2,410	4,995	-	-	15,680
Goodwill	50,433	-	-	-	-	50,433
Right of use asset	4,586	1,189	-	-	-	5,775
Other assets	676	244	1,237	498	(90)	2,565
Total Assets	$ 86,131	$ 5,048	$ 60,573	$ 43,135	$ (90)	$ 194,797
LIABILITIES						
Accounts payable & accrued liabilities	$ 11,103	$ 92	$ 543	$ 2,303	$ (90)	$ 13,951
Lease liabilities	4,762	1,306	-	-	-	6,068
Related party payables	-	-	-	-	-	-
Long term debt	7,886	-	55,455	-	-	63,341
Related party notes payable	25,164	3,148	-	-	-	28,312
Convertible notes	-	-	-	16,785	-	16,785
Equipment financing	1,747	-	-	-	-	1,747
Intercompany, net **(a)**	31,538	7,881	2,965	(42,384)	-	-
Other liabilities	-	-	478	(114)	-	364
Total Liabilities	82,200	12,427	59,441	(23,410)	(90)	130,568
EQUITY	3,931	(7,379)	1,132	66,545	-	64,229
Total Liabilities and Equity	$ 86,131	$ 5,048	$ 60,573	$ 43,135	$ (90)	$ 194,797

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

Financial Review: 3Q20 Consolidating Income Statement (Unaudited)

$ in thousands	For the three months ended March 31, 2020 DME	Investment Management	Real Estate	Corporate	Eliminations	Consolidated
Total Revenues	$ 14,131	$ 829	$ 1,276	$ 34	$ (34)	$ 16,236
Cost of revenue	(6,038)	-	-	-		(6,038)
Depreciation and amortization expense	(472)	(150)	(430)	(1)		(1,053)
Selling, general and administration	(8,113)	(149)	(125)	(1,801)	34	(10,154)
Total operating costs and expenses	(14,623)	(299)	(555)	(1,802)	34	(17,245)
Operating income (loss)	(492)	530	721	(1,768)	-	(1,009)
Dividends and interest income	-	-	-	491		491
Unrealized gain (loss) on investments	-	-	-	(9,794)		(9,794)
Interest expense, net	(906)	(39)	(654)	(155)		(1,754)
Other income (expense), net	-	-	-	-		-
Income (loss) before taxes	(1,398)	491	67	(11,226)	-	(12,066)
Income tax expense benefit	-	-	-	148		148
Net income (loss), net of tax	**(1,398)**	**491**	**67**	**(11,078)**	**-**	**(11,918)**
Adjusted EBITDA [1]	**$ 2,526**	**$ 307**	**$ 1,151**	**$ (1,403)**	**$ -**	**$ 2,581**

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

Summary

Summary: Drivers of Shareholder Value

Operating Companies

- **Focus on growing Great Elm DME, Inc. both organically and via an expansion strategy that targets existing and adjacent markets**
- **Continue to strengthen Great Elm DME, Inc.'s scalable infrastructure, investing in people, processes and technology to support multiple acquisitions per year**

Investment Management

- **Focus on driving asset growth in GECC and raising capital for SMAs / other investment vehicles**
- Leverage the existing team and infrastructure to generate incremental free cash flow

Real Estate

- Seek to enhance the value of our existing property through property improvement and lease modification

Q&A

Appendix

Appendix: Non-GAAP Reconciliation

	For the three months ended March 31, 2020				
$ in thousands	Durable Medical Equipment	Investment Management [1]	Real Estate	General Corporate	Consolidated
EBITDA:					
Net income (loss) - GAAP	**$ (1,398)**	**$ 491**	**$ 67**	**$ (11,078)**	**$ (11,918)**
Interest expense	906	39	654	155	1,754
Depreciation & amortization	2,354	150	430	1	2,935
Income tax expense (benefit)	-	-	-	(148)	(148)
EBITDA	**$ 1,862**	**$ 680**	**$ 1,151**	**$ (11,070)**	**$ (7,377)**
Adjusted EBITDA:					
Stock based compensation	-	(373)	-	106	(267)
Change in contingent consideration	-	-	-	-	-
GECC Unrealized (gains) / losses	-	-	-	9,794	9,794
Dividend income from GECC	-	-	-	(490)	(490)
Transaction and integration costs	540	-	-	291	831
Pharmacy buildout	65	-	-	-	65
DME management and Monitoring fees	59	-	-	(34)	25
Adjusted EBITDA	**$ 2,526**	**$ 307**	**$ 1,151**	**$ (1,403)**	**$ 2,581**

(1) Prior year non-GAAP adjustments have been updated to conform to current year presentation by removing adjustments associated with the adoption of ASC 606 *Contracts with Customers*.

Appendix: Non-GAAP Reconciliation (Continued)

	For the nine months ended March 31, 2020				
$ in thousands	Durable Medical Equipment	Investment Management [1]	Real Estate	General Corporate	Consolidated
EBITDA:					
Net income (loss) - GAAP	**$ (2,893)**	**$ 451**	**$ 187**	**$ (14,968)**	**$ (17,223)**
Interest expense	2,839	122	1,967	155	5,083
Depreciation & amortization	7,344	508	1,291	2	9,145
Income tax expense (benefit)	-	-	-	(5)	(5)
EBITDA	**$ 7,290**	**$ 1,081**	**$ 3,445**	**$ (14,816)**	**$ (3,000)**
Adjusted EBITDA:					
Stock based compensation	-	(100)	-	334	234
Change in contingent consideration [2]	-	-	-	(1,135)	(1,135)
GECC Unrealized (gains) / losses	-	-	-	11,603	11,603
Dividend income from GECC	-	-	-	(1,567)	(1,567)
Other (income) expense	(3)	-	-	-	(3)
Transaction and integration costs [2]	1,276	-	-	926	2,201
Pharmacy buildout	320	-	-	-	320
DME management and Monitoring fees	189	-	-	(114)	75
Adjusted EBITDA	**$ 9,071**	**$ 981**	**$ 3,445**	**$ (4,768)**	**$ 8,729**

(1) Prior year non-GAAP adjustments have been updated to conform to current year presentation by removing adjustments associated with the adoption of ASC 606 *Contracts with Customers*.

Appendix: Non-GAAP Reconciliation (Continued)

$ in thousands	Durable Medical Equipment	Investment Management [1]	Real Estate	General Corporate	Consolidated
	For the three months ended March 31, 2019				
EBITDA:					
Net income (loss) - GAAP	**$ (517)**	**$ (163)**	**$ 38**	**$ 4,843**	**$ 4,201**
Net income from discontinued operations	-	-	-	(3,879)	(3,879)
Interest expense	998	47	667	-	1,712
Depreciation & amortization	2,275	180	436	-	2,891
Income tax expense (benefit)	-	-	-	(1,229)	(1,229)
EBITDA	**$ 2,756**	**$ 64**	**$ 1,141**	**$ (265)**	**$ 3,696**
Adjusted EBITDA:					
Stock based compensation	-	19	-	83	102
GECC Unrealized (gains) / losses	599	-	-	(1,406)	(807)
Dividend income from GECC	(198)	-	-	(292)	(490)
Transaction and integration costs [2]	7	219	-	396	622
Pharmacy buildout	58	-	-	-	58
DME management and monitoring fees	(5)	-	-	5	-
Adjusted EBITDA	**$ 3,217**	**$ 302**	**$ 1,141**	**$ (1,479)**	**$ 3,181**

(1) Prior year non-GAAP adjustments have been updated to conform to current year presentation by removing adjustments associated with the adoption of ASC 606 *Contracts with Customers*.

Appendix: Non-GAAP Reconciliation (Continued)

	For the nine months ended March 31, 2019				
$ in thousands	Durable Medical Equipment	Investment Management [1]	Real Estate	General Corporate	Consolidated
EBITDA:					
Net income (loss) - GAAP	**$ (91)**	**$ (859)**	**$ 127**	**$ (1,261)**	**$ (2,084)**
Net income from discontinued operations	-	-	-	(3,786)	(3,786)
Interest expense	2,365	135	1,995	-	4,495
Depreciation & amortization	4,840	453	1,298	-	6,591
Income tax expense (benefit)	-	-	-	(1,229)	(1,229)
EBITDA	**$ 7,114**	**$ (271)**	**$ 3,420**	**$ (6,276)**	**$ 3,987**
Adjusted EBITDA:					
Stock based compensation	-	601	-	343	944
GECC Unrealized (gains) / losses	1,010	-	-	917	1,927
Dividend income from GECC	(629)	-	-	(1,312)	(1,941)
Transaction and integration costs [2]	551	219	-	1,855	2,625
Pharmacy buildout	58	-	-	-	58
DME management and Monitoring fees	65	-	-	(65)	-
Adjusted EBITDA	**$ 8,169**	**$ 549**	**$ 3,420**	**$ (4,538)**	**$ 7,600**

(1) Prior year non-GAAP adjustments have been updated to conform to current year presentation by removing adjustments associated with the adoption of ASC 606 *Contracts with Customers*.

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