Great Elm Capital Group, Inc.

Investor Presentation – Quarter Ended September 30, 2019

November 12, 2019

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Statements in this presentation that are "forward-looking" statements, including statements regarding revenue, adjusted EBITDA, expected growth, profitability, free cash flow 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 Capital Group, Inc.'s ("Great Elm" or "GEC") assumptions and expectations in light of currently available information. Great Elm assumes no obligation to, and expressly disclaims any duty to, update any forward-looking statements contained in this presentation or to conform prior statements to actual results or revised expectations, except as required by law. 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 (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, which are 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"). 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.

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Performance Overview

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Performance Overview: Quarter Ended September 30, 2019[1]

Revenue by Segment		
Segment	1Q20	1Q19
DME[2]	$13.2	$4.1
Investment Management	$0.9	$0.9
Real Estate[3]	$1.3	$1.5
General Corporate	-	-
Consolidated	$15.4	$6.5

Net Income (Loss) by Segment		
Segment	1Q20	1Q19
DME[2]	($0.8)	$0.0
Investment Management	($0.1)	($0.7)
Real Estate[3]	$0.1	$0.1
General Corporate	($2.5)	($1.4)
Consolidated	($3.3)	($2.0)

Adjusted EBITDA[4] by Segment		
Segment	1Q20	1Q19
DME[2]	$3.0	$1.3
Investment Management	$1.0	$0.6
Real Estate[3]	$1.1	$1.1
General Corporate	($1.7)	($1.4)
Consolidated	$3.5	$1.7

(1) Numbers in millions.
(2) DME business acquired in September 2018. Thus, the first fiscal quarter of 2019 was a partial quarter.
(3) Per US GAAP, real estate taxes were included in Real Estate revenue in the first fiscal quarter of 2019 but are not included in the first fiscal quarter of 2020.
(4) Please refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

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Organizational Overview

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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

- Seek opportunities, such as the Fort Myers transaction, that utilize modest equity capital and monetize significant net operating loss carryforwards ("NOLs")

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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 8% of GEC's outstanding shares[1]

Director Share Ownership

- The directors of GEC collectively own greater than 11% of GEC's outstanding shares[1]

Significant Alignment of Interest

- When combined, **insider ownership totals approximately 19% 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.

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Operating Companies: Great Elm DME

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Operating Companies: Rapid Growth at DME

- **In FY 1Q20, Great Elm DME, Inc. ("DME") generated $13.2 million of revenue, $0.8 million of net loss and $3.0 million of adjusted EBITDA[1]**
  - Meaningful revenue growth in major product categories
  - Management is investing heavily in people, processes and technology to enhance DME's scalable infrastructure, capable of supporting multiple acquisitions per year

- **DME has continued to generate rapid year-over-year patient growth in its PAP product category**
  - New patient setups grew by 22.0% year-over-year

- **We expect continued organic growth from DME**
  - Fundamental demand for respiratory products and services, combined with the company's focus on patient service and business expansion, provides a path to revenue and adjusted EBITDA growth in fiscal year 2020

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

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Operating Companies: M&A

- **In addition to driving organic revenue, EBITDA and volume growth, DME will seek to acquire complementary, patient-focused businesses**
  - DME is pursuing an expansion strategy that targets businesses in tangential or overlapping markets
  - These acquisition opportunities can help to further diversify DME's payor and product mix

- The respiratory-focused, durable medical equipment industry is characterized by a fragmented landscape that we believe offers a significant opportunity for additional consolidation
  - DME's patient-centric service model differentiates it from the competition

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

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Operating Companies: DME Segment Financial Detail

DME Segment Financials - Quarter Ended 9/30/19		
Total revenues	$	13,231
(Total opex)		(14,050)
GAAP Net Loss		(819)
Adjusted EBITDA:		
GAAP Net Loss		(819)
Interest expense, net		996
Depreciation and amortization expense		2,508
Transaction and integration related costs		148
Location build out		135
Mgmt fees		48
Other income / (expense)		(1)
Adj. EBITDA[1]	**$**	**3,015**
(Maintenance capex)		(12)
(Growth capex)		(2,078)
(Cash interest)[2]		(1,786)
Levered free cash flow	**$**	**(861)**
Uses of free cash flow:		
Revolver paydowns		(500)
Scheduled debt amortization		(625)
Excess cash flow payments		(336)
Net free cash flow	**$**	**(2,322)**

[1] Please refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix
[2] Timing of certain interest payments negatively impacted free cash flow by $0.8 million.

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Investment Management

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Investment Management: A Scalable, High Margin Business

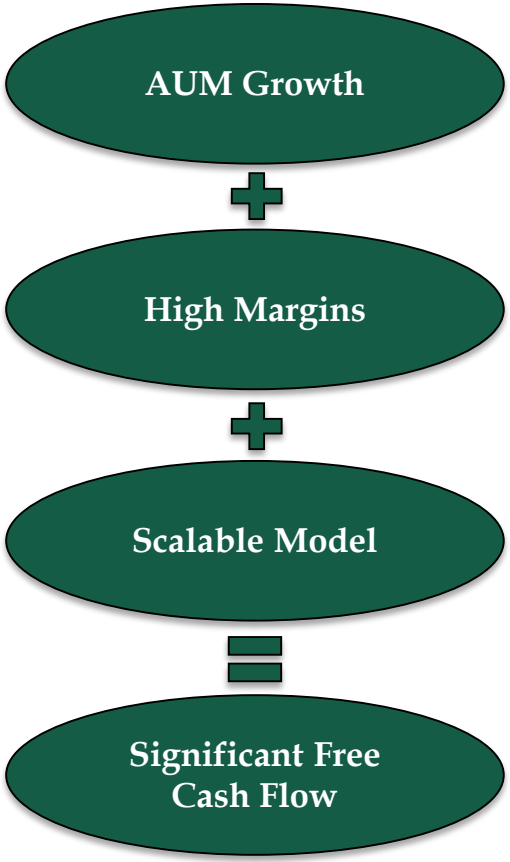
AUM GROWTH

Grow GECC's AUM through the issuance of additional debt and equity, complemented with 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 substantial growth in AUM and new investment vehicles



HIGH MARGINS

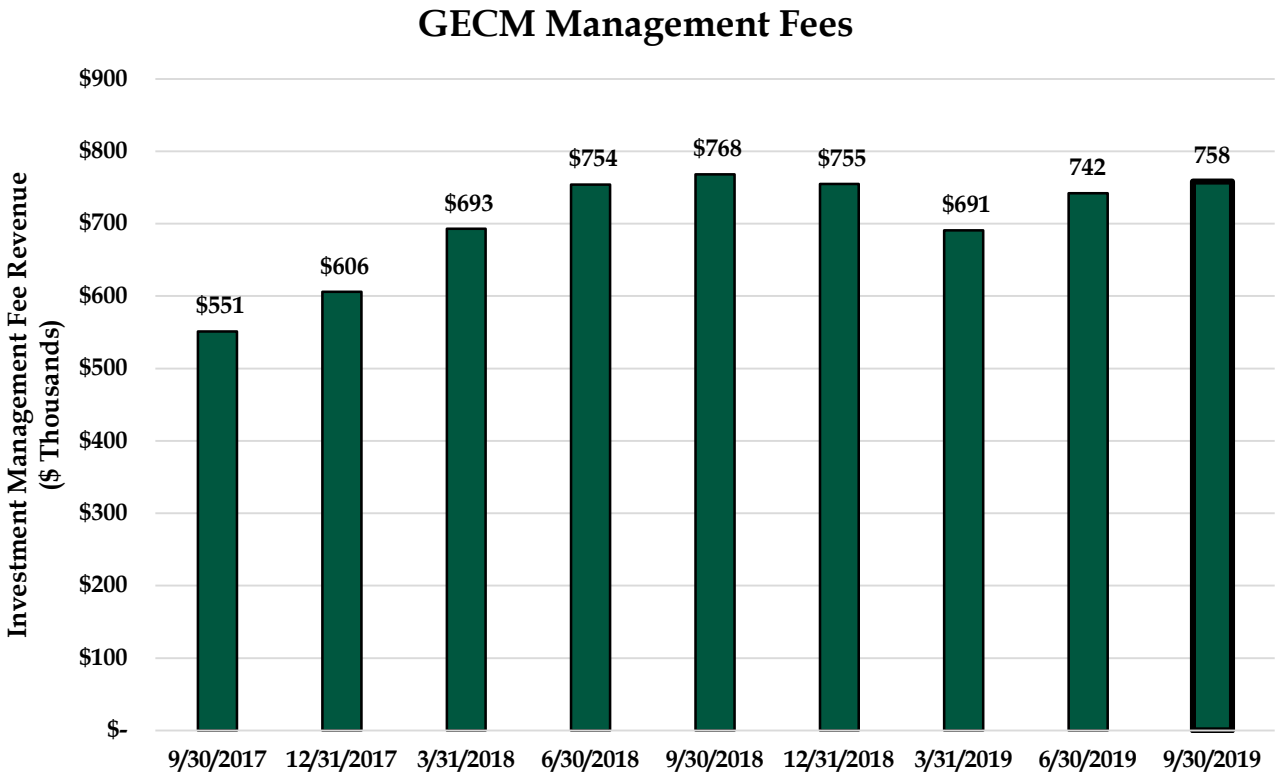
Given the largely fixed cost nature of the Investment Management business, we expect adjusted EBITDA margins to increase as our AUM increases and the business scales

SIGNIFICANT FREE CASH FLOW

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

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Investment Management: Management Fee Growth



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Investment Management: Segment Financial Detail

Near-Term Drivers of Incremental Free Cash Flow:

- 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 9/30/19		
Total revenues	$	867
(Full Circle consulting fee)		(211)
(Total other opex)		(701)
GAAP Net Loss		(45)
Adjusted EBITDA:		
GAAP Net Loss		(45)
Stock based compensation		175
Unrecognized incentive fees earned		655
Interest expense, net		42
Depreciation and amortization expense		179
Adj. EBITDA[1]	**$**	**1,006**
(Capex)		(2)
(Unrecognized incentive fees earned)		(655)
Levered free cash flow	**$**	**349**

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

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Real Estate

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Real Estate: Overview

We view Credit Tenant Lease financings to high quality tenants as an attractive business for GEC for the following reasons:

Limited Equity Capital Deployed

High Level of Non-Recourse Leverage

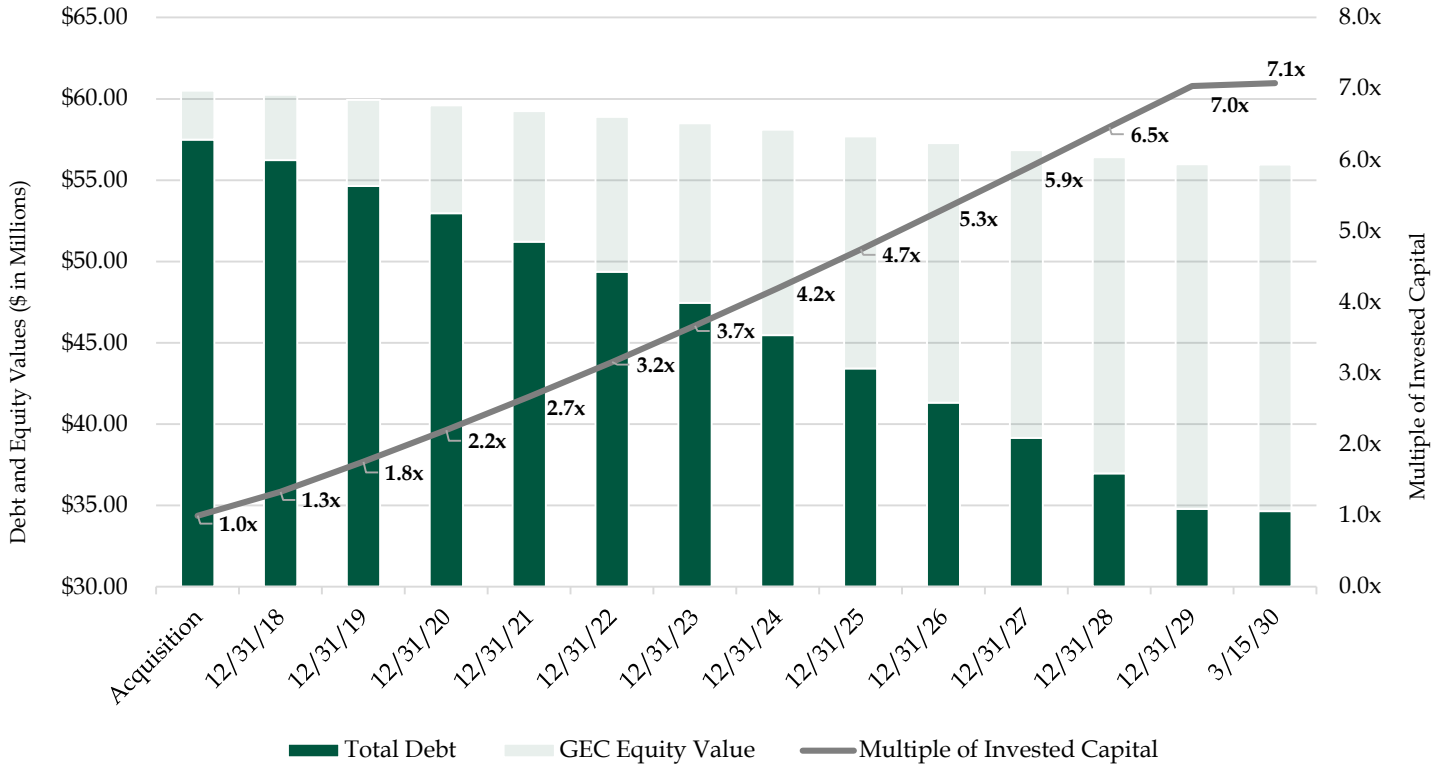
Monetization of Significant NOLs

We believe we are uniquely positioned to be a preferred partner to a sub-set of real estate investors because of our ability to absorb phantom income

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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.

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Real Estate: Segment Financial Detail

Real Estate Financials - Quarter Ended 9/30/19			
Revenues:		GAAP Net income	60
Rental income	$1,273	**EBITDA:**	
		GAAP Net income	60
Operating costs and expenses:		Interest expense	658
Insurance	(38)	Depreciation and amortization	431
Sales tax on rent & management fee	(63)	**EBITDA[1]**	**1,149**
Management fee	(17)		
Taxes and licenses	(4)	**Levered free cash flow:**	
Other miscellaneous	(2)	EBITDA	1,149
Total Operating Costs and Expenses	(124)	*Less:*	
		Interest expense paid	(454)
		Non-cash rental income	(171)
		Levered free cash flow	**524**
Depreciation and amortization expense	(431)	*Uses of free cash flow:*	
Interest expense, net	(658)	Debt principal payments	(524)
GAAP Net income	**60**	**Net free cash flow**	-

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

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General Corporate

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General Corporate: Segment Financial Detail

General Corporate Financials - Quarter Ended 9/30/19	
Revenue:	
Total revenue	$ 23
Operating costs and expenses:	
Public company costs	(983)
Stock-based compensation	(118)
Other general and administrative	(685)
	(1,786)
Other income (expense):	
Dividend and interest income	514
Income tax	(242)
Unrealized gain on GECC investment	(983)
Total other income	(711)
GAAP Net Loss	**(2,474)**

EBITDA and Free Cash Flow - Quarter Ended 9/30/19	
GAAP Net Loss	(2,474)
Adjusted EBITDA:	
GAAP Net Loss	(2,474)
Management fee	(23)
Stock based compensation	118
Change in Contingent Consideration	(195)
Transaction and integration costs	120
GECC Dividends	(490)
Interest, taxes, depreciation and amortization	1,225
Adjusted EBITDA[1]	**(1,719)**
Levered free cash flow:	
Adjusted EBITDA	(1,719)
Transaction and integration costs paid	(120)
GECC Dividends	490
Capital expenditures	(3)
Levered free cash flow	**(1,352)**

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

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Financial Review

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Financial Review: 1Q20 Consolidating Balance Sheets (Unaudited)

$ in thousands	DME	Investment Management	Real Estate	Corporate	Eliminations	Consolidated
ASSETS						
Cash and cash equivalents, including restricted cash	$ 209	$ 92	$ 768	$ 9,786	$ -	$ 10,855
Accounts receivable, net	8,442	1,176	-	164	-	9,782
Investments at fair value	-	-	-	16,127	-	16,127
Inventory	1,544	-	-	-	-	1,544
Property and equipment, net	10,196	45	54,105	-	-	64,347
Identifiable intanglible asses, net	8,879	2,733	5,245	-	-	16,857
Goodwill	50,433	-	-	-	-	50,433
Right of use asset	4,849	1,289	-	-	-	6,138
Other assets	350	203	906	670	(73)	2,056
Total Assets	$ 84,902	$ 5,539	$ 61,024	$ 26,747	$ (73)	$ 178,139
LIABILITIES						
Accounts payable & accrued liabilities	$ 7,473	$ 556	$ 465	$ 1,526	$ (73)	$ 9,947
Lease liabilities	5,010	1,410	-	-	-	6,420
Related party payables	1,012	-	-	-	-	1,012
Long term debt	6,871	-	56,111	-	-	62,982
Related party notes payable	26,280	3,148	-	-	-	29,428
Equipment financing	1,753	-	-	-	-	1,753
Intercompany, net **(a)**	30,499	8,300	2,964	(41,763)	-	-
Other liabilities	-	-	478	110	-	588
Total Liabilities	78,898	13,414	60,018	(40,127)	(73)	112,130
EQUITY	6,004	(7,875)	1,006	66,874	-	66,009
Total Liabilities and Equity	$ 84,902	$ 5,539	$ 61,024	$ 26,747	$ (73)	$ 178,139

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

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Financial Review: 1Q20 Consolidating Income Statement (Unaudited)

$ in thousands	DME	Investment Management	Real Estate	Corporate	Consolidated
Total Revenues	$ 13,231	$ 867	$ 1,273	$ 23	$ 15,394
Cost of revenue	(5,728)	-	-	-	(5,728)
Depreciation and amortization expense	(457)	(179)	(431)	-	(1,067)
Selling, general and administration	(6,872)	(691)	(124)	(1,786)	(9,473)
Total operating costs and expenses	(13,057)	(870)	(555)	(1,786)	(16,268)
Operating income (loss)	174	(3)	718	(1,763)	(874)
Dividends and interest income	-	-	-	514	514
Unrealized gain (loss) on investments	-	-	-	(983)	(983)
Interest expense, net	(996)	(42)	(658)	-	(1,696)
Other income (expense), net	3	-	-	-	3
Income (loss) before taxes	(819)	(45)	60	(2,232)	(3,036)
Income tax expense	-	-	-	(242)	(242)
Net income (loss), net of tax	**(819)**	**(45)**	**60**	**(2,474)**	**(3,278)**
Adjusted EBITDA[1]	**$ 3,015**	**$ 1,006**	**$ 1,149**	**$ (1,719)**	**3,451**
Net free cash flow	**$ (2,322)**	**$ 349**	**$ -**	**$ (1,352)**	**$ (3,325)**

[1] Please refer to the Appendix for the Adjusted EBITDA reconciliation tables and disclaimers on slide 2.

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Summary

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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

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Q&A

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Appendix

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Appendix: Non-GAAP Reconciliation

$ in thousands	DME	Investment Management	Real Estate	General Corporate	Consolidated
	For the three months ended September 30, 2019				
EBITDA:					
Net income (loss) - GAAP	**$ (819)**	**$ (45)**	**$ 60**	**$ (2,474)**	**$ (3,278)**
Interest expense	996	42	658	-	1,696
Depreciation & Amortization	2,508	179	431	-	3,118
Tax expense	-	-	-	242	242
EBITDA	2,685	176	1,149	(2,232)	1,778
Adjusted EBITDA					
Unrecognized incentive fees [1]	-	655	-	-	655
Stock based compensation	-	175	-	118	293
Change in contingent consideration [2]	-	-	-	(195)	(195)
GECC Unrealized (gains) / losses	-	-	-	983	983
Dividend income from GECC	-	-	-	(490)	(490)
Other (income) expense	(3)	-	-	-	(3)
Transaction and integration costs [2]	148	-	-	120	268
Severance	2	-	-	-	2
Pharmacy buildout	135	-	-	-	135
DME management and Monitoring fees	48	-	-	(23)	25
Adjusted EBITDA	**$ 3,015**	**$ 1,006**	**$ 1,149**	**$ (1,719)**	**$ 3,451**

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Appendix: Non-GAAP Reconciliation (Continued)

$ in thousands	DME	Investment Management	Real Estate	General Corporate	Consolidated
	For the three months ended September 30, 2019				
Free Cash-flow:					
Adjusted EBITDA	$ 3,015	$ 1,006	$ 1,149	$ (1,719)	$ 3,450
Interest expense paid[1]	(1,786)	-	(454)	-	(2,240)
Non-cash revenue / cash reserve	-	(655)	(171)	-	(826)
Transaction costs	-	-	-	(120)	(120)
Dividends received	-	-	-	490	490
Capital expenditures	(2,090)	(2)		(3)	(2,095)
Free Cash-Flow	**$ (861)**	**$ 349**	**$ 524**	**$ (1,352)**	**$ (1,340)**
Uses of Free Cash-Flow					
Revolver paydowns	(500)	-	-	-	(500)
Mandatory debt amortization	(625)	-	(524)	-	(1,149)
Excess cash flow payments	(336)	-	-	-	(336)
Net Free Cash-Flow	**$ (2,322)**	**$ 349**	**$ -**	**$ (1,352)**	**$ (3,325)**

[1] Timing of certain interest payments negatively impacted free cash flow by $0.8 million.

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Appendix: Non-GAAP Reconciliation (Continued)

$ in thousands	DME [3]	Investment Management	Real Estate	General Corporate [4]	Consolidated
	For the three months ended September 30, 2018				
EBITDA:					
Net income (loss) - GAAP	**$ 27**	**$ (689)**	**$ 51**	**$ (1,398)**	**$ (2,009)**
Interest	286	44	665	-	995
Depreciation and amortization	423	136	431	-	990
Taxes	-	-	-	-	-
EBITDA	$ 736	$ (509)	$ 1,147	$ (1,398)	$ (24)
Adjusted EBITDA:					
Stock based compensation	-	545	-	128	673
Dividend income from GECC	(56)	-	-	(434)	(490)
GECC Unrealized (gains) / losses	80	-	-	(985)	(905)
Unrecognized incentive fees earnec	-	576	-	-	576
DME management and monitoring	18	-	-	(18)	-
Transaction costs	542	-	-	1,324	1,866
Adjusted EBITDA	**$ 1,320**	**$ 612**	**$ 1,147**	**$ (1,383)**	**$ 1,696**

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Appendix: Non-GAAP Reconciliation (Continued)

$ in thousands	DME [3]	Investment Management	Real Estate	General Corporate [4]	Consolidated
	For the three months ended September 30, 2018				
Free Cash-flow:					
Adjusted EBITDA	**$ 1,320**	**$ 612**	**$ 1,147**	**$ (1,383)**	**$ 1,696**
Interest expense paid	(243)	(44)	(471)	-	(758)
Non-cash revenue / cash reserve	-	(576)	(191)	-	(767)
Transaction costs	-	-	-	(1,324)	(1,324)
Dividends received	-	-	-	434	434
Capital expenditures	(490)	-	-	-	(490)
Free Cash-Flow	**587**	**(8)**	**485**	**(2,273)**	**(1,209)**
Uses of Free Cash-Flow					
Revolver paydowns	-	-	-	-	-
Mandatory debt amortization	-	-	(485)	-	(485)
Excess cash flow payments	-	-	-	-	-
Net Free Cash-Flow	**587**	**(8)**	**-**	**(2,273)**	**(1,694)**

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Appendix: Non-GAAP Reconciliation (Continued)

(1) Unrecognized incentive fees earned include amounts earned under investment management agreements which are not recognized under US GAAP.
(2) Acquisition and integration related costs include transaction costs, costs to integrate acquired businesses and changes in the fair value of the contingent consideration liability since the initial valuation at the acquisition date.
(3) Our durable medical equipment business began in September 2018 and there was no related activity prior to that date.
(4) General Corporate net loss includes net loss attributable to discontinued operations.

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Appendix: Contact Information

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