

Great Elm Group, Inc.

Conference Call Presentation
Fiscal Second Quarter
Ended December 31, 2020

February 16, 2021

NASDAQ: GEG

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. 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.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.

Corporate Reorganization and Financing Transaction

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

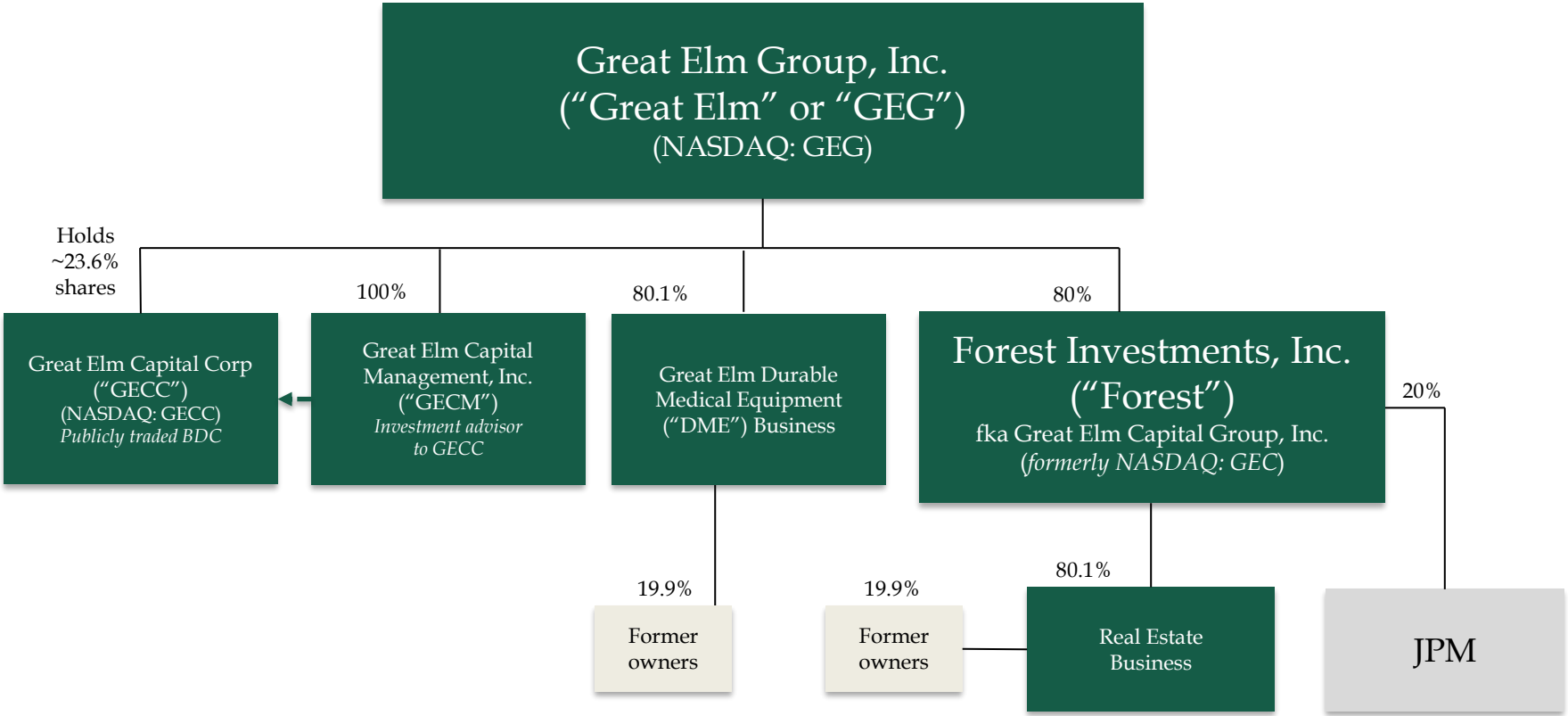
JPM FINANCING DETAILS

- 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.

Our Business Operating Segments

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, NE, OR, WA
- 337 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
- Three IMAs with a leading institutional investor
- Manager of the Great Elm Opportunities Fund, a fund structured for a series of co-investment opportunities
- Manager of future funds, co-investments and separately managed accounts

Real Estate

- Office property located in Fort Myers, FL
- Fully leased, triple-net basis through March 2030
- Limited equity capital deployed, and building equity value over time with no additional capital necessary
- Monetizes significant NOLs

Driving Shareholder Value

Business Segment	Strategy
Operating Companies	▪ 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
Investment Management	▪ 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
Real Estate	▪ Seek to enhance the value of our existing Fort Myers property through property improvement and lease modification ▪ Seek other opportunities like the Fort Myers transaction that utilize modest equity capital and monetize significant NOLs

Strong Shareholder Alignment

Employee Share Ownership + **Director Share Ownership** = **Significant Alignment of Interest**

- Employees of GEG/Great Elm Capital Management, Inc. ("GECM") collectively own approximately 1.9 million shares of GEG, representing approximately 7% of GEG's outstanding shares[1]
- The directors of GEG beneficially own approximately 5.2 million shares of GEG in the aggregate, representing approximately 20% of GEG's outstanding shares
- 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 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.

Consolidated Summary Financials: Q2 FY 2021

(in millions)	Three Months Ended		Six Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Revenue By Segment				
DME	$ 14.5	$ 14.4	$ 29.2	$ 27.6
Investment Management	0.8	0.9	1.5	1.8
Real Estate	1.3	1.3	2.5	2.5
General Corporate	0.1	0.1	0.2	0.1
Eliminations	(0.1)	(0.1)	(0.2)	(0.1)
Consolidated	**$ 16.6**	**$ 16.6**	**$ 33.2**	**$ 31.9**
Net Income (Loss) by Segment				
DME	(2.9)	(0.7)	(3.3)	(1.5)
Investment Management	(0.3)	0.0	(0.4)	(0.0)
Real Estate	0.1	0.1	0.1	0.1
General Corporate	2.2	(1.4)	(1.2)	(3.9)
Consolidated	**$ (0.9)**	**$ (2.0)**	**$ (4.8)**	**$ (5.3)**
Adj. EBITDA[1,2] by Segment				
DME	1.9	3.5	4.7	6.5
Investment Management	0.0	0.3	0.3	0.7
Real Estate	1.1	1.1	2.3	2.3
General Corporate	(0.9)	(1.6)	(2.1)	(3.4)
Consolidated	**$ 2.1**	**$ 3.4**	**$ 5.2**	**$ 6.1**

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

Operating Companies: Stable results at DME and recapitalization

- **In fiscal 2Q21, Great Elm DME, Inc. ("DME") generated $14.5 million of revenue, $2.9 million of net loss and $1.9 million of adjusted EBITDA[1]**
  - The PAP supplies category continued to experience robust growth, with softness in sleep studies revenue and PAP rental
  - Operating expenses increased year-over-year due to the reallocation of compensation from Great Elm Group due to greater resources required at DME and increased costs attributable to cope with the effects of COVID-19
- **COVID-19 continued to negatively impact physician referrals and new order volumes in most segments**
  - New PAP patient setups declined 17.0% year over year, but improved 5.2% from previous quarter
  - Referrals for sleep studies remain down 15% year over year, but showing signs of stabilization
- **JPM Financing Transaction**
  - Proceeds from the JPM financing were used to repay the $24.8 million term loan, immediately lowering our cost of capital
  - We have the ability to incur senior debt to fund acquisition opportunities
- **Acquisitions**
  - Having completed significant investments into the platform, DME management is fully focused on executing on additional acquisition opportunities.

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

Operating Companies: DME Segment Financial Detail

(in thousands)	Three Months Ended		Six Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Total Net Revenue:				
Sales and Services Revenue - Medical Equipment	$ 8,411	$ 7,583	$ 16,419	$ 13,924
Sales and Services Revenue - Sleep Studies	1,133	1,464	2,338	2,868
Total Sales and Services Revenue	9,544	9,047	18,757	16,792
Rental Income	4,999	5,344	10,396	10,830
Total Net Revenue	**$ 14,543**	**$ 14,391**	**$ 29,153**	**$ 27,622**
Adj. EBITDA[1]:				
GAAP Net Income	**$ (2,878)**	**$ (676)**	**$ (3,336)**	**$ (1,495)**
Interest expense	687	937	1,396	1,933
Depreciation and amortization	1,919	2,483	4,130	4,991
Transaction and integration related costs	2,127	586	2,266	736
Location closure	-	120	54	255
Mgmt fees	62	82	178	130
Other (income) / expense	(33)	-	(30)	(3)
Adj. EBITDA[1]	**$ 1,884**	**$ 3,532**	**$ 4,658**	**$ 6,547**
Cash Flow:				
Adj. EBITDA[1]	**$ 1,884**	**$ 3,532**	**$ 4,658**	**$ 6,547**
(Maintenance capex)	(13)	(508)	(54)	(520)
(Growth capex)	(1,611)	(2,160)	(3,095)	(4,238)
Transaction costs and integration costs paid, including ext of debt	(1,888)	(706)	(2,081)	(991)
Unleveraged free cash flow	**$ (1,628)**	**$ 158**	**$ (572)**	**$ 798**
Interest expense paid	(639)	(945)	(1,316)	(2,731)
Scheduled debt amortization	-	(354)	(354)	(979)
Payments on equipment financing	(928)	(665)	(1,986)	(1,243)
Leveraged free cash flow	**$ (3,195)**	**$ (1,806)**	**$ (4,228)**	**$ (4,155)**

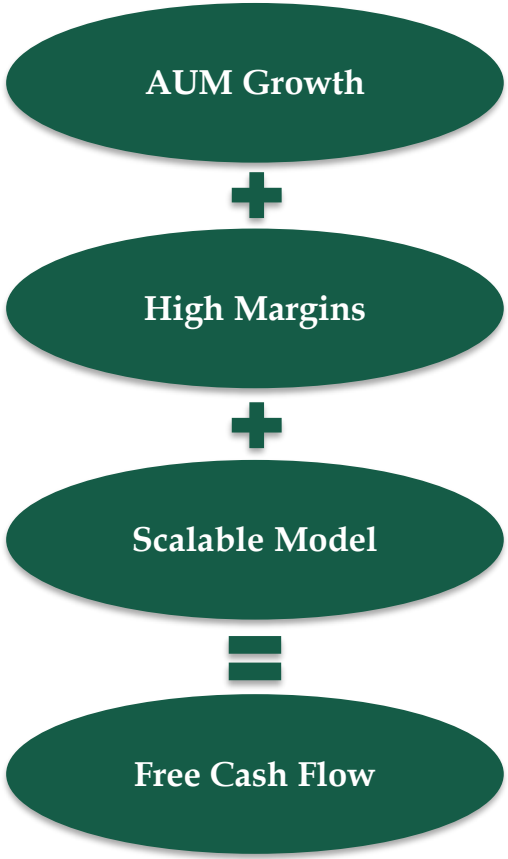
(1) Please also refer to the disclaimers on slide 2 and the Adjusted EBITDA reconciliation tables in the Appendix

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



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

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: A Focus on Opportunity

- **In fiscal 2Q21, Investment Management generated $0.8 million of revenue, $0.3 million of net loss and $41 thousand of adjusted EBITDA[1]**
  - Revenue and profitability were stable
- **We are seeking to capitalize upon our successful investments in the specialty finance sector**
  - GECC's investment in Prestige Capital has exceeded internal expectations
  - GECC has an attractive pipeline of potential investments in the specialty finance sector
- **On October 1, 2020, GECC closed a successful non-transferable rights offering in order to capitalize upon this attractive pipeline, raising $31.7 million in gross proceeds**
  - This was an important step in our plan to increase AUM at GECM
  - Increasing GECM's AUM should increase our revenue, earnings and cash flow
- **We created a new fund to invest in SPAC transactions**
  - We believe this asset class has the potential to deliver attractive risk-adjusted and highly asymmetric returns given their cash-in-trust structure coupled with our prudent investing and underwriting process
  - Invested $3 million into new fund as of the current quarter, with an additional $5 million invested subsequent to quarter end

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

Investment Management: Segment Financial Detail

(in thousands)	Three Months Ended		Six Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Total revenues	**$ 760**	**$ 889**	**$ 1,533**	**$ 1,756**
GAAP Net Income	**$ (308)**	**$ 5**	**$ (415)**	**$ (40)**
Stock based compensation	197	98	391	273
Interest expense, net	25	41	51	83
Depreciation and amortization expense	127	179	255	358
Adj. EBITDA[1]	**$ 41**	**$ 323**	**$ 282**	**$ 674**
Interest expense paid	(50)	(39)	(50)	(80)
Leveraged free cash flow	**$ (9)**	**$ 284**	**$ 232**	**$ 594**

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

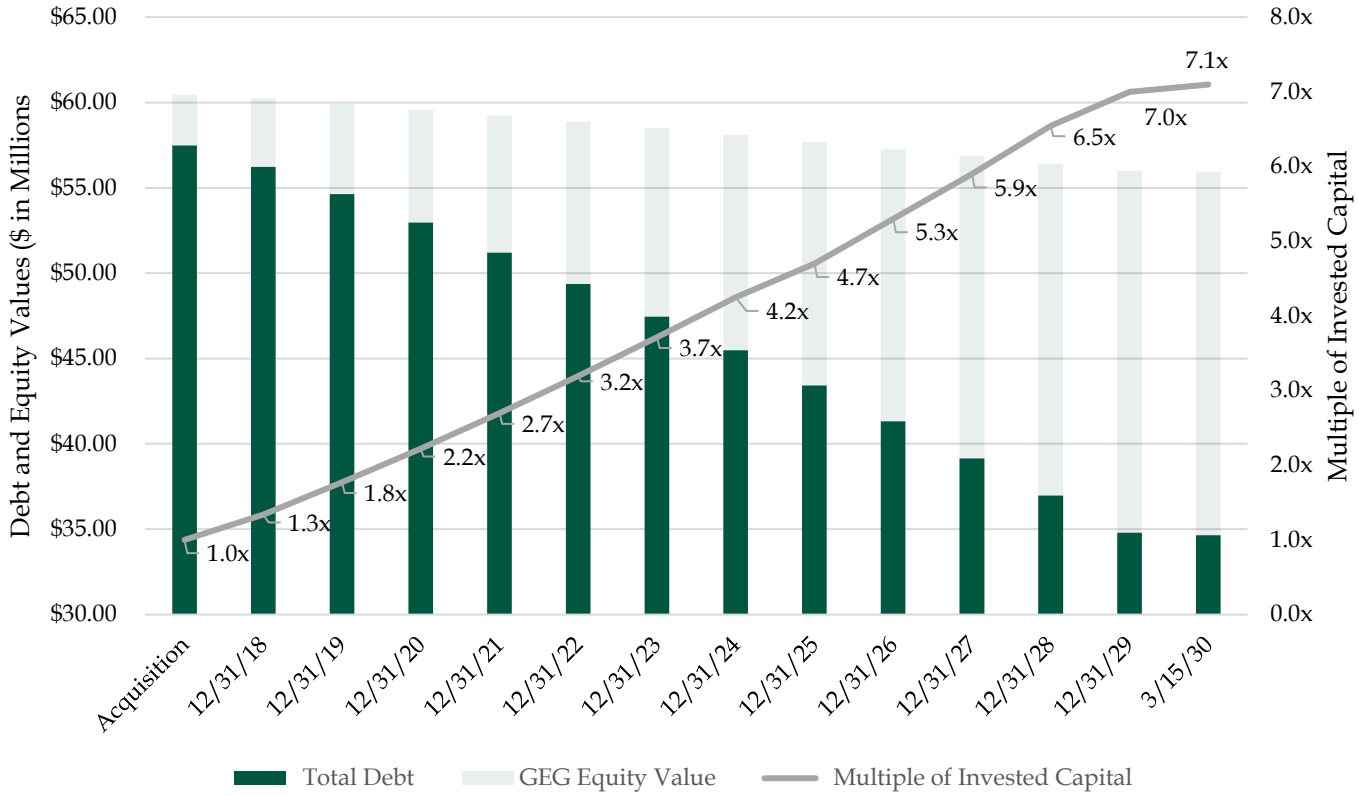
Real Estate: Overview

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

- Limited Equity Capital Deployed
- High Level of Non-Recourse Leverage
- Generates stable, consistent cash flows
- Monetization of Significant NOLs

Real Estate: Fort Myers – Organic Equity Growth

- Assuming a constant property value of $61.2 million, **GEG's equity value grows** as cash flows from the rental stream are utilized to amortize debt over the lease term
- GEG 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

(in thousands)	Three Months Ended		Six Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Total revenues	**$ 1,276**	**$ 1,271**	**$ 2,548**	**$ 2,544**
GAAP Net Income	**$ 71**	**$ 60**	**$ 138**	**$ 120**
Interest expense, net	647	655	1,297	1,313
Depreciation and amortization expense	431	430	861	861
Adj. EBITDA[1]	**$ 1,149**	**$ 1,145**	**$ 2,296**	**$ 2,295**
Cash Flow:				
Adj. EBITDA[1]	**$ 1,149**	**$ 1,145**	**$ 2,296**	**$ 2,295**
Non-cash rental income	(149)	(167)	(296)	(338)
Unleveraged free cash flow	**$ 1,000**	**$ 978**	**$ 2,000**	**$ 1,956**
Interest expense paid	(430)	(449)	(865)	(903)
Scheduled debt amorization	(570)	(529)	(1,135)	(1,053)
Leveraged free cash flow	**$ -**	**$ -**	**$ -**	**$ -**

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

General Corporate: Segment Financial Detail

(in thousands)	Three Months Ended		Six Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Total revenue	**$ 45**	**$ 57**	**$ 136**	**$ 80**
Operating costs and expenses:				
Public company costs	(651)	(1,175)	(1,265)	(2,158)
Stock-based compensation	(88)	(110)	(323)	(228)
Other general and administrative	(586)	(64)	(1,150)	(749)
Operating loss	**$ (1,280)**	**$ (1,292)**	**$ (2,602)**	**$ (3,055)**
Dividend and interest income	1,324	603	1,853	1,117
Unrealized gain on GECC investment	2,626	(826)	724	(1,809)
Interest expense, net	(552)	-	(1,123)	-
Income tax	50	99	(49)	(143)
GAAP net income (loss)	**$ 2,168**	**$ (1,416)**	**$ (1,197)**	**$ (3,890)**
Adj. EBITDA[1]:				
GAAP net income (loss)	**$ 2,168**	**$ (1,416)**	**$ (1,197)**	**$ (3,890)**
Management fee	(45)	(57)	(136)	(80)
Stock based compensation	88	110	323	228
Transaction costs and integration	229	515	261	635
GECC dividend income	(1,322)	(588)	(1,846)	(1,078)
Unrealized gain, interest, taxes, and depreciation	(2,057)	728	515	1,953
Other	-	(940)	-	(1,135)
Adj. EBITDA[1]	**$ (939)**	**$ (1,648)**	**$ (2,080)**	**$ (3,367)**
Cash Flow:				
Adj. EBITDA[1]	**$ (939)**	**$ (1,648)**	**$ (2,080)**	**$ (3,367)**
Capital expenditures	-	-	-	(3)
Transaction costs and integration costs paid	(229)	(515)	(261)	(635)
Unleveraged free cash flow	**$ (1,168)**	**$ (2,163)**	**$ (2,341)**	**$ (4,005)**
GECC dividends paid	69	490	147	980
Levered free cash flow	**$ (1,099)**	**$ (1,673)**	**$ (2,194)**	**$ (3,025)**

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

Financial Review: 2Q21 Consolidating Balance Sheets (Unaudited)

$ in thousands	Durable Medical Equipment	Investment Management	Real Estate	Corporate	Elimination	Consolidated
ASSETS						
Cash and cash equivalents, including restricted cash	$ 6,264	$ 780	$ 1,180	$ 25,604	$ -	$ 33,828
Accounts receivable, net	7,597	942	-	450	(13)	8,976
Investments at fair value	-	-	-	19,532	-	19,532
Investments at fair value, consolidated fund NAV	-	-	-	3,415	13	3,428
Inventory	967	-	-	-	-	967
Property and equipment, net	8,121	27	52,576	4	-	60,728
Identifiable intanglible assets, net	7,374	2,035	4,622	-	-	14,031
Goodwill	50,010	-	-	-	-	50,010
Right of use asset	3,989	1,026	-	-	-	5,015
Other assets	493	230	1,602	934	(395)	2,864
Total Assets	$ 84,815	$ 5,040	$ 59,980	$ 49,939	$ (395)	$ 199,379
LIABILITIES						
Accounts payable & accrued liabilities	$ 7,528	$ 667	$ 593	$ 1,163	$ (395)	$ 9,556
Deferred revenue	5,372	-	-	-	-	5,372
Lease and other liabilities	4,433	1,159	478	(130)	-	5,940
Long term debt	(46)	-	54,407	-	-	54,361
Related party notes payable	-	3,072	-	-	-	3,072
Convertible notes	-	-	-	18,584	-	18,584
Preferred stock - HC LLC	35,454	-	-	(33,896)	-	1,558
Preferred stock - Forest	-	-	-	33,854	-	33,854
Equipment financing	1,877	-	-	-	-	1,877
Intercompany, net [(1)]	28,788	7,953	3,199	(39,940)	-	-
Total Liabilities	83,406	12,851	58,677	(20,365)	(395)	134,174
EQUITY	1,409	(7,811)	1,303	70,304	-	65,205
Total Liabilities and Equity	$ 84,815	$ 5,040	$ 59,980	$ 49,939	$ (395)	$ 199,379

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

Financial Review: 2Q21 Consolidating Income Statement (Unaudited)

$ in thousands	For the three months ended December 31, 2020					
	Durable Medical Equipment	Investment Management	Real Estate	Corporate	Elimination	Consolidated
Total Revenues	$ 14,543	$ 760	$ 1,276	$ 45	$ (45)	$ 16,579
Cost of revenue	(6,324)	-	-	-	-	(6,325)
Depreciation and amortization expense	(462)	(127)	(431)	(1)	-	(1,021)
Selling, general and administration	(8,115)	(916)	(127)	(1,323)	45	(10,436)
Total operating costs and expenses	(14,901)	(1,043)	(558)	(1,324)	45	(17,781)
Operating income (loss)	(358)	(283)	718	(1,279)	-	(1,202)
Dividends and interest income	-	-	-	1,325	-	1,325
Unrealized gain (loss) on investments	-	-	-	2,626	-	2,626
Interest expense, net	(687)	(25)	(647)	(552)	-	(1,911)
Extinguishment of debt	(1,866)	-	-	-	-	(1,866)
Other income (expense), net	33	-	-	(1)	-	32
Income (loss) before taxes	(2,878)	(308)	71	2,119	-	(996)
Income tax benefit	-	-	-	50	-	50
Net income (loss), net of tax	**(2,878)**	**(308)**	**71**	**2,169**	**-**	**(946)**
Adjusted EBITDA [1]	**$ 1,884**	**$ 41**	**$ 1,149**	**$ (937)**	**$ -**	**2,137**

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

Appendix

Appendix: Non-GAAP Reconciliation

$ in thousands	For the three months ended December 31, 2020				
	Durable Medical Equipment	**Investment Management [1]**	**Real Estate**	**Corporate**	**Consolidated**
EBITDA:					
Net income (loss) - GAAP	**$ (2,878)**	**$ (308)**	**$ 71**	**$ 2,169**	**$ (946)**
Interest expense	687	25	647	552	1,911
Depreciation & amortization	1,919	127	431	1	2,478
Tax benefit	-	-	-	(50)	(50)
EBITDA	**(272)**	**(156)**	**1,149**	**2,672**	**3,393**
Adjusted EBITDA					
Stock based compensation	-	197	-	88	285
GECC dividend income	-	-	-	(1,322)	(1,322)
GECC unrealized (gains) / losses	-	-	-	(2,560)	(2,560)
Other (income) expense	(33)	-	-	1	(32)
Transaction and integration costs [2]	214	-	-	229	443
Extinguishment of debt	1,866	-	-	-	1,866
Severance	47	-	-	-	47
DME management and monitoring fees	62	-	-	(45)	17
Adjusted EBITDA	$ 1,884	$ 41	$ 1,149	$ (937)	$ 2,137

(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.
(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 (Continued)

$ in thousands	For the three months ended December 31, 2019				
	Durable Medical Equipment	Investment Management [1]	Real Estate	Corporate	Consolidated
EBITDA:					
Net income (loss) - GAAP	**$ (676)**	**$ 5**	**$ 60**	**$ (1,416)**	**$ (2,027)**
Interest expense	937	41	655	-	1,633
Depreciation & amortization	2,483	179	430	1	3,093
Tax benefit	-	-	-	(99)	(99)
EBITDA	**2,744**	**225**	**1,145**	**(1,514)**	**2,600**
Adjusted EBITDA					
Stock based compensation	-	98	-	110	208
Contingent consideration [2]	-	-	-	(940)	(940)
GECC dividend income	-	-	-	(588)	(588)
GECC unrealized (gains) / losses	-	-	-	826	826
Other (income) expense	-	-	-	-	-
Transaction and integration costs [2]	586	-	-	515	1,101
Severance	-	-	-	-	-
Pharmacy buildout	120	-	-	-	120
DME management and monitoring fees	82	-	-	(57)	25
Adjusted EBITDA	$ 3,532	$ 323	$ 1,145	$ (1,648)	$ 3,352

(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.
(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 (Continued)

$ in thousands	For the six months ended December 31, 2020				
	Durable Medical Equipment	Investment Management [1]	Real Estate	Corporate	Consolidated
EBITDA:					
Net income (loss) - GAAP	**$ (3,336)**	**$ (415)**	**$ 138**	**$ (1,196)**	**$ (4,809)**
Interest expense	1,396	51	1,297	1,124	3,868
Depreciation & amortization	4,130	255	861	1	5,247
Tax benefit	-	-	-	49	49
EBITDA	**2,190**	**(109)**	**2,296**	**(22)**	**4,355**
Adjusted EBITDA					
Stock based compensation	-	391	-	323	714
GECC dividend income	-	-	-	(1,846)	(1,846)
GECC unrealized (gains) / losses	-	-	-	(658)	(658)
Other (income) expense	(30)	-	-	-	(30)
Transaction and integration costs [2]	326	-	-	262	588
Extinguishment of debt	1,866	-	-	-	1,866
Severance	74	-	-	-	74
Pharmacy closure	54	-	-	-	54
DME management and monitoring fees	178	-	-	(136)	42
Adjusted EBITDA	$ 4,658	$ 282	$ 2,296	$ (2,077)	$ 5,159

(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.
(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 (Continued)

$ in thousands	For the six months ended December 31, 2019				
	Durable Medical Equipment	Investment Management [1]	Real Estate	Corporate	Consolidated
EBITDA:					
Net income (loss) - GAAP	**$ (1,495)**	**$ (40)**	**$ 120**	**$ (3,890)**	**$ (5,305)**
Interest expense	1,933	83	1,313	-	3,329
Depreciation & amortization	4,991	358	862	1	6,212
Tax benefit	-	-	-	143	143
EBITDA	**5,429**	**401**	**2,295**	**(3,746)**	**4,379**
Adjusted EBITDA					
Stock based compensation	-	274	-	228	502
Contingent consideration [2]	-	-	-	(1,135)	(1,135)
GECC dividend income	-	-	-	(1,078)	(1,078)
GECC unrealized (gains) / losses	-	-	-	1,809	1,809
Other (income) expense	(3)	-	-	-	(3)
Transaction and integration costs [2]	736	-	-	635	1,371
Severance	-	-	-	-	-
Pharmacy buildout	254	-	-	-	254
DME management and monitoring fees	130	-	-	(80)	50
Adjusted EBITDA	$ 6,546	$ 675	$ 2,295	$ (3,367)	$ 6,149

(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.
(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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