



**May 9, 2024**

Fiscal Third Quarter  
Ended March 31, 2024  
NASDAQ: GEG



# GEG Highlights

- Great Elm's BDC, GECC, raised ~\$60 million of incremental capital since the beginning of the calendar year and had a solid quarter, exceeding its dividend with NII, and paying \$1.6 million in fees to GEG. The new capital significantly increases AUM and positions GEG to grow related fee revenue.
  - In April 2024, GECC completed an underwritten public offering of \$34.5mm of 8.50% notes due 2029.
  - In February 2024, GECC raised \$24 million of capital from a special purpose vehicle ("SPV") that acquired GECC common stock at net asset value ("NAV"), supported by a GEG investment of \$6 million into the SPV, further growing recurring revenue streams and expected to deliver a strong return.
- Great Elm's momentum in real estate continues, with significant growth in the build-to-suit project pipeline and a contracted sale of the first build-to-suit property, expected to close in fiscal Q4. Increased activity continued at Monomoy REIT, including six property acquisitions and meaningful lease renewal/amendment activity.
- Great Elm recently launched Monomoy BTS Construction Management, a consulting business, supported by an experienced construction management team and anchored by a key tenant contract, adding another accretive revenue stream.
- GEG ended the quarter with ~\$69<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



# About GEG

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

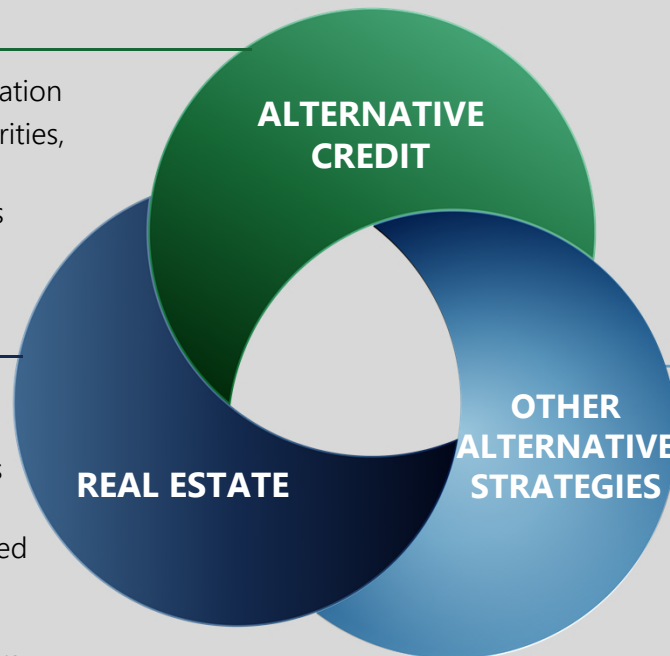
- Growing a scalable and diversified portfolio of long-duration and permanent capital vehicles
- Investing in credit, real estate, specialty finance and other alternative strategies

## 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



- Recent debt and equity capital raises at GECC expected to drive growth of future recurring fee revenue streams with high contribution margins
  - GEG's supportive investment in the GECC equity capital raise is expected to deliver attractive returns over time
- GECC delivered another solid quarter, and GEG will once again collect incentive fees, with total fees of \$1.6 million for the quarter from GECC
- Contracted sale of first Monomoy BTS property, expected to close in fiscal Q4 at a profit

## Expand Platform



- Monomoy BTS significantly grew its pipeline of new projects, building expected future value
- Recently Launched Monomoy BTS Construction Management, a consulting business, supported by experienced team assembled over the past few months and anchored by a key tenant contract, adding another accretive revenue stream to GEG

## Grow AUM



- Since January, GECC raised approximately \$58.5 million of new capital, comprised of \$24 million of equity at NAV and \$34.5 million of 8.50% notes due 2029
- Grew FPAUM and AUM by approximately 13% and 9%, respectively, from prior year quarter end
- Grew pro forma FPAUM<sup>1</sup> and AUM<sup>1</sup> by approximately 19% and 14%, respectively, from prior year quarter end
- Positioned to expand the platform to create future AUM growth

<sup>1</sup> Pro forma FPAUM and AUM reflects amounts as of March 31, 2024, plus proceeds from the GECC April 2024 notes offering, assuming full investment of incremental capital

# GEG Managed Vehicles



## ALTERNATIVE CREDIT

### GECC

- Public BDC with \$300+<sup>1</sup> million AUM
- 16% 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

- 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

- Private Industrial REIT with \$390+ million AUM
- ~8% 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

- 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 March 31, 2024, plus proceeds from the GECC April 2024 notes offering. GECC AUM is \$276.1 million as of March 31, 2024. All other amounts approximate as of March 31, 2024

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

*GEG March 31, 2024 condensed balance sheet, excluding Consolidated Funds*



\$ Million		3/31/2024	
Cash & Marketable Securities <sup>2</sup>	\$ 68.9	Current Liabilities	\$ 10.6
Investments	29.6	Long-Term Debt	26.0
Other Current and Long-Term Assets	42.0	Convertible Notes	38.2
		Other Liabilities	0.7
		<b>Total Liabilities</b>	<b>\$ 75.5</b>
		<b>Total Equity</b>	<b>\$ 65.0</b>
<b>Total Assets</b>	<b>\$ 140.5</b>	<b>Total Liabilities &amp; Equity</b>	<b>\$ 140.5</b>
		<b>Book Value per Share</b>	<b>~ \$2.15<sup>3</sup></b>

<sup>1</sup> Condensed balance sheet excludes the impact of consolidation of Consolidated Funds. Amounts related to Consolidated Funds include Cash of \$5.4mm, Investments of \$8.6mm, Other Assets of \$0.2mm, Current Liabilities of \$0.5mm, and Equity related to Non-Controlling Interests of \$7.5mm, resulting in GEG's Investment and related Current Assets of \$6.2mm.

<sup>2</sup> At March 31, 2024, marketable securities are comprised of 6-month treasuries maturing on or before July 30, 2024.

<sup>3</sup> Book Value per Share incorporates unrealized loss of approximately \$0.10 per share from Great Elm's investment in Great Elm Strategic Partnership I, LLC.

# GECC & Monomoy Highlights



- Raised ~\$58.5 million of fresh capital YTD, increasing asset base by over 20%
  - Paid cash incentive fees to GEG for fourth consecutive quarter
  - Expanded reach into CLO investments, expect meaningful distributions beginning in the second half of the year
  - Reported solid NII of \$0.37 per share, covering the \$0.35 distribution
  - 13.8% annualized dividend yield on closing market price of \$10.15, as of May 8, 2024
- Monomoy REIT maintained strong activity; since the beginning of the calendar year:
    - Closed on six properties with in-place leases, totaling ~\$11.6mm
    - Amended two existing tenant leases for meaningful term extensions and a facility expansion
    - Executed renewal options for meaningful term extensions at six properties
  - Monomoy BTS grew its pipeline of new projects, and contracted to sell its first build-to-suit property with expected closing in fiscal Q4
  - Launched Monomoy BTS Construction Management, a consulting business anchored by an experienced construction management team and a key tenant contract

# Fiscal 2024 Third Quarter Highlights



# Fiscal 3Q24 Financial Highlights



## Revenue

- Fiscal 3Q24 revenue up 47% to \$2.8 million vs. Fiscal 3Q23 revenue of \$1.9 million
- Growth primarily driven by an increase in incentive fees earned from GECC

## Net Income

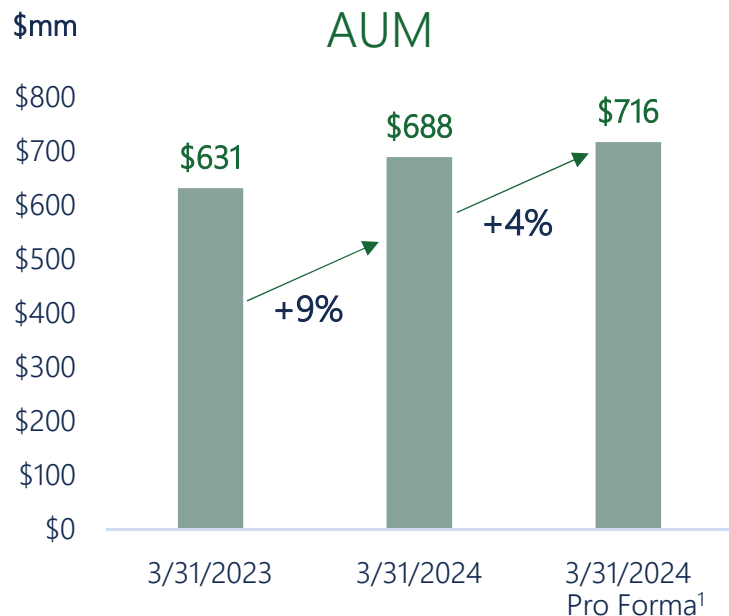
- Net loss from continuing operations of (\$2.9) million for Fiscal 3Q24, compared to a net loss from continuing operations of (\$0.5) million in the prior-year period
- Excluding the impact of the unrealized loss on our investment in Great Elm Strategic Partnership I LLC during the quarter, GEG would be approximately break even

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

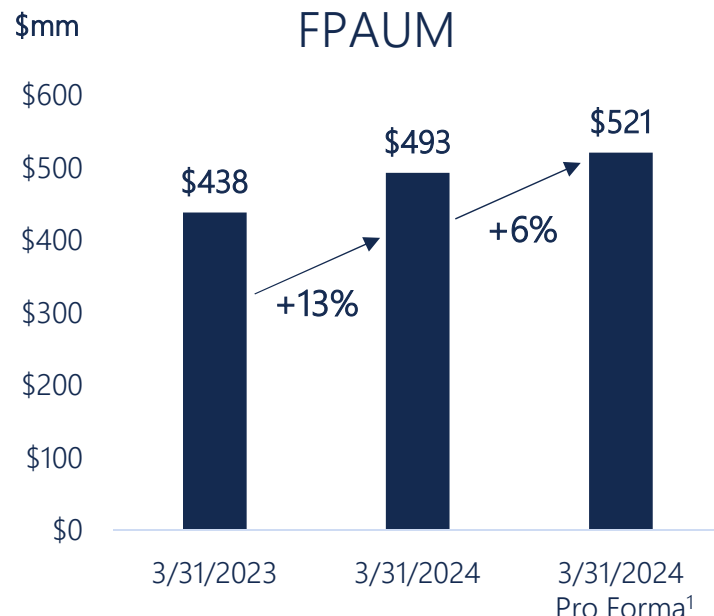
- Fiscal 3Q24 Adjusted EBITDA of \$1.2 million, compared to an Adjusted EBITDA loss of (\$0.3) million in Fiscal 3Q23

<sup>1</sup> Please refer to the disclaimers on slide 16 and the Adjusted EBITDA reconciliation table on slide 13

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



\$716 million of Pro Forma Assets Under Management (“AUM”) as of March 31, 2024, up 14% since March 31, 2023



\$521 million of Pro Forma Fee-Paying AUM (“FPAUM”) as of March 31, 2024, up 19% since March 31, 2023

<sup>1</sup> Pro forma FPAUM and AUM reflects amounts as of March 31, 2024, plus proceeds from the GECC April 2024 notes offering, assuming full investment of incremental capital

# Financial Review: Fiscal 3Q24 Balance Sheet



(in thousands)

	March 31, 2024	June 30, 2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 44,085	\$ 60,165
Receivables from managed funds	4,400	3,308
Investments in marketable securities	24,789	24,595
Investments at fair value	38,244	32,611
Prepaid and other current assets	2,843	717
Identifiable intangible assets, net	11,300	12,115
Real estate under development	8,104	1,742
Other assets	380	640
Assets of consolidated funds	14,208	-
<b>Total assets</b>	<b>\$ 148,353</b>	<b>\$ 135,893</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	4,884	5,609
Related party payables	618	2,335
Long-term debt	26,019	25,808
Convertible notes	38,164	37,129
Other liabilities	892	1,170
Payable for securities purchased	4,914	-
Liabilities of consolidated funds	391	-
<b>Total liabilities</b>	<b>\$ 75,882</b>	<b>\$ 72,051</b>
<b>Stockholders' equity and non-controlling interest</b>	<b>\$ 72,471</b>	<b>\$ 63,842</b>
<b>Total liabilities, non-controlling interest and stockholders' equity</b>	<b>\$ 148,353</b>	<b>\$ 135,893</b>

# Financial Review: Fiscal 3Q24 Income Statement



<i>(In thousands)</i>	Three months ended March 31,		Nine months ended March 31,	
	2024	2023	2024	2023
<b>Revenues</b>	\$ 2,787	\$ 1,898	\$ 8,916	\$ 5,637
<b>Operating costs and expenses:</b>				
Investment management expenses	2,733	2,593	8,334	6,893
Depreciation and amortization	271	281	837	870
Selling, general and administrative	1,630	1,893	5,738	5,441
Expenses of Consolidated Funds	22	-	22	46
<b>Total operating costs and expenses</b>	<b>4,656</b>	<b>4,767</b>	<b>14,931</b>	<b>13,250</b>
<b>Operating loss</b>	<b>(1,869)</b>	<b>(2,869)</b>	<b>(6,015)</b>	<b>(7,613)</b>
Dividends and interest income	2,359	1,520	6,417	4,432
Net realized and unrealized gain (loss) on investments	(2,753)	1,989	1,735	17,434
Net realized and unrealized loss on investments of Consolidated Funds	131	-	245	(16)
Interest and other income of Consolidated Funds	323	-	451	-
Gain on sale of Forest	-	-	-	10,524
Interest expense	(1,074)	(1,095)	(3,197)	(5,024)
<b>(Loss) income before income taxes from continuing operations</b>	<b>(2,883)</b>	<b>(455)</b>	<b>(364)</b>	<b>19,737</b>
Income tax benefit (expense)	-	-	-	(2)
<b>Net (loss) income from continuing operations</b>	<b>\$ (2,883)</b>	<b>\$ (455)</b>	<b>\$ (364)</b>	<b>\$ 19,735</b>
<b>Net income (loss) from discontinued operations</b>	<b>-</b>	<b>12,203</b>	<b>16</b>	<b>13,202</b>
<b>Net (loss) income</b>	<b>\$ (2,883)</b>	<b>\$ 11,748</b>	<b>\$ (348)</b>	<b>\$ 32,937</b>

Note: Net realized and unrealized gain (loss) on investments includes an approximate (\$2.9) million unrealized loss on Great Elm's investment in Great Elm Strategic Partnership I, LLC.

# Results By Quarter



	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
<i>(in thousands)</i>					
<b>NON-GAAP RECONCILIATION</b>					
<b>Net income (loss) from continuing operations - GAAP</b>	\$ (2,883)	\$ (239)	\$ 2,758	\$ (5,256)	\$ (455)
Interest expense	1,074	1,061	1,062	1,050	1,095
Income tax expense (benefit)	-	-	-	198	-
Depreciation and amortization	271	283	283	282	281
Non-cash compensation	698	839	887	702	660
(Gain) loss on investments, excluding investment in Forest	2,622	(1,318)	(3,284)	2,187	(1,964)
Gains related to sale of Forest	-	-	-	-	(25)
Transaction and integration related costs	-	-	-	634	-
Change in contingent consideration	(554)	18	18	603	120
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$ 1,228</b>	<b>\$ 644</b>	<b>\$ 1,724</b>	<b>\$ 400</b>	<b>\$ (288)</b>
<b>CASH FLOW</b>					
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$ 1,228</b>	<b>\$ 644</b>	<b>\$ 1,724</b>	<b>\$ 400</b>	<b>\$ (288)</b>
Capital expenditures	443	(340)	(118)	(16)	(7)
<b>Unleveraged free cash flow</b>	<b>1,671</b>	<b>304</b>	<b>1,606</b>	<b>384</b>	<b>(295)</b>
Interest expense paid	(483)	(494)	(488)	(483)	(597)
<b>Leveraged free cash flow<sup>1</sup></b>	<b>\$ 1,188</b>	<b>\$ (190)</b>	<b>\$ 1,118</b>	<b>\$ (99)</b>	<b>\$ (892)</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 March 31, 2024. Please refer to the disclaimers on slide 16.

# Results Year-Over-Year



<i>(in thousands)</i>	Three months ended March 31,		Nine months ended March 31,	
	2024	2023	2024	2023
<b>NON-GAAP RECONCILIATION</b>				
<b>Net income (loss) from continuing operations - GAAP</b>	\$ (2,883)	\$ (455)	\$ (364)	\$ 19,735
Interest expense	1,074	1,095	3,197	5,024
Income tax expense (benefit)	-	-	-	2
Depreciation and amortization	271	281	837	870
Non-cash compensation	698	660	2,426	2,246
(Gain) loss on investments	2,622	(1,964)	(1,980)	6,980
Gains related to sale of Forest	-	(25)	-	(34,922)
Transaction and integration related costs	-	-	-	471
Change in contingent consideration	(554)	120	(518)	180
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$ 1,228</b>	<b>\$ (288)</b>	<b>\$ 3,598</b>	<b>\$ 586</b>
<b>CASH FLOW</b>				
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$ 1,228</b>	<b>\$ (288)</b>	<b>\$ 3,598</b>	<b>\$ 586</b>
Capital expenditures	443	(7)	(15)	(37)
<b>Unleveraged free cash flow</b>	<b>\$ 1,671</b>	<b>\$ (295)</b>	<b>\$ 3,583</b>	<b>\$ 549</b>
Interest expense paid	(483)	(597)	(1,465)	(3,348)
<b>Leveraged free cash flow<sup>1</sup></b>	<b>\$ 1,188</b>	<b>\$ (892)</b>	<b>\$ 2,118</b>	<b>\$ (2,799)</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 March 31, 2024. Please refer to the disclaimers on slide 16.

# 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 13 & 14 for reconciliations of non-GAAP measures to their most directly comparable GAAP measures.

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