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Great Elm Capital Corp.

(NASDAQ: GECC)

Investor Presentation

Quarter and Year Ended

December 31, 2020

March 16, 2021

Forward Looking Statement

Statements in this communication that are not historical facts are "forward-looking" statements within the meaning of the federal securities laws. These statements are often, but not always, made through the use of words or phrases such as "expect," "anticipate," "should," "will," "estimate," "designed," "seek," "continue," "upside," "potential," "preliminary" and similar expressions. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are: conditions in the credit markets, the price of GECC common stock, the performance of GECC's portfolio and investment manager and risks associated with the economic impact of the COVID-19 pandemic on GECC and its portfolio companies. Information concerning these and other factors can be found in GECC's Annual Report on Form 10-K and other reports filed with the SEC. GECC assumes no obligation to, and expressly disclaims any duty to, update any forward-looking statements contained in this communication or to conform prior statements to actual results or revised expectations except as required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

You should consider the investment objective, risks, charges and expenses of GECC carefully before investing. GECC's filings with the SEC contain this and other information about GECC and are available by contacting GECC at the phone number and address at the end of this presentation. The SEC also maintains a website that contains the aforementioned documents. The address of the SEC's website is http://www.sec.gov. These documents should be read and considered carefully before investing.

The performance, distributions and financial data contained herein represent past performance, distributions and results and neither guarantees nor is indicative of future performance, distributions or results. Investment return and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than the original cost. GECC's market price and net asset value will fluctuate with market conditions. Current performance may be lower or higher than the performance data quoted. All information and data, including portfolio holdings and performance characteristics, is as of December 31, 2020, unless otherwise noted, and is subject to change.

This presentation does not constitute an offer of any securities for sale.

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About GECC

Great Elm Capital Corporation	▪ Externally managed, total-return-focused BDC ▪ Liquid balance sheet ▪ Directors of GECC, employees of GECM and officers and directors of GECM's parent, including investment funds managed by directors of GECM's parent, own approximately 42.5% of GECC's outstanding shares.
Investment Objective	▪ To generate both current income and capital appreciation, while seeking to protect against the risk of capital loss
Investment Strategy	▪ To apply the key principles of value investing to the capital structures of middle-market companies and to acquire majority stakes in income-generating specialty finance businesses
Portfolio (as of 12/31/2020)	▪ $283.3 million of total assets; $151.7 million of portfolio fair value; $79.6 million of net asset value ▪ Debt investments carry a weighted average current yield of 11.7%[1] ▪ 41 investments (31 debt, 10 equity) in 32 companies across 22 industries

(1) Weighted average current yield is based upon the stated coupon rate and fair value of outstanding debt securities at the measurement date.

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Rights Offering: Provides Ample Liquidity to Pursue New Investments

- In October 2020, the Company successfully completed a non-transferable rights offering which entitled holders of rights to purchase one new share of common stock for each right held at a subscription price of $2.95 per share. In total, the Company sold 10,761,950 shares of its common stock for aggregate gross proceeds of approximately $31.7 million.

RATIONALE FOR DECISION TO PURSUE RIGHTS OFFERING

- Strengthen balance sheet
- Increase financial flexibility
- New investment opportunities at compelling values on a risk-adjusted return basis
- Raises asset coverage ratio to 167.1% as of December 31, 2020
- Capital resources can be utilized to support portfolio companies
- Management participation / aligned interest with shareholders

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Fourth Quarter 2020 Overview: Capital Deployment and Monetization

Deployment of Capital

- **During Q4 2020, deployed $35.3 million into 21 investments at a weighted average current yield of 10.88% and a weighted average price of $0.94**
- **Capital deployed into both secured and unsecured investments**

Monetization of Investments

- **During Q4 2020, monetized $43.8 million across 22 investments, in whole or in part, at a weighted average current yield of 8.8% and a weighted average price of $1.00**
- **This includes the complete exit of 12 positions during the quarter**

Attractive Fixed Rate Debt

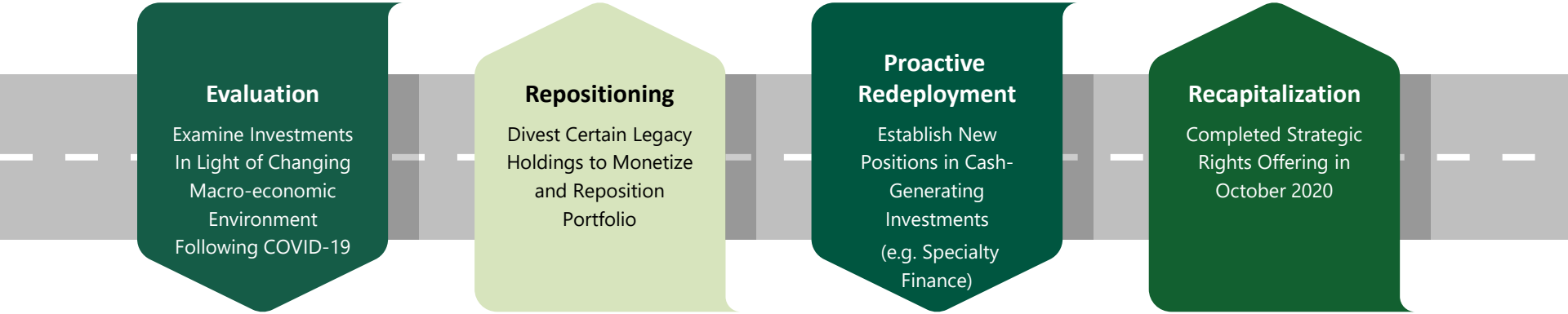
- **GECCL 6.50% Notes due September 2022**
- **GECCN 6.50% Notes due June 2024**
- **GECCM 6.75% Notes due January 2025**

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2020: Repositioning and Recapitalization Update

- In 2020, we monetized over $129.2 million, while redeploying $117.3 million into cash-generative investment opportunities that diversify our holdings

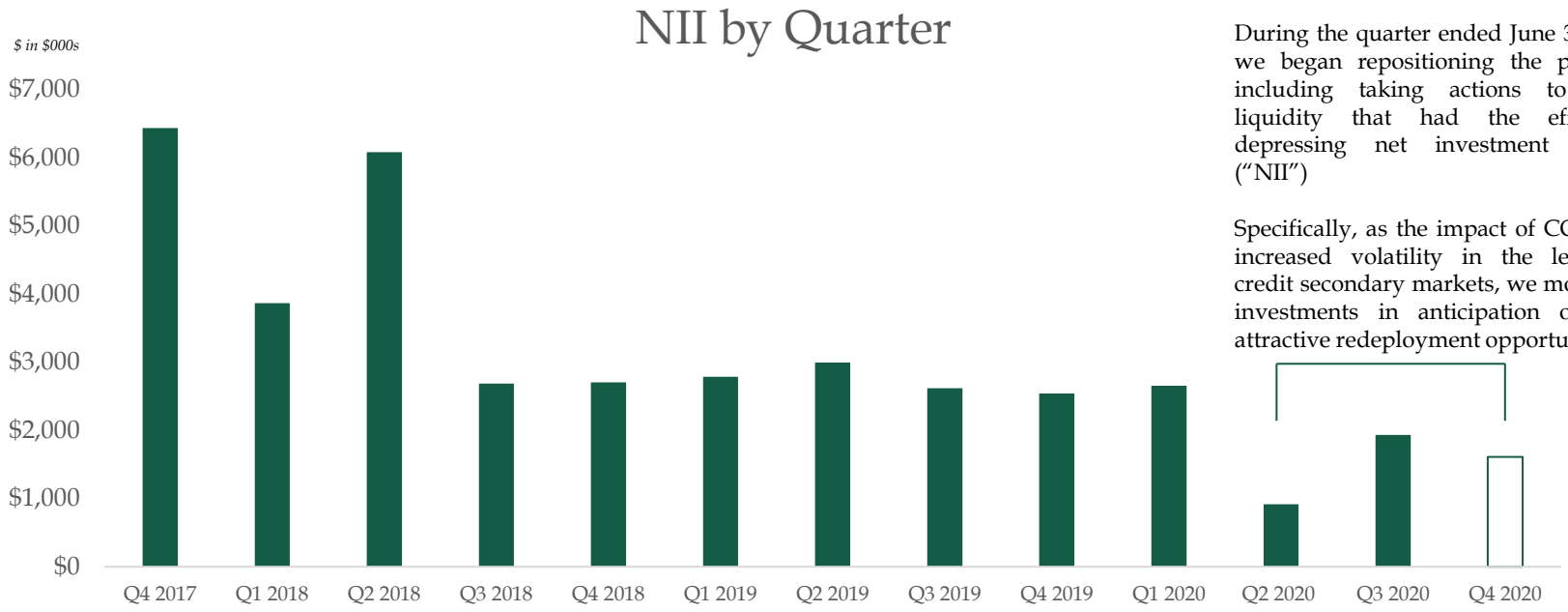
- Intend to more heavily weight investments in specialty finance businesses, like Prestige Capital Finance, LLC ("Prestige"), whose performance has exceeded internal expectations



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Fourth Quarter 2020: Net Investment Income ("NII") Analysis

- NII for the quarter ended December 31, 2020 was approximately $1.6 million, or $0.07 per share*, as compared to NII of $1.9 million or $0.18 per share for the quarter ended September 30, 2020
  - NII was impacted by slower than anticipated deployment of capital following the completion of the Company's rights offering, repayments and higher than anticipated legal expenses.



During the quarter ended June 30, 2020, we began repositioning the portfolio, including taking actions to create liquidity that had the effect of depressing net investment income ("NII")

Specifically, as the impact of COVID-19 increased volatility in the leveraged credit secondary markets, we monetized investments in anticipation of more attractive redeployment opportunities

* Based on weighted average shares outstanding of 22,249,283 for the quarter ended December 31, 2020, and 10,660,894 for the quarter ended September 30, 2020.

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Impact of Legacy Investments on NAV

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Fourth quarter 2020 NAV impacted by legacy investments

Net realized and unrealized losses of $11.3 million for the fourth quarter of 2020, largely due to write-downs on legacy investments

Name	Initial date of investment	Quarterly net change in realized and unrealized depreciation on investments
Avanti Communications Group plc	11/3/2016	($12.6 Million)
Davidzon Radio, Inc.	11/3/2016	($1.6 Million)
Best Western Luling	11/3/2016	($1.7 Million)
TRU (UK) Asia Limited	7/21/2017	($3.3 Million)

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Newer Investments Continue Solid Performance

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Legacy investment write-downs were offset by strong performance in such investments as Crestwood Equity, Aptim, Tensar, and Research Now Group

Name	Initial date of investment	Quarterly net change in realized and unrealized appreciation on investments
Crestwood Equity Partners	6/19/2020	$3.4 Million
Aptim Corp.	3/28/2019	$1.5 Million
Tensar Corp.	11/20/2020	$1.4 Million
Research Now Group, Inc.	1/29/2019	$0.5 Million

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Investment Activity: New Investments (October 1, 2020* – March 12, 2021)

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Investment Activity: New Investments[1]*								
Portfolio Company	Investment Description	Maturity	Par Amount / Quantity	Cost	Market Discount	Interest Rate	Current Yield (%)[3]	Current Yield ($)[3]
ABB Con-Cise Optical Group LLC	1st Lien Term Loan	6/15/2023	$2,992	$2,753	$239	6.00%	6.52%	$195
Avanti Communications Group, plc	1.125 Lien Term Loan	8/15/2022	$4,046	$4,046	$0	12.50%	12.50%	$506
Blueknight Energy Partners L.P.	Preferred Equity	Perpetual	$1,131	$1,038	$93	11.00%	10.50%	$119
California Pizza Kitchen, Inc.	1st Lien Exit Term Loan	11/23/2024	$9,839	$9,364	$475	11.50%	11.50%	$1,131
Gateway Casinos & Entertainment Ltd.	2nd Lien, Secured Note	3/1/2024	$5,000	$4,543	$458	8.25%	8.78%	$439
GEO Group Inc.	Unsecured Note	10/15/2024	$3,000	$2,374	$626	5.88%	7.42%	$223
National CineMedia LLC	1st Lien, Secured Note	4/15/2028	$2,000	$1,785	$215	5.88%	6.58%	$132
Lenders' Funding, LLC	Receivable	6/1/2021	$3,000	$3,000	$0	15.00%	15.00%	$450
Martin Midstream Partners LP	2nd Lien, Secured Note	2/28/2025	$110	$106	$4	11.50%	12.01%	$13
Par Petroleum, LLC	1st Lien, Secured Note	12/15/2025	$3,000	$2,533	$468	7.75%	8.07%	$242
PetroChoice Holdings Inc.	1st Lien Term Loan	8/19/2022	$3,000	$2,918	$83	6.00%	6.17%	$185
PFS Holdings Corporation	1st Lien Term Loan	11/13/2024	$1,076	$1,076	$0	8.00%	8.00%	$86
Ruby Tuesday Operations LLC	1st Lien Term Loan	2/24/2025	$5,000	$5,000	$0	13.25%	13.25%	$663
Tensar Corp.	2nd Lien Term Loan	2/20/2026	$10,000	$9,650	$350	13.00%	13.44%	$1,344
Viasat, Inc.[2]	Factored Receivable	1/1/2021	$3,000	$2,700	$300	N/A	N/A	N/A
Special Purpose Acquisition Companies	106 individual investments	N/A	960,190	$9,602	N/A	N/A	N/A	N/A
Total / Weighted Average			$1,016,384	$62,486	$3,310	10.5%	10.8%	$5,727

- **Throughout 4Q20 and subsequent to quarter end, we actively deployed approximately $35.3 million of available cash into new investments at a weighted average current yield of 10.88%**

(1) Investment activity includes activity in Q4 2020 and the subsequent period through and including March 12, 2021. Investment activity does not include revolver draws or PIK interest.
(2) Viasat, Inc. receivable was fully repaid in January 2021.
(3) Weighted average current yield is based upon the stated coupon rate and fair value of outstanding investments as of the most recent measurement date or date of purchase, as applicable. These figures do not include Special Purpose Acquisition Companies and Viasat, Inc. receivables.

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Specialty Finance Investments: Prestige Capital Finance, LLC

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- **On February 8, 2019, GECC acquired 80.0% of the outstanding equity interests of Prestige for approximately $7.5 million**
- **Prestige is a leading provider of "spot factoring" services, providing clients with an opportunity to sell individual accounts receivable for an upfront payment**

Functional

Prestige purchases the individual accounts receivable of creditworthy companies from its clients. It typically advances 75%-85% of the receivable to the client upfront and remits the rest to the client (less Prestige's fee) upon payment of the receivable

Wide Assortment of Potential Customers

Prestige's clients are generally unable to access traditional bank financing to meet their capital needs but have accounts receivable from creditworthy companies

Limited Risk

The combination of clients' capital needs and receivables from creditworthy counterparties allows Prestige to consistently underwrite profitable business while taking limited corporate credit risk

Over 30 years in business and through $6+ billion of transactions factored, Prestige has a track record of strong credit underwriting with minimal losses

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Prestige Capital Finance, LLC – Year End 2020 Update

- **Prestige is a highly profitable company**
  - Prestige's pretax income in 2020 increased to approximately $4 million on a preliminary, unaudited basis. This represented significant growth over the $2.8 million from 2019.
  - 2020 fourth quarter clients include companies that manufacturer and packages frozen treats for well-known food and beverage companies, a reverse logistics company that specializes in managing excess inventory on behalf of its retail clients, and a company that focuses on the manufacturing and assembly of corrugated retail displays

- **GECC can participate in Prestige's larger factoring transactions directly**
  - 3 completed in 2020 at a rate of 13% per annum
  - Despite not acquiring Prestige until February 2019, GECC received $1.6 million in distributions from Prestige throughout 2019, representing an approximate 24% annualized yield on its investment
  - In 2020, GECC received $2.2 million in distributions, representing an approximate 30% annualized yield on its investment

Prestige Capital
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Significant Mutual Benefits

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Greater access to capital allows Prestige to increase the size of the transactions it can pursue, which may further enhance its growth

"Overflow" opportunities that would allow GECC to participate in certain of Prestige's larger factoring transactions directly

- Rates of return may be higher than traditional leveraged credit investments
- Proprietary to GECC and unique to portfolio

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Portfolio Review

(Quarter Ended 12/31/2020)

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Portfolio Review: Quarter End Portfolio Detail

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Debt Investments:

31	$108.2 million	71.3%	11.7%[1]	83.0%
Debt Investments	Fair Value of Debt Investments	Of Invested Capital in Debt Investments	Weighted Average Current Yield of Debt Investments	Weighted Average Dollar Price of Debt Investments

Equity Investments:

Three of the 10 equity investments, totaling approximately $27.4 million of fair value as of December 31, 2020, are income-generating equity investments.

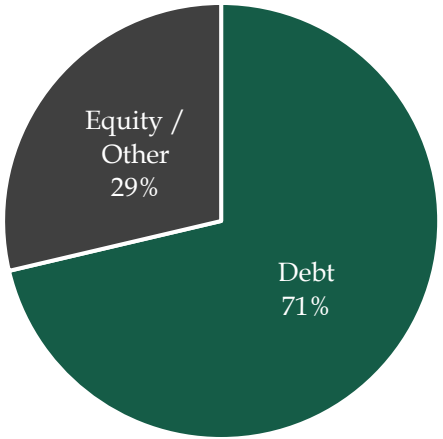
10	$43.5 million	28.7%	15.3%[1]
Equity Investments	Fair Value of Equity Investments	Of Invested Capital in Equity Investments	Weighted Average Current Yield of Income-Generating Equity Investments

(1) Weighted average current yield is based upon the anticipated distribution rate and fair value of outstanding investments at the measurement date. Amounts in the above tables do not include investments in short-term securities, including United States Treasury Bills.

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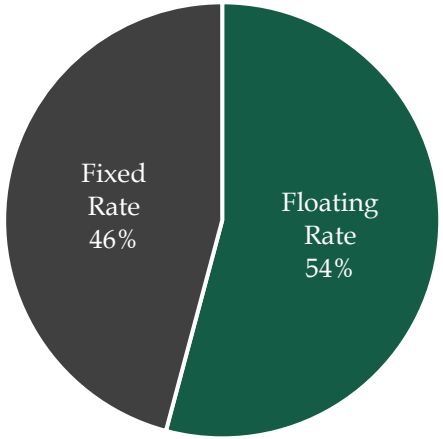
Portfolio Review: Quarter End Asset Type and Interest Rate Type

Portfolio by Asset Type ($MM)



Investments	Fair Value of Investments	Percentage of Total Portfolio
Debt	$ 108.2	71.3%
Equity / Other	$ 43.5	28.7%
Total	**$ 151.7**	**100%**

Portfolio by Interest Rate Type ($MM)



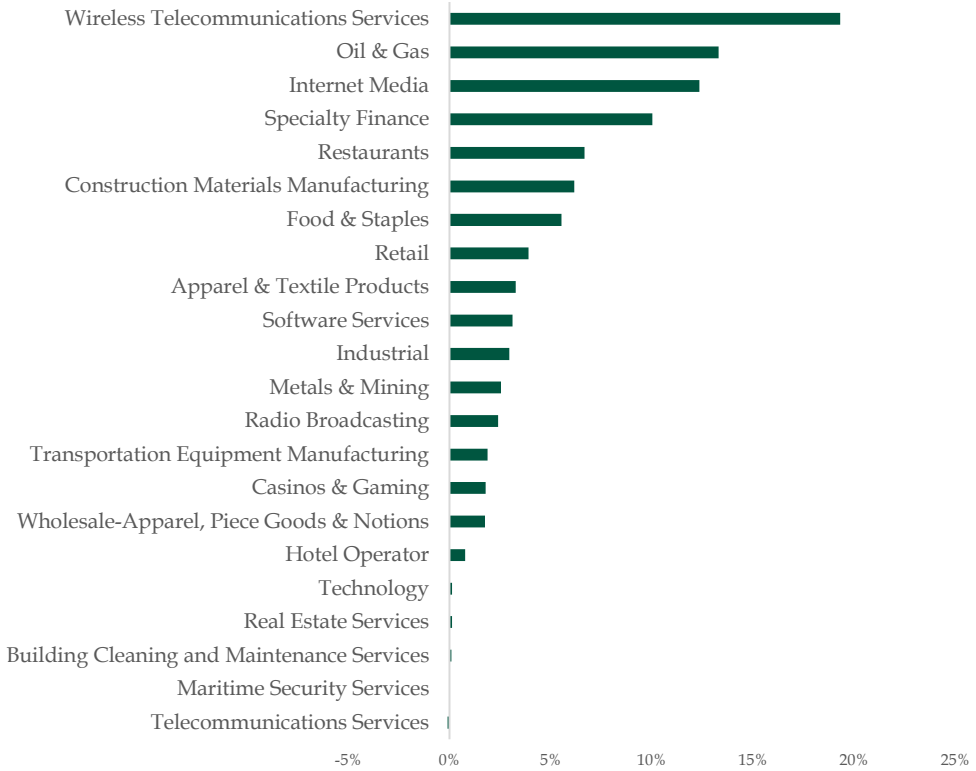
Investments	Fair Value of Debt	Percentage of Debt Holdings
Fixed Rate	$ 49.6	45.8%
Floating Rate	$ 58.6	54.2%
Total	**$ 108.2**	**100%**

- ***Weighted average fixed rate yield of 14.7%[1]***
- ***Weighted average floating rate yield of 9.4%[1]***

(1) Weighted average fixed and floating rate current yield is based upon the stated coupon rate and fair value of outstanding debt instruments at the measurement date. Amounts in the above tables do not include investments in short-term securities, including United States Treasury Bills.

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Portfolio Review: Quarter End Industry Breakdown



Industry	December 31, 2020 Investments at Fair Value	Percentage of Fair Value
Wireless Telecommunications Services	$ 29,270	19.3%
Oil & Gas	20,290	13.38%
Internet Media	18,736	12.35%
Specialty Finance	15,760	10.39%
Restaurants	10,470	6.91%
Construction Materials Manufacturing	9,676	6.38%
Food & Staples	8,694	5.73%
Retail	6,145	4.05%
Apparel & Textile Products	5,154	3.40%
Software Services	4,896	3.23%
Industrial	4,642	3.06%
Metals & Mining	3,996	2.65%
Radio Broadcasting	3,763	2.48%
Transportation Equipment Manufacturing	2,948	1.95%
Casinos & Gaming	2,820	1.86%
Wholesale-Apparel, Piece Goods & Notions	2,762	1.82%
Hotel Operator	1,203	0.79%
Technology	202	0.13%
Real Estate Services	200	0.13%
Building Cleaning and Maintenance Services	162	0.11%
Maritime Security Services	19	0.01%
Consumer Finance	-	-%
Gaming, Lodging & Restaurants	-	-%
Water Transport	-	-%
Chemicals	-	-%
Consulting	-	-%
Telecommunications Services	(160)	(0.11)%
Total	**$ 151,648**	**100.00%**

$ in $000s

Amounts in the above tables do not include investments in short-term securities, including United States Treasury Bills.

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Portfolio Review: Quarterly Investment Activity

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New Investments vs. Monetized Investments

	Q4/2019	Q1/2020	Q2/2020	Q3/2020	Q4/2020
Dollar Value of New Investments[1]	$15.1 million	$31.9 million	$15.9 million	$34.5 million	$35.3 million
Weighted Average Price of New Debt Investments	$0.97	$0.99	$0.92	$0.91	$0.94
Weighted Average Current Yield of New Debt Investments[2]	9.0%	7.1%	12.2%	12.3%	10.9%
% of New Debt Investments - 1st Lien / Secured Instruments	100%	100%	43%	81%	91.9%
Dollar Value of Monetized Investments[3]	$9.6 million	$29.4 million	$37.5 million	$18.2 million	$43.8 million
Weighted Average Price of Monetized Debt Investments	$1.00	$0.82	$0.98	$0.97	1.00
Weighted Average Current Yield of Monetized Debt Investments[2]	8.5%	13.7%	6.5%	9.6%	8.8%
% of Monetized Debt Investments - 1st Lien / Secured Instruments	100%	100%	96%	100%	100%

(1) This includes new deals, additional fundings (inclusive of those on revolving credit facilities), refinancings and PIK interest. Amounts included herein are exclusive of investments in short-term securities, including United States Treasury Bills. Weighted average dollar price is based upon the stated par value and fair value of outstanding debt securities at the measurement date. Weighted average current yield is based upon the stated coupon rate and fair value of outstanding debt securities at the measurement date.
(2) Weighted average current yield metrics specifically refer to the applicable investment activity in the respective period.
(3) This includes scheduled principal payments, prepayments, sales and repayments (inclusive of those on revolving credit facilities). Amounts included herein are exclusive of investments in short-term securities, including United States Treasury Bills. Weighted average dollar price is based upon the stated par value and fair value of outstanding debt securities at the measurement date. Weighted average current yield is based upon the stated coupon rate and fair value of outstanding debt securities at the measurement date.

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Financial Review

(Quarter Ended 12/31/2020)

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Financial Review: Per Share Data

Financial Highlights – Per Share Data					
	Q4/2019[1]	Q1/2020[1]	Q2/2020[1]	Q3/2020[1]	Q4/2020[1]
Earnings Per Share ("EPS")	($0.16)	($3.33)	$0.34	$0.72	($0.43)
Net Investment Income ("NII") Per Share	$0.25	$0.26	$0.09	$0.18	$0.07
Net Realized Gains / (Losses) Per Share	$0.00	($1.12)	$0.09	($0.02)	$0.03
Net Unrealized Gains / (Losses) Per Share	($0.41)	($2.47)	$0.16	$0.56	($0.54)
Net Asset Value Per Share at Period End	$8.63	$5.05	$5.10	$5.53	$3.46
Distributions Paid / Declared Per Share	$0.299	$0.249	$0.249	$0.249	$0.249

(1) The per share figures are based on a weighted average outstanding share count for the respective period.

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Financial Review: Quarterly Operating Results

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$ in $000s	Q4/2019	Per Share[1]	Q1/2020	Per Share[1]	Q2/2020	Per Share[1]	Q3/2020	Per Share[1]	Q4/2020	Per Share[1]
Total Investment Income[2]	**$7,012**	**$0.70**	**$6,429**	**$0.64**	**$4,768**	**$0.47**	**$5,951**	**$0.56**	**$5,749**	**$0.26**
Interest Income	6,614	0.66	5,987	0.60	4,184	0.41	4,375	0.41	4,664	0.21
Dividend & Other Income	398	0.04	442	0.04	584	0.06	1,576	0.15	1,085	0.05
Net Operating Expenses	**4,264**	**0.42**	**3,777**	**0.38**	**3,852**	**0.38**	**4,018**	**0.38**	**4,084**	**0.18**
Management fees	746	0.07	698	0.07	591	0.06	609	0.06	613	0.03
Incentive fees[3]	635	0.06	100	0.01	228	0.02	482	0.05	210	0.01
Total Investment Management fees	1,381	0.14	798	0.08	819	0.08	1,091	0.10	823	0.04
Administration fees	253	0.03	204	0.02	191	0.02	152	0.01	182	0.01
Directors' fees	50	0.00	51	0.01	51	0.01	49	0.005	47	0.002
Interest expense	2,303	0.23	2,305	0.23	2,390	0.23	2,225	0.21	2,206	0.10
Professional services	122	0.01	257	0.03	250	0.02	287	0.03	647	0.03
Custody fees	12	0.00	20	0.00	19	0.00	20	0.002	(8)	0.0004
Other	143	0.01	142	0.01	132	0.01	195	0.02	187	0.01
Income Tax, Including Excise Tax	209	0.02	0	0.00	0	0.00	0	0.00	17	0.0008
Net Investment Income	**$2,539**	**$0.25**	**$2,652**	**$0.26**	**$916**	**$0.09**	**$1,933**	**$0.18**	**$1,648**	**$0.07**

(1) The per share figures are based on a weighted average of the shares outstanding for the preceding quarter, except where such amounts need to be adjusted to be consistent with the financial highlights of our consolidated financial statements.
(2) Total investment income includes PIK income and net accretion of OID and market discount.
(3) Incentive fees include the reversal of certain accrued incentive fees.

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Financial Review: Portfolio

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Financial Highlights - Portfolio					
	Q4/2019	Q1/2020	Q2/2020	Q3/2020	Q4/2020
Capital Deployed	$15.1 million	$31.9 million	$15.9 million	$34.5 million	$35.3 million
Investments Monetized	$9.6 million	$29.4 million	$37.5 million	$18.2 million	$43.8 million
Total Fair Value of Investments at Period End[1]	$197.6 million	$165.5 million	$146.3 million	$169.5 million	$151.7 million
Net Asset Value at Period End	$86.9 million	$50.8 million	$53.2 million	$60.5 million	$79.6 million
Total Assets at Period End	$291.0 million	$273.6 million	$258.0 million	$264.5 million	$283.3 million
Total Debt Outstanding at Period End (Par Value)	$124.0 million	$123.8 million	$119.5 million	$118.7 million	$118.7 million
Debt to Equity Ratio at Period End	1.43x	2.43x	2.25x	1.96x	1.49x
Cash at Period End[2]	$15.6 million	$22.8 million	$31.0 million	$12.6 million	$52.6 million

(1) Total Fair Value of Investments does not include investments in short-term securities, including United States Treasury Bills.
(2) Cash does not include our holdings in United States Treasury Bills or Restricted Cash.

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Summary

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Capital Activity: Declared Quarterly Cash Distribution

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Distributions

- **GECC's Board previously announced its distribution for the quarter ending March 31, 2021 of $0.10 per share**
- **These distributions will be paid in cash to shareholders of record as of March 15, 2021 on March 31, 2021**
- **The Board set the distribution for the quarter ending June 30, 2021 at $0.10 per share, with the record and payment dates to be set by GECC pursuant to authority granted by the Board**

On an annualized basis, this currently represents an indicated yield of 11.5%* on NAV and a 11.0% yield on the March 12, 2021 closing price of $3.63.

(* Based on an annualized $0.10 per share total / Net Asset Value of $79.6 million, or $3.46 share)

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Investment Takeaways

Portfolio Repositioning: Continuing

- Recent portfolio repositioning and capital decisions have GECC well-positioned to take advantage of market dislocation and grow NII
- Intend to weight investments in specialty finance businesses in future portfolio
- A diversified portfolio, primarily comprised of secured loans, secured bonds and investments in specialty finance businesses uncorrelated to the corporate credit portfolio
- Debt investments carry a weighted average current yield of 11.7%[1]
- Weighted average current yield of income-generating equity investments carry a weighted average current yield of 15.3%[1,2]

Distributions

- Cash distribution of $0.10 set for second quarter of 2021
- Since the Company's initial distribution in December 2016, $4.84 in total distributions paid, declared or set (in cash or stock)

Liquid Balance Sheet

- Significant cash balance strengthened by rights offering

(1) Weighted average current yield is based upon the anticipated distribution rate and fair value of outstanding investments at the measurement date. Amounts in the above tables do not include investments in short-term securities, including United States Treasury Bills.
(2) Three of the 10 equity investments, totaling approximately $27.4 million of fair value as of December 31, 2020, are income-generating equity investments: Prestige Capital Finance, LLC, Blueknight Energy Partners L.P, and Crestwood Equity Partners, LP.

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Appendix

Financial Statements

Balance Sheet

General Risks

Contact Information

Consolidated Statements of Operations

(unaudited)
$ in $000s
(except per share amounts)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2020	2019	2020	2019
Investment Income:				
Interest income from:				
Non-affiliated, non-controlled investments	$ 2,940	$ 5,088	$ 12,740	$ 17,087
Non-affiliated, non-controlled investments (PIK)	22	-	22	-
Affiliated investments	265	231	981	858
Affiliated investments (PIK)	1,376	1,219	5,218	4,158
Controlled investments	61	76	249	1,411
Controlled investments (PIK)	-	-	-	684
Total interest income	4,664	6,614	19,210	24,198
Dividend income from:				
Non-affiliated, non-controlled investments	463	63	867	470
Controlled investments	480	320	2,240	1,600
Total dividend income	943	383	3,107	2,070
Other income from:				
Non-affiliated, non-controlled investments	(226)	5	125	142
Non-affiliated, non-controlled investments (PIK)	368	-	368	-
Affiliated investments	-	-	-	2
Affiliated investments (PIK)	-	1	75	565
Controlled investments	-	9	12	61
Total other income	142	15	580	770
Total investment income	$ 5,749	$ 7,012	$ 22,897	$ 27,038
Expenses:				
Management fees	$ 613	$ 746	$ 2,511	$ 2,953
Incentive fees	210	636	1,020	2,735
Administration fees	182	253	729	987
Custody fees	(8)	12	51	57
Directors' fees	47	50	198	200
Professional services	647	122	1,441	833
Interest expense	2,206	2,303	9,126	7,636
Other expenses	187	142	655	491
Total expenses	$ 4,084	$ 4,264	$ 15,731	$ 15,892
Net investment income before taxes	$ 1,665	$ 2,748	$ 7,166	$ 11,146
Excise tax	$ 17	$ 209	$ 17	$ 209
Net investment income	$ 1,648	$ 2,539	$ 7,149	$ 10,937
Net realized and unrealized gains (losses):				
Net realized gain (loss) on investment transactions from:				
Non-affiliated, non-controlled investments	$ 2,156	$ 31	$ (9,604)	$ 1,146
Controlled investments	(1,382)	-	(1,382)	154
Repurchase of debt	-	-	1,237	-
Total net realized gain (loss)	774	31	(9,749)	1,300
Net change in unrealized appreciation (depreciation) on investment transactions from:				
Non-affiliated, non-controlled investments	(821)	(3,959)	(14,520)	(11,316)
Affiliated investments	(12,659)	(241)	(18,455)	(7,907)
Controlled investments	1,425	39	3,619	(561)
Total net change in unrealized appreciation (depreciation)	(12,055)	(4,161)	(29,356)	(19,784)
Net realized and unrealized gains (losses)	$ (11,281)	$ (4,130)	$ (39,105)	$ (18,484)
Net increase (decrease) in net assets resulting from operations	$ (9,633)	$ (1,591)	$ (31,956)	$ (7,547)
Net investment income per share (basic and diluted):	$ 0.07	$ 0.25	$ 0.54	$ 1.07
Earnings per share (basic and diluted):	$ (0.43)	$ (0.16)	$ (2.40)	$ (0.74)
Weighted average shares outstanding (basic and diluted):	22,249,283	10,062,682	13,309,463	10,249,578

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Consolidated Statements of Assets and Liabilities

(unaudited)
$ in $000s
(except per share amounts)

	December 31, 2020	December 31, 2019
Assets		
Investments		
Non-affiliated, non-controlled investments, at fair value (amortized cost of $147,494 and $168,269, respectively)	$ 112,116	$ 147,412
Non-affiliated, non-controlled short-term investments, at fair value (amortized cost of $74,997 and $85,733, respectively)	74,998	85,733
Affiliated investments, at fair value (amortized cost of $109,840 and $102,704, respectively)	29,289	40,608
Controlled investments, at fair value (amortized cost of $7,630 and $10,601, respectively)	10,243	9,595
Total investments	226,646	283,348
Cash and cash equivalents	52,582	4,606
Restricted cash	600	-
Interest receivable	2,423	2,350
Dividends receivable	-	14
Due from portfolio company	837	617
Due from affiliates	-	15
Prepaid expenses and other assets	240	89
Total assets	$ 283,328	$ 291,039
Liabilities		
Notes payable 6.50% due September 18, 2022 (including unamortized discount of $494 and $839, respectively)	$ 29,799	$ 31,792
Notes payable 6.75% due January 31, 2025 (including unamortized discount of $1,042 and $1,321, respectively)	44,568	45,078
Notes payable 6.50% due June 30, 2024 (including unamortized discount of $1,529 and $2,058, respectively)	41,294	42,942
Payable for investments purchased	75,511	72,749
Interest payable	328	354
Distributions payable	1,911	1,338
Accrued incentive fees payable	9,176	8,157
Due to affiliates	764	997
Accrued expenses and other liabilities	362	743
Total liabilities	$ 203,713	$ 204,150
Commitments and contingencies	$ -	$ -
Net Assets		
Common stock, par value $0.01 per share (100,000,000 shares authorized, 23,029,453 shares issued and outstanding and 10,062,682 shares issued and outstanding, respectively)	$ 230	$ 101
Additional paid-in capital	230,504	193,114
Accumulated losses	(151,119)	(106,326)
Total net assets	$ 79,615	$ 86,889
Total liabilities and net assets	$ 283,328	$ 291,039
Net asset value per share	$ 3.46	$ 8.63

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Appendix: General Risks

GREAT ELM CAPITAL
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Debt instruments are subject to credit and interest rate risks.

Credit risk refers to the likelihood that an obligor will default in the payment of principal or interest on an instrument. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument, and debt instruments that are rated by rating agencies are often reviewed and may be subject to downgrade. Our debt investments either are, or if rated would be, rated below investment grade by independent rating agencies. These "junk bonds" and "leveraged loans" are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may be illiquid and difficult to value and typically do not require repayment of principal before maturity, which potentially heightens the risk that we may lose all or part of our investment.

Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate obligations) or directly (especially in the case of an instrument whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors).

GECC utilizes leverage to seek to enhance the yield and net asset value of its common stock. These objectives will not necessarily be achieved in all interest rate environments. The use of leverage involves risk, including the potential for higher volatility and greater declines of GECC's net asset value, fluctuations of dividends and other distributions paid by GECC and the market price of GECC's common stock, among others. The amount of leverage that GECC may employ at any particular time will depend on, among other things, our Board's and our adviser's assessment of market and other factors at the time of any proposed borrowing.

As part of our lending activities, we may purchase notes or make loans to companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although the terms of such financings may result in significant financial returns to us, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high. We cannot assure you that we will correctly evaluate the value of the assets collateralizing our investments or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a portfolio company, we may lose all or part of the amounts advanced to the borrower or may be required to accept collateral with a value less than the amount of the investment advanced by us to the borrower.

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