

GREAT ELM CAPITAL®

Great Elm Capital Corp.

Great Elm Capital Corp.

(NASDAQ: GECC)

Investor Presentation

Quarter Ended September 30, 2021

November 5, 2021

Forward Looking Statement

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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 September 30, 2021, 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

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- **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 37.0% of GECC's outstanding shares**

Investment Objective

- **To generate current income and capital appreciation by investing in debt and income generating equity securities, including actively pursuing investments in specialty finance businesses**

Portfolio (as of 9/30/2021)

- **$246.7 million of portfolio fair value; $99.4 million of net asset value**
- **Debt investments carry a weighted average current yield of 11.3%[1]**
- **59 investments (46 debt, 13 equity) in 47 companies across 25 industries, excluding investments in SPACs**

[(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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Third Quarter 2021 Overview: Capital Deployment and Monetization

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Deployment of Capital

- **During Q3 2021, deployed $71.1 million, excluding SPACs, into 25 investments at a weighted average current yield of 10.0% and a weighted average price of 99% of par**

Monetization of Investments

- **During Q3 2021, monetized $30.0 million, excluding SPACs, across 21 investments, in whole or in part, at a weighted average current yield of 9.4% and a weighted average price of 100% of par**
- **Monetized $0.4 million of SPAC securities during the period**

Attractive Funding Sources

- **GECCN 6.50% Notes due June 2024**
- **GECCM 6.75% Notes due January 2025**
- **$25.0 Million Credit Facility with a 3 Year Term at LIBOR rate plus 3.50%**
- **GECCO 5.875% Notes due June 2026**

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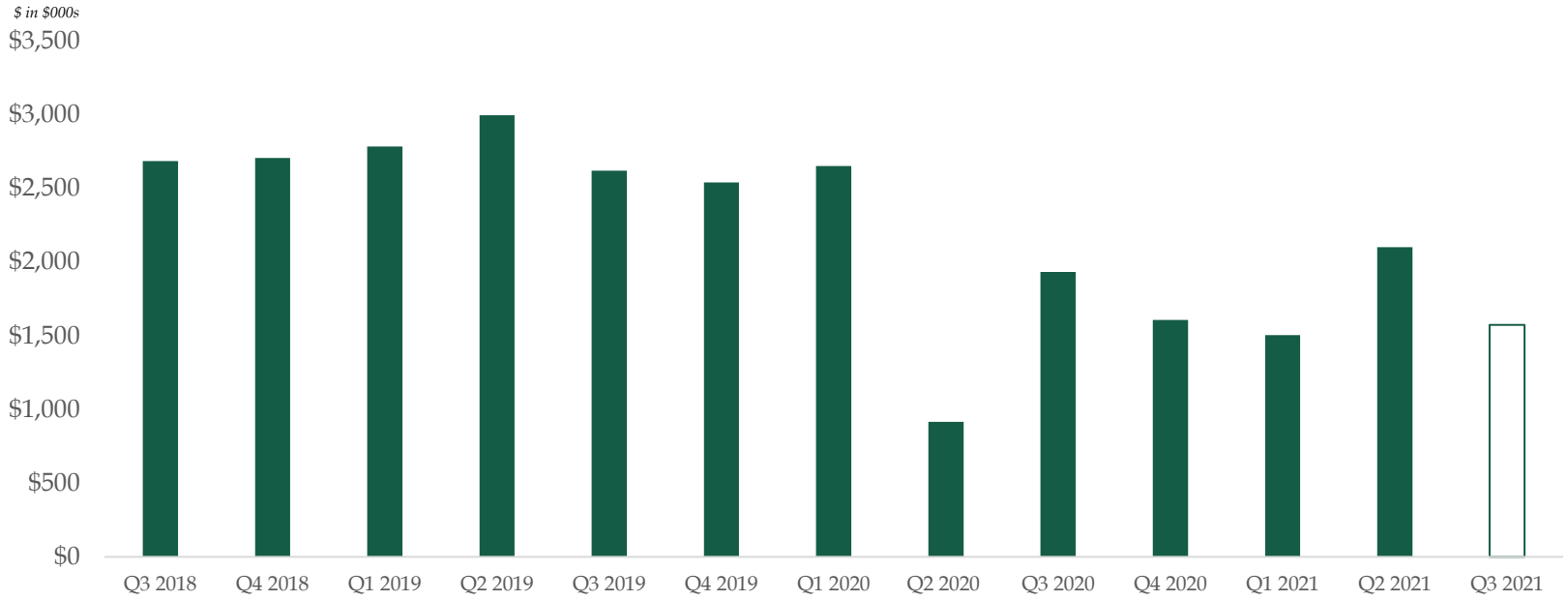
Third Quarter 2021: Net Investment Income ("NII") Analysis

- NII for the quarter ended September 30, 2021 was approximately $1.6 million, or $0.07 per share[(1)], as compared to NII of $2.1 million or $0.09 per share for the quarter ended June 30, 2021
  - NII was impacted by certain one-time items primarily related to legal fees incurred in connection with a legacy Full Circle investment which resulted in a reduction to NII of approximately $0.02 per share in the quarter ended September 30, 2021.

NII by Quarter



[(1)] Based on weighted average shares outstanding of 23,914,447 for the quarter ended September 30, 2021 and 23,508,232 for the quarter ended June 30, 2021

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Net Asset Value Change from June 30, 2021 to September 30, 2021

	$ in $000s	
Net Asset Value at June 30, 2021	**$91,667**	**$3.90**
Portfolio Company	**Realized / Unrealized Gain / Loss**	**Per Share**
Avanti Communications Group plc - 2nd Lien Secured Bond	($3,607)	($0.15)
TRU Taj – Common Equity	($1,724)	($0.07)
Crestwood Equity Partners - Preferred Equity	+$601	+$0.02
TRU Taj – Liquidating Trust	($566)	($0.02)
All other positions	+$592	+$0.02
Total Asset Gains (Losses)	($4,704)	($0.20)
3Q 2021 NII	+$1,574	+$0.07
3Q 2021 Distributions	($2,350)	($0.10)
Net Asset Value Change (pre- equity issuance)	**($5,481)**	**($0.23)**
Equity Issuance	$13,239	+$0.03
Net Asset Value Change	**+$7,758**	**($0.20)**
Net Asset Value at September 30, 2021	**$99,425**	**$3.70**

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Investment Activity: New Investments (July 1 – October 29, 2021)

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$ in $000s

Investment Activity: New Investments[1]*								
Portfolio Company	Investment Description	Maturity	Par Amount / Quantity	Cost	Market Discount	Interest Rate	Current Yield (%)[2]	Current Yield ($)[2]
CURO Group Holdings Corp	1st Lien Note	8/1/2028	$4,000	$4,000	$0	7.50%	7.50%	$300
Equitrans Midstream Corp.	Preferred Equity	Perpetual	$4,998	$5,275	($278)	9.75%	8.97%	$448
Foresight Energy	1st Lien Term Loan	6/30/2027	$7,000	$7,048	($48)	9.50%	9.44%	$661
GAC HoldCo Inc.	1st Lien Note	8/15/2025	$3,250	$3,145	$105	12.00%	12.08%	$392
Lenders Funding, LLC	Subordinated Note	9/20/2026	$10,000	$10,000	$0	11.00%	11.00%	$1,100
Lenders Funding, LLC	1st Lien R/C	9/20/2023	$4,070	$4,070	$0	4.50%	4.50%	$183
Lenders Funding, LLC	Common Equity	N/A	N/A	$7,250	$0	N/A	N/A	N/A
Michael Baker International, LLC	Note	3/1/2023	$3,000	$3,023	($23)	8.75%	8.68%	$261
Mitchell International, Inc.	2nd Lien Term Loan	10/1/2029	$1,000	$990	$10	6.60%	6.67%	$67
Summit Mid Holdings LLC	2nd Lien Note	10/15/2026	$1,000	$985	$15	8.50%	8.63%	$86
Universal Fibers, Inc.	Term Loan B	9/29/2026	$6,000	$5,880	$120	13.90%	14.18%	$851
Universal Fibers, Inc.	Term Loan C	9/29/2026	$1,515	$1,470	$45	13.90%	14.33%	$217
Viasat Inc.	Receivable	12/15/2021	$1,500	$1,230	$270	N/A	N/A	N/A
Viasat Inc.	Receivable	3/15/2022	$402	$330	$72	N/A	N/A	N/A
Viasat Inc.	Receivable	6/15/2022	$402	$330	$72	N/A	N/A	N/A
Viasat Inc.	Receivable	9/15/2022	$402	$330	$72	N/A	N/A	N/A
Total / Weighted Average			$48,538	$55,354	$435	10.0%	10.0%	$4,566

- **Throughout Q3 2021 and subsequent to quarter end, we actively deployed approximately $55.4 million of available cash into new investments at a weighted average current yield of 10.0%**

(1) Investment Activity includes activity in Q3 2021 and the subsequent period through and including October 29, 2021. Investment activity does not include revolver draws, capitalized PIK interest, or incremental funding to existing investments.
(2) Weighted average current yield is based upon the stated coupon rate and fair value of outstanding investments is as of the most recent measurement date or date of purchase, as applicable. These figures do not include Viasat, Inc.
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Specialty Finance Investments: Prestige Capital Finance, LLC

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Prestige Capital
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- **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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Acquisition of Lenders Funding, LLC

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LENDERS FUNDING, LLC

Private funding and risk sharing source for factors and asset-based lenders

- Purchases participations in factoring and asset-based lending transactions as well as provides working capital to customers under a variety of lending programs
- Founded by CEO Robert Zadek in 2000, who will continue to manage the business
- Long-term track record of profitably growing the business

Transaction Details

GECC purchased a majority ownership position in Lenders Funding for $7.25 million, consisting of:

- $4 million in cash, and
- $3.25 million in GECC shares issued at GECC's net asset value (NAV)

In connection with the transaction, GECC issued to Lenders Funding $10 million of additional GECC shares at NAV in exchange for a subordinated note in an equal principal amount.

The proceeds from the transaction will be retained by Lenders Funding to help support the growth of the business.

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Building a Specialty Finance Lending Ecosystem

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Significant Mutual Benefits

LENDERS FUNDING, LLC

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

Increases visibility into the broader specialty finance market through relationships developed over 20+ years as a provider of participant capital

"Overflow" opportunities allow GECC to participate in certain larger transactions directly

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

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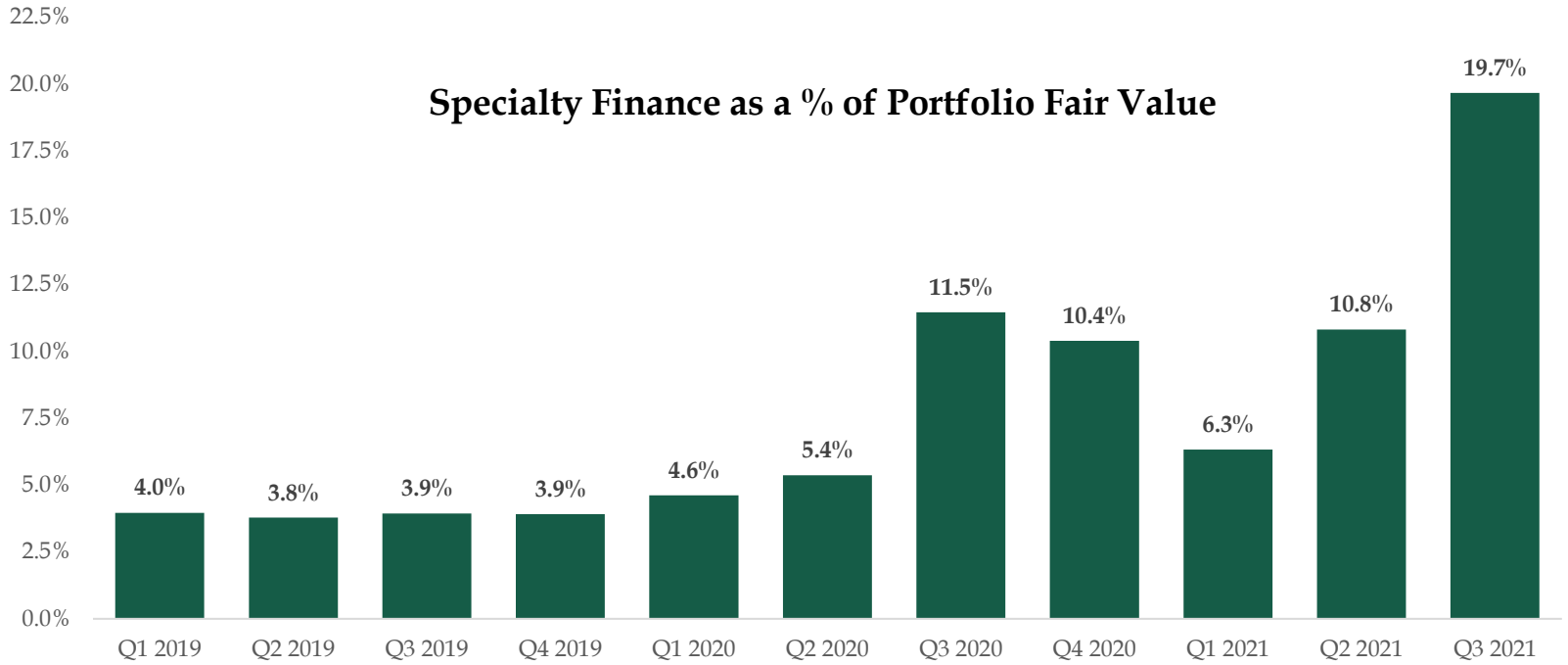
Meaningful Growth in Specialty Finance

GECC has increased its Specialty Finance allocation over the past 18 months and continues to build on the strategy of creating a portfolio of specialty finance solutions across the continuum of lending.



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Investment Takeaways

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Portfolio Repositioning Moving in Right Direction

- A diversified portfolio, primarily comprised of secured loans, secured bonds, preferred equity and investments in specialty finance businesses uncorrelated to the corporate credit portfolio
- Actively pursuing investments in specialty finance businesses
- Debt investments carry a weighted average current yield of 11.3%[1]
- Weighted average current yield of income generating equity investments carry a weighted average current yield of 13.0%[1,2]

Distributions to Shareholders

- Cash distribution of $0.10 per share authorized for first quarter of 2022
- Since the Company's initial distribution in December 2016, $5.14 in total distributions paid, declared or authorized (in cash or stock)

Ample Liquidity

- Credit facility provides ample capital at favorable terms
- New debt issuance provides additional capital at lower cost

(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) Five of the 13 equity investments, totaling approximately $35.3 million of fair value as of September 30, 2021, are income-generating equity investments: Prestige Capital Finance, LLC, Blueknight Energy Partners L.P, Crestwood Equity Partners, LP., Equitrans, and Lenders Funding

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Portfolio Review

(Quarter Ended 9/30/2021)

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Portfolio Review: Quarter End Portfolio Detail

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Debt Investments:

46	92.1%	$185.7 million	75.3%	11.3%[1]
Debt Investments	Weighted Average Dollar Price of Debt Investments	Fair Value of Debt Investments	Of Invested Capital in Debt Investments	Weighted Average Current Yield of Debt Investments

Equity Investments:

	5 Income Generating Equity Investments	$35.3 million	14.3%	13.0%[1]
13		Fair value of Equity Investments	Of Invested Capital in Equity Investments	Weighted Average Current Yield of Income-Generating Equity Investments
Equity Investments, excl. SPACs	8 Other Equity Investments	$16.5 million	6.7%	

[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

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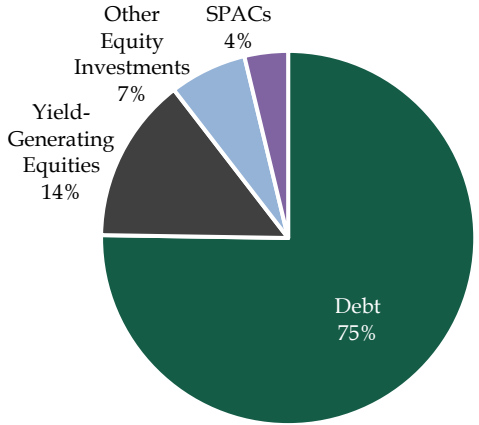
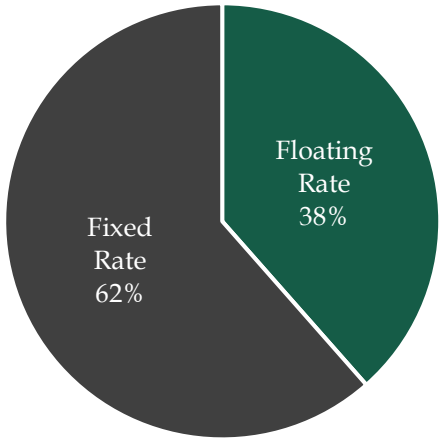
Portfolio by Asset Type ($MM)



Investments	Fair Value of Investments	Percentage of Total Portfolio
Debt	$185.7	75.3%
Yield-Generating Equities	$35.3	14.3%
Other Equities	$16.5	6.7%
SPACs	$9.3	3.8%
Total	**$246.7**	**100%**

Portfolio by Interest Rate Type ($MM)



Investments	Fair Value of Debt	Percentage of Debt Holdings
Fixed Rate	$114.2	61.5%
Floating Rate	$71.5	38.5%
Total	**$185.7**	**100%**

- ***Weighted average fixed rate yield of 12.68%[1]***
- ***Weighted average floating rate yield of 9.05%[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

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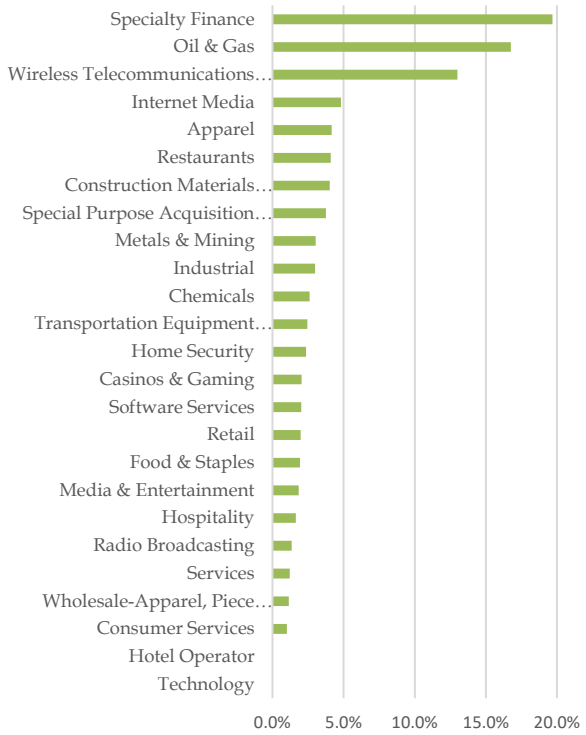
Industry by % of Fair Value at September 30, 2021



	September 30, 2021		December 31, 2020	
Industry	**Investments at Fair Value**	**Percentage of Fair Value**	**Investments at Fair Value**	**Percentage of Fair Value**
Specialty Finance	$ 48.5	19.67%	$ 15.8	10.39%
Oil & Gas	41.4	16.76%	20.3	13.38%
Wireless Telecommunications Services	32.1	13.00%	29.3	19.30%
Internet Media	11.9	4.81%	18.7	12.35%
Apparel	10.3	4.17%	-	-%
Restaurants	10.1	4.10%	10.5	6.91%
Construction Materials Manufacturing	9.9	4.02%	9.7	6.38%
Special Purpose Acquisition Company	9.3	3.75%	-	-%
Metals & Mining	7.5	3.05%	4.0	2.65%
Industrial	7.4	3.00%	4.6	3.06%
Chemicals	6.5	2.62%	-	-%
Transportation Equipment Manufacturing	6.1	2.47%	2.9	1.95%
Home Security	5.8	2.36%	-	-%
Casinos & Gaming	5.1	2.06%	2.8	1.86%
Software Services	5.0	2.03%	4.9	3.23%
Retail	4.9	1.98%	6.1	4.05%
Food & Staples	4.8	1.95%	8.7	5.73%
Media & Entertainment	4.5	1.84%	-	-%
Hospitality	4.1	1.65%	-	-%
Radio Broadcasting	3.4	1.36%	3.8	2.48%
Services	3.0	1.22%	-	-%
Wholesale-Apparel, Piece Goods & Notions	2.9	1.16%	2.8	1.82%
Consumer Services	2.5	1.01%	-	-%
Hotel Operator	0.1	0.02%	1.2	0.79%
Technology	(0.2)	(0.06)%	0.2	0.13%
Apparel & Textile Products	-	-%	5.2	3.40%
Real Estate Services	-	-%	0.2	0.13%
Building Cleaning and Maintenance Services	-	-%	0.2	0.11%
Maritime Security Services	-	-%	0.0	0.01%
Telecommunications Services	-	-%	(0.2)	(0.11)%
Total	**$ 246.7**	**100.00%**	**$ 151.6**	**100.00%**

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

$ in Millions

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Portfolio Review: Quarterly Investment Activity

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New Investments vs. Monetized Investments

	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021
Dollar Value of New Investments[1]	$34.5 million	$35.3 million	$58.4 million	$49.9 million	$71.1 million
Weighted Average Price of New Debt Investments	$0.91	$0.94	$0.96	$0.98	$0.99
Weighted Average Current Yield of New Debt Investments[2]	12.3%	10.9%	9.9%	9.3%	10.0%
% of New Debt Investments – Secured Instruments	81%	92%	78%	96%	100%
Dollar Value of Monetized Investments[3]	$18.2 million	$43.8 million	$28.2 million	$35.5 million	$30.4 million
Weighted Average Price of Monetized Debt Investments	$0.97	$1.00	$0.89	$1.00	$1.00
Weighted Average Current Yield of Monetized Debt Investments[2]	9.6%	8.8%	11.6%	8.0%	9.4%
% of Monetized Debt Investments – Secured Instruments	100%	100%	100%	92%	92%

(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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GECC SPAC Holdings

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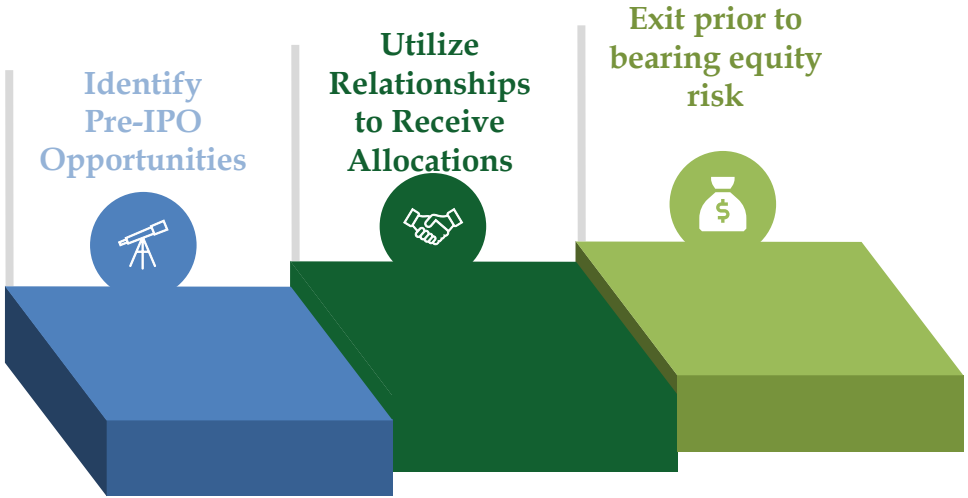
SPAC Investments at 9/30/2021:

197	$9.3 million	3.8%
Investments in Units, Warrants and Common Stock	Total Market Value of SPAC Instruments	Of Invested Capital in SPAC Investments

Opportunity to generate a more favorable return on cash balances for the Company in a low-interest rate environment with minimal permanent capital impairment risk



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Financial Review

(Quarter Ended 9/30/2021)

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Financial Review: Per Share Data

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Financial Highlights – Per Share Data					
	Q3/2020[1]	Q4/2020[1]	Q1/2021[1]	Q2/2021[1]	Q3/2021[1]
Earnings Per Share ("EPS")	$0.72	($0.43)	$0.53	$0.11	($0.13)
Net Investment Income ("NII") Per Share	$0.18	$0.07	$0.06	$0.09	$0.07
Net Realized Gains / (Losses) Per Share	($0.02)	$0.03	($0.14)	$0.02	$0.07
Net Unrealized Gains / (Losses) Per Share	$0.56	($0.54)	$0.61	$0.12	($0.27)
Net Asset Value Per Share at Period End	$5.53	$3.46	$3.89	$3.90	$3.70
Distributions Paid / Declared Per Share	$0.249	$0.249	$0.10	$0.10	$0.10

[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	Q3/2020	Per Share[1]	Q4/2020	Per Share[1]	Q1/2021	Per Share[1]	Q2/2021	Per Share[1]	Q3/2021	Per Share[1]
Total Investment Income[2]	**$5,951**	**$0.56**	**$5,749**	**$0.26**	**$5,295**	**$0.23**	**$6,233**	**$0.27**	**$7,373**	**$0.31**
Interest Income	4,375	0.41	4,664	0.21	4,179	0.18	5,092	0.22	5,872	0.25
Dividend & Other Income	1,576	0.15	1,085	0.05	1,116	0.05	1,141	0.05	1,501	0.06
Net Operating Expenses	**4,018**	**0.38**	**4,084**	**0.18**	**3,791**	**0.16**	**4,130**	**0.18**	**5,800**	**0.25**
Management fees	609	0.06	613	0.03	660	0.03	765	0.03	876	0.04
Incentive fees[3]	482	0.05	210	0.01	108	0.004	398	0.02	382	0.02
Total Investment Management fees	1,091	0.10	823	0.04	768	0.03	1,163	0.05	1,258	0.06
Administration fees	152	0.01	182	0.01	156	0.01	180	0.01	175	0.01
Directors' fees	49	0.005	47	0.002	55	0.002	56	0.002	61	0.00
Interest expense	2,225	0.21	2,206	0.10	2,198	0.09	2,273	0.10	3,147	0.13
Professional services	287	0.03	647	0.03	425	0.02	251	0.01	937	0.04
Custody fees	20	0.002	(8)	0.0004	13	0.0006	13	0.001	13	0.00
Other	195	0.02	187	0.01	176	0.01	194	0.01	209	0.01
Income Tax, Including Excise Tax	0	0.00	17	0.0008	0	0.00	0	0.00	0	0.00
Net Investment Income	**$1,933**	**$0.18**	**$1,648**	**$0.07**	**$1,504**	**$0.06**	**$2,103**	**$0.09**	**$1,573**	**$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					
	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021
Capital Deployed	$34.5 million	$35.3 million	$58.4 million	$49.9 million	$71.1 million
Investments Monetized	$18.2 million	$43.8 million	$28.3 million	$35.5 million	$30.0 million
Total Fair Value of Investments at Period End[1]	$169.5 million	$151.7 million	$193.6 million	$209.4 million	$246.7 million
Net Asset Value at Period End	$60.5 million	$79.6 million	$91.5 million	$91.7 million	$99.4 million
Total Assets at Period End	$264.5 million	$283.3 million	$371.4 million	$397.8 million	$415.2 million
Total Debt Outstanding at Period End (Par Value)	$118.7 million	$118.7 million	$118.7 million	$138.4 million[2]	$151.7 million
Debt to Equity Ratio at Period End	1.96x	1.49x	1.30x	1.51x	1.53x
Cash at Period End[3]	$12.6 million	$52.6 million	$26.6 million	$29.1 million[4]	$20.6 million

(1) Total Fair Value of Investments does not include investments in short-term securities, including United States Treasury Bills.
(2) Total debt outstanding excludes the Company's 6.50% senior notes due 2022 (NASDAQ: GECCL), which were called prior to quarter end and subsequently redeemed at 100% of their principal amount, plus accrued and unpaid interest through the redemption date on July 23, 2021.
(3) Cash does not include our holdings in United States Treasury Bills or Restricted Cash.
(4) Comprised of $59.8 million of gross cash less $30.7 million reserved for the July 23rd redemption of our unsecured notes due 2022

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Summary

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Capital Activity: Declared Quarterly Cash Distribution

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Distributions

- **GECC's Board authorized the distribution for the quarter ending March 31, 2022 at $0.10 per share, with the record and payment dates to be set by the officers of GECC pursuant to authority granted by the Board**

On an annualized basis, this currently represents an indicated yield of 10.8%* on NAV and a 11.4% yield on the November 1, 2021 closing price of $3.50.

(* Based on an annualized $0.10 per share total / Net Asset Value of $3.70 at September 30, 2021)

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General Risks

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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Contact Information



Investor Relations

800 South Street, Suite 230
Waltham, MA 02453
investorrelations@greatelmcap.com

Adam Prior
The Equity Group Inc.
+1 (212) 836-9606
aprior@equityny.com

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