UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 814-01211

Great Elm Capital Corp.

(Exact name of registrant as specified in its charter)

Maryland	**81-2621577**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 South Street, Suite 230, Waltham, MA	**02453**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (617) 375-3006
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	GECC	Nasdaq Global Market
6.75% Notes due 2025	GECCM	Nasdaq Global Market
6.50% Notes due 2024	GECCN	Nasdaq Global Market
5.875% Notes due 2026	GECCO	Nasdaq Global Market

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant was $52.3 million as of June 30, 2021.

As of March 1, 2022, there were 4,601,391 outstanding shares of the registrant's common stock, which gives effect to the six-for-one reverse stock split that became effective on February 28, 2022.

EXPLANATORY NOTE

Great Elm Capital Corp. (the “Company” or “GECC”) filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (“Form 10-K”) with the U.S. Securities and Exchange Commission (the “SEC”) on March 4, 2022. The Company is filing this Amendment No. 1 to the Form 10-K (“Form 10-K/A”) solely for the purposes of including (1) the fee table information required by instruction 4(h)(2) to item 24 of Form N-2 within Item 5; (2) a revised report of independent registered public accounting firm to add descriptive language about a critical audit matter identified within Item 8; and (3) the Part III information that was to be incorporated by reference from its definitive proxy statement for the 2022 annual meeting of stockholders (the “Proxy Statement”) because the Proxy Statement will not be filed with the SEC before 120 days after the end of the fiscal year covered by the Form 10-K. There have been no changes to the financial statements.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, this Form 10-K/A also contains new certifications by the principal executive officer and the principal financial officer as required by Section 302 of the Sarbanes-Oxley Act of 2002.

Except as expressly noted in this Form 10-K/A, this Form 10-K/A does not reflect events occurring after the original filing of the Form 10-K or modify or update in any way any of the other disclosures contained in the Form 10-K. Accordingly, this Form 10-K/A should be read in conjunction with the Company's Form 10-K and the Company's other filings with the SEC.

TABLE OF CONTENTS

PART I

Unless the context otherwise requires, all references to “GECC,” “we,” “us,” “our,” the “Company” and words of similar import are to Great Elm Capital Corp. and/or its subsidiaries. We reference materials on our website, www.greatelmcc.com, but nothing on our website shall be deemed incorporated by reference or otherwise contained in this report.

Cautionary Note Regarding Forward-Looking Information

Some of the statements in this report (including in the following discussion) constitute forward-looking statements, which relate to future events or our future performance or financial conditions. The forward-looking statements contained in this report involve a number of risks and uncertainties, including statements concerning:

- our, or our portfolio companies’, future business, operations, operating results or prospects;
- the return or impact of current and future investments;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- the impact of changes in laws or regulations governing our operations or the operations of our portfolio companies;
- our contractual arrangements and relationships with third parties;
- our current and future management structure;
- the general economy and its impact on the industries in which we invest;
- the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;
- serious disruptions and catastrophic events, including the impact of the novel coronavirus (“COVID-19”) pandemic on the global economy;
- our expected financings and investments, including interest rate volatility;
- the adequacy of our financing resources and working capital;
- the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the timing, form and amount of any dividend distributions;
- the valuation of any investments in portfolio companies, particularly those having no liquid trading market; and
- our ability to maintain our qualification as a regulated investment company (“RIC”) and as a business development company (“BDC”).

We use words such as “anticipate,” “believe,” “expect,” “intend,” “will,” “should,” “could,” “may,” “plan” and similar words to identify forward-looking statements. The forward-looking statements contained in this report involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth under “Item 1A. Risk Factors.”

We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission (the “SEC”).

Selected Risk Associated with Our Business

Our business is subject to a number of risks and uncertainties, including those highlighted and discussed in greater detail in the section titled "Risk Factors" immediately following this summary. Some of these principal risks may be further exacerbated by the COVID-19 pandemic:

- A significant portion of our investments in Avanti Communications Group plc ("Avanti") has been written down and placed on non-accrual status and we may lose all of our investments in Avanti.
- We face increasing competition for investment opportunities. Limited availability of attractive investment opportunities in the market could cause us to hold a larger percentage of our assets in liquid securities until market conditions improve.
- Our portfolio is limited in the number of portfolio companies which may subject us to a risk of significant loss if one or more of these companies defaults on its obligations under any of its debt instruments.
- Our portfolio is concentrated in a limited number of industries, which subjects us to a risk of significant loss if there is a downturn in a particular industry in which a number of our investments are concentrated.
- Defaults by our portfolio companies may harm our operating results.
- By investing in companies that are experiencing significant financial or business difficulties, we are exposed to distressed lending risks.
- Certain of the companies we target may have difficulty accessing the capital markets to meet their future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.
- Investing in middle market companies involves a high degree of risk and our financial results may be affected adversely if one or more of our portfolio investments defaults on its loans or notes or fails to perform as we expect.
- An investment strategy that includes privately held companies presents challenges, including the lack of available information about these companies, a dependence on the talents and efforts of only a few key portfolio company personnel and a greater vulnerability to economic downturns.
- Investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.
- Economic recessions or downturns could impair our portfolio companies and harm our operating results.
- Our failure to maintain our status as a BDC would reduce our operating flexibility.
- Regulations governing our operations as a BDC affect our ability to raise additional capital and the way in which we do so. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.
- We will be subject to corporate level U.S. federal income tax if we are unable to qualify as a RIC under the Code.
- We may incur additional debt, which could increase the risk in investing in our Company.
- The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning, could impair our ability to conduct business effectively.
- There are significant potential conflicts of interest that could impact our investment returns.

Item 1. Business.

Overview

We are a Maryland corporation that was formed in April 2016. We operate as a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a BDC under the Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition, for tax purposes, we elected to be treated as a RIC under the Code, beginning with our tax year starting October 1, 2016.

We seek to generate current income and capital appreciation through debt and income-generating equity investments, including investments in specialty finance businesses. To achieve our investment objective, we invest in secured and senior secured debt instruments of middle market companies, as well as income-generating equity investments in specialty finance companies, that we believe offer sufficient downside protection and have the potential to generate attractive returns. We generally define middle market companies as companies with enterprise values between $100 million and $2 billion. We also make investments throughout other portions of a company's capital structure, including subordinated debt, mezzanine debt, and equity or equity-linked securities. We source these transactions directly with issuers and in the secondary markets through relationships with industry professionals.

Our Portfolio at December 31, 2021

A list of the industries in which we have invested as of December 31, 2021 may be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Set forth below is a brief description of each company representing greater than 5% of the fair market value of our portfolio at December 31, 2021.

Altus Midstream LP

Altus Midstream LP ("Altus Midstream") owns gas gathering, processing and transmission assets in the Permian Basin of West Texas, anchored by midstream service contracts. Additionally, Altus Midstream owns equity interests in several intrastate Permian Basin pipelines that have access to various points along the Texas Gulf Coast. In February 2022, Altus Midstream Company, parent of Altus Midstream, merged with BCP Raptor Holdco LP and rebranded itself as Kinetik Holdings, Inc.

Lenders Funding, LLC

Lenders Funding, LLC ("Lenders Funding") is a private funding and risk sharing source for factors and asset-based lenders. It purchases participations in their transactions on a non-recourse basis or provides working capital to them under a variety of flexible programs. Since its formation, Lenders Funding has worked with over 150 lenders and factors and have supplied several hundred million dollars in funding.

Prestige Capital Finance, LLC

Prestige Capital Finance, LLC ("Prestige") is a commercial finance company specializing in providing spot factoring services, providing clients with an opportunity to sell individual accounts receivable for an upfront payment. Prestige serves clients across a wide range of industries with between $100 thousand and $10 million of accounts receivable. Prestige has been in business for over 30 years and factored over $6 billion in transactions during that time.

Research Now Group, Inc.

Research Now Group, Inc. ("Research Now") is the largest first-party data and insight platform, serving nearly 6,000 market research, media and advertising agencies, publishers, consulting and investment firms and corporate customers. Research Now offers end-to-end solutions for research from survey preparation and delivery to data processing and analytics. Research Now conducts over 90 million surveys annually with from its 29 million active panelists.

Investment Manager and Administrator

Great Elm Capital Management, Inc.'s ("GECM") investment team has more than 100 years of experience in the aggregate financing and investing in leveraged middle-market companies. GECM's investment committee includes Peter A. Reed, GECM's Chief Investment Officer, Adam M. Kleinman, Jason W. Reese and Matt Kaplan. Great Elm Group, Inc. ("GEG") is the parent company of GECM. The address for GECM is 800 South Street, Suite 230, Waltham, MA 02453.

Investment Selection

GECM employs a team of investment professionals with experience in leveraged and specialty finance. The sector-focused research team performs fundamental research at both the industry and company level. Through in-depth industry coverage, GECM's investment team seeks to develop a thorough understanding of the fundamental market, sector drivers, mergers and acquisition activity, security pricing and trading and new issue trends. GECM's investment team believes that understanding industry trends is an important element of investment success.

We have recently expanded our investment allocation in specialty finance companies as well as in participation opportunities generated by both unrelated and related specialty finance companies. GECM believes investments in specialty finance companies along the "continuum of lending" provides attractive risk adjusted returns that are expected to be largely uncorrelated to the liquid credit markets. The "continuum of lending" as seen by GECM is the various stages of capital that are provided to under-banked small and medium sized businesses and includes inventory and purchase order financing, receivables factoring, asset-based and asset-backed lending, and equipment financing. GECM believes that ownership interests in multiple specialty finance companies will create a natural competitive advantage for each business and generate both revenue and cost synergies across companies. In December 2021, GECC's wholly-owned subsidiary, Great Elm Specialty Finance, LLC ("GESF"), was formed to hold specialty finance related investments, and Michael Keller, a seasoned professional with significant experience in specialty finance, was appointed President of GESF.

Idea Generation, Origination and Refinement

Idea generation and origination is maximized through long-standing and extensive relationships with industry contacts, brokers, commercial and investment bankers, as well as current and former clients, portfolio companies and investors. GECM's investment team is expected to supplement these lead sources by also utilizing broader research efforts, such as attendance at prospective borrower industry conferences and an active calling effort to brokers and investment bankers. GECM's investment team focuses their idea generation and origination efforts on middle-market companies. In screening potential investments, GECM's investment team utilizes a value-oriented investment philosophy with analysis and research focused on the preservation of capital. GECM has identified several criteria that it believes are important in identifying and investing in prospective portfolio companies. GECM's process requires focus on the terms of the applicable contracts and instruments. GECM's criteria provide general guidelines for GECM's investment committee's decisions; however, not all of these criteria will be met by each prospective portfolio company in which they choose to invest.

Asset Based Investments. Investments in businesses based on the value of the collateral or the issuer's assets. This type of investment focuses on expected realizable value of the issuer's assets.

Enterprise Value Investments. Investments in businesses whose enterprise value represents the opportunity for principal to be repaid by refinancing or in connection with a merger or acquisition transaction. These investments focus on the going concern value of the enterprise.

Other Debt Investments. Investments in businesses which have the ability to pay interest and principal on outstanding debt out of expected free cash flow from their business. These investments focus on the sustainability and defensibility of cash flows from the business.

Due Diligence

GECM's due diligence typically includes:

- analysis of the credit documents by GECM's investment team (including the members of the team with legal training and years of professional experience). GECM will engage outside counsel when necessary as well;
- review of historical and prospective financial information;
- research relating to the prospective portfolio company's management, industry, markets, customers, products and services and competitors and customers;
- verification of collateral or assets;
- interviews with management, employees, customers and vendors of the prospective portfolio company; and
- informal or formal background and reference checks.

Upon the completion of due diligence and a decision to proceed with an investment in a company, the investment professionals leading the diligence process present the opportunity to GECM's investment committee, which then determines whether to pursue the potential investment.

Approval of Investment Transactions

GECM's procedures call for each new investment under consideration by the GECM analysts to be preliminarily reviewed at periodic meetings of GECM's investment team. GECM's investment team then prepares a summary of the investment, including a financial model and risk cases and a legal review checklist. GECM's investment committee then will hold a formal review meeting, and following approval of a specific investment, authorization is given to GECM's trader, including execution guidelines.

GECM's investment analysts provide regular updates of the positions for which they are responsible to members of GECM's investment committee.

GECM's investment analysts and portfolio manager will jointly decide when to sell a position in consultation with members of the GECM investment committee. The sale decision will then be given to GECM's trader, who will execute the trade.

Ongoing Relationship with Portfolio Companies

As a BDC, we offer, and sometimes provide upon request, significant managerial assistance to certain of our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of our portfolio companies and providing other organizational and financial guidance.

GECM's investment team monitors our portfolio companies on an ongoing basis. They monitor the financial trends of each portfolio company and its respective industry to assess the appropriate course of action for each investment. GECM's ongoing monitoring of a portfolio company will include both a qualitative and quantitative analysis of the company and its industry.

Valuation Procedures

We value our assets, an essential input in the determination of our net asset value ("NAV") consistent with generally accepted accounting principles in the United States ("GAAP") and as required by the Investment Company Act. See "Management's Discussion and Analysis of Financial Condition and Results of Operations–Critical Accounting Policies and Estimates" for an extended discussion of our methodology.

Staffing

We do not currently have any employees. Mr. Reed is our Chief Executive Officer and President and GECM's Chief Investment Officer. Under an Administration Agreement, dated as of September 27, 2016 (the "Administration Agreement"), by and between us and GECM, GECM provides the services of our Chief Financial Officer and Chief Compliance Officer.

GECM has entered into a shared services agreement with Imperial Capital Asset Management, LLC ("ICAM"), pursuant to which ICAM will make available to GECM certain employees of ICAM, including Mr. Kaplan, to provide services to GECM in exchange for reimbursement by GECM of the allocated portion of such employees' time.

Competition

We compete for investments with other BDCs and investment funds (including private equity funds, hedge funds, mutual funds, mezzanine funds and small business investment companies), as well as traditional financial services companies such as commercial banks, direct lending funds and other sources of funding. Additionally, because competition for investment opportunities generally has increased among alternative investment vehicles, those entities have begun to invest in areas they have not traditionally invested in, including making investments in the types of portfolio companies we target. Many of these entities have greater financial and managerial resources than we do.

Formation Transactions and Merger

On June 23, 2016, we entered into an Agreement and Plan of Merger (the "Merger Agreement"), with Full Circle Capital Corporation, a Maryland corporation ("Full Circle"), that provided for a stock-for-stock merger (the "Merger") of Full Circle with and into GECC. The Merger was completed, and we commenced operations on November 3, 2016.

Exemptive Relief

We have received exemptive relief from the SEC that will allow us to co-invest, together with other investment vehicles managed by GECM, in specific investment opportunities in accordance with the terms and conditions of the SEC order granting such exemptive relief.

Investment Management Agreement

Management Services

GECM serves as our investment adviser and is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Subject to the overall supervision of our board of directors (our "Board"), GECM manages our day-to-day operations and provides investment advisory and management services to us. Under the terms of the Investment Management Agreement, dated as of September 27, 2016 (the "Investment Management Agreement"), by and between us and GECM, GECM:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of our investments (including performing due diligence on our prospective portfolio companies);
- closes and monitors our investments; and
- determines the securities and other assets that we purchase, retain or sell.

GECM's services to us under the Investment Management Agreement are not exclusive, and GECM is free to furnish similar services to other entities.

Management and Incentive Fees

Under the Investment Management Agreement, GECM receives a fee from us, consisting of two components: (1) a base management fee and (2) an incentive fee.

The base management fee is calculated at an annual rate of 1.50% of the Company's average adjusted gross assets, including assets purchased with borrowed funds. The base management fee is payable quarterly in arrears. The base management fee is calculated based on the average value of the Company's gross assets, excluding cash and cash equivalents, at the end of the two most recently completed calendar quarters, and appropriately adjusted for any share issuances or repurchases during the then current calendar quarter. Base management fees for any partial quarter are prorated.

The incentive fee consists of two components that are independent of each other, with the result that one component may be payable even if the other is not. One component of the inventive fee is based on income (the "Income Incentive Fee") and the other component is based on capital gains (the "Capital Gains Incentive Fee").

Income Incentive Fee

The Income Incentive Fee is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the quarter. Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees such as commitment, origination, diligence and consulting fees or other fees that we receive from portfolio companies, but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement, and any interest expense and dividends paid on any outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes any accretion of original issue discount, market discount, payment-in-kind ("PIK") interest, PIK dividends or other types of deferred or accrued income, including in connection with zero coupon securities, that we and our consolidated subsidiaries have recognized in accordance with GAAP, but have not yet received in cash (collectively, "Accrued Unpaid Income").

Pre-incentive fee net investment income does not include any realized capital gains or unrealized capital appreciation or depreciation. Because of the structure of the incentive fee, it is possible that we may pay an incentive fee in a quarter where we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, we will pay the applicable incentive fee even if we have incurred a loss in that quarter due to realized and unrealized capital losses.

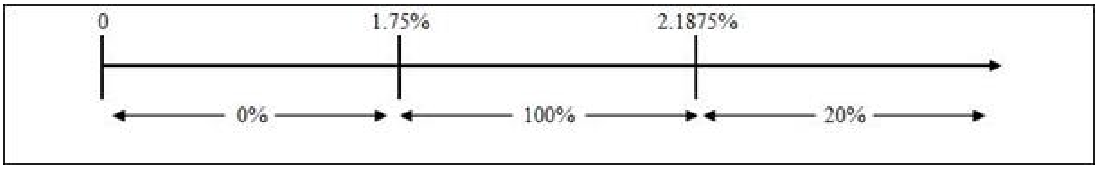
Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets (defined in accordance with GAAP) at the end of the immediately preceding calendar quarter, is compared to a fixed "hurdle rate" of 1.75% per quarter (7.00% annualized). If market interest rates rise, we may be able to invest in debt instruments that provide for a higher return, which would increase our pre-incentive fee net investment income and make it easier for GECM to surpass the fixed hurdle rate and receive an incentive fee based on such net investment income.

We pay the incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

- no incentive fee in any calendar quarter in which the pre-incentive fee net investment income does not exceed the hurdle rate;
- 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate, but is less than 2.1875% in any calendar quarter (8.75% annualized). We refer to this portion of our pre-incentive fee net investment income as the "catch up" provision. The "catch up" is meant to provide GECM with 20% of the pre-incentive fee net investment income as if a hurdle rate did not apply if our net investment income exceeds 2.1875% in any calendar quarter; and

▪ 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized).

The following is a graphical representation of the calculation of the income related portion of the incentive fee:



These calculations are adjusted for any share issuances or repurchases during the quarter and will be appropriately prorated for any period of less than three months. Any Income Incentive Fee otherwise payable with respect to Accrued Unpaid Income (collectively, the “Accrued Unpaid Income Incentive Fees”) will be deferred, on a security by security basis, and will become payable only if, as, when and to the extent cash is received by us or our consolidated subsidiaries in respect thereof. Any Accrued Unpaid Income that is subsequently reversed in connection with a write-down, write-off, impairment or similar treatment of the investment giving rise to such Accrued Unpaid Income will, in the applicable period of reversal, (1) reduce pre-incentive fee net investment income and (2) reduce the amount of Accrued Unpaid Income deferred pursuant to the terms of the Investment Management Agreement. Subsequent payments of Income Incentive Fees deferred pursuant to this paragraph do not reduce the amounts payable for any quarter pursuant to the other terms of the Investment Management Agreement.

We will defer cash payment of any Income Incentive Fee otherwise payable to the investment adviser in any quarter (excluding Accrued Unpaid Income Incentive Fees with respect to such quarter) that exceeds (1) 20% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the most recent twelve full calendar quarter period ending on or prior to the date such payment is to be made (the “Trailing Twelve Quarters”) less (2) the aggregate incentive fees that were previously paid to the investment adviser during such Trailing Twelve Quarters (excluding Accrued Unpaid Income Incentive Fees during such Trailing Twelve Quarters and not subsequently paid). “Cumulative Pre-Incentive Fee Net Return” during the relevant Trailing Twelve Quarters means the sum of (a) pre-incentive fee net investment income in respect of such Trailing Twelve Quarters less (b) net realized capital losses and net unrealized capital depreciation, if any, in each case calculated in accordance with GAAP, in respect of such Trailing Twelve Quarters.

Capital Gains Incentive Fee

The Capital Gains Incentive Fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement, as of the termination date), commencing with the partial calendar year ended December 31, 2016, and is calculated at the end of each applicable year by subtracting (a) the sum of our and our consolidated subsidiaries’ cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (b) our and our consolidated subsidiaries’ cumulative aggregate realized capital gains, in each case calculated from November 4, 2016. If such amount is positive at the end of such year, then the Capital Gains Incentive Fee for such year is equal to 20% of such amount, less the aggregate amount of Capital Gains Incentive Fees paid in all prior years. If such amount is negative, then there is no Capital Gains Incentive Fee for such year.

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in our portfolio when sold and (b) the accreted or amortized cost basis of such investment. The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in our portfolio when sold is less than (b) the accreted or amortized cost basis of such investment. The aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (a) the fair value of each investment in our portfolio as of the applicable Capital Gains Incentive Fee calculation date and (b) the accreted or amortized cost basis of such investment.

Examples of Quarterly Incentive Fee Calculations

The following hypothetical calculations illustrate the calculation of the Income Incentive Fee under the Investment Management Agreement. Amounts shown are a percentage of total net assets.

	Assumption 1	Assumption 2	Assumption 3
Investment income(1)	5.90%	7.05%	7.90%
Hurdle rate (7% annualized)	1.75%	1.75%	1.75%
"Catch up" provision (8.75% annualized)	2.19%	2.19%	2.19%
Pre-incentive fee net investment income(2)	1.00%	2.15%	3.00%
Incentive fee	-% (3)	0.40% (4)	0.60% (5)

(1) Investment income includes interest income, dividends and other fee income.

(2) Pre-incentive fee net investment income is net of management fees and other expenses and excludes organizational and offering expenses. In these examples, management fees are 0.38% (1.50% annualized) of net assets and other expenses are assumed to be 4.53% of net assets.

(3) The pre-incentive fee net investment income is below the hurdle rate and thus no incentive fee is earned.

(4) The pre-incentive fee net investment income ratio of 2.15% is between the hurdle rate and the top of the “catch up” provision thus the corresponding incentive fee is calculated as 100% × (2.15% - 1.75%).

(5) The pre-incentive fee net investment income ratio of 3.00% is greater than both the hurdle rate and the “catch up” provision thus the corresponding incentive fee is calculated as (i) 100% × (2.1875% – 1.75%) or 0.4375% (the “catch up”); plus (ii) 20% × (3.00% - 2.1875%).

The following hypothetical calculations illustrate the calculation of the Capital Gains Incentive Fee under the Investment Management Agreement.

	In millions	
	Assumption 1	Assumption 2
Year 1		
Investment in Company A	$ 20.0	$ 20.0
Investment in Company B	30.0	30.0
Investment in Company C	-	25.0
Year 2		
Proceeds from sale of investment in Company A	50.0	50.0
Fair market value ("FMV") of investment in Company B	32.0	25.0
FMV of investment in Company C	-	25.0
Year 3		
Proceeds from sale of investment in Company C	-	30.0
FMV of investment in Company B	25.0	24.0
Year 4		
Proceeds from sale of investment in Company B	31.0	-
FMV of investment in Company B	-	35.0
Year 5		
Proceeds from sale of investment in Company B	-	20.0
Capital Gains Incentive Fee:		
Year 1	$ - (1)	$ - (1)
Year 2	6.0 (2)	5.0 (6)
Year 3	- (3)	0.8 (7)
Year 4	0.2 (4)	1.2 (8)
Year 5	- (5)	- (9)

(1) There is no Capital Gains Incentive Fee in Year 1 as there have been no realized capital gains.

(2) Aggregate realized capital gains are $30.0 million. There are no aggregate realized capital losses or aggregate unrealized capital depreciation. Capital Gains Incentive Fee is calculated as $30.0 million × 20%.

(3) Aggregate realized capital gains are $30.0 million. There are no aggregate realized capital losses and there is $5.0 million in aggregate unrealized capital depreciation. Capital Gains Incentive Fee is calculated as the greater of (i) zero and (ii) ($30.0 million - $5.0 million) × 20% less $6.0 million (aggregate Capital Gains Incentive Fee paid in prior years).

(4) Aggregate realized capital gains are $31.0 million. There are no aggregate realized capital losses or aggregate unrealized capital depreciation. Capital Gains Incentive Fee is calculated as the greater of (i) zero and (ii) $31.0 million × 20% less $6.0 million (aggregate Capital Gains Incentive Fee paid in prior years).

(5) There is no Capital Gains Incentive Fee in Year 5 as there are no aggregate realized capital gains for which Capital Gains Incentive Fee has not already been paid in prior years.

(6) Aggregate realized capital gains are $30.0 million. There are no aggregate realized capital losses and there is $5.0 million in aggregate unrealized capital depreciation. Capital Gains Incentive Fee is calculated as the greater of (i) zero and (ii) ($30.0 million - $5.0 million) × 20%. There have been no Capital Gains Incentive Fees paid in prior years.

(7) Aggregate realized capital gains are $35.0 million. There are no aggregate realized capital losses and there is $6.0 million in aggregate unrealized capital depreciation. Capital Gains Incentive Fee is calculated as the greater of (i) zero and (ii) ($35.0 million - $6.0 million) × 20% less $5.0 million (aggregate Capital Gains Incentive Fee paid in prior years).

(8) Aggregate realized capital gains are $35.0 million. There are no aggregate realized capital losses or aggregate unrealized capital depreciation. Capital Gains Incentive Fee is calculated as the greater of (i) zero and (ii) $35.0 million × 20% less $5.8 million (aggregate Capital Gains Incentive Fee paid in prior years).

(9) Aggregate realized capital gains are $35.0 million. Aggregate realized capital losses are $10.0 million. There is no aggregate unrealized capital depreciation. Capital Gains Incentive Fee is calculated as the greater of (i) zero and (ii) ($35.0 million - $10.0 million) × 20% less $7.0 million (aggregate Capital Gains Incentive Fee paid in prior years).

As illustrated in Year 3 of Assumption 1 above, if GECC were to be wound up on a date other than December 31 of any year, we may have paid aggregate capital gain incentive fees that are more than the amount of such fees that would be payable if GECC had been wound up on December 31 of such year.

For the year ended December 31, 2021, we incurred $3.2 million in base management fees and $(4.3) million in income-based fees accrued during the period. The incentive fees are currently expected to be deferred in accordance with the Investment Management Agreement. There were no capital gains incentive fees earned by GECM as calculated under the Investment Management Agreement for the year ended December 31, 2021.

For the year ended December 31, 2020, we incurred $2.5 million in base management fees and $1.0 million in income-based fees accrued during the period. The incentive fees were deferred in accordance with the Investment Management Agreement. There were no capital gains incentive fees earned by GECM as calculated under the Investment Management Agreement for the year ended December 31, 2020.

For the year ended December 31, 2019, we incurred $3.0 million in base management fees and $2.7 million in income-based fees accrued during the period. The incentive fees were deferred in accordance with the Investment Management Agreement. There were no capital gains incentive fees earned by GECM as calculated under the Investment Management Agreement for the year ended December 31, 2019.

Payment of Expenses

The services of all investment professionals and staff of GECM, when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services, are provided and paid for by GECM. We bear all other costs and expenses of our operations and transactions, including (without limitation):

- our organizational expenses;
- fees and expenses, including reasonable travel expenses, actually incurred by GECM or payable to third parties related to our investments, including, among others, professional fees (including the fees and expenses of counsel, consultants and experts) and fees and expenses relating to, or associated with, evaluating, monitoring, researching and performing due diligence on investments and prospective investments (including payments to third party vendors for financial information services);
- out-of-pocket fees and expenses, including reasonable travel expenses, actually incurred by GECM or payable to third parties related to the provision of managerial assistance to our portfolio companies that we agree to provide such services to under the Investment Company Act (exclusive of the compensation of any investment professionals of GECM);
- interest or other costs associated with debt, if any, incurred to finance our business;
- fees and expenses incurred in connection with our membership in investment company organizations;
- brokers' commissions;
- investment advisory and management fees;
- fees and expenses associated with calculating our NAV (including the costs and expenses of any independent valuation firm);
- fees and expenses relating to offerings of our common stock and other securities;
- legal, auditing or accounting expenses;
- federal, state and local taxes and other governmental fees;
- the fees and expenses of GECM, in its role as the administrator, and any sub-administrator, our transfer agent or sub-transfer agent, and any other amounts payable under the Administration Agreement, or any similar administration agreement or sub-administration agreement to which we may become a party;
- the cost of preparing stock certificates or any other expenses, including clerical expenses of issue, redemption or repurchase of our securities;
- the expenses of and fees for registering or qualifying our common stock for sale and of maintaining our registration and registering us as a broker or a dealer;
- the fees and expenses of our directors who are not interested persons (as defined in the Investment Company Act);
- the cost of preparing and distributing reports, proxy statements and notices to stockholders, the SEC and other governmental or regulatory authorities;
- costs of holding stockholders' meetings;
- listing fees;
- the fees or disbursements of custodians of our assets, including expenses incurred in the performance of any obligations enumerated by our bylaws or amended and restated articles of incorporation insofar as they govern agreements with any such custodian;
- our allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;

- our allocable portion of the costs associated with maintaining any computer software, hardware or information technology services (including information systems, Bloomberg or similar terminals, cyber security and related consultants and email retention) that are used by us or by GECM or its respective affiliates on our behalf (which allocable portion shall exclude any such costs related to investment professionals of GECM providing services to us);
- direct costs and expenses incurred by us or GECM in connection with the performance of administrative services on our behalf, including printing, mailing, long distance telephone, cellular phone and data service, copying, secretarial and other staff, independent auditors and outside legal costs;
- all other expenses incurred by us or GECM in connection with administering our business based upon our allocable portion of GECM's overhead in performing its obligations under the Administration Agreement, including rent and the allocable portion of the cost of our Chief Financial Officer and Chief Compliance Officer and their respective staffs (including reasonable travel expenses); and
- costs incurred by us in connection with any claim, litigation, arbitration, mediation, government investigation or dispute in connection with our business and the amount of any judgment or settlement paid in connection therewith, or the enforcement of our rights against any person and indemnification or contribution expenses payable by us to any person and other extraordinary expenses not incurred in the ordinary course of our business.

Duration and Termination

Our Board initially approved the Investment Management Agreement on August 8, 2016, and most recently approved the Investment Management Agreement on July 29, 2021. The Investment Management Agreement renews for successive annual periods subject to annual approval by our Board or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not "interested persons." The Investment Management Agreement will automatically terminate if it is assigned. The Investment Management Agreement may be terminated by either party without penalty upon 60 days' written notice to the other. The Investment Management Agreement is currently in effect.

Conflicts of interest may arise if GECM seeks to change the terms of the Investment Management Agreement, including, for example, the terms for compensation. Except in limited circumstances, any material change to the Investment Management Agreement must be submitted to stockholders for approval under the Investment Company Act and we may from time to time decide it is appropriate to seek stockholder approval to change the terms of the Investment Management Agreement.

Indemnification

We agreed to indemnify GECM, its stockholders and their respective officers, managers, partners, agents, employees, controlling persons, members and any other person affiliated with it, to the fullest extent permitted by law, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of GECM's services under the Investment Management Agreement or otherwise as our investment adviser.

Organization of the Investment Adviser

GECM is a Delaware corporation and is registered as an investment adviser under the Advisers Act. GECM's principal executive offices are located at 800 South Street, Suite 230, Waltham, MA 02453.

Board Approval of the Investment Management Agreement

On July 29, 2021, our Board approved the renewal of the Investment Management Agreement through September 26, 2022. In its consideration of the Investment Management Agreement, our Board focused on information it had received relating to, among other things:

- the nature, quality and extent of the advisory and other services to be provided to us by GECM;

- the investment performance of us and GECM;
- Investment Management Agreement reflect these economies of scale for the benefit of our stockholders;
- comparative data with respect to advisory fees or similar expenses paid by other BDCs with similar investment objectives;
- our projected operating expenses and expense ratio compared to BDCs with similar investment objectives;
- existing and potential sources of indirect income to GECM from its relationship with us and the profitability of those income sources;
- information about the services to be performed and the personnel performing such services under the Investment Management Agreement;
- the organizational capability and financial condition of GECM and its affiliates; and
- the possibility of obtaining similar services from other third party service providers or through an internally managed structure.

In reaching a decision to approve the Investment Management Agreement, our Board gave weight to each of the factors described above, but did not identify any one particular factor as controlling its decision. Our Board concluded that the fees set forth in the Investment Management Agreement were reasonable in relation to the services to be provided and that the Investment Management Agreement, including the fees and other amounts payable by us thereunder, is in the best interest of us and our stockholders.

Regulation as a Business Development Company

We may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC unless authorized by vote of a majority of the outstanding voting securities, as required by the Investment Company Act. A majority of the outstanding voting securities of a company is defined under the Investment Company Act as the lesser of:

- 67% or more of such company’s voting securities present at a meeting if more than 50% of the outstanding voting securities of such company are present or represented by proxy, or
- more than 50% of the outstanding voting securities of such company.

A majority of our directors must be persons who are not interested persons, as that term is defined in the Investment Company Act. Additionally, we are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect the BDC. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

We are required to meet a coverage ratio of the value of total assets to total senior securities, which include all of our borrowings and any preferred stock we may issue in the future, of at least 150%. We may also be prohibited under the Investment Company Act from knowingly participating in certain transactions with our affiliates without the prior approval of our directors who are not interested persons and, in some cases, prior approval by the SEC.

For example, we may sell shares of our common stock at a price below the then current NAV of our common stock if our Board determines that such sale is in our and our stockholders’ best interests, and our stockholders approve our policy and practice of making such sales. In any such case, under such circumstances, the price at which shares of our common stock are sold may be the fair value of such shares of common stock. We may be examined by the SEC for compliance with the Investment Company Act.

We are generally unable to sell shares of our common stock at a price below NAV per share. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage. We may, however, sell shares of our common stock at a price below NAV per share:

- in connection with a rights offering to our existing stockholders,
- with the consent of the majority of our common stockholders, or
- under such other circumstances as the SEC may permit.

We may not acquire any assets other than "qualifying assets" unless, at the time we make such acquisition, the value of our qualifying assets represents at least 70% of the value of our total assets. The principal categories of qualifying assets relevant to our business are:

- securities purchased in transactions not involving any public offering, the issuer of which is an eligible portfolio company;
- securities received in exchange for or distributed with respect to securities described in the bullet above or pursuant to the exercise of options, warrants or rights relating to such securities; and
- cash, cash items, government securities or high quality debt securities (within the meaning of the Investment Company Act), maturing in one year or less from the time of investment.

An eligible portfolio company is generally a domestic company that is not an investment company (other than a small business investment company wholly owned by a BDC) and that:

- does not have a class of securities with respect to which a broker may extend margin credit at the time the acquisition is made;
- is controlled by the BDC and has an affiliate of the BDC on its board of directors;
- does not have any class of securities listed on a national securities exchange;
- is a public company that lists its securities on a national securities exchange with a market capitalization of less than $250.0 million; or
- meets such other criteria as may be established by the SEC.

Control, as defined by the Investment Company Act, is presumed to exist where a BDC beneficially owns more than 25% of the outstanding voting securities of the portfolio company.

In addition, a BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in eligible portfolio companies, or in other securities that are consistent with its purpose as a BDC.

To include certain securities described above as qualifying assets for the purpose of the 70% test, a BDC must offer to the issuer of those securities managerial assistance such as providing guidance and counsel concerning the management, operations, or business objectives and policies of a portfolio company. We offer to provide managerial assistance to our portfolio companies.

Pending investment in other types of "qualifying assets," as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment, which are referred to, collectively, as temporary investments, so that 70% of our assets, as applicable, are qualifying assets. We make purchases that are consistent with our purpose of making investments in securities described in paragraphs 1 through 3 of Section 55(a) of the Investment Company Act. We will invest in U.S. Treasury bills or in repurchase agreements that are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our gross assets constitute repurchase agreements from a single counterparty, we would not meet the diversification tests in order to qualify as a RIC for U.S. federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit.

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock, if our asset coverage, as defined in the Investment Company Act, is at least equal to 150% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of our common stock unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our gross assets for temporary or emergency purposes without regard to asset coverage.

Code of Ethics

We and GECM have each adopted a code of ethics, which applies to the management at each company, respectively, pursuant to Rule 17j-1 under the Investment Company Act and Rule 204A-1 under the Advisers Act, respectively, that establishes procedures for personal investments and restricts certain transactions by our or GECM's personnel, respectively. Each code of ethics is included as an exhibit to this report and available on the EDGAR Database on the SEC's Internet site at http://www.sec.gov. You may also obtain copies of the respective codes of ethics, after paying a duplicating fee, by electronic request at the following email address: publicinfo@sec.gov.

Certain U.S. Federal Income Tax Matters

We currently qualify as a RIC under the Internal Revenue Code of 1986, as amended (the “Code”). To continue to qualify as a RIC, we must, among other things, (a) derive in each taxable year at least 90% of our gross income from dividends, interest (including tax-exempt interest), payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, other income (including but not limited to gain from options, futures and forward contracts) derived with respect to our business of investing in stock, securities or currencies, or net income derived from an interest in a “qualified publicly traded partnership” (a “QPTP”); and (b) diversify our holdings so that, at the end of each quarter of each taxable year (i) at least 50% of the market value of our total assets is represented by cash and cash items, U.S. Government securities, the securities of other regulated investment companies and other securities, with other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of our total assets and not more than 10% of the outstanding voting securities of such issuer (subject to the exception described below), and (ii) not more than 25% of the market value of our total assets is invested in the securities (other than U.S. Government securities and the securities of other regulated investment companies) (A) of any issuer, (B) of any two or more issuers that we control and that are determined to be engaged in the same business or similar or related trades or businesses, or (C) of one or more QPTPs. We may generate certain income that might not qualify as good income for purposes of the 90% annual gross income requirement described above. We will monitor our transactions to endeavor to prevent our disqualification as a RIC.

If we fail to satisfy the 90% annual gross income requirement or the asset diversification requirements discussed above in any taxable year, we may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain de minimis failures of the asset diversification requirements where we correct the failure within a specified period. If the applicable relief provisions are not available or cannot be met, all of our income would be subject to corporate-level U.S. federal income tax as described below. We cannot provide assurance that we would qualify for any such relief should we fail the 90% annual gross income requirement or the asset diversification requirements discussed above.

As a RIC, in any taxable year with respect to which we timely distribute at least 90% of the sum of:

- our investment company taxable income (which includes, among other items, dividends, interest and the excess of any net short-term capital gain over net long-term capital loss and other taxable income (other than any net capital gain), reduced by deductible expenses) determined without regard to the deduction for dividends and distributions paid; and
- net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions) (the “Annual Distribution Requirement”).

We (but not our stockholders) generally will not be subject to U.S. federal income tax on investment company taxable income and net capital gain (generally, net long-term capital gain in excess of short-term capital loss) that we distribute to our stockholders. We intend to distribute annually all or substantially all of such income on a timely basis.

To the extent that we retain our net capital gains for investment or any investment company taxable income, we will be subject to U.S. federal income tax at the regular corporate income tax rates. We may choose to retain our net capital gains for investment or any investment company taxable income, and pay the associated federal corporate income tax, including the federal excise tax described below.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% U.S. federal excise tax payable by us. To avoid this tax, we must distribute (or be deemed to have distributed) during each calendar year an amount equal to the sum of:

- at least 98% of our ordinary income (not taking into account any capital gains or losses) for the calendar year;
- at least 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for a one-year period generally ending on October 31 of the calendar year (unless an election is made by us to use our taxable year); and
- certain undistributed amounts from previous years on which we paid no U.S. federal income tax (the “Excise Tax Avoidance Requirement”).

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the 4% federal excise tax, sufficient amounts of our taxable income and capital gains may not be distributed to avoid entirely the imposition of the tax. In that event, we will be liable for the tax only on the amount by which we do not meet the foregoing distribution requirement.

If, in any particular taxable year, we do not satisfy the Annual Distribution Requirement or otherwise were to fail to qualify as a RIC (for example, because we fail the 90% annual gross income requirement described above), and relief is not available as discussed above, all of our taxable income (including our net capital gains) will be subject to tax at regular corporate rates without any deduction for distributions to stockholders, and distributions generally will be taxable to the stockholders as ordinary dividends to the extent of our current and accumulated earnings and profits.

We may decide to be taxed as a regular corporation even if we would otherwise qualify as a RIC if we determine that treatment as a corporation for a particular year would be in our best interests.

If we realize a net capital loss, the excess of our net short-term capital loss over our net long-term capital gain is treated as a short-term capital loss arising on the first day of our next taxable year and the excess of our net long-term capital loss over our net short-term capital gain is treated as a long-term capital loss arising on the first day of our next taxable year. If future capital gain is offset by carried forward capital losses, such future capital gain is not subject to fund-level U.S. federal income tax, regardless of whether they are distributed to stockholders. Accordingly, we do not expect to distribute any such offsetting capital gain. A RIC cannot carry back or carry forward any net operating losses.

Our Investments

Certain of our investment practices are subject to special and complex U.S. federal income tax provisions that may, among other things:

- disallow, suspend or otherwise limit the allowance of certain losses or deductions, including the dividends received deduction;
- convert lower taxed long-term capital gain and qualified dividend income into higher taxed, short-term capital gain or ordinary income;
- convert ordinary loss or a deduction into capital loss (the deductibility of which is more limited);
- cause us to recognize income or gain without a corresponding receipt of cash;
- adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur;
- adversely alter the characterization of certain complex financial transactions; and
- produce income that will not qualify as “good income” for purposes of the 90% annual gross income requirement described above.

We will monitor our transactions and may make certain tax elections and may be required to borrow money or dispose of securities (even if it is not advantageous to dispose of such securities) to mitigate the effect of these rules and prevent disqualification of us as a RIC.

Investments we make in securities issued at a discount or providing for deferred interest or PIK interest are subject to special tax rules that will affect the amount, timing and character of distributions to stockholders. For example, with respect to securities issued at a discount, we will generally be required to accrue daily as income a portion of the discount and to distribute such income on a timely basis each year to maintain our qualification as a RIC and to avoid U.S. federal income and excise taxes. Since in certain circumstances we may recognize income before or without receiving cash representing such income, we may have difficulty making distributions in the amounts necessary to satisfy the requirements for maintaining RIC status and for avoiding U.S. federal income and excise taxes. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain cash from other sources, we may fail to qualify as a RIC and thereby be subject to corporate-level income tax.

Furthermore, a portfolio company in which we invest may face financial difficulty that requires us to work-out, modify or otherwise restructure our investment in the portfolio company. Any such restructuring may result in unusable capital losses and future non-cash income. Any such restructuring may also result in our recognition of a substantial amount of non-qualifying income for purposes of the 90% gross income requirement or our receiving assets that would not count toward the asset diversification requirements.

Gain or loss recognized by us from warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long we held a particular warrant.

If we invest in foreign securities, we may be subject to withholding and other foreign taxes with respect to those securities. Stockholders will generally not be entitled to claim a U.S. foreign tax credit or deduction with respect to foreign taxes paid by us.

If we acquire shares in a "passive foreign investment company" (a "PFIC"), we may be subject to U.S. federal income tax on a portion of any "excess distribution" or gain from the disposition of such shares even if such income is distributed as a taxable dividend by us to our stockholders. Additional charges in the nature of interest may be imposed on us in respect of deferred taxes arising from such distributions or gains. If we invest in a PFIC and elect to treat the PFIC as a "qualified electing fund" under the Code (a "QEF"), in lieu of the foregoing requirements, we will be required to include in income each year a portion of the ordinary earnings and net capital gain of the QEF, even if such income is not distributed to us. Alternatively, we can elect to mark-to-market at the end of each taxable year our shares in a PFIC; in this case, we will recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent it does not exceed prior increases included in income. Our ability to make either election will depend on factors beyond our control. Under either election, we may be required to recognize in a year income in excess of our distributions from PFICs and our proceeds from dispositions of PFIC stock during that year, and such income will nevertheless be subject to the Annual Distribution Requirement and will be taken into account for purposes of the 4% excise tax.

If we hold more than 10% of the shares (by vote or value) in a foreign corporation that is treated as a controlled foreign corporation ("CFC"), we may be required to include in our gross income our pro rata share of such CFC's "subpart F income" and "global intangible low-taxed income," whether or not the corporation makes an actual distribution during such year. In general, a foreign corporation will be classified as a CFC if more than 50% of the shares of the corporation, measured by reference to combined voting power or value, is owned (directly, indirectly or by attribution) by U.S. stockholders. A U.S. stockholder, for this purpose, is any U.S. person that possesses (actually or constructively) 10% or more of the combined voting power of all classes of shares or 10% or more of the value of a corporation. If we are treated as receiving a deemed distribution from a CFC, we will be required to include such distribution in our investment company taxable income regardless of whether we receive any actual distributions from such CFC, and we must distribute such income to satisfy the Annual Distribution Requirement and the Excise Tax Avoidance Requirement.

Although the Code generally provides that income inclusions from QEFs and deemed distributions of subpart F income and global intangible low-taxed income from CFCs will be "good income" for purposes of the 90% gross income requirement to the extent such income is distributed to a RIC in the year it is included in the RIC's income, the Code does not specifically provide whether income inclusions from a QEF or deemed distributions from a CFC during the RIC's taxable year with respect to which no distribution is received would be "good income" for the 90% gross income requirement. The Department of the Treasury, however, has issued regulations that treat such income as being "good income" for purposes of the 90% gross income requirement, provided the income is derived with respect to a corporation's business of investing in stock, securities or currencies.

Our functional currency is the U.S. dollar for U.S. federal income tax purposes. Under Section 988 of the Code, gains or losses attributable to fluctuations in exchange rates between the time we accrue income, expenses or other liabilities denominated in a foreign currency and the time we actually collect such income or pay such expenses or liabilities are generally treated as ordinary income or loss. Similarly, gains or losses on foreign currency forward contracts and the disposition of debt denominated in a foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, are also treated as ordinary income or loss.

If we borrow money, we may be prevented by loan covenants from declaring and paying dividends in certain circumstances. Limits on our payment of dividends may prevent us from meeting the Annual Distribution Requirement, and may, therefore, jeopardize our qualification for taxation as a RIC, or subject us to the 4% excise tax.

Even if we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements, under the Investment Company Act, we are not permitted to make distributions to our stockholders while our debt obligations and senior securities are outstanding unless certain "asset coverage" tests are met. This may also jeopardize our qualification for taxation as a RIC or subject us to the 4% excise tax.

Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and (2) other requirements relating to our status as a RIC, including the asset diversification requirements. If we dispose of assets to meet the Annual Distribution Requirement, the asset diversification requirements, or the 4% excise tax, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

Some of the income that we might otherwise earn, such as lease income, management fees, or income recognized in a work-out or restructuring of a portfolio investment, may not satisfy the 90% gross income requirement. To manage the risk that such income might disqualify us as a RIC for a failure to satisfy the 90% gross income requirement, one or more of our subsidiaries treated as U.S. corporations for U.S. federal income tax purposes may be employed to earn such income. Such corporations will be required to pay U.S. corporate income tax on their earnings, which ultimately will reduce the yield to our stockholders on such income and fees.

Failure to Qualify as a RIC

If we were unable to qualify for treatment as a RIC, and relief is not available as discussed above, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders nor would we be required to make distributions for tax purposes. Distributions would generally be taxable to our stockholders as ordinary dividend income eligible for reduced maximum rates for non-corporate stockholders to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate U.S. stockholders would be eligible for the dividends received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. If we were to fail to meet the RIC requirements for more than two consecutive years and then to seek to requalify as a RIC, we would be required to recognize gain to the extent of any unrealized appreciation in our assets unless we made a special election to pay corporate level tax on any such unrealized appreciation recognized during the succeeding five-year period.

Administration Agreement

Our Board approved the Administration Agreement on August 8, 2016. Pursuant to the Administration Agreement, GECM furnishes us with, or otherwise arranges for the provision of, office facilities, equipment, clerical, bookkeeping, finance, accounting, compliance and record keeping services at such office facilities and other such services as the administrator. Under the Administration Agreement, GECM will, from time to time, provide, or otherwise arrange for the provision of, other services GECM determines to be necessary or useful to perform its obligations under the Administration Agreement, including retaining the services of financial, compliance, accounting and administrative personnel that perform services on our behalf, including personnel to serve as our Chief Financial Officer and Chief Compliance Officer. Under the Administration Agreement, GECM also performs, or oversees the performance of, our required administrative services, which include, among other things, being responsible for the financial records that we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, GECM assists us in determining and publishing our NAV, oversees the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. Payments made by us to GECM under the Administration Agreement are equal to an amount based upon our allocable portion of GECM's overhead in performing its obligations under the Administration Agreement, including our allocable portion of the cost of our officers (including our Chief Compliance Officer, Chief Financial Officer and their respective staffs). The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

We bear all costs and expenses that are incurred in our operation and transactions and not specifically assumed by GECM pursuant to the Investment Management Agreement.

The Administration Agreement provides that, to the fullest extent permitted by law, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, GECM, its stockholders and their respective officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from or otherwise based upon the rendering of GECM's services under the Administration Agreement or otherwise as our administrator.

Great Elm License Agreement

We have a license agreement with GEG pursuant to which GEG grants us a non-exclusive, royalty-free license to use the name "Great Elm Capital Corp." Under the license agreement, we have a right to use the Great Elm Capital Corp. name and the logo for so long as GECM, or an affiliate thereof, remains our investment adviser. Other than with respect to this limited license, we have no legal right to the "Great Elm Capital Corp." name. The license agreement may be terminated by either party without penalty upon 60 days' written notice to the other.

Brokerage Allocation and Other Practices

Since we acquire and dispose of many of our investments in privately negotiated transactions, many of the transactions that we engage in do not require the use of brokers or the payment of brokerage commissions. Subject to policies established by our Board, GECM is primarily responsible for selecting brokers and dealers to execute transactions with respect to the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. GECM does not execute transactions through any particular broker or dealer, but seeks to obtain the best net results for us under the circumstances, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities.

Item 1A. Risk Factors.

In addition to the other information in this Annual Report on Form 10-K and our other filings with the SEC, the following risk factors should be carefully considered in evaluating us and our business before investing in our common stock. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties, not presently known to us or otherwise, may also impair the Company's business. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. If any of the risks actually occur, our business, financial condition or results of operations could be materially and adversely affected.

Risks Relating to Our Investments

A significant portion of our investment in Avanti has been written down and placed on non-accrual status and we may lose all of our investment in Avanti.

Avanti, located in London, England, is a provider of satellite-enabled data communications services in Europe, the Middle East and Africa. As of December 31, 2021, Avanti represents approximately 4% of our investment portfolio (excluding cash and short-term investments). As of December 31, 2021, we owned approximately 9% of Avanti's outstanding debt, including second lien senior secured notes (the "PIK Toggle Notes") and a 1.5 lien secured loan (the "1.5L Loan") and approximately 9% of Avanti's outstanding common stock. We acquired our original position in Avanti as part of a portfolio of debt instruments, which we purchased from private investment funds managed by MAST Capital Management, LLC prior to the Merger. Our current position in Avanti largely resulted from a series of liability management transactions by Avanti that closed in December 2017.

Avanti is highly leveraged. If there is an event of default under the indenture governing the PIK Toggle Notes or any other indebtedness and the obligations under the PIK Toggle Notes are accelerated, Avanti likely will not have sufficient liquidity to pay the obligations under the PIK Toggle Notes. Under such circumstances, Avanti may consider other restructuring options, such as entering into an insolvency procedure under English law or by filing for Chapter 11 protection under the U.S. Bankruptcy Code, the consequences of which could include a reduction in the value of the assets available to satisfy the PIK Toggle Notes and the imposition of costs and other additional risks on holders of the PIK Toggle Notes, including a material reduction in the value of the PIK Toggle Notes. In such an event, we may lose all or part of our investment in Avanti.

In addition, as noted above, we own approximately 9% of Avanti's common stock. Avanti's common stock was delisted from its primary exchange in September 2019 and no longer trades on an exchange, which limits the liquidity of our investment. Equity securities also expose us to additional risks should Avanti default on its debt or need additional financing. Equity securities rank lower in the capital structure and would likely not pay current income or PIK income, which we had been receiving on our investment in Avanti prior to the 2017 liability management transactions. Please see, "—We are not in a position to exercise control over certain of our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments" and "—Certain of the companies in which we invest may have difficulty accessing the capital markets to meet their future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity."

We are currently receiving PIK interest on our Avanti investment under the PIK Toggle Notes and we have generated significant non-cash income in the form of PIK interest. As part of the 2017 restructuring, the PIK Toggle Notes became pay-if-you-can notes whereby Avanti is required to make interest payments in cash, subject to satisfying certain minimum cash thresholds. Otherwise, the interest will be paid as PIK interest. Such PIK interest exposes us to significant risks. Please see "—Risks Relating to Our Business and Structure—We may expose ourselves to risks associated with the inclusion of non-cash income prior to receipt of cash," and "—Risks Relating to Our Business and Structure—We may have difficulty paying our required distributions under applicable tax rules if we recognize income before or without receiving cash representing such income." Additionally, all accrued interest (through March 31, 2018) on the 2019 Notes has been converted into additional shares of Avanti common equity. These factors could also result in lower trading prices for our common stock and/or debt securities. There can be no certainty in this respect and a significant decrease in the market value of the Avanti common stock following the restructuring could ultimately have a material adverse effect on our NAV and the trading prices of our securities and increase the risks of investing in our common stock. The Avanti common stock was delisted from its primary exchange in September 2019 and no longer trades on an exchange.

Avanti's financial condition is uncertain. The 2017 liability management transactions did not materially change Avanti's long term capital structure and did not address the longer-term sustainability of Avanti's business model. In addition, Avanti is faced with near term debt maturities, including related to the PIK Toggle Notes, which mature in October 2022. As of result of the uncertainty surrounding Avanti's financial condition and ongoing liquidity challenges, as of December 31, 2021, we determined that our investment in the PIK Toggle Notes was fair valued at zero and, we put our investment in the PIK Toggle Notes and the 1.5L loan on non-accrual, with any accrued but unpaid or capitalized interest income reversed as of period end. As a result of this write down and non-accrual status, we have determined that that the accrued incentive fees payable associated with the portion of PIK interest generated by the PIK Toggle Notes and 1.5L loan should not at this time be recognized as a liability and as such we have reversed $5.0 million in accrued incentive fees related to those investments in the current period.

As of September 30, 2021, Avanti represented approximately 13% of our investment portfolio (excluding cash and short-term investments). Following the write down described above, Avanti represented approximately 4% of our investment portfolio (excluding cash and short-term investments) as of December 31, 2021. In the future, we may need to further write down the fair value of our Avanti investments. We may also sell at a loss all or a portion of our investment in Avanti from time to time in order to meet diversification requirements under the Code or as part of our portfolio management strategy. There can be no certainty in this respect and a significant decrease in the value of our Avanti investments could ultimately have a material adverse effect on our NAV and the trading prices of our securities and increase the risks of investing in our common stock.

We face increasing competition for investment opportunities. Limited availability of attractive investment opportunities in the market could cause us to hold a larger percentage of our assets in liquid securities until market conditions improve. We compete for investments with other BDCs and investment funds (including specialty finance companies, private equity funds, mezzanine funds and small business investment companies), as well as traditional financial services companies such as commercial banks and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors have a lower cost of capital and access to funding sources that are not available to us, including from the Small Business Administration. In addition, increased competition for attractive investment opportunities allows debtors to demand more favorable terms and offer fewer contractual protections to creditors. Some of our competitors have higher risk tolerances or different risk assessments than we do. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to offer. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we are forced to match our competitors' pricing, terms and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant part of our competitive advantage stems from the fact that the market for investments in lower middle-market companies is underserved by traditional commercial banks and other financing sources. A significant increase in the number and/or the size of our competitors in this target market would force us to accept less attractive investment terms. GECM may, at its discretion, decide to pursue such opportunities if it believes that they are in our best interest; however, GECM may decline to pursue available investment opportunities that, although otherwise consistent with our investment policies and objectives, in GECM's view present unacceptable risk/return profiles. Under such circumstances, we may hold a larger percentage of our assets in liquid securities until market conditions improve in order to avoid having assets remain uninvested. Furthermore, many of our competitors have greater experience operating under, or are not subject to, the regulatory restrictions that the Investment Company Act imposes on us as a BDC. We believe that competitors will make first and second lien loans with interest rates and returns that are lower than the rates and returns that we target. Therefore, we do not seek to compete solely on the interest rates and returns offered to prospective portfolio companies.

Changes in the regulatory framework under which the wireless telecommunications industry operates and significant competition in the wireless telecommunications industry could adversely affect our business prospects or results of operations. As a result of our stake in Avanti, we are exposed to risks associated with the wireless telecommunications sector. For example, Avanti's operations are regulated by various foreign governments and international bodies. These regulatory regimes restrict or impose conditions on Avanti's ability to operate in designated areas and to provide specified products or services. In addition, new laws or regulations or changes to the existing regulatory framework could impose additional costs, impair revenue opportunities and potentially impede Avanti's ability to provide services. The further regulation of Avanti's activities could impact Avanti's ability to compete in the marketplace and limit the return Avanti, and, as a result, we, can expect to achieve.

In addition, Avanti's business may also be affected by the significant competition in the wireless telecommunications industry. There is rapid development of new technologies, services and products, which brings new competitors to the market. While these changes have enabled companies like Avanti to offer new types of products and services, they have also allowed other providers to broaden the scope of their own competitive offerings. Avanti's ability to compete effectively will depend on, among other things, how successfully Avanti anticipates and responds to various factors affecting its industry, including new technologies and business models, changes in consumer preferences and demand for existing services, demographic trends and economic conditions. If Avanti is not able to respond successfully to these competitive challenges, Avanti may face challenges in meeting its required payments under its debt securities held by us, which could result in a material decrease in the fair value of such debt securities, and a corresponding material adverse change in our financial position and results of operations.

We are invested in a limited number of portfolio companies which may subject us to a risk of significant loss if one or more of these companies defaults on its obligations under any of its debt instruments. Our portfolio is likely to hold a limited number of portfolio companies. Beyond the asset diversification requirements associated with qualifying as a RIC, we do not have fixed guidelines for diversification, and our investments are likely to be concentrated in relatively few companies. As our portfolio is less diversified than the portfolios of some funds, we are more susceptible to failure if a single investment fails. Similarly, the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment.

Our portfolio is subject to change over time and may be concentrated in a limited number of industries, which subjects us to a risk of significant loss if there is a downturn in a particular industry in which a number of our investments are concentrated. Our portfolio is likely to be concentrated in a limited number of industries. A downturn in any particular industry in which we are invested could significantly impact our aggregate realized returns.

In addition, we may from time to time invest a relatively significant percentage of our portfolio in industries in which GECM does not necessarily have extensive historical research coverage. If an industry in which we have significant investments suffers from adverse business or economic conditions, as these industries have to varying degrees, a material portion of our investment portfolio could be affected adversely, which, in turn, could adversely affect our financial position and results of operations.

Any unrealized losses we experience in our portfolio may be an indication of future realized losses, which could reduce our income available for distribution. As a BDC, we are required to carry our investments at fair value as determined in good faith by our Board. Decreases in the fair values of our investments are recorded as unrealized depreciation. Any unrealized losses in our portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to the affected investments. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods.

Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our returns on equity. We are subject to the risk that investments intended to be held over long periods are, instead, repaid prior to maturity. When this occurs, we will generally reinvest these proceeds in temporary investments, repay debt or repurchase our common stock, depending on expected future investment opportunities. These temporary investments will typically have substantially lower yields than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elects to prepay amounts owed by them.

We are not in a position to exercise control over certain of our portfolio companies or to prevent decisions by management of such portfolio companies that could decrease the value of our investments. We generally do not hold controlling equity positions in our portfolio companies. As a result, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and that the management and/or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity of the debt and equity investments that we hold in certain of our portfolio companies, we may not be able to dispose of such investments if we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of such investments.

We have made, and in the future intend to pursue additional, investments in specialty finance businesses, which may require reliance on the management teams of such businesses. We have made, and may make additional, investments in companies and operating platforms that originate and/or service commercial specialty finance businesses, including factoring, equipment finance, inventory leasing, merchant cash advance and hard money real estate lending and may also invest directly (including via participation) in the investments made by such businesses. The form of investment may vary and may require reliance on management teams to provide the resources necessary to originate new receivables, manage portfolios of performing receivables, and work-out portfolios of stressed or non-performing receivables.

Defaults by our portfolio companies may harm our operating results. A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of our investments and foreclosure on our secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of financial covenants, with a defaulting portfolio company. If any of these occur, it could materially and adversely affect our operating results and cash flows.

If we invest in companies that experience significant financial or business difficulties, we may be exposed to certain distressed lending risks. As part of our lending activities, we may purchase notes or loans from 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 financing 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.

Certain of the companies in which we invest may have difficulty accessing the capital markets to meet their future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Senior Secured Loans and Notes. There is a risk that the collateral securing our loans and notes may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital, and, in some circumstances, our lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan or note. Consequently, the fact that a loan or note is secured does not guarantee that we will receive principal and interest payments according to the loan's or note's terms, or at all, or that we will be able to collect on the loan or note should we be forced to enforce our remedies.

Mezzanine Loans. Our mezzanine debt investments will be generally subordinated to senior loans and will be generally unsecured. As such, other creditors may rank senior to us in the event of an insolvency, which could likely result in a substantial or complete loss on such investment in the case of such insolvency. This may result in an above average amount of risk and loss of principal.

Unsecured Loans and Notes. We may invest in unsecured loans and notes. If the issuer defaults or has an event of insolvency, other creditors may rank senior, be structurally senior or have lien protection that effectively renders their claim superior to our rights under our unsecured notes or loans, which could likely result in a substantial or complete loss on such investment in the case of such insolvency. This may result in an above average amount of risk and loss of principal.

Unfunded Commitments. From time to time, we purchase revolving credit loans with unfunded commitments in the ordinary course of business. In the event multiple borrowers of such revolving credit loans were to draw these commitments at the same time, including during a market downturn, it could have an adverse impact on our liquidity at a time when it may be more difficult for us to sell other assets.

Equity Investments. When we invest in senior secured loans or mezzanine loans, we may acquire equity securities, including warrants, as well. In addition, we may invest directly in the equity securities of portfolio companies. The equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

In addition, investing in middle-market companies involves a number of significant risks, including:

- these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns, including the COVID-19 pandemic;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on our stockholders;
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and GECM may be named as defendants in litigation arising from our investments in the portfolio companies;
- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity; and
- a portion of our income may be non-cash income, such as contractual PIK interest, which represents interest added to the debt balance and due at the end of the instrument's term, in the case of loans, or issued as additional notes in the case of bonds. Instruments bearing PIK interest typically carry higher interest rates as a result of their payment deferral and increased credit risk. When we recognize income in connection with PIK interest, there is a risk that such income may become uncollectable if the borrower defaults.

Investing in middle-market companies involves a high degree of risk and our financial results may be affected adversely if one or more of our portfolio investments defaults on its loans or notes or fails to perform as we expect. A portion of our portfolio consists of debt and equity investments in privately owned middle-market companies. Investing in middle-market companies involves a number of significant risks. Compared to larger publicly owned companies, these middle-market companies may be in a weaker financial position and experience wider variations in their operating results, which may make them more vulnerable to economic downturns and other business disruptions. Typically, these companies need more capital to compete; however, their access to capital is limited and their cost of capital is often higher than that of their competitors. Our portfolio companies face intense competition from larger companies with greater financial, technical and marketing resources and their success typically depends on the managerial talents and efforts of an individual or a small group of persons. Therefore, the loss of any of their key employees, as well as increased competition in the labor market, could affect a portfolio company's ability to compete effectively and harm its financial condition. Further, some of these companies conduct business in regulated industries that are susceptible to regulatory changes. These factors could impair the cash flow of our portfolio companies and result in other events, such as bankruptcy. These events could limit a portfolio company's ability to repay its obligations to us. Deterioration in a borrower's financial condition and prospects may be accompanied by deterioration in the value of the loan's collateral and the fair market value of the loan.

Most of the loans in which we invest are not structured to fully amortize during their lifetime. In order to create liquidity to pay the final principal payment, borrowers typically must raise additional capital or sell their assets, which could potentially result in the collateral being sold for less than its fair market value. If they are unable to raise sufficient funds to repay us, the loan will go into default, which will require us to foreclose on the borrower's assets, even if the loan was otherwise performing prior to maturity. This will deprive us from immediately obtaining full recovery on the loan and prevent or delay the reinvestment of the loan proceeds in other, more profitable investments. Moreover, there are no assurances that any recovery on such loan will be obtained. Most of these companies cannot obtain financing from public capital markets or from traditional credit sources, such as commercial banks. Accordingly, loans made to these types of companies pose a higher default risk than loans made to companies that have access to traditional credit sources.

An investment strategy that includes privately held companies presents challenges, including the lack of available information about these companies, a dependence on the talents and efforts of only a few key portfolio company personnel and a greater vulnerability to economic downturns. We invest in privately held companies. Generally, little public information exists about these companies, and we are required to rely on GECM's or our specialty finance partners' ability to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and may lose money on our investments. Also, privately held companies frequently have less diverse product lines and smaller market presence than larger competitors. These factors could adversely affect our investment returns as compared to companies investing primarily in the securities of public companies.

We are exposed to risks relating to our specialty finance products. We rely on the structural features embedded in our specialty financing and asset-based products to mitigate the credit risk associated with such products. With respect to our asset-based loans, we generally limit our lending to a percentage of the customer's borrowing base assets that we believe can be readily liquidated in the event of financial distress of the borrower. With respect to our factoring products, we purchase the underlying invoices of our customers and become the direct payee under such invoices, thus transferring the credit risk in such transactions from our customers to the underlying account debtors on such invoices. In the event one or more of our customers fraudulently represents the existence or valuation of borrowing base assets in the case of an asset-based loan, or the existence or validity of an invoice we purchase in the case of a factoring transaction, we may advance more funds to such customer than we otherwise would and lose the benefit of the structural protections of our products with respect to such advances. In such event we could be exposed to material additional losses with respect to such loans or factoring products. Although we believe we have controls in place to monitor and detect fraud with respect to our asset-based lending and factoring products, there is no guarantee such controls will be effective.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies. Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or in some cases senior to, the debt in which we invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invested. Also, in insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims. Even though we may have structured investments as secured investments, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, and based upon principles of equitable subordination as defined by existing case law, a bankruptcy court could subordinate all or a portion of our claim to that of other creditors and transfer any lien securing such subordinated claim to the bankruptcy estate. The principles of equitable subordination defined by case law have generally indicated that a claim may be subordinated only if its holder is guilty of misconduct or where the senior investment is re-characterized as an equity investment and the senior lender has actually provided significant managerial assistance to the bankrupt debtor. We may also be subject to lender liability claims for actions taken by us with respect to a borrower's business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken in rendering managerial assistance or actions to compel and collect payments from the borrower outside the ordinary course of business.

Second priority liens on collateral securing loans and notes that we invest in may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us. We may purchase loans or notes that are secured by a second priority security interest in the same collateral pledged by a portfolio company to secure senior debt owed by the portfolio company to commercial banks or other traditional lenders. Often the senior lender has procured covenants from the portfolio company prohibiting the incurrence of additional secured debt without the senior lender's consent. Prior to and as a condition of permitting the portfolio company to borrow money from us secured by the same collateral pledged to the senior lender, the senior lender will require assurances that it will control the disposition of any collateral in the event of bankruptcy or other default. In many such cases, the senior lender will require us or the indenture trustee to enter into an "intercreditor agreement" prior to permitting the portfolio company to borrow. Typically the intercreditor agreements expressly subordinate our debt instruments to those held by the senior lender and further provide that the senior lender shall control: (1) the commencement of foreclosure or other proceedings to liquidate and collect on the collateral; (2) the nature, timing and conduct of foreclosure or other collection proceedings; (3) the amendment of any collateral document; (4) the release of the security interests in respect of any collateral; and (5) the waiver of defaults under any security agreement. Because of the control we may cede to senior lenders under intercreditor agreements we may enter, we may be unable to realize the proceeds of any collateral securing some of our loans and notes.

The reference rates for our loans may be manipulated or changed. Concerns have been publicized that some of the member banks surveyed by the British Bankers' Association (the "BBA") in connection with the calculation of the London Interbank Borrowing Rate ("LIBOR") across a range of maturities and currencies may have been underreporting or otherwise manipulating the inter-bank lending rate applicable to them in order to profit on their derivatives positions or to avoid an appearance of capital insufficiency or adverse reputational or other consequences that may have resulted from reporting inter-bank lending rates higher than those they actually submitted. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR, and investigations by regulators and governmental authorities in various jurisdictions are ongoing.

In addition, central banks have engaged in quantitative easing, currency purchase programs and other activities that caused government borrowing rates and currencies to trade at prices different than those that would prevail in an unaffected market.

Actions by market participants, like the BBA, or by government agencies, like the Federal Reserve Board, may affect prevailing interest rates and the reference rates for loans to our portfolio companies. Actions by governments may create inflation in asset prices that over-state the value of our portfolio companies and their assets and drive cycles of capital market activities (like mergers and acquisitions) at a rate and at prices in excess of those that would prevail in an unaffected market.

We cannot assure you that actions by market participants, like the BBA, or by government agencies, like the Federal Reserve Board, will not materially adversely affect trading markets or our portfolio companies or us or our and our portfolio companies' respective business, prospects, financial condition or results of operations.

The expected phase-out of LIBOR could have a material impact on our business. In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. The ICE Benchmark Administration Limited ("ICE") subsequently announced that it will cease calculating and publishing all LIBOR tenors on June 30, 2023 and cease calculating and publishing certain LIBOR tenors on December 31, 2021. Further, U.K. and U.S. regulatory authorities have recently issued statements encouraging banks to cease entering into new LIBOR based loans as soon as possible and by no later than December 31, 2021 and to continue to transition away from LIBOR based loans in preparation of ICE ceasing to calculate and publish LIBOR based rates on June 30, 2023. The Alternative Reference Rates Committee convened by the Federal Reserve Board and Federal Reserve Bank of New York has announced the Secured Overnight Financing Rate ("SOFR") as its recommended alternative to LIBOR for USD obligations. However, because the SOFR is a broad U.S. Treasury repo financing rate that represents overnight secured funding transactions, it differs fundamentally from LIBOR. At this time, it is not possible to predict whether SOFR, or any other LIBOR alternative, will attain market traction as a LIBOR replacement or whether other replacement rates could be adopted by market participants. Even if financial instruments are transitioned to alternative benchmarks, such as SOFR, successfully, the new benchmarks are likely to differ from LIBOR, and our interest rate risk associated may increase. Transitioning to an alternative benchmark rate, such as SOFR, may result in us incurring significant expense and legal risks, as renegotiation and changes to documentation may be required in effecting the transition. Any alternative benchmark rate may be calculated differently than LIBOR, may increase the interest expense associated with our existing or future indebtedness and may not align for our assets and liabilities. Any of these occurrences could adversely affect our borrowing costs, financial condition, results of operations and the value of our investments.

Additionally, the future of LIBOR at this time is uncertain. Potential changes, or uncertainty related to such potential changes, may adversely affect the market for LIBOR-based securities, including our portfolio of LIBOR-indexed, floating-rate debt securities, or the cost of our borrowings. In addition, changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for LIBOR-based securities, including the value of the LIBOR-indexed, floating-rate debt securities in our portfolio, or the cost of our borrowings. The potential effect of the phase-out or replacement of LIBOR on our cost of capital and net investment income cannot yet be determined.

The effect on our investments will vary depending, among other things, on (1) whether fallback or termination provisions in individual contracts currently exist, and if so, the terms of such provisions and (2) whether, how, and when industry participants develop and adopt new reference rates and fallbacks for both legacy and new investments. We may have discretion to determine a successor or substitute reference rate, including any price or other adjustments to account for differences between the successor or substitute reference rate and previous rate. Such successor or substitute reference rate and any adjustments selected may negatively impact the investments of our investments and may expose such investments to additional tax, accounting and regulatory risks. The elimination of LIBOR may affect the value, liquidity or return on our investments and may result in costs incurred in connection with closing out positions and entering into new investments, adversely impacting our overall financial condition or results of operations. Accordingly, it is difficult to predict the full impact of the transition away from LIBOR on our investments until new reference rates and fallbacks for both legacy and new products, instruments and contracts are commercially accepted.

We may mismatch the interest rate and maturity exposure of our assets and liabilities. Our net investment income depends, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. We cannot assure you that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds could increase, which could reduce our net investment income. Typically, our fixed-rate investments are financed primarily with equity and/or long-term debt. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the Investment Company Act. If we do not implement these techniques properly, we could experience losses on our hedging positions, which could be material.

If interest rates fall, our portfolio companies are likely to refinance their obligations to us at lower interest rates. Our proceeds from these refinancings are likely to be reinvested at lower interest rates than our refinanced loans resulting in a material decrease in our net investment income.

We may not realize gains from our equity investments. Our portfolio may include common stock, warrants or other equity securities. We may also take back equity securities in exchange for our debt investments in workouts of troubled investments. Investments in equity securities involve a number of significant risks, including the risk of further dilution as a result of additional issuances, inability to access additional capital and failure to pay current distributions. Investments in preferred securities involve special risks, such as the risk of deferred distributions, credit risk, illiquidity and limited voting rights. In addition, we may from time to time make non-control, equity investments in portfolio companies. The equity interests we invest in may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. We may seek puts or similar rights to give it the right to sell our equity securities back to the portfolio company. We may be unable to exercise these put rights if the issuer is in financial distress or otherwise lacks sufficient liquidity to purchase the underlying equity investment.

Investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments. Our investment strategy contemplates investments in debt securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Such investments will generally not represent “qualifying assets” under Section 55(a) of the Investment Company Act. Pursuant to the Investment Company Act, qualifying assets must represent at least 70% of our total assets at the time of acquisition of any additional non-qualifying assets. If we do not meet the 70% threshold, we will be limited to purchasing qualifying assets until such threshold is met. See “Regulation as a Business Development Company.”

Any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we offer no assurance that we will, in fact, hedge currency risk, or that if it does, such strategies will be effective.

We may hold a significant portion of our portfolio assets in cash, cash equivalents, money market mutual funds, U.S. government securities, repurchase agreements and high-quality debt instruments maturing in one year or less, which may have a negative impact on our business and operations. We may hold a significant portion of our portfolio assets in cash, cash equivalents, money market mutual funds, U.S. government securities, repurchase agreements and high-quality debt instruments maturing in one year or less for many reasons, including, among others:

- as part of GECM’s strategy in order to take advantage of investment opportunities as they arise,
- when GECM believes that market conditions are unfavorable for profitable investing,
- when GECM is otherwise unable to locate attractive investment opportunities,
- as a defensive measure in response to adverse market or economic conditions, or
- to meet RIC qualification requirements.

We may also be required to hold higher levels of cash, money market mutual funds or other short-term securities in order to pay our expenses or make distributions to stockholders in the ordinary course of business given the relatively high percentage of our total investment income represented by non-cash income, including PIK income and accretion of original issue discount ("OID"). During periods when we maintain exposure to cash, money market mutual funds, or other short-term securities, we may not participate in market movements to the same extent that it would if we were fully invested, which may have a negative impact on our business and operations and, accordingly, our returns may be reduced.

Risks Relating to Our Business and Structure

Capital markets experience periods of disruption and instability. These market conditions have historically materially and adversely affected debt and equity capital markets in the United States and abroad, which had, and may in the future have, a negative impact on our business and operations. The global capital markets are subject to disruption as evidenced by, among other things, a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of major financial institutions. Despite actions of the U.S. federal government and foreign governments, these events have contributed to worsening general economic conditions that have historically materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. We cannot provide any assurance that these conditions will not significantly worsen. Equity capital may be difficult to raise because, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than NAV. In addition, our ability to incur indebtedness or issue preferred stock is limited by applicable regulations such that our asset coverage, as defined in the Investment Company Act, must equal at least 150% immediately after each time we incur indebtedness or issue preferred stock. The debt capital that may be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations.

Market conditions may in the future make it difficult to extend the maturity of or refinance our existing indebtedness, and any failure to do so could have a material adverse effect on our business. The expected illiquidity of our investments may make it difficult for us to sell such investments if required. As a result, we may realize significantly less than the value at which we have recorded our investments.

In addition, significant changes in the capital markets, including recent volatility and disruption, have had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition and results of operations.

We may experience fluctuations in our quarterly results. Our quarterly operating results will fluctuate due to a number of factors, including the level of expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. Our quarterly operating results will also fluctuate due to a number of other factors, including the interest rates payable on the debt investments we make and the default rates on such investments. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Our success depends on the ability of our investment adviser to attract and retain qualified personnel in a competitive environment. Our growth requires that GECM retain and attract new investment and administrative personnel in a competitive market. GECM's ability to attract and retain personnel with the requisite credentials, experience and skills depends on several factors, including, but not limited to, its ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities, including investment funds (such as private equity funds and mezzanine funds) and traditional financial services companies, which compete for experienced personnel with GECM, have greater resources than GECM.

Our ability to grow depends on our ability to raise equity capital and/or access debt financing. We intend to periodically access the capital markets to raise cash to fund new investments. We expect to continue to elect to be treated as a RIC and operate in a manner so as to qualify for the U.S. federal income tax treatment applicable to RICs. Among other things, in order to maintain our RIC status, we must distribute to our stockholders on a timely basis generally an amount equal to at least 90% of our investment company taxable income (as defined by the Code), and, as a result, such distributions will not be available to fund new investments. As a result, we must borrow from financial institutions or issue additional securities to fund our growth. Unfavorable economic or capital market conditions, including interest rate volatility, may increase our funding costs, limit our access to the capital markets or could result in a decision by lenders not to extend credit to us. There has been and will continue to be uncertainty in the financial markets in general. An inability to successfully access the capital or credit markets for either equity or debt could limit our ability to grow our business and fully execute our business strategy and could decrease our earnings, if any.

If the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratios imposed upon us by the Investment Company Act or our lenders. Any such failure, or a tightening or general disruption of the credit markets, would affect our ability to issue senior securities, including borrowings, and pay dividends or other distributions, which could materially impair our business.

In addition, with certain limited exceptions we are only allowed to borrow or issue debt securities or preferred stock such that our asset coverage, as defined in the Investment Company Act, equals at least 150% immediately after such borrowing, which, in certain circumstances, may restrict our ability to borrow or issue debt securities or preferred stock. The amount of leverage that we may employ will depend on GECM's and our Board's assessments of market and other factors at the time of any proposed borrowing or issuance of debt securities or preferred stock. We cannot assure you that we will be able to obtain lines of credit at all or on terms acceptable to us.

Economic recessions or downturns could impair our portfolio companies and harm our operating results. The economy is subject to periodic downturns that, from time to time, result in recessions or more serious adverse macroeconomic events. Our portfolio companies are susceptible to economic slowdowns or recessions and may be unable to repay loans or notes during these periods. Therefore, our non-performing assets may increase and the value of our portfolio may decrease during these periods as we are required to record the market value of our investments. Adverse economic conditions may also decrease the value of collateral securing some of our investments and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants in its agreements with us or other lenders could lead to defaults and, potentially, acceleration of the time when the debt obligations are due and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the debt that we hold. We may incur additional expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, including the extent to which we actually provided significant managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt holding and subordinate all or a portion of our claim to that of other creditors.

Global economic, political and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability. The condition of the global financial market, as well as various social and political tensions in the United States and around the world, may contribute to increased market volatility, may have long-term effects on the U.S. and worldwide financial markets, may cause economic uncertainties or deterioration in the United States and worldwide, and may subject our investments to heightened risks.

These heightened risks could also include to: increased risk of default; greater social, trade, economic and political instability (including the risk of war or terrorist activity); greater governmental involvement in the economy; greater governmental supervision and regulation of the securities markets and market participants resulting in increased expenses related to compliance; greater fluctuations in currency exchange rates; controls or restrictions on foreign investment and/or trade, capital controls and limitations on repatriation of invested capital and on the ability to exchange currencies; inability to purchase and sell investments or otherwise settle transactions (i.e., a market freeze); and unavailability of hedging techniques. During times of political uncertainty and/or change, global markets often become more volatile. Markets experiencing political uncertainty and/or change could have substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates typically have negative effects on such countries' economies and markets. Tax laws could change materially, and any changes in tax laws could have an unpredictable effect on us, our investments and our investors.

Our debt investments may be risky, and we could lose all or part of our investments. Our debt portfolios, including those held by our specialty finance companies, are subject to credit and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, subordination, 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 securities which are rated by rating agencies are often reviewed and may be subject to downgrade. "Interest rate risk" refers to the risks associated with market changes in interest rates. Factors that may affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply and the monetary policies of the Federal Reserve Board and central banks throughout the world, international disorders and instability in domestic and foreign financial markets. The Federal Reserve Board raised the federal funds rate from 2015 to 2018, but cut the rate to near zero by the end of 2020 in response to the COIVD-19 outbreak. The Federal Reserve Board has recently indicated it may raise the federal funds rate in the near future. These developments, along with domestic and international debt and credit concerns, could cause interest rates to be volatile, which may negatively impact our ability to access the debt markets on favorable terms. Interest rate changes may also affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments 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 may 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, among other factors, the index chosen, frequency of reset and reset caps or floors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. We expect that we will periodically experience imbalances in the interest rate sensitivities of our assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, we may not be able to manage this risk effectively, which in turn could adversely affect our performance.

We may acquire other funds, portfolios of assets or pools of debt and those acquisitions may not be successful. We may acquire other funds, portfolios of assets or pools of debt investments. Any such acquisition program has a number of risks, including among others:

- management's attention will be diverted from running our existing business by efforts to source, negotiate, close and integrate acquisitions;
- our due diligence investigation of potential acquisitions may not reveal risks inherent in the acquired business or assets;
- we may over-value potential acquisitions resulting in dilution to you, incurrence of excessive indebtedness, asset write downs and negative perception of our common stock;
- the interests of our existing stockholders may be diluted by the issuance of additional shares of our common stock or preferred stock;
- we may borrow to finance acquisitions and there are risks associated with borrowing as described in this Annual Report on Form 10-K;

- GECM has an incentive to increase our assets under management in order to increase its fee stream, which may not be aligned with the interests of our stockholders;
- we and GECM may not successfully integrate any acquired business or assets; and
- GECM may compensate the existing managers of any acquired business or assets in a manner that results in the combined company taking on excessive risk.

Our failure to maintain our status as a BDC would reduce our operating flexibility. We elected to be regulated as a BDC under the Investment Company Act. The Investment Company Act imposes numerous constraints on the operations of BDCs and their external advisers. For example, BDCs are required to invest at least 70% of their gross assets in specified types of securities, primarily in private companies or illiquid U.S. public companies below a certain market capitalization, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. Furthermore, any failure to comply with the requirements imposed on BDCs by the Investment Company Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, upon approval of a majority of our voting securities (as defined under the Investment Company Act), we may elect to withdraw our status as a BDC. If we decide to withdraw our BDC election, or if we otherwise fail to qualify, or to maintain our qualification, as a BDC, we may be subject to substantially greater regulation under the Investment Company Act as a closed-end management investment company. Compliance with such regulations would significantly decrease our operating flexibility and would significantly increase our costs of doing business.

Regulations governing our operations as a BDC affect our ability to raise additional capital and the way in which we do so. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage. We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, referred to collectively as “senior securities,” up to the maximum amount permitted under the Investment Company Act. Under the provisions of the Investment Company Act applicable to BDCs, we are permitted to issue senior securities (e.g., notes and preferred stock) in amounts such that our asset coverage ratio, as defined in the Investment Company Act, equals at least 150% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Also, any amounts that we use to service our indebtedness would not be available for distributions to our stockholders. Furthermore, as a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss.

Our Board may change our investment objectives, operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse. Our Board has the authority to modify or waive our investment objectives, current operating policies, investment criteria and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, NAV and operating results.

We may have difficulty paying our required distributions under applicable tax rules if we recognize income before or without receiving cash representing such income. For U.S. federal income tax purposes, we may be required to include in income certain amounts before our receipt of the cash attributable to such amounts, such as OID, which may arise if we receive warrants in connection with the making of a loan or possibly in other circumstances, or PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. For example, such OID or increases in loan balances as a result of PIK interest will be included in income before we receive any corresponding cash payments. Also, we may be required to include in income other amounts that we will not receive in cash, including, for example, non-cash income from PIK securities, deferred payment securities and hedging and foreign currency transactions. In addition, we intend to seek debt investments in the secondary market that represent attractive risk-adjusted returns, taking into account both stated interest rates and current market discounts to par value. Such market discount may be included in income before we receive any corresponding cash payments. Our debt investments in Avanti currently only earn PIK interest and our investment in Avanti equity (including any debt converted to equity) is not expected to earn cash dividends.

Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the U.S. federal income tax requirement to distribute generally an amount equal to at least 90% of our investment company taxable income to maintain our status as a RIC. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain cash from other sources, we may fail to qualify as a RIC and thus be subject to additional corporate-level taxes.

However, in order to satisfy the Annual Distribution Requirement for a RIC, we may, but have no current intention to, declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash (which portion may be as low as 20% of such dividend, or 10% with respect to distributions declared on or before June 30, 2022) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes.

We may expose ourselves to risks associated with the inclusion of non-cash income prior to receipt of cash. To the extent we invest in OID instruments, including PIK loans, zero coupon bonds, and debt securities with attached warrants, investors will be exposed to the risks associated with the inclusion of such non-cash income in taxable and accounting income prior to receipt of cash.

The deferred nature of payments on PIK loans creates specific risks. Interest payments deferred on a PIK loan are subject to the risk that the borrower may default when the deferred payments are due in cash at the maturity of the loan. Since the payment of PIK income does not result in cash payments to us, we may also have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations (and thus hold higher cash or cash equivalent balances, which could reduce returns) to pay our expenses or make distributions to stockholders in the ordinary course of business, even if such loans do not default. An election to defer PIK interest payments by adding them to principal increases our gross assets and, thus, increases future base management fees to GECM and, because interest payments will then be payable on a larger principal amount, the PIK election also increases GECM's future Income Incentive Fees at a compounding rate. The deferral of interest on a PIK loan increases its loan-to-value ratio, which is a measure of the riskiness of a loan.

More generally, market prices of OID instruments are more volatile because they are impacted to a greater extent by interest rate changes than instruments that pay interest periodically in cash. Ordinarily, OID would also create the risk of non-refundable cash payments to GECM based on non-cash accruals that may never be realized; however, this risk is mitigated since the Investment Management Agreement requires GECM to defer any incentive fees on Accrued Unpaid Income, the effect of which is that Income Incentive Fees otherwise payable with respect to Accrued Unpaid Income become payable only if, as, when and to the extent cash is received by us or our consolidated subsidiaries in respect thereof.

Additionally, we may be required to make distributions of non-cash income to stockholders without receiving any cash so as to satisfy certain requirements necessary to maintain our RIC status for U.S. federal income tax purposes. Such required cash distributions may have to be paid from the sale of our assets without investors being given any notice of this fact. The required recognition of non-cash income, including PIK and OID interest, for U.S. federal income tax purposes may have a negative impact on liquidity because it represents a non-cash component of our taxable income that must, nevertheless, be distributed to investors to avoid us being subject to corporate level taxation.

Further, our investment in Avanti, which represented approximately 4% of our investment portfolio (excluding cash and short-term investments) as of December 31, 2021 and approximately 24% of our total investment income for the year ended December 31, 2021, has resulted in significant PIK interest, which significantly increases our exposure to the aforementioned risks. Conversion of Avanti's 2019 Notes to equity has resulted in us owning more Avanti common shares, which are not expected to generate cash dividends. Please see "—Risks Relating to Our Investments—A significant portion of our investment in Avanti has been written down and placed on non-accrual status and we may lose all of our investment in Avanti."

We may choose to pay distributions in our own stock, in which case stockholders may be required to pay tax in excess of the cash they receive. We may distribute a portion of our taxable distributions in the form of shares of our stock. In accordance with certain applicable U.S. Treasury regulations and other related administrative pronouncements issued by the Internal Revenue Service, a RIC may be eligible to treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder is permitted to elect to receive his or her entire distribution in either cash or stock of the RIC, subject to the satisfaction of certain guidelines. If too many stockholders elect to receive cash, each stockholder electing to receive cash must receive a pro rata amount of cash (with the balance of the distribution paid in stock). If these and certain other requirements are met, for U.S. federal income tax purposes, the amount of the distribution paid in stock generally will be equal to the amount of cash that could have been received instead of stock. Taxable stockholders receiving such distributions will be required to include the full amount of the distribution as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of their share of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be subject to tax with respect to such distributions in excess of any cash received. If a U.S. stockholder sells the stock it receives as a distribution in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such distributions, including in respect of all or a portion of such distribution that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on distributions, such sales may put downward pressure on the trading price of our stock.

We may expose our self to risks if we engage in hedging transactions. If we engage in hedging transactions, we may expose our self to risks associated with such transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is generally anticipated because we may not be able to enter into a hedging transaction at an acceptable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged.

Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

We will be subject to corporate-level U.S. federal income tax if we are unable to qualify as a RIC under the Code. No assurance can be given that we will be able to qualify for and maintain RIC status. To maintain RIC tax treatment under the Code, we must meet certain annual distribution, source of income and asset diversification requirements.

The Annual Distribution Requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Because we may use debt financing, we may be subject to asset coverage ratio requirements under the Investment Company Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. If we are unable to make the required distributions, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax.

The source of income requirement will be satisfied if we obtain at least 90% of our income for each year from dividends, interest, gains from the sale of stock or securities or similar sources.

The asset diversification requirement will be satisfied if we meet asset diversification requirements at the end of each quarter of our taxable year. Failure to meet the asset diversification requirements could result in us having to dispose of investments quickly in order to prevent the loss of RIC status. Because most of our investments will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses. Further, the illiquidity of our investments may make them difficult or impossible to dispose of in a timely manner.

If we fail to qualify for RIC tax treatment for any reason and become subject to corporate U.S. federal income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions and the value of our shares of common stock.

The incentive fee structure and the formula for calculating the management fee may incentivize GECM to pursue speculative investments, advise us to use leverage when it may be unwise to do so, or advise us to refrain from reducing debt levels when it would otherwise be appropriate to do so. The incentive fee payable by us to GECM creates an incentive for GECM to pursue investments on our behalf that are riskier or more speculative than would be the case in the absence of such a compensation arrangement. The incentive fee payable to GECM is calculated based on a percentage of our return on invested capital. In addition, GECM's base management fee is calculated on the basis of our gross assets, including assets acquired through the use of leverage. This may encourage GECM to use leverage to increase the aggregate amount of and the return on our investments, even when it may not be appropriate to do so, and to refrain from reducing debt levels when it would otherwise be appropriate to do so. The use of leverage increases our likelihood of default, which would impair the value of our securities. In addition, GECM will receive the incentive fee based, in part, upon net capital gains realized on our investments. Unlike that portion of the incentive fee based on income, there will be no hurdle rate applicable to the portion of the incentive fee based on net capital gains. As a result, GECM may have a tendency to invest more capital in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in us investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

We may invest in the securities and instruments of other investment companies, including private funds, and we will bear our ratable share of any such investment company's expenses, including management and performance fees. We will also remain obligated to pay management and incentive fees to GECM with respect to the assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our stockholders will bear its share of the management and incentive fee payable to GECM as well as indirectly bearing the management and performance fees and other expenses of any investment companies in which we invest.

In addition, if we purchase our debt instruments and such purchase results in our recording a net gain on the extinguishment of debt for financial reporting and tax purposes, such net gain will be included in our pre-incentive fee net investment income for purposes of determining the Income Incentive Fee payable to GECM under the Investment Management Agreement.

Finally, the incentive fee payable by us to GECM also may create an incentive for GECM to invest on our behalf in instruments that have a deferred interest feature such as investments with PIK provisions. Under these investments, we would accrue the interest over the life of the investment but would typically not receive the cash income from the investment until the end of the term or upon the investment being called by the issuer. Our net investment income used to calculate the income portion of our incentive fee, however, includes accrued interest. The portion of the incentive fee that is attributable to deferred interest, such as PIK, will not be paid to GECM until we receive such interest in cash. Even though such portion of the incentive fee will be paid only when the accrued income is collected, the accrued income is capitalized and included in the calculation of the base management fee. In other words, when deferred interest income (such as PIK) is accrued, a corresponding Income Incentive Fee (if any) is also accrued (but not paid) based on that income. After the accrual of such income, it is capitalized and added to the debt balance, which increases our total assets and thus the base management fee paid following such capitalization. If any such interest is reversed in connection with any write-off or similar treatment of the investment, we will reverse the Income Incentive Fee accrual and an Income Incentive Fee will not be payable with respect to such uncollected interest. If a portfolio company defaults on a loan, it is possible that accrued interest previously used in the calculation of whether GECM met the hurdle rate to earn the incentive fee will become uncollectible.

A general increase in interest rates will likely have the effect of making it easier for GECM to receive incentive fees, without necessarily resulting in an increase in our net earnings. Given the structure of the Investment Management Agreement, any general increase in interest rates will likely have the effect of making it easier for GECM to meet the quarterly hurdle rate for payment of Income Incentive Fees under the Investment Management Agreement without any additional increase in relative performance on the part of GECM. In addition, in view of the catch-up provision applicable to Income Incentive Fees under the Investment Management Agreement, GECM could potentially receive a significant portion of the increase in our investment income attributable to such a general increase in interest rates. If that were to occur, our increase in net earnings, if any, would likely be significantly smaller than the relative increase in GECM's Income Incentive Fee resulting from such a general increase in interest rates.

GECM has the right to resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations. GECM has the right, under the Investment Management Agreement, to resign at any time upon not more than 60 days' written notice, whether we have found a replacement or not. If GECM resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption; our financial condition, business and results of operations, as well as our ability to pay distributions are likely to be adversely affected; and the market price of our common stock may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our investment adviser and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective and current investment portfolio may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations.

We incur significant costs as a result of being a publicly traded company. As a publicly traded company, we incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as additional corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the Dodd-Frank Act and other rules implemented by our government.

Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy. We and our portfolio companies are subject to applicable local, state and federal laws and regulations. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and you, potentially with retroactive effect. Additionally, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to avail ourself of new or different opportunities. Such changes could result in material differences to the strategies and plans and may result in our investment focus shifting from the areas of expertise of GECM to other types of investments in which the investment committee may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations.

In October 2020, the SEC adopted a revised version of Rule 18f-4, which is designed to modernize the regulation of the use of derivatives by registered investment companies and BDCs. Among other things, Rule 18f-4 limits a fund's derivatives exposure through a value-at-risk test and requires the adoption and implementation of a derivatives risk management program subject to certain exceptions. Additionally, subject to certain conditions, funds that do not invest heavily in derivatives may be deemed limited derivatives users and would not be subject to the full requirements of Rule 18f-4. In connection with the adoption of Rule 18f-4, the SEC also eliminated the asset segregation and cover framework arising from prior SEC guidance for covering derivatives and certain financial instruments. Compliance with Rule 18f-4 will be required in August 2022. Rule 18f-4 could limit our ability to engage in certain derivatives and other transactions and/or increase the costs of such transactions, which could adversely affect our value or performance.

There is, and will be, uncertainty as to the value of our portfolio investments. Under the Investment Company Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined by us in accordance with our written valuation policy, with our Board having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value. Often, there will not be a public market for the securities of the privately held companies in which we invest. As a result, we will value these securities on a quarterly basis at fair value based on input from management, third party independent valuation firms and our audit committee, with the oversight, review and approval of our Board. We consult with an independent valuation firm in valuing all securities in which we invest classified as "Level 3," other than investments which are less than 1% of NAV as of the applicable quarter end. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Valuation of Portfolio Investments."

The determination of fair value and consequently, the amount of unrealized gains and losses in our portfolio, are subjective and dependent on a valuation process approved and overseen by our Board. Factors that may be considered in determining the fair value of our investments include, among others, estimates of the collectability of the principal and interest on our debt investments and expected realization on our equity investments, as well as external events, such as private mergers, sales and acquisitions involving comparable companies. Because such valuations, and particularly valuations of private securities and private companies and small cap public companies, are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates. Our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Due to this uncertainty, our fair value determinations may cause our NAV on a given date to materially misstate the value that we may ultimately realize on one or more of our investments. As a result, investors purchasing our securities based on an overstated NAV would pay a higher price than the value of our investments might warrant. Conversely, investors selling securities during a period in which the NAV understates the value of our investments will receive a lower price for their securities than the value of our investments might otherwise warrant.

Our financial condition and results of operations depend on our ability to effectively manage and deploy capital. Our ability to achieve our investment objective depends on our ability to effectively manage and deploy capital, which depends, in turn, on GECM's ability to identify, evaluate and monitor, and our ability to finance and invest in, companies that meet our investment criteria.

Accomplishing our investment objective on a cost-effective basis is largely a function of GECM's handling of the investment process, its ability to provide competent, attentive and efficient services and its access to investments offering acceptable terms. In addition to monitoring the performance of our existing investments, GECM may also be called upon, from time to time, to provide managerial assistance to some of our portfolio companies. These demands on their time may distract them or slow the rate of investment.

Even if we are able to grow and build out our investment operations, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects. Our results of operations will depend on many factors, including the availability of opportunities for investment, readily accessible short and long-term funding alternatives in the financial markets and economic conditions.

We may hold assets in cash or short-term treasury securities in situations where we or GECM expects downward pricing in the high yield market. Our strategic decision not to be fully invested may, from time to time, reduce funds available for distribution and cause downward pressure on the price of our common stock.

The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning, could impair our ability to conduct business effectively. The occurrence of a disaster such as a cyber-attack, a natural catastrophe, an epidemic or pandemic, an industrial accident, a terrorist attack or war, events anticipated or unanticipated in our disaster recovery systems, or a failure in externally provided data systems, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage and retrieval systems or destroy data. Our ability to effectively conduct our business could be severely compromised. The financial markets we operate in are dependent upon third party data systems to link buyers and sellers and provide pricing information.

We depend heavily upon computer systems to perform necessary business functions. Our computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, we expect to experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. These failures and disruptions may be more likely to occur as a result of employees working remotely during the COVID-19 pandemic. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss, respectively.

Terrorist attacks, acts of war, natural disasters or an epidemic or pandemic may affect the market for our securities, impact the businesses in which we invest and harm our business, operating results and financial condition. Terrorist acts, acts of war, natural disasters or an epidemic or pandemic may disrupt our operations, as well as the operations of the businesses in which we invest. Such acts, including, for example, Russia's February 2022 invasion of Ukraine, have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. For example, the outbreak of COVID-19 was declared by the World Health Organization to be a "public health emergency of international concern," and spread across the globe, impacting worldwide economic activity. A public health epidemic or pandemic, including COVID-19, poses the risk that we, GECM, our portfolio companies or other business partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. While it is not possible at this time to estimate the impact that COVID-19 could have on our business, the continued spread of COVID-19 and the measures taken by the governments of countries affected could disrupt the supply chain and the manufacture or shipment of products and adversely impact our business, financial condition or results of operations.

Future terrorist activities, military or security operations, or natural disasters could further weaken the domestic/global economies and create additional uncertainties, which may negatively impact the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business, operating results and financial condition. Losses from terrorist attacks and natural disasters are generally uninsurable.

There are significant potential conflicts of interest that could impact our investment returns. Certain of our executive officers and directors, and members of the investment committee of GECM, serve or may serve as officers, directors or principals of other entities, including ICAM or funds managed by ICAM, and affiliates of GECM and investment funds managed by our affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in our or our stockholders' best interests or that may require them to devote time to services for other entities, which could interfere with the time available to provide services to us. For example, Peter A. Reed, our President, Chief Executive Officer and Chairman of our Board, is GECM's Chief Investment Officer and chief executive officer of the largest beneficial owner of our stock, GEG.

Although funds managed by GECM may have different primary investment objectives than we do, they may from time to time invest in asset classes similar to those targeted by us. GECM is not restricted from raising an investment fund with investment objectives similar to ours. Any such funds may also, from time to time, invest in asset classes similar to those targeted by us. It is possible that we may not be given the opportunity to participate in certain investments made by investment funds managed by investment managers affiliated with GECM.

We will pay management and incentive fees to GECM, and will reimburse GECM for certain expenses it incurs. In addition, investors in our common stock will invest on a gross basis and receive distributions on a net basis after expenses, resulting in, among other things, a lower rate of return than one might achieve through direct investments.

GECM's management fee is based on a percentage of our total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) and GECM may have conflicts of interest in connection with decisions that could affect our total assets, such as decisions as to whether to incur indebtedness.

The part of the incentive fee payable by us that relates to our pre-incentive fee net investment income is computed and paid on income that may include interest that is accrued but not yet received in cash. If a portfolio company defaults on a loan or note that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of the incentive fee will become uncollectible.

The Investment Management Agreement renews for successive annual periods if approved by our Board or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not interested persons. However, both we and GECM have the right to terminate the agreement without penalty upon 60 days' written notice to the other party. Moreover, conflicts of interest may arise if GECM seeks to change the terms of the Investment Management Agreement, including, for example, the terms for compensation.

Pursuant to the Administration Agreement, we pay GECM our allocable portion of overhead and other expenses incurred by GECM in performing its obligations under the Administration Agreement, including our allocable portion of the cost of our Chief Financial Officer and Chief Compliance Officer and their respective staffs.

As a result of the arrangements described above, there may be times when our management team has interests that differ from those of our stockholders, giving rise to a conflict.

Our stockholders may have conflicting investment, tax and other objectives with respect to their investments in us. The conflicting interests of individual stockholders may relate to or arise from, among other things, the nature of our investments, the structure or the acquisition of our investments, and the timing of disposition of our investments. As a consequence, conflicts of interest may arise in connection with decisions made by GECM, including with respect to the nature or structuring of our investments, that may be more beneficial for one stockholder than for another stockholder, especially with respect to stockholders' individual tax situations. In selecting and structuring investments appropriate for us, GECM will consider the investment and tax objectives of us and our stockholders, as a whole, not the investment, tax or other objectives of any stockholder individually.

Events outside of our control, including public health crises such as the ongoing COVID-19 pandemic, may negatively affect our results of operations and financial performance. The COVID-19 pandemic remains ongoing and we expect to continue to experience disruptions that could adversely impact our business. It is unknown how long these disruptions may continue. The outbreak of COVID-19 may also have a material adverse impact on the ability of our portfolio companies to fulfill their end customers' orders due to supply chain delays, increased costs due to inflation, limited access to key commodities or technologies or other events that impact their manufacturers or their suppliers. Such events have affected, and may in the future affect our business, financial condition or results of operations. As the global outbreak of COVID-19 continues to rapidly evolve, the extent to which COVID-19 will continue to impact our business will depend on future developments, which are highly uncertain and cannot be predicted. The ongoing COVID-19 pandemic has caused inflation and interest rate volatility, severe market dislocations and liquidity constraints in many markets, including investments the Company holds, and may adversely affect the Company's investments and operations. The transmission of COVID-19 and efforts to contain its spread have resulted in travel restrictions and disruptions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, quarantines, event and service cancellations or interruptions, disruptions to business operations (including staff reductions), supply chains and consumer activity, upward inflationary pressures, as well as general concern and uncertainty that has negatively affected the economic environment. These disruptions have led to instability in the market place, including stock market losses and overall volatility. The impact of COVID-19, and other infectious illness outbreaks, epidemics or pandemics that may arise in the future, could adversely affect the economies of many nations or the entire global economy, the financial performance of individual issuers, borrowers and sectors and the health of the markets generally in potentially significant and unforeseen ways. In addition, the impact of infectious illnesses, such as COVID-19, in emerging market countries may be greater due to generally less established healthcare systems. This crisis or other public health crises may exacerbate other pre-existing political, social and economic risks in certain countries or globally.

The foregoing could lead to a significant economic downturn or recession, increased market volatility, a greater number of market closures, higher default rates and adverse effects on the values and liquidity of securities or other assets. Such impacts, which may vary across asset classes, may adversely affect the performance of the Company's investments, the Company and your investment in the Company. In certain cases, an exchange or market may close or issue trading halts on either specific securities or even the entire market, which may result in the Company being, among other things, unable to buy or sell certain securities or financial instruments or to accurately price their investments.

The Company and the investment manager have taken steps reasonably designed to ensure that they maintain normal business operations, and that the Company, its portfolio and assets are protected. However, in the event of a pandemic or an outbreak, such as COVID-19, there can be no assurance that the Company, the Investment Advisor and service providers, or the Company's portfolio companies, will be able to maintain normal business operations for an extended period of time or will not lose the services of key personnel on a temporary or long-term basis due to illness or other reasons. A pandemic or disease could also impair the information technology and other operational systems upon which the investment manager relies and could otherwise disrupt the ability of the Company's service providers to perform essential tasks.

Governmental authorities and regulators throughout the world, such as the U.S. Federal Reserve, have in the past responded to major economic disruptions with changes to fiscal and monetary policy, including but not limited to, direct capital infusions, new monetary programs and dramatically lower interest rates. Certain of those policy changes, such as the passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, are being implemented in response to the COVID-19 pandemic. Such policy changes may adversely affect the value, volatility and liquidity of dividend and interest paying securities. The duration of the COVID-19 outbreak and its full impacts are unknown, resulting in a high degree of uncertainty for potentially extended periods of time.

We are currently operating in a period of capital markets disruption and economic uncertainty. The U.S. capital markets have experienced extreme volatility and disruption following the global outbreak of COVID-19 that began in December 2019. Some economists and major investment banks have expressed concern that the continued spread of the virus globally could lead to a world-wide economic downturn. Disruptions in the capital markets have increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. These and future market disruptions and/or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited and could continue to limit our investment originations, limit our ability to grow and have a material negative impact on our operating results and the fair values of our debt and equity investments.

If the current period of capital market disruption and instability continues for an extended period of time, there is a risk that our stockholders may not receive distributions or that our distributions may not grow over time. We intend to make distributions to our stockholders out of assets legally available for distribution. Stockholders are advised that a distribution does not necessarily indicate a return of profit as such dividends also include a return of capital. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this Annual Report on Form 10-K, including the COVID-19 pandemic described above. For example, if the temporary closure of many corporate offices, retail stores and manufacturing facilities and factories in the jurisdictions, including the United States, affected by the COVID-19 pandemic were to continue for an extended period of time it could result in reduced cash flows to us from our existing portfolio companies, which could reduce cash available for distribution to our stockholders. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make cash distributions. Further, if we invest a greater amount of assets in equity securities that do not pay current dividends, it could reduce the amount available for distribution. The above referenced restrictions on distributions may also inhibit our ability to make required interest payments to holders of our debt, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements.

Risks Relating to Our Common Stock

A significant portion of our total outstanding shares may be sold into the public market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is doing well. Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the market perception that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. We have registered all of the shares of our common stock issued to GEG as of November 4, 2021, which represent approximately 7% percent of our outstanding shares of common stock at December 31, 2021.

Our common stock price may be volatile and may decrease substantially, and an investor may lose money in connection with an investment in our shares. The trading price of our common stock will likely fluctuate substantially. The price of our common stock may increase or decrease, depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the following:

- price and volume fluctuations in the overall stock market from time to time;
- investor demand for our shares;
- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- exclusion of our common stock from certain indices, such as the Russell 2000 Financial Services Index, which could reduce the ability of certain investment funds to own our common stock and put short-term selling pressure on our common stock;

- changes in regulatory policies or tax guidelines with respect to RICs or BDCs;
- failure to qualify as a RIC, or the loss of RIC status;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- changes, or perceived changes, in the value of our portfolio investments;
- departures of GECM's key personnel;
- operating performance of companies comparable to GECC; or
- general economic conditions and trends and other external factors.

If the price of shares of our common stock decreases, an investor may lose money if he were to sell his shares of our common stock.

In addition, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Due to the potential volatility of the price of our securities, we may become the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

Provisions of the Maryland General Corporation Law and our organizational documents could deter takeover attempts and have an adverse impact on the prices of our common stock. The Maryland General Corporation Law and our organizational documents contain provisions that may discourage, delay or make more difficult a change in control of GECC or the removal of our directors. We are subject to the Maryland Business Combination Act and the Investment Company Act. If our Board, including a majority of the directors who are not interested persons as defined in the Investment Company Act, does not approve a business combination, the Maryland Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. Our Board could amend our bylaws to repeal our current exemption from the Maryland Control Share Acquisition Act. The Maryland Control Share Acquisition Act also may make it more difficult for a third party to obtain control of GECC and increase the difficulty of consummating such a transaction.

Our Board is authorized to reclassify any unissued shares of common stock into one or more classes of preferred stock, which could convey special rights and privileges to its owners. Under the Maryland General Corporation Law and our organizational documents, our Board is authorized to classify and reclassify any authorized but unissued shares of stock into one or more classes of stock, including preferred stock. Prior to issuance of shares of each class or series, our Board is required by Maryland law and our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, our Board could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve premium prices for holders of our common stock or otherwise be in their best interest. The cost of any such reclassification would be borne by our common stockholders. Certain matters under the Investment Company Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote as a separate class from the holders of common stock on a proposal to cease operations as a BDC. In addition, the Investment Company Act provides that holders of preferred stock are entitled to vote separately from holders of common stock to elect two preferred stock directors. The issuance of preferred stock convertible into shares of common stock may also reduce the net income and NAV per share of our common stock upon conversion. These effects, among others, could have an adverse effect on an investment in our common stock.

Shares of closed-end investment companies, including BDCs, frequently trade at a discount from their NAV. Shares of closed-end investment companies, including BDCs, frequently trade at a discount from their NAV. This characteristic of closed-end investment companies is separate and distinct from the risk that our NAV per share of common stock may decline.

We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current NAV per share of our common stock if our Board determines that such sale is in the best interests of GECC and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our Board, equals the fair value of such securities (less any distributing commission or discount calculated). If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, then the percentage of our existing stockholders' ownership at that time will decrease, and they may experience dilution.

Our stockholders may not receive distributions or our distributions may not grow over time and a portion of our distributions may be a return of capital. We intend to make distributions to our stockholders out of assets legally available for distribution (i.e., not subject to any legal restrictions under Maryland law on the distribution thereof). We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this document. Due to the asset coverage test applicable to us under the Investment Company Act as a BDC, we may be limited in our ability to make distributions.

When we make distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated earnings and profits. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of an investor's basis in our stock and, assuming that an investor holds our stock as a capital asset, thereafter as a capital gain. Stockholders who periodically receive the payment of a distribution consisting of a return of capital may be under the impression that they are receiving net profits when they are not. Stockholders should not assume that the source of a distribution from us is net profit.

We currently intend to distribute realized net capital gains (i.e., net long term capital gains in excess of short term capital losses), if any, at least annually, we may in the future decide to retain such capital gains for investment and elect to treat such gains as deemed distributions to our stockholders. If this happens, you will be treated as if you had received an actual distribution of the capital gains we retain and reinvested the net after tax proceeds in GECC. In this situation, you would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gains deemed distributed to you.

Our current intention is to make any distributions in additional shares of our common stock under our dividend reinvestment plan out of assets legally available therefor, unless you elect to receive your distributions and/or long-term capital gains distributions in cash. If you hold shares in the name of a broker or financial intermediary, you should contact the broker or financial intermediary regarding your election to receive distributions in cash.

We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the Investment Company Act or if distributions are limited by the terms of any of our borrowings.

Stockholders may experience dilution in their ownership percentage if they do not participate in our dividend reinvestment plan. All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. As a result, stockholders that do not participate in the dividend reinvestment plan may experience dilution over time. Stockholders who receive distributions in shares of common stock may experience accretion to the NAV of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

Existing stockholders may incur dilution if, in the future, we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock. The Investment Company Act prohibits us from selling shares of our common stock at a price below the current NAV per share of such stock, with certain exceptions. Our shares might trade at premiums that are unsustainable or at discounts from NAV.

Shares of BDCs like us may, during some periods, trade at prices higher than their NAV per share and, during other periods, as frequently occurs with closed-end investment companies, trade at prices lower than their NAV per share. The perceived value of our investment portfolio may be affected by a number of factors including perceived prospects for individual companies we invest in, market conditions for common stock generally, for initial public offerings and other exit events for venture capital backed companies, and the mix of companies in our investment portfolio over time. Negative or unforeseen developments affecting the perceived value of companies in our investment portfolio could result in a decline in the trading price of our common stock relative to our NAV per share.

The possibility that our shares will trade at a discount from NAV or at premiums that are unsustainable are risks separate and distinct from the risk that our NAV per share will decrease. The risk of purchasing shares of a BDC that might trade at a discount or unsustainable premium is more pronounced for investors who wish to sell their shares in a relatively short period of time because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon changes in premium or discount levels than upon increases or decreases in NAV per share.

Future offerings of debt securities, which would be senior to our common stock upon liquidation, or equity securities, which could dilute our existing stockholders and may be senior to our common stock for the purposes of distributions, may harm the value of our common stock. In the future, we may attempt to increase our capital resources by making offerings of debt or equity securities, including commercial paper, medium-term notes, senior or subordinated notes and classes of preferred stock or common stock, subject to the restrictions of the Investment Company Act. Upon a liquidation of our company, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings by us may dilute the holdings of our existing stockholders or reduce the value of our common stock, or both. Any preferred stock we may issue would have a preference on distributions that could limit our ability to make distributions to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their stock holdings in us. In addition, proceeds from a sale of common stock will likely be used to increase our total assets or to pay down our borrowings, among other uses. This would increase our asset coverage ratio and permit us to incur additional leverage under rules pertaining to BDCs by increasing our borrowings or issuing senior securities such as preferred stock or additional debt securities.

Risks Relating to Indebtedness

We may borrow additional money, which would magnify the potential for loss on amounts invested and may increase the risk of investing with us. We have existing indebtedness and may in the future borrow additional money, including borrowings under a Loan Guarantee and Security Agreement (the "Loan Agreement") with City National Bank ("CNB"), each of which magnifies the potential for loss on amounts invested and may increase the risk of investing with us. Our ability to service our existing and potential future debt depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. The amount of leverage that we could employ at any particular time will depend on GECM's and our Board's assessment of market and other factors at the time of any proposed borrowing.

Borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. Holders of such debt securities would have fixed dollar claims on our consolidated assets that would be superior to the claims of our common stockholders or any preferred stockholders.

If the value of our consolidated assets decreases while we have debt outstanding, leveraging would cause our NAV to decline more sharply than it otherwise would have had we not leveraged. Similarly, any decrease in our consolidated income while we have debt outstanding would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to make common stock distributions. We cannot assure you that our leveraging strategy will be successful.

Illustration. The following tables illustrate the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The first table assumes the actual amount of senior securities outstanding as of December 31, 2021. The second table assumes the maximum amount of senior securities outstanding as permitted under our asset coverage ratio of 150%. See "Selected Risks Associated with Our Business—We may incur additional debt." The calculations in the tables below are hypothetical and actual returns may be higher or lower than those appearing below.

Table 1

Assumed Return on Our Portfolio(1) (2) (net of expenses)	**(10.0)%**	**(5.0)%**	**0.0%**	**5.0%**	**10.0%**
Corresponding net return to common stockholder	(14.35)%	(9.35)%	(4.35)%	0.65%	5.65%

(1) Assumes $212.1 million in total portfolio assets, excluding short term investments, $145.9 million in senior securities outstanding, $74.6 million in net assets, and an average cost of funds of 6.33%. Actual interest payments may be different.

(2) In order for us to cover our annual interest payments on indebtedness, we must achieve annual returns on our December 31, 2021 total portfolio assets of at least 4.35%.

Table 2

Assumed Return on Our Portfolio(1) (2) (net of expenses)	**(10.0)%**	**(5.0)%**	**0.0%**	**5.0%**	**10.0%**
Corresponding net return to common stockholder	(14.38)%	(9.38)%	(4.38)%	0.62%	5.62%

(1) Assumes $215.3 million in total portfolio assets, excluding short term investments, $149.1 million in senior securities outstanding, $74.6 million in net assets, and an average cost of funds of 6.33%. Actual interest payments may be different.

(2) In order for us to cover our annual interest payments on indebtedness, we must achieve annual returns on our December 31, 2021 total portfolio assets of at least 4.38%.

Incurring additional indebtedness could increase the risk in investing in our Company. In 2018, our stockholders approved of the reduction of our required minimum asset coverage ratio from 200% to 150%, permitting us to incur additional leverage. The use of leverage magnifies the potential for gain or loss on amounts invested. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities.

As of December 31, 2021, we had approximately $145.9 million of total outstanding indebtedness under three series of senior securities (unsecured notes)—the GECCM Notes, the GECCN Notes and the GECCO Notes (each as defined herein)—and our asset coverage ratio was 151.1%. Section 18(e) of the 1940 Act provides that the provisions of Section 18 shall not apply to any senior securities issued or sold for the purpose of redeeming any other senior security. A portion of the net proceeds from the offering of the GECCO Notes was used to redeem all of the outstanding GECCL Notes (as defined herein) and in accordance with Section 18(e), we excluded an amount equal to the outstanding aggregate principal amount of the GECCL Notes from the calculation of the asset coverage ratio as of June 30, 2021.

On May 5, 2021, we entered into the Loan Agreement, which provides for a senior secured revolving line of credit of up to $25 million (subject to a borrowing base). We may request to increase the revolving line in an aggregate amount not to exceed $25 million, which increase is subject to the sole discretion of CNB. Holders of our GECCM Notes, GECCN Notes and GECCO Notes have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and such holders may seek to recover against our assets in the event of a default.

If we are unable to meet the financial obligations under any of the Loan Agreement or any series of our outstanding unsecured notes, the holders of such indebtedness would have a superior claim to our assets over our common stockholders in the event of a default by us. If the value of our assets decreases, leveraging would cause NAV to decline more sharply than it otherwise would have had we not leveraged, thereby magnifying losses. Similarly, any decrease in our revenue or income will cause our net income to decline more sharply than it would have had we not borrowed. Such a decline would also negatively affect our ability to make distributions with respect to our common stock. Our ability to service any debt depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. Moreover, as the base management fee payable to GECM, our investment advisor, is payable based on the average value of our total assets, including those assets acquired through the use of leverage, GECM will have a financial incentive to incur leverage, which may not be consistent with our stockholders' interests. In addition, our common stockholders bear the burden of any increase in our fees or expenses as a result of our use of leverage, including interest expenses and any increase in the base management fee payable to GECM.

If our asset coverage ratio falls below the required limit, we will not be able to incur additional debt until we are able to comply with the asset coverage ratio applicable to us. This could have a material adverse effect on our operations, and we may not be able to make distributions to stockholders. The actual amount of leverage that we employ will depend on GECM's and our Board's assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

Incurring additional leverage may magnify our exposure to risks associated with changes in interest rates, including fluctuations in interest rates which could adversely affect our profitability. If we incur additional leverage, general interest rate fluctuations may have a more significant negative impact on our financial condition and results of operations than they would have absent such additional incurrence, and, accordingly, may have a material adverse effect on our investment objectives and rate of return on investment capital. A portion of our income will depend upon the difference between the rate at which we borrow funds and the interest rate on the debt securities in which we invest. Because we may borrow money to make investments and may issue debt securities, preferred stock or other securities, our net investment income is dependent upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities, preferred stock or other securities and the rate at which we invest these borrowed funds.

We expect that a majority of our investments in debt will continue to be at floating rates with a floor. As a result, significant increase in market interest rates could result in an increase in our non-performing assets and a decrease in the value of our portfolio because our floating-rate loan portfolio companies may be unable to meet higher payment obligations. In periods of rising interest rates, our cost of funds would increase, resulting in a decrease in our net investment income. Incurring additional leverage will magnify the impact of an increase to our cost of funds. In addition, a decrease in interest rates may reduce net income, because new investments may be made at lower rates despite the increased demand for our capital that the decrease in interest rates may produce. To the extent our additional borrowings are in fixed-rate instruments, we may be required to invest in higher-yield securities in order to cover our interest expense and maintain our current level of return to stockholders, which may increase the risk of an investment in our securities.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our executive offices are located at 800 South Street, Suite 230, Waltham, MA 02453, and are provided by GECM in accordance with the terms of the Administration Agreement.

Item 3. Legal Proceedings.

A description of our legal proceedings is included in Note 6 of the consolidated financial statements for the year ended December 31, 2021.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is traded on the NASDAQ Global Market ("Nasdaq") under the symbol "GECC."

As of March 1, 2022, there were approximately 9 holders of record of the common stock, one of which represents all of our stockholders for whom shares are held in "nominee" or "street name."

Share Price Data

The following table sets forth: (i) NAV per share of our common stock as of the applicable period end, (ii) the range of high and low closing sales prices of our common stock as reported on the Nasdaq Global Market during the applicable period, (iii) the closing high and low sales prices as a premium (discount) to NAV during the relevant period, and (iv) the distributions per share of our common stock declared during the applicable period.

	NAV(1)	Closing Sales Price High	Closing Sales Price Low	Premium (Discount) of High Sales Price to NAV(2)	Premium (Discount) of Low Sales Price to NAV(2)	Distributions Declared(3)
Fiscal year ending December 31, 2021						
Fourth Quarter	$ 16.63	$ 21.12	$ 18.24	27.0%	9.7%	$ 0.60
Third Quarter	22.17	21.84	19.50	(1.5)%	(12.)%	0.60
Second Quarter	23.40	23.04	19.26	(1.5)%	(17.7)%	0.60
First Quarter	23.36	24.18	18.24	3.5%	(21.9)%	0.60
Fiscal year ending December 31, 2020						
Fourth Quarter	$ 20.74	$ 24.36	$ 15.06	17.5%	(27.4)%	$ 1.50
Third Quarter	33.16	31.86	19.56	(3.9)%	(41.)%	1.50
Second Quarter	30.59	29.70	15.00	(2.9)%	(51.)%	1.50
First Quarter	30.32	48.48	15.72	59.9%	(48.2)%	1.50

(1) NAV per share is determined as of the last day in the relevant quarter and therefore does not necessarily reflect the NAV per share on the date of the high and low closing sales prices. The NAVs shown are based on outstanding shares at the end of each period as adjusted retroactively for the reverse stock split effected on February 28, 2022. See "—Recent Developments" for more information.

(2) Calculated as of the respective high or low closing sales price divided by the quarter-end NAV.

(3) We have adopted a dividend reinvestment plan that provides for reinvestment of our dividends and other distributions on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our Board authorizes, and we declare, a cash distribution, our stockholders who have not opted out of our dividend reinvestment plan will have their cash distributions (net of any applicable withholding tax) automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions. See "Dividend Reinvestment Plan" in this prospectus.

Distributions

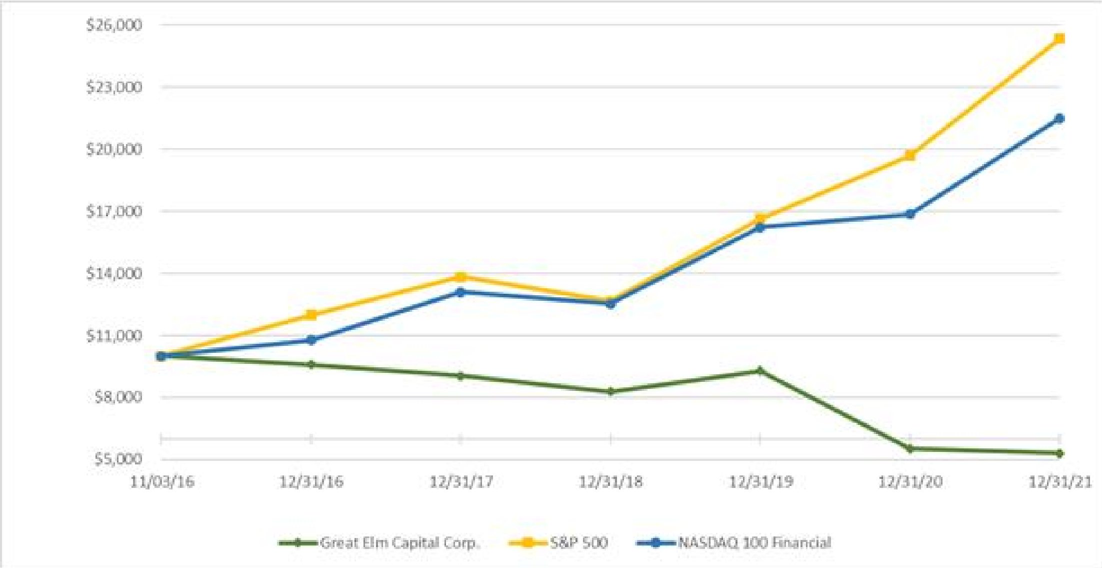
We offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the Investment Company Act or if distributions are limited by the terms of any of our borrowings.

To the extent our taxable earnings fall below the total amount of our distributions for that fiscal year, a portion of those distributions may be deemed a tax-free return of capital to our stockholders. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our taxable ordinary income or capital gains. Stockholders should read any written disclosure accompanying a distribution payment carefully and should not assume that the source of any distribution is our taxable ordinary income or capital gains.

During the year ended December 31, 2021, our distributions were made from distributable earnings. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions in the future. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a BDC under the Investment Company Act. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of favorable regulated investment company tax treatment.

Performance Graph

This graph compares the return on our common stock with that of the Standard & Poor's 500 Index (the "S&P 500 Index") and the Nasdaq Financial 100 Index, for the period from November 3, 2016, the date of our Merger, after which our common stock began trading on Nasdaq, through December 31, 2021. The graph assumes that, on November 3, 2016, a person invested $10,000 in each of the S&P 500 Index and the Nasdaq Financial 100 Index, and our common stock at the equivalent closing price of Full Circle's last day of trading. The graph measures total stockholder return, which takes into account both changes in stock price and dividends. It assumes that dividends paid are reinvested in like securities.



The graph and other information furnished under this Item 5 shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act. The stock price performance included in the above graph is not necessarily indicative of future stock price performance.

Financial Highlights

Below is the schedule of financial highlights of the Company:

	For the Year Ended December 31,					November 3, 2016 (Commencement of Operations) to December 31, 2016(6)(7)
	2021	2020	2019	2018	2017	
Per Share Data:(1)						
Net asset value, beginning of period	$ 20.74	$ 51.81	$ 62.02	$ 74.51	$ 81.14	$ 86.46
Net investment income	3.02	3.22	6.40	8.64	9.05	1.61
Net realized gains (losses)	(2.37)	(4.39)	0.76	1.36	1.87	(2.07)
Net change in unrealized appreciation (depreciation)	(3.17)	(13.24)	(11.58)	(15.07)	(12.34)	(7.88)
Net increase (decrease) in net assets resulting from operations	(2.52)	(14.41)	(4.42)	(5.07)	(1.42)	(8.34)
Issuance of common stock	0.81	(10.66)	-	-	-	-
Accretion from share buybacks	-	-	0.51	-	1.99	4.04
Distributions declared from net investment income(2)	(2.40)	(6.00)	(6.30)	(7.42)	(7.20)	(1.02)
Net decrease resulting from distributions to common stockholders	(2.40)	(6.00)	(6.30)	(7.42)	(7.20)	(1.02)
Net asset value, end of period	$ 16.63	$ 20.74	$ 51.81	$ 62.02	$ 74.51	$ 81.14
Per share market value, end of period	$ 18.48	$ 21.60	$ 46.68	$ 47.10	$ 59.04	$ 70.02
Shares outstanding, end of period(1)	4,484,278	3,838,242	1,677,114	1,775,400	1,775,400	2,131,813
Total return based on net asset value(3)	(8.03)%	(49.51)%	(4.64)%	(7.31)%	0.69%	(5.30)%
Total return based on market value(3)	(1.27)%	(39.98)%	15.17%	(8.35)%	(5.56)%	(2.03)%
Ratio/Supplemental Data:						
Net assets, end of period	$ 74,556	$ 79,615	$ 86,889	$ 110,116	$ 132,287	$ 172,984
Ratio of total expenses to average net assets before waiver(4)	14.69%	25.84%	16.46%	9.96%	7.87%	10.27% (5) (7)
Ratio of total expenses to average net assets after waiver(4)	14.69%	25.84%	16.46%	9.96%	8.00%	9.99% (5) (7)
Ratio of incentive fees to average net assets(4)	(4.91)%	1.68%	2.80%	0.13%	2.89%	3.04% (5)
Ratio of net investment income to average net assets(4)	14.02%	11.77%	11.18%	12.30%	11.56%	10.52% (5) (7)
Portfolio turnover	66%	64%	81%	67%	116%	27%

(1) The per share data was derived by using the weighted average shares outstanding during the period, except where such calculations deviate from those specified under the instructions to Form N-2. Per share data and shares outstanding have been adjusted for the periods shown to reflect the six-for-one reverse stock split effected on February 28, 2022 on a retrospective basis, as described in Note 2 of the notes to the consolidated financial statements.

(2) The per share data for distributions declared reflects the actual amount of distributions of record per share for the period.

(3) Total return based on net asset value is calculated as the change in net asset value per share, assuming the Company's distributions were reinvested through its dividend reinvestment plan. Total return based on market value is calculated as the change in market value per share, assuming the Company's distributions were reinvested through its dividend reinvestment plan. Total return does not include any estimate of a sales load or commission paid to acquire shares. For the period ended December 31, 2016, total return based on net asset value is calculated as the change in net asset value per share from November 4, 2016 through December 31, 2016, assuming the Company's distributions were reinvested through its dividend reinvestment plan. Total return based on market value is calculated as the change in market value per share from November 4, 2016 through December 31, 2016, assuming the Company's distributions were reinvested through its dividend reinvestment plan, and is assumed to be $12.03 on November 4, 2016. $12.03 represents the closing price of Full Circle's common stock on its last day of trading prior to the Merger, as adjusted by the exchange ratio in the Merger Agreement.

(4) Average net assets used in ratio calculations are calculated using monthly ending net assets for the period presented. For the years ending December 31, 2021, 2020, 2019, 2018 and 2017 and the period ended December 31, 2016 average net assets were $87,975, $60,884, $97,791, $124,668, $151,986 and $179,366, respectively.

(5) Annualized for periods of less than one year.

(6) Net asset value at the beginning of the period is the net asset value per share as of the consummation of the Merger, as adjusted for the reverse stock split noted in footnote (1). Management corrected this heading to correspond to the timing of the Merger. The heading was corrected to read "November 3, 2016 to December 31, 2016," whereas it had previously been presented as "November 4, 2016 (commencement of operations) to December 31, 2016." November 3, 2016 is the date on which the Merger closed; November 4, 2016 is the date on which the Company began operating as the combined entity resulting from the Merger. On November 3, 2016, the Company recognized approximately $3,444 of organization costs in connection with the Merger, which were included in calculating the beginning of the period net asset value, and amounted to $(1.60) per share, based on 2,148,184 shares issued and outstanding on November 3, 2016. Per share amount and shares issued and outstanding on November 3, 2016 have been retrospectively adjusted to reflect the six-for-one reverse stock split effected on February 28, 2022, as described in Note 2 of the notes to the consolidated financial statements.

(7) Management corrected the expense ratios to reflect $3,444 of one-time non-recurring organization costs incurred in connection with the merger/formation transaction in the applicable ratio. The ratio of expenses (without management fees, incentive fees and interest and credit facility expenses) to average net assets was corrected to 4.37% (an increase of 1.92 percentage points); the ratio of total expenses to average net assets before waiver was corrected to 10.27% (an increase of 1.92 percentage points), the ratio of total expenses to average net assets after waiver was corrected to 9.99% (an increase of 1.92 percentage points); and the ratio of net investment income to average net assets was corrected to 10.52% (a reduction of 1.92 percentage points).

Fees and Expenses

The following table is intended to assist you in understanding the fees and expenses that an investor in our common stock will bear, directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. The following table should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. Except where the context suggests otherwise, whenever this Form 10-K/A contains a reference to fees or expenses, paid by "us" or that "we" we will pay fees or expenses our stockholders will indirectly bear such fees or expenses as investors in us.

Stockholder transaction expenses (as a percentage of offering price):		
Sales load	—	(1)
Offering expenses	—	(2)
Dividend reinvestment plan expenses	Up to $15	(3)
Total stockholder transaction expenses		
Annual expenses (as a percentage of net assets attributable to common stock):		
Base management fee	3.08%	(4)
Incentive fee	(2.45)%	(5)
Interest payments on borrowed funds	8.48%	(6)
Other expenses	2.51%	
Total annual expenses	11.62%	

(1) In the event that shares of our common stock are sold to or through underwriters, the applicable prospectus or prospectus supplement will disclose the applicable sales load (underwriting discount or commission). Purchases of shares of our common stock on the secondary market are not subject to sales charges but may be subject to brokerage commissions or other charges. The table does not include any sales load that stockholders may have paid in connection with their purchase of shares of our common stock.

(2) The applicable prospectus or prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the offering expenses borne by us as a percentage of the offering price.

(3) The expenses of the dividend reinvestment plan are included in "other expenses" in the table above. We have adopted a dividend reinvestment plan that provides for reinvestment of our dividends and other distributions on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our Board authorizes, and we declare, a cash distribution, our stockholders who have not opted out of our dividend reinvestment plan will have their cash distributions (net of any applicable withholding tax) automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions. The plan administrator's fees under the plan will be paid by us. If a participant elects by written notice to the plan administrator to have the plan administrator sell part or all of the common stock held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a transaction fee of $15 plus a per share brokerage commission from the proceeds.

(4) We are externally managed by GECM and our base management fee is calculated at an annual rate of 1.50% based on the average value of our total assets (other than cash or cash equivalents, but including assets purchased with borrowed funds or other forms of leverage). Consequently, if we have borrowings outstanding, the base management fee as a percentage of net assets attributable to common shares would be higher than if we did not utilize leverage.

(5) See "Item 1. Business — Management and Incentive Fees."

(6) Assumes borrowings representing approximately 119% of our average net assets at an average annual interest rate of 6.33%. The amount of leverage that we may employ at any particular time will depend on, among other things, our Board's and GECM's assessment of market and other factors at the time of any proposed borrowing.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses remain at the levels set forth in the table above, except for the Incentive Fee based on income. Transaction expenses are not included in the following example.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 common stock investment, assuming a 5% annual return (assumes no return from net realized capital gains) (none of which is subject to the capital gains incentive fee)	$ 161	$ 387	$ 574	$ 912
You would pay the following expenses on a $1,000 common stock investment, assuming a 5% annual return resulting entirely from net realized capital gains (all of which is subject to the capital gains incentive fee)	$ 170	$ 407	$ 598	$ 932

This example should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown. The amounts included in the table above for ‘‘Other expenses’’ represent our estimates for the fiscal year ending December 31, 2022.

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Management Agreement, which, assuming a 5% annual return, would either not be payable or have an immaterial impact on the expense amounts shown above, is not included in the example. Under the Investment Management Agreement, no incentive fee would be payable if we have a 5% annual return. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. The example assumes that all dividends and other distributions are reinvested at NAV. Under certain circumstances, reinvestment of dividends and other distributions under our dividend reinvestment plan may occur at a price per share that differs from NAV.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are a BDC that seeks to generate both current income and capital appreciation through debt and income-generating equity investments, including investments in specialty finance businesses. To achieve our investment objective, we invest in secured and senior secured debt instruments of middle market companies, as well as income-generating equity investments in specialty finance companies, that we believe offer sufficient downside protection and have the potential to generate attractive returns. We generally define middle market companies as companies with enterprise values between $100 million and $2 billion. We also make investments throughout other portions of a company’s capital structure, including subordinated debt, mezzanine debt, and equity or equity-linked securities. We source these transactions directly with issuers and in the secondary markets through relationships with industry professionals.

In December 2021, GESF, a wholly-owned subsidiary of GECC, was formed to oversee specialty finance related investments, and Michael Keller, a seasoned professional with significant experience in specialty finance, was appointed President of GESF. We believe investments in specialty finance companies along the “continuum of lending” provide durable risk adjusted returns that are expected to be largely uncorrelated to the liquid credit markets. The “continuum of lending” as seen by GECM is the various stages of capital that are provided to under-banked small and medium sized businesses and includes, but is not limited to inventory and purchase order financing, receivables factoring, asset-based and asset-backed lending, and equipment financing. GECM believes that ownership interests in multiple specialty finance companies will create a natural competitive advantage for each business and generate both revenue and cost synergies across companies.

On September 27, 2016, we and GECM entered into the Investment Management Agreement and the Administration Agreement, and, upon closing the Merger, we began to accrue obligations to our external investment manager under those agreements. The Investment Management Agreement renews for successive annual periods, subject to requisite Board and/or stockholder approvals.

We have elected to be treated as a RIC for U.S. federal income tax purposes. As a RIC, we will not be taxed on our income to the extent that we distribute such income each year and satisfy other applicable income tax requirements. To qualify as a RIC, we must, among other things, meet source-of-income and asset diversification requirements and annually distribute to our stockholders generally at least 90% of our investment company taxable income on a timely basis. If we qualify as a RIC, we generally will not have to pay corporate level taxes on any income that we distribute to our stockholders.

Investments

Our level of investment activity can and does vary substantially from period to period depending on many factors, including, among others, the amount of debt and equity capital available from other sources to middle-market companies, the level of merger and acquisition activity, pricing in the high yield and leveraged loan credit markets, our expectations of future investment opportunities, the general economic environment as well as the competitive environment for the types of investments we make.

As a BDC, our investments and the composition of our portfolio are required to comply with regulatory requirements. See “Regulation as a Business Development Company” and “Certain Federal Income Tax Matters.”

Revenues

We generate revenue primarily from interest on the debt investments that we hold. We may also generate revenue from dividends on the equity investments that we hold, capital gains on the disposition of investments, and lease, fee, and other income. Our investments in fixed income instruments generally have an expected maturity of three to five years, although we have no lower or upper constraint on maturity. Our debt investments generally pay interest quarterly or semi-annually. Payments of principal of our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments and preferred stock investments may defer payments of cash interest or dividends or PIK. In addition, we may generate revenue in the form of prepayment fees, commitment, origination, due diligence fees, end-of-term or exit fees, fees for providing significant managerial assistance, consulting fees and other investment-related income.

Expenses

Our primary operating expenses include the payment of a base management fee, administration fees (including the allocable portion of overhead under the Administration Agreement), and, depending on our operating results, an incentive fee. The base management fee and incentive fee remunerates GECM for work in identifying, evaluating, negotiating, closing and monitoring our investments. The Administration Agreement provides for reimbursement of costs and expenses incurred for office space rental, office equipment and utilities allocable to us under the Administration Agreement, as well as certain costs and expenses incurred relating to non-investment advisory, administrative or operating services provided by GECM or its affiliates to us. We also bear all other costs and expenses of our operations and transactions. In addition, our expenses include interest on our outstanding indebtedness.

Critical Accounting Policies and Estimates

Valuation of Portfolio Investments

We value our portfolio investments at fair value based upon the principles and methods of valuation set forth in policies adopted by our Board. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Market participants are buyers and sellers in the principal (or most advantageous) market for the asset that (1) are independent of us; (2) are knowledgeable, having a reasonable understanding about the asset based on all available information (including information that might be obtained through due diligence efforts that are usual and customary); (3) are able to transact for the asset; and (4) are willing to transact for the asset (that is, they are motivated but not forced or otherwise compelled to do so).

Investments for which market quotations are readily available are valued at such market quotations unless the quotations are deemed not to represent fair value. Debt and equity securities for which market quotations are not readily available or for which market quotations are deemed not to represent fair value, are valued at fair value using a valuation process consistent with our Board-approved policy.

Our Board approves in good faith the valuation of our portfolio as of the end of each quarter. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that we may ultimately realize. In addition, changes in the market environment and other events may impact the market quotations used to value some of our investments.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in determining the fair value of our investments include, as relevant and among other factors: available current market data, including relevant and applicable market trading and transaction comparables; applicable market yields and multiples, security covenants, call protection provisions, information rights and the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, and merger and acquisition comparables; and enterprise values.

We prefer the use of observable inputs and minimize the use of unobservable inputs in our valuation process. Inputs refer broadly to the assumptions that market participants would use in pricing an asset. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing an asset developed based on the best information available in the circumstances.

Both observable and unobservable inputs are subject to some level of uncertainty and assumptions used bear the risk of change in the future. We utilize the best information available to us, including the factors listed above, in preparing the fair valuations. In determining the fair value of any individual investment, we may use multiple inputs or utilize more than one approach to calculate the fair value to assess the sensitivity to change and determine a reasonable range of fair value. In addition, our valuation procedures include an assessment of the current valuation as compared to the previous valuation for each investment and where differences are material understanding the primary drivers of those changes, incorporating updates to our current valuation inputs and approaches as appropriate.

Revenue Recognition

Interest and dividend income, including PIK income, is recorded on an accrual basis. Origination, structuring, closing, commitment and other upfront fees, including OID, earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment, as are end-of-term or exit fees receivable upon repayment of a debt investment if such fees are fixed in nature. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, and end-of-term or exit fees that have a contingency feature or are variable in nature are recognized as earned. Prepayment fees and similar income due upon the early repayment of a loan or debt security are recognized when earned and are included in interest income.

We may purchase debt investments at a discount to their face value. Discounts on the acquisition of corporate debt instruments are generally amortized using the effective-interest or constant-yield method, unless there are material questions as to collectability.

We assess the outstanding accrued income receivables for collectability at least quarterly, or more frequently if there is an event that indicates the underlying portfolio company may not be able to make the expected payments. If it is determined that amounts are not likely to be paid we may establish a reserve against or reverse the income and put the investment on non-accrual status.

Net Realized Gains (Losses) and Net Change in Unrealized Appreciation (Depreciation)

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale of an investment and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Realized gains and losses are computed using the specific identification method.

Net change in unrealized appreciation or depreciation reflects the net change in portfolio investment fair values and portfolio investment cost bases during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

Portfolio and Investment Activity

The following is a summary of our investment activity for the years ended December 31, 2021 and 2020:

(in thousands)	Acquisitions(1)	Dispositions(2)	Weighted Average Yield End of Period(3)
Quarter ended March 31, 2020	31,882	(29,420)	10.00%
Quarter ended June 30, 2020	15,913	(37,497)	10.18%
Quarter ended September 30, 2020	34,495	(18,037)	10.07%
Quarter ended December 31, 2020	19,070	(27,039)	11.72%
For the year ended December 31, 2020	101,360	(111,993)	
Quarter ended March 31, 2021	58,429	(28,268)	10.91%
Quarter ended June 30, 2021	49,904	(35,583)	11.10%
Quarter ended September 30, 2021	72,340	(31,640)	11.27%
Quarter ended December 31, 2021	34,184	(40,270)	10.81%
For the year ended December 31, 2021	214,857	(135,761)	

(1) Includes new investments, additional fundings (inclusive of those on revolving credit facilities), refinancings and capitalized PIK income. Investments in short-term securities, including U.S. Treasury Bills and money market mutual funds, were excluded.

(2) Includes scheduled principal payments, prepayments, sales, and repayments (inclusive of those on revolving credit facilities). Investments in short-term securities, including U.S. Treasury Bills and money market mutual funds, were excluded.

(3) Weighted average yield is based upon the stated coupon rate and fair value of outstanding debt securities at the measurement date. Debt securities on non-accrual status are included in the calculation and are treated as having 0% as their applicable interest rate for purposes of this calculation, unless such debt securities are valued at zero.

Portfolio Reconciliation

The following is a reconciliation of the investment portfolio for the years ended December 31, 2021 and 2020. Investments in short-term securities, including U.S. Treasury Bills and money market mutual funds, are excluded from the table below.

	For the Year Ended December 31,	
(in thousands)	**2021**	**2020**
Beginning Investment Portfolio, at fair value	$ 151,648	$ 197,615
Portfolio Investments acquired(1)	214,857	101,360
Amortization of premium and accretion of discount, net	3,958	4,999
Portfolio Investments repaid or sold(2)	(135,761)	(111,993)
Net change in unrealized appreciation (depreciation) on investments	(12,922)	(29,356)
Net realized gain (loss) on investments	(9,631)	(10,977)
Ending Investment Portfolio, at fair value	$ 212,149	$ 151,648

(1) Includes new investments, additional fundings (inclusive of those on revolving credit facilities), refinancings, and capitalized PIK income.
(2) Includes scheduled principal payments, prepayments, sales, and repayments (inclusive of those on revolving credit facilities).

Portfolio Classification

The following table shows the fair value of portfolio investments by industry as of December 31, 2021 and 2020

	December 31, 2021		December 31, 2020	
Industry	**Investments at Fair Value**	**Percentage of Fair Value**	**Investments at Fair Value**	**Percentage of Fair Value**
Specialty Finance	47,952	22.60%	$ 15,760	10.39%
Energy Midstream	31,815	15.00%	-	-%
Chemicals	15,058	7.10%	-	-%
Metals & Mining	13,711	6.46%	3,996	2.65%
Internet Media	11,870	5.60%	18,736	12.35%
Construction Materials Manufacturing	10,461	4.93%	9,676	6.38%
Oil & Gas Exploration & Production	9,849	4.64%	-	-%
Restaurants	8,310	3.92%	10,470	6.91%
Wireless Telecommunications Services	8,137	3.84%	29,270	19.30%
Industrial	7,551	3.56%	4,642	3.06%
Transportation Equipment Manufacturing	6,030	2.84%	2,948	1.95%
Home Security	5,590	2.63%	-	-%
Casinos & Gaming	5,291	2.49%	2,820	1.86%
Retail	4,267	2.01%	6,145	4.05%
Hospitality	4,085	1.93%	-	-%
Special Purpose Acquisition Company	3,044	1.43%	-	-%
Oil & Gas Refining	3,030	1.43%	-	-%
Apparel	2,929	1.38%	5,154	3.40%
Healthcare Supplies	2,869	1.35%	-	-%
Food & Staples	2,724	1.28%	8,694	5.73%
Consumer Services	2,640	1.24%	-	-%
Commercial Printing	2,025	0.95%	-	-%
Software Services	1,994	0.94%	4,896	3.23%
Communications Equipment	1,057	0.50%	-	-%
Biotechnology	11	0.01%	-	-%
IT Services	7	0.01%	-	-%
Technology	(158)	(0.07)%	202	0.13%
Oil & Gas	-	-%	20,290	13.38%
Radio Broadcasting	-	-%	3,763	2.48%
Wholesale-Apparel, Piece Goods & Notions	-	-%	2,762	1.82%
Hotel Operator	-	-%	1,203	0.79%
Real Estate Services	-	-%	200	0.13%
Building Cleaning and Maintenance Services	-	-%	162	0.11%
Maritime Security Services	-	-%	19	0.01%
Telecommunications Services	-	-%	(160)	(0.11)%
Total	**$ 212,149**	**100.00%**	**$ 151,648**	**100.00%**

Results of Operations

This "—Results of Operations" discussion should be read in conjunction with the discussion of COVID-19 under "—Recent Developments—COVID 19".

Investment Income

	For the Year Ended December 31,							
	2021				2020			
	In Thousands		Per Share(1)		In Thousands		Per Share(1)	
Total Investment Income	**$**	**25,254**	**$**	**6.20**	**$**	**22,897**	**$**	**10.32**
Interest income		19,917		4.89		19,210		8.66
Dividend income		4,347		1.07		3,107		1.40
Other income		990		0.24		580		0.26

(1) The per share amounts are based on a weighted average of 4,073,454 outstanding common shares for the year ended December 31, 2021 and a weighted average of 2,218,244 outstanding common shares for the year ended December 31, 2020. These weighted average share amounts have been retroactively adjusted for the reverse stock split effected on February 28, 2022. See "—Recent Developments"

Investment income consists of interest income, including net amortization of premium and accretion of discount on loans and debt securities, dividend income and other income, which primarily consists of amendment fees, commitment fees and funding fees on loans. For the years ended December 31, 2021 and 2020, income includes non-cash PIK income of $5.5 million and $5.7 million, respectively.

Interest income was consistent year over year with decreases in interest income from exited investments offset by increases in interest income from new investments. As of December 31, 2021, our investments in the Avanti 2nd Lien secured bonds and 1.5 Lien secured loans were put on non-accrual in connection with write-downs in their respective fair values, resulting in a decrease in interest income of $0.9 million and $0.1 million, respectively, for the year ended December 31, 2021 as compared to the prior year. These positions will remain on non-accrual in future periods until evidence of future collectability is restored. However, there were net increases in interest income in the remaining portfolio, most notably Tensar Corporation, Natural Resource Partners LP and Gateway Casinos & Entertainment Limited for which we recognized increases in interest income of $1.2 million, $0.6 million and $0.5 million, respectively, for the current year as compared to prior year.

Dividend income for the year ended December 31, 2021 increased as compared to the prior year due to distributions of $0.7 million from our new investment in Lenders Funding as well as an increase of approximately $0.8 million in dividends from our investments in preferred equities. These increases were partially offset by a decrease of $0.3 million in distributions from our investment in Prestige.

Other income for the year end December 31, 2021 primarily consists of commitment fees of $0.5 million earned on our investment in the Greenway Health, LLC revolver and $0.3 million on our investment in the Avanti 1.125 Lien secured loan. For the year ended December 31, 2020, other income includes $0.4 million in fees earned in connection with the restricting of our investments in California Pizza Kitchen, Inc. ("CPK") and $0.1 million in commitment fees on our investment in Avanti 1.25 Lien secured loan.

As discussed under "—Recent Developments—COVID 19", the full impact of COVID-19 on each of our portfolio companies is not known at this time. Depending on the duration and extent of the disruption to the operations of our portfolio companies, we expect that certain portfolio companies may experience financial distress and may be unable to make future interest payments or dividend distributions resulting in decreased income to the Company.

The year ended December 31, 2020 saw significant decreases in LIBOR, the primary base rate referenced in our floating rate debt investments. Interest rates began to rebound in 2021 and if they continue to rise it may have a positive impact on interest income for in fiscal year 2022. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for further analysis of the impact of interest rate changes on expected interest income from our portfolio held as of December 31, 2021.

Expenses

	For the Year Ended December 31,			
	2021		2020	
	In Thousands	Per Share(1)	In Thousands	Per Share(1)
Total Expenses	**$ 12,921**	**$ 3.17**	**$ 15,731**	**$ 7.09**
Management fees	3,182	0.78	2,511	1.13
Incentive fees	(4,323)	(1.06)	1,020	0.46
Total advisory and management fees	$ (1,141)	$ (0.28)	$ 3,531	$ 1.59
Administration fees	673	0.17	729	0.33
Directors' fees	233	0.06	198	0.09
Interest expense	10,428	2.56	9,126	4.11
Professional services	1,937	0.48	1,441	0.65
Custody fees	54	0.01	51	0.02
Other	737	0.17	655	0.30
Income Tax Expense				
Excise Tax Expense	48	0.01	17	-

(1) The per share amounts are based on a weighted average of 4,073,454 outstanding common shares for the year ended December 31, 2021 and a weighted average of 2,218,244 outstanding common shares for the year ended December 31, 2020. These weighted average share amounts have been retroactively adjusted for the reverse stock split effected on February 28, 2022. See "—Recent Developments"

Expenses are largely comprised of advisory fees and administration fees paid to GECM and interest expense on our outstanding notes payable. See "—Liquidity and Capital Resources." Advisory fees include management fees and incentive fees calculated in accordance with the Investment Management Agreement, and administration fees include direct costs reimbursable to GECM under the Administration Agreement and fees paid for sub-administration services.

Overall expenses for the year ended December 31, 2021 decreased as compared to the year ended December 31, 2020 primarily driven by the reversal of $5.3 million in incentive fees previously recognized as a result of income reversals and realized losses on investments where proceeds did not cover the amortized cost basis. Excluding these reversals, the fund recognized $1.2 million in income-based incentive fees for the year ended December 31, 2021. Subsequent to year end, GECM has indicated that it intends to waive the remaining accrued incentive fees contingent upon shareholder approval of a reset of the incentive fee calculations in fiscal year 2022.

Management fees increased for the year ended December 31, 2021 as compared to the prior year due to increases in the average fair value of our total portfolio investments over the year.

Fees for professional services increased for the year ended December 31, 2021 as compared to the prior year due to certain one-time costs, including approximately $0.2 million in legal fees for compliance matters and claims related to specific investments which are not expected to recur in future periods. In addition, during the current year, approximately $0.7 million in due from portfolio company balances were determined to be uncollectible and expensed.

For the year ended December 31, 2021, interest expense increased as compared to the corresponding period in the prior year as a result of the issuance of $57.5 million in aggregate principal amount of the GECCO Notes in June and July 2021 which was partially offset by the redemption of the GECCL Notes in July 2021. The early redemption of the GECCL Notes also resulted in recognizing any unamortized debt issuance costs in full during the year ended December 31, 2021.

Realized Gains (Losses)

	For the Year Ended December 31,							
	2021				2020			
	In Thousands		Per Share(1)		In Thousands		Per Share(1)	
Net Realized Gain (Loss)	**$**	**(9,639)**	**$**	**(2.37)**	**$**	**(9,749)**	**$**	**(4.39)**
Gross realized gain		8,128		2.00		4,255		1.92
Gross realized loss		(17,767)		(4.37)		(14,004)		(6.31)

(1) The per share amounts are based on a weighted average of 4,073,454 outstanding common shares for the year ended December 31, 2021 and a weighted average of 2,218,244 outstanding common shares for the year ended December 31, 2020. These weighted average share amounts have been retroactively adjusted for the reverse stock split effected on February 28, 2022. See "—Recent Developments"

During the year ended December 31. 2021, net realized losses on investments were primarily driven by exits from our investments in Davidzon Radio, Inc. ("Davidzon"), OPS Acquisitions Limited and Ocean Protection Services Limited ("OPS"), Boardriders, Inc. and Best Western Luling, on which we recognized $5.7 million, $4.2 million, $2.9 million and $1.3 million, respectively, in realized losses. We recognized realized gains of $4.0 million on sales of our investment in Crestwood Equity Partners LP ("Crestwood") and $1.2 million and $0.4 million, respectively, on paydowns of our investments in Subcom, LLC revolver and CPK 1st Lien secured loan.

During the year ended December 31, 2020, net realized losses on investments were primarily driven by the sales of Commercial Barge, The Finance Company ("TFC"), and Full House Resorts, Inc. during the period, for which we recognized realized losses of $9.8 million, $1.4 million, and $1.3 million, respectively. These losses were partially offset by realized gains on the early repayment of investments, including $1.9 million on our investments in Tensar's first and second lien loans, $0.4 million on investment in the Duff & Phelps revolver, and $0.3 million on our investment in ASP Chromaflo Technologies Corp.'s second lien loan. Realized gains for the year ended December 31, 2020 also includes approximately $1.2 million in realized gain on repurchases of debt below par.

Unrealized Appreciation (Depreciation) on Investments

	For the Year Ended December 31,							
	2021				2020			
	In Thousands		Per Share(1)		In Thousands		Per Share(1)	
Net unrealized appreciation/ (depreciation)	**$**	**(12,921)**	**$**	**(3.17)**	**$**	**(29,356)**	**$**	**(13.23)**
Unrealized appreciation		54,377		13.35		21,363		9.63
Unrealized depreciation		(67,298)		(16.52)		(50,719)		(22.86)

(1) The per share amounts are based on a weighted average of 4,073,454 outstanding common shares for the year ended December 31, 2021 and a weighted average of 2,218,244 outstanding common shares for the year ended December 31, 2020. These weighted average share amounts have been retroactively adjusted for the reverse stock split effected on February 28, 2022. See "—Recent Developments"

For the year ended December 31, 2021, net unrealized depreciation was largely driven by decreases in portfolio company valuations as compared to the prior year end. Most notably, we recognized unrealized depreciation of $32.0 million on our investments in Avanti and approximately $5.9 million on our investments in PFS Holdings Corp. These were offset by unrealized appreciation of $6.0 million, $5.2 million, and $4.2 million on the investments in CPK common equity, Davidzon and OPS 1st lien secured loan, respectively, due to exits from these positions resulting in reversing previously recognized unrealized depreciation.

For the year ended December 31, 2020, net unrealized depreciation was largely driven by decreases in portfolio company valuations as compared to the prior year end. Most notably, we recognized unrealized depreciation of $16.1 million on our investment in Avanti 2nd lien secured bond, approximately $8.0 million on our investments in CPK, which went through a restructuring in November, and $4.1 million on our investment in Davidzon. During the year ended December 31, 2020, unrealized appreciation was primarily due to the sales of Commercial Barge in February and TFC in November, for which we relieved approximately $6.3 million and $1.2 million, respectively, of unrealized losses on the positions as of December 31, 2019. In addition, we had unrealized appreciation due to increases in fair value of investments, including $3.2 million on investment in Crestwood, $2.4 million on our investment in Prestige, and $1.1 million on our investment in APTIM Corp.
Please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 for a discussion of fiscal year 2019.

As discussed under "—Recent Developments—COVID 19", we cannot predict the duration of the COVID-19 pandemic and the resulting impact to our individual portfolio companies or the broader market. It is likely that any recovery may be slow and/or volatile. The current unrealized depreciation on our portfolio may not be reversed in the short-term or at all and we may see further declines in fair value before the pandemic is over.

Liquidity and Capital Resources

This "—Liquidity and Capital Resources" discussion should be read in conjunction with the discussion of COVID-19 under "—Recent Developments—COVID 19".

We generate liquidity through its operations with cash received from investment income and sales and paydowns on investments. Such proceeds are generally reinvested in new investment opportunities, distributed to shareholders in the form of dividends, or used to pay operating expenses. The Company also receives proceeds from our issuances of notes payable and our revolving credit facility and from time to time may raise additional equity capital. See "—Revolver" and "—Notes Payable" below for more information regarding our outstanding credit facility and notes.

At December 31, 2021, we had approximately $9.1 million of cash and cash equivalents and $0.01 million of restricted cash. At December 31, 2021, we had investments in 45 debt instruments across 37 companies, totaling approximately $150.0 million at fair value and 139 equity investments in 119 companies, totaling approximately $62.4 million at fair value.

In the normal course of business, we may enter into investment agreements under which we commit to make an investment in a portfolio company at some future date or over a specified period of time. As of December 31, 2021, we had approximately $31.9 million in unfunded loan commitments to provide debt financing to certain of our portfolio companies. We had sufficient cash and other liquid assets on our December 31, 2021 balance sheet to satisfy the unfunded commitments.

For the year ended December 31, 2021, net cash used in operating activities was approximately $58.5 million, reflecting the purchases and repayments of investments offset by net investment income, including non-cash income related to accretion of discount and PIK income and proceeds from sales of investments and principal payments received. Net cash used in purchases and proceeds from sales of investments was approximately $56.9 million, reflecting payments for additional investments of $191.9 million, offset by proceeds from principal repayments and sales of $135.0 million. Such amounts include draws and repayments on revolving credit facilities.

For the year ended December 31, 2020, net cash provided by operating activities was approximately $27.4 million, reflecting the purchases and repayments of investments offset by net investment income, including non-cash income related to accretion of discount and PIK income and proceeds from sales of investments and principal payments received. Net cash provided by purchases and proceeds from sales of investments was approximately $19.5 million, reflecting payments for additional investments of $92.5 million, offset by proceeds from principal repayments and sales of $112.0 million. Such amounts include draws and repayments on revolving credit facilities.

For the year ended December 31, 2021, cash provided by financing activities was $14.5 million, which consisted of $55.2 million in proceeds from the issuance of the GECCO Notes offset by $30.3 million in repayment on the GECCL Notes and payment of $9.9 million in distributions.

For the year ended December 31, 2020, cash provided by financing activities was $21.2 million, which consisted of $31.7 million in proceeds from issuance of common stock which were offset by $1.5 million in offering costs, $5.0 million in distributions to investors, and $4.1 million in repurchases of our debt.

Contractual Obligations and Cash Requirements

A summary of our significant contractual payment obligations and cash requirements as of December 31, 2021 is as follows:

(in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations					
GECCM Notes	$ 45,610	$ -	$ -	$ 45,610	$ -
GECCN Notes	42,823	-	42,823	-	-
GECCO Notes	57,500	-	-	57,500	-
Total	$ 145,933	$ -	$ 42,823	$ 103,110	$ -

See "—Revolver" and "—Notes Payable" below for more information regarding our outstanding credit facility and notes.

We have certain contracts under which we have material future commitments. Under the Investment Management Agreement, GECM provides investment advisory services to us. For providing these services, we pay GECM a fee, consisting of two components: (1) a base management fee based on the average value of our total assets and (2) an incentive fee based on our performance.

We are also party to the Administration Agreement with GECM. Under the Administration Agreement, GECM furnishes us with, or otherwise arranges for the provision of, office facilities, equipment, clerical, bookkeeping, finance, accounting, compliance and record keeping services at such office facilities and other such services as our administrator.

If any of the contractual obligations discussed above are terminated, our costs under any new agreements that we enter into may increase. In addition, we would likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under our Investment Management Agreement and our Administration Agreement. Any new investment management agreement would also be subject to approval by our stockholders.

Both the Investment Management Agreement and the Administration Agreement may be terminated by either party without penalty upon no fewer than 60 days' written notice to the other.

Revolver

On May 5, 2021, we entered into the Loan Agreement with CNB. The Loan Agreement provides for a senior secured revolving line of credit of up to $25 million (subject to a borrowing base as defined in the Loan Agreement). We may request to increase the revolving line in an aggregate amount not to exceed $25 million, which increase is subject to the sole discretion of CNB. The maturity date of the revolving line is May 5, 2024. Borrowings under the revolving line bear interest at a rate equal to (i) the LIBOR plus 3.50%, (ii) a base rate plus 2.00% or (iii) a combination thereof, as determined by us. As of December 31, 2021, there were no borrowings outstanding under the revolving line.

Borrowings under the revolving line are secured by a first priority security interest in substantially all of our assets, subject to certain specified exceptions. We have made customary representations and warranties and are required to comply with various affirmative and negative covenants, reporting requirements and other customary requirements for similar loan agreements. In addition, the Loan Agreement contains financial covenants requiring (i) net assets of not less than $65 million, (ii) asset coverage equal to or greater than 150% and (iii) bank asset coverage equal to or greater than 300%, in each case tested as of the last day of each fiscal quarter of the Company. Borrowings are also subject to the leverage restrictions contained in the Investment Company Act.

Notes Payable

On September 13, 2017, we issued $28.4 million in aggregate principal amount of 6.50% Notes due 2022 (the "GECCL Notes"). On September 29, 2017, we issued an additional $4.3 million of the GECCL Notes upon full exercise of the underwriters' over-allotment option. We redeemed all of the issued and outstanding GECCL Notes on July 23, 2021 at 100% of the principal amount plus accrued and unpaid interest thereon from April 30, 2021 through, but excluding, the redemption date, July 23, 2021.

On January 11, 2018, we sold $43.0 million in aggregate principal amount of 6.75% notes due 2025 (the "GECCM Notes"). On January 19, 2018 and February 9, 2018, we sold an additional $1.9 million and $1.5 million, respectively, of the GECCM Notes upon partial exercise of the underwriters' over-allotment option. The aggregate principal balance of the GECCM Notes outstanding as of December 31, 2021 is $44.8 million.

On June 18, 2019, we issued $42.5 million in aggregate principal amount of 6.50% Notes due 2024 (the "GECCN Notes"), which included $2.5 million of GECCN Notes issued in connection with the partial exercise of the underwriters' over-allotment option. On July 5, 2019, we issued an additional $2.5 million of the GECCN Notes upon another partial exercise of the underwriters' over-allotment option. The aggregate principal balance of the GECCN Notes outstanding as of December 31, 2021 is $41.7 million.

On June 23, 2021, we issued $50.0 million in aggregate principal amount of 5.875% notes due 2026 (the "GECCO Notes" and, together with the GECCM Notes and GECCN Notes, the "Notes"). On July 9, 2021, we issued an additional $7.5 million of the GECCO Notes upon full exercise of the underwriters' over-allotment option. The aggregate principal balance of the GECCO Notes outstanding as of December 31, 2021 is $55.4 million.

The Notes are our unsecured obligations and rank equal with all of our outstanding and future unsecured unsubordinated indebtedness. The unsecured notes are effectively subordinated, or junior in right of payment, to indebtedness under our Loan Agreement and any other future secured indebtedness that we may incur and structurally subordinated to all future indebtedness and other obligations of our subsidiaries. We pay interest on the Notes on March 31, June 30, September 30 and December 31 of each year. The GECCM Notes, GECCN Notes and GECCO Notes will mature on January 31, 2025, June 30, 2024 and June 30, 2026, respectively. The GECCM Notes and GECCN Notes are currently callable at the Company's option and the GECCO Notes can be called on, or after, June 30, 2023. Holders of the Notes do not have the option to have the Notes repaid prior to the stated maturity date. The Notes were issued in minimum denominations of $25 and integral multiples of $25 in excess thereof.

We may repurchase the Notes in accordance with the Investment Company Act and the rules promulgated thereunder.

As of December 31, 2021, our asset coverage ratio was approximately 151.1%. We are subject to a minimum asset coverage ratio of 150%.

Recent Developments

On January 27, 2022, the Company announced that the Board has approved a 6-for-1 reverse stock split of the Company's outstanding common stock. As a result of the reverse stock split, every six shares of the Company's issued and outstanding common stock were converted into one share of issued and outstanding common stock. No fractional shares were issued as a result of the reverse stock split. Any fractional shares as a result of the reverse stock split were redeemed for cash at the closing market price on the business day immediately prior to the effective date of the reverse stock split. The reverse stock split was effective for trading purposes on February 28, 2022.

Our Board set distributions for the quarter ending March 31, 2022 at a rate of $0.60 per share, and for the quarter ending June 30, 2022 at a rate of $0.45 per share, in each case giving effect to the reverse stock split completed on February 28, 2022. The full amount of each distribution will be from distributable earnings. The schedule of distribution payments will be established by GECC pursuant to authority granted by our Board. The March and June distributions will be paid in cash.

On February 3, 2022, the Company purchased a majority ownership interest in Sterling Commercial Credit, LLC ("SCC"), a provider of asset-based loans to middle market companies throughout the U.S. The aggregate purchase prices was approximately $7.5 million, which consisted of $4.9 million in cash and 117,117 shares of the Company's common stock issued at NAV for aggregate consideration of $2.6 million. In connection with the acquisition, the Company is also providing subordinated debt to SCC.

On February 18, 2022, the Company entered into a joint venture with Utica LeaseCo. LLC ("Utica") for the purpose of co-investing in proprietary equipment financings originated by Utica. Utica has been providing customized equipment loan and lease options for businesses of all sizes throughout the continental U.S. since 2005. The Utica transaction remains subject to the approval of Utica's senior lenders.

In March 2022, GECM indicated that it intends to waive all accrued and unpaid incentive fees as of March 31, 2022, provided that our stockholders approve a proposal to reset the incentive fee total return hurdle under our Investment Management Agreement at our next annual stockholder meeting. As of December 31, 2021, there were approximately $4.9 million of accrued fees held on our balance sheet. If that waiver is obtained, we would expect to recognize the reversal of these accrued fees during the period ending March 31, 2022, contingent upon approval of the new incentive fee hurdles by our stockholders, resulting in a corresponding increase in income and increase in NAV in such period (subject to any offsetting additional expenses or losses).

On March 2, 2022, Peter Reed notified the Company that he would resign from his position as the Company's Chief Executive Officer and President and as Chairman of the Board, and each of Randall Revell Horsey and Michael Speller notified the Company that they would resign from the Board, in each case effective after the filing of this Annual Report on Form 10-K for the fiscal year ended December 31, 2021. The resignations were not the result of any disagreement with the Company.

The Company expects that, immediately after the effectiveness of Peter Reed's resignation, the Board will appoint Matt Kaplan, as the Company's Chief Executive Officer and President. Mr. Kaplan has served as a portfolio manager for GECM since October 2020, as well as a managing director at Imperial Capital Asset Management, LLC since 2020.

The Company expects that, immediately after the effectiveness of the resignations noted above, the Board will appoint Richard Cohen as a Class I director and Matthew A. Drapkin as a Class II Director to fill the vacancies on the Board created thereby. The Company expects to name an additional independent director shortly.

COVID-19

The COVID-19 pandemic continues to disrupt economic markets. The economic impact, duration and spread of the COVID-19 virus, including new variants, is uncertain at this time. The operational and financial performance of some of the portfolio companies in which we make investments has been and may further be significantly impacted by COVID-19, which may in turn impact the valuation of our investments, results of our operations and cash flows.

Our investment manager prioritizes the health and safety of employees and in early March 2020, GECM moved to a remote-working model for all employees. In addition, the officers of GECC have maintained regular communications with key service providers, including the fund administration, legal and accounting professionals, noting that those firms have similarly moved to remote-working models to the extent possible. Our employees and key service providers have been able to effectively transition to working remotely while maintaining a consistent level of capabilities and service, however, we will continue to monitor and make adjustments as necessary.

While we have been carefully monitoring the COVID-19 pandemic and its impact on our business and the business of our portfolio companies, we have continued to fund our existing debt commitments. In addition, we have continued to make, and expect to continue to make, new investments.

We cannot predict the full impact of the COVID-19 pandemic, including its duration in the United States and worldwide and the magnitude of the economic impact of the outbreak, including with respect to the travel restrictions, business closures and other quarantine measures imposed on service providers and other individuals by various local, state, and federal governmental authorities, as well as non-U.S. governmental authorities. As such, we are unable to predict the duration of any business and supply-chain disruptions, the extent to which the COVID-19 pandemic will negatively affect our portfolio companies' operating results or the impact that such disruptions may have on our results of operations and financial condition. Our portfolio is diversified across multiple industries and the direct and indirect impacts of the COVID-19 pandemic will be dependent on the specific circumstances for each portfolio company. For example, companies that derive revenues through in-person interactions with customers, such as restaurants and retail stores, have been and may be subject to reduced capacity or shutdowns based on local government advisories and regulations. Other companies may be better able to adapt to the changing environment by moving their workforce to a remote-working model and leveraging technology solutions to interact with customers.

Depending on the duration and extent of the disruption to the operations of our portfolio companies, we expect that certain portfolio companies may experience financial distress and possibly default on their financial obligations to us and their other capital providers. We also expect that some of our portfolio companies may significantly curtail business operations, furlough or lay off employees and terminate service providers, and defer capital expenditures if subjected to prolonged and severe financial distress, which would likely impair their business on a permanent basis. These developments would likely result in a decrease in the value of our investment in any such portfolio company.

The COVID-19 pandemic and the related disruption and financial distress experienced by our portfolio companies may have material adverse effects on our investment income, particularly our interest income, received from our investments. In connection with the adverse effects of the COVID-19 pandemic, we may need to restructure our investments in some of our portfolio companies, which could result in reduced interest payments, an increase in the amount of PIK interest we receive, or result in permanent write-downs on our investments.

We will continue to monitor the evolving situation relating to the COVID-19 pandemic and guidance from U.S. and international authorities, including federal, state and local public health authorities and may take additional actions based on their recommendations. In these circumstances, there may be developments outside our control requiring us to adjust our plan of operation. As such, given the dynamic nature of this situation, we cannot reasonably estimate the impacts of COVID-19 on our financial condition, results of operations or cash flows in the future. To the extent our portfolio companies are adversely impacted by the effects of the COVID-19 pandemic, it may have a material adverse impact on our future net investment income, the fair value of our portfolio investments, their financial condition and the results of operations and financial condition of our portfolio companies.

We are also subject to financial risks, including changes in market interest rates. As of December 31, 2021, approximately $86.0 million in principal amount of our debt investments bore interest at variable rates, which are generally based on LIBOR, and many of which are subject to certain floors. In connection with the COVID-19 pandemic, the U.S. Federal Reserve and other central banks have reduced certain interest rates and LIBOR has decreased. A prolonged reduction in interest rates will reduce our gross investment income and could result in a decrease in our net investment income if such decreases in interest rates are not offset by a corresponding increase in the spread over LIBOR that we earn on any portfolio investments or a decrease in our operating expenses. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for an analysis of the impact of hypothetical base rate changes in interest rates.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are subject to financial market risks, including changes in interest rates. As of December 31, 2021, 26 debt investments in our portfolio bore interest at a fixed rate, and the remaining 18 debt investments were at variable rates, representing approximately $148.0 million and $86.0 million in principal debt, respectively. As of December 31, 2020, 10 debt investments in our portfolio bore interest at a fixed rate, and the remaining 20 debt investments were at variable rates, representing approximately $85.6 million and $105.0 million in principal debt, respectively. The variable rates are generally based upon the LIBOR or US prime rate.

To illustrate the potential impact of a change in the underlying interest rate on our net investment income, we have assumed a 1%, 2%, and 3% increase and 1%, 2%, and 3% decrease in the underlying reference rate, and no other change in our portfolio as of December 31, 2021. We have also assumed there are no outstanding floating rate borrowings by the Company. See the following table for the effect the rate changes would have on net investment income.

Reference Rate Increase (Decrease)	Increase (decrease) of Net Investment Income (in thousands)(1)
3.00%	$2,056
2.00%	1,370
1.00%	685
(1.00)%	(39)
(2.00)%	(79)
(3.00)%	(118)

(1) Several of our debt investments with variable rates contain a reference rate floor. The actual increase (decrease) of net investment income reflected in the table above takes into account such floors to the extent applicable.

Although we believe that this analysis is indicative of our existing interest rate sensitivity at December 31, 2021, it does not adjust for changes in the credit quality, size and composition of our portfolio, and other business developments, including borrowing under a credit facility, that could affect the net increase (decrease) in net assets resulting from operations. Accordingly, no assurances can be given that actual results would not differ materially from the results under this hypothetical analysis.

We may in the future hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to the investments in our portfolio with fixed interest rates.

Item 8. Financial Statements and Supplementary Data.

The financial statements listed in the index to financial statements immediately following the signature page to this report are incorporated herein by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of December 31, 2021, we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic filings with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management's Report on Internal Control Over Financial Reporting

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) or 15d-15(e)) as of the end of the year covered by this Annual Report on Form 10-K. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. The internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's transactions are being made only in accordance with authorizations of management, and;
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the framework established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of this assessment and based on the criteria in the COSO framework, management has concluded that, as of December 31, 2021, our internal control over financial reporting was effective.

Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to rules of the SEC that permit the Company to provide only management's report in this Annual Report on Form 10-K.

Attestation Report of the Independent Registered Public Accounting Firm

Not applicable.

Changes in Internal Controls Over Financial Reporting

Management did not identify any change in the Company's internal control over financial reporting that occurred during the fourth fiscal quarter of the year ending December 31, 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Board of Directors

Our Board is divided into three classes and directors are elected for staggered terms, with a term of office of one of the three classes of directors expiring at each annual stockholders' meeting. Each director will hold office for the term ending at the third Annual Stockholders' Meeting following his election and until his successor is duly elected and qualified. Our directors consist of two groups—interested directors and independent directors. An interested director is an "interested person" as defined in Section 2(a)(19) of the Investment Company Act. Our Board and committee membership is as follows:

Director	Class	Term Expires	Audit Committee	Nominating & Corporate Governance Committee	Compensation Committee
Mark Kuperschmid	I	2023	✓	Chair	✓
Richard Cohen	I	2023	Chair	✓	✓
Matthew Drapkin*	II	2024			
Erik A. Falk*	II	2024			
Chad Perry	III	2022	✓	✓	Chair

* Interested Director.

Biographical Information

Name, Address and Age(1)	Position(s) Held with GECC	Term of Office (Length of Time Served)	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director/ Nominee	Other Directorships Held by Director During Past 5 Years
Mark Kuperschmid (59)	Director	Until 2023 (since inception)	Managing Member – Benmark Investments LLC	N/A	None
Richard M. Cohen (71)	Director	Until 2023 (since 2022)	President – Richard M. Cohen Consultants	N/A	Smart For Life Direct Digital Holdings Ondas Network
Matthew A. Drapkin (49)(2)	Chairman of the Board of Directors	Until 2024 (since 2022)	Chief Executive Officer – Northern Right Capital Management L.P. ("Northern Right")	4(3)	Northern Right GEG PRGX Intevac
Erik A. Falk (52)(4)	Director	Until 2024 (since 2021)	Head of Strategy – Magnetar Capital	N/A	None
Chad Perry (50)	Director	Until 2022 (since 2022)	Executive Vice President and General Counsel – Tanger Factory Outlet Centers, Inc.	N/A	DWS Fund Complex

(1) The address for the directors is c/o Great Elm Capital Corp., 800 South Street, Suite 230. Waltham. Massachusetts 02453.

(2) Mr. Drapkin is an interested person of the Company due to his and Northern Right's ownership of GEG's common stock and GEG PIK Notes.

(3) Mr. Drapkin is also the managing member of the general partner of BC Advisors, LLC ("BCA"), the General Partner of Northern Right. Northern Right is the general partner of Northern Right (QP), L.P. ("Northern Right QP") and NRC Partners I, LP ("NRC"). Therefore, Northern Right has control of both entities. Northern Right also has investment management agreements with two separately managed accounts giving Northern Right the power to vote, acquire or dispose of securities.

(4) Mr. Falk is an interested person of the Company due to his ownership of PIK notes issued by GEG.

Mark Kuperschmid is our Lead Independent Director. Mr. Kuperschmid has served as managing member of Benmark Investments LLC since May 2006 and has been a private investor/advisor across a variety of industries, and has served in operating roles or provided strategic consulting services with respect to several investments. He previously served as Co-Head of Technology Investment Banking for Banc of America Securities and ran Trammell Crow Company's Northern California commercial real estate operation. He began his career as a financial analyst with Morgan Stanley in New York. Mr. Kuperschmid holds a B.S./B.A. with honors from the University of Pennsylvania (Wharton) and an M.B.A. from Stanford University. We believe Mr. Kuperschmid's involvement with GECC and his experience advising and consulting in various industries qualifies him to serve on our Board of Directors.

Richard Cohen has been the President of Richard M. Cohen Consultants since 1996, a company providing financial consulting services to both public and private companies. He has served as a Director of Ondas Holdings (NASDAQ: ONDS) since 2018, Direct Digital (NASDAQ: DRCT) since November 2021 and Smart For Life, Inc. (NASDAQ: SMFL) since February 2022. From March 2012 to July 2015, he was the Founder and Managing Partner of Chord Advisors, a firm providing outsourced CFO services to both public and private companies. From May 2012 to August 2013, he was the Interim CEO and member of the Board of Directors of CorMedix Inc. (NYSE: CRMD). From July 2008 to August 2012, Mr. Cohen was a member of the Audit Committee of Rodman and Renshaw, an investment banking firm. From July 2001 to August 2012, he was a partner with Novation Capital until its sale to a private equity firm. Mr. Cohen holds a B.S. with honors from the University of Pennsylvania (Wharton), an M.B.A. from Stanford University and a CPA from New York State (inactive). We believe Mr. Cohen's accounting background and his service as a director for other companies qualifies him to serve on our Board of Directors.

Matthew A. Drapkin is the Chief Executive Officer & Portfolio Manager of Northern Right Capital, an alternative asset manager focused on small and mid cap public companies. Mr. Drapkin currently serves as Executive Chairman of Boardroom Alpha, Inc., an analytics company. Mr. Drapkin previously served on the board of directors of Intevac, a publicly-traded provider of equipment solutions to the hard- disk drive industry and high-sensitivity imaging products, primarily for the defense market, as Chairman of the Board of Ruby Tuesday, a restaurant operator, Lead Independent Director of Hot Topic, a specialty retailer, and a director of Xura (formerly known as Comverse), a provider of telecommunications businesses solutions, Glu Mobile, a mobile gaming company, Plato Learning, a provider of curriculum management, and Alloy, a diversified media company. Before joining Northern Right in December 2009, Mr. Drapkin had extensive investment experience, including his work as Head of Research, Special Situations, and Private Equity at ENSO Capital, a New York-based hedge fund, and Senior VP of Corporate Development at MacAndrews & Forbes, where he participated in more than $3 billion of transactions, including Scientific Games, Deluxe Entertainment Services, AM General, and Scantron. Prior to MacAndrews & Forbes, Mr. Drapkin served as General Manager of two of Condé Nast publications' wholly-owned Internet sites, Epicurious.com and Concierge.com, and headed Conde Nast's Internet venture investment effort. Mr. Drapkin began his career as an investment banker at Goldman, Sachs and Co. where he advised companies on corporate finance and M&A matters. He holds a J.D. from Columbia Law School, an M.B.A. from Columbia Business School, and a B.A. in American History from Princeton University. Mr. Drapkin is an "interested person" of GECC as defined in the Investment Company Act due to his and Northern Right's ownership of the common stock of GEG and the GEG PIK Notes. We believe Mr. Drapkin's experience with Northern Right and service as a director of other companies qualifies him to serve on our Board of Directors.

Erik A. Falk currently serves as Head of Strategy at Magnetar Capital, an alternative asset manager with about $13 billion in AUM as of January 2021. His primary focus is developing and implementing strategic initiatives within the firm's Alternative Credit and Fixed Income business. Before joining Magnetar Capital in early 2017, Mr. Falk oversaw certain funds at Kohlberg Kravis Roberts & Co. ("KKR") as Global Head of Private Credit, and served on the firm's Private Credit Investment Committee, its Leveraged Credit Investment Committee and its Portfolio Management Committee for the credit business. Mr. Falk has served on the boards of the Loan Syndications and Trading Association (LSTA), Corporate Capital Trust and Corporate Capital Trust II − Business development companies sub-advised by KKR – and various companies on behalf of Deutsche Bank. Mr. Falk is an "interested person" of GECC as defined in the Investment Company Act due to his ownership of GEG PIK Notes. Mr. Falk holds a B.S. and an M.S. from Stanford University. We believe Mr. Falk's asset management and credit market insights and experience qualify him to serve on our Board of Directors.

Chad Perry joined Tanger Factory Outlet Centers, Inc. in December 2011 as Executive Vice President - General Counsel and was named Secretary in May 2012. His responsibilities include corporate governance, compliance, management of the in-house legal department and other legal matters, as well as Human Resources, Business Development and Real Estate Development. He was Executive Vice President and Deputy General Counsel of LPL Financial Corporation from May 2006 to December 2011. Previously, he was Senior Corporate Counsel of EMC Corporation. Chad began his legal career with international law firm Ropes & Gray LLP. Mr. Perry is a graduate of Princeton University, and earned a J.D. from Columbia University, where he was a Harlan Fiske Stone Scholar. He is a member of both the Massachusetts and California bar associations. We believe Mr. Perry's executive and legal experience and service as a director at a fund company qualifies him to serve on our Board of Directors.

Executive Officers

Name, Address and Age(1)	Position(s) Held with GECC	Term of Office (Length of Time Served)	Principal Occupation(s) During Past 5 Years
Matt Kaplan (35)	Chief Executive Officer and President	Since March 2022	Chief Executive Officer and President – GECC Portfolio Manager – GECM Managing Director – ICAM Analyst – Citadel LLC
Keri A. Davis (38)	Chief Financial Officer and Treasurer	Since March 2019	SEC Reporting Manager – GECM Senior Manager – PricewaterhouseCoopers LLP ("PwC")
Adam M. Kleinman (47)	Chief Compliance Officer and Secretary	Since October 2017	Chief Operating Officer, Chief Compliance Officer and General Counsel – GECM President and Chief Operating Officer – GEG Partner, Chief Operating Officer and General Counsel – MAST Capital

(1) The address for each of our executive officers is c/o Great Elm Capital Corp., 800 South Street, Suite 230, Waltham, Massachusetts 02453.

Matt Kaplan has been our Chief Executive Officer and President since March 2022. Mr. Kaplan has served as a Portfolio Manager for GECM, since October 2020, as well as a Managing Director of ICAM focused on investment opportunities across the capital structure. Mr. Kaplan joined ICAM in 2020 after spending four years at Citadel LLC from 2015 to 2019 investing in special situations and event-driven credit and equities. Mr. Kaplan previously worked in Research with Imperial Capital US from 2007 to 2014 and moved to Imperial Capital UK from 2014 to 2015. Mr. Kaplan earned a B.S. in Managerial Economics from the University of California, Davis and holds the Chartered Financial Analyst designation from the CFA Institute.

Keri A. Davis has been our Chief Financial Officer and Treasurer since March 2019. Prior to serving in these positions, Ms. Davis served as SEC Reporting Manager of GECM since June 2018. Prior to joining GECC, Ms. Davis served as a senior manager in the audit practice at PwC, a multinational professional services firm focusing on audit and assurance, tax and consulting services. She was employed in various capacities in the audit practice at PwC from 2005 to 2017. Ms. Davis holds a B.B.A in Accounting from the University of Massachusetts Amherst.

Adam M. Kleinman has been our Chief Compliance Officer and Secretary since September 2017. Mr. Kleinman has served as GEG's President and Chief Operating Officer since March 2018, and as GECM's Chief Operating Officer, Chief Compliance Officer and General Counsel since November 2016. Mr. Kleinman was a Partner, Chief Operating Officer and General Counsel of MAST Capital from March 2009 to September 2017. Prior to joining MAST Capital, Mr. Kleinman was an associate in the Banking and Leverage Finance group at Bingham McCutchen LLP, where he represented financial institutions, hedge funds and corporate borrowers in a broad range of commercial finance transactions. He holds a J.D. from the University of Virginia School of Law and a B.A. in History from Haverford College.

Corporate Governance

Code of Business Conduct and Ethics

We adopted a code of business conduct and ethics which applies to, among others, our executive officers, including our Chief Executive Officer and our Chief Financial Officer. Our code of conduct can be accessed via our website at www.greatelmcc.com. We intend to disclose any amendments to or waivers of required provisions of the code by filing reports on Form 8-K.

Director Independence

The Nasdaq Rules require listed companies to have a board of directors with at least a majority of "Independent Directors" (as such term is defined in the Nasdaq Rules). Under the Nasdaq Rules, in order for a director to be deemed independent, the board of directors must determine that the individual does not have a relationship that would interfere with the director's exercise of independent judgment in carrying out his or her responsibilities.

In accordance with the Nasdaq Rules, our Board of Directors annually determines each director's independence. We do not consider a director independent unless our Board of Directors determines that he or she has no material relationship with us or our external investment manager, GECM. We monitor the relationships of our directors and officers through a questionnaire that each director completes no less frequently than annually and updates periodically as information provided in the most recent questionnaire changes. In order to evaluate the materiality of any such relationship, our Board of Directors uses the definition in Nasdaq Rule 5605(a)(2), which provides that a director of a BDC shall be considered to be independent if he or she is not an "interested person" of the BDC, as defined in Section 2(a)(19) of the Investment Company Act. Our Board of Directors determined that each of the directors is independent and has no relationship with us, except as a director and stockholder, with the exception of Mr. Drapkin and Mr. Falk.

Any member of our Board of Directors who has previously been determined to be independent must inform the Chairman of our Board of Directors, the Chairman of the Nominating and Corporate Governance Committee and our Corporate Secretary of any change in circumstance that may cause his or her status as an Independent Director to change. Our Board of Directors limits membership on the Audit Committee and the Nominating and Corporate Governance Committee to Independent Directors.

Board Composition and Leadership Structure

The Investment Company Act requires that at least a majority of the members of our Board of Directors be independent directors. Currently, three of our five directors are independent directors. Our Board of Directors designated Mark Kuperschmid as our Lead Independent Director. As Lead Independent Director, Mr. Kuperschmid is responsible for coordinating the activities of the other independent directors and for such other duties as are assigned, from time to time, by our Board of Directors. Our Board of Directors determined that its leadership structure is appropriate in light of the services that GECM and its affiliates provide to us and the potential conflicts of interest that could arise from these relationships.

Risk Oversight

As is the case with virtually all investment companies, including externally managed BDCs such as GECC (as distinguished from operating companies), service providers to GECC, primarily GECM (located at 800 South Street, Suite 230, Waltham, MA 02453), have responsibility for the day-to-day management of GECC, which includes responsibility for risk management (including management of investment performance and investment risk, valuation risk, issuer and counterparty credit risk, compliance risk and operational risk).

Our Audit Committee (which consists only of Independent Directors) meets regularly, and between meetings the Audit Committee Chair maintains contact with our independent registered public accounting firm and our Chief Financial Officer. In addition, our Audit Committee from time to time meets with the independent valuation services that evaluate certain of our securities holdings for which there are not readily available market values. Our Board of Directors also receives periodic presentations from senior personnel of GECM regarding risk management generally, as well as periodic presentations regarding specific operational, compliance or investment areas such as business continuity, personal trading, valuation, credit and investment research. In addition, our Board of Directors, GECM and our other service providers adopted a variety of policies, procedures and controls designed to address particular risks to us. However, it is not possible to eliminate all of the risks. Our Board of Directors also receives reports from our legal counsel or lawyers of GECM regarding regulatory compliance and governance matters. The Board of Directors' oversight role does not make our Board of Directors a guarantor of our investments or activities or the activities of any of our service providers.

Our Board of Directors also performs its risk oversight responsibilities with the assistance of the Chief Compliance Officer. Our Board of Directors annually reviews a written report from our Chief Compliance Officer discussing the adequacy and effectiveness of our and our service providers' respective compliance policies and procedures.

Our Board of Directors believes its role in risk oversight is effective and appropriate given the extensive regulation to which it is already subject as a BDC. As a BDC, we are required to comply with regulatory requirements that control the levels of risk in our business and operations. For example, our ability to incur indebtedness is limited such that our asset coverage must equal at least 150% immediately after each time we incur indebtedness and we generally have to invest at least 70% of our gross assets in "qualifying assets."

Committees of the Board of Directors

As of December 31, 2021, GECC maintains an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee.

Audit Committee. The Audit Committee is a standing committee established in accordance with section 3(a)(58)(A) of the Exchange Act that operates pursuant to an Audit Committee Charter approved by our Board of Directors. The Audit Committee Charter sets forth the responsibilities of the Audit Committee, which include selecting or retaining each year an independent registered public accounting firm (the "auditors") to audit our annual financial statements; reviewing and discussing with management and the auditors our annual audited financial statements, including disclosures made in management's discussion and analysis, and recommending to our Board of Directors whether the audited financial statements should be included in our annual report on Form 10-K; reviewing and discussing with management and the auditors our quarterly financial statements prior to the filing of our quarterly reports on Form 10-Q; pre-approving our auditors' engagement to render audit and/or permissible non-audit services: evaluating the qualifications, performance and independence of the auditors; reviewing preliminary valuations of the investment adviser and independent valuation firms and recommending valuations to our Board of Directors; and recommending compensation of our Chief Financial Officer to our Board of Directors for determination. Our Audit Committee is currently composed of three persons: Mr. Cohen, Mr. Kuperschmid and Mr. Perry, all of whom are considered independent directors under Nasdaq Rule 5605(a)(2). Mr. Cohen currently serves as Chair of the Audit Committee. Our Board of Directors determined that Mr. Cohen qualifies as an "audit committee financial expert" as that term is defined under Item 407 of Regulation S-K under the Exchange Act.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for selecting qualified nominees to be elected to our Board of Directors by stockholders; identifying, selecting or recommending qualified nominees to fill any vacancies on our Board of Directors or a committee hereof; developing and recommending to our Board of Directors a set of corporate governance principles applicable to the Company; overseeing the evaluation of our Board of Directors and management; and undertaking such other duties and responsibilities as may from time to time be delegated by our Board of Directors to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is composed of three persons: Mr. Kuperschmid, Mr. Cohen and Mr. Perry, all of whom are considered independent directors under Nasdaq Rule 5605(a)(2). Mr. Kuperschmid currently serves as the Chair of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee considers stockholder recommendations for possible nominees for election as directors when such recommendations are submitted in accordance with our Bylaws, the Nominating and Corporate Governance Committee Charter and any applicable law, rule or regulation regarding director nominations. Nominations should be sent to Corporate Secretary, Great Elm Capital Corp., 800 South Street, Suite 230, Waltham, MA 02453. To have a candidate considered by our Nominating and Corporate Governance Committee, a stockholder must submit the recommendation in writing and must include the information required by, and follow the procedures specified in, our Bylaws.

Criteria considered by the Nominating and Corporate Governance Committee in evaluating the qualifications of individuals for election as members of our Board of Directors include, to the extent required, compliance with the independence and other applicable requirements of the federal securities laws, the Nasdaq Rules, and any other applicable laws, rules, or regulations; the ability to contribute to the effective management of GECC, taking into account the ability to critically review, evaluate, question and discuss information provided to them, and to interact effectively with our management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties; educational background, business, professional training or practice (e.g., finance, accounting or law), public service or academic positions, experience from service as a board member (including our Board of Directors) or as an executive of investment funds, public companies or significant private or not-for-profit entities or other organizations, and/or other life experiences; and personal and professional integrity, character, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that the Nominating and Corporate Governance Committee considers appropriate. Our Board of Directors also believes it is appropriate for members of our management to serve as a member of our Board of Directors. In addition, although our Nominating and Corporate Governance Committee does not have a formal policy with regard to consideration of diversity in identifying director candidates, our Nominating and Corporate Governance Committee may consider whether a potential candidate’s professional experience, education, skills and other individual qualities and attributes, including gender, race or national origin, would provide beneficial diversity of skills, experience or perspective to our Board of Directors’ membership and collective attributes. Such considerations will vary based on our Board of Directors’ existing membership and other factors, such as the strength of a potential nominee’s overall qualifications relative to diversity considerations.

Compensation Committee. The Compensation Committee is responsible for determining, or recommending to our Board of Directors for determining, the compensation of our Chief Executive Officer and all other executive officers, paid directly by us, if any. Additionally, the Compensation Committee assists our Board of Directors with all matters related to compensation, as directed by our Board of Directors. The Compensation Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Compensation Committee. The current members of the Compensation Committee are Mr. Perry, Mr. Kuperschmid and Mr. Cohen, all of whom are considered independent directors wider Nasdaq Rule 5605(a)(2). Mr. Perry currently serves as the Chair of the Compensation Committee. None of our executive officers is directly compensated by us and, as a result, the Compensation Committee does not produce and/or review and report on executive compensation practices. Our executive officers do not have a role in determining or recommending director compensation.

Delinquent Section 16(a) Reports

Pursuant to Section 16(a) of the Exchange Act, our directors and executive officers, and any persons holding more than 10% of our common stock, are required to report their beneficial ownership and any changes therein to the SEC and to us. Based solely on a review of copies of such reports and written representations made to us, we believe that during the fiscal year ended December 31, 2021, all such required filings were made in a timely manner, with the exception of eight Form 4s filed on behalf of each of John Edward Stuart, Michael C. Speller, Mark Kuperschmid, Randall Revell Horsey, GEG, Peter Reed, Adam Kleinman and Keri Davis on January 26, 2021. Each of these late Form 4 filings reported shares of common stock acquired in connection with a stock dividend distribution on January 21, 2021.

Item 11. Executive Compensation.

Compensation of Directors

The following table shows information regarding the compensation received by our directors for the fiscal year ended December 31, 2021. No compensation is paid to executive officers or to Mr. Reed in his former role as a director.

Name	Fees Earned or Paid in Cash	All Other Compensation(1)	Total
Independent Directors			
Mark Kuperschmid	$65,000	$—	$65,000
Randall Revell Horsey(2)	$65,000	$—	$65,000
Michael C. Speller(3)	$65,000	$—	$65,000
Interested Directors			
Peter A. Reed(4)	$—	$—	$—
John E. Stuart(5)	$—	$—	$—
Erik A. Falk	$35,750	$—	$35,750

(1) In fiscal year 2021, we did not maintain a stock or option plan, non-equity incentive plan or pension plan for our directors.

(2) Mr. Horsey resigned from the Board in March 2022.

(3) Mr. Speller resigned from the Board in March 2022.

(4) Mr. Reed resigned from the Board in Mach 2022.

(5) Mr. Stuart resigned from the Board in March 2021.

No compensation is paid by us to Mr. Drapkin in his role as director. Mr. Falk received $35,750 in compensation in 2021 and received $7,875 in compensation for his role as director from January 1, 2022 through March 4, 2022. No compensation will be paid by us to Mr. Falk in his role as director after March 4, 2022. Our other directors receive an annual fee of $45,000. They also receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board meeting and each committee meeting. In addition, the chairman of each of our board's standing committees receives an annual fee of $10,000 for his additional services in these capacities. Each member of these committees receives a $5,000 annual fee for serving on these committees. In addition, we purchased directors' and officers' liability insurance on behalf of our directors and officers.

Compensation of Executive Officers

We do not provide direct compensation to our officers. Ms. Davis and Mr. Kleinman are paid by GECM, subject to reimbursement by us for our allocable portion of such compensation under the Administration Agreement. Mr. Kaplan is paid by ICAM, subject to reimbursement by GECM for the allocable portion of such compensation under the Shared Services Agreement between ICAM and GECM.

Our Portfolio Manager

GECM manages our portfolio. We consider Matt Kaplan, our Chief Executive Officer, to be our portfolio manager. GECM's investment team does not receive any direct compensation from us in connection with the management of our portfolio. GECM's investment personnel may be compensated through: (1) annual base salary; (2) cash bonuses; and (3) equity in GEG.

The information set forth above in Item 10. Directors, Executive Officers and Corporate Governance. under the heading "—Executive Officers—Matt Kaplan" is incorporated by reference herein.

Compensation Committee Interlocks and Insider Participation

Mr. Horsey, Mr. Kuperschmid and Mr. Speller served on our Compensation Committee during fiscal year 2021. Currently, none of our executive officers are compensated by us, and as such, our Compensation Committee is not required to produce a report on executive officer compensation for inclusion herein. No current or past executive officers or employees of ours or our affiliates serve on our Compensation Committee.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth, as of the close of business on April 6, 2022, certain information regarding the beneficial ownership of our common stock by:

- each of the directors and executive officers;
- all of our current executive officers and directors as a group; and
- each person known by us to be beneficial owners of 5% or more of our outstanding common stock.

Beneficial ownership has been determined in accordance with Rule 13d-3 under the Exchange Act, and includes voting or investment power with respect to the securities. Ownership information for those persons who beneficially own more than 5% of our common stock is based upon Schedule 13G and Schedule 13D filings filed by such persons with the SEC and other information obtained from such persons, if available. Unless otherwise indicated, we believe that each beneficial owner set forth in the table has sole voting and investment power.

Except as indicated in the footnotes to this table and under applicable community property laws, to our knowledge, the persons named in the table have sole voting and investment power with respect to all shares of common stock. For the purposes of calculating percent ownership, as of the close of business on April 6, 2022, 4,601,391 shares of common stock were issued and outstanding.

The address for each of our current directors and executive officers is c/o Great Elm Capital Corp., 800 South Street, Suite 230, Waltham, Massachusetts 02453.

Name of Beneficial Owner	Shares Beneficially Owned	Percent of Class
Interested Directors		
Matthew A. Drapkin(1)	228,753	4.97%
Erik A. Falk	—	*
Independent Directors		
Mark Kuperschmid(2)	5,986	*
Richard M. Cohen(3)	—	*
Chad Perry(4)	—	*
Executive Officers		
Matt Kaplan	1,000	*
Adam Kleinman	16,558	*
Keri Davis	2,473	*
Directors and executive officers as a group (8 persons)	254,770	5.53%
5% Beneficial Owners		
Great Elm Group, Inc.(5)	987,289	21.46%
Lenders Funding LLC(6)	556,239	12.09%
Entities affiliated with Imperial Capital Asset Management, LLC(7)	332,291	7.22%

* Less than one percent.

(1) Mr. Drapkin joined the Board in March 2022. Includes 227,136 shares based on information provided to the Company and furnished in a Schedule 13G/A filed with the SEC on February 14, 2022, jointly by Northern Right, Northern Right Capital (QP), L.P. ("Northern Right QP"), NRC, BCA and Matthew Drapkin. Each of Northern Right, BCA and Mr. Drapkin reported shared voting and dispositive power over 226,136 shares of our common stock; Northern Right QP reported shared voting and dispositive power over 131,606 shares of our common stock; and NRC reported shared voting and dispositive power over 47,335 shares of our common stock. Northern Right subsequently purchased 1,000 shares of our common stock on March 9, 2022, as reported on Form 4 on March 9, 2022.

(2) Represents shares held by Benmark Investments LLC (1568 Columbus Ave., Burlingame, California 94010). Mr. Kuperschmid disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(3) Mr. Cohen joined the Board in March 2022.

(4) Mr. Perry joined the Board in March 2022.

(5) GEG. is the beneficial owner of 987,289 shares of our common stock, including 914,112 shares of our common stock of which it has sole voting and dispositive power and 73,117 shares of our common stock of which it has shared voting and dispositive power. The address for Great Elm Group, Inc. is 800 South Street, Suite 230, Waltham, MA 02453.

(6) Based on information provided to the Company and furnished in a Schedule 13G/A filed with the SEC on February 4, 2022, jointly by Lenders Funding, LLC ("LF") and Robert Zadek. Each of LF and Mr. Zadek reported shared voting and dispositive power over 566,239 shares of our common stock.

(7) Based on information furnished in a Schedule 13G/A filed with the SEC on February 14, 2022, jointly by ICAM, Long Ball Partners, LLC ("Long Ball"), IC Leverage Income Fund, LLC ("IC Leverage"), Imperial Capital Group Holdings II, LLC ("Imperial Holdings II"), Imperial Capital Group Holdings, LLC ("Imperial Holdings"), Jason Reese, and Randall Wooster. ICAM and Long Ball reported shared voting and dispositive power over 113,120 shares of our common stock; Imperial Holdings and Mr. Wooster reported shared voting and dispositive power over 219,171 shares of our common stock; IC Leverage reported shared voting and dispositive power over 18,934 shares of our common stock; Imperial Holdings II reported shared voting and dispositive power over 200,236 shares of our common stock; and Mr. Reese reported shared voting and dispositive power over 332,291 shares of our common stock.

Set forth below is the dollar range of equity securities beneficially owned by each of GECC's directors as of April 6, 2022. GECC is not part of a "family of investment companies," as that term is defined in the Investment Company Act.

Name of Director	Dollar Range of Equity Securities of GECC(1)(2)
Independent Directors	
Mark Kuperschmid	Over $100,000
Richard Cohen	None
Chad Perry	None
Interested Directors	
Matthew Drapkin	Over $100,000
Erik A. Falk	None

(1) Dollar ranges are as follows: None, $1 – $10,000, $10,001 – $50,000, $50,001 – $100,000, or over $100,000.

(2) The dollar range of equity securities beneficially owned is based on the closing price for shares of our common stock of $14.77 on April 6, 2022.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Mr. Kaplan serves as a Portfolio Manager for GECM. Mr. Kleinman serves as President and Chief Operating Officer of GEG, the parent company of GECM, in addition to being our Chief Compliance Officer and Secretary. GEG owns approximately 21.45% of our outstanding shares of common stock.

In addition, certain of our executive officers and directors and the members of GECM's investment committee serve or may serve as officers, directors or principals of entities that operate in the same or related lines of business as GECC or of investment funds managed by our affiliates. Accordingly, we may not be given the opportunity to participate in certain investments made by investment funds managed by advisers affiliated with GECM and any advisers that may in the future become affiliated with GEG. GECC's participation in certain co-investment opportunities with affiliated investment funds is subject to compliance with the SEC exemptive relief order dated May 12, 2020 (Release No. 33864).

Mr. Drapkin is a director of GEG and the Chief Executive Officer & Portfolio Manager of Northern Right, a beneficial owner of more than 5% of GEG's common stock and an owner of GEG PIK notes. Mr. Drapkin does not receive compensation from us in his role as a director and is an "interested person" as defined under Section 2(a)(19) of the Investment Company Act.

We entered into a license agreement with GEG pursuant to which GEG granted us a non-exclusive, royalty-free license to use the name "Great Elm Capital Corp." Under the license agreement, we have a right to use the "Great Elm Capital Corp." name and logo for so long as GECM, or an affiliate thereof, remains our investment adviser.

We are party to the Investment Management Agreement with GECM, which is wholly-owned by GEG. Subject to the overall supervision of our Board, GECM manages our day-to-day operations and provides investment advisory and management services to us pursuant to the Investment Management Agreement. We pay GECM a fee for investment management services, which consisted of $3.2 million in base management fees and $(4.3) million in incentive fees (the incentive fees are currently expected to be deferred in accordance with the Investment Management Agreement) for the fiscal year ended December 31, 2021, and $2.5 million in base management fees and $1.0 million in incentive fees (the incentive fees were deferred in accordance with the Investment Management Agreement) for the fiscal year ended December 31, 2020.

We are also party to the Administration Agreement with GECM. Pursuant to the Administration Agreement, GECM furnishes us with, or otherwise arranges for the provision of, office facilities, equipment, clerical, bookkeeping, finance, accounting, compliance and record keeping services at such office facilities and other such services as our administrator. We bear all costs and expenses that are incurred in our operation and transactions and not specifically assumed by GECM pursuant to the Investment Management Agreement. For the fiscal years ended December 31, 2021 and 2020, the Company reimbursed GECM in the amount of $0.7 million and $0.7 million, respectively, for services provided under the Administration Agreement.

GECM has entered into a shared services agreement with ICAM, pursuant to which ICAM makes available to GECM certain employees of ICAM, including Matt Kaplan, to provide services to GECM in exchange for reimbursement by GECM of the allocated portion of such employees' time. Mr. Kaplan provides services to GECM under a shared services agreement with ICAM. Affiliates of ICAM beneficially own more than 5% of our Company's outstanding common stock.

On September 20, 2021, we entered into a Membership Interest Purchase Agreement with LF, pursuant to which we acquired a majority equity interest in LF, a wholesale lending and participant funding business. At the closing: (i) we paid $7.25 million in cash to LF, $3.25 million of which was used to purchase 138,888 newly issued shares of our common stock at NAV and (ii) we issued 427,351 shares of our common stock to LF at NAV in exchange for a promissory note in aggregate principal amount of $10.0 million payable by LF to us. The issuance of the shares was a private placement exempt from registration under Section 4(a)(2) of the Securities Act. All of the proceeds from the transaction were retained by LF to support the growth of the business.

We have established a written policy to govern the review of potential related party transactions. GECM, our Chief Compliance Officer, and any other officers designated by us are required to review the facts and circumstances of transactions with certain affiliates, and to screen any such transactions, for potential compliance issues under Section 57(h) of the Investment Company Act.

The information set forth above in Item 10. Directors, Executive Officers and Corporate Governance. under the heading "—Corporate Governance — Director Independence" is incorporated by reference herein.

Item 14. Principal Accountant Fees and Services.

Principal Accountant Fees and Services. The following table presents fees for professional services rendered by Deloitte for the fiscal years ended December 31, 2021 and 2020.

	Year Ended December 31,	
	2021	2020
Audit fees	$434,000	$420,000
Audit-related fees	—	—
Tax fees	$31,400	$ 24,500
All other fees	—	—
Total fees	$465,400	$444,500

Audit Fees. Audit fees consist of fees billed for professional services rendered for the audits of our financial statements, review of financial statements included in our Quarterly Reports on Form 10-Q and services that are normally provided by Deloitte in connection with statutory and regulatory filings.

Audit-Related Fees. Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees." These services include attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

Tax Fees. Tax fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance.

All Other Fees. All other fees would include fees for products and services other than the services reported above.

Pre-Approval Policy. Our Audit Committee established a pre-approval policy that describes the permitted audit, audit- related, tax and other services to be provided by the Company's independent registered public accounting firm. The policy requires that our Audit Committee pre-approve all audit and non-audit services performed by the independent auditor in order to assure that the provision of such service does not impair the auditor's independence.

Any requests for audit, audit-related, tax and other services that have not received general pre-approval must be submitted to our Audit Committee for specific pre-approval, irrespective of the amount, and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings of our Audit Committee. However, our Audit Committee may delegate pre-approval authority' to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to our Audit Committee at its next scheduled meeting. Our Audit Committee has not delegated its responsibilities to pre-approve services performed by the independent registered public accounting firm to management as of December 31, 2021.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

Financial Statements

The financial statements set forth on the index to financial statements immediately following the signature page to this report are incorporated by reference as if set forth herein.

Financial Statement Schedules

No financial statement schedules are filed herewith because (1) such schedules are not required or (2) the information has been presented in the aforementioned financial statements.

Exhibits

Unless otherwise indicated, all references are to exhibits to the applicable filing by Great Elm Capital Corp. (the "Registrant") under File No. 814-01211 with the SEC.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of June 23, 2016, by and between Full Circle Capital Corporation and the Registrant (incorporated by reference to the Rule 425 filing on June 27, 2016)
2.2	Subscription Agreement, dated as of June 23, 2016, by and among the Registrant, Forest Investments, Inc. (formerly, Great Elm Capital Group, Inc.) and the investment funds signatory thereto (incorporated by reference to the Rule 425 filing on June 27, 2016)
2.3	Form of Dividend Reinvestment Plan (incorporated by reference to Exhibit 13(d) to the pre-effective amendment to the Registration Statement on Form N-14 (File No. 333-212817) filed on September 26, 2016)
3.1	Amended and Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on November 7, 2016)
3.2	Amendment to Amended and Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on March 2, 2022)
3.3	Bylaws of the Registrant (incorporated by reference to Exhibit 2 to the Form N-14 (File No. 333-212817) filed on August 1, 2016)
4.1	Form of certificate for the Registrant's common stock (incorporated by reference to Exhibit 99.5 to the Registration Statement on Form N-14 (File No. 333-212817) filed on August 1, 2016)
4.2	Indenture, dated as of September 18, 2017, by and between the Registrant and American Stock Transfer & Trust Company, LLC, as trustee (the "Trustee") (incorporated by reference to Exhibit 4.1 to the Form 8-K/A filed on September 21, 2017)

4.3	Second Supplemental Indenture dated as of January 19, 2018, by and between the Registrant and the Trustee (incorporated by reference to Exhibit (d)(3) to the post-effective amendment to the Registration Statement on Form N-2 filed on January 19, 2018)
4.4	Global Note, dated January 19, 2018 (incorporated by reference to Exhibit (d)(1) to the post-effective amendment to the Registration Statement on Form N-2 filed on January 19, 2018)
4.5	Third Supplemental Indenture, dated as of June 18, 2019, by and between the Registrant and the Trustee (incorporated by reference to Exhibit (d)(3) to the post-effective amendment to the Registration Statement on Form N-2 (File No. 333-227605) filed on June 18, 2019
4.6	Global Note, dated June 18, 2019 (incorporated by reference to Exhibit (d)(1) to the post-effective amendment to the Registration Statement on Form N-2 (File No. 333-227605) filed on June 18, 2019)
4.7	Fourth Supplemental Indenture, dated as of June 23, 2021 by and between the Registrant and the Trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on June 23, 2021)
4.8	Global Note (5.875% Notes due 2026), dated as of June 23, 2021 (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on June 23, 2021)
4.9**	Description of Registered Securities
10.1	Investment Management Agreement, dated as of September 27, 2016, by and between the Registrant and Great Elm Capital Management, Inc. (“GECM”) (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on November 7, 2016)
10.2	Administration Agreement, dated as of September 27, 2016, by and between the Registrant and GECM (incorporated by reference to Exhibit 10.2 to the Form 8-K filed on November 7, 2016)
10.3	Amended and Restated Registration Rights Agreement, dated as of November 4, 2016, by and among the Registrant and the holders named therein (incorporated by reference to Exhibit 10.3 to the Form 8-K filed on November 7, 2016)
10.4	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.4 to the Form 8-K filed on November 7, 2016)
10.5	Custody Agreement, dated as of January 2, 2020, by and between the Registrant and U.S. Bank National Association (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed on May 11, 2020)
10.6	Form of Trademark License Agreement (incorporated by reference to Exhibit 13(b) to the Registration Statement on Form N-14 (File No. 3330212817) filed on August 1, 2016).
10.7	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.4 to the Form 8-K filed on November 7, 2016)
10.8+	Loan, Guarantee and Security Agreement, dated May 5, 2021, between the Registrant and City National Bank (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on May 6, 2021)
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 to the Form 10-K filed on March 30, 2017)
14.2	Code of Ethics of GECM (incorporated by reference to Exhibit 14.2 to the Form 10-K filed on March 30, 2017)
21.1**	Subsidiaries
23.1*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm
31.1*	Certification of the Registrant’s Chief Executive Officer (“CEO”)
31.2*	Certification of the Registrant’s Chief Financial Officer (“CFO”)
32.1*	Certification of the Registrant’s CEO and CFO

* Filed or furnished herewith

** Previously filed with GECC’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC ON March 4, 2021.

\+ Exhibits marked with a (+) exclude certain immaterial schedules and exhibits pursuant to the provisions of Regulation S-K, Item 601(a)(5). A copy of any of the omitted schedules and exhibits pursuant to Regulation S-K, Item 601(a)(5) will be furnished to the Securities and Exchange Commission upon request.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized as of April 19, 2022.

GREAT ELM CAPITAL CORP.

By: /s/ Matt Kaplan
Name: Matt Kaplan
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of April 19, 2022.

Name	Capacity
/s/ Matt Kaplan Matt Kaplan	Chief Executive Officer (Principal Executive Officer)
/s/ Keri A. Davis Keri A. Davis	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ Richard Cohen Richard Cohen	Director
/s/ Matthew A. Drapkin Matthew A. Drapkin	Director
/s/ Erik A. Falk Erik A. Falk	Director
/s/ Mark Kuperschmid Mark Kuperschmid	Director
/s/ Chad Perry Chad Perry	Director

GREAT ELM CAPITAL CORP.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Great Elm Capital Corp.
Boston, Massachusetts

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying consolidated statements of assets and liabilities of Great Elm Capital Corp. (the “Company”), including the consolidated schedules of investments, as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2021, and financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations, changes in net assets and cash flows for each of the three years in the period ended December 31, 2021, and the financial highlights for each of the five years in the period then ended, in conformity with the accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of investments owned as of December 31, 2021 and 2020, by correspondence with the custodian, loan agents, and borrowers; when replies were not received, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair Value — Investments — Refer to Footnote 2 and 4 in the financial statements

Critical Audit Matter Description

The Company has investments whose fair values are based on complex valuation techniques and unobservable inputs. These financial instruments can span a broad array of investments, including debt and equity investments in privately owned middle-market companies that lack observable market prices. Under accounting principles generally accepted in the United States of America, these financial instruments are generally classified as Level 3 assets and are inherently subjective. The fair value of the Company's Level 3 investments was $154,024,000 as of December 31, 2021.

Given management uses complex valuation techniques and unobservable inputs to estimate the fair value of Level 3 investments, we identified the valuation of Level 3 investments as a critical audit matter because of the judgments necessary in the selection of valuation techniques and assumptions with significant unobservable inputs to estimate the fair value. This required a high degree of auditor judgment and extensive audit effort, including the need to involve fair value specialists who possess significant quantitative and modeling expertise, to audit and evaluate the appropriateness of these models and inputs.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to valuation techniques and unobservable inputs used by management to estimate the fair value of Level 3 investments included the following, among others:

- We evaluated the appropriateness of the valuation techniques and assumptions used for Level 3 investments and tested the related significant unobservable inputs by comparing these inputs to external sources. We tested other inputs by reviewing relevant underlying documentation, including portfolio company financial information. We evaluated the reasonableness of any significant changes in valuation techniques and assumptions. For certain Level 3 investments, we performed these procedures with the assistance of our fair value specialists.
- We evaluated management's ability to accurately estimate fair value by comparing management's historical estimates to subsequent transactions, taking into account changes in market or investment specific conditions, where applicable.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
March 4, 2022 (April 19, 2022, as it relates to the inclusion of the critical audit matter in our report)

We have served as the Company's auditor since 2016.

GREAT ELM CAPITAL CORP.
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
Dollar amounts in thousands (except per share amounts)

		December 31, 2021	December 31, 2020
Assets			
Investments			
Non-affiliated, non-controlled investments, at fair value (amortized cost of $175,800 and $147,494, respectively)		$ 164,203	$ 112,116
Non-affiliated, non-controlled short-term investments, at fair value (amortized cost of $199,995 and $74,997, respectively)		199,995	74,998
Affiliated investments, at fair value (amortized cost of $129,936 and $109,840, respectively)		10,861	29,289
Controlled investments, at fair value (amortized cost of $32,649 and $7,630, respectively)		37,085	10,243
Total investments		412,144	226,646
Cash and cash equivalents		9,132	52,582
Restricted cash		13	600
Receivable for investments sold		766	-
Interest receivable		1,811	2,423
Dividends receivable		1,540	-
Due from portfolio company		136	837
Due from affiliates		17	-
Deferred financing costs		376	-
Prepaid expenses and other assets		379	240
Total assets		$ 426,314	$ 283,328
Liabilities			
Notes payable (including unamortized discount of $3,935 and $3,065, respectively)		$ 141,998	$ 115,661
Payable for investments purchased		203,575	75,511
Interest payable		29	328
Distributions payable		-	1,911
Accrued incentive fees payable		4,854	9,176
Due to affiliates		1,012	764
Accrued expenses and other liabilities		290	362
Total liabilities		$ 351,758	$ 203,713
Commitments and contingencies (Note 6)		$ -	$ -
Net Assets			
Common stock, par value $0.01 per share (100,000,000 shares authorized, 4,484,278 shares issued and outstanding and 3,838,242 shares issued and outstanding, respectively)	(1)	$ 45	$ 38
Additional paid-in capital		245,531	230,696
Accumulated losses		(171,020)	(151,119)
Total net assets		$ 74,556	$ 79,615
Total liabilities and net assets		$ 426,314	$ 283,328
Net asset value per share	(1)	$ 16.63	$ 20.74

(1) Authorized, issued and outstanding shares of common stock and net asset value per share have been adjusted for the periods shown to reflect the six-for-one reverse stock split effected on February 28, 2022 on a retroactive basis as described in Note 2.

The accompanying notes are an integral part of these financial statements.

GREAT ELM CAPITAL CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
Dollar amounts in thousands (except per share amounts)

	For the Year Ended December 31, 2021	2020	2019
Investment Income:			
Interest income from:			
Non-affiliated, non-controlled investments	$ 13,100	$ 12,740	$ 17,087
Non-affiliated, non-controlled investments (PIK)	387	22	-
Affiliated investments	910	981	858
Affiliated investments (PIK)	4,874	5,218	4,158
Controlled investments	646	249	1,411
Controlled investments (PIK)	-	-	684
Total interest income	19,917	19,210	24,198
Dividend income from:			
Non-affiliated, non-controlled investments	1,713	867	470
Controlled investments	2,634	2,240	1,600
Total dividend income	4,347	3,107	2,070
Other income from:			
Non-affiliated, non-controlled investments	683	125	142
Non-affiliated, non-controlled investments (PIK)	-	368	-
Affiliated investments	-	-	2
Affiliated investments (PIK)	282	75	565
Controlled investments	25	12	61
Total other income	990	580	770
Total investment income	$ 25,254	$ 22,897	$ 27,038
Expenses:			
Management fees	$ 3,182	$ 2,511	$ 2,953
Incentive fees	(4,323)	1,020	2,735
Administration fees	673	729	987
Custody fees	54	51	57
Directors' fees	233	198	200
Professional services	1,937	1,441	833
Interest expense	10,428	9,126	7,636
Other expenses	737	655	491
Total expenses	12,921	15,731	15,892
Net investment income before taxes	$ 12,333	$ 7,166	$ 11,146
Excise tax	$ 48	$ 17	$ 209
Net investment income	$ 12,285	$ 7,149	$ 10,937
Net realized and unrealized gains (losses):			
Net realized gain (loss) on investment transactions from:			
Non-affiliated, non-controlled investments	$ (5,770)	$ (9,604)	$ 1,146
Affiliated investments	(4,162)	-	-
Controlled investments	293	(1,382)	154
Realized gain on repurchase of debt	-	1,237	-
Total net realized gain (loss)	(9,639)	(9,749)	1,300
Net change in unrealized appreciation (depreciation) on investment transactions from:			
Non-affiliated, non-controlled investments	19,019	(14,520)	(11,316)
Affiliated investments	(33,763)	(18,455)	(7,907)
Controlled investments	1,823	3,619	(561)
Total net change in unrealized appreciation (depreciation)	(12,921)	(29,356)	(19,784)
Net realized and unrealized gains (losses)	$ (22,560)	$ (39,105)	$ (18,484)
Net increase (decrease) in net assets resulting from operations	$ (10,275)	$ (31,956)	$ (7,547)
Net investment income per share (basic and diluted)(1)	$ 3.02	$ 3.22	$ 6.40
Earnings per share (basic and diluted)(1)	$ (2.52)	$ (14.41)	$ (4.42)
Weighted average shares outstanding (basic and diluted)(1)	4,073,454	2,218,244	1,708,263

(1) Weighted average shares outstanding and per share amounts have been adjusted for the periods shown to reflect the six-for-one reverse stock split effected on February 28, 2022 on a retroactive basis as described in Note 2.

The accompanying notes are an integral part of these financial statements.

GREAT ELM CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Dollar amounts in thousands

	For the Year Ended December 31,		
	2021	**2020**	**2019**
Increase (decrease) in net assets resulting from operations:			
Net investment income	$ 12,285	$ 7,149	$ 10,937
Net realized gain (loss)	(9,639)	(9,749)	1,300
Net change in unrealized appreciation (depreciation) on investments	(12,921)	(29,356)	(19,784)
Net increase (decrease) in net assets resulting from operations	(10,275)	(31,956)	(7,547)
Distributions to stockholders:			
Distributions(1)	(9,743)	(13,349)	(10,680)
Total distributions to stockholders	(9,743)	(13,349)	(10,680)
Capital transactions:			
Purchases of common stock	-	-	(5,000)
Issuance of common stock, net	13,239	30,248	-
Common stock distributed	1,720	7,783	-
Net increase (decrease) in net assets resulting from capital transactions	14,959	38,031	(5,000)
Total increase (decrease) in net assets	(5,059)	(7,274)	(23,227)
Net assets at beginning of period	$ 79,615	$ 86,889	$ 110,116
Net assets at end of period	$ 74,556	$ 79,615	$ 86,889
Capital share activity(2)			
Shares outstanding at the beginning of the period	**3,838,242**	**1,677,114**	**1,775,400**
Shares purchased	-	-	(98,286)
Issuance of common stock	566,239	1,793,658	-
Common stock distributed	79,797	367,470	-
Shares outstanding at the end of the period	**4,484,278**	**3,838,242**	**1,677,114**

(1) Distributions were from distributable earnings for each of the periods presented.

(2) Share activity has been adjusted for the periods shown to reflect the six-for-one reverse stock split effected on February 28, 2022 on a retroactive basis as described in Note 2.

The accompanying notes are an integral part of these financial statements.

GREAT ELM CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollar amounts in thousands

	For the Year Ended December 31,		
	2021	**2020**	**2019**
Cash flows from operating activities			
Net increase (decrease) in net assets resulting from operations	$ (10,275)	$ (31,956)	$ (7,547)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used for) operating activities:			
Purchases of investments	(191,875)	(92,524)	(183,969)
Net change in short-term investments	(6)	10,735	(7,640)
Capitalized payment-in-kind interest	(6,677)	(6,074)	(5,141)
Proceeds from sales of investments	64,733	52,415	105,355
Proceeds from principal payments	70,262	59,578	57,350
Net realized (gain) loss on investments	9,639	10,977	(1,300)
Net change in unrealized (appreciation) depreciation on investments	12,921	29,356	19,784
Amortization of premium and accretion of discount, net	(3,958)	(4,999)	(5,982)
Net realized gain on repurchase of debt	-	(1,237)	-
Amortization of discount (premium) on long term debt	1,496	1,153	815
Increase (decrease) in operating assets and liabilities:			
(Increase) decrease in interest receivable	612	(73)	905
(Increase) decrease in dividends receivable	(1,540)	14	(5)
(Increase) decrease in due from portfolio company	701	(220)	(62)
(Increase) decrease in due from affiliates	(17)	15	(10)
(Increase) decrease in prepaid expenses and other assets	(60)	(151)	325
Increase (decrease) in due to affiliates	(4,074)	786	2,663
Increase (decrease) in interest payable	(299)	(26)	-
Increase (decrease) in accrued expenses and other liabilities	(72)	(381)	(15)
Net cash provided by (used for) operating activities	(58,489)	27,388	(24,474)
Cash flows from financing activities			
Purchases of common stock	-	-	(5,000)
Purchase of debt	-	(4,067)	-
Issuance of Notes payable	55,229	-	42,696
Borrowings under credit facility	10,000	-	-
Repayments under credit facility	(10,000)	-	-
Repayment of notes payable	(30,293)	-	-
Proceeds from issuance of common stock	-	31,748	-
Payments of offering costs	(550)	(1,500)	-
Distributions paid	(9,934)	(4,993)	(12,783)
Net cash provided by (used for) financing activities	14,452	21,188	24,913
Net increase (decrease) in cash	(44,037)	48,576	439
Cash and cash equivalents and restricted cash, beginning of period	53,182	4,606	4,167
Cash and cash equivalents and restricted cash, end of period	$ 9,145	$ 53,182	$ 4,606
Supplemental disclosure of non-cash financing activities:			
Distributions declared, not yet paid	$ -	$ 1,911	$ 1,338
Common stock distributed	1,720	7,783	-
Common stock issued in-kind	13,239	-	-
Supplemental disclosure of cash flow information:			
Cash paid for excise tax	$ 27	$ 233	$ 171
Cash paid for interest	9,230	7,996	6,821

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported on the Consolidated Statements of Assets and Liabilities to the total cash and cash equivalents and restricted cash on the Consolidated Statements of Cash Flows:

	For the Year Ended December 31,		
	2021	2020	2019
Cash and cash equivalents	$ 9,132	$ 52,582	$ 4,606
Restricted cash	$ 13	600	-
Total cash and cash equivalents and restricted cash shown on the Consolidated Statements of Cash Flows	$ 9,145	$ 53,182	$ 4,606

The accompanying notes are an integral part of these financial statements.

GREAT ELM CAPITAL CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2021
Dollar amounts in thousands

Portfolio Company	Industry	Security(1)	Notes	Interest Rate(2)	Initial Acquisition Date	Maturity	Par Amount / Quantity	Cost	Fair Value	Percentage of Class(9)
Investments at Fair Value										
ABB/Con-Cise Optical Group LLC 12301 NW 39th Street Coral Springs, FL 33065	Healthcare Supplies	1st Lien, Secured Loan	5	3M L + 5.00%, 6.00% Floor (6.00%)	12/01/2020	06/15/2023	$ 2,961	$ 2,818	$ 2,869	
AgroFresh Inc. One Washington Square, 510-530 Walnut Street, Suite 1350, Philadelphia, PA 19106	Chemicals	1st Lien, Secured Loan	5	1M L + 6.25%, 7.25% Floor (7.25%)	03/31/2021	12/31/2024	3,446	3,452	3,382	
Altus Midstream LP One Post Oak Central, 2000 Post Oak Boulevard, Suite 100, Houston, TX 77056	Energy Midstream	Preferred Equity	5	n/a	11/24/2021	n/a	10,571	11,950	11,970	1.60%
APTIM Corp. 4171 Essen Lane Baton Rouge, LA 70809	Industrial	1st Lien, Secured Bond	11	7.75%	03/28/2019	06/15/2025	3,000	2,602	2,663	
Avanti Communications Group PLC Cobham House 20 Black Friars Lane London, UK EC4V 6EB	Wireless Telecommunications Services	1.125 Lien, Secured Loan	4, 5, 6, 10, 11, 12	12.50%	02/16/2021	07/31/2022	4,410	4,410	3,622	
Avanti Communications Group PLC Cobham House 20 Black Friars Lane London, UK EC4V 6EB	Wireless Telecommunications Services	1.25 Lien, Secured Loan	4, 5, 6, 10, 11, 12	12.50%	04/28/2020	07/31/2022	1,298	1,298	649	
Avanti Communications Group PLC Cobham House 20 Black Friars Lane London, UK EC4V 6EB	Wireless Telecommunications Services	1.5 Lien, Secured Loan	4, 5, 6, 8, 10, 11, 12	12.50%	05/24/2019	07/31/2022	10,754	10,754	3,866	
Avanti Communications Group PLC Cobham House 20 Black Friars Lane London, UK EC4V 6EB	Wireless Telecommunications Services	2nd Lien, Secured Bond	4, 5, 6, 8, 10, 11	9.00%	11/03/2016	10/01/2022	50,643	49,370	-	

Avanti Communications Group PLC Cobham House 20 Black Friars Lane London, UK EC4V 6EB	Wireless Telecommunications Services	Common Equity	4, 5, 7, 10	n/a	11/03/2016	n/a	196,086,410	50,660	-	9.06%
California Pizza Kitchen, Inc. 12181 Bluff Creek Drive Playa Vista, CA 90094	Restaurants	Common Equity	5, 7	n/a	11/23/2020	n/a	100,000	8,817	4,650	2.50%
Cleaver-Brooks, Inc. 221 Law Street Thomasville, GA 31792	Industrial	1st Lien, Secured Bond		7.88%	05/05/2021	03/01/2023	5,000	4,975	4,888	
Crestwood Equity Partners LP 811 Main Street, Suite 3400 Houston, TX 77002	Energy Midstream	Class A Preferred Equity Units	10	n/a	06/19/2020	n/a	925,047	5,533	9,102	1.30%
ECL Entertainment, LLC 8978 Spanish Ridge Ave Las Vegas, NV 89148	Casinos & Gaming	1st Lien, Secured Loan	5	1M L + 7.50%, 8.25% Floor (8.25%)	03/31/2021	04/30/2028	2,488	2,464	2,525	
Equitrans Midstream Corp. 2200 Energy Drive Canonsburg, PA 15317	Energy Midstream	Preferred Equity	5, 10	n/a	07/01/2021	n/a	250,000	5,275	5,446	0.05%
Finastra Group Holdings, Ltd. 285 Madison Avenue New York, NY 10017	Software Services	2nd Lien, Secured Loan	10	6M L + 7.25%, 8.25% Floor (8.25%)	12/14/2017	06/13/2025	2,000	1,957	1,994	
First Brands, Inc. 3255 West Hamlin Road Rochester Hills, MI 48309	Transportation Equipment Manufacturing	2nd Lien, Secured Loan	5	3M L + 8.50%, 9.50% Floor (9.50%)	03/24/2021	03/30/2028	6,000	5,888	6,030	
Foresight Energy 211 North Broadway, Suite 2600 St. Louis, MO 63102	Metals & Mining	1st Lien, Secured Loan	5	3M L + 8.00%, 9.50% Floor (9.50%)	07/29/2021	06/30/2027	6,121	6,160	6,137	
GAC HoldCo Inc. Suite 1220, 407 - 2nd Street S.W. Calgary, AB T2P 2Y3	Oil & Gas Exploration & Production	1st Lien, Secured Bond	10	12.00%	07/27/2021	08/15/2025	3,250	3,153	3,510	
GAC HoldCo Inc. Suite 1220, 407 - 2nd Street S.W. Calgary, AB T2P 2Y3	Oil & Gas Exploration & Production	Warrants	5, 10	n/a	10/18/2021	n/a	3,250	-	609	0.26%
The GEO Group, Inc. 4955 Technology Way Boca Raton, FL 33431	Consumer Services	Unsecured Bond	10	5.88%	03/09/2021	10/15/2024	3,000	2,492	2,640	

Greenway Health, LLC 4301 W. Boy Scout Blvd, Suite 800 Tampa, FL 33607	Technology	1st Lien, Revolver	5	3M L+ 3.75%, 3.96% Floor (3.96%)	01/27/2020	11/17/2023	-	(73)	-	
Greenway Health, LLC 4301 W. Boy Scout Blvd, Suite 800 Tampa, FL 33607	Technology	1st Lien, Revolver - Unfunded	5	0.50%	01/27/2020	02/17/2022	8,026	-	-	
ITP Live Production Group 101 Greenwich Street, Floor 26 New York, NY 10006	Specialty Finance	Secured Equipment Financing	5	18.21%	12/22/2021	05/22/2026	1,806	1,832	1,833	
Lenders Funding, LLC 523 A Avenue Coronado, CA 92118	Specialty Finance	Subordinated Note	3, 5	11.00%	09/20/2021	09/20/2026	10,000	10,000	10,000	
Lenders Funding, LLC 523 A Avenue Coronado, CA 92118	Specialty Finance	Secured Revolver	3, 5	Prime + 1.25% (4.50%)	09/20/2021	09/20/2026	1,933	1,933	1,933	
Lenders Funding, LLC 523 A Avenue Coronado, CA 92118	Specialty Finance	Secured Revolver - Unfunded	3, 5	0.25%	09/20/2021	09/20/2026	3,067	-	-	
Lenders Funding, LLC 523 A Avenue Coronado, CA 92118	Specialty Finance	Common Equity	3, 5	n/a	09/20/2021	n/a	6,287	7,250	7,309	62.87%
Levy/Stormer 905 South Boulevard East Rochester Hills, MI 48307	Specialty Finance	Secured Loan	5	12.50%	05/13/2021	02/15/2022	3,500	3,498	3,500	
Mad Engine Global, LLC 6740 Cobra Way San Diego, CA, 92121	Apparel	1st Lien, Secured Loan	5	3M L + 7.00%, 8.00% Floor (8.00%)	06/30/2021	06/30/2027	2,981	2,910	2,929	
Martin Midstream Partners LP 4200 Stone Road Kilgore, TX 75662	Energy Midstream	2nd Lien, Secured Bond		11.50%	12/09/2020	02/28/2025	3,000	3,089	3,152	
Maverick Gaming LLC 12530 NE 144th Street Kirkland, WA 98034	Casinos & Gaming	1st Lien, Secured Loan B	5	3M L + 7.5%, 8.50% Floor (8.50%)	11/16/2021	08/19/2026	2,743	2,764	2,766	
Monitronics International, Inc. 1990 Wittington Place Dallas, TX 75234	Home Security	1st Lien, Secured Loan	5	3M L + 6.50%, 7.75 Floor (7.75%)	06/24/2021	03/29/2024	5,962	5,823	5,590	
Natural Resource Partners LP 1201 Louisiana Street, Suite 3400 Houston, TX 77002	Metals & Mining	Unsecured Notes		9.13%	06/12/2020	06/30/2025	7,462	6,900	7,574	

Par Petroleum, LLC 825 Town & Country Lane, Suite 1500 Houston, TX 77024	Oil & Gas Refining	1st Lien, Secured Bond	10	7.75%	10/30/2020	12/15/2025	3,000	2,615	3,030	
Perforce Software, Inc. 400 First Avenue North #200 Minneapolis, MN 55401	Technology	1st Lien, Secured Revolver	5	3M L + 4.25%, 4.25% Floor (4.40%)	01/24/2020	07/01/2024	-	(361)	-	
Perforce Software, Inc. 400 First Avenue North #200 Minneapolis, MN 55401	Technology	1st Lien, Secured Revolver - Unfunded	5	0.50%	01/24/2020	07/01/2024	4,375	-	(158)	
PFS Holdings Corp. 3747 Hecktown Road Easton, PA 18045	Food & Staples	1st Lien, Secured Loan	4, 5	3M L + 7.00%, 8.00% Floor (8.00%)	11/13/2020	11/13/2024	1,065	1,065	922	
PFS Holdings Corp. 3747 Hecktown Road Easton, PA 18045	Food & Staples	Common Equity	4, 5, 7	n/a	11/13/2020	n/a	5,231	12,378	1,802	5.23%
PIRS Capital LLC 1688 Meridian Ave Ste 700 Miami Beach, FL 33139	Specialty Finance	Receivable	5	Prime + 6.50% (9.75%)	11/22/2021	11/22/2022	2,000	2,000	2,000	
Prestige Capital Finance, LLC 400 Kelby St., 10th Floor Fort Lee, NJ 07024	Specialty Finance	Subordinated Note	3, 5, 10	11.00%	06/15/2021	06/15/2023	6,000	6,000	6,000	
Prestige Capital Finance, LLC 400 Kelby St., 10th Floor Fort Lee, NJ 07024	Specialty Finance	Common Equity	3, 5, 10	n/a	02/08/2019	n/a	100	7,466	11,843	80.00%
Quad/Graphics, Inc. N61 W23044 Harry's Way Sussex, WI 53089	Commercial Printing	Unsecured Bond		7.00%	03/31/2021	05/01/2022	2,000	1,987	2,025	
Research Now Group, Inc. 5800 Tennyson Parkway Suite 600 Plano, TX 75024	Internet Media	1st Lien, Secured Revolver	5	6M L + 4.50%, 4.84% Floor (4.66%)	01/29/2019	12/20/2022	-	(212)	-	
Research Now Group, Inc. 5800 Tennyson Parkway Suite 600 Plano, TX 75024	Internet Media	1st Lien, Secured Revolver - Unfunded	5	0.50%	01/29/2019	12/20/2022	10,000	-	(130)	
Research Now Group, Inc. 5800 Tennyson Parkway Suite 600 Plano, TX 75024	Internet Media	2nd Lien, Secured Loan	5	6M L + 9.50%, 10.50% Floor (10.50%)	05/20/2019	12/20/2025	12,000	11,965	12,000	
Ruby Tuesday Operations LLC 333 E. Broadway Avenue Maryville, TN 37804	Restaurants	1st Lien, Secured Loan	5, 6	1M L + 12.00%, 13.25% Floor (13.25%), (7.25% Cash + 6.00% PIK)	02/24/2021	02/24/2025	2,949	2,949	2,788	

Ruby Tuesday Operations LLC 333 E. Broadway Avenue Maryville, TN 37804	Restaurants	Warrants	5, 7	n/a	02/24/2021	n/a	311,697	-	872	2.81%
Sprout Holdings, LLC 90 Merrick Ave, East Meadow, NY 11554	Specialty Finance	Receivable	5	11.50%	06/23/2021	06/23/2022	2,000	2,000	2,000	
Summit Midstream Holdings, LLC 910 Louisiana Street, Suite 4200 Houston, TX 77002	Energy Midstream	2nd Lien, Secured Bond		8.50%	10/19/2021	10/15/2026	1,000	985	1,042	
Summit Midstream Partners LP 910 Louisiana Street, Suite 4200 Houston, TX 77002	Energy Midstream	Preferred Equity	7	n/a	06/03/2021	n/a	1,500,000	1,067	1,103	1.05%
Target Hospitality Corp. 2170 Buckthorne Place, Suite 440 The Woodlands, TX 77380	Hospitality	Secured Bond	10	9.50%	05/13/2021	03/15/2024	4,000	3,998	4,085	
Tensar Corporation 2500 Northwinds Parkway, Suite 500 Alpharetta, GA 30009	Construction Materials Manufacturing	2nd Lien, Secured Loan	5	3M L + 12.00%, 13.00% Floor (13.00%)	11/20/2020	02/20/2026	10,000	9,710	10,461	
TRU (UK) Asia Limited Cannon Place, 78 Cannon Street, London, EC4N 6AF	Retail	Common Equity	5, 7, 10	n/a	07/21/2017	n/a	576,954	19,344	4,046	1.63%
TRU (UK) Asia Limited Liquidating Trust Cannon Place, 78 Cannon Street, London, EC4N 6AF	Retail	Common Equity	5, 7	n/a	07/21/2017	n/a	16,000	900	221	2.75%
Universal Fiber Systems 640 State Street Bristol, TN 37620	Chemicals	Secured Loan B	5, 6	13.90%	09/30/2021	09/29/2026	6,133	6,017	6,004	
Universal Fiber Systems 640 State Street Bristol, TN 37620	Chemicals	Secured Loan C	5, 6	13.90%	09/30/2021	09/29/2026	1,549	1,505	1,516	
Universal Fiber Systems 640 State Street Bristol, TN 37620	Chemicals	Warrants	5	n/a	09/30/2021	n/a	1,759	-	320	1.50%
Vantage Specialty Chemicals, Inc. 1751 Lake Cook Rd., Suite 550 Deerfield, IL 60015	Chemicals	2nd Lien, Secured Loan	5	3M L + 8.25%, 9.25% Floor (9.25%)	06/08/2021	10/26/2025	3,874	3,780	3,836	

Viasat, Inc. 6155 El Camino Real Carlsbad, CA 92009	Communications Equipment	Receivable	5	n/a	10/25/2021	03/15/2022	402	361	363	
Viasat, Inc. 6155 El Camino Real Carlsbad, CA 92009	Communications Equipment	Receivable	5	n/a	10/25/2021	06/15/2022	402	348	350	
Viasat, Inc. 6155 El Camino Real Carlsbad, CA 92009	Communications Equipment	Receivable	5	n/a	10/25/2021	09/15/2022	402	342	344	
W&T Offshore, Inc. 5718 Westheimer Road, Suite 700 Houston, TX 77057	Oil & Gas Exploration & Production	2nd Lien, Secured Bond	10	9.75%	05/05/2021	11/01/2023	6,000	5,602	5,730	
Wynden Stark LLC 295 Madison Ave, 12th Floor New York, NY 10017	Specialty Finance	Receivable	5	11.00%	03/15/2021	03/15/2022	1,534	1,534	1,534	
Wynden Stark LLC 295 Madison Ave, 12th Floor New York, NY 10017	Specialty Finance	Receivable - Unfunded	5	n/a	03/15/2021	03/15/2022	6,466	-	-	
Investments in Special Purpose Acquisition Companies (SPAC) & De-SPAC Companies										
Ares Acquisition Corporation 245 Park Avenue, 44th Floor New York, NY 10167	Special Purpose Acquisition Company	Common Equity	7, 10	n/a	02/02/2021	n/a	74,800	734	729	0.07%
Ares Acquisition Corporation 245 Park Avenue, 44th Floor New York, NY 10167	Special Purpose Acquisition Company	Warrants	7, 10	n/a	02/02/2021	n/a	20,000	18	18	0.10%
Austerlitz Acquisition Corporation I 1701 Village Center Circle Las Vegas, NV 89134	Special Purpose Acquisition Company	Warrants	7, 10	n/a	02/26/2021	n/a	12,500	12	13	0.07%
Austerlitz Acquisition Corporation II 1701 Village Center Circle Las Vegas, NV 89134	Special Purpose Acquisition Company	Warrants	7, 10	n/a	02/26/2021	n/a	12,500	12	12	0.04%
BigBear.ai 6811 Benjamin Franklin Drive, Suite 200 Columbia, Maryland 21046	IT Services	Warrants	7, 10	n/a	02/09/2021	n/a	8,333	6	7	0.07%

Ginko Bioworks Holdings, Inc. 27 Drydock Avenue, 8th Floor Boston, MA 02210	Biotechnology	Warrants	7, 10	n/a	02/24/2021	n/a	5,000	13	11	0.01%
Jaws Mustang Acquisition Corporation 1601 Washington Avenue, Suite 800 Miami Beach, FL 33139	Special Purpose Acquisition Company	Warrants	7, 10	n/a	02/02/2021	n/a	6,250	7	6	0.02%
Oyster Enterprises Acquisition Corp. 777 South Flagler Drive, Suite 800W West Palm Beach, FL 33401	Special Purpose Acquisition Company	Common Equity	7, 10	n/a	01/20/2021	n/a	24,790	241	242	0.11%
Oyster Enterprises Acquisition Corp. 777 South Flagler Drive, Suite 800W West Palm Beach, FL 33401	Special Purpose Acquisition Company	Warrants	7, 10	n/a	01/20/2021	n/a	12,500	7	6	0.07%
Spartan Acquisition Corp. III 9 West 57th Street, 43rd Floor New York, NY 10019	Special Purpose Acquisition Company	Warrants	7, 10	n/a	02/09/2021	n/a	10,000	11	14	0.07%
VPC Impact Acquisition Holdings II 150 North Riverside Plaza, Suite 5200 Chicago, IL 60606	Special Purpose Acquisition Company	Common Equity	7, 10	n/a	03/05/2021	n/a	13,454	132	132	0.05%
VPC Impact Acquisition Holdings II 150 North Riverside Plaza, Suite 5200 Chicago, IL 60606	Special Purpose Acquisition Company	Warrants	7, 10	n/a	03/05/2021	n/a	10,000	7	10	0.16%
VPC Impact Acquisition Holdings III 150 North Riverside Plaza, Suite 5200 Chicago, IL 60606	Special Purpose Acquisition Company	Warrants	7, 10	n/a	03/05/2021	n/a	10,000	7	11	0.16%
Miscellaneous	Special Purpose Acquisition Company	Equity	7, 10, 14	n/a	n/a	n/a	335,621	1,879	1,851	
Total Investments in Special Purpose Acquisition Companies								**3,086**	**3,062**	
Total Investments excluding Short-Term Investments (284.55% of Net Assets)								**338,385**	**212,149**	
Short-Term Investments										

United States Treasury	Short-Term Investments	Treasury Bill		0.00%	12/30/2021	02/01/2022	200,000	199,995	199,995
Total Short-Term Investments (268.25% of Net Assets)								**199,995**	**199,995**
TOTAL INVESTMENTS (552.8% of Net Assets)			13					**$ 538,380**	**$ 412,144**
Other Liabilities in Excess of Assets (452.8% of Net Assets)									$ (337,588)
NET ASSETS									**$ 74,556**

(1) The Company’s investments are generally acquired in private transactions exempt from registration under the Securities Act of 1933 and, therefore, are generally subject to limitations on resale, and may be deemed to be “restricted securities” under the Securities Act of 1933.

(2) Certain of the Company’s variable rate debt investments bear interest at a rate that is determined by reference to London Interbank Offered Rate (“LIBOR” or “L”) or prime rate (“Prime”) which are reset periodically. For each debt investment, the Company has provided the interest rate in effect as of period end. A floor is the minimum rate that will be applied in calculating an interest rate. A cap is the maximum rate that will be applied in calculating an interest rate. The one month (“1M”) LIBOR as of period end was 0.10%. The three month (“3M”) LIBOR as of period end was 0.21%. The six month (“6M”) LIBOR as of period end was 0.34%. The prime rate as of period end was 3.25%.

(3) “Controlled Investments” are investments in those companies that are “Controlled Investments” of the Company, as defined in the Investment Company Act. A company is deemed to be a “Controlled Investment” of the Company if the Company owns more than 25% of the voting securities of such company.

(4) “Affiliate Investments” are investments in those companies that are “Affiliated Companies” of the Company, as defined in the Investment Company Act, which are not “Controlled Investments.” A company is deemed to be an “Affiliate” of the Company if the Company owns 5% or more, but less than 25%, of the voting securities of such company.

(5) Investments classified as Level 3 whereby fair value was determined by the Company's Board.

(6) Security pays, or has the option to pay, all of its interest in kind. As of December 31, 2021, each of the Avanti Communications Group, plc secured debt pay in-kind. As of December 31, 2021, the Ruby Tuesday Operations, LLC secured loan and each of the Universal Fiber Systems term loans pay a portion of their interest in-kind. The rates above reflect the PIK interest rates.

(7) Non-income producing security.

(8) Investment was on non-accrual status as of period end.

(9) Percentage of class held refers only to equity held, if any, calculated on a fully diluted basis.

(10) Indicates assets that the Company believes do not represent “qualifying assets” under Section 55(a) of the Investment Company Act. Qualifying assets must represent at least 70% of the Company’s total assets at the time of acquisition of any additional non-qualifying assets. Of the Company’s total assets, 16.5% were non-qualifying assets as of period end.

(11) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. Such security may be sold in certain transactions (normally to qualified institutional buyers) and remain exempt from registration.

(12) Under the terms of the credit agreement, this investment has an exit fee which requires the borrower to pay, in connection with each prepayment or other repayment a fee equal to 2.50% of the amount being repaid.

(13) As of period end, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was $49,821; the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was $162,667; the net unrealized depreciation was $(112,846); the aggregate cost of securities for Federal income tax purposes was $524,990.

(14) Represents previously undisclosed unrestricted securities, which the Company has held for less than one year.

As of December 31, 2021, the Company's investments consisted of the following:

Investment Type		Investments at Fair Value	Percentage of Net Assets
Debt	$	149,794	200.91%
Equity/Other		62,355	83.64%
Short-Term Investments		199,995	268.25%
Total	**$**	**412,144**	**552.80%**

As of December 31, 2021, the geographic composition of the Company's portfolio at fair value was as follows:

Geography		Investments at Fair Value	Percentage of Net Assets
United States	$	393,848	528.26%
United Kingdom		14,177	19.02%
Canada		4,119	5.52%
Total	**$**	**412,144**	**552.80%**

As of December 31, 2021, the industry composition of the Company's portfolio at fair value was as follows:

Industry	Investments at Fair Value	Percentage of Net Assets
Specialty Finance	47,952	64.32%
Energy Midstream	31,815	42.67%
Chemicals	15,058	20.20%
Metals & Mining	13,711	18.39%
Internet Media	11,870	15.92%
Construction Materials Manufacturing	10,461	14.03%
Oil & Gas Exploration & Production	9,849	13.21%
Restaurants	8,310	11.15%
Wireless Telecommunications Services	8,137	10.91%
Industrial	7,551	10.13%
Transportation Equipment Manufacturing	6,030	8.09%
Home Security	5,590	7.50%
Casinos & Gaming	5,291	7.10%
Retail	4,267	5.72%
Hospitality	4,085	5.48%
Special Purpose Acquisition Company	3,044	4.08%
Oil & Gas Refining	3,030	4.06%
Apparel	2,929	3.93%
Healthcare Supplies	2,869	3.85%
Food & Staples	2,724	3.65%
Consumer Services	2,640	3.54%
Commercial Printing	2,025	2.72%
Software Services	1,994	2.67%
Communications Equipment	1,057	1.42%
Biotechnology	11	0.01%
IT Services	7	0.01%
Technology	(158)	-0.21%
Short-Term Investments	199,995	268.25%
Total	**$ 412,144**	**552.80%**

The accompanying notes are an integral part of these financial statements.

GREAT ELM CAPITAL CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2020
Dollar amounts in thousands

Portfolio Company	Industry	Security(1)	Notes	Interest Rate(2)	Initial Acquisition Date	Maturity	Par Amount / Quantity	Cost	Fair Value
Investments at Fair Value									
ABB/Con-Cise Optical Group LLC	Wholesale-Apparel, Piece Goods & Notions	1st Lien, Secured Loan	5	6M L + 5.00%, 6.00% Floor (6.00%)	12/01/2020	06/15/2023	$ 2,992	$ 2,758	$ 2,762
APTIM Corp.	Industrial	1st Lien, Secured Bond	11	0.0775	03/28/2019	06/15/2025	6,000	4,994	4,642
Avanti Communications Group PLC	Wireless Telecommunications Services	1.25 Lien, Secured Bond	4, 5, 6, 10, 11, 12	12.50%	04/28/2020	05/24/2021	1,148	1,148	1,148
Avanti Communications Group PLC	Wireless Telecommunications Services	1.5 Lien, Secured Bond	4, 5, 6, 10, 11, 12	12.50%	05/24/2019	05/24/2021	9,512	9,512	9,512
Avanti Communications Group PLC	Wireless Telecommunications Services	2nd Lien, Secured Bond	4, 5, 6, 10, 11	0.09	11/03/2016	10/01/2022	46,375	44,280	18,610
Avanti Communications Group PLC	Wireless Telecommunications Services	Common Equity	4, 5, 7, 10	n/a	11/03/2016	n/a	196,086,410	50,660	-
Best Western Luling	Hotel Operator	1st Lien, Secured Loan	5, 8, 9	1M L + 12.00%, 12.25% Floor (0.00%)	11/03/2016	12/18/2017	2,715	1,300	1,203
Blueknight Energy Partners L.P.	Oil & Gas	Series A Preferred Units		n/a	10/07/2020	n/a	173,993	1,039	1,185
Boardriders, Inc.	Apparel & Textile Products	1st Lien, Secured Loan	5	3M L + 6.50%, 7.50% Floor (7.50%)	03/28/2019	04/06/2024	8,810	8,697	5,154
California Pizza Kitchen, Inc.	Restaurants	1st Lien, Secured Loan	5, 6	3M L + 10.00%, 11.50% Floor (11.50%)	11/23/2020	11/23/2024	6,250	5,836	6,250
California Pizza Kitchen, Inc.	Restaurants	2nd Lien, Secured Loan	5, 6	3M L + 13.50%, 15.00% Floor (15.00%)	11/23/2020	05/23/2025	1,873	1,873	1,873
California Pizza Kitchen, Inc.	Restaurants	Common Equity	5, 7	n/a	11/23/2020	n/a	150,716	12,514	2,347
Crestwood Equity Partners LP	Oil & Gas	Class A Preferred Equity Units	10	n/a	06/19/2020	n/a	2,157,906	12,912	16,120
Davidzon Radio, Inc.	Radio Broadcasting	1st Lien, Secured Loan	5, 8, 9	1M L + 10.00%, 11.00% Floor (0.00%)	11/03/2016	03/31/2020	8,962	8,962	3,763
Endurance International Group Holdings Inc	Technology	1st Lien, Secured Revolver	5, 10	3M L+ 4.00%, 4.00% Floor (4.23%)	02/19/2020	02/09/2021	-	(15)	-
Endurance International Group Holdings Inc	Technology	1st Lien, Secured Revolver - Unfunded	5, 10	0.0038	02/19/2020	02/09/2021	4,000	-	(9)
Finastra Group Holdings, Ltd.	Software Services	2nd Lien, Secured Loan	10	6M L + 7.25%, 8.25% Floor (8.25%)	12/14/2017	06/13/2025	2,000	1,946	2,001

First Brands, Inc.	Transportation Equipment Manufacturing	1st Lien, Secured Loan		2M L + 7.50%, 8.50% Floor (8.50%)	07/23/2020	02/02/2024	2,962	2,800	2,948
Gateway Casinos & Entertainment Limited	Casinos & Gaming	2nd Lien, Secured Note	10	0.0825	11/17/2020	03/01/2024	3,000	2,688	2,820
Greenway Health, LLC	Technology	1st Lien, Revolver	5	3M L+ 3.75%, 3.75% Floor (4.17%)	01/27/2020	02/17/2022	-	(622)	-
Greenway Health, LLC	Technology	1st Lien, Revolver - Unfunded	5	0.005	01/27/2020	02/17/2022	8,026	-	(425)
Lenders' Funding, LLC	Specialty Finance	Receivable	5	0.15	10/16/2020	06/01/2021	2,679	2,679	2,679
Lenders' Funding, LLC	Specialty Finance	Receivable - Unfunded	5	n/a	10/16/2020	06/01/2021	321	-	-
Martin Midstream Partners LP	Oil & Gas	2nd Lien, Secured Note		0.115	12/09/2020	02/28/2025	110	106	105
Mitchell International, Inc.	Software Services	2nd Lien, Secured Loan		1M L + 7.25%, 7.25% Floor (7.40%)	08/02/2019	12/01/2025	3,000	2,824	2,895
Natural Resource Partners LP	Metals & Mining	Unsecured Notes		0.0913	06/12/2020	06/30/2025	4,367	3,840	3,996
OPS Acquisitions Limited and Ocean Protection Services Limited	Maritime Security Services	1st Lien, Secured Loan	4, 5, 8, 10	1M L + 12.00%, 12.50% Floor (0.00%)	11/03/2016	06/01/2018	4,903	4,240	19
OPS Acquisitions Limited and Ocean Protection Services Limited	Maritime Security Services	Common Equity	4, 5, 7, 10	n/a	11/03/2016	n/a	19	-	-
Par Petroleum, LLC	Oil & Gas	1st Lien, Secured Note	10	0.0775	10/30/2020	12/15/2025	3,000	2,544	2,880
PE Facility Solutions, LLC	Building Cleaning and Maintenance Services	1st Lien, Secured Loan B	3, 5, 8	1M L + 14.00%, (0.00%)	02/28/2017	02/27/2022	164	164	162
PE Facility Solutions, LLC	Building Cleaning and Maintenance Services	Common Equity	3, 5, 7	n/a	02/28/2017	n/a	1	-	-
PEAKS Trust 2009-1	Consumer Finance	1st Lien, Secured Note	5, 8, 10	1M L + 5.50%, 7.50% Floor (0.00%)	11/03/2016	01/27/2020	940	849	-
Perforce Software, Inc.	Technology	1st Lien, Secured Revolver	5	3M L + 4.25%, 4.25% Floor (4.40%)	01/24/2020	07/01/2024	875	514	827
Perforce Software, Inc.	Technology	1st Lien, Secured Revolver - Unfunded	5	0.005	01/24/2020	07/01/2024	3,500	-	(191)
PFS Holdings Corp.	Food & Staples	1st Lien, Secured Loan	5	3M L + 7.00%, 8.00% Floor (8.00%)	11/13/2020	11/13/2024	1,076	1,076	1,076
PFS Holdings Corp.	Food & Staples	Common Equity	5, 7	n/a	11/13/2020	n/a	5,222	12,378	7,618
Prestige Capital Finance, LLC	Specialty Finance	Common Equity	3, 5, 10	n/a	02/08/2019	n/a	-	7,466	10,081
Research Now Group, Inc.	Internet Media	1st Lien, Secured Revolver	5	6M L + 4.50%, 4.50% Floor (4.81%)	01/29/2019	12/20/2022	6,947	6,525	6,906
Research Now Group, Inc.	Internet Media	1st Lien, Secured Revolver - Unfunded	5	0.005	01/29/2019	12/20/2022	3,053	-	(142)
Research Now Group, Inc.	Internet Media	2nd Lien, Secured Loan	5	6M L + 9.50%, 10.50% Floor (10.50%)	05/20/2019	12/20/2025	12,000	11,959	11,972
Subcom, LLC	Telecommunications Services	1st Lien, Secured Revolver	5	3M L + 5.00%, 5.00% Floor (5.23%)	11/21/2019	11/02/2023	-	(1,370)	-

Subcom, LLC	Telecommunications Services	1st Lien, Secured Revolver - Unfunded	5	0.005	11/21/2019	11/02/2023	10,000	-	(160)
Tallage Davis, LLC	Real Estate Services	1st Lien, Secured Loan	5	11.00%	03/20/2018	01/26/2023	200	200	200
Tallage Davis, LLC	Real Estate Services	1st Lien, Secured Loan - Unfunded	5	n/a	03/20/2018	01/26/2023	8,910	-	-
Tensar Corporation	Construction Materials Manufacturing	2nd Lien, Secured Loan	5	3M L + 12.00%, 13.00% Floor (13.00%)	11/20/2020	02/20/2026	10,000	9,656	9,676
TRU (UK) Asia Limited	Retail	Common Equity	5, 7, 10	n/a	07/21/2017	n/a	776,954	22,132	5,352
TRU (UK) Asia Limited Liquidating Trust	Retail	Common Equity	5, 7	n/a	07/21/2017	n/a	16,000	900	793
Viasat, Inc.	Specialty Finance	Receivable	5	n/a	10/23/2020	01/01/2021	3,000	3,000	3,000
Total Investments excluding Short-Term Investments (190.48% of Net Assets)								**264,964**	**151,648**
Short-Term Investments									
United States Treasury	Short Term	Treasury Bill		0	03/30/2019	01/26/2021	75,000	74,997	74,998
Total Short-Term Investments (94.2% of Net Assets)								**74,997**	**74,998**
TOTAL INVESTMENTS(13) (284.68% of Net Assets)								**$ 339,961**	**$ 226,646**
Other Liabilities in Excess of Assets (184.68% of Net Assets)									$ (147,031)
NET ASSETS									**$ 79,615**

(1) The Company’s investments are generally acquired in private transactions exempt from registration under the Securities Act of 1933 and, therefore, are generally subject to limitations on resale, and may be deemed to be “restricted securities” under the Securities Act of 1933.

(2) A majority of the Company’s variable rate debt investments bear interest at a rate that is determined by reference to London Interbank Offered Rate (“LIBOR” or “L”) and which is reset daily, monthly, quarterly or semiannually. For each debt investment, the Company has provided the interest rate in effect as of period end. If no reference to LIBOR is made, the rate is fixed. A floor is the minimum rate that will be applied in calculating an interest rate. A cap is the maximum rate that will be applied in calculating an interest rate. The one month (“1M”) LIBOR as of period end was 0.14%. The two month (“2M”) LIBOR as of period end was 0.19%. The three month (“3M”) LIBOR as of period end was 0.24%. The six month (“6M”) LIBOR as of period end was 0.26%.

(3) “Controlled Investments” are investments in those companies that are “Controlled Investments” of the Company, as defined in the Investment Company Act. A company is deemed to be a “Controlled Investment” of the Company if the Company owns more than 25% of the voting securities of such company.

(4) “Affiliate Investments” are investments in those companies that are “Affiliated Companies” of the Company, as defined in the Investment Company Act, which are not “Controlled Investments.” A company is deemed to be an “Affiliate” of the Company if the Company owns 5% or more, but less than 25%, of the voting securities of such company.

(5) Investments classified as Level 3 whereby fair value was determined by the Company's board of directors.

(6) Security pays, or has the option to pay, all of its interest in kind. As of December 31, 2020, each of the Avanti Communications Group, plc secured bonds and California Pizza Kitchen, Inc. pay in kind ("PIK") and the rates above reflect the PIK interest rates.

(7) Non-income producing security.

(8) Investment was on non-accrual status as of period end.

(9) The interest rate on these loans includes a default interest rate.

(10) Indicates assets that the Company believes do not represent "qualifying assets" under Section 55(a) of the Investment Company Act. Qualifying assets must represent at least 70% of the Company's total assets at the time of acquisition of any additional non-qualifying assets. Of the Company's total assets, 24.2% were non-qualifying assets as of period end.

(11) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. Such security may be sold in certain transactions (normally to qualified institutional buyers) and remain exempt from registration.

(12) Under the terms of the credit agreement, this investment has an exit fee which requires the borrower to pay, in connection with each prepayment or other repayment a fee equal to 2.50% of the amount being repaid..

(13) As of period end, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was $28,019; the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was $124,342; the net unrealized depreciation was $(96,323); the aggregate cost of securities for Federal income tax purposes was $322,969.

As of December 31, 2020, the Company's investments consisted of the following:

Investment Type		**Investments at Fair Value**	**Percentage of Net Assets**
Debt	$	108,152	135.84%
Equity/Other		43,496	54.63%
Short-Term Investments		74,998	94.20%
Total	**$**	**226,646**	**284.68%**

As of December 31, 2020, the geographic composition of the Company's portfolio at fair value was as follows:

Geography		**Investments at Fair Value**	**Percentage of Net Assets**
United States	$	187,184	235.11%
United Kingdom		36,642	46.02%
Canada		2,820	3.55%
Total	**$**	**226,646**	**284.68%**

As of December 31, 2020, the industry composition of the Company's portfolio at fair value was as follows:

Industry		Investments at Fair Value	Percentage of Net Assets
Wireless Telecommunications Services	$	29,270	36.76%
Oil & Gas		20,290	25.49%
Internet Media		18,736	23.53%
Specialty Finance		15,760	19.80%
Restaurants		10,470	13.15%
Construction Materials Manufacturing		9,676	12.15%
Food & Staples		8,694	10.92%
Retail		6,145	7.72%
Apparel & Textile Products		5,154	6.47%
Software Services		4,896	6.15%
Industrial		4,642	5.83%
Metals & Mining		3,996	5.02%
Radio Broadcasting		3,763	4.73%
Transportation Equipment Manufacturing		2,948	3.70%
Casinos & Gaming		2,820	3.54%
Wholesale-Apparel, Piece Goods & Notions		2,762	3.47%
Hotel Operator		1,203	1.51%
Technology		202	0.25%
Real Estate Services		200	0.25%
Building Cleaning and Maintenance Services		162	0.20%
Maritime Security Services		19	0.02%
Consumer Finance		-	-%
Telecommunications Services		(160)	(0.20)%
Short-Term Investments		74,998	94.20%
Total	**$**	**226,646**	**284.68%**

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION

Great Elm Capital Corp. (the "Company") was formed on April 22, 2016 as a Maryland corporation. The Company is structured as an externally managed, non-diversified closed-end management investment company. The Company elected to be regulated as a business development company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Company is managed by Great Elm Capital Management, Inc., a Delaware corporation ("GECM"), a subsidiary of Great Elm Group, Inc., a Delaware corporation.

The Company seeks to generate current income and capital appreciation through debt and income-generating equity investments, including investments in specialty finance businesses.

The Company and Full Circle Capital Corporation, a Maryland corporation ("Full Circle"), entered into an Agreement and Plan of Merger, dated as of June 23, 2016 (the "Merger Agreement"). The Merger Agreement provided for the merger of Full Circle with and into the Company (the "Merger"). The Company agreed to provide indemnity to Full Circle's directors and officers under certain circumstances. The Company has concluded that its indemnification obligation is remote as of the date of the accompanying financial statements. The Merger was completed on November 3, 2016 and the Company began operations on November 4, 2016. The Company accounted for the Merger as a business combination under Accounting Standards Codification ("ASC") Topic 805, Business Combinations. The consideration for the Merger consisted of 4,986,585 shares of common stock, par value $0.01 per share, of the Company (the "common stock").

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The Company's functional currency is U.S. dollars and these consolidated financial statements have been prepared in that currency. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to Regulation S-X and Regulation S-K. The Company is an investment company following accounting and reporting guidance in Financial Accounting Standards Board ASC Topic 946, *Financial Services – Investment Companies*.

Amounts related to our unsecured notes were previously reported by issuance on the consolidated statements of assets and liabilities on the Form 10-K for the year ended December 31, 2020. These have been reclassed to notes payable in the consolidated statements of assets and liabilities to conform to current period presentation.

Retroactive Adjustments for Reverse Stock Split. The outstanding shares and per share amounts of the Company's common stock in the consolidated financial statements and notes to the consolidated financial statements have been retroactively adjusted for the reverse stock split effected on February 28, 2022 for all periods presented. See Note 11 – Subsequent Events.

Basis of Consolidation. Under the Investment Company Act, Article 6 of Regulation S-X and GAAP, the Company is generally precluded from consolidating any entity other than another investment company or an operating company which provides substantially all of its services and benefits to the Company. The accompanying consolidated financial statements include the Company's accounts and the accounts of the Company's wholly-owned subsidiaries, TFC-SC Holdings, LLC and Great Elm Specialty Finance, LLC. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates. The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially.

Revenue Recognition. Interest and dividend income, including income paid in kind, is recorded on an accrual basis. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts, earned with respect to capital commitments, are generally amortized or accreted into interest income over the life of the respective debt investment, as are end-of-term or exit fees receivable upon repayment of a debt investment if such fees are fixed in nature. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, and end-of-term or exit fees that have a contingency feature or are variable in nature are recognized as earned. Prepayment fees and similar income due upon the early repayment of a loan or debt security are generally included in interest income.

Interest income received as paid-in-kind ("PIK") is reported separately in the Statements of Operations. Income is included as PIK if the instrument solely provides for settlement in kind. In the event that the borrower can settle in kind or via cash payment, the income is not included as PIK until the borrower elects to pay in kind and the payment is received by the Company. In the event there is a lesser cash rate in a PIK toggle instrument, income is accrued at the lesser cash rate until the coupon is paid in kind and such larger payment is received by the Company.

Certain of the Company's debt investments were purchased at a discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. Discounts on the acquisition of corporate debt instruments are generally amortized using the effective-interest or constant-yield method assuming there are no material questions as to collectability.

Net Realized Gains (Losses) and Net Change in Unrealized Appreciation (Depreciation). The Company measures realized gains or losses by the difference between the net proceeds from the repayment or sale of an investment and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Realized gains and losses are computed using the specific identification method. Net change in unrealized appreciation or depreciation reflects the net change in portfolio investment values and portfolio investment cost bases during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

Cash and Cash Equivalents. Cash and cash equivalents typically consist of bank demand deposits. Restricted cash generally consists of collateral for unfunded positions held by counterparties.

Valuation of Portfolio Investments. The Company carries its investments in accordance with ASC Topic 820, Fair Value Measurements and Disclosures ("ASC 820"), which defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. Fair value is generally based on quoted market prices provided by independent pricing services, broker or dealer quotations or alternative price sources. In the absence of quoted market prices, broker or dealer quotations or alternative price sources, investments are measured at fair value as determined by the Company's board of directors (the "Board").

Due to the inherent uncertainties of valuation, certain estimated fair values may differ significantly from the values that would have been realized had a ready market for these investments existed, and these differences could be material. See Note 4.

The Company values its portfolio investments at fair value based upon the principles and methods of valuation set forth in policies adopted by the Board. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Market participants are buyers and sellers in the principal (or most advantageous) market for the asset that (1) are independent of the Company, (2) are knowledgeable, having a reasonable understanding about the asset based on all available information (including information that might be obtained through due diligence efforts that are usual and customary), (3) are able to transact for the asset, and (4) are willing to transact for the asset (that is, they are motivated but not forced or otherwise compelled to do so).

Investments for which market quotations are readily available are valued at such market quotations unless the quotations are deemed not to represent fair value. The Company generally obtains market quotations from recognized exchanges, market quotation systems, independent pricing services or one or more broker-dealers or market makers. Short term debt investments with remaining maturities within ninety days are generally valued at amortized cost, which approximates fair value. Debt and equity securities for which market quotations are not readily available, which is the case for many of the Company's investments, or for which market quotations are deemed not to represent fair value, are valued at fair value using a consistently applied valuation process in accordance with the Company's documented valuation policy that has been reviewed and approved by the Board, who also approve in good faith the valuation of such securities as of the end of each quarter. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that the Company may ultimately realize. In addition, changes in the market environment and other events may have differing impacts on the market quotations used to value some of the Company's investments than on the fair values of the Company's investments for which market quotations are not readily available. Market quotations may be deemed not to represent fair value in certain circumstances where the Company believes that facts and circumstances applicable to an issuer, a seller or purchaser, or the market for a particular security cause current market quotations to not reflect the fair value of the security.

The valuation process approved by the Board with respect to investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value is as follows:

- The investment professionals of GECM provide recent portfolio company financial statements and other reporting materials to an independent valuation firm (or firms) approved by the Board;

- Such firms evaluate this information along with relevant observable market data to conduct independent appraisals each quarter, and their preliminary valuation conclusions are documented, discussed, and iterated with senior management of GECM;

- The fair value of investments comprising in the aggregate less than 5% of the Company's total capitalization and individually less than 1% of the Company's total capitalization may be determined by GECM in good faith in accordance with the Company's valuation policy without the employment of an independent valuation firm;

- The Company's audit committee recommends, and the Board approves, the fair value of the investments in the Company's portfolio in good faith based on the input of GECM, the independent valuation firms (to the extent applicable) and the business judgment of the audit committee and the Board, respectively.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that the Company may take into account in determining the fair value of its investments include, as relevant and among other factors: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparables, and enterprise values.

Investments in revolvers or delayed draw loans may include unfunded commitments for which the Company's acquisition cost will be offset by compensation received on the portion of the commitment that is unfunded. As a result, the purchases of a commitment that is not fully funded may result in a negative cost basis for the funded commitment. The fair value of the unfunded commitment is adjusted for price appreciation or depreciation and may result in a negative fair value for the unfunded commitment.

Foreign Currency Translation. Amounts denominated in foreign currencies are translated into U.S. dollars on the following basis: (1) investments and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based upon currency exchange rates effective on the date of valuation; and (2) purchases and sales of investments and income and expense items denominated in foreign currencies are translated into U.S. dollars based upon currency exchange rates prevailing on the transaction dates. The portion of gains and losses on foreign investments resulting from fluctuations in foreign currencies is included in net realized and unrealized gain or loss from investments.

U.S. Federal Income Taxes. From inception to September 30, 2016, the Company was a taxable association under Internal Revenue Code of 1986, as amended (the "Code"). The Company has elected to be taxed as a regulated investment company ("RIC") under subchapter M of the Code. The Company intends to operate in a manner so as to qualify for the tax treatment applicable to RICs in that taxable year and all future taxable years. In order to qualify as a RIC, among other things, the Company will be required to timely distribute to its stockholders at least 90% of investment company taxable income ("ICTI") including PIK interest, as defined by the Code, for each taxable year in order to be eligible for tax treatment under subchapter M of the Code. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of current year dividend distributions into the next tax year. Any such carryover ICTI must be distributed prior to the 15th day of the ninth month after the tax year-end. So long as the Company maintains its status as a RIC, it generally will not be subject to corporate-level U.S. federal income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as distributions. Rather, any tax liability related to income earned by the Company represents obligations of the Company's stockholders and will not be reflected in the consolidated financial statements of the Company.

If the Company does not distribute (or is not deemed to have distributed) each calendar year the sum of (1) 98% of its net ordinary income for each calendar year, (2) 98.2% of its capital gain net income for the one-year period ending October 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years (the "Minimum Distribution Amount"), the Company will generally be required to pay an excise tax equal to 4% of the amount by the which Minimum Distribution Amount exceeds the distributions for the year. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such taxable income, the Company accrues excise taxes, if any, on estimated excess taxable income as taxable income is earned using an annual effective excise tax rate. The annual effective excise tax rate is determined by dividing the estimated annual excise tax by the estimated annual taxable income.

The Company has accrued $48, $17 and $209 of excise tax expense for the years ended December 31, 2021, 2020 and 2019, respectively.

At December 31, 2021, the Company, for federal income tax purposes, had capital loss carryforwards of $62,971 which will reduce its taxable income arising from future net realized gains on investment transactions, if any, to the extent permitted by the Code, and thus will reduce the amount of distributions to stockholders, which would otherwise be necessary to relieve the Company of any liability for federal income tax. On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the "Modernization Act") was signed by the President. The Modernization Act changed the capital loss carryforward rules as they relate to regulated investment companies. Capital losses generated in tax years beginning after the date of enactment may now be carried forward indefinitely, and retain the character of the original loss. Of the capital loss carryforwards at December 31, 2021 $42,978 are limited losses and available for use subject to annual limitation under Section 382. Of the capital losses at December 31, 2021, $16,815 are short-term and $47,183 are long term.

ASC 740 *Accounting for Uncertainty in Income Taxes* ("ASC 740") provides guidance on the accounting for and disclosure of uncertainty in tax position. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Based on its analysis of its tax position for all open tax years (fiscal years 2017 through 2020), the Company has concluded that it does not have any uncertain tax positions that met the recognition or measurement criteria of ASC 740. Such open tax years remain subject to examination and adjustment by tax authorities.

3. SIGNIFICANT AGREEMENTS AND RELATED PARTIES

Investment Management Agreement. The Company has an investment management agreement (the "Investment Management Agreement") with GECM. Beginning on November 4, 2016, the Company began accruing for GECM's fees for its services under the Investment Management Agreement. This fee consists of two components: a base management fee and an incentive fee.

The Company's Chief Executive Officer is also the chief investment officer of GECM, and the chief executive officer and a member of the board of directors of GEG. The Company's Chief Compliance Officer is also the chief operating officer, chief compliance officer and general counsel of GECM, and the president and chief operating officer of GEG. The Company's Chief Financial Officer is also the chief financial officer of GECM.

Management Fee The base management fee is calculated at an annual rate of 1.50% of the Company's average adjusted gross assets, including assets purchased with borrowed funds. The base management fee is payable quarterly in arrears. The base management fee is calculated based on the average value of the Company's gross assets, excluding cash and cash equivalents, at the end of the two most recently completed calendar quarters, and appropriately adjusted for any share issuances or repurchases during the then current calendar quarter. Base management fees for any partial quarter are prorated.

For the years ended December 31, 2021, 2020 and 2019, management fees amounted to $3,182, $2,511 and $2,953, respectively. As of December 31, 2021 and 2020, $881 and $613 remained payable, respectively.

Incentive Fee The incentive fee consists of two components that are independent of each other with the result that one component may be payable even if the other is not. One component of the incentive fee is based on income (the "Income Incentive Fee") and the other component is based on capital gains (the "Capital Gains Incentive Fee").

The Income Incentive Fee is calculated on a quarterly basis as 20% of the amount by which the Company's pre-incentive fee net investment income (the "Pre-Incentive Fee Net Investment Income") for the quarter exceeds a hurdle rate of 1.75% (7.0% annualized) of the Company's net assets at the end of the immediately preceding calendar quarter, subject to a "catch-up" provision pursuant to which GECM receives all of such income in excess of the 1.75% level but less than 2.1875% (8.75% annualized) and subject to a total return requirement (described below). The effect of the "catch-up" provision is that, subject to the total return provision, if pre-incentive fee net investment income exceeds 2.1875% of the Company's net assets at the end of the immediately preceding calendar quarter, in any calendar quarter, GECM will receive 20.0% of the Company's pre-incentive fee net investment income as if the 1.75% hurdle rate did not apply. These calculations will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the then current quarter.

Pre-Incentive Fee Net Investment Income includes any accretion of original issue discount, market discount, PIK interest, PIK dividends or other types of deferred or accrued income, including in connection with zero coupon securities, that the Company and its consolidated subsidiaries have recognized in accordance with GAAP, but have not yet received in cash (collectively, "Accrued Unpaid Income"). Pre-Incentive Fee Net Investment Income does not include any realized capital gains or losses or unrealized capital appreciation or depreciation. Accrued Unpaid Income as of December 31, 2021 was $10,172. Accrued Unpaid Income includes capitalized PIK income of $803 on investments still held at December 31, 2021. Accrued Unpaid Income as of December 31, 2020 was $29,989, which included capitalized PIK income of $17,680 on investments still held at December 31, 2020.

Any Income Incentive Fee otherwise payable with respect to Accrued Unpaid Income (collectively, the "Accrued Unpaid Income Incentive Fees") is deferred, on a security by security basis, and becomes payable only if, as, when and to the extent cash is received by the Company or its consolidated subsidiaries in respect thereof. Any Accrued Unpaid Income that is subsequently reversed in connection with a write-down, write-off, impairment or similar treatment of the investment giving rise to such Accrued Unpaid Income will, in the applicable period of reversal, (1) reduce Pre-Incentive Fee Net Investment Income and (2) reduce the amount of Accrued Unpaid Income Incentive Fees previously deferred.

The Company will defer cash payment of any Income Incentive Fee otherwise payable to the investment adviser in any quarter (excluding Accrued Unpaid Income Incentive Fees with respect to such quarter) that exceeds (1) 20% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the most recent twelve full calendar quarter period ending on or prior to the date such payment is to be made (the "Trailing Twelve Quarters") less (2) the aggregate incentive fees that were previously paid to the investment adviser during such Trailing Twelve Quarters (excluding Accrued Unpaid Income Incentive Fees during such Trailing Twelve Quarters and not subsequently paid). "Cumulative Pre-Incentive Fee Net Return" during the relevant Trailing Twelve Quarters means the sum of (a) pre-incentive fee net investment income in respect of such Trailing Twelve Quarters less (b) net realized capital losses and net unrealized capital depreciation, if any, in each case calculated in accordance with GAAP, in respect of such Trailing Twelve Quarters.

Under the Capital Gains Incentive Fee, the Company is obligated to pay GECM at the end of each calendar year 20% of the aggregate cumulative realized capital gains from November 4, 2016 through the end of that year, computed net of aggregate cumulative realized capital losses and aggregate cumulative unrealized depreciation through the end of such year, less the aggregate amount of any previously paid capital gains incentive fees.

For the years ended December 31, 2021, 2020 and 2019, the Company incurred Income Incentive Fees of $(4,323), $1,020 and $2,735, respectively. As of December 31, 2021 and 2020, $4,854 and $9,176 of Income Incentive Fees, respectively remained payable and none was immediately payable after calculating the total return requirement. These payable amounts may include both Accrued Unpaid Income Incentive Fees and amounts deferred under the total return requirement and will become due upon meeting the criteria described above. For the years ended December 31, 2021, 2020 and 2019, the Company did not have any Capital Gains Incentive Fees accrual.

The Company's investment in Avanti Communications Group plc ("Avanti") has generated significant non-cash income in the form of PIK interest. As of December 31, 2021, it was determined that the investment in the Avanti 2nd lien secured bonds (the "2L bonds") was fair valued at zero and, along with the investment in the Avanti 1.5 lien secured loan (the "1.5L loan") put on non-accrual, with any accrued but unpaid or capitalized interest income reversed as of period end. As a result of this write down and non-accrual status, we have determined that the accrued incentive fees payable associated with the portion of PIK interest generated by the 2L bonds and 1.5L loan should not at this time be recognized as a liability and as such we have reversed $5,014 in accrued incentive fees related to those investments in the current period.

The Investment Management Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, GECM and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of GECM's services under the Investment Management Agreement or otherwise as an investment adviser of the Company.

Administration Fees. The Company has an administration agreement (the "Administration Agreement") with GECM to provide administrative services, including, among other things, furnishing the Company with office facilities, equipment, clerical, bookkeeping and record keeping services. The Company will reimburse GECM for its allocable portion of overhead and other expenses of GECM in performing its obligations under the Administration Agreement.

The Administration Agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, GECM and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of GECM's services under the Administration Agreement or otherwise as administrator for the Company.

For the years ended December 31, 2021, 2020 and 2019, the Company incurred expenses under the Administration Agreement of $673, $729 and $987, respectively. As of December 31, 2021 and 2020, $131 and $151, remained payable, respectively.

4. FAIR VALUE MEASUREMENT

The fair value of a financial instrument is the amount that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

The fair value hierarchy under ASC 820 prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels used for classifying investments are not necessarily an indication of the risk associated with investing in these securities. The three levels of the fair value hierarchy are as follows:

Basis of Fair Value Measurement

Level 1 - Investments valued using unadjusted quoted prices in active markets for identical assets.

Level 2 - Investments valued using other unadjusted observable market inputs, e.g. quoted prices in markets that are not active or quotes for comparable instruments.

Level 3 - Investments that are valued using quotes and other observable market data to the extent available, but which also take into consideration one or more unobservable inputs that are significant to the valuation taken as a whole.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Note 2 should be read in conjunction with the information outlined below.

The table below presents the valuation techniques and the nature of significant inputs generally used in determining the fair value of Level 2 and Level 3 Instruments.

Level 2 Instruments Valuation Techniques and Significant Inputs

Equity, Bank Loans, Corporate Debt, and Other Debt Obligations	The types of instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency may include commercial paper, most government agency obligations, certain corporate debt securities, certain mortgage-backed securities, certain bank loans, less liquid publicly-listed equities, certain state and municipal obligations, certain money market instruments and certain loan commitments. Valuations of Level 2 debt and equity instruments can be verified to quoted prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g. indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Level 3 Instruments Valuation Techniques and Significant Inputs

Bank Loans, Corporate Debt, and Other Debt Obligations	Valuations are generally based on discounted cash flow techniques, for which the significant inputs are the amount and timing of expected future cash flows, market yields and recovery assumptions. The significant inputs are generally determined based on an analysis of market comparables, transactions in similar instruments and/or recovery and liquidation analyses.
Equity	Recent third-party investments or pending transactions are considered to be the best evidence for any change in fair value. When these are not available, the following valuation methodologies are used, as appropriate and available: ▪ Transactions in similar instruments; ▪ Discounted cash flow techniques; ▪ Third party appraisals; and ▪ Industry multiples and public comparables. Evidence includes recent or pending reorganizations (for example, merger proposals, tender offers and debt restructurings) and significant changes in financial metrics, including: ▪ Current financial performance as compared to projected performance; ▪ Capitalization rates and multiples; and ▪ Market yields implied by transactions of similar or related assets.

As noted above, the income and market approaches were used in the determination of fair value of certain Level 3 assets as of December 31, 2021 and 2020. The significant unobservable inputs used in the income approach are the discount rate or market yield used to discount the estimated future cash flows expected to be received from the underlying investment, which include both future principal and interest payments. An increase in the discount rate or market yield would result in a decrease in the fair value. Included in the consideration and selection of discount rates is risk of default, rating of the investment (if any), call provisions and comparable company valuations. The significant unobservable inputs used in the market approach are based on market comparable transactions and market multiples of publicly traded comparable companies. Increases or decreases in market multiples would result in an increase or decrease, respectively, in the fair value.

The following summarizes the Company's investment assets categorized within the fair value hierarchy as of December 31, 2021:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt	$ -	$ 44,858	$ 104,936	$ 149,794
Equity/Other	12,164	1,103	49,088	62,355
Short Term Investments	199,995	-	-	199,995
Total investment assets	$ 212,159	$ 45,961	$ 154,024	$ 412,144

The following summarizes the Company's investment assets categorized within the fair value hierarchy as of December 31, 2020:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt	$ -	$ 22,287	$ 85,865	$ 108,152
Equity/Other	17,305	-	26,191	43,496
Short Term Investments	74,998	-	-	74,998
Total investment assets	$ 92,303	$ 22,287	$ 112,056	$ 226,646

The following is a reconciliation of Level 3 assets for the year ended December 31, 2021:

Level 3	**Beginning Balance as of January 1, 2021**	**Net Transfers In/Out**	**Purchases(1)**	**Net Realized Gain (Loss)**	**Net Change in Unrealized Appreciation (Depreciation)(2)**	**Sales and Settlements(1)**	**Net Amortization of Premium/ Discount**	**Ending Balance as of December 31, 2021**
Debt	$ 85,865	$ -	$ 118,965	$ (13,067)	$ (19,544)	$ (70,373)	$ 3,090	$ 104,936
Equity/Other	26,191	-	24,476	(2,276)	4,907	(4,210)	-	49,088
Total investment assets	**$ 112,056**	**$ -**	**$ 143,441**	**$ (15,343)**	**$ (14,637)**	**$ (74,583)**	**$ 3,090**	**$ 154,024**

The following is a reconciliation of Level 3 assets for the year ended December 31, 2020:

Level 3	**Beginning Balance as of January 1, 2020**	**Net Transfers In/Out**	**Purchases(1)**	**Net Realized Gain (Loss)**	**Net Change in Unrealized Appreciation (Depreciation) (2)**	**Sales and Settlements(1)**	**Net Amortization of Premium/ Discount**	**Ending Balance as of December 31, 2020**
Debt	$ 120,431	$ (3,735)	$ 68,317	$ (2,332)	$ (18,844)	$ (81,823)	$ 3,851	$ 85,865
Equity/Other	23,549	-	24,893	-	(21,428)	(823)	-	26,191
Total investment assets	**$ 143,980**	**$ (3,735)**	**$ 93,210**	**$ (2,332)**	**$ (40,272)**	**$ (82,646)**	**$ 3,851**	**$ 112,056**

(1) Purchases may include new deals, additional fundings (inclusive of those on revolving credit facilities), refinancings, capitalized PIK income, and securities received in corporate actions and restructurings. Sales and Settlements may include scheduled principal payments, prepayments, sales and repayments (inclusive of those on revolving credit facilities), and securities delivered in corporate actions and restructuring of investments.

(2) The net change in unrealized appreciation/(depreciation) relating to Level 3 assets still held at December 31, 2021 totaled $(27,528) consisting of the following: $(31,826) related to debt investments and $4,298 related to equity/other. The net change in unrealized depreciation relating to Level 3 assets still held at December 31, 2020 totaled $(45,879) consisting of the following: $(24,452) related to debt investments and $(21,427) related to equity/other.

There were no transfers into or out of Level 3 during the year ended December 31, 2021.

One investment with a fair value of $(11,801) was transferred from Level 3 to Level 2 as a result of increased pricing transparency during the year ended December 31, 2020. Two investments with an aggregate fair value of $8,066 were transferred from Level 2 to Level 3 as a result of decreased pricing transparency during the year ended December 31, 2020.

The following tables below present the ranges of significant unobservable inputs used to value the Company’s Level 3 assets as of December 31, 2021 and 2020, respectively. These ranges represent the significant unobservable inputs that were used in the valuation of each type of instrument, but they do not represent a range of values for any one instrument. For example, the lowest yield in 1st Lien Debt is appropriate for valuing that specific debt investment, but may not be appropriate for valuing any other debt investments in this asset class. Accordingly, the ranges of inputs presented below do not represent uncertainty in, or possible ranges of, fair value measurements of the Company’s Level 3 assets.

As of December 31, 2021

Investment Type		Fair value	Valuation Technique(1)	Unobservable Input(1)	Range (Weighted Average)(2)
Debt	$	20,070	Market Approach	Earnings Multiple	1.00 - 5.25 (3.28)
			Income Approach	Discount Rate	17.50% - 32.50% (27.68%)
		83,321	Income Approach	Discount Rate	7.05% - 65.41% (13.16%)
		(288)	Income Approach	Implied Yield	4.02% - 6.87% (4.97%)
		1,833	Recent Transaction		
Total Debt	**$**	**104,936**			
Equity/Other	$	31,050	Market Approach	Earnings Multiple	0.16 - 14.50 (5.44)
			Income Approach	Discount Rate	14.00% - 32.50% (25.54%)
		5,238	Market Approach	Earnings Multiple	0.13 - 7.25 (2.01)
		12,579	Income Approach		11.51% - 13.39% (11.60%)
		221	Asset Recovery / Liquidation(4)		
Total Equity/Other	**$**	**49,088**			

As of December 31, 2020				
Investment Type	**Fair value**	**Valuation Technique(1)**	**Unobservable Input(1)**	**Range (Weighted Average) (2)**
Debt	$ 37,393	Market Approach	Earnings Multiple	0.35 - 4.50 (3.15)
		Income Approach	Discount Rate	16.25% - 30.00% (18.93%)
	6,906	Income Approach	Discount Rate	6.67%
		Quotes		98.81%
	41,447	Income Approach	Discount Rate	2.24% - 45.25% (14.75%)
	(100)	Income Approach	Implied Yield	2.63% - 6.66% (4.86%)
	219	Asset Recovery / Liquidation(4)		
Total Debt	**$ 85,865**			
Equity/Other	$ 12,428	Market Approach	Earnings Multiple	0.35 - 4.50 (2.33)
		Income Approach	Discount Rate	16.25% - 37.50% (34.33%)
	12,970	Market Approach	Earnings Multiple	0.15 - 17.75 (6.44)
	793	Asset Recovery / Liquidation(4)		
Total Equity/Other	**$ 26,191**			

(1) The fair value of any one instrument may be determined using multiple valuation techniques or unobservable inputs.

(2) Weighted average for an asset category consisting of multiple investments is calculated by weighting the significant unobservable input by the relative fair value of the investment. The range and weighted average for an asset category consisting of a single investment represents the significant unobservable input used in the fair value of the investment.

(3) Comparable price may include broker quotes for the exact security or similar securities.

(4) Investments valued using the asset recovery or liquidation technique include investments for which valuation is based on current financial data without a discount rate applied.

5. DEBT

Revolver

On May 5, 2021, the Company entered into a Loan, Guarantee and Security Agreement (the “Loan Agreement”) with City National Bank (“CNB”). The Loan Agreement provides for a senior secured revolving line of credit of up to $25 million (subject to a borrowing base as defined in the Loan Agreement). The Company may request to increase the revolving line in an aggregate amount not to exceed $25 million, which increase is subject to the sole discretion of CNB. The maturity date of the revolving line is May 5, 2024. Borrowings under the revolving line bear interest at a rate equal to (i) the London Inter-bank Offered Rate plus 3.50%, (ii) a base rate plus 2.00% or (iii) a combination thereof, as determined by the Company. As of December 31, 2021, there were no borrowings outstanding under the revolving line.

Borrowings under the revolving line are secured by a first priority security interest in substantially all of the Company's assets, subject to certain specified exceptions. The Company has made customary representations and warranties and is required to comply with various affirmative and negative covenants, reporting requirements and other customary requirements for similar loan agreements. In addition, the Loan Agreement contains financial covenants requiring (i) net assets of not less than $65 million, (ii) asset coverage equal to or greater than 150% and (iii) bank asset coverage equal to or greater than 300%, in each case tested as of the last day of each fiscal quarter of the Company. Borrowings are also subject to the leverage restrictions contained in the Investment Company Act of 1940, as amended.

Unsecured Notes

On September 13, 2017, the Company issued $28,375 in aggregate principal amount of 6.50% notes due 2022 (the "GECCL Notes"). On September 29, 2017, the Company issued an additional $4,256 of the GECCL Notes upon full exercise of the underwriters' over-allotment option. The Company redeemed all of the issued and outstanding GECCL Notes on July 23, 2021 at 100% of the principal amount plus accrued and unpaid interest thereon from April 30, 2021 through, but excluding, the redemption date, July 23, 2021.

On January 11, 2018, the Company offered $43,000 in aggregate principal amount of 6.75% notes due 2025 (the "GECCM Notes"). On January 19, 2018 and February 9, 2018, the Company sold an additional $1,898 and $1,500 of the GECCM Notes upon partial exercise of the underwriters' over-allotment option.

On June 18, 2019, the Company offered $42,500 in aggregate principal amount of 6.50% notes due 2024 (the "GECCN Notes"), which included $2,500 of the GECCN Notes sold in connection with the partial exercise of the underwriters' over-allotment option. On July 5, 2019, the Company sold an additional $2,500 of the GECCN Notes upon another partial exercise of the underwriters' over-allotment option.

On June 23, 2021, the Company issued $50,000 in aggregate principal amount of 5.875% notes due 2026 (the "GECCO Notes"). On July 9, 2021, the Company issued an additional $7,500 of the GECCO Notes upon full exercise of the underwriters' over-allotment option.

The Notes are our unsecured obligations and rank equal with all of our outstanding and future unsecured unsubordinated indebtedness. The unsecured notes are effectively subordinated, or junior in right of payment, to indebtedness under our Loan Agreement and any other future secured indebtedness that the Company may incur and structurally subordinated to all future indebtedness and other obligations of our subsidiaries. The Company pays interest on the unsecured notes on March 31, June 30, September 30 and December 31 of each year. The GECCM Notes, GECCN Notes and GECCO Notes will mature on January 31, 2025, June 30, 2024 and June 30, 2026, respectively. The GECCM Notes and GECCN Notes are currently callable at the Company's option and the GECCO Notes can be called on or after June 30, 2023. Holders of the unsecured notes do not have the option to have the unsecured notes repaid prior to the stated maturity date. The unsecured notes were issued in minimum denominations of $25 and integral multiples of $25 in excess thereof.

As part of the offerings, the Company incurred fees and costs, which are treated as a reduction of the carrying amount of the debt on the Company Statements of Assets and Liabilities. These deferred financing costs presented as a reduction to the Notes payable balance are being amortized into interest expense over the term of the Notes.

The Company may repurchase the Notes in accordance with the Investment Company Act and the rules promulgated thereunder.

Information about the Company's senior securities (including debt securities and other indebtedness) is shown in the following table:

Year		Total Amount Outstanding(1)		Asset Coverage Ratio Per Unit(2)	Involuntary Liquidation Preference Per Unit(3)		Average Market Value Per Unit(4)
December 31, 2016							
2020 Notes	$	33,646	$	6,168	N/A	$	1.02
December 31, 2017							
GECCL Notes	$	32,631	$	5,010	N/A	$	1.02
December 31, 2018							
GECCL Notes	$	32,631	$	2,393	N/A	$	1.01
GECCM Notes		46,398		2,393	N/A		0.98
December 31, 2019							
GECCL Notes	$	32,631	$	1,701	N/A	$	1.01
GECCM Notes		46,398		1,701	N/A		1.01
GECCN Notes		45,000		1,701	N/A		1.00
December 31, 2020							
GECCL Notes	$	30,293	$	1,671	N/A	$	0.89
GECCM Notes		45,610		1,671	N/A		0.84
GECCN Notes		42,823		1,671	N/A		0.84
December 31, 2021							
GECCM Notes	$	45,610	$	1,511	N/A	$	1.00
GECCN Notes		42,823		1,511	N/A		1.00
GECCO Notes		57,500		1,511	N/A		1.02

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

(2) Asset coverage per unit is the ratio of the carrying value of Great Elm's total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per $1,000 of indebtedness.

(3) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it.

(4) The average market value per unit for the Notes, as applicable, is based on the average daily prices of such Notes and is expressed per $1 of indebtedness.

The indenture's covenants, include restrictions on certain activities in the event the Company falls below the minimum asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act, as well as covenants requiring the Company to provide financial information to the holders of the Notes and the Trustee if the Company ceases to be subject to the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the indenture. The Investment Company Act limits, with certain exceptions, the Company's borrowing such that its asset coverage ratio, as defined in the Investment Company Act, is at least 1.5 to 1 after such borrowing.

As of December 31, 2021, the Company's asset coverage ratio was approximately 151.1%.

As of December 31, 2021 and 2020, the Company was in compliance with all covenants under the indenture.

For the years ended December 31, 2021, 2020 and 2019, the components of interest expense were as follows:

	For the years ended December 31,		
	2021	2020	2019
Borrowing interest expense	$ 8,927	$ 7,973	$ 6,821
Amortization of acquisition premium	1,501	1,153	815
Total	$ 10,428	$ 9,126	$ 7,636
Weighted average interest rate(1)	7.59%	7.54%	7.40%
Average outstanding balance	$ 137,336	$ 121,012	$ 103,200

(1) Annualized.

The fair value of the Company's Notes are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Company's Notes is determined by utilizing market quotations at the measurement date as they are Level 1 securities.

	December 31, 2021		
Facility	**Commitments**	**Borrowings Outstanding**	**Fair Value**
Unsecured Debt - GECCM Notes	$ 45,610	$ 45,610	$ 45,701
Unsecured Debt - GECCN Notes	42,823	42,823	42,823
Unsecured Debt - GECCO Notes	57,500	57,500	58,742
Total	$ 145,933	$ 145,933	$ 147,266

	December 31, 2020		
Facility	**Commitments**	**Borrowings Outstanding**	**Fair Value**
Unsecured Debt - GECCL Notes	$ 30,293	$ 30,293	$ 30,148
Unsecured Debt - GECCM Notes	45,610	45,610	43,877
Unsecured Debt - GECCN Notes	42,823	42,823	40,682
Total	$ 118,726	$ 118,726	$ 114,707

6. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company may enter into investment agreements under which it commits to make an investment in a portfolio company at some future date or over a specified period of time. As of December 31, 2021, the Company had approximately $31,934 in unfunded loan commitments to provide debt financing to certain of its portfolio companies. To the degree applicable, unrealized gains or losses on these commitments as of December 31, 2021 are included in the Company's Statements of Assets and Liabilities and the corresponding Schedule of Investments. The Company believes that it had sufficient cash and other liquid assets on its balance sheet to satisfy the unfunded commitments. The Company has considered the net decrease in net assets and positive cash flows from operations and has concluded that it has the ability to meet its obligations in the ordinary course of business based upon an evaluation of its cash position and sources of liquidity.

From time to time, the Company may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of the Company rights under contracts with the Company portfolio companies.

The Company is named as a defendant in a lawsuit filed on March 5, 2016, and captioned Intrepid Investments, LLC v. London Bay Capital, which is pending in the Delaware Court of Chancery. The plaintiff immediately agreed to stay the action in light of an ongoing mediation among parties other than the Company. This lawsuit was brought by a member of Speedwell Holdings (formerly known as The Selling Source, LLC), one of the Company's portfolio investments, against various members of and lenders to Speedwell Holdings. The plaintiff asserts claims of aiding and abetting, breaches of fiduciary duty, and tortious interference against the Company. In June 2018, Intrepid Investments, LLC ("Intrepid") sent notice to the court and defendants effectively lifting the stay and triggering defendants' obligation to respond to the Intrepid complaint. In September 2018, the Company joined the other defendants in a motion to dismiss on various grounds. In February 2019, Intrepid filed a second amended complaint to which defendants filed a renewed motion to dismiss in March 2019. The Company intends to defend the matter as necessary.

In July 2016, Full Circle filed suit in the District Court of Caldwell County, Texas against, among others, Willis Pumphrey for breach of a guaranty agreement arising from a loan transaction with Full Circle. Dr. Pumphrey, a personal guarantor of the loan made by Full Circle, the Company's predecessor in interest, brought counterclaims in (i) the District Court of Caldwell County, Texas and (ii) the District Court of Harris County, Texas (the "District Court") against, among others, Justin Bonner, an employee of GECM, in each case, alleging breach of a confidentiality agreement and tortious interference with Dr. Pumphrey's attempted sale of a business in which he owned an interest. In August 2017, Dr. Pumphrey voluntarily withdrew his complaint against Mr. Bonner and Full Circle in the District Court of Harris County, Texas. In November 2017, Dr. Pumphrey voluntarily withdrew his complaint without prejudice against Full Circle in the District Court of Caldwell County, Texas. On November 29, 2017, Dr. Pumphrey refiled his claims in the District Court of Harris County, Texas naming Full Circle, MAST Capital, GECC and GECM as defendants. Dr. Pumphrey is seeking between $2 million and $6 million in damages. GECC believes Dr. Pumphrey's claims to be frivolous and intends to vigorously defend them. Furthermore, the Company continues to pursue the initial claims against Dr. Pumphrey in the District Court of Caldwell County, Texas. In September 2019, the Company received a judgment in the Company's favor from the District Court of Caldwell County, Texas. On June 4, 2020, Dr. Pumphrey, filed a Chapter 11 Bankruptcy Petition in the United States Bankruptcy Court for the Southern District of Texas. The Company is pursuing claims against Dr. Pumphrey in the Chapter 11 proceeding.

7. INDEMNIFICATION

Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business the Company expects to enter into contracts that contain a variety of representations which provide general indemnifications. The Company's maximum exposure under these agreements cannot be known; however, the Company expects any risk of loss to be remote.

8. TAX INFORMATION

The tax character of distributions were as follows:

	For the year ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Distributions paid from:			
Ordinary income	$ 9,743	$ 13,084	$ 10,680
Net long term capital gains	-	265	-
Total taxable distributions	$ 9,743	$ 13,349	$ 10,680

The components of distributable earnings (losses) on a tax basis were as follows:

(in thousands)	As of December 31, 2021	2020	2019
Undistributed ordinary income, net	$ 4,797	$ 91	$ 5,828
Undistributed capital gains	-	-	265
Capital loss carryforwards	(62,971)	(54,887)	(45,137)
Total undistributed earnings	(58,174)	(54,796)	(39,044)
Unrealized earnings (losses), net	(112,846)	(96,323)	(67,281)
Total accumulated earnings (losses), net(1)	$ (171,020)	$ (151,119)	$ (106,325)

(1) Taxable income is estimated and is not considered final until the Company files its tax return.

The Company's aggregate unrealized appreciation and depreciation on investments based on cost for U.S. federal income tax purposes were as follows:

(in thousands)	As of December 31, 2021	2020
Tax cost	$ 524,990	$ 322,969
Gross unrealized appreciation	49,821	28,019
Gross unrealized depreciation	(162,667)	(124,342)
Net unrealized appreciation (depreciation) on investments	$ (112,846)	$ (96,323)

The difference between GAAP-basis and tax basis unrealized gains (losses) is attributable primarily to differences in the tax treatment of underlying fund investments.

In order to present certain components of the Company's capital accounts on a tax-basis, certain reclassifications have been recorded to the Company's accounts. These reclassifications have no impact on the net asset value of the Company's and result primarily from dividend redesignations, certain non-deductible expenses, and differences in the tax treatment of partnership income and defaulted bonds.

(in thousands)	As of December 31, 2021	2020
Paid-in capital in excess of par	$ (117)	$ (512)
Accumulated undistributed net investment income	1,335	239
Accumulated net realized gain (loss)	(1,218)	273

At December 31, 2021, the Company, for federal income tax purposes, had capital loss carryforwards of $62,971 which will reduce its taxable income arising from future net realized gains on investment transactions, if any, to the extent permitted by the Code, and thus will reduce the amount of distributions to stockholders, which would otherwise be necessary to relieve the Company of any liability for federal income tax. On December 22, 2010, the Modernization Act was signed by the President. The Modernization Act changed the capital loss carryforward rules as they relate to regulated investment companies. Capital losses generated in tax years beginning after the date of enactment may now be carried forward indefinitely and retain the character of the original loss. Of the capital loss carryforwards at December 31, 2021, $42,978are limited losses and available for use subject to annual limitation under Section 382. Of the capital losses at December 31, 2021, $16,815 are short-term and $46,156 are long term.

ASC 740 provides guidance on the accounting for and disclosure of uncertainty in tax position. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Based on its analysis of its tax position for all open tax years (fiscal years 2017 through 2020), the Company has concluded that it does not have any uncertain tax positions that met the recognition or measurement criteria of ASC 740. Such open tax years remain subject to examination and adjustment by tax authorities.

9. FINANCIAL HIGHLIGHTS

Below is the schedule of financial highlights of the Company:

	For the Year Ended December 31,				
	2021	2020	2019	2018	2017
Per Share Data:[1]					
Net asset value, beginning of period	$ 20.74	$ 51.81	$ 62.02	$ 74.51	$ 81.14
Net investment income	3.02	3.22	6.40	8.64	9.05
Net realized gains (losses)	(2.37)	(4.39)	0.76	1.36	1.87
Net change in unrealized appreciation (depreciation)	(3.17)	(13.24)	(11.58)	(15.07)	(12.34)
Net increase (decrease) in net assets resulting from operations	(2.52)	(14.41)	(4.42)	(5.07)	(1.42)
Issuance of common stock	0.81	(10.66)	-	-	-
Accretion from share buybacks	-	-	0.51	-	1.99
Distributions declared from net investment income[2]	(2.40)	(6.00)	(6.30)	(7.42)	(7.20)
Net decrease resulting from distributions to common stockholders	(2.40)	(6.00)	(6.30)	(7.42)	(7.20)
Net asset value, end of period	$ 16.63	$ 20.74	$ 51.81	$ 62.02	$ 74.51
Per share market value, end of period	$ 18.48	$ 21.60	$ 46.68	$ 47.10	$ 59.04
Shares outstanding, end of period[1]	4,484,278	3,838,242	1,677,114	1,775,400	1,775,400
Total return based on net asset value[3]	(8.03)%	(49.51)%	(4.64)%	(7.31)%	0.69%
Total return based on market value[3]	(1.27)%	(39.98)%	15.17%	(8.35)%	(5.56)%
Ratio/Supplemental Data:					
Net assets, end of period	$ 74,556	$ 79,615	$ 86,889	$ 110,116	$ 132,287
Ratio of total expenses to average net assets before waiver[4]	14.69%	25.84%	16.46%	9.96%	7.87%
Ratio of total expenses to average net assets after waiver[4]	14.69%	25.84%	16.46%	9.96%	8.00%
Ratio of incentive fees to average net assets[4]	(4.91)%	1.68%	2.80%	0.13%	2.89%
Ratio of net investment income to average net assets[4]	14.02%	11.77%	11.18%	12.30%	11.56%
Portfolio turnover	66%	64%	81%	67%	116%

(1) The per share data was derived by using the weighted average shares outstanding during the period, except where such calculations deviate from those specified under the instructions to Form N-2. Per share data and shares outstanding have been adjusted for the periods shown to reflect the six-for-one reverse stock split effected on February 28, 2022 on a retrospective basis, as described in Note 2.

(2) The per share data for distributions declared reflects the actual amount of distributions of record per share for the period.

(3) Total return based on net asset value is calculated as the change in net asset value per share, assuming the Company's distributions were reinvested through its dividend reinvestment plan. Total return based on market value is calculated as the change in market value per share, assuming the Company's distributions were reinvested through its dividend reinvestment plan. Total return does not include any estimate of a sales load or commission paid to acquire shares.

(4) Average net assets used in ratio calculations are calculated using monthly ending net assets for the period presented. For the years ending December 31, 2021, 2020, 2019, 2018 and 2017 average net assets were $87,975, $60,884, $97,791, $124,668, and $151,986, respectively.

10. AFFILIATED AND CONTROLLED INVESTMENTS

Affiliated investments are defined by the Investment Company Act, whereby the Company owns between 5% and 25% of the portfolio company's outstanding voting securities and the investments are not classified as controlled investments. The aggregate fair value of non-controlled, affiliated investments at December 31, 2021 represented 15% of the Company's net assets.

Controlled investments are defined by the Investment Company Act, whereby the Company owns more than 25% of the portfolio company's outstanding voting securities or maintains the ability to nominate greater than 50% of the board representation. The aggregate fair value of controlled investments at December 31, 2021 represented 50% of the Company's net assets.

Fair value as of December 31, 2021 along with transactions during the year then ended in these affiliated investments and controlled investments was as follows:

	For the Year Ended December 31, 2021								
Issue(1)	Fair value at December 31, 2020	Gross Additions(2)	Gross Reductions(3)	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Fair value at December 31, 2021	Interest Income(4)	Fee Income	Dividend Income
Non-Controlled, Affiliated Investments									
Avanti Communications Group PLC									
1.125 Lien, Secured Loan	$ -	$ 4,410	$ -	$ -	$ (788)	$ 3,622	$ 461	282	-
1.25 Lien, Secured Loan	1,148	150	-	-	(649)	649	154	-	-
1.5 Lien, Secured Loan	9,512	1,242	-	-	(6,888)	3,866	1,036	-	-
2nd Lien, Secured Bond	18,610	5,090	-	-	(23,700)	-	4,045	-	-
Common Equity (9% of class)	-	-	-	-	-	-	-	-	-
	29,270	10,892	-	-	(32,025)	8,137	5,696	282	-
OPS Acquisitions Limited and Ocean Protection Services Limited									
1st Lien, Secured Loan	19	-	(78)	(4,162)	4,221	-	-	-	-
	19	-	(78)	(4,162)	4,221	-	-	-	-
PFS Holdings Corp.(5)									
1st Lien, Secured Loan	1,076	-	(11)	-	(143)	922	$ 88	-	-
Common Equity (5% of class)	7,618	-	-	-	(5,816)	1,802	$ -	-	-
	8,694	-	(11)	-	(5,959)	2,724	88	-	-
Totals	**$ 37,983**	**$ 10,892**	**$ (89)**	**$ (4,162)**	**$ (33,763)**	**$ 10,861**	**$ 5,784**	**$ 282**	**$ -**
Controlled Investments									
Lenders' Funding, LLC									
Subordinated Note	$ -	$ 10,000	$ -	$ -	$ -	$ 10,000	$ 311	25	-
Revolver	-	5,405	(3,472)	-	-	1,933	$ 47	-	-
Equity (63% of class)	-	7,250	-	-	59	7,309	$ -	-	660
	-	22,655	(3,472)	-	59	19,242	358	25	660
PE Facility Solutions, LLC									
1st Lien, Secured Term Loan B	162	-	(164)	-	2	-	$ -	-	-
Equity (87% of class)	-	-	(293)	293	-	-	$ -	-	-
	162	-	(457)	293	2	-	-	-	-
Prestige Capital Finance, LLC									
Note	-	6,000	-	-	-	6,000	$ 288	-	-
Equity (80% of class)	10,081	-	-	-	1,762	11,843	$ -	-	1,974
	10,081	6,000	-	-	1,762	17,843	288	-	1,974
Totals	**$ 10,243**	**$ 28,655**	**$ (3,929)**	**$ 293**	**$ 1,823**	**$ 37,085**	**$ 646**	**$ 25**	**$ 2,634**

(1) Non-unitized equity investments are disclosed with percentage ownership in lieu of quantity.

(2) Gross additions include increases resulting from new or additional portfolio investments, capitalized PIK income, accretion of discounts and the exchange of one or more existing securities for one or more new securities.

(3) Gross reductions include decreases resulting from principal collections related to investment repayments or sales and the exchange of one or more existing securities for one or more new securities.

(4) Income amounts include accrued PIK income.

(5) PFS Holdings Corp. ("PFS") was determined to be an affiliate in fiscal year 2021 and has been included in the above table with the opening balance of the position held as of December 31, 2020. It was not previously considered an affiliate as of December 31, 2020 and is not included in the prior year table.

Fair value as of December 31, 2020 along with transactions during the year then ended in these affiliated investments and controlled investments was as follows:

	For the Year Ended December 31, 2020								
Issue(1)	**Fair value at December 31, 2019**	**Gross Additions(2)**	**Gross Reductions(3)**	**Net Realized Gain (Loss)**	**Change in Unrealized Appreciation (Depreciation)**	**Fair value at December 31, 2020**	**Interest Income(4)**	**Fee Income(4)**	**Dividend Income**
Non-Controlled, Affiliated Investments									
Avanti Communications Group PLC									
1.25 Lien, Secured Loan	$ -	$ 1,148	$ -	$ -	$ -	$ 1,148	$ 94	$ 75	$ -
1.5 Lien, Secured Loan	8,413	1,099	-	-	-	9,512	1,126	-	-
2nd Lien, Secured Bond	29,812	4,889	-	-	(16,091)	18,610	4,979	-	-
Equity (9% of class)	2,353	-	-	-	(2,353)	-	-	-	-
	40,578	7,136	-	-	(18,444)	29,270	6,199	75	-
OPS Acquisitions Limited and Ocean Protection Services Limited									
1st Lien, Secured Loan	30	-	-	-	(11)	19	-	-	-
Equity (19% of class)	-	-	-	-	-	-	-	-	-
	30	-	-	-	(11)	19	-	-	-
Totals	**$ 40,608**	**$ 7,136**	**$ -**	**$ -**	**$ (18,455)**	**$ 29,289**	**$ 6,199**	**$ 75**	**$ -**
Controlled Investments									
The Finance Company									
1st Lien, Secured Revolver	$ 806	$ 591	$ 1,397	$ -	$ -	$ -	$ 43	$ 12	$ -
1st Lien, Secured Revolver - Unfunded	-	-	-	-	-	-	-	-	-
1st Lien, Secured Term Loan B	244	-	109	(1,382)	1,247	-	63	-	-
Equity (72% of class)	-	-	-	-	-	-	-	-	-
	1,050	591	1,506	(1,382)	1,247	-	106	12	-
PE Facility Solutions, LLC									
1st Lien, Secured Term Loan B	819	-	674	-	17	162	-	-	-
Equity (87% of class)	-	-	-	-	-	-	-	-	-
	819	-	674	-	17	162	-	-	-
Prestige Capital Finance, LLC									
Receivable	-	5,094	5,094	-	-	-	54	-	-
Receivable	-	4,270	4,270	-	-	-	66	-	-
Receivable	-	3,063	3,063	-	-	-	23	-	-
Equity (80% of class)	7,726	-	-	-	2,355	10,081	-	-	2,240
	7,726	12,427	12,427	-	2,355	10,081	143	-	2,240
Totals	**$ 9,595**	**$ 13,018**	**$ 14,607**	**$ (1,382)**	**$ 3,619**	**$ 10,243**	**$ 249**	**$ 12**	**$ 2,240**

(1) Non-unitized equity investments are disclosed with percentage ownership in lieu of quantity.

(2) Gross additions include increases resulting from new or additional portfolio investments, capitalized PIK interest, accretion of discounts and the exchange of one or more existing securities for one or more new securities.

(3) Gross reductions include decreases resulting from principal collections related to investment repayments or sales and the exchange of one or more existing securities for one or more new securities.

(4) Interest income includes accrued PIK interest.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were available to be issued. Other than the items discussed below, the Company has concluded that there is no impact requiring adjustment or disclosure in the consolidated financial statements.

On January 27, 2022, the Company announced that the Board has approved a 6-for-1 reverse stock split of the Company's outstanding common stock. As a result of the reverse stock split, every six shares of the Company's issued and outstanding common stock were converted into one share of issued and outstanding common stock. No fractional shares were issued as a result of the reverse stock split. Any fractional shares as a result of the reverse stock split were redeemed for cash at the closing market price on the business day immediately prior to the effective date of the reverse stock split. The reverse stock split was effective for trading purposes on February 28, 2022.

The Board set distributions for the quarter ending March 31, 2022 at a rate of $0.60 per share, and for the quarter ending June 30, 2022 at a rate of $0.45 per share, in each case giving effect to the reverse stock split on February 28, 2022. The full amount of each distribution will be from distributable earnings. The schedule of distribution payments will be established by GECC pursuant to authority granted by the Board. The March and June distributions will be paid in cash.

On February 3, 2022, the Company purchased a majority ownership interest in Sterling Commercial Credit, LLC ("SCC"), a provider of asset-based loans to middle market companies throughout the U.S. The aggregate purchase prices was approximately $7,474, which consisted of $4,874 in cash and 117,117 shares of the Company's common stock issued at net asset value for aggregate consideration of $2,600. In connection with the acquisition, the Company is also providing subordinated debt to SCC.

On February 18, 2022, the Company entered into a joint venture with Utica LeaseCo. LLC ("Utica") for the purpose of co-investing in proprietary equipment financings originated by Utica. Utica has been providing customized equipment loan and lease options for businesses of all sizes throughout the continental U.S. since 2005. The Utica transaction remains subject to the approval of Utica's senior lenders.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-261274 and 333-259701 on Form N-2 of our report dated March 4, 2022 (April 19, 2022, as it relates to the inclusion of the critical audit matter in our report), relating to the consolidated financial statements, financial highlights, and related notes of Great Elm Capital Corp. appearing in the Annual Report on Form 10-K/A for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
April 19, 2022

Exhibit 31.1

Certification of Chief Executive Officer

I, Matt Kaplan, Chief Executive Officer of Great Elm Capital Corp., a Maryland corporation (the “Registrant”) certify that:

1. I have reviewed this annual report on Form 10-K/A of the Registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent function):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Dated: April 19, 2022

/s/ Matt Kaplan
Matt Kaplan

Exhibit 31.2

Certification of Chief Financial Officer

I, Keri A. Davis, Chief Financial Officer of Great Elm Capital Corp., a Maryland corporation (the “Registrant”) certify that:

1. I have reviewed this annual report on Form 10-K/A of the Registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Dated: April 19, 2022

/s/ Keri A. Davis

Keri A. Davis

Exhibit 32.1

Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with this Annual Report on Form 10-K/A of Great Elm Capital Corp., a Maryland corporation (the “Registrant”), for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Matt Kaplan, as Chief Executive Officer of the Registrant, and Keri A. Davis, as Chief Financial Officer of the Registrant, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of each of the undersigned’s knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Registrant.

Dated: April 19, 2022

/s/ Matt Kaplan
Matt Kaplan
Chief Executive Officer
(Principal Executive Officer)

/s/ Keri A. Davis
Keri A. Davis
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)