

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 3, 2022

Great Elm Capital Corp.

(Exact name of Registrant as Specified in Its Charter)

Maryland

(State or Other Jurisdiction
of Incorporation)

814-01211

(Commission File Number)

81-2621577

(IRS Employer
Identification No.)

800 South Street, Suite 230, Waltham, MA

(Address of Principal Executive Offices)

02453

(Zip Code)

Registrant's Telephone Number, Including Area Code: (617) 375-3006

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, \$0.01 par value | 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 |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 3.02 Unregistered Sales of Equity Securities.

On February 3, 2022, Great Elm Capital Corp. (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 United States. The aggregate purchase price was approximately \$7.54 million, which consisted of \$4.94 million in cash and 702,703 shares of the Company’s common stock issued at net asset value for aggregate consideration of \$2.60 million. In connection with the acquisition, the Company is also providing subordinated debt to SCC. The Company common stock was issued in a private placement exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

Item 8.01 Other Events.

On February 3, 2022, the Company issued a press release in connection with the closing of the acquisition. A copy of the press release is filed as Exhibit 99.1 to this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit Number | Description |
|---------------------------|--|
| 99.1 | Press Release, dated February 3, 2022. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GREAT ELM CAPITAL CORP.

Date: February 3, 2022

/s/ Keri A. Davis

By: Keri A. Davis

Title: Chief Financial Officer



GREAT ELM CAPITAL CORP. EXPANDS ITS SPECIALTY FINANCE FOOTPRINT WITH THE PURCHASE OF A MAJORITY EQUITY INTEREST IN STERLING COMMERCIAL CREDIT

WALTHAM, Mass., February 3, 2022 (GLOBE NEWSWIRE) -- Great Elm Capital Corp. (“we,” “us,” “our,” or “GECC,”) (NASDAQ: GECC), a business development company, today announced that it has acquired a majority equity interest in Sterling Commercial Credit, LLC (“Sterling”) a leading asset-based lender.

Established in 2004, Sterling provides asset-based loans to middle market companies throughout the United States. The Sterling team has been active in the commercial finance industry for over 30 years.

Transaction Details

GECC is purchasing a majority ownership position in Sterling for \$7.54 million, consisting of \$4.94 million in cash and \$2.60 million in GECC shares issued at GECC’s net asset value (NAV). In connection with the transaction, GECC is also providing subordinated debt to Sterling. The majority of the proceeds from the transaction will be retained by Sterling to help support the growth of the business.

Founder and CEO Edwin Small will continue to lead the business and will maintain an equity interest. Michael Keller, President of Great Elm Specialty Finance, will become Chairman of Sterling’s board of managers.

Sterling Commercial Credit was advised in this transaction by Hovde Group.

Management Commentary

Peter A. Reed, GECC’s Chief Executive Officer, stated, “We are pleased to announce the acquisition of a majority interest in Sterling as we continue to build our specialty finance platform. In combination with our portfolio companies Prestige Capital and Lenders Funding, the GECC family of specialty finance businesses has an increasingly broad array of capital solutions to offer to small and mid-sized businesses.”

“This transaction is pivotal for GECC as the Sterling platform allows us the ability to offer ABL Revolvers and one-stop shop financing options for our clients,” according to Michael P. Keller, President of Great Elm Specialty Finance. “We welcome Edwin and the Sterling team to the Great Elm family and are confident that this purchase will expand our specialty finance footprint and open up a number of new opportunities for us.”

Mr. Small noted, “We are excited to join GECC and believe that this transaction will allow Sterling the ability to offer additional lending products to middle market businesses, and, with GECC’s access to capital, execute on larger transactions.”

About Sterling Commercial Credit

Founded in 2004, Sterling Commercial Credit is a leading provider of asset-based lending solutions to middle market companies across all industries.

About Great Elm Capital Corp.

Great Elm Capital Corp. is an externally managed business development company that seeks to generate current income and capital appreciation by investing in debt and income generating equity securities, including investments in specialty finance businesses. Additional information can be found at www.greatelmcc.com.

Cautionary Statement Regarding Forward-Looking Statements

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

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