



May 17, 2022

Dear Stockholder:

Great Elm Capital Corp. (“we,” “us,” “our” or “GECC”) (NASDAQ: GECC) announced a non-transferable subscription rights offering to purchase shares of its common stock, par value \$0.01 per share (“Common Stock”). To assist stockholders, set forth below are answers to frequently asked questions in connection with the announced rights offering.

The questions and answers below highlight only selected information in connection with the rights offering. They do not contain all of the information that may be important to you. Please refer to the registration statement on Form N-2 (Registration Statement No. 333-262383) filed with the U.S. Securities and Exchange Commission (“SEC”) for more detail.

### **IMPORTANT DATES TO REMEMBER**

Record Date	May 23, 2022 at 5:00 p.m. New York City time
Subscription Period	From May 26, 2022 to June 10, 2022 (unless the offering is extended)
Expiration Date	June 10, 2022 (unless the offering is extended)
Deadline for Delivery of Subscription Certificates and Payment for Shares	June 10, 2022 at 5:00 p.m. New York City time (unless the offering is extended)

### **FREQUENTLY ASKED QUESTIONS**

#### **TRANSACTION RATIONALE**

**1. Why is GECC conducting a rights offering?**

After careful consideration with GECC’s board of directors, we announced today the launch of a non-transferable rights offering to our stockholders. We believe strengthening GECC’s balance sheet is a prudent course of action in the face of the current market environment in which we are operating, and that it is in our best interests and the best interests of stockholders to raise additional capital to make opportunistic investments in accordance with our investment objectives and policies, including in specialty finance businesses, and for general corporate purposes. The capital raised in the rights offering will provide support for the following initiatives:

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- **Investments in Specialty Finance Companies and Other Related Investments:** In December 2021, Great Elm Specialty Finance, LLC (“GESF”), a wholly-owned subsidiary of GECC, was formed to oversee specialty finance related investments. 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 Great Elm Capital Management, Inc. (“GECM”), our external investment manager, 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. Investments in specialty finance may offer more attractive returns than can be found in syndicated corporate credit and help to make our portfolio more proprietary.
- **New Opportunistic Investments Resulting from Dislocation:** In periods of market volatility, there are often undervalued investments that become available on more attractive terms than we would otherwise be able to obtain under typical, less volatile market conditions. Having additional capital to take advantage of these opportunities can provide for compelling risk-adjusted return opportunities. Based on the advice of GECM, we may seek to opportunistically pursue new investment opportunities to grow our net investment income by investing in assets that GECC believes offer attractive yields as well as total risk-adjusted return profiles.
- **Capital Resources to Support Existing Portfolio Companies:** Given the global COVID-19 pandemic, many businesses have been adversely impacted by a weakened economy. While our portfolio companies are diversified across multiple industries and the overall impact of the current market volatility will be dependent on the specific circumstances of each portfolio company, we believe having capital to support existing portfolio companies can help optimize outcomes for our stockholders. We are focused on liquidity measures to position GECC to support our portfolio companies and not impact their long-term value propositions.

2. **What are the proceeds of the offering being used for?**

We intend to use the net proceeds of this offering primarily to (i) make opportunistic investments, in accordance with our investment objectives and policies, including investments in specialty finance businesses and (ii) for general corporate purposes.

3. **Are any affiliates of GECC participating in the offering?**

Yes. Great Elm Group, Inc. (“GEG”) intends to subscribe for at least \$12.5 million in the rights offering, and certain other affiliates of GEG (the “Participating Shareholders”) have indicated that they intend to subscribe. Any over-subscription by the Participating Shareholders will be effected only after pro rata allocation of over-subscription shares to record date holders (other than the Participating Shareholders) who fully exercise all rights issued to them. Accordingly, there can be no assurance that the Participating Shareholders will acquire any shares of Common Stock through their exercise of over-subscription privileges.

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## MECHANICS AND PRICING

1. **Who is entitled to receive the rights?**  
We are issuing rights to stockholders of record, or record date stockholders, as of May 23, 2022 at 5:00 p.m. New York City time.
2. **How many rights are record date stockholders entitled to?**  
Record stockholders will receive one right for each share of Common Stock owned on the record date. The rights will entitle the holders to purchase one new share of Common Stock for every one right held.
3. **Will fractional shares be issued?**  
We will not issue fractional shares of Common Stock upon the exercise of rights.
4. **What is the subscription price?**  
The subscription price for the shares to be issued pursuant to the rights offering will be \$12.50.
5. **How to obtain subscription information?**  
Contact your broker-dealer, trust company, bank or other nominee where your rights are held, or contact the information agent, AST Fund Solutions, LLC, toll free at (877) 478-5043.
6. **How do I exercise my rights?**  
Rights are evidenced by subscription certificates that, except as described below for “Non-U.S. Stockholders,” will be mailed to record date stockholders or, if a record date stockholder’s shares are held by Cede & Co. (“Cede”) or any other depository or nominee on their behalf, to Cede or such depository or nominee.

Rights may be exercised by completing and signing the subscription certificate that accompanies the prospectus and mailing it in the envelope provided, or otherwise delivering the completed and duly executed subscription certificate to the subscription agent, together with payment in full for the shares at the subscription price by the expiration date.

### Non-U.S. Stockholders:

Subscription certificates will not be mailed to non-U.S. stockholders. Non-U.S. stockholders will receive written notice of this offering. The subscription agent will hold the rights to which those subscription certificates relate for these stockholders’ accounts until instructions are received to exercise the rights, subject to applicable law. If no instructions have been received by the expiration date, such rights will expire.

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**7. Do I have to exercise my rights?**

No. You are not required to exercise any rights, purchase any shares or otherwise take any action in response to the offering. If you do not exercise your rights prior to the expiration date, the rights will expire and you will lose any value represented by them.

If you choose not to participate in the offering, you should expect to own a smaller proportional interest in GECC upon completion of the offering.

**8. Are my rights transferable?**

No, your rights are not transferable and will not be listed for trading on Nasdaq or any other stock exchange. The rights may not be purchased or sold, and there will not be any market for trading the rights.

**9. What is the over-subscription privilege?**

Record date stockholders who fully exercise all rights issued to them are entitled to subscribe for additional shares of Common Stock that were not subscribed for by other stockholders, which we refer to as the remaining shares. If sufficient remaining shares of Common Stock are available, all record date stockholders' over-subscription requests will be honored in full. Shares acquired pursuant to the over-subscription privilege are subject to certain limitations and pro rata allocations.

**10. Does exercising my rights involve any risk?**

The market price of our Common Stock could be subject to wide fluctuations in response to general economic and market conditions. We cannot assure you that the market price of our Common Stock will not decline after you elect to exercise your rights. If that occurs, you may have committed to buy shares of our Common Stock in this offering at a price that represents a smaller discount relative to the market price than indicated herein or even at a price greater than the prevailing market price, and could have an immediate unrealized loss. Moreover, we cannot assure you that following the exercise of your rights you will be able to sell your Common Stock at a price equal to or greater than the subscription price. Until shares are delivered upon expiration of the offering, you will not be able to sell the shares of our Common Stock that you purchase in this offering.

Among other things, you should carefully review and consider the risks described under the heading "Risk Factors" beginning on page 14 of the prospectus.

**11. Can we change or terminate the offering?**

We reserve the right to amend the terms and conditions of this offering, whether the amended terms are more or less favorable to you. We will comply with all applicable laws, including the federal securities laws, in connection with any such amendment. In addition, we may, in our sole discretion, terminate the rights offering at any time prior to delivery of the shares of Common Stock offered hereby.

If this rights offering is terminated, all rights will expire without value, and the subscription agent will return as soon as practicable all exercise payments, without interest or penalty.

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12. **What if I want to participate, but my shares are held in the name of a broker-dealer, bank or other nominee?**  
You must contact them and instruct them to exercise your rights on your behalf.

## **TIMELINE**

- 1. When will I receive my rights?**  
Rights will be mailed, accompanied by a prospectus, to record date stockholders or, if a record date stockholder's shares are held by Cede or any other depository or nominee on their behalf, to Cede or such depository or nominee. If you hold your shares through a broker-dealer, bank or other nominee, you should contact them for information regarding when the rights will appear in your account.
- 2. When can I exercise my rights?**  
Rights may be exercised at any time during the subscription period, which commences on May 26, 2022 and ends at 5:00 p.m., New York City time, on June 10, 2022, unless extended by us in our sole discretion. The rights will expire on the expiration date and may not be exercised afterwards.
- 3. How soon must I act?**  
The offering will expire at 5:00 p.m., New York City time, on June 10, 2022, unless extended by us in our sole discretion. The rights will expire then and may not be exercised afterwards.
- 4. When will I receive my new shares?**  
Participants in our dividend reinvestment plan will have any shares that they acquire pursuant to the offering credited to their stockholder dividend reinvestment accounts in the plan.

Stockholders whose shares are held of record by Cede or by any other depository or nominee on their behalf or their broker-dealers' behalf will have any shares that they acquire credited to the account of Cede or the other depository or nominee. With respect to stockholders who hold shares in certificated form, stock certificates for all shares acquired will be mailed after payment for all the shares subscribed for has cleared, which may take up to fifteen days from the date of receipt of the payment. With respect to all other stockholders, the ownership of shares purchased will be uncertificated and noted in book-entry form. The number of shares purchased will be shown on such stockholders' statement of account.

## **PAYMENT**

- 1. How do I make payment for shares?**  
A participating rights holder may send the subscription certificate together with payment for the shares acquired in the primary subscription right and any additional shares subscribed for pursuant to the over-subscription privilege to the subscription agent based on a subscription price of \$12.50 per share. To be accepted, the payment, together with a properly completed and executed subscription certificate, must be received by American Stock Transfer & Trust Company, LLC ("AST"), the subscription agent, at the address set forth below, on or prior to the expiration date.
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American Stock Transfer & Trust Company, LLC  
Attn: Reorganization Department  
6201 15th Avenue  
Brooklyn, New York 11219

All payments by a participating rights holder must be in U.S. dollars by check or bank draft drawn on a bank or branch located in the United States and payable to AST, as subscription agent.

A participating rights holder may also wire the transfer of immediately available funds directly to the account maintained by AST, as subscription agent, for purposes of accepting subscriptions in this rights offering at:

JP Morgan Chase  
SWIFT Code – CHASUS33  
ABA # 021000021  
Account # 530-354616

Beneficiary: American Stock Transfer,  
with reference to “American Stock Transfer as Subscription Agent for Great Elm Capital Corp.” and the rights holder’s  
name

The subscription agent will deposit all funds received by it prior to the final payment date into a segregated account pending pro-ration and distribution of the shares.

2. **Will I receive interest or penalty on any payments I make?**  
No.

3. **What fees or charges apply if I purchase shares?**  
We are not charging any fee or sales commission. If you hold your rights through a broker-dealer, bank or other nominee, you are responsible for paying any fee or sales commission they charge.

## **OTHER**

1. **What should I do if I have other questions about the offering?**  
Any questions or requests for additional copies of the prospectus, subscription certificates may be directed to the information agent:

AST Fund Solutions, LLC  
48 Wall Street, 22nd Floor  
New York, New York 10005  
Phone: (888) 628-1041

Stockholders may also contact their broker-dealer, bank or other nominee.

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**2. Where can I obtain more information about GECC?**

The most current information about us can be found in the prospectus. Our filings with the SEC (including the prospectus), press releases, earnings releases and other financial information are available on our website at <http://www.greatelmcc.com>. Our website is not incorporated or part of this communication. You may also contact our Investor Relations at +1 (617) 375-3006 or [investorrelations@greatelmcap.com](mailto:investorrelations@greatelmcap.com).

**Investors are advised to carefully consider the investment objectives, risks and charges and expenses of GECC before investing. The prospectus, dated May 17, 2022, which has been filed with the SEC, contains a description of these matters and other important information about GECC and should be read carefully before investing. A copy of the prospectus may be obtained by contacting Oppenheimer & Co. Inc., 85 Broad Street, 26th Floor, New York, NY 10004, Attn: Syndicate Prospectus Department, telephone (212) 667-8055 or email: [EquityProspectus@opco.com](mailto:EquityProspectus@opco.com) or Imperial Capital, LLC, Attention: Prospectus Department, 10100 Santa Monica Blvd., Suite 2400, Los Angeles, CA 90067 or by phone: 310-246-3700.**

**GECC files annual, quarterly and current reports, proxy statements and other information about GECC with the SEC. You may also obtain free copies of GECC's annual and quarterly reports and make stockholder inquiries by contacting Great Elm Capital Corp., 800 South Street, Suite 230, Waltham, Massachusetts 02453 or by calling GECC collect at (617) 375-3006. GECC maintains a website at <http://greatelmcc.com> and makes all of its annual, quarterly and current reports, proxy statements and other publicly filed information available, free of charge, on or through such website. Information on GECC's website is not incorporated or a part of the prospectus. The SEC also maintains a website at <http://www.sec.gov> where such information is available without charge.**

**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, GECC's Quarterly Reports on Form 10-Q 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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