

## CM Finance Inc Reports Results for its Fiscal Third Quarter ended March 31, 2018 and Announces Share Repurchase Program

NEW YORK, May 08, 2018 (GLOBE NEWSWIRE) -- CM Finance Inc (NASDAQ:CMFN) ("CMFN" or "the Company") announced its financial results for its fiscal third quarter ended March 31, 2018.

### **HIGHLIGHTS**

- | **The weighted average yield on debt investments, at cost, increased to 11.12%, an increase of 87 basis points compared to 10.25% as of December 31, 2017**
- | **CMFN made investments in one new portfolio company and three existing portfolio companies during the quarter with a total cost of \$50.6mm. The weighted average yield of debt investments made in the quarter was 9.68%**
- | **Three investments were fully realized during the quarter with a weighted average IRR of 9.12%**
- | **Net asset value ("NAV") per share increased by 0.4% to \$12.55, compared to \$12.50 as of December 31, 2017**
- | **Board of Directors approves \$5.0 million share repurchase program**
- | **Board of Directors approves asset coverage ratio of 150% effective May 2, 2019**

Portfolio results, as of March 31, 2018:

Total assets	\$322.1mm
Investment portfolio, at fair value	\$297.2mm
Net assets	\$171.8mm
Weighted average yield on debt investments, at cost	11.12%
Net asset value per share	\$12.55
Portfolio activity in the current quarter:	
Number of new investments	4
Total capital invested	\$50.6mm
Proceeds from repayments, sales, and amortization	\$43.6mm
Number of portfolio companies, end of period	24
Net investment income (NII)	\$3.7mm
Net investment income per share	\$0.27
Net increase in net assets from operations	\$4.1mm
Net increase in net assets from operations per share	\$0.30
Quarterly per share distribution paid on April 5, 2018	\$0.25

Mr. Michael C. Mauer, the Company's Chief Executive Officer, said: "We continue to focus on diversifying our portfolio through both primary and secondary opportunities. We fully covered our dividend and improved our portfolio yield during the quarter, while managing portfolio risk both during and after quarter end through opportunistic sales of lower-yielding assets."

On May 2, 2018, the Company's Board of Directors declared a distribution for the quarter ending June 30, 2018 of \$0.25 per share, payable on July 5, 2018, to shareholders of record as of June 15, 2018. This represents a 12.5% yield on the Company's \$8.00 share price as of the close on May 7, 2018. Distributions may include net investment income, capital gains and/or return of capital. The tax status of distributions will be determined at the end of the taxable year.

### **Portfolio and Investment Activities**

During the quarter, the Company made investments in one new portfolio company and three existing portfolio companies. These four investments totaled \$50.6mm at cost and were made at a weighted average yield of 9.68%. The Company also realized \$43.6mm of repayments, sales, and amortization, primarily related to the repayments of American Gaming Systems Inc., FPC Holdings, Inc. and Medical Solutions LLC. Realized and unrealized gains accounted for an increase in the Company's net investments of approximately \$0.4mm, or \$0.03 per share. The total net increase in net assets resulting from operations for the quarter was \$4.1mm, or \$0.30 per share.

As of March 31, 2018, the Company's investment portfolio consisted of investments in 24 portfolio companies, of which 48.3% were first lien investments, 42.4% were second lien investments, 0.3% were in unsecured debt investments, 4.2% were unitranche loans, and 4.8% were in equities, warrants and other positions. The Company's debt portfolio consisted of 97.4% floating rate investments. As of March 31, 2018, the Company had no loans on non-accrual status.

### **Capital Resources**

As of March 31, 2018, the Company had \$6.9mm in cash, \$2.4mm in restricted cash and \$26.6mm of capacity under its revolving credit facility with UBS AG, London Branch.

### **Subsequent Events**

Subsequent to quarter end, the Company made an investment in one new portfolio company with a total cost of \$11.8mm, and received

\$18.9mm in sale proceeds.

## Share Repurchase Program

On May 2, 2018, the Company's Board of Directors authorized a new discretionary share repurchase program of shares of the Company's common stock of up to \$5.0 million over 12 months, until the earlier of (i) May 1, 2019 or (ii) the repurchase of \$5.0 million in aggregate amount of the Company's common stock unless extended by our Board of Directors. Under the discretionary repurchase program, the Company may, but is not obligated to, repurchase its outstanding common stock from time to time in the open market provided that the Company complies with the prohibitions under its insider trading policies and procedures and the applicable provisions of the Investment Company Act of 1940, as amended (the "1940 Act"), and the Securities Exchange Act of 1934, as amended. In addition, any repurchases will be conducted in accordance with the 1940 Act.

The timing and number of shares to be repurchased will depend on a number of factors, including market conditions and alternative investment opportunities and no assurances can be given that any common stock, or any particular amount, will be purchased. We will retire immediately all shares of common stock that we purchase in connection with the share repurchase program.

## Reduction in Asset Coverage Ratio Effective May 2, 2019

On May 2, 2018, the Company's Board of Directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) of the Board, approved the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act. As a result, the Company's asset coverage requirements for senior securities will be changed from 200% to 150%, effective as of May 2, 2019.

## CM Finance Inc and subsidiaries

### Consolidated Statements of Assets and Liabilities

	<b>March 31, 2018</b>	<b>June 30, 2017</b>
	<b>(Unaudited)</b>	
<b>Assets</b>		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$303,744,830 and \$270,467,740, respectively)	\$ 297,201,236	\$254,907,171
Derivatives, at fair value (cost \$0 and \$0, respectively)	695,057	5,830,501
Cash	6,939,545	10,646,697
Cash, restricted	2,411,095	22,616,177
Receivable for investments sold	11,526,418	—
Interest receivable	2,873,813	1,627,774
Deferred offering costs	64,876	186,513
Other receivables	43,623	—
Dividend receivable	2,870	—
Prepaid expenses and other assets	300,170	219,045
<b>Total Assets</b>	<b>\$ 322,058,703</b>	<b>\$296,033,878</b>
<b>Liabilities</b>		
Notes payable:		
Term loan	\$ 102,000,000	\$102,000,000
Revolving credit facility	23,380,000	—
Deferred debt issuance costs	(2,149,148)	(578,074)
Notes payable, net	123,230,852	101,421,926
Payable for investments purchased	17,602,002	12,490,000
Dividend payable	3,422,865	3,422,307
Deferred financing costs payable	2,071,167	620,500
Income-based incentive fees payable	1,348,295	274,073
Base management fees payable	1,236,620	1,132,391
Derivatives, at fair value (cost \$0 and \$0, respectively)	695,057	5,830,501
Interest payable	304,299	205,027
Directors' fees payable	93,490	100,000
Allocation of administrative costs from the advisor payable	33,364	85,000
Accrued expenses and other liabilities	235,031	504,041
<b>Total Liabilities</b>	<b>150,273,042</b>	<b>126,085,766</b>
<b>Commitments and Contingencies (Note 6)</b>		
<b>Net Assets</b>		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 13,691,452 and 13,690,480 shares issued and outstanding, respectively)	13,691	13,689
Additional paid-in capital	199,085,687	199,066,123
Accumulated net realized loss	(18,850,593)	(11,231,827)
Distributions in excess of net investment income	(2,170,491)	(2,339,304)
Net unrealized depreciation on investments	(6,292,633)	(15,560,569)
<b>Total Net Assets</b>	<b>171,785,661</b>	<b>169,948,112</b>

<b>Total Liabilities and Net Assets</b>	<u>\$ 322,058,703</u>	<u>\$ 296,033,878</u>
Net Asset Value Per Share	\$ 12.55	\$ 12.41

**CM Finance Inc and subsidiaries**  
**Consolidated Statements of Operations (Unaudited)**

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Investment Income:</b>		
Interest income	\$ 6,897,476	\$ 6,394,838
Payment in-kind interest income	1,322,134	186,567
Dividend income	255,648	—
Payment in-kind dividend income	143,750	—
Other fee Income	52,369	499,813
<b>Total investment income</b>	<u>8,671,377</u>	<u>7,081,218</u>
<b>Expenses:</b>		
Base management fees	1,236,620	1,124,191
Interest expense	1,568,357	1,398,060
Income-based incentive fees	933,356	211,572
Professional fees	303,373	267,955
Allocation of administrative costs from advisor	292,561	136,375
Amortization of deferred debt issuance costs	195,377	102,013
Insurance expense	100,829	69,563
Directors' fees	99,000	99,999
Custodian and administrator fees	42,750	133,529
Other expenses	165,730	161,679
<b>Total expenses</b>	<u>4,937,953</u>	<u>3,704,936</u>
Waiver of income-based incentive fees	—	(45,829)
<b>Net expenses</b>	<u>4,937,953</u>	<u>3,659,107</u>
<b>Net Investment Income</b>	<u>3,733,424</u>	<u>3,422,111</u>
Net realized and unrealized gain/(loss) on investments:		
Net realized loss from investments	(238,076)	(1,111,999)
Net change in unrealized appreciation in value of investments	595,687	3,677,910
Net realized and unrealized gain on investments	<u>357,611</u>	<u>2,565,911</u>
<b>Net increase in net assets resulting from operations</b>	<u>\$ 4,091,035</u>	<u>\$ 5,988,022</u>
Basic and diluted:		
Net investment income per share	\$ 0.27	\$ 0.25
Net increase in net assets resulting from operations per share	\$ 0.30	\$ 0.44
Weighted average shares of common stock outstanding	13,691,420	13,688,377
<b>Distributions paid per common share</b>	\$ 0.2500	\$ 0.2500

**About CM Finance Inc**

The Company is an externally-managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940. The Company's investment objective is to maximize the total return to its stockholders in the form of current income and capital appreciation through debt and related equity investments by targeting investment opportunities with favorable risk-adjusted returns. The Company seeks to invest primarily in middle-market companies that have annual revenues of at least \$50mm and earnings before interest, taxes, depreciation and amortization of at least \$15mm. The Company's investment activities are managed by its investment adviser, CM Investment Partners LLC. To learn more about CM Finance Inc, please visit [www.cmfnc-inc.com](http://www.cmfnc-inc.com).

**Forward-Looking Statements**

Statements included herein may contain "forward-looking statements," which relate to future performance or financial condition. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of assumptions, risks and uncertainties, which change over time. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including those described from time to time in filings by the Company with the Securities and Exchange Commission. The Company undertakes no duty to update any forward-looking statement made herein except as required by law. All forward-looking statements speak only as of the date of this press release.

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