

CORRECTING and REPLACING – CM Finance Inc Reports Results for its Fiscal First Quarter Ended September 30, 2018

NEW YORK, Nov. 08, 2018 (GLOBE NEWSWIRE) -- In a release issued under the same headline yesterday by CM Finance Inc (NASDAQ: CMFN) please note that in the table titled *CM Finance Inc and Subsidiaries, Consolidated Statements of Assets and Liabilities*, data has been updated. The corrected release follows:

CM Finance Inc (NASDAQ: CMFN) ("CMFN" or "the Company") announced its financial results for its fiscal first quarter ended September 30, 2018.

HIGHLIGHTS

- ▮ **CMFN made thirteen new investments in seven portfolio companies during the quarter with a total cost of \$53.7mm. The weighted average yield of debt investments made in the quarter was 9.24%**
- ▮ **Four investments were realized during the quarter, two fully realized and two partially realized, with a weighted average internal rate of return ("IRR") of 11.76%**
- ▮ **The weighted average yield on debt investments, at cost, decreased to 10.90%, a decrease of 29 basis points compared to 11.19% as of June 30, 2018**
- ▮ **Net asset value ("NAV") per share decreased by 1.27% to \$12.41, compared to \$12.57 as of June 30, 2018**

Portfolio results, as of September 30, 2018:

Total assets	\$341.4mm
Investment portfolio, at fair value	\$330.7mm
Net assets	\$169.4mm
Weighted average yield on debt investments, at cost	10.90%
Net asset value per share	\$12.41
Portfolio activity in the current quarter:	
Number of new investments	13
Total capital invested	\$53.7mm
Proceeds from repayments, sales, and amortization	\$14.4mm
Number of portfolio companies, end of period	30
Net investment income (NII)	\$3.4mm
Net investment income per share	\$0.25
Net increase in net assets from operations	\$1.4mm
Net increase in net assets from operations per share	\$0.10
Quarterly per share distribution paid on October 5, 2018	\$0.25

Mr. Michael C. Mauer, the Company's Chief Executive Officer, said "We made significant progress in diversifying our portfolio this quarter, increasing our portfolio company count to 30 while decreasing our average position size. We also made an active decision to invest in first lien loans, increase the percentage of our portfolio invested in first lien from 52.1% to 61.5%. In a challenging technical environment, we believe taking a conservative approach to risk is prudent."

On November 6, 2018, the Company's Board of Directors declared a distribution for the quarter ending December 31, 2018 of \$0.25 per share, payable on January 3, 2019, to shareholders of record as of December 14, 2018. This represents a 12.42% yield on the Company's \$8.05 share price as of the close on November 5, 2018. Distributions may include net investment income, capital gains and/or return of capital; however, the Company does not expect the distribution to be comprised of a 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 seven portfolio companies. These investments totaled \$53.7mm at cost and were made at a weighted average yield of 9.24%. The Company also realized \$14.4mm of repayments, sales, and amortization, primarily related to the sales of International Wire Group, Inc. and U.S. Lumber and the repayments of Intermedia Holdings, Inc and Zinc Acquisition Holdings, LP. Realized and unrealized gains accounted for a decrease in the Company's net investments of approximately \$2.0mm, or \$0.15 per share. The total net increase in net assets resulting from operations for the quarter was \$1.4mm, or \$0.10 per share.

As of September 30 2018, the Company's investment portfolio consisted of investments in 30 portfolio companies, of which 61.5% were first lien investments, 34.7% were second lien investments, less than 0.01% were in unsecured debt investments, 3.6% were unitranche loans, and 0.2% were in equities, warrants and other positions. The Company's debt portfolio consisted of 98.2% floating rate investments and 1.8% fixed rate investments. As of September 30, 2018, the Company had no investments on non-accrual status.

Capital Resources

As of Septmeber 30, 2018, the Company had \$2.7mm in cash, \$1.4mm in restricted cash and \$38.1mm of capacity under its revolving credit facility with UBS AG, London Branch.

Share Repurchases

During the quarter, the Company repurchased 11,215 shares of common stock on the open market for \$101,195 (including commissions).

Subsequent Events

Subsequent to the three months ended September 30, 2018 through November 5, 2018, we invested \$18.2 million in new and existing portfolio companies and received repayment or sales proceeds of \$46.4 million

CM Finance Inc and Subsidiaries

Consolidated Statements of Assets and Liabilities

	September 30, 2018 (Unaudited)	June 30, 2018
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$341,475,968 and \$ 302,647,282, respectively)	\$ 330,694,472	\$ 293,592,013
Derivatives, at fair value (cost of \$0 and \$0, respectively)	878,000	229,918
Cash	2,674,298	5,620,441
Cash, restricted	1,448,718	2,706,273
Receivable for investments sold	1,904,507	7,751,875
Interest receivable	3,562,036	4,011,450
Deferred offering costs	121,922	121,922
Other receivables	-	245,550
Prepaid expenses and other assets	160,451	255,139
Total Assets	\$ 341,444,404	\$ 314,534,581
Liabilities		
Notes payable:		
Term loan	\$ 102,000,000	\$ 102,000,000
Revolving credit facility	11,843,470	17,823,000
Baby bonds payable:	34,500,000	-
Deferred debt issuance costs	(2,741,644)	(1,953,771)
Notes payable, net	145,601,826	117,869,229
Payable for investments purchased	15,159,326	12,569,450
Dividend payable	3,412,531	3,417,848
Deferred financing costs payable	2,071,167	2,071,167
Income-based incentive fees payable	2,392,999	2,294,678
Base management fees payable	1,351,855	1,319,853
Accrued provision for taxes	-	2,579,337
Derivatives, at fair value (cost \$0 and \$0, respectively)	878,000	229,918
Interest payable	932,289	303,153
Directors' fees payable	97,673	99,296
Accrued expenses and other liabilities	104,339	257,986
Total Liabilities	172,002,005	143,011,915
Commitments and Contingencies (Note 6)		
Net Assets		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 13,650,124 and 13,649,504 shares issued and outstanding, respectively)	13,650	13,649
Additional paid-in capital	198,706,416	198,700,999
Accumulated net realized loss	(21,345,472)	(21,087,280)
Undistributed (distributions in excess of) net investment income	2,947,532	2,950,567
Net unrealized depreciation on investments	(10,778,532)	(9,055,269)
Less Treasury Stock	(101,195)	-
Total Net Assets	169,442,399	171,522,666
Total Liabilities and Net Assets	\$ 341,444,404	\$ 314,534,581
Net Asset Value Per Share	\$ 12.41	\$ 12.57

See notes to unaudited consolidated financial statements.

CM Finance Inc and Subsidiaries
Consolidated Statements of Operations (Unaudited)

	For the three months ended September 30,	
	2018	2017
Investment Income:		
Interest income	\$ 7,654,840	\$ 6,426,053
Payment in-kind interest income	413,620	292,478
Dividend income	31,275	-
Payment in-kind dividend income	-	-
Other fee income	155,155	9,879
Total investment income	<u>8,254,890</u>	<u>6,728,410</u>
Expenses:		
Interest expense	2,264,857	1,437,829
Base management fees	1,351,855	1,153,880
Income-based incentive fees	120,321	-
Provision for tax expense	-	-
Professional fees	232,800	209,041
Allocation of administrative costs from advisor	338,063	127,229
Amortization of deferred debt issuance costs	195,377	125,202
Insurance expense	84,440	85,225
Directors' fees	101,250	99,667
Custodian and administrator fees	7,500	91,996
Offering expense	51,750	186,513
Other expenses	119,181	195,652
Total expenses	<u>4,867,394</u>	<u>3,712,234</u>
Waiver of income-based incentive fees	(22,000)	-
Net expenses	<u>4,845,394</u>	<u>3,712,234</u>
Net investment income	<u>3,409,496</u>	<u>3,016,176</u>
Net realized and unrealized gain/(loss) on investments:		
Net realized loss from investments	(258,192)	(7,380,690)
Net change in unrealized appreciation (depreciation) in value of investments	(1,723,263)	7,500,231
Total realized and unrealized gain on investments	<u>(1,981,455)</u>	<u>119,541</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 1,428,041</u>	<u>\$ 3,135,717</u>
Basic and diluted:		
Net investment income per share	\$ 0.25	\$ 0.22
Earnings (loss) per share	\$ 0.10	\$ 0.23
Weighted average shares of common stock outstanding	13,650,097	13,689,885
Distributions paid per common share	\$ 0.25	\$ 0.25

See notes to unaudited consolidated financial statements.

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.cmfn-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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