

## CM Finance Inc Reports Results for its Fiscal Third Quarter Ended March 31, 2019

NEW YORK, May 07, 2019 (GLOBE NEWSWIRE) -- CM Finance Inc (NASDAQ: CMFN) ("CMFN" or "the Company") announced its financial results for its fiscal third quarter ended March 31, 2019.

### HIGHLIGHTS

- ▮ **CMFN made twelve investments in ten portfolio companies. Our total invested capital in the quarter was \$65.6mm inclusive of funding of revolving and delayed draw commitments. The weighted average yield of debt investments made in the quarter was 10.63%**
- ▮ **Four investments were fully realized during the quarter. These included our debt investments in Zinc Borrower LP, Caelus, Sears's DIP loan, and our equity position in U.S. Well Services**
- ▮ **The weighted average yield on debt investments, at cost, decreased 64 basis points to 10.44%, compared to 11.08% as of December 31, 2018**
- ▮ **Net asset value ("NAV") per share decreased by 3.05% to \$11.14, compared to \$11.49 as of December 31, 2018**

Portfolio results, as of March 31, 2019:

Total assets	\$319.6mm
Investment portfolio, at fair value	\$299.1mm
Net assets	\$151.7mm
Weighted average yield on debt investments, at cost	10.44%
Net asset value per share	\$11.14
Portfolio activity in the current quarter:	
Number of new investments	12
Total capital invested	\$65.6mm
Proceeds from repayments, sales, and amortization	\$46.5mm
Number of portfolio companies, end of period	32
Net investment income (NII)	\$3.4mm
Net investment income per share	\$0.25
Net decrease in net assets from operations	\$1.4mm
Net decrease 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 continue to reposition our portfolio, increasing our underlying diversity while emphasizing lending first lien, senior secured debt in our borrowers' capital structures. Our portfolio of companies has increased to 33 as of today. We continue to see opportunities in club and direct lending, and balance these positions with opportunistic investments, which have greater liquidity. While the fair value of the portfolio declined during the quarter, we take a conservative approach to both investing and valuing our portfolio and we believe there are opportunities to further enhance the portfolio as our repositioning progresses in 2019."

On May 1, 2019, the Company's Board of Directors declared a distribution for the quarter ending June 30, 2019 of \$0.25 per share, payable on July 5, 2019, to shareholders of record as of June 14, 2019. This represents a 13.74% yield on the Company's \$7.28 share price as of the close on May 6, 2019. 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 ten portfolio companies, and funded one revolver and two delayed draw commitments. The aggregate capital invested during the quarter totaled \$65.6 mm at cost and investments were made at a weighted average yield of 10.63%. Seven new portfolio companies were added in the quarter.

The Company also realized \$46.5mm of repayments, sales, and amortization, including the sale of U.S. Well Services, LLC (Equity Interest), the repayments of our debt positions in Zinc Acquisition Holdings, LP, Caelus Energy Alaska 03, LLC, and Sears Holding Company, as well as the sale of a portion of the Company's position in AP NMT Acquisition BV. During the quarter ended March 31, 2019, the Company wrote off its positions in Trident USA Health Services LLC. We had marked our investments in Trident to zero as of December 31, 2018. This quarter, the unrealized loss became a realized loss of \$22.5mm. Realized and unrealized gains and losses accounted for a decrease in the Company's net investments of approximately \$4.8mm, or \$0.35 per share. The total net decrease in net assets resulting from operations for the quarter was \$1.4mm, or \$0.10 per share.

As of March 31, 2019, the Company's investment portfolio consisted of investments in 32 portfolio companies, of which 75.9% were first lien investments, 19.9% were second lien investments, 3.8% were unitranche loans, and 0.3% were in equities, warrants and other positions. The Company's debt portfolio consisted of 94.9% floating rate investments and 5.1% fixed rate investments. As of May 6, 2019,

the Company had 33 portfolio companies.

As of March 31, 2019, the Company had one investment on non-accrual status, Fusion Connect Inc.

### Capital Resources

As of March 31, 2019, the Company had \$6.8mm in cash, \$3.9mm in restricted cash and \$46.0mm of capacity under its revolving credit facility with UBS AG, London Branch.

### Extension of Share Repurchase Program

On May 1, 2019, the Company's board of directors approved an extension of the discretionary repurchase program of up to \$5.0 million shares of the Company's common stock, until the earlier of (i) May 1, 2020 or (ii) the repurchase of \$5.0 million in aggregate amount of the common stock unless extended by the Company's board of directors. Under the discretionary repurchase program, the Company may, but is not obligated to, repurchase the 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. The Company will retire immediately all shares of common stock that are purchased in connection with the share repurchase program.

Since the Board's initial approval of the share repurchase program, the Company has repurchased 84,841 shares for an aggregate purchase price of \$748,706. During the quarter ended March 31, 2019, the Company did not repurchase shares of its common stock on the open market.

### Subsequent Events

Subsequent to March 31, 2019 and through May 6, 2019, we invested \$9.6 million in new and existing portfolio companies, and received sales proceeds of \$11.0 million.

### CM Finance Inc and Subsidiaries

#### Consolidated Statements of Assets and Liabilities

	March 31, 2019 (Unaudited)	June 30, 2018
<b>Assets</b>		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$305,248,861 and \$ 302,647,282, respectively)	\$ 299,086,467	\$ 293,592,013
Derivatives, at fair value (cost of \$0 and \$0, respectively)	98,467	229,918
Cash	6,757,007	5,620,441
Cash, restricted	3,917,010	2,706,273
Receivable for investments sold	5,780,774	7,751,875
Interest receivable	3,494,878	4,011,450
Deferred offering costs	121,922	121,922
Other receivables	-	245,550
Prepaid expenses and other assets	328,359	255,139
<b>Total Assets</b>	<b>\$ 319,584,884</b>	<b>\$ 314,534,581</b>
<b>Liabilities</b>		
Notes payable:		
Term loan	\$ 102,000,000	\$ 102,000,000
Revolving credit facility	4,000,000	17,823,000
2023 Notes payable	34,500,000	-
Deferred debt issuance costs	(2,247,389)	(1,953,771)
Notes payable, net	138,252,611	117,869,229
Payable for investments purchased	21,716,437	12,569,450
Dividend payable	3,403,427	3,417,848
Deferred financing costs payable	1,037,000	2,071,167
Income-based incentive fees payable	1,054,776	2,294,678
Base management fees payable	1,369,713	1,319,853
Accrued provision for taxes	-	2,579,337
Derivatives, at fair value (cost \$0 and \$0, respectively)	98,467	229,918
Interest payable	836,765	303,153
Directors' fees payable	92,789	99,296
Accrued expenses and other liabilities	36,635	257,986
<b>Total Liabilities</b>	<b>167,898,620</b>	<b>143,011,915</b>

### Commitments and Contingencies (Note 6)

**Net****Assets**

Common stock, par value \$0.001 per share (100,000,000 shares authorized, 13,613,707 and 13,649,504 shares issued and outstanding, respectively)		13,614	13,649
Additional paid-in capital		198,403,095	198,700,999
Distributable earnings (losses)		(46,730,445)	(27,919,982)
<b>Total Net Assets</b>		<u>151,686,264</u>	<u>170,794,666</u>
<b>Total Liabilities and Net Assets</b>	\$	<u>319,584,884</u>	\$ <u>313,806,581</u>
Net Asset Value Per Share	\$	11.14	\$ 12.51

See notes to unaudited consolidated financial statements.

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
<b>Investment Income:</b>				
Interest income	\$ 8,564,501	\$ 6,897,476	\$ 24,700,592	\$ 20,861,681
Payment in-kind interest income	-	1,322,134	953,928	2,336,651
Dividend income	15,607	255,648	46,882	255,648
Payment in-kind dividend income	-	143,750	-	333,333
Other fee income	142,483	52,369	575,003	62,248
<b>Total investment income</b>	<u>8,722,591</u>	<u>8,671,377</u>	<u>26,276,405</u>	<u>23,849,561</u>
<b>Expenses:</b>				
Interest expense	2,164,625	1,568,357	6,586,019	4,607,447
Base management fees	1,369,713	1,236,620	4,126,865	3,551,853
Income-based incentive fees	723,484	933,356	1,597,526	1,840,114
Provision for tax expense	131,304	-	144,250	-
Professional fees	251,158	303,373	717,486	748,437
Allocation of administrative costs from advisor	346,777	292,561	1,026,473	604,352
Amortization of deferred debt issuance costs	195,377	195,377	586,131	500,093
Insurance expense	83,987	100,829	252,867	271,280
Directors' fees	101,250	99,000	303,750	297,667
Custodian and administrator fees	243,823	42,750	258,823	248,188
Offering expense	51,750	-	155,250	186,513
Other expenses	18,399	165,730	373,613	556,889
<b>Total expenses</b>	<u>5,681,647</u>	<u>4,937,953</u>	<u>16,129,053</u>	<u>13,412,833</u>
Waiver of income-based incentive fees	(362,478)	-	(384,478)	-
<b>Net expenses</b>	<u>5,319,169</u>	<u>4,937,953</u>	<u>15,744,575</u>	<u>13,412,833</u>
<b>Net investment income</b>	<u>3,403,422</u>	<u>3,733,424</u>	<u>10,531,830</u>	<u>10,436,728</u>
<b>Net realized and unrealized gain/(loss) on investments:</b>				
Net realized gain (loss) from investments	(22,553,307)	(238,076)	(22,736,499)	(7,618,766)
Net change in unrealized appreciation (depreciation) in value of investments	17,792,347	595,687	2,892,876	9,267,936
<b>Total realized and unrealized gain (loss) on investments</b>	<u>(4,760,960)</u>	<u>357,611</u>	<u>(19,843,623)</u>	<u>1,649,170</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (1,357,538)</u>	<u>\$ 4,091,035</u>	<u>\$ (9,311,793)</u>	<u>\$ 12,085,898</u>
Basic and diluted:				
Net investment income per share	\$ 0.25	\$ 0.27	\$ 0.77	\$ 0.77
Earnings per share	\$ (0.10)	\$ 0.30	\$ (0.68)	\$ 0.89
Weighted average shares of common stock outstanding	13,613,694	13,691,420	13,634,370	13,590,589
<b>Distributions paid per common share</b>	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75

See notes to unaudited consolidated financial statements.

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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