

CM Finance

CM Finance Inc Reports Results for Its Fiscal First Quarter Ended September 30, 2015

NEW YORK, Nov. 09, 2015 (GLOBE NEWSWIRE) --

CM Finance Inc (Nasdaq:CMFN) ("CMFN" or "the Company") today announced financial results for its fiscal first quarter ended September 30, 2015.

HIGHLIGHTS

- | **Investment portfolio declined by \$8.9 million, or 2.7%, from last quarter, to \$321.4 million at fair value**
- | **Weighted average yield, at cost, on debt portfolio of 11.02% compared to 10.91% at June 30, 2015**
- | **Five debt investments made during the quarter with a weighted average yield, at cost, of 11.6%**
- | **Paid a special distribution of \$0.43 per share on September 15, 2015 to shareholders of record on September 1, 2015**
- | **Declared a regular quarterly distribution of \$0.3469 per share for the quarter ending December 31, 2015 payable on January 5, 2016, to shareholders of record as of December 18, 2015.**

Portfolio results, as of September 30, 2015:

Total Assets	\$ 353.3 mm
Investment portfolio, at fair value	\$ 321.4 mm
Net Assets	\$ 186.3 mm
Weighted Average yield on debt investments, at cost	11.02%
Weighted Average yield on debt investments, at fair value	11.77%
Net Asset Value per share	\$ 13.65

Portfolio activity in the current quarter:

Number of new investments	5
Total capital invested	\$ 39.6 mm
Proceeds from repayments, sales, and amortization	\$ 44.8 mm
Number of portfolio companies, end of period	23

Net investment income	\$ 4.9 mm
Net investment income per share	\$ 0.36
Net increase in net assets from operations	\$ 0.2 mm
Net increase in net assets from operations per share	\$ 0.01
Distribution declared per share (paid October 2, 2015)	\$ 0.35

Mr. Michael C. Mauer, the Company's Chief Executive Officer, said, "We remain highly selective about the investments we choose to pursue. We opportunistically reduced our exposure to syndicated credits during the quarter while maintaining our focus on originating new loans in the middle market."

On November 3, 2015, the Company's Board of Directors declared a distribution for the quarter ended December 31, 2015 of \$0.3469 per share payable on January 5, 2016 to shareholders of record as of

December 18, 2015.

The Company reported net investment income of \$4.9 million, or \$0.36 per share, and net realized and unrealized losses of \$4.7 million, or \$0.35 per share, for the quarter. The total net increase in net assets resulting from operations for the quarter was \$0.2 million, or \$0.01 per share. At September 30, 2015, the Company's net asset value (NAV) per share was \$13.65.

Portfolio and Investment Activities

During the quarter, we added five new investments for \$39.6 million and realized \$44.8 million of repayments, sales proceeds and amortization. The decrease in our net investments after taking into account realized and unrealized gains was approximately \$8.9 million (at fair value). Two of our five new investments in the fiscal first quarter were to new portfolio companies. Our investments in new portfolio companies during the quarter averaged \$15.7 million, and had a weighted average yield of 11.8%.

At September 30, 2015, our investment portfolio of \$321.4 million (at fair value) consisted of investments in 23 portfolio companies, of which 48.0% were first lien investments, 48.5% were second lien investments, 3.4% were unsecured investments and 0.1% were equity and warrant positions. At September 30, 2015, our average portfolio company investment at fair value was \$14.0 million. We had no loans on non-accrual status in the portfolio as of September 30, 2015..

As of September 30, 2015 and June 30, 2015, respectively, our weighted average total yield of debt and income producing securities at amortized cost (which includes interest income and amortization of fees and discounts) was 11.02% and 10.91%, respectively, and our weighted average total yield of debt and income producing securities at fair value (which includes interest income and amortization of fees and discounts) was 11.77% and 11.27%, respectively.

Capital Resources

As of September 30, 2015, we had \$19.3 million in cash, \$6.3 million in restricted cash, and \$0.6 million of capacity under our revolving credit facility. Our net assets totaled \$186.5 million.

Subsequent Events

Subsequent to quarter end, the Company invested \$10.0 million in new and existing portfolio companies and received repayment or sales proceeds of \$5.0 million.

CM Finance Inc and subsidiaries

Consolidated Statement of Assets and Liabilities

	September 30, 2015 (unaudited)	June 30, 2015
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$332,026,386 and \$336,092,639 respectively)	\$ 321,361,926	\$ 330,323,856
Derivatives, at fair value (cost \$0 and \$0, respectively)	3,131,333	1,845,768
Cash	19,305,090	21,535,492
Cash, restricted	6,314,101	3,433,704
Interest receivable	2,886,646	2,900,804
Deferred offering costs	186,513	186,513
Prepaid expenses and other assets	160,765	232,704

Total Assets	<u>\$ 353,346,374</u>	<u>\$ 360,458,841</u>
Liabilities		
Notes Payable:		
Term loan	\$ 102,000,000	\$ 102,000,000
Revolving credit facility	49,429,770	48,847,459
Deferred debt issuance costs	(2,603,076)	(2,331,035)
Notes Payable, net	<u>148,826,694</u>	<u>148,516,424</u>
Payable for investments purchased	4,010,000	2,988,655
Distributions payable	4,742,107	4,741,174
Derivatives, at fair value (cost \$0 and \$0, respectively)	3,131,333	1,845,768
Base management fees payable	1,452,157	1,420,978
Income-based incentive fees payable	1,503,698	1,723,260
Deferred financing costs payable	2,145,500	1,525,000
Interest payable	174,267	168,658
Accrued expenses and other liabilities	829,687	578,075
Total Liabilities	<u>166,815,443</u>	<u>163,507,992</u>
Net Assets		
Common Stock, par value \$0.001 per share (100,000,000 shares authorized, 13,669,953 and 13,667,267 shares issued and outstanding)	13,670	13,667
Additional paid-in capital	199,449,694	199,418,478
Accumulated net realized gain	(470,940)	3,700,400
Accumulated distributions in excess of net investment income	(1,797,033)	(412,913)
Net unrealized appreciation on investments	(10,664,460)	(5,768,783)
Total Net Assets	<u>186,530,931</u>	<u>196,950,849</u>
Total Liabilities and Net Assets	<u>\$ 353,346,374</u>	<u>\$ 360,458,841</u>
Net Asset Value Per Share	\$ 13.65	\$ 14.41

CM Finance Inc and subsidiaries
Consolidated Statement of Operations

	For the three months ended September 30,	
	<u>2015</u>	<u>2014</u>
Investment Income:		
Income:		
Interest income	\$ 9,595,613	\$ 6,932,006
Payment in-kind interest income	239,239	561,020
Other fee income	33,742	367,843
Total investment income	<u>9,868,594</u>	<u>7,860,869</u>
Expenses:		
Interest expense	984,988	718,876
Amortization of deferred debt issuance costs	348,459	172,892
Base management fees	1,452,157	1,107,453
Income-based incentive fees	1,229,032	969,458
Capital gains incentive fees	-	138,049
Custodian and administrator fees	86,644	88,690
Directors' fees	114,750	114,750
Professional fees	292,334	210,223
Allocation of administrative costs from advisor	276,951	191,420
Insurance expense	86,203	110,746
Other expenses	128,556	146,690
Total expenses	<u>5,000,074</u>	<u>3,969,247</u>
Waiver of income-based incentive fees	-	(582,829)

Waiver of capital gains incentive fees	-	(138,049)
Net expenses	<u>5,000,074</u>	<u>3,248,369</u>
Net investment income	<u>\$ 4,868,520</u>	<u>\$ 4,612,500</u>
Net realized and unrealized losses on investment transactions:		
Net realized gains (losses) on investments	195,320	(123,598)
Net change in unrealized (depreciation) / appreciation on investments	<u>(4,895,677)</u>	<u>104,538</u>
Net realized and unrealized losses	<u>(4,700,357)</u>	<u>(19,060)</u>
Net increase in net assets resulting from operations	<u>\$ 168,163</u>	<u>\$ 4,593,440</u>
Basic and diluted:		
Net investment income per share	\$ 0.36	\$ 0.34
Earnings per share	\$ 0.01	\$ 0.34
Weighted Average Shares of Common Stock Outstanding	13,668,193	13,666,666

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 \$50 million and earnings before interest, taxes, depreciation and amortization of at least \$15 million. 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.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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