

# CM Finance Inc Reports Results for Its Fiscal Fourth Quarter Ended June 30, 2015

NEW YORK, Sept. 8, 2015 (GLOBE NEWSWIRE) -- CM Finance Inc (Nasdaq:CMFN) ("CMFN" or "the Company") today announced financial results for its fiscal fourth quarter and year ended June 30, 2015.

## HIGHLIGHTS

- **Virgin America sold, realizing a gain of \$4.5 million or \$0.33 per share; proceeds reinvested in yielding assets**
- **Capitol Petroleum Group prepaid our loan with prepayment income of \$2.3 million or \$0.17 per share**
- **Investment portfolio increased by \$18.4 million, or 5.9%, from last quarter, to \$330.3 million at fair value**
- **Weighted average yield, at cost, on debt portfolio of 10.91% compared to 11.20% at March 31, 2015**
- **Eight debt investments made during the quarter with a weighted average yield, at cost, of 10.5%**
- **Declared a special distribution of \$0.43 per share payable on September 15, 2015 to shareholders of record as of September 1, 2015**
- **Declared a regular quarterly distribution of \$0.3469 per share for the quarter ending September 30, 2015 payable on October 2, 2015, to shareholders of record as of September 18, 2015.**

Portfolio results, as of June 30, 2015:

Total Assets	\$362.8 mm
Investment portfolio, at fair value	\$330.3 mm
Net Assets	\$197.0 mm
Weighted Average yield on debt investments, at cost	10.91%
Weighted Average yield on debt investments, at fair value	11.27%
Net Asset Value per share	\$14.41

Portfolio activity in the current quarter:

Number of new investments	8
Total capital invested	\$56.4 mm
Proceeds from repayments, sales, and amortization	\$37.4 mm
Number of portfolio companies, end of period	26
Net investment income	\$6.3 mm
Net investment income per share	\$0.46
Net increase in net assets from operations	\$4.6 mm
Net increase in net assets from operations per share	\$0.34

Distribution declared per share (paid July 2, 2015) \$0.3469

Mr. Michael C. Mauer, the Company's Chief Executive Officer, said, "We monetized our investment in the common stock of Virgin America Inc., recognizing that our core mission is to invest in the middle market, protect shareholders capital and distribute returns to shareholders.. During the quarter, we were pleased to have the opportunity to grow our portfolio and to lend to new portfolio companies. We continue to see solid deal flow, and have the ability to be highly selective in those we pursue. We have also been opportunistic in our exposure to syndicated credit while remaining focused on originating new loans in the middle market."

On June 10, 2015, the Company's Board of Directors declared a special distribution of \$0.43 per share payable on September 15, 2015 to shareholders of record as of September 1, 2015, and a regular quarterly distribution for the quarter ended September 30, 2015 of \$0.3469 per share payable on October 2, 2015 to shareholders of record as of September 18, 2015.

The Company reported net investment income of \$6.3 million, or \$0.46 per share, and net realized and unrealized losses of \$1.6 million, or \$0.12 per share, for the quarter. The total net increase in net assets resulting from operations for the quarter was \$4.7 million, or \$0.34 per share. At June 30, 2015, the Company's net asset value (NAV) per share was \$14.41.

### **Portfolio and Investment Activities**

During the quarter, we continued to grow and diversify our investment portfolio. We added eight new investments for \$50.5 million, funded \$5.9 million under two pre-existing commitments and realized \$37.4 million of repayments, sales proceeds and amortization. The increase in our net investments after taking into account realized and unrealized gains was approximately \$18.4 million (at fair value). Three of our eight new investments in the fiscal fourth quarter were to new portfolio companies. Our investments in new portfolio companies during the quarter averaged \$7.6 million, and had a weighted average yield of 11.4%.

At June 30, 2015, our investment portfolio of \$330.3 million (at fair value) consisted of investments in 26 portfolio companies, of which 49.7% were first lien investments, 47.1% were second lien investments, 2.4% were unsecured investments and 0.8% were equity and warrant positions. At June 30, 2015, our average portfolio company investment at fair value was \$12.7 million. We had no nonperforming loans in the portfolio.

As of June 30, 2015 and June 30, 2014, 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 10.91% and 10.82%, 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 11.27% and 10.44%, respectively.

### **Capital Resources**

As of June 30, 2015, we had \$21.5 million in cash, \$3.4 million in restricted cash, and \$1.2

million of capacity under our revolving credit facility. Our net assets totaled \$197.0 million.

## Subsequent Events

Subsequent to quarter end, the Company invested \$35.7 million in new and existing portfolio companies and received repayment or sales proceeds of \$44.5 million.

### CM Finance Inc and subsidiaries

#### Consolidated Statement of Assets and Liabilities

	<b>June 30, 2015</b>	<b>June 30, 2014</b>
<b>Assets</b>		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$336,323,856 and \$271,682,258 respectively)	\$330,323,856	\$273,710,465
Derivatives, at fair value (cost \$0 and \$0, respectively)	1,845,768	563,866
Cash	21,535,492	24,698,073
Cash, restricted	3,433,704	7,139,313
Interest receivable	2,900,804	1,458,043
Deferred debt issuance costs	2,331,035	459,676
Deferred offering costs	186,513	--
Prepaid expenses and other assets	<u>232,704</u>	<u>730,562</u>
<b>Total Assets</b>	<b><u>\$362,789,876</u></b>	<b><u>\$308,759,998</u></b>
<b>Liabilities</b>		
Notes Payable:		
Term loan	\$102,000,000	\$76,500,000
Revolving credit facility	48,847,459	9,091,314
Payable for investments purchased	2,988,655	16,660,000
Distributions payable	4,741,174	4,612,500
Derivatives, at fair value (cost \$0 and \$0, respectively)	1,845,768	563,866
Base management fees payable	1,420,978	313,237
Income-based incentive fees payable	1,723,260	--
Deferred financing costs payable	1,525,000	--
Interest payable	168,658	108,117
Accrued expenses and other liabilities	<u>578,075</u>	<u>694,143</u>
<b>Total Liabilities</b>	<b><u>165,839,027</u></b>	<b><u>108,543,177</u></b>
<b>Net Assets</b>		
Common Stock, par value \$0.001 per share (100,000,000 shares authorized, 13,667,267 and 13,666,666 shares issued and outstanding)	13,667	13,667
Additional paid-in capital	199,418,478	198,810,786
Accumulated net realized gain	3,700,400	--

Accumulated distributions in excess of net investment income	(412,913)	(635,839)
Net unrealized appreciation on investments	<u>(5,768,783)</u>	<u>2,028,207</u>
<b>Total Net Assets</b>	<u>196,950,849</u>	<u>200,216,821</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$362,789,876</u></u>	<u><u>\$308,759,998</u></u>
<b>Net Asset Value Per Share</b>	<b>\$14.41</b>	<b>\$14.65</b>

## CM Finance Inc and subsidiaries

### Consolidated Statement of Operations

	<u>For the three months ended June 30,</u>		<u>For the twelve months ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Investment Income:</b>				
Income:				
Interest income	\$11,259,339	\$6,113,405	\$35,165,863	\$18,808,795
Payment in-kind interest income	218,174	492,305	1,212,036	1,723,676
Other fee income	<u>42,332</u>	<u>--</u>	<u>630,206</u>	<u>601,590</u>
<b>Total investment income</b>	<u>11,519,845</u>	<u>6,605,710</u>	<u>37,008,105</u>	<u>21,134,061</u>
<b>Expenses:</b>				
Interest expense	988,886	621,401	3,527,014	2,466,792
Amortization of deferred debt issuance costs	340,590	180,552	1,194,662	461,380
Base management fees	1,420,978	1,005,836	5,169,039	1,461,770
Income-based incentive fees	1,563,388	--	4,711,675	--
Capital gains incentive fees	--	--	--	--
Custodian and administrator fees	87,344	32,274	303,913	88,707
Directors' fees	108,005	76,500	426,255	201,500
Professional fees	380,330	281,750	1,214,546	561,961
Allocation of administrative costs from advisor	209,241	221,821	591,233	267,809
Insurance expense	85,266	122,145	396,885	176,953
Other expenses	<u>84,110</u>	<u>143,530</u>	<u>338,835</u>	<u>597,595</u>
<b>Total expenses</b>	<u>5,268,138</u>	<u>2,685,809</u>	<u>17,874,057</u>	<u>6,284,467</u>
Waiver of income-based incentive fees	<u>--</u>	<u>(692,599)</u>	<u>(1,174,655)</u>	<u>(1,148,533)</u>
<b>Net expenses</b>	<u>5,268,138</u>	<u>1,993,210</u>	<u>16,699,402</u>	<u>5,135,934</u>
<b>Net investment income</b>	<u><u>\$6,251,707</u></u>	<u><u>\$4,612,500</u></u>	<u><u>\$20,308,703</u></u>	<u><u>\$15,998,127</u></u>
<b>Net realized and unrealized losses on investment transactions:</b>				
Net realized losses on investments attributable to CM Finance LLC	--	--	--	(946,608)

Net realized gains on investments attributable to CM Finance Inc	4,326,004	54,921	3,012,575	162,630
Net change in unrealized appreciation on investments attributable to CM Finance LLC	--	--	--	549,814
Net change in unrealized (depreciation) / appreciation on investments attributable to CM Finance Inc	<u>(5,911,675)</u>	<u>225,237</u>	<u>(7,796,990)</u>	<u>412,071</u>
Net realized and unrealized losses (gains)	<u>(1,585,671)</u>	<u>280,158</u>	<u>(4,784,415)</u>	<u>177,907</u>
<b>Net increase in net assets resulting from operations</b>	<b><u>\$4,666,036</u></b>	<b><u>\$4,892,658</u></b>	<b><u>\$15,524,288</u></b>	<b><u>\$16,176,034</u></b>
<b>Net increase in net assets resulting from operations attributable to CM Finance LLC</b>	--	--	--	9,219,852
<b>Net increase in net assets resulting from operations attributable to CM Finance Inc</b>	4,666,036	4,892,658	15,524,288	6,956,182
CM Finance Inc:				
Basic and diluted:				
Net investment income per share	0.46	0.34	1.48	0.47
Earnings per share	0.34	0.36	1.13	0.51
Weighted Average Shares of Common Stock Outstanding	13,667,254	13,666,666	13,666,812	13,666,666
<b>Net investment income attributable to CM Finance LLC</b>	--	--	--	9,616,646
<b>Net investment income attributable to CM Finance Inc</b>	6,251,707	4,612,500	20,308,703	6,381,481

## 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-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.

CONTACT: CM Finance Inc  
Investor Relations  
Email: [investorrelations@cmfn-inc.com](mailto:investorrelations@cmfn-inc.com)  
Phone: 212-257-5199