

Bexil Corporation Announces Third Quarter 2020 Financial Results

NEW YORK, NY – November 2, 2020 – Bexil Corporation (ticker: BXLC) (“Bexil” or the “Company”) today reported its financial results for the third quarter ended September 30, 2020.

For the three months ended September 30, 2020, Bexil recorded net income attributable to Bexil shareholders of approximately \$0.40 million or \$0.47 of diluted earnings per share, compared to net income attributable to Bexil shareholders of approximately \$0.89 million or \$1.03 of diluted earnings per share for the three months ended September 30, 2019.

For the nine months ended September 30, 2020, Bexil recorded a net loss attributable to Bexil shareholders of approximately \$3.61 million or \$4.36 per share compared to net income attributable to Bexil shareholders of approximately \$3.48 million or \$3.94 of diluted earnings per share for the nine months ended September 30, 2019.

The Company’s book value per share attributable to Bexil shareholders at September 30, 2020 was \$21.88, based on shareholders’ equity attributable to Bexil shareholders of approximately \$18.4 million and 841,257 shares issued and outstanding.

The Company’s unaudited consolidated balance sheet, statements of comprehensive income (loss), and statements of cash flows as of and for the nine months ended September 30, 2020 are appended to the copy of this press release on www.Bexil.com.

Effects of COVID-19 on the Company

To the extent COVID-19 has caused prices of publicly traded securities generally to decline in 2020, it has indirectly impacted the Company’s financial condition and results of operations because the Company’s assets are substantially invested in such securities and revenue from its operations are largely dependent on the value of gross assets under management invested in such securities. The full impact of COVID-19 on the Company’s financial condition and results of operations is uncertain and cannot be predicted at the current time as it depends on several factors beyond the control of the Company including, but not limited to the uncertainty around (i) the severity and duration of the outbreak, (ii) the effectiveness of the U.S. public health response, (iii) the pandemic’s impact on the U.S. and global economies, (iv) the timing, scope, and effectiveness of additional governmental responses to the pandemic, (v) the timing and speed of economic recovery, including the availability of a treatment or vaccination for COVID-19, and (vi) the impact on financial markets. Due to these and similar factors, on May 19, 2020 a Company affiliate (the “Borrower”) entered into a Paycheck Protection Program Term Note (“PPP Note”) on behalf of itself and certain of its affiliates, including the Company (collectively, with the Borrower and the Company, the “PPP Affiliates”), under the Paycheck Protection Program of the recently enacted Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Interest accrues on the PPP Note at the rate per annum of 1.00%. The Borrower may apply for forgiveness of the amount due on the PPP Note which is anticipated to be an amount equal to the sum of eligible payroll, mortgage interest, rent, and utility expenses incurred by the PPP Affiliates during, at the Borrower’s discretion and whichever is most advantageous, either the eight weeks or twenty-four weeks (the “Covered Period”) following disbursement under the PPP Note. To the extent the PPP Note is forgiven, and legal release is received, the Company expects to record a gain in an amount proportionate to its share of such eligible expenses incurred during the Covered Period. On May 19, 2022, all accrued interest that is not forgiven shall be due and payable.

About Bexil Corporation

Bexil is primarily engaged through a wholly owned subsidiary in investment management. To learn more about Bexil, including Rule 15c2-11 information, please visit www.Bexil.com.

Safe Harbor Note

This release may contain certain “forward looking statements” within the meaning of federal securities laws including, but not limited to the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Bexil, which may cause the Company’s actual results to be materially different from those expressed or implied by such statements. The Company may also make additional forward looking statements from time to time. All such subsequent forward looking statements, whether written or oral, by the Company or on its behalf, are also expressly qualified by these cautionary statements. Investors should carefully consider the risks, uncertainties, and other factors, together with all of the other information included in the Company’s Annual Report, at <http://www.bexil.com/cautionary-language.html>, and similar information. All forward looking statements made herein are only made as of the date of this release, and the Company undertakes no obligation to publicly update such forward looking statements to reflect subsequent events or circumstances.

The Company views book value per share, a non-GAAP financial measure, as an important indicator of financial performance. Presented in conjunction with other financial information, the combined presentation can enhance an investor’s understanding of the Company’s underlying financial condition and results from operations. The definition of book value as presented in this press release is shareholders’ equity attributable to Bexil shareholders divided by currently issued and outstanding shares.

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Bexil Corporation
Consolidated Balance Sheet
September 30, 2020
(Unaudited)

Assets

Cash and cash equivalents	\$ 4,007,390
Investments in securities	12,197,920
Accounts receivable	172,787
Intangible asset, net	1,171,354
Deferred tax assets, net	912,249
Total assets	<u>\$ 18,461,700</u>

Liabilities and equity

Accounts payable and accrued expenses	<u>\$ 226,510</u>
Total liabilities	<u>226,510</u>

Commitments and Contingencies

Equity

Bexil Corporation shareholders' equity	
Common stock, \$0.01 par value, 9,900,000 shares authorized; 841,257 issued and outstanding	8,413
Series A participating preferred stock, \$0.01 par value, 100,000 shares authorized; zero shares issued and outstanding	—
Additional paid in capital	14,379,478
Notes receivable for common stock issued	(1,066,473)
Retained earnings	5,086,919
Total Bexil Corporation shareholders' equity	<u>18,408,337</u>
Noncontrolling interests in subsidiary	<u>(173,147)</u>
Total equity	<u>18,235,190</u>
Total liabilities and equity	<u>\$ 18,461,700</u>

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Bexil Corporation Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues				
Management and other fees	\$ 546,514	\$ 514,702	\$ 1,523,900	\$ 1,611,340
Dividends and interest	301,059	244,023	908,340	744,867
Realized gain on investments in securities	—	7,279	3,729	42,742
Unrealized gain (loss) on investments in securities	(965,887)	601,638	(5,392,379)	2,604,337
	<u>(118,314)</u>	<u>1,367,642</u>	<u>(2,956,410)</u>	<u>5,003,286</u>
Expenses				
Compensation and benefits	278,335	274,059	847,662	908,672
Gain on reversal of death benefit commitment liability	(1,012,529)	—	(929,029)	—
General and administrative	124,551	120,286	388,956	389,996
Professional services	39,812	52,499	122,850	163,646
	<u>(569,831)</u>	<u>446,844</u>	<u>430,439</u>	<u>1,462,314</u>
Income (loss) before taxes	451,517	920,798	(3,386,849)	3,540,972
Income tax expense	49,168	29,046	224,827	64,353
Net income (loss)	402,349	891,752	(3,611,676)	3,476,619
Net loss attributable to noncontrolling interests	768	1,010	2,484	2,148
Net income (loss) attributable to Bexil Corporation shareholders	<u>\$ 403,117</u>	<u>\$ 892,762</u>	<u>\$ (3,609,192)</u>	<u>\$ 3,478,767</u>
Net income (loss) per share				
Basic, attributable to Bexil Corporation shareholders	\$ 0.48	\$ 1.07	\$ (4.36)	\$ 4.06
Diluted, attributable to Bexil Corporation shareholders	\$ 0.47	\$ 1.03	\$ (4.36)	\$ 3.94
Weighted average shares outstanding				
Basic	837,931	837,505	827,656	856,896
Diluted	862,726	869,495	827,656	883,598
Other comprehensive gain (loss), net of tax				
Unrealized gain (loss) on investment securities	—	(1,038)	2,209	(711)
Other comprehensive gain (loss)	—	(1,038)	2,209	(711)
Comprehensive income (loss)	402,349	890,714	(3,609,467)	3,475,908
Comprehensive loss attributable to noncontrolling interests	768	1,010	2,484	2,148
Comprehensive income (loss) attributable to Bexil Corporation shareholders	<u>\$ 403,117</u>	<u>\$ 891,724</u>	<u>\$ (3,606,983)</u>	<u>\$ 3,478,056</u>

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Bexil Corporation
Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2020 and 2019
(Unaudited)

	2020	2019
Cash flows from operating activities		
Net (loss) income	\$ (3,611,676)	\$ 3,476,619
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Purchase of investment securities, trading	(783,189)	(1,622,396)
Proceeds on sales of investment securities, trading	275,243	1,155,030
Stock-based compensation expense	3,103	17,212
Realized gain on investments in securities	(3,729)	(42,555)
Unrealized loss (gain) on investments in securities	5,392,379	(2,604,337)
Amortization	270,312	270,312
Amortization of premium (accretion of discount)	5,776	(14,840)
Decrease in accounts receivable	45,681	233,608
Decrease in accounts payable and accrued expenses	(960,396)	(128,566)
Decrease in securities loaned	—	(1,632)
Increase in payable for securities purchases	—	226,685
Net cash provided by operating activities	633,504	965,140
Cash flows from investing activities		
Purchase of investment securities, available-for-sale	(1,050,000)	(4,938,493)
Proceeds on maturities of investment securities, available-for-sale	3,550,000	4,345,000
Net cash provided by (used in) investing activities	2,500,000	(593,493)
Cash flows from financing activities		
Repayments on notes receivable for common stock issued	90,638	77,983
Common stock issued upon exercise of stock options	191	125,880
Common stock repurchases	(62,400)	(549,354)
Net settlement of cashless stock option exercises	(92,313)	—
Net cash used in financing activities	(63,884)	(345,491)
Net increase in cash and cash equivalents	3,069,620	26,156
Cash and cash equivalents, beginning of period	937,770	1,796,501
Cash and cash equivalents, end of period	\$ 4,007,390	\$ 1,822,657
Supplemental disclosures		
Income taxes paid	\$ 224,827	\$ 64,328
Non-cash activity consisted of:		
Promissory note accepted with exercise of stock options	\$ 151,279	\$ —