BURNHAM HOLDINGS, INC. ANNOUNCES YEAR 2020 FINANCIAL RESULTS

Lancaster, PA February 18, 2021

Burnham Holdings, Inc., (OTC-Pink: BURCA), the parent company of multiple subsidiaries that are leading domestic manufacturers and sellers of boilers, and related HVAC products and accessories (including furnaces, radiators, and air conditioning systems), for residential, commercial and industrial applications, today reported financial results for the year ended December 31, 2020.

The following are some key highlights of our 2020 financial results:

- Net sales were $ 187.5 million, a decrease of $ 24.8 million, or 11.7%, compared to 2019 as overall demand for residential and commercial heating equipment was adversely affected in the first half of the year by warmer than normal winter weather and impacts from the COVID-19 pandemic.
- Gross profit was $ 38.5 million, down $ 7.0 million, or 15.5%, versus 2019, as the result of lower sales
- Net Income was $6.55mm, or $1.43 per share; versus $8.74mm, or $1.91 per share in 2019

Further details of the results mentioned in this press release will be discussed in the Company's 2020 Annual Report and audited financial statements, which will be available on or around March 22, 2021.

The COVID-19 pandemic had a significant impact on our businesses in 2020. As an essential business, Burnham Holdings and its subsidiaries continued all operations with implementation of proper personal protection protocols throughout all facilities. The majority of office staff transitioned to a work-from-home posture, which continued throughout the year. Overall, operations successfully adapted to the new operating environment, delivering strong second half business results and minimizing operational disruptions. It was a significant team effort by the entire organization to keep our employees safe and healthy while continuing to meet the needs of our customers and the end users who rely on our products for their comfort and well-being.

Full year 2020 sales of residential heating products decreased by 10.5% compared to 2019 levels, due mainly to weather and COVID-19 related business closures in the first half of the year. However, residential product sales did show improvement in the second half of 2020 with a 1.5% increase compared to 2019 second half sales. Sales of commercial boiler products decreased by 14.8% in 2020, as new project activity was depressed due to COVID-19 related closures of schools, hotels and other users of large commercial boilers. Sales of new high-efficiency commercial boiler products in 2020 were higher compared to 2019 levels.

Gross profit (profit after deducting cost of goods sold (COGS) from net sales) in 2020 was $ 38.5 million, or 20.5% of net sales. This compares to gross profit of $ 45.5 million in 2019, or 21.4% of net sales. Gross profit as a percentage of sales in 2020 was impacted negatively by the decrease in sales volume, Selling, general, and administrative expenses (SG&A) were lower at $ 30.5 million in 2020 compared to $ 34.4 million in 2019, a decrease of $ 3.9 million, or 11.3%. SG&A as a percent of sales was 16.3% versus 16.2% in 2019.

Reported net income in 2020 was $6.55 million, a return on net sales of 3.5%, and basic earnings per share of $1.43. This compared to reported 2019 net income of $8.74 million, a return on net sales of 4.1%, and basic earnings per share of $ 1.91.

Effective as of the Annual Meeting, April 26, 2021, George W. Hodges, Chairman of the Board, will retire from the Board after serving 15 years in a variety of Board positions; including the last year as Board Chairman. We are very appreciative of the countless contributions Mr. Hodges has made to the success of the Company. John W. Lyman was elected the new Chairman of the Board, effective April 26, 2021. Mr. Lyman has served as a Director of the Company since 2002, serving on several Board committees, including the Nominating and Governance Committee which he currently Chairs, as well as the Audit and Risk Committee.

At its meeting on February 18, 2021, Burnham Holdings, Inc.'s Board of Directors declared a quarterly common stock dividend of $0.22 per share, payable on March 12, 2021 with a record date of March 5, 2021; and has scheduled the 2021 Annual Meeting of Shareholders for Monday, April 26th with a shareholder record date of March 1, 2021. With continued public health concerns as the result of COVID-19, the meeting will be a virtual meeting and shareholders will not be able to attend in person. Further details regarding the meeting will be provided in March, 2021 on our website, burnhamholdings.com.

Consolidated Statements of Income

(In thousands, except per share data) (Data is unaudited (see Notes))	Years Ended December 2020		2019	
Net sales	$	**187,461**	$	212,257
Cost of goods sold		**148,985**		166,737
Gross profit		**38,476**		45,520
Selling, general and administrative expenses		**30,477**		34,355
Goodwill impairment loss (Note 3)		**-**		-
Operating income		**7,999**		11,165
Other income (expense):				
Non-service related pension credit		**684**		720
Interest and investment income		**719**		822
Interest expense		**(930)**		(1,141)
Other income (expense)		**473**		401
Income before income taxes		**8,472**		11,566
Income tax (benefit) expense		**1,925**		2,828
NET (LOSS) INCOME	$	**6,547**	$	8,738
BASIC (LOSS) EARNINGS PER SHARE (Note 1)	$	**1.43**	$	1.91
DILUTED (LOSS) EARNINGS PER SHARE (Note 1)	$	**1.43**	$	1.91
COMMON STOCK DIVIDENDS PAID	$	**0.88**	$	0.88
BOOK VALUE PER COMMON SHARE	$	**19.89**	$	18.99

Consolidated Balance Sheets

(in thousands and data is unaudited (see Notes)) ASSETS	December 2020		2019	
CURRENT ASSETS				
Cash, cash equivalents and restricted cash	$	**5,759**	$	5,749
Trade accounts receivable, less allowances		**28,654**		24,589
Inventories		**49,203**		47,234
Prepaid expenses and other current assets		**2,154**		1,661
TOTAL CURRENT ASSETS		**85,770**		79,233
PROPERTY, PLANT AND EQUIPMENT, net		**52,494**		52,461
OPERATING LEASE RIGHT OF USE ASSETS (Note 7)		**4,022**		4,431
OTHER ASSETS, net		**12,089**		11,064
TOTAL ASSETS	$	**154,375**	$	147,189
LIABILITIES AND STOCKHOLDERS' EQUITY	**2020**		2019	
CURRENT LIABILITIES				
Accounts and taxes payable & accrued expenses	$	**27,382**	$	26,095
Current portion of long-term liabilities		**147**		152
Current portion of operating lease liabilities (Note 7)		**1,020**		979
Current portion of long-term debt		**-**		-
TOTAL CURRENT LIABILITIES		**28,549**		27,226
LONG-TERM DEBT		**19,292**		15,068
LONG-TERM OPERATING LEASE LIABILITIES (Note 7)		**3,002**		3,452
OTHER POSTRETIREMENT LIABILITIES (Notes 5 and 6)		**5,742**		8,488
DEFERRED INCOME TAXES (Note 5)		**6,575**		6,019
STOCKHOLDERS' EQUITY				
Preferred Stock		**530**		530
Class A Common Stock		**3,560**		3,536
Class B Convertible Common Stock		**1,384**		1,408
Additional paid-in capital		**16,115**		16,034
Retained earnings		**116,633**		114,139
Accumulated other comprehensive income (loss) (Note 5)		**(29,043)**		(30,738)
Treasury stock, at cost		**(17,964)**		(17,973)
TOTAL STOCKHOLDERS' EQUITY		**91,215**		86,936
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	**154,375**	$	147,189

Consolidated Statements of Cash Flows

(in thousands and data is unaudited (see Notes))	Years Ended December 31, 2020	2019
Net (loss) income	**$ 6,547**	$ 8,738
Depreciation and amortization	**4,336**	4,127
Pension and postretirement liabilities expense	**91**	104
Contributions to pension trust (Note 6)	**(960)**	-
Other net adjustments	**1,407**	1,844
Changes in operating assets and liabilities	**(6,681)**	(2,788)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**4,740**	12,025
Net cash used in the purchase of assets	**(4,607)**	(7,078)
Proceeds from borrowings	**3,840**	320
Proceeds from stock option exercise and Treasury activity, net	**90**	131
Principal payments on debt and lease obligations	**-**	(4,000)
Dividends paid	**(4,053)**	(4,048)
INCREASE (DECREASE)IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**10**	(2,650)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	**5,749**	8,399
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	**$ 5,759**	$ 5,749

Consolidated Statements of Stockholders' Equity

(in thousands and data is unaudited (see Notes))

Year ended December 31, 2020

	Preferred Stock	Class A Common Stock	Class B Convertible Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock, at Cost	Stockholders' Equity
Balance at January 1, 2020	**$ 530**	**$ 3,536**	**$ 1,408**	**$ 16,034**	**$ 114,139**	**$ (30,738)**	**$ (17,973)**	**$ 86,936**
Exercise of stock options	-	-	-	81	-	-	9	90
Conversion of common stock	-	24	(24)	-	-	-	-	-
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	(18)	-	-	(18)
Common stock - ($0.88 per share)					(4,035)			(4,035)
Net income for the period	-	-	-	-	6,547	-	-	6,547
Other comprehensive income (loss), net of $ (507) of tax	-	-	-	-	-	1,695	-	1,695
Balance at December 31, 2020	**$ 530**	**$ 3,560**	**$ 1,384**	**$ 16,115**	**$ 116,633**	**$ (29,043)**	**$ (17,964)**	**$ 91,215**

Year ended December 31, 2019

	Preferred Stock	Class A Common Stock	Class B Convertible Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock, at Cost	Stockholders' Equity
Balance at January 1, 2019	**$ 530**	**$ 3,518**	**$ 1,426**	**$ 15,911**	**$ 109,610**	**$ (33,481)**	**$ (17,982)**	**$ 79,532**
Other reclassification adjustment	-	-	-	-	(161)	161		-
Exercise of stock options	-	-	-	123	-	-	9	132
Conversion of common stock	-	18	(18)	-	-	-	-	-
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	(18)	-	-	(18)
Common stock - ($0.88 per share)	-	-	-	-	(4,030)	-	-	(4,030)
Net income for the period	-	-	-	-	8,738	-	-	8,738
Other comprehensive income (loss), net of $(763) of tax	-	-	-	-	-	2,582	-	2,582
Balance at December 31, 2019	**$ 530**	**$ 3,536**	**$ 1,408**	**$ 16,034**	**$ 114,139**	**$ (30,738)**	**$ (17,973)**	**$ 86,936**

Notes To Financial Statements:

(1) Basic earnings per share are based upon weighted average shares outstanding for the period. Diluted earnings per share assume the conversion of outstanding rights into common stock.
(2) Common stock outstanding at December 31, 2020 includes 3,186,962 of Class A shares and 1,384,218 of Class B shares.
(3) Mark-to-Market adjustments are a result of changes (non-cash) in the fair value of interest rate agreements. These agreements are used to exchange the interest rate stream on variable rate debt for payments indexed to a fixed interest rate. These non-operational, non-cash charges reverse themselves over the term of the agreements.
(4) Accounting rules require that the funded status of pension and other postretirement benefits be recognized as a non-cash asset or liability, as the case may be, on the balance sheet. For December 31, 2020 and 2019, projected benefit obligations exceeded plan assets. The resulting non-cash presentation on the balance sheet is reflected in "Deferred income taxes", "Other postretirement liabilities", and "Accumulated other comprehensive income (loss)", a non-cash sub-section of "Stockholders' Equity" (See Note 10 of the 2020 Annual Report for more details).
(5) For the years 2020 and 2019, the Company made voluntary pre-tax contributions of $0.96 million and $0, respectively, to its defined benefit pension plan. This payment increased the trust assets available for benefit payments (reducing "Other postretirement liabilities"), and did not impact the Statement of Income.
(6) Unaudited results, forward looking statements, and certain significant estimates and risks. This note has been expanded to include items discussed in detail within the 2020 Annual Report.

Unaudited Results and Forward Looking Statements. The accompanying unaudited financial statements contain all adjustments that are necessary for a fair presentation of results for such periods and are consistent with policies and procedures employed in the audited year-end financial statements. These consolidated financial statements should be read in conjunction with the Annual Report for the period ended December 31, 2020. Statements other than historical facts included or referenced in this Report are forward-looking statements subject to certain risks, trends, and uncertainties that could cause actual results to differ materially from those projected. We undertake no duty to update or revise these forward-looking statements.

Certain Significant Estimates and Risks. Certain estimates are determined using historical information along with assumptions about future events. Changes in assumptions for items such as warranties, pensions, medical cost trends, employment demographics and legal actions, as well as changes in actual experience, could cause these estimates to change. Specific risks, such as those included below, are discussed in the Company's Quarterly and Annual Reports in order to provide regular knowledge of relevant matters. Estimates and related reserves are more fully explained in the 2020 Annual Report.

Retirement Plans: The Company maintains a non-contributory defined benefit pension plan, covering both union and non-union employees, that has been closed to new hires for a number of years. Benefit accrual ceased in 2009, or earlier depending on the employee group, with the exception of a limited, closed group of union production employees. While not 100% frozen, these actions were taken to protect benefits for retirees and eligible employees, and have materially reduced the growth of the pension liability. Lancaster Metal Manufacturing, a Company subsidiary, also contributes to a separate union-sponsored multiemployer defined benefit pension plan that covers its collective bargaining employees. Variables such as future market conditions, investment returns, and employee experience could affect results.

New Accounting Standard:

During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (ASC 842). ASC 842 requires lessees to recognize the assets and liabilities that arise from all leases that exceed twelve months in duration on the balance sheet, regardless if they are operating or financing type leases. A lessee shall recognize on the balance sheet a liability to make future lease payments (the lease liability) and a right-of-use asset representing the value of the right to use the asset for the remaining term of the lease agreement. ASC 842 is effective for annual periods beginning after December 15, 2018, including interim periods. The Company adopted ASC 842 effective January 1, 2019 using the optional transition method described in ASU No. 2018-11, 'Leases - Targeted Improvements', which was issued in July, 2018. Under the optional transition method, the Company recognized any cumulative impact of initially applying ASC 842 as an adjustment to the opening balance of retained earnings as of January 1, 2019.

The Company balance sheet at December 31, 2020 and December 31, 2019 includes total right-of-use asset values of $4,022 and $4,431, respectively; current liabilities of $(1,019) and $(979), respectively; and long-term liabilities of $(3,003) and $(3,452), respectively, related to future lease payments. Leases at all of the Company's subsidiaries have been classified as operating leases. Therefore, all lease payments made with respect to outstanding leases are reported as lease expense. For the years ended December 31, 2020 and December 31, 2019, total lease expenses of $1,544 and $1,394, respectively, were included in the calculation of operating income. Lease accounting details are explained in greater detail in the 2020 Annual Report.

Medical Health Coverage: The Company and its subsidiaries are self-insured for most of the medical health insurance provided for its employees, limiting maximum exposure per occurrence by purchasing third-party stop-loss coverage.

Retiree Health Benefits: The Company pays a fixed annual amount that assists a specific group of retirees in purchasing medical and/or prescription drug coverage from providers. Additionally, certain employees electing early retirement receive a fixed dollar amount based on years of employee service to assist them in covering medical costs. These obligations are accounted for within the financial statements.

Insurance: The Company and its subsidiaries maintain insurance to cover product liability, general liability, workers' compensation, and property damage. Well-known and reputable insurance carriers provide current coverage. All policies and corresponding deductible levels are reviewed on an annual basis. Third-party administrators, approved by the Company and the insurance carriers, handle claims and attempt to resolve them to the benefit of both the Company and its insurance carriers. The Company reviews claims periodically in conjunction with administrators and adjusts recorded reserves as required.

General Litigation, including Asbestos: In the normal course of business, certain subsidiaries of the Company have been named, and may in the future be named, as defendants in various legal actions including claims related to property damage and/or personal injury allegedly arising from products of the Company's subsidiaries or their predecessors. A number of these claims allege personal injury arising from exposure to asbestos-containing material allegedly contained in certain boilers manufactured many years ago, or through the installation or removal of heating systems. The Company's subsidiaries, directly and/or through insurance providers, are vigorously defending all open asbestos cases, many of which involve multiple claimants and many defendants, which may not be resolved for several years. Asbestos litigation is a national issue with thousands of companies defending claims. While the large majority of claims have historically been resolved prior to the completion of trial, from time to time some claims may be expected to proceed to a potentially substantial verdict against subsidiaries of the Company. Any such verdict would be subject to a potential reduction or reversal of verdict on appeal, any set-off rights, and/or a reduction of liability following allocation of liability among various defendants. For example, on July 23, 2013 and December 12, 2014, New York City State Court juries found numerous defendant companies, including a subsidiary of the Company, responsible for asbestos-related damages in cases involving multiple plaintiffs. The subsidiary, whose share of the verdicts amounted to $42 million and $6 million, respectively, before offsets, filed post-trial motions and appeals seeking to reduce and/or overturn the verdicts, and granting of new trials. On February 9, 2015, the trial court significantly reduced the 2013 verdicts, reducing the subsidiary's liability from $42 million to less than $7 million. Additionally, on May 15, 2015, the trial court reduced the subsidiary's liability in the 2014 verdict to less than $2 million. On October 30, 2015, the subsidiary settled these verdicts for significantly less than the trial courts' reduced verdicts, with all such settled amounts being covered by applicable insurance. The Company believes, based upon its understanding of its available insurance policies and discussions with legal counsel, that all pending legal actions and claims, including asbestos, should ultimately be resolved (whether through settlements or verdicts) within existing insurance limits and reserves, or for amounts not material to the Company's financial position or results of operations. However, the resolution of litigation generally entails significant uncertainties, and no assurance can be given as to the ultimate outcome of litigation or its impact on the Company and its subsidiaries. Furthermore, the Company cannot predict the extent to which new claims will be filed in the future, although the Company currently believes that the great preponderance of future asbestos claims will be covered by existing insurance. There can be no assurance that insurers will be financially able to satisfy all pending and future claims in accordance with the applicable insurance policies, or that any disputes regarding policy provisions will be resolved in favor of the Company.

Litigation Expense, Settlements, and Defense: The 2020 charges for all uninsured litigation of every kind, were $383 thousand. Expenses for legal counsel, consultants, etc., in defending these various actions and claims for the year were approximately $65 thousand. Prior year's settlements and expenses, including amounts for self-insured asbestos cases, are disclosed in the 2020 Annual Report.

Permitting Activities (excluding environmental): The Company's subsidiaries are engaged in various matters with respect to obtaining, amending or renewing permits required under various laws and associated regulations in order to operate each of its manufacturing facilities. Based on the information presently available, management believes it has all necessary permits and expects that all permit applications currently pending will be routinely handled and approved.

Environmental Matters: The operations of the Company's subsidiaries are subject to a variety of Federal, State, and local environmental laws. Among other things, these laws require the Company's subsidiaries to obtain and comply with the terms of a number of Federal, State and local environmental regulations and permits, including permits governing air emissions, wastewater discharges, and waste disposal. The Company's subsidiaries periodically need to apply for new permits or to renew or amend existing permits in connection with ongoing or modified operations. In addition, the Company generally tracks and tries to anticipate any changes in environmental laws that might relate to its ongoing operations. The Company believes its subsidiaries are in material compliance with all environmental laws and permits.

As with all manufacturing operations in the United States, the Company's subsidiaries can potentially be responsible for response actions at disposal areas containing waste materials from their operations. In the past five years, the Company has not received any notice that it or its subsidiaries might be responsible for remedial clean-up actions under government supervision. However, one issue covered by insurance policies remains open as of this date and is fully disclosed in the 2020 Annual Report. While it is not possible to be certain whether or how any new or old matters will proceed, the Company does not presently have reason to anticipate incurring material costs in connection with any matters.