Corporate Data

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Common Stock

The Common Stock of Burnham Holdings, Inc. is traded under the symbol "BURCA" on the electronic Pink Sheets, and is listed by the OTC Markets Group, Inc., reporting service for over-the-counter stocks.

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BURNHAM HOLDINGS, INC.

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REPORT TO STOCKHOLDERS

Three Months Ended March 28, 2021

Consolidated Statements of Cash Flows

(in thousands and data is unaudited (see Notes))	Three Months ended Mar 28, 2021	Mar 29, 2020
Net loss	$ (581)	$ (1,074)
Depreciation and amortization	1,116	1,057
Pension and postretirement liabilities expense	43	59
Contributions to pension trust (Note 5)	(188)	(720)
Other net adjustments	(990)	(1,058)
Changes in operating assets and liabilities	5,626	(1,159)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,026	(2,895)
Net cash used in the purchase of assets	(5,202)	(1,321)
Proceeds from borrowings	1,192	5,313
Proceeds from stock option exercise and Treasury activity, net	-	-
Principal payments on debt and lease obligations	-	-
Dividends paid	(1,004)	(1,002)
INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	12	95
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	5,759	5,749
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	$ 5,771	$ 5,844

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 March 28, 2021 includes 3,191,962 of Class A shares and 1,379,218 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) In the first quarters of 2021 and 2020, the Company made a voluntary pre-tax contribution of $0.19 million and $0.72 million, respectively, to its defined benefit pension plan. These payments 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

(Note 6 continued on following page)

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 sheets at March 28, 2021 and March 29, 2020 include total right-of-use asset values of $2,466 and $4,092, respectively; current liabilities of $(721) and $(919), respectively; and long-term liabilities of $(1,745) and $(3,174), 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 quarters ended March 28, 2021 and March 29, 2020, total lease expenses of $254 and $302, 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 2021 first quarter charges for all uninsured litigation of every kind, were $59 thousand. Expenses for legal counsel, consultants, etc., in defending these various actions and claims for the first half were approximately $10 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.

Consolidated Statements of Income

(In thousands, except per share data) (Data is unaudited (see Notes))	Three Months Ended March 28, 2021	March 29, 2020
Net sales	$ 44,003	$ 36,999
Cost of goods sold	37,008	30,491
Gross profit	6,995	6,508
Selling, general and administrative expenses	7,647	7,931
Operating loss	(652)	(1,423)
Other income (expense):		
Interest and investment (expense) income	(49)	54
Non-service related pension credit	131	161
Interest expense	(185)	(187)
Other income (expense)	(103)	28
Loss before income taxes	(755)	(1,395)
Income tax benefit	(174)	(321)
NET LOSS	$ (581)	$ (1,074)
BASIC LOSS PER SHARE (Note 1)	$ (0.13)	$ (0.24)
DILUTED LOSS PER SHARE (Note 1)	$ (0.13)	$ (0.24)
COMMON STOCK DIVIDENDS PAID	$ 0.22	$ 0.22

Consolidated Balance Sheets

(in thousands and data is unaudited (see Notes)) ASSETS	March 28, 2021	March 29, 2020
CURRENT ASSETS		
Cash and cash equivalents	$ 5,771	$ 5,844
Trade accounts receivable, less allowances	18,156	13,496
Inventories	49,872	54,815
Prepaid expenses and other current assets	2,074	1,549
TOTAL CURRENT ASSETS	75,873	75,704
PROPERTY, PLANT AND EQUIPMENT, net	56,327	52,722
OPERATING LEASE RIGHT OF USE ASSETS	2,466	4,092
OTHER ASSETS, net	12,240	11,059
TOTAL ASSETS	$ 146,906	$ 143,577
LIABILITIES AND STOCKHOLDERS' EQUITY	2021	2020
CURRENT LIABILITIES		
Accounts and taxes payable & accrued expenses	$ 22,148	$ 20,250
Current portion of long-term liabilities	147	152
Current portion of operating lease liabilities	721	919
Current portion of long-term debt	-	-
TOTAL CURRENT LIABILITIES	23,016	21,321
LONG-TERM DEBT	19,762	20,854
LONG-TERM OPERATING LEASE LIABILITIES	1,745	3,174
OTHER POSTRETIREMENT LIABILITIES (Notes 4 and 5)	5,474	7,815
DEFERRED INCOME TAXES (Note 4)	6,723	5,917
STOCKHOLDERS' EQUITY		
Preferred Stock	530	530
Class A Common Stock	3,565	3,536
Class B Convertible Common Stock	1,379	1,407
Additional paid-in capital	16,115	16,034
Retained earnings	115,048	112,063
Accumulated other comprehensive income (loss) (Note 4)	(28,487)	(31,101)
Treasury stock, at cost	(17,964)	(17,973)
TOTAL STOCKHOLDERS' EQUITY	90,186	84,496
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 146,906	$ 143,577

To Our Shareholders:

First quarter sales revenue for 2021 was $44.0 million, an increase of $7.0 million (18.9%) compared to the first quarter of 2020. Sales of residential products increased by 30.3% compared to last year, as seasonal winter temperatures in our key market areas positively impacted demand for replacements of residential boilers. Sales of commercial products were lower by 9.9% as the COVID-19 pandemic halted numerous projects in key markets for commercial products (schools, hospitality, industrial). Although not yet back to pre-pandemic levels, incoming orders for commercial products have increased significantly over the past 60-90 days, as many projects are restarting as the Covid-19 impact wanes. The net overall increase in sales revenue resulted in a net loss of $(0.58) million, which was an improvement of $0.49 million compared to the first quarter of 2020. On an earnings per share basis, the first quarter of 2021 had a loss of $(0.13) per share compared to the $(0.24) loss recorded in the first quarter of 2020. Overall profitability was impacted by rising material costs primarily in packaging, electronic components and metals. All subsidiaries have taken appropriate pricing actions and are prepared to take additional increases throughout the year as necessary. Since our subsidiary company sales are seasonal in nature and the first quarter typically provides the lowest sales of the year, we advise caution when using our first quarter sales to project full year performance.

As we have now passed the one year mark of the start of the COVID-19 pandemic, our subsidiaries continue to deal with the impacts of the outbreak on a daily basis. All of our business units have been able to maintain operations with specific emphasis on employee safety using a combination of proper social distancing measures, increased facility cleaning, personal protective equipment and work at home opportunities, where appropriate. Although the negative impacts from the pandemic on our residential businesses have mostly subsided, our commercial businesses continue to be faced with lower immediate sales backlogs due to lower demand from some of their key market segments.

At the Annual Meeting, shareholders voted in favor of two proposals: the election of Douglas S. Brossman, Christopher R. Drew, and Laura T. Wand as directors to a three year term ending in 2024; and the election of Baker Tilly U.S., LLP or other auditing firm as the Board may select, as independent auditors for 2021.

Following the Annual Meeting, the Board of Directors declared a quarterly common stock dividend of $0.22 per share and a semi-annual preferred stock dividend of $1.50 per share. These dividends are payable June 15, 2021 with a record date of June 8, 2021.

Douglas S. Brossman
Chief Executive Officer