BURNHAM HOLDINGS, INC. ANNOUNCES THIRD QUARTER AND NINE MONTHS RESULTS

Lancaster, PA October 15, 2021

Burnham Holdings, Inc. (Pink Sheets: BURCA), the parent company of multiple subsidiaries that are leading domestic manufacturers of boilers, and related HVAC products and accessories (including furnaces, radiators, and air conditioning systems) for residential, commercial and industrial applications, today reported its financial results for the third quarter and nine months ended September 26, 2021.

Key items related to our third quarter and year-to-date (YTD) operating performance include the following:

- Third quarter net sales were higher than last year by $4.6 million (9.5%), with YTD sales higher by $22.8 million (19.3%) versus 2020. Nine month sales of $140.8 million were comparable to the pre-COVID 19 sales levels during the same period in 2019 (our highest nine month sales level in the previous ten years).
- Sales of residential products increased by 9.1% in the third quarter and 29.0% YTD. Sales of commercial products increased by 10.6% in the third quarter, but were 2.2% lower YTD.
- YTD gross profit as a percentage of sales was lower at 12.6% versus 18.5% in 2020 resulting from significantly higher raw material and transportation costs, manufacturing inefficiencies within our manufacturing operations, supply chain disruptions, staffing challenges, and higher employee medical costs.
- Multiple pricing actions have been taken in response to these increased costs. The benefit of these pricing actions began to be more fully realized late in the third quarter and will continue throughout the balance of the year.
- Net loss for the third quarter was $(1.34) million versus a net profit of $1.47 million in 2020. Through nine months of 2021, total net loss was $(4.41) million versus a profit of $32 thousand last year.

Net sales in the third quarter and YTD were $53.3 million and $140.8 million, respectively, compared to $48.7 million and $118.0 million in 2020 as our businesses rebounded to pre-COVID 19 pandemic sales levels. Residential sales through nine months show a significant increase from last year (up 29.0%) and were also higher than pre-pandemic levels ($105.2 million in the first nine months of 2021 versus $97.8 million in the same period of 2019). Commercial product sales in the third quarter of 2021 were higher by over 10% versus 2020 as projects that were delayed last year began to resume. YTD commercial product sales, however, were off 2.2% as a result of weak first half shipments driven by COVID related delays. The commercial business has rebounded, with strong order bookings for our commercial products through the third quarter, increasing the current commercial product order backlog by $6.6 million compared to the same time last year.

Cost of goods sold ("COGS") as a percentage of sales for the second quarter and YTD in 2021 was 88.1% and 87.4%, respectively, compared to 80.9% and 81.5% in 2020. Several factors have contributed to the increase in the COGS percentage through nine months. All of our subsidiaries have experienced significant cost increases on a wide range of material costs, and have taken multiple price increases to offset the raw material and component parts inflation. Additionally, our supply chain has faced numerous disruptions as parts shortages, shipping delays and shipping costs are all creating sub-optimal conditions for ongoing operations. While our supply chain team has worked tirelessly to minimize the impact of these challenges, parts shortages, shipping and receiving delays have all contributed to reduced productivity and efficiency within the manufacturing operations. The human resources teams continue to focus their efforts on hiring, training and retaining employees. The national shortage of qualified workers has led to reduced staffing levels at all operations further hampering operational productivity and efficiencies.

Net loss in the third quarter of 2021 was $(1.34) million compared to a net profit of $1.47 million in 2020. In the first nine months of 2021, results were a net loss of $(4.41) million compared to a net profit of $32 thousand in 2020, a decline of $(4.43) million. YTD net loss per share was $(0.96) in 2021 compared to a net income of $0.01 in 2020.

The Company has appropriate borrowing capacity to adequately support the expected level of business activity in the fourth quarter. Long-term debt was higher at the end of the third quarter compared to last year ($36.3 million vs. $33.3 million). The increased debt was due to the purchase in the first quarter of a previously leased manufacturing facility by one of our subsidiaries.

Consolidated Statements of Operations

(In thousands, except per share data)
(Data is unaudited (see Notes))

	Three Months Ended		Nine Months Ended	
	Sep 26, 2021	Sep 27, 2020	**Sep 26, 2021**	Sep 27, 2020
Net sales	**$ 53,257**	$ 48,651	**$ 140,813**	$ 117,990
Cost of goods sold	**46,904**	39,374	**123,097**	96,128
Gross profit	**6,353**	9,277	**17,716**	21,862
Selling, general and administrative expenses	**7,948**	7,308	**23,114**	21,850
Operating (loss) income	**(1,595)**	1,969	**(5,398)**	12
Other income (expense):				
Interest and investment income	**30**	47	**26**	235
Non-service related pension credit	**132**	162	**394**	484
Interest expense	**(311)**	(265)	**(742)**	(690)
Other expense (income)	**(149)**	(56)	**(322)**	29
(Loss) Income before income taxes	**(1,744)**	1,913	**(5,720)**	41
Income tax (benefit) expense	**(401)**	439	**(1,315)**	9
NET (LOSS) INCOME	**$ (1,343)**	$ 1,474	**$ (4,405)**	$ 32
BASIC & DILUTED (LOSS) INCOME PER SHARE (Note 1)	**$ (0.29)**	$ 0.33	**$ (0.96)**	$ 0.01
COMMON STOCK DIVIDENDS PAID (Note 1)	**$ 0.22**	$ 0.22	**$ 0.66**	$ 0.66

Consolidated Balance Sheets

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

ASSETS	**Sep 26, 2021**	Sep 27, 2020
CURRENT ASSETS		
Cash and cash equivalents	**$ 6,319**	$ 5,848
Trade accounts receivable, less allowances	**22,749**	22,943
Inventories	**55,313**	57,905
Prepaid expenses and other current assets	**5,549**	1,444
TOTAL CURRENT ASSETS	**89,930**	88,140
PROPERTY, PLANT AND EQUIPMENT, net	**56,819**	52,934
OPERATING LEASE RIGHT OF USE ASSETS (Note 6)	**2,256**	4,229
OTHER ASSETS, net	**12,173**	11,272
TOTAL ASSETS	**$ 161,178**	$ 156,575
LIABILITIES AND STOCKHOLDERS' EQUITY	**2021**	2020
CURRENT LIABILITIES		
Accounts and taxes payable & accrued expenses	**$ 26,024**	$ 21,527
Current portion of long-term liabilities	**147**	$ 152
Current portion of operating lease liabilities (Note 6)	**764**	$ 1,016
TOTAL CURRENT LIABILITIES	**26,935**	22,695
LONG-TERM DEBT	**36,268**	33,268
LONG-TERM OPERATING LEASE LIABILITIES (Note 6)	**1,492**	3,214
OTHER POSTRETIREMENT LIABILITIES (Notes 4 and 5)	**5,209**	7,656
DEFERRED INCOME TAXES (Note 4)	**6,741**	5,984
STOCKHOLDERS' EQUITY		
Preferred Stock	**530**	530
Class A Common Stock	**3,606**	3,540
Class B Convertible Common Stock	**1,338**	1,405
Additional paid-in capital	**16,286**	16,115
Retained earnings	**109,171**	111,133
Accumulated other comprehensive income (loss) (Note 4)	**(28,448)**	(31,001)
Treasury stock, at cost	**(17,950)**	(17,964)
TOTAL STOCKHOLDERS' EQUITY	**84,533**	83,758
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 161,178**	$ 156,575

Consolidated Statements of Stockholders' Equity
(in thousands and data is unaudited (see Notes))

Three Months Ended September 26, 2021

	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 June 27, 2021	**$ 530**	**$ 3,606**	**$ 1,338**	**$ 16,286**	**$ 111,520**	**$ (28,510)**	**$ (17,949)**	**$ 86,821**
Exercise of stock options	-	-	-	-	-	-	(1)	(1)
Conversion of common stock	-	-	-	-	-	-	-	-
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	-	-	-	-
Common stock - ($0.22 per share)					(1,006)			(1,006)
Net income for the period	-	-	-	-	(1,343)	-	-	(1,343)
Other comprehensive income (loss), net of $ (19) of tax	-	-	-	-	-	62	-	62
Balance at September 26, 2021	**$ 530**	**$ 3,606**	**$ 1,338**	**$ 16,286**	**$ 109,171**	**$ (28,448)**	**$ (17,950)**	**$ 84,533**

Nine Months Ended September 26, 2021

	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, 2021	**$ 530**	**$ 3,560**	**$ 1,384**	**$ 16,115**	**$ 116,633**	**$ (29,043)**	**$ (17,964)**	**$ 91,215**
Exercise of stock options	-	-	-	171	-	-	14	185
Conversion of common stock	-	46	(46)	-	-	-	-	-
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	(9)	-	-	(9)
Common stock - ($0.66 per share)	-	-	-	-	(3,048)	-	-	(3,048)
Net income for the period	-	-	-	-	(4,405)	-	-	(4,405)
Other comprehensive income (loss), net of $(178) of tax	-	-	-	-	-	595	-	595
Balance at September 26, 2021	**$ 530**	**$ 3,606**	**$ 1,338**	**$ 16,286**	**$ 109,171**	**$ (28,448)**	**$ (17,950)**	**$ 84,533**

Three Months Ended September 27, 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 June 28, 2020	**$ 530**	**$ 3,537**	**$ 1,408**	**$ 16,115**	**$ 110,664**	**$ (31,083)**	**$ (17,964)**	**$ 83,207**
Exercise of stock options	-	-	-	-	-	-	-	-
Conversion of common stock	-	3	(3)	-	-	-	-	-
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	-	-	-	-
Common stock - ($0.22 per share)					(1,005)			(1,005)
Net income for the period	-	-	-	-	1,474	-	-	1,474
Other comprehensive income (loss), net of $ (24) of tax	-	-	-	-	-	82	-	82
Balance at September 27, 2020	**$ 530**	**$ 3,540**	**$ 1,405**	**$ 16,115**	**$ 111,133**	**$ (31,001)**	**$ (17,964)**	**$ 83,758**

Nine Months Ended September 27, 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**	**$ 3,537**	**$ 1,408**	**$ 16,034**	**$ 114,139**	**$ (30,739)**	**$ (17,973)**	**$ 86,936**
Exercise of stock options	-	-	-	81	-	-	9	90
Conversion of common stock	-	3	(3)	-	-	-	-	-
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	(9)	-	-	(9)
Common stock - ($0.66 per share)	-	-	-	-	(3,029)	-	-	(3,029)
Net income for the period	-	-	-	-	32	-	-	32
Other comprehensive income (loss), net of $ 78 of tax	-	-	-	-	-	(262)	-	(262)
Balance at September 27, 2020	**$ 530**	**$ 3,540**	**$ 1,405**	**$ 16,115**	**$ 111,133**	**$ (31,001)**	**$ (17,964)**	**$ 83,758**

Consolidated Statements of Cash Flows

(in thousands and data is unaudited (see Notes))	Nine Months ended Sep 26, 2021	Sep 27, 2020
Net (loss) income	$ (4,405)	$ 32
Depreciation and amortization	3,303	3,248
Pension and postretirement liabilities expense	130	176
Contributions to pension trust (Note 5)	(500)	(960)
Other net adjustments	72	(1,249)
Changes in operating assets and liabilities	(5,038)	(12,096)
NET CASH USED IN OPERATING ACTIVITIES	(6,438)	(10,849)
Net cash used in the purchase of assets	(7,877)	(3,964)
Proceeds from borrowings	17,747	17,859
Proceeds from stock option exercise and Treasury activity, net	185	91
Principal payments on debt and lease obligations	-	-
Dividends paid	(3,057)	(3,038)
INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	560	99
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	5,759	5,749
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	$ 6,319	$ 5,848

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 September 26, 2021 includes 3,246,386 of Class A shares and 1,338,438 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 first nine months of 2021 and 2020, the Company made voluntary pre-tax contributions of $0.50 million and $0.96 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 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 September 26, 2021 and September 27, 2020 includes total right-of-use asset values of $2,256 and $4,229, respectively; current liabilities of $(764) and $(1,016), respectively; and long-term liabilities of $(1,492) and $(3,214), 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 first nine months ended September 26, 2021 and September 27, 2020, total lease expenses of $523 and $898, 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 nine months charges for all uninsured litigation of every kind, were $116 thousand. Expenses for legal counsel, consultants, etc., in defending these various actions and claims for the first nine months were approximately $91 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.