

BURNHAM HOLDINGS, INC. ANNOUNCES YEAR 2021 FINANCIAL RESULTS AND EXECUTIVE LEADERSHIP RETIREMENT

Lancaster, PA

February 17, 2022

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, 2021.

The following are some key highlights of our 2021 financial results:

- Net sales were \$ 218.5 million, an increase of \$ 31.0 million, or 16.5%, compared to 2020. Sales increased in 2021 due to more normal winter weather compared to 2020 along with improved economic conditions, as residential heating equipment demand recovered from the COVID-19 impacts that hurt sales volume in the first half of 2020. Sales of commercial boiler products were basically flat in 2021 as overall demand for commercial equipment continued to be depressed as the result of COVID-19.
- Gross profit was \$ 35.0 million, a decline of \$ 3.5 million, or 9.1%, versus 2020, mainly due to significant increases in purchased material prices throughout 2021.
- Net income of \$ 1.0 million was down by \$ 5.5 million (85%) compared to 2020 net income of \$6.5 million. Last-in, first-out inventory adjustments caused an estimated \$7.0 million negative impact to net income in 2021.
- Cash flow from operations was \$10.5mm, up over 100% versus 2020.

Further details of the results mentioned in this press release will be discussed in the Company's 2021 Annual Report and audited financial statements, which will be available on or around March 21, 2022.

Burnham Holdings, Inc. net sales of \$218.5mm for 2021 were influenced by a number of factors, as all of our markets and businesses continued to recover from COVID-19 pandemic-related business shutdown. Sales of residential heating products in 2021 increased by 22.3% compared to 2020, as our key market areas rebounded significantly from the 2020 COVID-19 slowdown. Sales of commercial products in 2021 were basically flat compared to last year, as markets for large commercial boilers have recovered at a slower pace from the impacts of COVID-19. Commercial product order backlogs continued to build throughout the second half the year, however, and were a combined 35% higher at year-end compared to 2020.

Gross profit (profit after deducting cost of goods sold (COGS) from net sales) in 2021 was \$ 35.0 million, or 16.0% of net sales. This compares to gross profit of \$ 38.5 million in 2020, which represented 20.5% of net sales. Reported net income in 2021 was \$1.02 million, a return on net sales of 0.5%, and basic earnings per share of \$0.22. This compared to reported 2020 net income of \$6.55 million, a return on net sales of 3.5%, and basic earnings per share of \$ 1.43.

Profitability was negatively impacted by significant difficulties in hiring and retaining qualified employees, and multiple supply chain issues resulting in numerous shortages of critical materials, which negatively impacted production capacity and efficiencies, particularly at Casting Solutions, our gray iron foundry which supplies critical parts to our cast iron boiler businesses. Purchased material price inflation that began in the fourth quarter of 2020, continued unabated through 2021. Each of our subsidiaries implemented multiple price increases throughout the year to recover these increased costs and maintain profitability. Because most of our inventory is reported on a last-in, first-out (LIFO) basis, however, our reported net income was negatively impacted by the unprecedented material inflation we experienced throughout the year. On a pro-forma basis, reported gross profit as a percentage of sales would have been 4.2 percentage points higher (comparable to 2020) if we reported inventory on a first-in, first-out (current cost) basis.

We are pleased to announce that Nicholas I. Ribich has been appointed Vice President, Chief Financial Officer and Secretary of the Company, effective April 1, 2022. Mr. Ribich joined the Company after serving in a number of financial management positions with Harley-Davidson, Johnson Controls and Arthur Andersen, LLP. He holds a BBA from the University of Wisconsin-Milwaukee and is a Certified Public Accountant. He will replace Dale R. Bowman, who is retiring after a distinguished 26 year career with the Company, during which he held numerous senior leadership positions throughout our organization. We wish Dale the best of luck in his retirement, and thank him for his many valuable contributions to the Company.

At its meeting on February 17, 2022, Burnham Holdings, Inc.'s Board of Directors declared a quarterly common stock dividend of \$0.22 per share, payable on March 11, 2022 with a record date of March 4, 2022; and has scheduled the 2022 Annual Meeting of Shareholders for Monday, April 25th with a shareholder record date of March 1, 2022. The meeting will be held at the Penn Square Marriott in Lancaster, Pennsylvania beginning at 11:30 A.M. Further details regarding the meeting will be provided in March, 2022 on our website, burnhamholdings.com.