BURNHAM HOLDINGS, INC. REPORTS FIRST QUARTER RESULTS

Lancaster, PA April 25, 2022

Burnham Holdings, Inc. (OTC-Pink: 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 quarter ended April 3, 2022.

Burnham Holdings, Inc.'s financial performance in the first quarter of 2022 included the following:

- Net sales were $52.4 million, up $8.4 million, or 19.2%, versus 2021, as demand for residential and commercial heating equipment continues to remain strong.
- Gross profit as a percentage of sales was 15.9% for both the first quarter of 2022 and 2021, primarily as the result of pricing actions to offset material price inflation.
- 2022 Q1 net loss was ($0.8) million compared to ($0.6) in Q1 2021. 2022 was affected by higher interest expense as a result of both rising interest rates and higher debt levels due to inflationary pressures affecting working capital, material price inflation and production efficiency challenges driven by intermittent supply chain issues.
- Total debt of $30.9 million was $11.2 million higher versus the prior year primarily as a result of material cost inflation in inventories.

Sales of residential products increased by 17.6% compared to last year, as strong demand continued throughout our primary trading areas. Sales of commercial products increased by 25.1% as numerous COVID-19-delayed projects restarted in several key markets (schools, healthcare, industrial). Although not quite yet back to pre-pandemic levels, incoming orders for commercial products have increased significantly over the past 60-90 days and are approximately 62% higher versus the first quarter of 2021.

As noted in our full year 2021 results, profitability continues to be pressured by significant difficulties in hiring and retaining qualified employees and multiple supply chain issues negatively impacting production. Price inflation on purchased materials remains a headwind, particularly metals, freight costs and resin-based materials such as plastics, paint and glue. Each of our subsidiaries raised their selling prices in Q1 to recover costs and maintain profitability and are prepared to take additional actions as appropriate for the remainder of the year.

The Company's balance sheet continues to be strong, with adequate levels of working capital to support current and future business opportunities. Long-term debt of $30.9 million was $11.2 million higher than last year, with the increase mostly attributable to a $7.1 million increase in inventories. Approximately half of the inventory increase was due to material cost inflation, with the remainder due to higher inventory levels necessary to support the increased sales volume.

Due to the seasonal nature of the sales made by our subsidiary companies, the first quarter provides the lowest quarterly sales of our fiscal year (normally 20% or less of full year sales). Combined with continued uncertainty in the macro-economic environment, we therefore advise caution when using the financial results from the first quarter as an indicator of full year results.

The Burnham Holdings, Inc. 2022 Annual Meeting of Stockholders is being held today in Lancaster, PA beginning at 11:30 a.m. A press release regarding today's stockholder voting and the Board of Directors determination regarding declaration of a quarterly dividend will be released later this afternoon.

Burnham Holdings, Inc.
Consolidated Statements of Income
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	April 3, 2022	March 28, 2021
Net sales	$ 52,438	$ 44,003
Cost of goods sold	44,078	37,008
Gross profit	8,360	6,995
Selling, general and administrative expenses	9,038	7,647
Operating loss	(678)	(652)
Other expense:		
Non-service related pension credit	106	131
Investment loss net of interest income	(133)	(49)
Interest expense	(275)	(185)
Other expense	(302)	(103)
Loss before income taxes	(980)	(755)
Income tax benefit	(225)	(174)
Net loss	$ (755)	$ (581)
Loss per share (Note 1)		
Basic	$ (0.16)	$ (0.13)
Diluted	$ (0.16)	$ (0.13)
Cash dividends per share	$ 0.22	$ 0.22

The accompanying notes are integral to the consolidated financial statements.

Burnham Holdings, Inc.
Consolidated Balance Sheets
(In thousands)

ASSETS	(Unaudited) April 3, 2022	December 31, 2021	(Unaudited) March 28, 2021
Current Assets			
Cash and cash equivalents	$ 5,711	$ 5,654	$ 5,771
Trade accounts receivable, less allowances	19,342	24,920	18,156
Inventories	56,951	51,066	49,872
Prepaid expenses and other current assets	5,204	4,717	2,074
Total Current Assets	87,208	86,357	75,873
Property, plant and equipment, net	57,739	57,496	56,327
Operating lease assets	2,203	2,065	2,466
Other assets, net (Note 4)	22,466	21,551	12,240
Total Assets	$ 169,616	$ 167,469	$ 146,906
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable & accrued expenses	$ 27,145	$ 33,429	$ 22,148
Current portion of long-term liabilities	152	152	147
Current portion of operating lease liabilities	827	765	721
Total Current Liabilities	28,124	34,346	23,016
Long-term debt	30,940	21,843	19,762
Operating lease liabilities	1,376	1,300	1,745
Other postretirement liabilities (Notes 4 and 5)	6,052	6,062	5,474
Deferred income taxes (Note 4)	8,934	8,753	6,723
Stockholders' Equity			
Preferred Stock	530	530	530
Class A Common Stock	3,615	3,615	3,565
Class B Convertible Common Stock	1,329	1,329	1,379
Additional paid-in capital	16,354	16,317	16,115
Retained earnings	111,816	113,582	115,048
Accumulated other comprehensive loss (Note 4)	(21,509)	(22,260)	(28,487)
Treasury stock, at cost	(17,945)	(17,948)	(17,964)
Total Stockholders' Equity	94,190	95,165	90,186
Total Liabilities and Stockholders' Equity	$ 169,616	$ 167,469	$ 146,906

The accompanying notes are integral to the consolidated financial statements.

Burnham Holdings, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended April 3, 2022	Three Months Ended March 28, 2021
Net loss	$ (755)	$ (581)
Depreciation and amortization	1,182	1,116
Pension and postretirement liabilities expense	43	43
Contributions to pension trust (Note 5)	-	(188)
Other net adjustments	(937)	(990)
Changes in operating assets and liabilities	(6,184)	5,626
Net cash (used) / provided by operating activities	(6,651)	5,026
Purchase of property, plant and equipment	(1,431)	(5,202)
Proceeds from borrowings	9,110	1,192
Proceeds from stock option exercise and treasury activity, net	40	-
Dividends paid	(1,011)	(1,004)
Net increase in cash, cash equivalents and restricted cash	$ 57	$ 12
Cash, cash equivalents and restricted cash, beginning of period	$ 5,654	$ 5,759
Net increase in cash, cash equivalents and restricted cash	57	12
Cash, cash equivalents and restricted cash, end of period	$ 5,711	$ 5,771

The accompanying notes are integral to the consolidated financial statements.

Burnham Holdings, Inc.
Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Preferred Stock	Class A Common Stock	Class B Convertible Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock, at Cost	Stockholders' Equity
Balance at December 31, 2021	$ 530	$ 3,615	$ 1,329	$ 16,317	$ 113,582	$ (22,260)	$ (17,948)	$ 95,165
Exercise of stock options	-	-	-	37	-	-	3	40
Cash dividends declared:								
Common stock - ($0.22 per share)					(1,011)			(1,011)
Net loss for the period	-	-	-	-	(755)	-	-	(755)
Other comprehensive income, net of tax ($211)	-	-	-	-	-	751	-	751
Balance at April 3, 2022	$ 530	$ 3,615	$ 1,329	$ 16,354	$ 111,816	$ (21,509)	$ (17,945)	$ 94,190

	Preferred Stock	Class A Common Stock	Class B Convertible Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock, at Cost	Stockholders' Equity
Balance at December 31, 2020	$ 530	$ 3,560	$ 1,384	$ 16,115	$ 116,633	$ (29,043)	$ (17,964)	$ 91,215
Conversion of common stock	-	5	(5)	-	-	-	-	-
Cash dividends declared:								
Common stock - ($0.22 per share)					(1,004)			(1,004)
Net loss for the period	-	-	-	-	(581)	-	-	(581)
Other comprehensive income, net of tax ($166)	-	-	-	-	-	556	-	556
Balance at March 28, 2021	$ 530	$ 3,565	$ 1,379	$ 16,115	$ 115,048	$ (28,487)	$ (17,964)	$ 90,186

The accompanying notes are integral to the consolidated financial statements.

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 April 3, 2022 includes 3,262,626 of Class A shares and 1,327,496 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. As of December 31, 2021, plan assets exceeded projected benefit obligations (asset) while as of December 31, 2020, projected benefit obligations exceeded plan assets (liability). The resulting non-cash presentation on the balance sheet is reflected in "Other assets, net" or "Other postretirement liabilities", "Deferred income taxes", and "Accumulated other comprehensive loss", a non-cash subsection of "Stockholders' Equity" (See Note 10 of the 2021 Annual Report for more details).

(5) For the first quarter of 2021, the Company made voluntary pre-tax contributions of $0.19 million 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. No contribution was needed in the first quarter of 2022 due to the funded status of the plan.

(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 2021 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, 2021. 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 2021 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.

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.

Warranty Litigation, Class Action: In 2010, two of the Company's subsidiaries were served with a class action lawsuit related generally to boiler products manufactured and sold by a predecessor to one of the Company's subsidiaries more than 10 years ago. This matter has now been discontinued as a class action and the litigation has been resolved.

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 2022 first quarter charges for all uninsured litigation of every kind, were $115,000. Expenses for legal counsel, consultants, etc., in defending these various actions and claims for the quarter were approximately $5,000. Prior year's settlements and expenses, including amounts for self-insured asbestos cases, are disclosed in the 2021 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 2021 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.