

# BURNHAM HOLDINGS, INC. ANNOUNCES FULL-YEAR 2022 FINANCIAL RESULTS

Lancaster, PA

February 16, 2023

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 twelve months ended December 31, 2022. Further details of the results below, as well as complete audited financial statements and footnotes, will be provided in our Annual Report (expected to be available in late March 2023).

Burnham Holdings, Inc.'s financial performance for the year ended 2022 included the following:

- Net sales were \$240.5 million for 2022, an increase of \$22.0 million, or 10.1%, versus 2021 as demand remained strong across both the residential and commercial businesses.
- Gross profit margin was 19.0% for 2022 versus 16.0% for 2021, primarily as the result of pricing actions to offset inflation. Material inflation, supply chain and staffing challenges continue to remain headwinds.
- Selling, general and administrative expenses were up \$2.4 million year over year but improved as a percentage of sales at 15.1% in 2022 versus 15.5% in 2021.
- Net income for 2022 was \$5.1 million versus \$1.0 million in 2021. Rising interest rates and higher working capital levels resulted in higher interest expense versus the same period last year.
- Earnings per share was \$1.10 for 2022 versus \$0.22 for 2021.

Sales of residential products increased by 6.6% in 2022 versus 2021, while sales of commercial products increased by 21.9% in 2022 versus 2021. Incoming orders were strong in 2022 as both the residential and commercial year-end backlogs were higher by \$13.1 million and \$7.9 million, respectively, versus the prior year.

While we are seeing signs of improvement, profitability continues to be pressured by significant challenges in hiring and retaining qualified employees as well as multiple supply chain issues. Additionally, production quantities and efficiencies for finished goods have been negatively impacted by the availability of both internally and externally sourced parts. Appropriate pricing actions were taken across all subsidiaries in response to continuing inflationary pressures and we continue to monitor the need for additional pricing actions to maintain margins. We continue to remain diligent and ready to respond to continued instability and uncertainty in the greater macro-economic environment.

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 \$33.7 million was \$11.9 million higher than last year as a result of increased working capital levels. Approximately 46% of the increase was attributable to inflationary pressures impacting inventory valuations, with the balance of the increase versus December 31, 2021 resulting from increased working capital needed to support higher sales and production volumes.

At its meeting on February 16, 2023, Burnham Holdings, Inc.'s Board of Directors declared a quarterly common stock dividend of \$0.22 per share, payable on March 10, 2023 with a record date of March 3, 2023; and has scheduled the 2023 Annual Meeting of Shareholders for Monday, April 24th with a shareholder record date of March 1, 2023. The meeting will be held at the Penn Square Marriott in Lancaster, Pennsylvania beginning at 11:30 A.M.

**Burnham Holdings, Inc.**  
**Consolidated Statements of Income**  
**Twelve months ended December 31, 2022 and 2021**  
(In thousands, except per share amounts)

	(Unaudited)	
	2022	2021
Net sales	\$ 240,547	\$ 218,508
Cost of goods sold	194,871	183,486
Gross profit	45,676	35,022
Selling, general and administrative expenses	36,245	33,891
Operating income	9,431	1,131
Other income (expense):		
Non-service related pension credit	130	574
Investment loss net of interest income	(1,124)	596
Interest expense	(1,690)	(1,049)
Other (expense) income	(2,684)	121
Income before income taxes	6,747	1,252
Income tax expense	1,682	229
Net income	\$ 5,065	\$ 1,023
Earnings per share		
Basic	\$ 1.10	\$ 0.22
Diluted	\$ 1.10	\$ 0.22
Cash dividends per share	\$ 0.88	\$ 0.88

**Burnham Holdings, Inc.**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**  
(In thousands)

<b><u>ASSETS</u></b>	<b>(Unaudited)</b>	
	<b>2022</b>	<b>2021</b>
Current Assets		
Cash and cash equivalents	\$ 6,994	\$ 5,654
Trade accounts receivable, net	29,243	24,920
Inventories, net	59,635	51,066
Prepaid expenses and other current assets	3,747	4,717
Total Current Assets	<u>99,619</u>	<u>86,357</u>
Property, plant and equipment, net	59,980	57,496
Lease assets	1,793	2,065
Other long-term assets	14,866	21,551
Total Assets	<u>\$ 176,258</u>	<u>\$ 167,469</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Current Liabilities		
Accounts payable & accrued expenses	\$ 36,047	\$ 33,442
Current portion of long-term liabilities	152	152
Current portion of operating lease liabilities	854	765
Total Current Liabilities	<u>37,053</u>	<u>34,359</u>
Long-term debt	33,721	21,830
Lease liabilities	939	1,300
Other postretirement liabilities	5,636	6,062
Deferred income taxes	7,822	8,753
Shareholders' Equity		
Preferred Stock	530	530
Class A Common Stock	3,626	3,615
Class B Convertible Common Stock	1,318	1,329
Additional paid-in capital	16,565	16,317
Retained earnings	114,526	113,582
Accumulated other comprehensive loss	(27,549)	(22,260)
Treasury stock, at cost	(17,929)	(17,948)
Total Shareholders' Equity	<u>91,087</u>	<u>95,165</u>
Total Liabilities and Shareholders' Equity	<u>\$ 176,258</u>	<u>\$ 167,469</u>

**Burnham Holdings, Inc.**  
**Consolidated Statements of Cash Flows**  
**Twelve months ended December 31, 2022 and 2021**  
**(In thousands)**

	<b>(Unaudited)</b>	
	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Net income	\$ 5,065	\$ 1,023
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,802	4,543
Deferred income taxes	(106)	152
Provision for long-term employee benefits	(119)	93
Contributions to pension trust	-	(500)
Other reserves and allowances	920	1,165
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable, net	(4,318)	3,734
(Increase) decrease in inventories, net	(8,569)	(1,863)
Decrease (increase) in other current assets	312	(591)
Increase (decrease) in accounts payable and accrued expenses	3,212	2,772
Net cash provided by operating activities	<u>1,199</u>	<u>10,528</u>
Cash flows from investing activities:		
Capital expenditures	(7,278)	(9,534)
Investment in EnviroPower	(611)	(796)
Other investing activities	(8)	(8)
Net cash used by investing activities	<u>(7,897)</u>	<u>(10,338)</u>
Cash flows from financing activities:		
Net proceeds from borrowings	11,892	3,561
Proceeds from share-based compensation activity	248	202
Repurchase of common and preferred stock	19	16
Dividends paid	(4,121)	(4,074)
Net cash provided by (used by) financing activities	<u>8,038</u>	<u>(295)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 1,340</u>	<u>\$ (105)</u>
Cash and cash equivalents, beginning of period	5,654	5,759
Net increase in cash and cash equivalents	1,340	(105)
Cash and cash equivalents, end of period	<u>\$ 6,994</u>	<u>\$ 5,654</u>