

# Burnham Holdings, Inc. Reports First Quarter Results

Lancaster, PA

April 24, 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 quarter ended April 2, 2023.

Burnham Holdings, Inc.'s financial performance for the first quarter 2023 included the following:

- Net sales were \$59.5 million for 2023, an increase of \$7.1 million, or 13.5%, versus 2022 as demand remained strong across both the residential and commercial businesses.
- Gross profit margin was 23.5% versus 15.9% for 2022, 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 lower as a percentage of sales at 16.9% in 2023 versus 17.2% in 2022.
- Interest expense for the first quarter of 2023 was higher versus the prior year due to rising interest rates and higher working capital levels. Interest rates on the revolving credit facility as of April 2, 2023 and April 3, 2022 were 6.60% and 2.19%, respectively.
- Net income for 2023 was \$3.0 million versus net loss of (\$0.8) million in 2022.
- Earnings per share was \$0.64 for 2023 versus a loss per share of (\$0.16) for 2022.

Sales of residential products increased by 7.8% in 2023 versus 2022, while sales of commercial products increased by 33.6% in 2023 versus 2022. Residential backlogs were flat compared to the prior year while commercial backlogs increased by \$3.7 million over 2022.

Overall, we are pleased with the results of the first quarter of 2023. The multiple pricing actions undertaken throughout 2022 across all subsidiaries in response to continuing inflationary pressures had a positive impact resulting in improved price realization in the first quarter of 2023 and subsequent strong financial performance. However, supply chain issues for certain components persist and hiring and retaining qualified employees is an ongoing headwind. We continue to monitor the need for additional pricing actions to maintain margins as well as remaining diligent and ready to respond to continued instability and uncertainty in the greater macro-economic environment. Accordingly, we advise caution when using the first quarter financial results as an indicator of future performance or full year results.

The Company's balance sheet is strong, with adequate levels of working capital to support current and future business opportunities. Long-term debt was \$10.1 million higher than last year due to a combination of increased working capital levels and inflationary pressures impacting inventory valuations. Given the seasonal nature of our business, we continue to evaluate our working capital needs, including inventory levels, to ensure we can appropriately meet production volumes.

The Burnham Holdings, Inc. 2023 Annual Meeting of Shareholders is being held today in Lancaster, PA at 11:30 a.m. A press release regarding today's shareholder 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)

	<b>Three Months Ended</b>	
	<b>April 2, 2023</b>	<b>April 3, 2022</b>
Net sales	\$ 59,534	\$ 52,438
Cost of goods sold	45,556	44,078
Gross profit	13,978	8,360
Selling, general and administrative expenses	10,042	9,038
Operating income (loss)	3,936	(678)
Other expense:		
Non-service related pension credit	137	106
Interest and investment gain (loss)	282	(133)
Interest expense	(499)	(275)
Other expense	(80)	(302)
Income (loss) before income taxes	3,856	(980)
Income tax expense (benefit)	887	(225)
Net income (loss)	<u>\$ 2,969</u>	<u>\$ (755)</u>
Earnings (loss) per share		
Basic	\$ 0.64	\$ (0.16)
Diluted	\$ 0.64	\$ (0.16)
Cash dividends per share	\$ 0.22	\$ 0.22

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

	(Unaudited) April 2, 2023	December 31, 2022	(Unaudited) April 3, 2022
<b><u>ASSETS</u></b>			
Current Assets			
Cash and cash equivalents	\$ 6,382	\$ 6,994	\$ 5,711
Trade accounts receivable, net	23,280	29,243	19,342
Inventories, net	69,954	59,635	56,951
Prepaid expenses and other current assets	3,050	3,747	5,204
Total Current Assets	<u>102,666</u>	<u>99,619</u>	<u>87,208</u>
Property, plant and equipment, net	60,950	59,980	57,739
Lease assets	2,827	1,793	2,203
Other long-term assets	14,717	14,866	22,466
Total Assets	<u><u>\$ 181,160</u></u>	<u><u>\$ 176,258</u></u>	<u><u>\$ 169,616</u></u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>			
Current Liabilities			
Accounts payable & accrued expenses	\$ 30,768	\$ 36,047	\$ 27,145
Current portion of long-term liabilities	152	152	152
Current portion of operating lease liabilities	784	854	827
Total Current Liabilities	<u>31,704</u>	<u>37,053</u>	<u>28,124</u>
Long-term debt	41,029	33,721	30,940
Lease liabilities	2,043	939	1,376
Other postretirement liabilities	5,890	5,636	6,052
Deferred income taxes	7,746	7,822	8,934
Shareholders' Equity			
Preferred Stock	530	530	530
Class A Common Stock	3,626	3,626	3,615
Class B Convertible Common Stock	1,318	1,318	1,329
Additional paid-in capital	16,565	16,565	16,354
Retained earnings	116,483	114,526	111,816
Accumulated other comprehensive loss	(27,845)	(27,549)	(21,509)
Treasury stock, at cost	(17,929)	(17,929)	(17,945)
Total Shareholders' Equity	<u>92,748</u>	<u>91,087</u>	<u>94,190</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 181,160</u></u>	<u><u>\$ 176,258</u></u>	<u><u>\$ 169,616</u></u>

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

	<b>Three Months Ended</b>	
	<b>April 2, 2023</b>	<b>April 3, 2022</b>
Net income (loss)	\$ 2,969	\$ (755)
Depreciation and amortization	1,255	1,182
Pension and postretirement liabilities expense	(125)	43
Other net adjustments	(975)	(937)
Changes in operating assets and liabilities	<u>(7,801)</u>	<u>(6,184)</u>
Net cash used by operating activities	(4,677)	(6,651)
Purchase of property, plant and equipment	(2,231)	(1,431)
Proceeds from borrowings	7,308	9,110
Proceeds from stock option exercise and treasury activity, net	-	40
Dividends paid	<u>(1,012)</u>	<u>(1,011)</u>
Net (decrease) increase in cash and cash equivalents	<u>\$ (612)</u>	<u>\$ 57</u>
Cash and cash equivalents, beginning of period	\$ 6,994	\$ 5,654
Net (decrease) increase in cash and cash equivalents	<u>(612)</u>	<u>57</u>
Cash and cash equivalents, end of period	<u>\$ 6,382</u>	<u>\$ 5,711</u>

**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
<b>Balance at December 31, 2022</b>	<u>\$ 530</u>	<u>\$ 3,626</u>	<u>\$ 1,318</u>	<u>\$ 16,565</u>	<u>\$ 114,526</u>	<u>\$ (27,549)</u>	<u>\$ (17,929)</u>	<u>\$ 91,087</u>
Exercise of stock options	-	-	-	-	-	-	-	-
Conversion of common stock	-	-	-	-	-	-	-	-
Cash dividends declared:								
Common stock - (\$0.22 per share)	-	-	-	-	(1,012)	-	-	(1,012)
Net income for the period	-	-	-	-	2,969	-	-	2,969
Other comprehensive loss, net of tax (\$88)	-	-	-	-	-	(296)	-	(296)
<b>Balance at April 2, 2023</b>	<u>\$ 530</u>	<u>\$ 3,626</u>	<u>\$ 1,318</u>	<u>\$ 16,565</u>	<u>\$ 116,483</u>	<u>\$ (27,845)</u>	<u>\$ (17,929)</u>	<u>\$ 92,748</u>
	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
<b>Balance at December 31, 2021</b>	<u>\$ 530</u>	<u>\$ 3,615</u>	<u>\$ 1,329</u>	<u>\$ 16,317</u>	<u>\$ 113,582</u>	<u>\$ (22,260)</u>	<u>\$ (17,948)</u>	<u>\$ 95,165</u>
Exercise of stock options	-	-	-	37	-	-	3	40
Conversion of common stock	-	-	-	-	-	-	-	-
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 (\$166)	-	-	-	-	-	751	-	751
<b>Balance at April 3, 2022</b>	<u>\$ 530</u>	<u>\$ 3,615</u>	<u>\$ 1,329</u>	<u>\$ 16,354</u>	<u>\$ 111,816</u>	<u>\$ (21,509)</u>	<u>\$ (17,945)</u>	<u>\$ 94,190</u>