

Burnham Holdings, Inc. Reports Second Quarter Results, Board Actions and Executive Officer Appointment

Lancaster, PA

July 27, 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 six months ended July 2, 2023, announced a quarterly common stock dividend and an update to its executive leadership team.

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

- Net sales were \$52.2 million for the second quarter of 2023, essentially flat with the second quarter of 2022. Year to date net sales were \$111.7 million, an increase of 6.4% over the first six months of 2022.
- Gross profit margin was 22.2% and 14.5% for the second quarters of 2023 and 2022, respectively, primarily due to continued realization of pricing actions to offset inflation. Year to date gross profit margins were 22.9% for 2023 versus 15.2% for 2022.
- Selling, general and administrative expenses (SG&A) were up as a percentage of sales to 19.1% in the second quarter of 2023 versus 16.5% in the second quarter of 2022. Prior year spend was lower than historical norms as we slowly returned to pre-Covid staffing, travel, and administrative spending levels. For the first six months of 2023 and 2022, SG&A as a percentage of sales was 17.9% and 16.9%, respectively.
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- Net income for the second quarter 2023 was \$1.0 million versus a net loss of (\$1.1) million for the second quarter of 2022. First half net income was \$4.0 million for 2023 versus a first half net loss of (\$1.8) million in 2022.
- Earnings per share were \$0.20 for the second quarter of 2023 versus a loss per share of (\$0.23) for the second quarter of 2022. For the first half of 2023 and 2022, earnings per share and loss per share was \$0.85 and (\$0.40), respectively.

For the first half of 2023, sales of residential products were higher by 3.7% versus the same period in 2022, while sales of commercial products increased by 14.7% in 2023 versus 2022. Residential and commercial backlogs decreased \$9.8 million and \$0.8 million compared to the prior year. Backlogs entering 2023 were higher than expected due to part availability and production staffing challenges hampering our ability to complete and ship units in the back half of 2022. 2023 order velocity remains strong, and we believe current backlog levels are in line with seasonal operating cycles.

We are pleased with the recent financial performance of the Company. Several new product introductions during the first half supported stronger sales levels across multiple business units. Additionally, 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 during the first half of 2023. Component part and commodity inflation continued through the first half of 2023, and 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.

Although long-term debt was \$18.9 million higher than last year due to a combination of increased working capital levels and inflationary pressures impacting inventory valuations, it is in line with our expectations given the higher sales levels. Accordingly, interest expense for both the second quarter and year to date 2023 was higher versus the same periods in 2022. We will continue to evaluate our working capital needs, including inventory levels, to ensure we can appropriately meet production volumes.

At its meeting on July 27, 2023, the Burnham Holdings, Inc. Board of Directors declared a quarterly common stock dividend of \$0.22 per share payable August 23, 2023 with a record date of August 15, 2023. Additionally, the Board of Directors amended the bylaws to lower the minimum number of directors from nine to eight and increase the maximum age, at the time of election, at which a director may be elected to the board from 70 to 72.

We are pleased to announce that Samantha L. Fugagli has been appointed General Counsel and Secretary of the Company effective July 27, 2023. Ms. Fugagli joined the Company on June 26, 2023 after serving previously in roles at McNees Wallace & Nurick and Deloitte Tax LLP. She received her B.S. in Accounting from Gannon University and J.D. from the University of Pittsburgh, School of Law.