

# Burnham Holdings, Inc. Reports First Quarter 2024 Financial Results

Lancaster, PA

April 22, 2024

Burnham Holdings, Inc. (OTC-Pink: BURCA), the parent company of multiple subsidiaries that are leading domestic manufacturers of boilers, furnaces and related HVAC products and accessories for residential, commercial, and industrial applications, today reported its consolidated financial results for quarter ended March 31, 2024. Where noted, prior periods presented have been restated for a voluntary change in accounting principle related to our last-in, first-out (LIFO) inventory valuation as disclosed in our 2023 Annual Report.

Burnham Holdings, Inc.'s (BHI) consolidated financial performance for first quarter 2024 included the following:

- Net sales were \$56.0 million for 2024, a decrease of \$3.5 million, or 5.9%, versus 2023. Although BHI's subsidiary boiler and oil furnace market shares remain strong, HVAC industry unit volumes have experienced significant declines compared to the prior year.
- Gross profit margin was 24.9% for 2024 compared to 23.5% for 2023 primarily due to productivity and cost control across the subsidiaries as well as realization of pricing actions to offset inflation.
- Selling, general, and administrative expenses (SG&A) were essentially flat for the first quarter of 2024 compared to the first quarter of 2023. SG&A spend was in line with expectations although higher on a percentage of sales basis due to the decline in net sales.
- Net income for the first quarter of 2024 was \$3.0 million, similar to the first quarter of 2023.
- EBITDA was \$5.6 million, or 9.9%, for the first quarter of 2024 versus \$5.6 million, or 9.4%, for the first quarter of 2023.
- Diluted earnings per share were \$0.64 for the first quarters of 2024 and 2023.

For the first quarter of 2024, sales of residential products were lower by 11.4% versus the same period in 2023, while sales of commercial products were up 4.0% in 2024 versus 2023. Service and Rentals businesses contributed \$1.6 million of net sales in the first quarter of 2024. Market shares across our subsidiaries remain strong despite continued industry decreases. We believe order patterns and our current backlogs are back in line with seasonal operating cycles.

Despite the fluctuating volumes impacting net sales, gross margin and operating margin dollars were flat to the prior year but as a percentage saw significant increases. We are diligently managing our cost structure to maintain margins as well as seeing productivity improvements in the manufacturing sites from our capital investment programs. We continue to assess input and operating costs for inflationary pressures and will evaluate pricing actions as necessary.

Average debt levels for the first quarter of 2024 were approximately \$15.6 million lower than the first quarter of 2023. Accordingly, interest expense for the first quarter of 2024 was 40.7% lower than the first quarter of 2023. We continue to evaluate our working capital needs, including inventory levels, to ensure we can appropriately meet production volumes and fund future growth initiatives. We also previously announced that we have new lending facilities in place that provide us with up to \$92.0 million in capacity. On January 30, 2024, a \$10.0 million equipment financing line was entered into with our syndicated bank group that adds additional capacity and flexibility to our financing arrangements.

The Burnham Holdings, Inc. 2024 Annual Meeting of Shareholders is being held virtually 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>March 31, 2024</b>	<b>April 2, 2023</b>
Net sales	\$ 56,003	\$ 59,534
Cost of goods sold	42,047	45,556
Gross profit	13,956	13,978
Selling, general and administrative expenses	10,022	10,042
Operating income	3,934	3,936
Other (expense) / income:		
Non-service related pension credit	137	137
Interest and investment gain	110	282
Interest expense	(296)	(499)
Other expense	(49)	(80)
Income before income taxes	3,885	3,856
Income tax expense	894	887
Net income	<u>\$ 2,991</u>	<u>\$ 2,969</u>
Earnings per share:		
Basic	\$ 0.65	\$ 0.64
Diluted	\$ 0.64	\$ 0.64
Cash dividends per share	\$ 0.23	\$ 0.22

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

	(Unaudited) March 31, 2024	December 31, 2023	(Unaudited) April 2, 2023
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 5,930	\$ 5,880	\$ 6,382
Trade accounts receivable, net	19,188	31,023	23,280
Inventories, net	67,297	58,017	71,866
Costs in Excess of Billings	790	621	-
Prepaid expenses and other current assets	5,080	1,954	3,050
Total Current Assets	<u>98,285</u>	<u>97,495</u>	<u>104,578</u>
Property, plant and equipment, net	66,203	64,437	60,950
Lease assets	4,060	4,119	2,827
Other long-term assets	19,063	18,620	14,717
Total Assets	<u>\$ 187,611</u>	<u>\$ 184,671</u>	<u>\$ 183,072</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current Liabilities			
Accounts payable & accrued expenses	\$ 31,046	\$ 35,365	\$ 30,693
Billings in excess of costs	218	137	-
Current portion of:			
Long-term liabilities	1,171	1,171	152
Lease liabilities	1,043	1,051	784
Long-term debt	184	184	-
Total Current Liabilities	<u>33,662</u>	<u>37,908</u>	<u>31,629</u>
Long-term debt	32,125	27,232	41,029
Lease liabilities	3,017	3,068	2,043
Other long-term liabilities	5,907	5,933	5,890
Deferred income taxes	9,186	9,095	8,185
Shareholders' Equity			
Preferred Stock	530	530	530
Class A Common Stock	3,633	3,633	3,626
Class B Convertible Common Stock	1,311	1,311	1,318
Additional paid-in capital	11,869	11,769	12,003
Retained earnings	123,217	121,291	117,956
Accumulated other comprehensive loss	(24,415)	(24,668)	(27,845)
Treasury stock, at cost	(12,431)	(12,431)	(13,292)
Total Shareholders' Equity	<u>103,714</u>	<u>101,435</u>	<u>94,296</u>
Total Liabilities and Shareholders' Equity	<u>\$ 187,611</u>	<u>\$ 184,671</u>	<u>\$ 183,072</u>

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

	<b>Three Months Ended</b>	
	<b>March 31, 2024</b>	<b>April 2, 2023</b>
Cash flows from operating activities:		
Net income	\$ 2,991	\$ 2,969
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,370	1,255
Deferred income taxes	17	(58)
Provision for long-term employee benefits	(125)	(125)
Share-based compensation expense	100	75
Other reserves and allowances	(1,226)	(917)
Changes in current assets and liabilities, net of acquisition:		
Decrease in accounts receivable, net	11,817	5,946
Increase in inventories, net	(9,279)	(10,318)
Increase in other current assets	(3,214)	(134)
Decrease in accounts payable and accrued expenses	(3,087)	(3,370)
Net cash used by operating activities	(636)	(4,677)
Cash flows from investing activities:		
Capital expenditures	(3,134)	(2,223)
Other investing activities	(8)	(8)
Net cash used by investing activities	(3,142)	(2,231)
Cash flows from financing activities:		
Net proceeds from revolver	4,939	7,308
Repayment of term loan	(46)	-
Dividends paid	(1,065)	(1,012)
Net cash provided by financing activities	3,828	6,296
Net increase (decrease) in cash and cash equivalents	\$ 50	\$ (612)
Cash and cash equivalents, beginning of period	\$ 5,880	\$ 6,994
Net increase (decrease) in cash and cash equivalents	50	(612)
Cash and cash equivalents, end of period	\$ 5,930	\$ 6,382

**Burnham Holdings, Inc.**  
**Consolidated Statements of Shareholders' 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	Shareholders' Equity
<b>Balance at December 31, 2023</b>	<u>\$ 530</u>	<u>\$ 3,633</u>	<u>\$ 1,311</u>	<u>\$ 11,769</u>	<u>\$ 121,291</u>	<u>\$ (24,668)</u>	<u>\$ (12,431)</u>	<u>\$ 101,435</u>
Net income	-	-	-	-	2,991	-	-	2,991
Other comprehensive income, net of tax	-	-	-	-	-	253	-	253
Cash dividends declared:								
Common stock - (\$0.88 per share)	-	-	-	-	(1,065)	-	-	(1,065)
Share-based compensation: Expense recognition	-	-	-	100	-	-	-	100
<b>Balance at March 31, 2024</b>	<u>\$ 530</u>	<u>\$ 3,633</u>	<u>\$ 1,311</u>	<u>\$ 11,869</u>	<u>\$ 123,217</u>	<u>\$ (24,415)</u>	<u>\$ (12,431)</u>	<u>\$ 103,714</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	Shareholders' Equity
<b>Balance at December 31, 2022 (as restated)</b>	<u>\$ 530</u>	<u>\$ 3,626</u>	<u>\$ 1,318</u>	<u>\$ 11,928</u>	<u>\$ 115,999</u>	<u>\$ (27,549)</u>	<u>\$ (13,292)</u>	<u>\$ 92,560</u>
Net income	-	-	-	-	2,969	-	-	2,969
Other comprehensive loss, net of tax	-	-	-	-	-	(296)	-	(296)
Cash dividends declared:								
Common stock - (\$0.88 per share)	-	-	-	-	(1,012)	-	-	(1,012)
Share-based compensation: Expense recognition	-	-	-	75	-	-	-	75
<b>Balance at April 2, 2023</b>	<u>\$ 530</u>	<u>\$ 3,626</u>	<u>\$ 1,318</u>	<u>\$ 12,003</u>	<u>\$ 117,956</u>	<u>\$ (27,845)</u>	<u>\$ (13,292)</u>	<u>\$ 94,296</u>