



SHARPENING OUR FOCUS

A Manufacturing Renaissance: The U.S. Boiler Company Operations Team cuts the ribbon on the new Condensing Center of Excellence (CCE), a key investment in the Company's future. Pictured (from left): Tyler Smith, Jeff Tillotson, Malcolm Zwally, Keith Diller, Mike Bulla, Steve Shaeffer, Casey Charles, and Bob Peris.

ABOUT BURNHAM HOLDINGS, INC.

Burnham Holdings, Inc. (OTCID: BURCA) is the parent company of multiple subsidiaries that are leading domestic manufacturers of boilers and related HVAC products and accessories for residential, commercial, and industrial applications. Headquartered in Lancaster, Pennsylvania, Burnham Holdings, Inc. and its subsidiaries (the Company) provide the thermal solutions that keep North America warm.

Our subsidiaries differentiate themselves through a comprehensive commercial portfolio serving the institutional and industrial markets, and a residential portfolio anchored by high-efficiency condensing technology, including the flagship Alta and Phantom II product families.

In 2025, the Company refined its strategic focus, streamlining operations to prioritize high-value hydronic heating and industrial service opportunities. Through our Service & Rentals segment, including Thermal InMotion and CSI Services, we provide total lifecycle support, offering engineering, installation, and temporary heating solutions to ensure operational continuity for our partners.

The Company and its subsidiaries have approximately 700+ employees nationwide, of which approximately 55% are union employees covered through separate collective bargaining agreements. The Company does not have any unconsolidated legal entities, "special purpose" entities, or "off-balance-sheet" financial arrangements, nor is it a partner in any joint venture.

Net Sales

\$258M+

Production
Facilities

10

Employees

700+

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Forward-Looking Statements:

This Annual Report contains forward-looking statements. Other reports, letters, press releases and investor presentations distributed or made available by the Company may also contain forward looking statements.

Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates, and projections, and you should therefore not place undue reliance on them. Forward looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, variations in weather, changes in the regulatory environment, litigation, customer preferences, general economic conditions, technology, product performance, raw material costs, and increased competition.

CONSOLIDATED FINANCIAL HIGHLIGHTS

(in millions, except per share data))	2025	2024	% Change
Net Sales	\$ 258.1	\$ 233.2	10.7%
Gross Margin	\$ 59.3	\$ 52.0	14.0%
Gross Margin %	23.0%	22.3%	—
Adjusted Selling, General & Administrative (ASG&A)*	\$ 43.8	\$ 40.3	8.7%
ASG&A %*	17.0%	17.3%	—
Adjusted Pretax Profit (PTP) ⁽¹⁾	\$ 16.0	\$ 11.0	45.3%
Adjusted PTP % ⁽¹⁾	6.2%	4.7%	—
Adjusted EBITDA*	\$ 21.9	\$ 18.0	21.8%
Adjusted EBITDA %*	8.5%	7.7%	—
Adjusted Operating Cash Flow ⁽²⁾	\$ 19.2	\$ 21.9	-12.2%
Capital Expenditures	\$ 9.2	\$ 10.9	-15.6%
Adjusted Free Cash Flow ⁽²⁾	\$ 10.0	\$ 11.0	-8.7
Per Share Data:			
Adjusted Diluted Earnings Per Share*	\$ 2.55	\$ 1.76	44.9%
Dividends Paid Per Share	\$ 0.92	\$ 0.92	—
Book Value per Share	\$ 21.99	\$ 24.24	-9.3%
Share Price on 12/31	\$ 25.07	\$ 13.90	80.4%
Market Capitalization on 12/31	\$ 117.7	\$ 64.80	81.7%

* Adjusted figures exclude the impact of one-time strategic charges. Please see page 13 for a reconciliation of these non-GAAP measures.

EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. It is calculated by taking Adjusted Net Income and adding back interest expense, income tax expense, and depreciation and amortization.

⁽¹⁾ Adjusted PTP for 2025 is derived by starting with Loss from continuing operations and adding back the adjustments noted in the EBITDA section of the non-GAAP reconciliation on page 13.

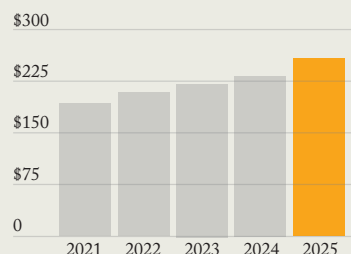
⁽²⁾ Adjusted operating cash flow for 2025 is derived by starting with Net cash provided by operating activities of continuing operations and adding back \$17.9 million for the after-tax impact of the Loss on divestiture of legacy liabilities and certain assets.

Numbers and “% Change” figures included in the Consolidated Financial Highlights and other presentations of percentages throughout this Annual Report were calculated using unrounded dollar amounts and may differ from calculations using the rounded dollar amounts presented.

Burnham Holdings, Inc. is a holding company owning multiple, separate subsidiaries, each of which do business in the HVAC industry. All products, services, manufacturing, and related activities referred to herein are the products, services, and related activities of the applicable subsidiary, and not of Burnham Holdings, Inc.

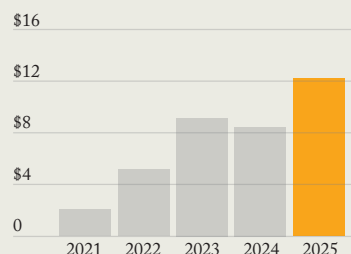
NET SALES

(in millions)



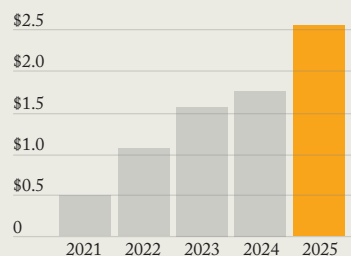
Adjusted NET INCOME

(in millions)



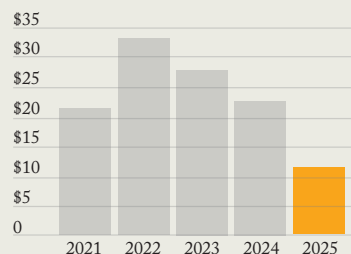
Adjusted Diluted Earnings Per Share

(in dollars)



TOTAL DEBT

(in millions)



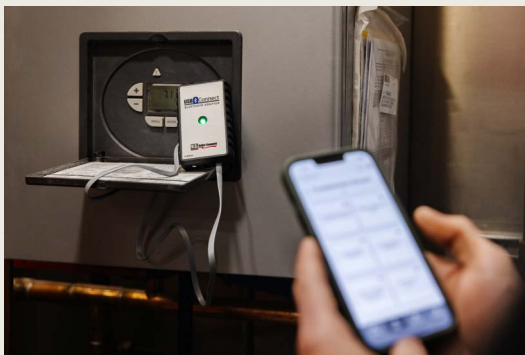
“We have removed the uncertainty of the past, streamlined our corporate structure, and delivered robust growth in our core business.”



— Chris Drew
President and CEO

SHARPENING OUR FOCUS

Delivering record performance and building for the future.



Top photo: Two Amp commercial condensing boilers. These Amp boilers deliver efficiency and powerful output in a space-saving and service-friendly package. **Bottom photo:** USB Connect puts complete boiler control in the palm of your hand! Consisting of a free smartphone app and a Bluetooth adapter, USB Connect makes installation, service, and troubleshooting simple on a wide array of new and existing U.S. Boiler condensing products.

To Our Shareholders:

Fiscal 2025 was a year of historic performance and decisive action for Burnham Holdings, Inc. (BHI). In 2025, we delivered our strongest financial performance in recent history, achieving a 5-year high in both Net Sales and Adjusted Operating Profitability (excluding strategic one-time charges).

This sustained performance, the best run in our recent history, is the result of years of hard work to refine our operations and deliver the products our customers need. The market has recognized this momentum, with our share price reaching a 20-year high, nearly doubling in 2025.

We used this financial strength to make clear, difficult choices. We chose to de-risk our balance sheet, streamline our manufacturing footprint, and focus our resources entirely on the technologies that will drive our future.

Operational Excellence: The Manufacturing Renaissance

We remain the largest domestic manufacturer of boilers by unit volume. As the only major standalone boiler company in America, we maintain a singular focus that allows us to be more agile, more specialized, and more responsive to our customers.

This year, we strengthened that leadership position by fully operationalizing our Condensing Center of Excellence (CCE) in Lancaster, PA. We built this facility to solve a specific challenge: to scale production of our high-growth residential condensing boilers. The results validate that investment.

- **Double-Digit Growth:** Sales of our residential condensing products, led by the Alta and Phantom II families, grew by double digits year-over-year.
- **Technology Adoption:** This growth isn't just about manufacturing capacity; it's about market adoption. Through our Boiler Connect technology and rigorous contractor training, we are making high-efficiency heating easier to install and service. The market is shifting toward intelligent, connected thermal solutions, and because of the CCE, we are ready to meet it.

Strategic Milestones: Sharpening Our Focus

Consistent with our strategy to prioritize our highest-value opportunities, 2025 was defined by three major strategic milestones that have fundamentally reshaped our Company.

1. De-Risking the Foundation: We executed two significant transactions to address the legacy liabilities that have followed the Company for years. First, we completed a Pension Risk Transfer, securing benefits for approximately 1,000 retirees and beneficiaries. Second, we divested a majority of our subsidiaries' legacy asbestos liabilities by selling certain of our subsidiaries with legacy liabilities (Legacy Subs). As a result of this transaction, BHI will have no further financial exposure to the legacy liabilities subject to this transaction. These moves represent a strategic "purchase of clarity," significantly reducing long-term volatility and allowing us to look forward, not backward.

2. Divesting Non-Core Assets: In the second quarter, we completed the sale of substantially all assets of Thermo Products, LLC and Norwood Manufacturing, Inc.

While these were difficult decisions, they were necessary to concentrate our capital and management attention on our core hydronic and industrial businesses. Proceeds from this sale were immediately used to reduce debt.

3. Optimizing the Roofline: As part of our efficiency strategy, we initiated the wind-down of legacy Crown Boiler operations, allowing for the opportunity to focus production efforts at our Lancaster, PA facilities in alignment with our goal of footprint optimization. This move allows us to "do more with less," aligning our capacity with the market's shift toward high-efficiency condensing technology.

Consolidated Results & Looking Ahead

Because of the significant one-time charges associated with the Pension Risk Transfer and the legacy liability divestitures, our reported GAAP net income for 2025 reflects a net loss.

However, it is critical to view these results through the lens of our ongoing operations. These charges were one-time strategic investments to clean up the balance sheet. Excluding these items, the Company achieved record operating profitability. This metric, our adjusted performance, reflects the true, robust cash-generating power of our refined business portfolio.

This strength allowed us to continue our commitment to returning value to shareholders. In 2025, the Board of Directors declared dividends totaling \$0.92 per share, continuing our long history of consistent dividend payments.

We enter 2026 as a transformed organization. We are leaner, we are more focused, and we are operating with a balance sheet built for growth.

Sincerely,



Christopher R. Drew
President and CEO

2025 BUSINESS OVERVIEW

In an industry increasingly defined by global conglomerates and consolidation, Burnham Holdings, Inc. stands apart. We are not a small component of a diversified industrial puzzle; we are the only major standalone boiler manufacturer in America.

This distinction is our greatest strength. It grants us the agility to pivot our manufacturing floor when technology shifts, the freedom to invest in 20-year relationships rather than quarterly shortcuts, and the focus to master the essential work of keeping North America warm.

But being a specialist does not mean being narrow. Across our subsidiaries, we have built a ecosystem that spans the entire heating landscape. From the rugged cast-iron durability required by urban infrastructure to the high-efficiency condensing precision demanded by modern residential developers, our portfolio delivers the right solution for every rung of the ladder.



In 2025, we sharpened this focus. We directed our capital toward three critical pillars: refining our portfolio to serve complex commercial projects, revolutionizing our residential manufacturing capabilities, and investing in the next generation of skilled technicians who will keep North America warm. The following stories illustrate how that strategy is coming to life: on the mountains of Montana, in the classrooms of Pennsylvania, and on the factory floor in Lancaster.

THE CONDENSING REVOLUTION

Double-digit growth driven by technology and training.

While we sharpened our focus by divesting non-core assets in 2025, we simultaneously doubled down on our primary growth engine: Residential Condensing Technology. The results validate our strategy. Sales of our

high-efficiency condensing products, led by the flagship Alta and Phantom II families, grew by double digits year-over-year. This surge isn't just about hardware; it's about adoption.

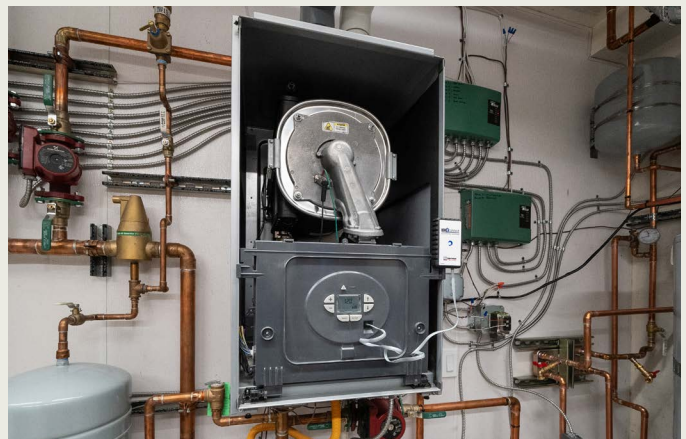
- **Technology:** The Alta features our proprietary Boiler Connect technology, making it the most intelligent and “contractor-friendly” unit in its class.
- **Training:** We didn't just ship boxes; we launched an aggressive contractor conversion campaign. Through hands-on training and roadshows, we are converting the market to Burnham technology one installer at a time. We built the Condensing Center of Excellence (CCE) to scale this specific product line, and in 2025, the market absorbed that capacity and asked for more.

“We've taken deliberate steps to revamp our sales organization and align our corporate structure to better serve our customers. With an enhanced commercial and industrial sales team in place, we are positioned to drive continued success in the years ahead.”

— Bryan J. O'Toole
Vice President of Business Development



Opposite Page: These Burnham Commercial series 4, scotch marine boilers are outfitted with the latest burner technology providing optimized efficiency and system control. **Above:** The Ambient air-to-water heat pump shown above provides high efficiency, zero emissions hydronic heating for today's modern applications.



Above: The Alta boiler by U.S. Boiler Co. is a 95% AFUE high-efficiency condensing boiler featuring advanced gas-adaptive technology for 5-minute, “no-touch” combustion setup and self-calibration.

REVITALIZING A HISTORIC LEGACY

Sweeping Hydronic Retrofit Completed for Eastern Washington Hospital

Eastern Washington Hospital, located in Medical Lake, WA, about 15 miles west of downtown Spokane, has served as a beacon of hope since its opening in 1891, providing inpatient care and treatment for adults with mental illness.

Nestled beside a lake believed to possess medicinal properties, this grand facility was constructed with an architectural approach featuring long, meandering wings that extended from a central building. The wings allow each section to bask in sunlight and fresh air—elements well-known for their curative effects on patients.

For over 125 years, the Medical Lake campus staff have helped guide patients through their mental health challenges. Today, the hospital supports the most severely affected individuals, operating as a psychiatric facility with 375 beds committed to humane care and community reintegration.

Building Improvements Enhanced Patient Care

As part of the ongoing mission to enhance the comfort of patient care, Eastern Washington Hospital recently embarked on an ambitious project: a well-planned hydronic retrofit of its mechanical systems.

“Our significant upgrades have modernized the facility’s infrastructure, ensuring more efficient temperature control and a much more comfortable environment for patients and staff alike. Even our culinary efforts—with an expanded menu and much greater control of hydronic cook pot temperatures—have improved dramatically,” said Dean Davis, Director of Facilities.

Davis explained that an old, deteriorating facility served as the campus’ central heat plant for more than 100 years. In it, two huge, decades-old steam boilers had also deteriorated, losing efficiency and requiring routine repairs. With the assistance of federal and state grants, funding was secured to replace the entire heat plant facility—the building and everything in it.

Davis knows a thing or two about large health facility operations. Though he’s already spent more than



seven years at ESH, he spent considerable time at medical centers during his 20+ years in the U.S. Air Force, serving in Civil Engineering Squadrons where he gained significant mechanical experience.

“We now have a new, 12,000 square-foot, all-brick heat plant facility with pipes in underground tunnels that provide continuous space and domestic water heat to three main facilities on campus,” added Davis.

The Shining Stars of the Plant

The shining stars within the new facility are three 6,700 MBH, four-pass firetube Burnham Commercial steam boilers connected in a lead-lag configuration. Combined, the boilers provide greater capacity than is required, allowing for full redundancy of operation. Jutting from the boilers are large red Weishaupt oil-fired burners.

According to Brad Snow, PE, Sr. Mechanical Engineer at MSI Engineers, facility staff requested use of

Below: The new 12,000 square foot heat plant houses three brand new Burnham Commercial steam boilers. This new building replaces an over 100-year-old building that was long past its useful life.



Top: The new insulated piping and valves around the boiler, replace a deteriorating network of high maintenance components, that caused unexpected costs and downtime.

Middle: The state-of-the-art controls on these packaged boilers allow the operators to tightly control the delivery of steam for heat and for cooking and dishwashing in the kitchen.

Bottom: The Burnham Commercial firetube boilers are sized to provide full redundancy to assure there is always the steam needed to provide food and comfort for the hospital's patients.



Weishaupt burners with the new Burnham boilers because similar units were used successfully at another state facility.

"The aging steam plant had reached its time of retirement," said Snow. He noted that the plant steam pressure was selected to operate at 100 psi nominal pressure, with pressure reducing valves provided to allow the campus delivery pressure to be adjusted to a lower pressure for distribution.

Part of the new mechanical system is a 615-gallon Shipco surge tank and a deaerator tank. A deaerator tank plays an important role in boiler feedwater systems by removing dissolved gases—like oxygen or carbon dioxide—from boiler feedwater; otherwise, entrained gases can cause boiler or piping corrosion.

More Than Just Heat The impact of this retrofit extends beyond radiators. Davis explained that the boilers send high-temp dry steam to three 25- to 75-gallon jacketed steam kettles, stacked steamers, and a commercial dishwasher.

The steam cookpots provide ideal, even heat across kettle surfaces when making stew, gumbo, chowder, and soup for patient meals.

A network of underground concrete service tunnels provides easy subterranean passage between facilities for maintenance crews while also providing space for the many interconnected pipes to and from the heat plant. By revitalizing this critical infrastructure, Eastern Washington Hospital is ensuring another century of care.

2025 BUSINESS OVERVIEW

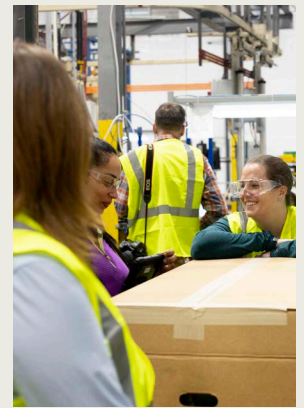
A MANUFACTURING RENAISSANCE Optimizing our footprint for the future of heating.

In 2025, Burnham Holdings did not just open a building; we made a declaration about the future of domestic manufacturing. On October 22, we fully operationalized the Condensing Center of Excellence (CCE) in Lancaster, PA. This 45,000-square-foot expansion is the physical embodiment of our “Sharpening Focus” strategy.

When we made the decision to divest non-core assets earlier in the year, the goal was never to shrink—it was to redirect our capital intensity toward our highest-value opportunities. The CCE is the result of that redirection. While competitors embedded in global conglomerates often outsource production to shared platforms abroad, we chose to double down on our Pennsylvania heritage, supported in part by crucial funding from the Commonwealth.

Burnham Holdings' U.S. Boiler Unveils State-of-the-Art Condensing Center of Excellence Expansion

Below left: Keith Diller, President U.S. Boiler Co. providing remarks at the CCE Ribbon Cutting ceremony. **Below right:** Burnham Holdings employees gather for a tour of the new U.S. Boiler Condensing Center of Excellence.



“We capitalized on the opportunity to bring more work right here to Lancaster. The seamless execution of this project ensures we can continue to serve our customers with confidence.”

— Paul D. Spradling
Vice President of Operations



The CCE was designed to solve a specific manufacturing paradox: how to maintain the high volume required by the residential market while executing the extreme precision demanded by modern condensing technology. In the past, high-efficiency manufacturing was often a slow, boutique process. We needed to change that equation.

“We engineered this expansion for maximum production stability and quality control,” explains Paul Spradling, VP of Operations. To achieve this, we integrated advanced engineering and automated vision systems that monitor product quality in real-time. These systems allow us to scale production of the Alta and Phantom II lines with a level of quality, consistency and throughput that is unmatched. This isn’t just about speed; it’s about reliability. The automated systems ensure that every heat exchanger and every control board meets the exact same rigorous standard.

This facility also fundamentally changes our supply chain resilience. By bringing this capacity online in Lancaster, we have insulated our customers from the global logistics disruptions that plague the industry. We are no longer waiting on containers; we are shipping from our own dock.

“We are proud that our world-class Alta boiler is engineered and manufactured exclusively by our skilled workforce right here in Lancaster,” said Keith Diller, President of U.S. Boiler. By consolidating legacy operations and ramping up the CCE, we have aligned our manufacturing capabilities directly with our market strength. Burnham Holdings remains the undisputed volume leader in North American home heating: agile, American-made, and ready for the future.

Our Strength is Our People

Technology is only as effective as the hands that guide it. Our workforce of 700+ includes expert casters, machinists, and engineers, allowing each subsidiary, from U.S. Boiler to Thermal Solutions, to operate as a specialized leader backed by the financial strength of the parent Company.



2025 BUSINESS OVERVIEW

HANDS ON THE FUTURE

Partnering with Thaddeus Stevens College of Technology to train the next generation.

A state-of-the-art facility requires a state-of-the-art workforce. As the North American heating industry evolves from mechanical, cast-iron systems to digital, high-efficiency platforms, the “skills gap” has become a critical bottleneck. The technicians of tomorrow need to be as comfortable with a touchscreen and a diagnostic app as they are with a pipe wrench.

In 2025, Burnham Holdings took direct action to close that gap. We deepened our long-standing partnership with the Thaddeus Stevens College of Technology, home to one of the nation’s premier HVACR programs, to ensure that the next generation of technicians is ready for the field.

Burnham Holdings Teams up with Thaddeus Stevens College of Technology to Close Gap



Above: Burnham Holdings leadership team members, Thaddeus Stevens College of Technology leaders and the colleges students cut the ribbon on the upgraded Burnham Holdings Center for HVAC Technology. **Below:** Burnham Holdings leadership team members along with Thaddeus Stevens College of Technology students inspect the newly installed equipment in the Burnham Holdings Center for HVAC Technology.

“Our mission at Thaddeus Stevens College of Technology is to create access and opportunity to education, particularly for those who might not otherwise have that door open to them. We couldn’t live out this mission without the direct support of our industry partners like Burnham Holdings. By investing in our students, they aren’t just upgrading a lab; they are actively shaping the future workforce that will keep our communities strong for generations to come.”

— Pedro A. Rivera II, Ed. D
President of Thaddeus Stevens College of Technology





Since establishing the Burnham Holdings Center for HVAC Technology in 2019, we've remained committed to hands on education at Thaddeus Stevens College of Technology. This equipment donation upgrades HVAC labs with next-generation Alta® condensing boilers giving students hands-on experience with the same high-efficiency systems they'll use in the field. It's a direct investment in the region's homegrown talent and the future of our local workforce.

With a blend of needs for the students on both state of the art and legacy products, the college faced a unique challenge: keeping their training lab current with the rapid pace of industry innovation. A textbook education is no longer enough; students need hands-on experience with the specific equipment they will encounter in the real world. To support this mission, Burnham Holdings stepped in with a comprehensive, two-pronged investment strategy designed to cover the full spectrum of the heating trade.

First, we addressed the future. We donated 13 new, state-of-the-art condensing boilers, allowing students to train on the specific Alta units that are currently driving the residential market. This ensures that when a Thaddeus Stevens graduate steps onto a job site, they are already an expert in the setup, programming, and maintenance of our most advanced technology. They aren't learning on generic simulators; they are learning on the actual units that are heating homes across the region.

Second, we honored the legacy of the trade. The reality of the market is that millions of homes still rely on traditional cast-iron infrastructure. To ensure students are ready for this reality, we fully refurbished 24 existing units in the college's lab. By replacing controls, burners, and jackets, we provided students with invaluable hands-on experience in the assembly and maintenance of traditional oil and gas systems.

This partnership is not just philanthropy; it is a strategic talent pipeline. By ensuring these students learn their trade on Burnham equipment, we are ensuring that the next generation of technicians enters the workforce as experts in our solutions, ready to support our customers from day one.

REVIEW OF OPERATIONS

Fiscal 2025 was a milestone year for Burnham Holdings. The Company delivered its third straight year of record Net Sales, reaching a level not seen in over two decades, while achieving a record \$12.1 million in Adjusted Net Income.

This operational momentum has been recognized by the market, with the Company's share price reaching a multi-decade high, nearly doubling during the fiscal year. To lock in these gains, the Company leveraged its strong financial position to execute a Clean Slate strategy, securing pension obligations and selling certain subsidiaries with legacy asbestos liabilities to clear the path for sustained future growth.

2025 Financial Scorecard (Continuing Operations)

To measure the effectiveness of our strategic initiatives, Management monitors several key performance indicators. The following metrics highlight the significant year-over-year improvements achieved in 2025:

Results of Operations

Net Sales

Net sales for 2025 were \$258.1 million.

- **Historical Context:** These results represent the highest revenue levels achieved by the Company since the early 2000s.
- **Residential Segment:** Growth was driven by the continued market adoption of high-efficiency condensing boilers, specifically the Alta and Phantom II product families. Sales of these residential condensing products grew by double digits year-over-year.
- **Commercial Segment:** Results reflect our strategic investment in a dedicated Engineered Products Sales Organization. This initiative is driving improvements in our rep network, enhancing support for our broad portfolio of commercial products.

Operational Highlights

- **Manufacturing Efficiency:** Our residential and commercial operations continued to drive efficiency improvements through targeted equipment upgrades and process optimizations focused on reducing waste and improving throughput.
- **Network Optimization:** To further streamline operations, the Company completed the wind-down of Crown Boiler, LLC (Crown) in Philadelphia, PA, allowing the Company to harness the manufacturing capabilities of our primary Lancaster, PA campuses.
- **Labor Relations:** Approximately 55% of the Company's workforce is covered by collective bargaining agreements. Following the close of the fiscal year, the Company successfully renewed a contract covering 17% of this unionized population, securing continued labor stability.

Adjusted Profitability (Non-GAAP)

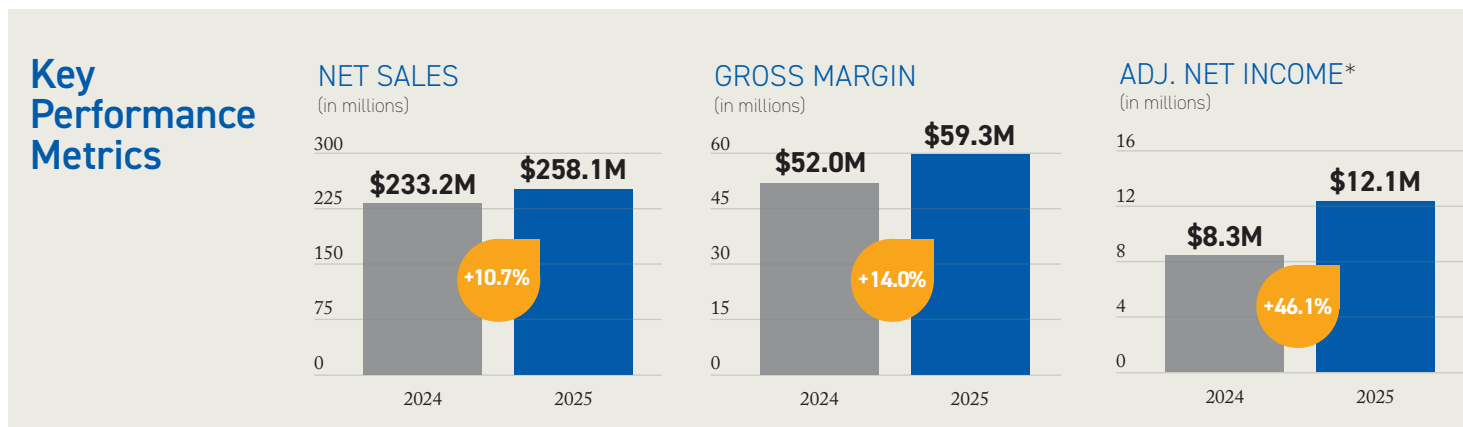
To provide a clearer view of the Company's underlying operating performance, Management focuses on Adjusted Net Income, which excludes one-time strategic charges.

- **Record Performance:** On this adjusted basis, the Company achieved Net Income of \$12.1 million, a 46.1% increase over the prior year.
- **Drivers:** This performance was driven by higher sales volumes, a favorable mix shift toward high-efficiency products, and manufacturing efficiencies at the Lancaster campus.

Impact of Strategic Transactions (GAAP Reconciliation)

While the underlying business delivered strong profits, reported GAAP Net Income reflects the significant, one-time costs associated with de-risking the balance sheet.

- **The Strategy:** A "Purchase of Clarity" Management executed a deliberate strategy to permanently eliminate long-tail volatility. This involved two major actions:
- **Pension Risk Transfer:** The Company settled legacy pension obligations through a non-cash settlement charge of \$23.0 million, removing a substantial portion of this liability from the books.



- **Legacy Liability Divestiture:** BHI divested a majority (substantial portion) of its subsidiaries' legacy asbestos liabilities. This action resulted in a reported loss on divestiture of approximately \$23.5 million.

The Result

Although these charges resulted in a reported GAAP Net Loss of \$21.5 million, they are non-recurring. By absorbing these costs in 2025, the Company has cleared the path for future earnings to more closely track operational cash flow, unburdened by legacy noise.

Adjusted Selling, General, and Administrative Expenses (Non-GAAP SG&A)

SG&A expenses were \$43.8 million. The year-over-year increase reflects planned strategic investments to support long-term growth initiatives, including investments in Product Development and the expansion of the commercial and industrial sales teams.

Debt & Covenant Compliance

Proceeds from the sale of Thermo Products and Norwood Manufacturing were applied to reduce outstanding debt and support the divestiture of legacy liabilities.

- **Total Debt:** Total debt was reduced to \$11.6 million, down from \$22.4 million in the prior year.
- **Compliance Status:** As of December 31, 2025, the Company was in compliance with all financial covenants under its lending agreements.

Capital Expenditures

Capital expenditures for 2025 were \$9.2 million.

- **Investing in Our Focus:** Spending was primarily directed toward the completion of the Condensing Center of Excellence (CCE) in Lancaster, PA. This 45,000-square-foot expansion cements the Company's ability to scale production of its flagship high-efficiency residential products.
- **2026 Outlook:** Capital expenditures for 2026 are budgeted at approximately \$8.9 million.

Shareholder Returns & Governance Dividends

The Company continues to prioritize dividends as the primary vehicle for returning capital to shareholders. In 2025, the Board of Directors declared dividends totaling:

- \$0.92 per share for Class A and Class B common stock.
- \$3.00 per share for Preferred stock.

These declarations reflect the Board's commitment to a stable and reliable return of capital, supported by the Company's sustained cash flow generation.

The 2026 Annual Meeting of Shareholders is scheduled for April 27, 2026.

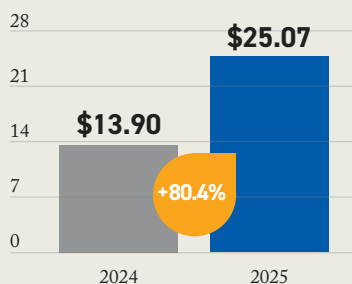
Non-GAAP Reconciliation

(In thousands, except per share amounts)
(Unaudited)

	2025
Net sales of continuing operations	\$ 258,107
Selling, general and administrative expenses (SG&A)	\$ 48,755
Litigation settlement reserve	5,000
Adjusted SG&A	\$ 43,755
Adjusted SG&A as a percent of net sales	17.0%
EBITDA	\$ (32,739)
Adjustments:	
Gain on derivative mark to market	(737)
Pension settlement	22,998
Loss on divestiture of legacy liabilities and certain assets	23,470
Litigation settlement reserve	5,000
Impairment loss	3,921
Adjusted EBITDA	\$ 21,913
Adjusted EBITDA as a percent of net sales	8.5%
Loss from continuing operations, net of tax	\$ (29,430)
Adjustments, net of tax	41,536
Adjusted loss from continuing operations, net of tax	\$ 12,106
Diluted weighted-average shares outstanding	4,682
Dilutive securities assuming income from cont ops	67
Adjusted diluted weighted-average shares outstanding	4,749
Diluted earnings per share	\$ (6.29)
Adjusted diluted earnings per share	\$ 2.55

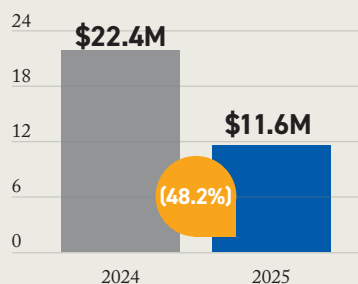
YEAR-END SHARE PRICE

(in millions)



TOTAL DEBT

(in millions)



CRITICAL ACCOUNTING ESTIMATES

The Company's consolidated financial statements are based on the selection and application of significant accounting policies that currently affect the presentation of the Company's financial condition and results of operations, which require management to make significant estimates and assumptions. Management believes that the following are some of the more critical judgment areas in the application of accounting policies that currently affect the presentation of the Company's financial condition and results of operations. The figures presented herein are set forth on a consolidated basis unless otherwise stated.

Medical Health Coverage: The Company and its subsidiaries are self-insured for most of the medical health benefits offered to employees. The Company's exposure is limited to \$275,000 per occurrence under third-party stop-loss coverage. The Company retains various third-party providers for the administration of its health coverage. The costs of these various plans and administrative charges are expensed monthly.

Retiree Health Benefits: Prior to 2006, the Company provided certain medical benefits to a closed group of Medicare-eligible retirees. Beginning in 2006, the Company began to pay a fixed annual amount that assists this group 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 consolidated 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. For these policies, which cover periods through mid-2026, the Company's retained liability is for the first \$100,000 per occurrence of product liability and for the first \$100,000 per occurrence of environmental claims, and a total exposure of \$750,000 per occurrence for workers' compensation in Ohio and Pennsylvania (fully insured for workers' compensation in all other states). Property insurance deductibles range from \$50,000 to \$500,000 per occurrence. All policies and corresponding deductible levels are reviewed on an annual basis. Third-party administrators, approved by the Company and the insurance carriers, handle workers' compensation 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 the administrators and adjusts recorded reserves as required. At this time, the Company believes that its insurance policies and associated reserves for product, general, workers' compensation, and property liabilities are reasonable based on the information currently available.

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.

On February 25, 2026, the Company announced that a wholly-owned subsidiary has commenced a voluntary filing for protection under Chapter 11 of the U.S. Bankruptcy Code. Under the Chapter 11 process, Crown will not conduct ongoing operations, as manufacturing and business activities have previously been wound down. The court-supervised process is intended to facilitate an orderly resolution of the subsidiary's remaining obligations and liabilities. The Company expects this action to reduce remaining legacy exposures. Due to the timing and nature of the filing, the Company cannot estimate the financial impact of the filing at this time. The voluntary bankruptcy filing is considered an Event of Default under current lending agreements, and the Company has received a waiver for this from its banking group.

On December 31, 2025, the Company announced it had funded and divested a majority (substantial portion) of its subsidiaries' legacy asbestos liabilities by selling certain of its subsidiaries with legacy liabilities to an independent third-party and the divested entities are no longer consolidated in the Company's results effective December 31, 2025 as the Company no longer owns or controls the divested entities. This transaction allows the Company to address these legacy asbestos liabilities by transferring the Legacy Subs to an independent third party with adequate resources to manage the legacy liabilities.

The Company will have no further financial exposure to the legacy liabilities subject to this transaction, which will be fully managed and administered by the independent third party.

On August 3, 2023, a jury rendered a verdict against one of the Company's subsidiaries for alleged asbestos-related lung cancer damages. The gross verdict (without regard to setoff or apportionment reductions) equated to \$31.5 million of compensatory damages and \$6.5 million of punitive damages. On October 21, 2025, the New York Court of Appeals denied Burnham LLC's, at that time a wholly-owned subsidiary of the Company, petition for leave to appeal the verdict that was entered against the company in *Maffei v. A.O. Smith Water Prods. Co.* (In re N.Y.C. Asbestos Litigation) matter. Prior to this appeal, Burnham LLC filed an appeal to the Appellate Division, First Judicial Department who affirmed the trial's verdict. Although the verdict was rendered at trial, Burnham LLC had a reasonable belief that there was a high probability of post-verdict relief on the damages in the appeals process based on advice of third-party experts and their analysis of prior case law. The compensatory portion of damages is insured by applicable policies. On November 6, 2025, the insurer paid the full amount of the award, including punitive damages totaling \$7.9 million after accounting for pre- and post-judgment interest. Although Burnham LLC continues to vigorously pursue coverage from its applicable insurance policies to pay for cost of the awarded punitive damages, including through litigation in the Eastern District of Pennsylvania, the Company has set a reserve of \$5.0 million for its indemnification exposure in the event the insurers are unwilling to negotiate a settlement in good faith.

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 material 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 are required 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 remedial actions at disposal areas containing waste materials from their current or former operations. It is not uncommon in the normal course of business for the Company and its subsidiaries to work with government entities to remediate any issues identified. In the past five years, the Company has not received any notice that it or its subsidiaries might be responsible

for new or additional remedial cleanup actions under government supervision. 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, and no reserves have been established.

Prior to December 31, 2025, Burnham LLC entered into an agreement with the New Jersey Department of Environmental Protection to clean up portions of a formerly owned site in Elizabeth, New Jersey. In 2009, our insurance carrier established and funded a trust account to fund anticipated future site activities. Up to December 31, 2025, all costs associated with the cleanup were reimbursed by insurance proceeds. This legacy liability was included in the legacy liability divestiture announced by the Company on December 31, 2025. While the Company believes it will no longer have exposure to this liability, it is possible at an unknown future date that the insurer will no longer cover the cost of remediation and the Company will need to indemnify the buyer for this specific legacy liability.

MANAGEMENT'S REPORT

Management is responsible for the preparation, as well as the integrity and objectivity, of the Burnham Holdings, Inc. consolidated financial statements. These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and necessarily include amounts which represent the best estimates and judgments of management.

The Company maintains an accounting system and related system of internal controls to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial records are reliable for preparing consolidated financial statements and maintaining accountability for assets. Reasonable assurance recognizes that the cost of a system of internal controls should not exceed its benefits and that the evaluation of these factors requires estimates and judgments by management. The internal control system includes the selection and training of management and supervisory personnel; an organizational structure providing for delegation of authority and establishment of responsibilities; communication of requirements for compliance with approved accounting control and business practices throughout the organization; business planning and review; and a program of internal audit.

Baker Tilly US, LLP, independent auditors, are engaged to audit and report on these consolidated financial statements. Their audit is conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The Audit Committee of the Board of Directors meets regularly with management and the independent auditors to review matters relating to financial reporting, internal controls, and auditing. Management and the independent auditors each have direct and confidential access to this Committee.



Christopher R. Drew
President and CEO



Nicholas I. Ribich
Vice President and CFO

February 27, 2026

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Burnham Holdings, Inc.

Opinion

We have audited the consolidated financial statements of Burnham Holdings, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, comprehensive (loss) income, shareholders' equity and cash flows for the years ended December 31, 2025, 2024 and 2023, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

During 2025, the Company undertook several significant transactions, which significantly impacted the current year financial results and impact how the Company will operate in the future. As discussed in Note 3, the Company divested two operating subsidiaries, which resulted in a significant gain on disposal and required discontinued operations presentation and disclosures. As discussed in Note 4, certain of the Company's subsidiaries underwent reorganizations and the Company divested certain subsidiaries that held primarily asbestos related assets and liabilities, which resulted in a significant loss on disposal. As discussed in Note 15, the Company partially terminated its defined benefit pension plan, which resulted in settlement accounting and a significant loss upon termination. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of

assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements. In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information includes the Letter to Our Shareholders Company Profile, Financial Highlights, Review of Operations, Critical Accounting Estimates, Management's Report, Adjusted Five-Year Summary and Investor & Shareholder Information sections on pages 1-15 and pages 35-38, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Baker Tilly US, LLP

Lancaster, Pennsylvania
February 27, 2026

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 2025, 2024 and 2023

(In thousands, except per share amounts)

	2025	2024	2023
Net sales	\$ 258,107	\$ 233,211	\$ 222,666
Cost of goods sold	198,793	181,164	169,661
Gross profit	59,314	52,047	53,005
Selling, general and administrative expenses	48,755	40,263	39,139
Loss on divestiture of legacy liabilities and certain assets	23,470	–	–
Impairment loss	3,921	–	2,298
Operating (loss) income	(16,832)	11,784	11,568
Other (expense) / income:			
Non-service related pension (expense) credit	20	369	57
Pension settlement	(22,998)	–	–
Gain on derivative mark to market	737	–	–
Interest and investment gain (loss)	1,010	892	872
Interest expense	(638)	(2,069)	(2,733)
Other (expense) income	(21,869)	(808)	(1,804)
(Loss) income from continuing operations before income tax	(38,701)	10,976	9,764
Income tax (benefit) expense	(9,271)	2,688	2,410
(Loss) income from continuing operations	(29,430)	8,288	7,354
Income from discontinued operations, net of tax	1,038	3,664	2,072
Gain on sale of discontinued operations, net of tax	6,937	–	–
Income from discontinued operations, net of tax	7,975	3,664	2,072
Net (loss) income	\$ (21,455)	\$ 11,952	\$ 9,426
(Loss) earnings per share:			
Basic			
(Loss) income from continuing operations	\$ (6.29)	\$ 1.78	\$ 1.59
Income from discontinued operations	1.70	0.79	0.45
Basic (loss) earnings per share	\$ (4.59)	\$ 2.57	\$ 2.04
Diluted			
(Loss) income from continuing operations	\$ (6.29)	\$ 1.76	\$ 1.57
Income from discontinued operations	1.70	0.79	0.45
Diluted (loss) earnings per share	\$ (4.59)	\$ 2.55	\$ 2.02
Cash dividends per share	\$ 0.92	\$ 0.92	\$ 0.88

The accompanying notes are integral to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

Years ended December 31, 2025, 2024 and 2023

(In thousands, except per share amounts)

	2025	2024	2023
Net (loss) income	\$ (21,455)	\$ 11,952	\$ 9,426
Other comprehensive income (loss), net of tax:			
Pension liability	16,685	3,818	3,165
Post-retirement medical liability	21	56	73
Interest rate swaps	(1,166)	(26)	(357)
	15,540	3,848	2,881
Comprehensive (loss) income	\$ (5,915)	\$ 15,800	\$ 12,307

The accompanying notes are integral to the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

December 31, 2025 and 2024

(In thousands)

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,657	\$ 6,329
Trade accounts receivable, net	29,065	23,858
Inventories, net	37,442	46,962
Costs in excess of billings	507	141
Prepaid expenses and other current assets	6,556	4,394
Current assets of discontinued operations	–	12,747
Total Current Assets	81,227	94,431
Property, plant and equipment, net	69,306	65,972
Lease assets	6,014	6,005
Other long-term assets	18,772	22,261
Long-term assets of discontinued operations	–	5,667
Total Assets	\$ 175,319	\$ 194,336
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable & accrued expenses	\$ 41,243	\$ 32,264
Billings in excess of costs	261	1,698
Current liabilities of discontinued operations	–	3,245
Current portion of:		
Long-term liabilities	87	772
Lease liabilities	1,571	1,348
Long-term debt	184	184
Total Current Liabilities	43,346	39,511
Long-term debt	11,373	22,273
Lease liabilities	4,443	4,657
Other long-term liabilities	4,860	4,823
Deferred income taxes	7,710	9,352
Long-term liabilities of discontinued operations	–	441
Shareholders' Equity		
Preferred Stock	530	530
Class A Common Stock	3,654	3,633
Class B Convertible Common Stock	1,293	1,311
Additional paid-in capital	10,055	10,799
Retained earnings	103,031	128,884
Accumulated other comprehensive loss	(5,280)	(20,820)
Treasury stock, at cost	(9,696)	(11,058)
Total Shareholders' Equity	103,587	113,279
Total Liabilities and Shareholders' Equity	\$ 175,319	\$ 194,336

The accompanying notes are integral to the consolidated financial statements.

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
Balance at December 31, 2022	\$ 530	\$3,626	\$1,318	\$11,928	\$ 115,999	\$(27,549)	\$(13,292)	\$ 92,560
Net income	-	-	-	-	9,426	-	-	9,426
Other comprehensive income, net of tax	-	-	-	-	-	2,881	-	2,881
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	(18)	-	-	(18)
Common stock - (\$0.23 per share)	-	-	-	-	(4,116)	-	-	(4,116)
Share-based compensation:								
Expense recognition	-	-	-	702	-	-	-	702
Issuance of vested shares	-	-	-	(861)	-	-	861	-
Conversion of common stock	-	7	(7)	-	-	-	-	-
Balance at December 31, 2023	\$ 530	\$3,633	\$1,311	\$11,769	\$ 121,291	\$(24,668)	\$(12,431)	\$101,435
Net income	-	-	-	-	11,952	-	-	11,952
Other comprehensive income, net of tax	-	-	-	-	-	3,848	-	3,848
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	(18)	-	-	(18)
Common stock - (\$0.23 per share)	-	-	-	-	(4,341)	-	-	(4,341)
Share-based compensation:								
Expense recognition	-	-	-	474	-	-	-	474
Issuance of vested shares	-	-	-	(1,444)	-	-	1,373	(71)
Balance at December 31, 2024	\$ 530	\$3,633	\$1,311	\$10,799	\$ 128,884	\$(20,820)	\$(11,058)	\$113,279
Net loss	-	-	-	-	(21,455)	-	-	(21,455)
Other comprehensive income, net of tax	-	-	-	-	-	15,540	-	15,540
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	(18)	-	-	(18)
Common stock - (\$0.23 per share)	-	-	-	-	(4,380)	-	-	(4,380)
Share-based compensation:								
Expense recognition	-	-	-	672	-	-	-	672
Issuance of vested shares	-	3	-	(1,416)	-	-	1,362	(51)
Conversion of common stock	-	18	(18)	-	-	-	-	-
Balance at December 31, 2025	\$ 530	\$3,654	\$1,293	\$10,055	\$103,031	\$(5,280)	\$(9,696)	\$103,587

The accompanying notes are integral to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2025, 2024 and 2023

(In thousands, except per share amounts)

	2025	2024	2023
Cash flows from operating activities:			
Net (loss) income	\$ (21,455)	\$ 11,952	\$ 9,426
Income from discontinued operations, net of tax	7,975	3,664	2,072
(Loss) income from continuing operations	\$ (29,430)	\$ 8,288	\$ 7,354
Adjustments to reconcile (loss) income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	5,324	4,946	4,541
Impairment loss	3,921	–	2,298
Pension settlement, net of tax	17,708	–	–
Deferred income taxes	(3,825)	(224)	(497)
Provision for long-term employee benefits	(57)	(434)	(22)
Share-based compensation expense	1,189	474	702
Other reserves and allowances	1,703	1,739	(91)
Changes in current assets and liabilities:			
(Increase) decrease in accounts receivable, net	(5,208)	3,163	(1,277)
Decrease in inventories, net	7,649	979	4,212
(Increase) decrease in other current assets	(1,705)	(1,987)	1,740
Increase in accounts payable and accrued expenses	4,098	4,918	893
Net cash provided by operating activities of continuing operations	1,367	21,862	19,853
Net cash (used) provided by operating activities of discontinued operations	(30)	248	1,269
Net cash provided by operating activities	1,337	22,110	21,122
Cash flows from investing activities:			
Capital expenditures	(9,200)	(10,902)	(8,106)
Business acquisitions	(447)	(1,100)	(2,277)
Other Investing Activities	–	–	(150)
Net cash used by investing activities of continuing operations	(9,647)	(12,002)	(10,533)
Net cash provided (used) by investing activities of continuing operations	7	(250)	(1,264)
Proceeds from sale of discontinued operations	24,980	–	–
Net cash provided (used) by investing activities	15,340	(12,252)	(11,797)
Cash flows from financing activities:			
Net activity from revolving credit facility	(10,716)	(4,774)	(6,305)
Repayment of term loan	(184)	(184)	–
Share-based compensation activity	(51)	(71)	–
Dividends paid	(4,398)	(4,359)	(4,134)
Net cash (used) provided by financing activities	(15,349)	(9,388)	(10,439)
Net increase (decrease) in cash and cash equivalents	\$ 1,328	\$ 472	\$ (1,119)
Cash and cash equivalents, beginning of period	\$ 6,329	\$ 5,857	\$ 6,976
Net increase (decrease) in cash and cash equivalents	1,328	472	(1,119)
Cash and cash equivalents, end of period	\$ 7,657	\$ 6,329	\$ 5,857

The accompanying notes are integral to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Burnham Holdings, Inc. (the Company) is the parent company of multiple subsidiaries that are leading domestic manufacturers of boilers for residential applications. Additionally, through its various subsidiaries it serves the commercial / industrial boiler markets with a variety of boiler products, rental trailers and boiler room services.

The Company and its subsidiaries have approximately 700 employees nationwide, of which approximately 55% are union employees covered through separate collective bargaining agreements. Generally, the agreements are for three-year periods and expire at different times. The Company has two collective bargaining agreements expiring in 2026. The first agreement covering approximately 17% of union employees was renewed on January 25, 2026, while the second agreement covering approximately 22% of union employees expires on October 4, 2026.

All numbers presented as noted may not recalculate or foot due to rounding.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation:

The consolidated financial statements include the accounts of the Company and subsidiaries. All intercompany accounts and material intercompany transactions have been eliminated. The Company does not have any unconsolidated legal entities, joint ventures, special-purpose entities or off-balance sheet financial arrangements.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

Discontinued Operations: In accordance with Accounting Standards Codification (“ASC”) Subtopic 205-20 “Discontinued Operations,” the results of operations of businesses that are divested are reported as discontinued operations if the disposal represents a strategic shift that will have a major effect on the entity’s operations and financial results. When a business is identified for discontinued operations reporting: (i) results for prior periods are retrospectively reclassified as discontinued operations; (ii) results of operations are reported in a single line, net of tax, in the consolidated statement of operations; and (iii) assets and liabilities are reported as assets or liabilities of discontinued operations in the consolidated balance sheets.

Cash and Cash Equivalents: The Company considers all highly liquid investments with a maturity of 90 days or less to be cash equivalents. Included in cash are investments in short-term, liquid assets whose balances are based on costs which approximate current market values. The total of these investments was \$4.9 million and \$4.4 million as of December 31, 2025 and 2024, respectively.

The Company utilizes various zero-balancing bank accounts with certain financial institutions to manage its cash disbursements. From time to time, checks disbursed from these accounts result in a negative cash balance or book overdraft positions until funds are transferred into the accounts as checks are subsequently presented for payment. The Company includes these negative balances as a component of accounts payable.

Trade Accounts Receivable: Trade accounts receivable are recorded at the invoice price, net of allowances for credit losses and discounts, and do not bear interest. The allowance for credit losses is the Company’s best estimate of the amount of probable credit losses in accounts receivable and is reviewed monthly. Such allowance is based on the credit losses expected to arise over the life of the receivables which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Receivable balances are written off against the allowance when management believes it is probable the receivable will not be recovered. The Company’s subsidiaries generally pool all of their receivables into a single pool based on similar risk characteristics in estimating the expected credit losses. In situations where a receivable would not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change. The Company’s subsidiaries generally utilize the loss rate method in determining lifetime expected credit losses on receivables. This method is used for calculating an estimate of losses based primarily on historical loss experience. In determining loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, customer creditworthiness, changes in the terms of receivables, and effect of other external forces such as competition. The Company does not have any off-balance sheet credit exposure related to its customers.

Inventories: As of December 31, 2025 and 2024, approximately 90% and 83%, respectively, of the Company’s inventories are valued using the LIFO method. The remainder of the Company’s inventories are valued on the first-in, first-out (FIFO) method. The subsidiaries periodically review their inventories and make provisions for estimated obsolescence and slow-moving parts.

Property, Plant and Equipment, Net: Property, plant and equipment is recorded at cost, net of accumulated depreciation and amortization. Depreciation is generally determined using the straight-line method over the estimated useful lives of the assets although certain machinery and equipment are being depreciated using the units of production method. The estimated useful lives of each class of property, plant and equipment generally consist of 30 years for buildings, 15 years for building and land improvements, 10 years for machinery and equipment and 5 to 7 years for all other

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

items. Accelerated methods of depreciation are used for income tax purposes.

Goodwill: Goodwill represents the excess of acquisition cost over the fair value of the net assets purchased in a business combination. Goodwill is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company may first evaluate qualitative factors in determining whether or not goodwill is impaired. A quantitative impairment test is required only if the Company concludes that it is more likely than not that a reporting unit's fair value is less than its carrying amount. The Company may also elect to bypass the qualitative test and move directly to a quantitative test of goodwill impairment. An election to bypass the qualitative test in a given year does not preclude the Company from taking the qualitative approach in the following year. When a quantitative assessment is performed, goodwill is evaluated for impairment based on financial data related to the reporting unit to which it has been assigned. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and an impairment loss is recognized for the amount by which the carrying amount exceeds the fair value, limited to the total goodwill allocated to the reporting unit. Please refer to Note 8 for further details regarding goodwill.

Long-lived Assets: The Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such review. If the carrying value of a long-lived asset is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset for assets to be held and used. The Company also reviews the useful life of its long-lived assets when events and circumstances indicate that the actual useful life may be shorter than originally estimated. If the actual useful life is deemed to be shorter than the original useful life, depreciation is adjusted prospectively so that the remaining book value is depreciated over the revised useful life. Please refer to Note 8 for further details regarding long-lived assets.

Workers' Compensation: The Company and its subsidiaries use a combination of self-insurance and externally purchased insurance policies to provide coverage for their employees. In those states where the Company and its subsidiaries are self-insured, a state-approved third party is retained to oversee the administration of the plan. The Company maintains excess liability insurance to limit its total exposure per occurrence. The liability recorded on the consolidated financial statements represents an estimate of the ultimate cost of claims incurred as of the reporting date, after giving effect to anticipated insurance recoveries. The Company reviews these liabilities periodically in conjunction with the plan administrators and adjusts recorded allowances as required. Allowances for self-insured claims are based on the information currently available.

Advertising: Costs are expensed as incurred within Selling, general and administrative expenses.

Shipping and Handling Costs: The subsidiaries charge certain customers shipping and handling fees which are included in Net sales. Certain costs associated with receiving material and shipping goods to customers are recorded as Cost of goods sold. For the years ended December 31, 2025, 2024 and 2023, these receiving and shipping costs were \$10.2 million, \$9.5 million and \$10.0 million, respectively.

Income Taxes: Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between (1) the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and (2) operating losses and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Deferred income tax assets are reduced by a valuation allowance if, in the judgment of the Company's management, it is more likely than not that such assets will not be realized.

The Company accounts for uncertainty in income taxes using Financial Accounting Standards Board (FASB) guidance, which clarifies recognition by prescribing the threshold a tax position is required to meet before being recognized in the consolidated financial statements. Tax benefits recognized in the statements are measured based on the largest benefit that cumulatively has a greater than 50% likelihood of being sustained in a tax examination, with a tax examination being presumed to occur.

On January 1, 2025, the Company adopted Accounting Standards Update (ASU) No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU No. 2023-09 enhances the transparency and decision usefulness of income tax disclosures. The amendments in this ASU require consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. Please refer to Note 5 for further details on income taxes.

Company Loans: Loans from the Company to any employee or director are prohibited as a matter of policy and by the Company's charter, unless approved by shareholders who are not directors. There were no loans outstanding as of December 31, 2025 and 2024.

Reclassifications: Certain prior year numbers have been reclassified to conform to current year presentation. There was no change to the previously reported net income as a result of these reclassifications.

Recent Accounting Pronouncements: During November 2024 and January 2025, the FASB issued ASU No. 2024-03, Disaggregation of Income Statement Expenses and ASU 2025-01, Clarifying the Effective Date, respectively. ASU No. 2024-03 improves disclosures about a public business entity's expenses and addresses requests from investors for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions (such as cost of sales,

selling, general and administrative, and research and development). ASU No. 2024-03, as clarified by ASU 2025-01, is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently assessing the effect that ASU No. 2024-03, as clarified by ASU 2025-01, will have on its results of operations, financial position and cash flows.

During July 2025, the FASB issued ASU No. 2025-05, Measurement of Credit Losses for Accounts Receivable and Contract Assets. ASU No. 2025-05 provides all entities with a practical expedient when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606 Revenue from Contracts with Customers. ASU No. 2025-05 is effective for annual reporting periods beginning after December 15, 2025. The Company does not believe that the adoption of ASU No. 2025-05 will have a material effect on its results of operations, financial position and cash flows.

During December 2025, the FASB issued ASU No. 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements. ASU No. 2025-11 clarifies interim disclosure requirements and the applicability of Interim Reporting (Topic 270). ASU No. 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. The Company does not expect this ASU will have a significant impact on its results of operations, financial position or cash flows. The Company is currently assessing the effect that this ASU will have on the associated interim note disclosures.

Subsequent Events: The Company has evaluated subsequent events occurring after December 31, 2025 through February 27, 2026. All material required events have been recorded or disclosed in the Company's consolidated financial statements.

On February 25, 2026, the Company announced that Crown Boiler Company, LLC (Crown), a wholly-owned subsidiary, has commenced a voluntary filing for protection under Chapter 11 of the U.S. Bankruptcy Code. Under the Chapter 11 process, Crown will not conduct ongoing operations, as manufacturing and business activities have previously been wound down. The court-supervised process is intended to facilitate an orderly resolution of the subsidiary's remaining obligations and liabilities. The Company expects this action to reduce legacy exposures, streamline the organization and strengthen Burnham Holdings' overall financial flexibility. As discussed in Note 8, as part of the wind down, recognized impairments associated with Crown and there are no further adjustments needed to the December 31, 2025 financial statements. However, due to the timing and nature of the filing, the Company cannot estimate the financial impact of the filing at this time. The voluntary bankruptcy filing is considered an Event of Default under current lending agreements, and the Company has received a waiver for this from its banking group.

2. REVENUE

The Company accounts for revenue under ASC 606 - Revenue From Contracts With Customers (ASC 606). Revenue is measured based on the consideration that the Company and its subsidiaries expect to be entitled to in exchange for the goods or services transferred.

Disaggregated revenue by major source for the years ended December 31 (in thousands):

	2025		2024		2023	
Residential Products and Accessories	\$182,216	70.6%	\$157,358	67.5%	\$158,379	71.1%
Commercial/Industrial Products and Accessories	68,255	26.4%	67,065	28.8%	61,643	27.7%
Service and Rentals	7,636	3.0%	8,788	3.8%	2,644	1.2%
	\$258,107	100.0%	\$233,211	100.0%	\$222,666	100.0%

Revenue is primarily derived from sales in the United States, with a concentration of these domestic sales located in the Northeast quadrant of the nation. The majority of sales are to wholesale distributors who, in turn, market to builders, heating contractors, utilities, and fuel dealers for resale to end-use customers. Commercial products are sold primarily through independent sales representatives, directly to contractors or end users. Service revenue is recognized on a percentage of completion basis, while rental revenue is recognized in accordance with the terms of the rental agreement. The Company's subsidiaries also market many of their products internationally, working in conjunction with selected independent sales representatives worldwide. International sales, which include Canada and Mexico, for the years ended December 31, 2025, 2024 and 2023 were 1.2%, 1.6% and 1.5% of reported sales, respectively. Sales to the ten largest customers amounted to \$137.4 million, \$100.0 million and \$94.8 million in 2025, 2024 and 2023, respectively.

For certain products supplied by our subsidiaries, the customer has a limited right to return standard products that for various reasons may not conform to specifications (e.g., damaged goods, incorrect product shipment, etc.). Each subsidiary recognizes returns as a reduction in revenue when goods are returned by the customer. There is no reserve for returns, as there is normally a short time (30–45 days) between the original shipment of goods and their ultimate return, and thus any impact on the consolidated financial statements would be immaterial.

Some subsidiaries of the Company engage in volume and incentive rebate programs that result in payments or credits being issued throughout the year to their customers. The amounts due under these programs are either estimated based on historical patterns or on actual

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sales volumes during the year and are recorded as a reduction in sales revenue in the period incurred. The Company records a contract liability for rebates expected to be paid to its customers.

Also, certain subsidiaries offer standard warranties that the product will meet published specifications for a defined period of time after delivery. These warranties do not represent separate performance obligations, and the Company's subsidiaries establish reserves for potential warranty claims based on historical experience.

Service contracts may result in contract assets or liabilities over time depending on the percentage of completion of those jobs and the amount billed to the customer.

The Company has elected the practical expedient in ASC 606-10-50-14 and does not disclose any information about any remaining performance obligations that have original expected durations of one year or less. The Company applies the practical expedient in ASC 340-40-25-4 and recognizes the incremental costs of obtaining contracts as selling expense when incurred when the amortization period over which the Company otherwise would have recognized is one year or less. The Company also applies the practical expedient in ASC 606-10-32-18 to not adjust the amount received in a contract for any financing component, as the Company expects all consideration to be received in one year or less at contract inception. Lastly, the Company applies the practical expedient in ASC 606-10-25-18B to treat shipping and handling costs as a fulfillment cost and not as a separate performance obligation.

3. DISCONTINUED OPERATIONS

At the beginning of 2025, the Company undertook a strategic review of its manufacturing operations in light of its long-term strategic vision to focus on its core boiler business while expanding its commercial and industrial rental and service operations. As a result, the Company determined that it would exit the warm air furnace market. On May 2, 2025, the Company entered into a definitive agreement to divest substantially all of the assets of its Thermo Products, LLC (TP) and Norwood Manufacturing, Inc. (NMI) subsidiaries to R.W. Beckett Corporation (RWB) for all-cash consideration of \$27.6 million, subject to customary adjustments. Net proceeds from the sale of discontinued operations are recorded in the Consolidated statement of cash flow as noted below (in thousands):

Closing purchase price	\$ 27,611
Transaction expenses	1,165
Escrows	887
Working capital adjustments	579
<u>Net proceeds from sale of discontinued operations</u>	<u>\$ 24,980</u>

The Company has included the return of escrow amounts in the calculation of the gain on sale and recorded the remaining escrow amounts as receivables. The gain on sale may be adjusted in a future period depending on the outcome of the escrow matter.

Income from discontinued operations, net of tax in the Consolidated statements of operations reflects the after-tax results of the TP and NMI businesses and does not include any allocation of general corporate overhead expense or interest expense of the Company.

The following table summarizes the results of operations of the TP and NMI businesses that are being reported as discontinued operations:

	2025	2024	2023
Net sales	\$11,518	\$ 36,974	\$ 30,316
Cost of goods sold	7,840	27,987	23,562
Gross profit	3,678	8,987	6,754
Selling, general and administrative expenses	2,312	4,267	3,998
Income from discontinued operations	1,366	4,720	2,756
Gain on sale of discontinued operations	9,128	—	—
Income tax expense	2,519	1,056	684
Net income from discontinued operations	<u>\$ 7,975</u>	<u>\$ 3,664</u>	<u>\$ 2,072</u>

The following table summarizes the assets and liabilities of the TP and NMI businesses that are being reported as discontinued operations:

	2024
Cash and cash equivalents	\$ 21
Trade accounts receivable, net	4,748
Inventories, net	7,946
Prepaid expenses and other current assets	32
Current assets of discontinued operations	<u>12,747</u>
Property, plant and equipment, net	4,172
Other long-term assets	1,495
Long-term assets of discontinued operations	<u>5,667</u>
Total assets of discontinued operations	<u>\$ 18,414</u>
Accounts payable & accrued expenses	\$ 3,245
Deferred income taxes	441
Total liabilities of discontinued operations	<u>\$ 3,686</u>

4. LEGACY LIABILITIES

As part of the Company's strategic initiatives to refocus its boiler business, the Company announced on December 31, 2025 it had funded and divested a majority (substantial portion) of its subsidiaries' legacy asbestos liabilities by selling certain of its subsidiaries with legacy liabilities (Legacy Subs) to Burnham Industries, LLC (BI), an affiliate of FARA Burnham Holdings LLC (FARA). BI and FARA are not affiliated with the Company and the divested entities are no longer consolidated in the Company's results effective December 31, 2025 as the Company no longer owns or controls the divested entities.

Under the terms of the agreement, the Legacy Subs were capitalized with cash, real estate and certain insurance related to these legacy liabilities. BI assumed full responsibility for managing the Legacy Subs, which will continue to resolve their current and future asbestos-related claims. A portion of the proceeds from the divestiture of the operating assets of TP and NMI were used to fund the transaction in order to neutralize the impact of this transaction on existing credit capacity.

This transaction allows the Company to address these legacy asbestos liabilities by transferring the Legacy Subs to BI with adequate resources to manage the legacy liabilities. The sale significantly reduced operating and financial risks and aligns with the Company's goals to simplify its corporate structure and redeploy capital toward core growth opportunities.

The Company will have no further financial exposure to the legacy liabilities subject to this transaction, which will be fully managed and administered by BI. As a result of the transaction, the Company recorded a loss on the divestiture of legacy liabilities and certain assets of \$23.5 million, including \$1.4 million of transaction expenses.

5. INCOME TAXES

Income tax (benefit) expense for the years ended December 31, consists of the following (in thousands):

	2025	2024	2023
Current:			
Federal	\$ (2,896)	\$ 2,022	\$ 2,032
State	(90)	858	694
	(2,986)	2,880	2,726
Deferred:			
Federal	(5,459)	(159)	(275)
State	(826)	(33)	(41)
	(6,285)	(192)	(316)
Income tax (benefit) expense	\$ (9,271)	\$ 2,688	\$ 2,410

As discussed in Note 1, on January 1, 2025, the Company adopted the provisions of ASU No. 2023-09. The Company is electing to retrospectively apply the provisions of ASU No. 2023-09.

The following table provides a reconciliation of the Company's federal statutory rate to its effective income tax rate for the years ended December 31 (in thousands):

	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
US Federal Statutory						
Income Tax Rate	\$ (8,127)	21.0%	\$ 2,305	21.0%	\$ 2,050	21.0%
Domestic Federal						
Research and						
development tax						
credits	189	(0.5%)	(222)	(2.0%)	(298)	(3.1%)
Nondeductible						
items	(176)	0.5%	47	0.4%	203	2.1%
State and Local Income						
Taxes, Net of Federal						
Income Tax Effect	(779)	2.0%	603	5.5%	505	5.2%
Other	(378)	1.0%	(45)	(0.4%)	(50)	(0.5%)
Total	\$ (9,271)	24.0%	\$ 2,688	24.5%	\$ 2,410	24.7%

Cash paid for taxes for the years ended December 31 is as follows (in thousands):

	2025	2024	2023
US federal	\$ 1,054	\$ 5,125	\$ –
US state and local:			
New York	161	456	–
Massachusetts	100	183	–
All other	320	812	(23)
Total	\$ 1,635	\$ 6,576	\$ (23)

The principal components of the Company's deferred income tax assets and liabilities as of December 31, include the following (in thousands):

	2025	2024
Deferred income tax assets	\$ 6,514	\$ 4,760
Valuation allowance	–	–
	6,514	4,760
Deferred income tax liabilities	(14,224)	(14,112)
	\$ (7,710)	\$ (9,352)

The tax effects of significant temporary differences representing deferred tax assets and liabilities are as follows:

	2025	2024
Depreciation	\$ (8,881)	\$ (8,390)
Vacation	336	467
Employee Benefits	164	174
Workers' Compensation	181	296
Pension	(1,611)	(1,914)
Inventory	(1,962)	(2,567)
Warranty	1,446	420
Fair Value of Swap	(154)	(333)
Other	2,771	2,495
Net deferred tax liability	\$ (7,710)	\$ (9,352)

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The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2025 and 2024, no accrued interest or penalties related to uncertain tax positions were recorded in the consolidated balance sheets.

The total amount of unrecognized tax benefits that would affect the effective tax rate if recognized is \$0.1 million in both years. The tax years 2022 to 2025 remain open to examination by major taxing jurisdictions to which the Company is subject.

6. CAPITAL STOCK AND EARNINGS PER SHARE

Capital Stock: The Company's Preferred Stock is 6% cumulative, voting, par value \$50.00 a share; is redeemable at \$52.50 a share; and is carried at its stated liquidation preference of \$50.00 a share. There are 10,600 shares authorized and issued, including 4,631 shares in Treasury Stock at December 31, 2025 and 2024.

The Company's Class A common stock (Class A) has a par value of \$1.00 per share; there are 9 million shares authorized. The Company's Class B convertible common stock (Class B) has a par value of \$1.00 per share; there are 4 million shares authorized.

Share information regarding the Company's common stock at December 31, was as follows:

	2025	2024
Class A Issued	3,653,518	3,633,499
Treasury Shares	(250,179)	(283,875)
Class A Outstanding	3,403,339	3,349,624
Class B Outstanding	1,292,914	1,310,712
Total Outstanding	4,696,253	4,660,336

The Company's Class A and Class B have similar rights except for voting rights and transferability. Class A has one vote per share. Class B has eight votes per share. A majority approval by the holders of Class B is required for certain corporate actions. Class B may be transferred only to Permitted Transferees, as defined in related documents, at the option of the holder of the Class B share. Other transfers of Class B result in the automatic conversion of the transferred shares into an equal number of shares of Class A. Class B can be converted at any time into Class A at the option of the holder.

The Company paid cash dividends of \$0.92 per share during the years ended December 31, 2025 and 2024 and \$0.88 per share during the year ended December 31, 2023 for its Class A and B shares. The Company paid cash dividends of \$3.00 per share during the years ended December 31, 2025, 2024 and 2023 for its Preferred shares.

Earnings Per Share: The computation of basic and diluted earnings per share for the years ended December 31, was as follows (in thousands except per share amounts):

	2025	2024	2023
(Loss) income from continuing operations	\$(29,430)	\$ 8,288	\$ 7,354
Income from discontinued operations, net of tax	7,975	3,664	2,072
Net (loss) income	\$(21,455)	\$ 11,952	\$ 9,426

Less: preferred share dividends	(18)	(18)	(18)
(Loss) income from continuing operations to common shareholders	\$(21,473)	\$ 11,934	\$ 9,408

Basic weighted-average shares outstanding	4,681	4,646	4,620
Effect of dilutive securities - share-based compensation plan	-	39	38
Diluted weighted-average shares outstanding	4,681	4,685	4,658

(Loss) earnings per share:

Basic			
(Loss) income from continuing operations	\$ (6.29)	\$ 1.78	\$ 1.59
Income from discontinued operations	1.70	0.79	0.45
Basic (loss) earnings per share	\$ (4.59)	\$ 2.57	\$ 2.04

Diluted

(Loss) income from continuing operations	\$ (6.29)	\$ 1.76	\$ 1.57
Income from discontinued operations	1.70	0.79	0.45
Diluted (loss) earnings per share	\$ (4.59)	\$ 2.55	\$ 2.02

Shares of common stock related to share-based compensation that were not included in the effect of dilutive securities because the effect would have been anti-dilutive were 0.1 million shares each of 2025 and 2024.

7. ADDITIONAL BALANCE SHEET INFORMATION

On August 4, 2023, the Company announced the acquisition of the net assets of Combustion Services, Inc. (CSI Services), located in York, PA, as a complementary addition to its rental boiler business launched in 2023. The amount of goodwill deductible for income tax purposes related to this acquisition was \$2.5 million. Net assets of CSI Services at the time of acquisition were reflective of fair value and not subject to any additional basis adjustment.

The following table reflects the recognized amounts of assets and liabilities assumed as of August 4, 2023 (in thousands):

CSI purchase price allocation:

Consideration:	
Cash	\$ 2,277
Future consideration	1,800
Fair value of total consideration transferred	\$ 4,077
Assets acquired and liabilities assumed	
Accounts receivable	\$ 1,109
Inventory	261
Costs in excess of billings	544
Other assets	60
PP&E	71
Accounts payable and accrued expenses	(242)
Billings in excess of costs	(254)
Total identifiable net assets	\$ 1,549
Goodwill	2,528
Total purchase price	\$ 4,077

Future consideration consisted of payments that were due to the seller at future dates at the time of the acquisition. Of the \$1.8 million, \$1.1 million was due and paid August 4, 2024 and \$0.7 million due August 4, 2025. The final payment was reduced by \$0.3 million for opening balance sheet adjustments, and the final payment of \$0.4 million was paid August 1, 2025. Acquisition costs of \$0.1 million related to the transaction were expensed in the Consolidated statement of income for the year ended December 31, 2023.

Inventories consisted of the following as of December 31, (in thousands):

	2025	2024
Raw materials and work in process	\$ 56,071	\$ 64,263
Finished goods	12,988	13,070
Inventory at lower of FIFO or net realizable value	69,059	77,333
Excess of FIFO over LIFO cost	(31,617)	(30,371)
Inventories, net	\$ 37,442	\$ 46,962

During 2025, as a result of the Company's strategic review of operations, the Company identified \$1.1 million of inventory related to product lines and components that the Company would no longer produce. The Company recognized an impairment charge of \$1.1 million related to this inventory, which is included in Impairment loss in the Consolidated statements of operations.

Inventory obsolescence reserves deducted from FIFO cost were \$1.9 million and \$1.7 million as of December 31, 2025 and 2024, respectively.

During 2025 and 2024, certain inventory quantities were reduced either in total or at specific subsidiaries. These reductions resulted in a liquidation of LIFO inventory quantities carried at different costs prevailing in prior years versus the current year cost in 2025 and 2024. The following table shows the impact of the LIFO liquidation for the year ended December 31 (in thousands):

	2025	2024
Decrease to Cost of goods sold	\$ (322)	\$ (42)
Increase to Net income	\$ 248	\$ 32
Increase to earnings per share:		
Basic	\$ 0.05	\$ 0.01
Diluted	\$ 0.05	\$ 0.01

Property, plant, and equipment, net consisted of the following as of December 31, (in thousands):

	2025	2024
Land and related improvements	\$ 7,738	\$ 7,676
Buildings and related improvements	55,151	50,473
Machinery and equipment	131,181	127,506
Rental assets	3,852	3,067
	197,922	188,722
Accumulated depreciation	(128,616)	(122,750)
Property, plant and equipment, net	\$ 69,306	\$ 65,972

Annual depreciation expense for the years ended December 31, 2025, 2024, and 2023 was \$5.9 million, \$4.9 million and \$4.5 million, respectively. Annual depreciation expense for 2025 includes \$0.5 million of accelerated depreciation as noted in Note 8.

8. GOODWILL, INTANGIBLE ASSETS AND LONG-LIVED ASSETS

Goodwill and intangible assets are included in Other long-term assets in the Company's Consolidated balance sheets. As noted in Note 3, at the beginning of 2025, the Company undertook a strategic review of its manufacturing operations, and on April 7, 2025 announced the wind down of operations at Crown Boiler, LLC (Crown) in Philadelphia, PA in order to optimize manufacturing operations in Lancaster, PA. As of December 31, 2025, operations at Crown have ceased. As a result of the wind down, the Company recorded impairment charges during 2025 related to the wind down as follows:

	2025
Goodwill	\$ 1,508
Property, plant and equipment, net	542
Inventory	757
Crown wind down impairment	\$ 2,807

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The Company determined that the wind down of Crown did not qualify for discontinued operations treatment as it did not result in a strategic shift that would have a major effect on operations or financial results on an ongoing basis.

During the fourth quarter 2023, the Company recognized a full impairment of \$2.3 million related to its investment in EnviroPower. All impairment charges noted above were recorded as Impairment loss on the Consolidated statements of operations and Consolidated statements of cash flows.

As discussed in Note 7, the acquisition of the net assets of CSI Services resulted in goodwill of \$2.5 million that is part of the Service and Rentals businesses.

Indefinite-lived intangible assets were \$3.6 million for the years ended December 31, 2025 and 2024.

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to risks from fluctuations in interest rates. To reduce exposure to such risks, the Company selectively uses derivative financial instruments. All derivative transactions are authorized and executed pursuant to regularly reviewed policies and procedures which prohibit the use of financial instruments for speculative trading purposes.

All derivative financial instruments are recognized on the Consolidated balance sheets at fair value. In accordance with ASC 815 – Derivatives and Hedging (ASC 815), the accounting for changes in the fair value of a derivative financial instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. Changes in the fair value of derivative financial instruments that are designated as cash flow hedges are initially recorded in Other comprehensive (loss) income (OCL/I) and subsequently reclassified into earnings when the hedged item affects income. The Company assesses, both at the inception of each hedge and on an ongoing basis, whether the derivative financial instruments that are designated as cash flow hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. No component of a designated hedging derivative financial instrument's gain or loss is excluded from the assessment of hedge effectiveness. Cash flow activity associated with the Company's derivative financial instruments is recorded in Cash flows from operating activities on the Consolidated statement of cash flow.

The notional and fair values of the Company's derivative financial instruments designated as cash flow hedging instruments under ASC Topic 815, at December 31, were as follows (in thousands):

Notional Value	2025	
	Other Long-Term Assets	Liabilities
\$ 15,000	\$ 737	\$ –
\$ 7,000	\$ –	\$ 67

Notional Value	2024	
	Other Long-Term Assets	Liabilities
\$ 15,000	\$ 1,382	\$ –
\$ 7,000	\$ 67	\$ –

Both interest rate swaps expire in the first quarter of 2028. Gains and losses related to derivative financial instruments designated as cash flow hedges for the years ended December 31, were as follows (in thousands):

Interest Rate Swaps					
(Loss) Gain Recognized in OCL/I			(Loss) / Gain Reclassified from AOCL into Income		
2025	2024	2023	2025	2024	2023
\$(1,547)	\$725	\$234	\$(33)	\$759	\$698

During the fourth quarter of 2025, the Company determined that its \$15.0 million notional value interest rate swap was no longer effective as total debt levels were consistently below \$22.0 million. As a result of redesignating the \$15.0 million interest rate swap, the Company recognized a noncash Gain on derivative mark to market of \$0.7 million, or \$0.6 million net of tax in the Consolidated statement of income for the year ended December 31, 2025. The Company will reassess the effectiveness of the \$15.0 million interest rate swap if total debt levels increase above \$22.0 million. The \$7.0 million notional value interest rate swap, however, was continued deemed effective as total debt levels were consistently above \$7.0 million.

The effects of cash flow hedges are recorded in Interest expense in the Consolidated statements of operations. The amount of net gain included in AOCL at December 31, 2025 estimated to be reclassified into income of the next 12 months was \$0.3 million, net of tax.

The Company is exposed to risk in the event of non-performance by the counterparty to its derivative financial instruments. Although no assurances can be given, the Company does not expect its counterparty to fail to meet its obligations.

10. LEASES

The Company accounts for leases under ASC 842 – Leases (ASC 842). The Company determines if an arrangement is or contains a lease at contract inception. Right-of-use (ROU) assets related to the Company's leases are recorded in Lease assets and lease liabilities are recorded in Current liabilities and Lease liability on the Consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset over the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. The ROU asset also includes prepaid lease payments and initial direct costs and is reduced for lease incentives paid by

the lessor. The discount rate used to determine the present value is generally the Company's incremental borrowing rate because the implicit rate in the lease is not readily determinable. The lease term used to calculate the ROU asset and lease liabilities includes periods covered by options to extend or terminate when the Company is reasonably certain the lease term will include these optional periods. The Company elected the short-term lease practical expedient that allows entities to recognize lease payments on a straight-line basis over the lease term for leases with a term of 12 months or less. The Company has also elected the practical expedient under ASC Topic 842 allowing entities to not separate non-lease components from lease components, but instead account for such components as a single lease component for all leases except leases involving assets used in manufacturing and distribution processes.

The Company and its subsidiaries enter operating leases for certain real estate, automobiles, and office equipment. These leases have remaining terms of 1 to 5 years. Three building leases have an option to renew the term for one 5-year period. Certain leases contain an option to purchase leased items at fair value at the end of the lease. As of December 31, 2025, the Company and its subsidiaries do not have any financing leases or any operating leases that have not yet commenced.

Operating lease expenses and supplemental information related to the Company's leases at December 31, was as follows (in thousands):

	2025	2024
Operating lease expense	\$ 1,764	\$ 1,257
Short-term lease expense	362	364
	\$ 2,126	\$ 1,621

Non-cash information:

ROU assets obtained in exchange for lease obligations	\$ 1,619	\$ 3,498
Weighted-average remaining lease term (in years)	3.81	5.36
Weighted-average discount rate	5.85%	6.06%

Future minimum lease payments as of December 31, 2025, are as follows:

2026	\$ 1,921
2027	1,799
2028	1,499
2029	1,266
2030	342
Thereafter	—
Future lease payments	\$ 6,827
Interest	(813)
Lease liabilities	\$ 6,014

11. DEBT

The Company utilizes a revolving credit facility (revolver) through a syndicated agreement between two banks and includes total borrowing capacity of up to \$92.0 million, consisting of \$72.0 million in immediately available credit and a \$20.0 million

accordion that can be executed as necessary. The revolver matures on October 16, 2028, with no scheduled principal payments prior to maturity. Interest on the revolver is due monthly and interest rates are set at a predefined margin rate plus one-month term Secured Overnight Financing Rate (SOFR). The revolver is primarily used to support working capital needs.

The Company also has a \$3.3 million term note collateralized by certain real property. The term note accrues interest at the same rate as the revolver and principal and interest payments on the term note are due quarterly. The term note matures on October 16, 2033. Expected principal payments are approximately \$0.2 million per year with a balloon payment due at the end of the term.

The Company also has a \$10.0 million equipment financing line (EFL) through its existing syndication. The EFL provides additional financing flexibility to the Company and increases total borrowing capacity. The EFL is subject to the same financial covenants as the revolver and term note.

Financial Covenants: The Company is subject to various financial covenants related to the revolver and term loan. Under the lending arrangements, the Company is required to maintain a fixed charge coverage ratio minimum of 1.25 and a funded debt to EBITDA ratio maximum of 3.75 (as defined in the agreement). The Company is charged a margin rate that adjusts quarterly based on the funded debt to EBITDA ratio.

At December 31, 2025, the Company was in compliance with all covenants. At December 31, 2024, the Company was in compliance with the funded debt covenant but not in compliance with the fixed charge ratio. The Company received a waiver of this breach from the banking group.

Interest: Interest rates as of December 31, 2025, 2024 and 2023 were 5.3%, 6.3% and 7.2%, respectively. Cash paid during the years ended December 31, 2025, 2024 and 2023 for interest was \$0.6 million, \$2.1 million and \$2.7 million, respectively.

Related Party: A Director of the Company is also a Director of a member bank in the Company's syndicated lending agreements. All relationships between this institution and the Company are considered arms-length.

12. FAIR VALUE

The Company assesses the inputs used to measure fair value using a three-tier hierarchy.

Level 1 inputs include quoted prices for identical instruments and are the most observable.

Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates and yield curves. The Company uses the market approach to derive the fair value for its Level 2 fair value measurements. Interest rate swaps are valued using proprietary models of the counterparty to the swaps.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Level 3 inputs are not observable in the market and include the Company's judgments about the assumptions market participants would use in pricing the asset or liability. The Company does not have any Level 3 fair value assets or liabilities as of December 31, 2025 and 2024.

The Company's assets and liabilities measured at fair value on a recurring basis as of December 31, were as follows (in thousands):

	2025		
	Balance	Level 1	Level 2
Assets:			
Mutual Funds:			
Fixed Income	\$ 3	\$ 3	\$ –
Domestic Equities	1,233	1,233	–
Money Market	827	827	–
Corporate Bonds	2,237	–	2,237
Municipal Bonds	1,395	–	1,395
Interest rate swaps	737	–	737
	<u>\$ 6,432</u>	<u>\$ 2,063</u>	<u>\$ 4,369</u>

Liabilities:			
Interest rate swap	\$ 67	\$ –	\$ 67

	2024		
	Balance	Level 1	Level 2
Assets:			
Mutual Funds:			
Fixed Income	\$ 3	\$ 3	\$ –
Domestic Equities	1,091	1,091	–
Money Market	852	852	–
Corporate Bonds	1,939	–	1,939
Municipal Bonds	1,400	–	1,400
Interest rate swap	1,449	–	1,449
	<u>\$ 6,734</u>	<u>\$ 1,946</u>	<u>\$ 4,788</u>

The estimated fair values of cash and cash equivalents, trade accounts receivable, accounts payable and accrued expenses approximate their carrying values at December 31, 2025 and 2024 due to their short-term nature. The fair value of debt approximates its carrying value based on the variable nature of interest rates and current market rates available to the Company.

13. PRODUCT WARRANTY

Certain subsidiaries of the Company offer a variety of warranty coverages depending on the type of unit and its application. General warranty allowances are maintained by each subsidiary based on its product warranty policy and historical experience.

Product warranty liabilities are recorded in Accrued liabilities in the Consolidated balance sheets. Changes in product warranty liabilities were as follows as of December 31, (in thousands):

	2025	2024	2023
Balance, beginning of period	\$ 1,108	\$ 1,030	\$ 805
Accruals made during the period	945	890	1,060
Settlements made during the period	(822)	(812)	(835)
Balance, end of period	<u>\$ 1,231</u>	<u>\$ 1,108</u>	<u>\$ 1,030</u>

14. SHARE-BASED AWARDS

The Company has a share-based compensation plan which was approved by its shareholders in April 2023 (the Plan) under which its Board of Directors may grant to key employees, officers and directors share-based awards including restricted stock awards (RSAs), stock options and stock appreciation rights (SARs). RSAs granted under the plan generally vest ratably over a three-year period with the first one-third of the grant vesting one year after the date of grant. Dividends are paid on RSAs. Stock options granted expire 10 years from the date of grant.

The Company recognizes the cost of its share-based awards in its Consolidated statements of operations. The cost of each share-based equity award is based on the grant date fair value. Share-based award expense is recognized on a straight-line basis over the service period of each separately vesting tranche within the awards. The expense recognized reflects the number of awards that are ultimately expected to vest based on the service requirements of each award. Total share-based award expense recognized by the Company for the years ended December 31, 2025, 2024 and 2023, was \$1.2 million, \$0.5 million and \$0.7 million, respectively. As of December 31, 2025, there were 0.4 million shares available for future awards under the Plan.

Restricted Stock Awards: The fair value of RSAs settled in stock is determined based on the market price of the Company's stock on the grant date. The activity for these awards for the year ended December 31, 2025 was as follows:

	Shares	Weighted-Average Fair Value per Share
Nonvested, beginning of period	73,871	\$ 12.75
Granted	41,825	\$ 22.20
Vested	(37,914)	\$ 22.26
Forfeited	–	\$ –
Nonvested, end of period	<u>77,782</u>	<u>\$ 17.64</u>

As of December 31, 2025, there was \$0.8 million of unrecognized compensation cost related to RSAs that is expected to be recognized over a weighted-average period of 1.8 years.

Stock Options: The fair value of the Company's stock option awards is re-measured at each reporting period using a Black-Scholes option-pricing model and are recorded on the Company's Consolidated Balance Sheet as a liability award. The Company uses

historical volatility to determine the expected volatility of its stock. The risk-free rate for periods within the contractual life of the option is based on the yield curve of a zero-coupon U.S. Treasury bond at the time of grant. The Company uses historical data to estimate stock option exercises and forfeitures within its valuation model. The expected term of options granted is derived from historical exercise experience. Stock options have not been granted since 2019. The stock option transactions for the year ended December 31, 2025 were as follows:

	Shares	Weighted-Average Fair Value per Share
Outstanding, beginning of period	68,700	\$ 16.47
Granted	–	\$ –
Exercised	(3,500)	\$ 15.40
Forfeited	(11,300)	\$ 21.70
Outstanding, end of period	53,900	\$ 15.44
Exercisable, end of period	53,900	\$ 15.44

Options outstanding and exercisable at December 31, 2025, have exercise prices between \$14.52 and \$16.38. The weighted-average remaining contractual life of Options outstanding and exercisable was 2.0 years.

15. EMPLOYEE BENEFIT PLANS AND OTHER POST-RETIREMENT BENEFITS

The Company maintains a non-contributory defined benefit pension plan and a post-retirement healthcare benefit plan. The plans cover certain eligible employees and retirees of the Company and its subsidiaries.

Normal retirement age is 65, but provision is made for earlier retirement. Benefits for salaried employees are based on salary and years of service, while hourly employee benefits are based on average monthly compensation and years of service with negotiated minimum benefits.

Obligations and Funded Status: The changes in the benefit obligation, fair value of plan assets and the funded status of the Company's pension and post-retirement healthcare plans as of the Company's measurement dates of December 31, were as follows (in thousands):

	Pension Benefits		Postretirement Healthcare Benefits	
	2025	2024	2025	2024
Change in benefit obligation:				
Benefit obligation,				
beginning of period	\$ 118,506	\$ 131,226	\$ 757	\$ 849
Service cost	–	–	12	14
Interest cost	6,066	5,919	35	35
Actuarial losses (gains)	1,941	(7,210)	(81)	(110)
Lump sum payments	–	(1,972)	–	–
Transfer to insurer	(90,365)	–	–	–
Benefits paid	(9,589)	(9,457)	(10)	(31)
Benefit obligation,				
end of period	\$ 26,559	\$ 118,506	\$ 713	\$ 757
Change in plan assets:				
Fair value of plan assets,				
beginning of period	\$ 126,826	\$ 134,206	\$ –	\$ –
Return on plan assets,				
net of expenses	6,692	4,049	–	–
Lump sum payments	–	(1,972)	–	–
Transfer to insurer	(90,365)	–	–	–
Benefits paid	(9,589)	(9,457)	–	–
Fair value of plan assets,				
end of period	\$ 33,564	\$ 126,826	\$ –	\$ –
Funded status of the plan	\$ 7,005	\$ 8,320	\$ (713)	\$ (757)

As a result of the plan's funded status, the Company announced on October 7, 2025 that it purchased group annuity contracts and transferred a portion of its pension payment obligations to a third-party insurance company. Under the contract, the Company transferred \$90.4 million of its defined benefit pension obligations and related plan assets for approximately 1,000 retirees and beneficiaries to the insurance company. The contract was purchased using assets from the pension trust and no additional funding contribution was required as part of this transaction. This transfer did not affect the amount of individuals' monthly benefit payments and did not impact current employees. By transferring the obligations and assets to the insurance company, the Company reduced its overall projected pension benefit obligation by \$90.4 million and recognized a non-cash pension settlement charge of \$23.0 million, or \$17.7 million net of tax, in the Consolidated statement of operations and Consolidated statement of cash flow for the year ended December 31, 2025. As a result of this transaction and investment returns, the pension's funded status for the remaining liability improved to 126.4%.

During 2024, plan funded status improved due to investment returns as well as a 65-basis point increase in the discount rate from 2023 to 2024 which decreased projected liabilities. The net impacts of asset performance and the change in the discount rate increased the funded status of the pension by \$5.3 million versus the prior year, resulting in a funded status of \$8.3 million.

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Additionally, during the third quarter of 2024, as a result of the estimated pension funded status, the Company offered a lump sum option to approximately 160 vested former members (VFM). Approximately 50 VFMs took the lump sum option totaling \$2.0 million.

Benefit Costs: Service cost is included in Cost of goods sold in the Consolidated statements of operations. Non-service cost components of net periodic benefit cost are included in Non-service related pension credit in the Consolidated statements of operations. Components of net periodic benefit costs for the Company's defined benefit plans for the years ended December 31, were as follows (in thousands):

	Pension Benefits		Postretirement Healthcare Benefits	
	2025	2024	2025	2024
Service cost	\$ –	\$ –	\$12	\$14
Interest cost	6,066	5,919	35	35
Expected return on plan assets	(6,259)	(6,479)	–	–
Amortization of unrecognized:				
Prior service cost	178	178	–	–
Net gain	–	–	(52)	(36)
Net periodic benefit (credit) cost	\$ (15)	\$ (382)	\$ (5)	\$ 13
Pension settlement	22,998	–	–	–
	\$ 22,983	\$ (382)	\$ (5)	\$ 13

The expected return on plan assets is based on historical returns as well as future expected returns for each asset class based on the target asset allocation of the pension trust.

Assumptions: Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost at December 31, were as follows:

	Pension Benefits		Postretirement Healthcare Benefits	
	2025	2024	2025	2024
Assumptions for benefit obligations:				
Discount rate	5.35%	5.35%	5.35%	5.36%
Rate of compensation increase	0.00%	0.00%	N/A	N/A
Assumptions for net periodic benefit cost:				
Expected return on plan assets	4.75%	4.25%	N/A	N/A
Discount rate	5.35%	4.70%	5.36%	4.72%
Rate of compensation increase	0.00%	0.00%	N/A	N/A

The health care cost trend assumption does not have an effect on the amounts reported because the Company has adopted an aggregate cost cap for its retiree medical benefits.

It is a policy of the Company that the pension trust does not invest in the Company's stock. While unlikely, it is possible that a "mutual fund" investment of the pension trust could invest in the Company's stock in a limited way. To the best of the Company's knowledge, there is no Burnham stock in the pension trust as of December 31, 2025 and 2024. The Plan provides that the Company may not obtain surplus assets of the Plan during a three-year period immediately following a change in control of the Company. The allocation of assets between equities (or equity type investments) and bonds is rebalanced periodically on a moving scale based on the funded level of the Plan. At December 31, 2025, the asset allocation was fully allocated to fixed income while at December 31, 2024, the asset allocation was approximately 19% equity and 81% fixed income. The asset allocation strategy, as approved by the Employee Retirement Benefits Committee, is that the assets of the trust fund are to be allocated based upon an analysis of the funding adequacy, cash flow requirements, maturity level, and participant growth rate of the Plan. The investment alternatives available in each of the capital markets are to be analyzed based on the risk tolerance indicated by the Plan's unique characteristics.

The following table presents pension plan assets carried at fair value (as discussed in Note 12 — Fair Value) as measured on a recurring basis as of December 31, 2025 and 2024 (in thousands):

	2025		
	Fair Value	Level 1	Level 2
Mutual Funds:			
Money Market	2,574	2,574	–
Corporate Bonds:			
Domestic	12,258	–	12,258
International	1,264	–	1,264
U.S Treasury Bonds	17,034	17,034	–
Other fixed income	434	–	434
	\$ 33,564	\$ 19,608	\$ 13,956

	2024		
	Fair Value	Level 1	Level 2
Mutual Funds:			
Domestic Equities	\$ 14,477	\$ 14,477	\$ –
International Equities	9,907	9,907	–
Money Market	3,051	3,051	–
Corporate Bonds	57,385	–	57,385
U.S Treasury Bonds	39,935	39,935	–
Other fixed income	2,071	–	2,071
	\$ 126,826	\$ 67,370	\$ 59,456

The pension plan did not have any Level 3 assets as of December 31, 2025 and 2024.

Future Contributions and Benefit Payments: Based on the funded status of the qualified pension plan, the Company does not expect to make contributions to the qualified pension plan in 2026. Future expected benefit payments as of December 31, 2025 were as follows (in thousands):

	Pension Benefits	Post Retirement Healthcare Benefits
2026	\$ 872	\$ 87
2027	\$ 1,159	\$ 104
2028	\$ 1,309	\$ 103
2029	\$ 1,530	\$ 97
2030	\$ 1,669	\$ 93
2031-2035	\$ 9,893	\$ 303

Multi-Employer Plan: A company subsidiary, Lancaster Metal Manufacturing LLC, is also a participant in a union-sponsored multi-employer defined benefit pension plan covering collective bargaining employees. This plan is not administered by the subsidiary or the Company, and the provisions of the negotiated labor agreement determine the contributions. The subsidiary's contributions do not represent 5% or more of the plan's total contributions, and there were no surcharges assessed for either of the years 2025 or 2024. The risks of participating in a multi-employer plan are different from a single-employer plan in that assets contributed by one employer are not specifically segregated to its covered employees, unfunded obligations of the plan may be borne by all participants, and the liability to withdraw from the plan may be determined based on the funded status of the plan. Participation in this plan is outlined as follows and is based on Company information or information received from the certified annual reports of the plan:

	Funded Status ⁽¹⁾		Company Contributions	
	2025	2024	2025	2024
Steelworkers Pension Trust				
EIN/Plan Number				
23-6648508-499	98.7%	97.4%	\$ 76	\$ 84

(1) The plan was valued as of January 1 of the preceding year; 2024 is the most recently available.

The Steelworkers Pension Trust was considered "Safe" for 2025 per the Pension Protection Act of 2006 because of the 2024 funded status being over 80%.

Defined Contribution Plans: The Company has various defined contribution benefit plans that in total cover substantially all full-time employees. Employees can make voluntary contributions in accordance with the provisions of their respective plan, which includes a 401(k) tax deferral option. The Company makes additional contributions to the plans on behalf of the employees and expensed \$1.5 million, \$1.4 million and \$1.5 million during 2025, 2024 and 2023, respectively.

Other Plans: The Company provides a non-qualified deferred compensation plan available to executive and certain senior leaders. Under this plan, participants may elect to defer up to 80% of their eligible compensation. Participants may allocate their deferrals across several different independent third-party investment vehicles that are held in a Rabbi Trust. The net unrealized impact associated with holding these securities was a gain of \$0.6 million in 2025 and 2024, and a gain of \$0.7 million 2023, respectively, which was recognized in Interest and investment (loss) income in the Company's Consolidated statements of operations. Trust assets were \$4.3 million as of December 31, 2025 and 2024, and included in Other long-term assets on the Company's Consolidated balance sheets. Trust assets are recorded at fair value using Level 1 and Level 2 inputs (see Note 12). The liabilities to employees were \$4.2 million and \$4.1 million as of December 31, 2025 and 2024, respectively, and included within Other long-term liabilities in the Company's Consolidated balance sheets. Adjustments to this liability caused by changes in the value of the marketable securities was a \$0.6 million gain in both 2025 and 2024, respectively, and are classified within selling, general, and administrative expenses.

16. ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in Accumulated other comprehensive loss for the years ended December 31, were as follows (in thousands):

	2025			
	Pension Liability	Medical Liability	Interest Rate Swaps	Total
Balance, beginning of period	\$ (22,129)	\$ 193	\$ 1,116	\$(20,820)
Other comprehensive (loss) income before reclassifications	(1,508)	27	(1,547)	(3,028)
Income tax benefit (expense)	347	(6)	356	697
	(1,161)	21	(1,191)	(2,331)
Reclassifications:				
Realized losses	-	-	33	33
Pension settlement	22,998	-	-	22,998
Amortization ^(a) :				
Prior Service Costs	178	-	-	178
Actuarial Loss	-	-	-	-
Income tax expense ^(b)	(5,330)	-	(8)	(5,338)
	17,846	-	25	17,871
Other comprehensive income (loss)	16,685	21	(1,166)	15,540
Balance, end of period	\$ (5,444)	\$ 214	\$ (50)	\$(5,280)

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	2024			
	Pension Liability	Medical Liability	Interest Rate Swaps	Total
Balance, beginning of period	\$ (25,947)	\$ 137	\$ 1,142	\$(24,668)
Other comprehensive income before reclassifications	4,781	73	725	5,579
Income tax expense	(1,100)	(17)	(167)	(1,284)
	3,681	56	558	4,295
Reclassifications:				
Realized gains	-	-	(759)	(759)
Amortization ^(a) :				
Prior Service Costs	178	-	-	178
Actuarial Loss	-	-	-	-
Income tax expense ^(b)	(41)	-	175	134
	137	-	(584)	(447)
Other comprehensive income (loss)	3,818	56	(26)	3,848
Balance, end of period	\$(22,129)	\$ 193	\$ 1,116	\$(20,820)

	2023			
	Pension Liability	Medical Liability	Interest Rate Swaps	Total
Balance, beginning of period	\$ (29,112)	\$ 64	\$ 1,499	\$(27,549)
Other comprehensive income before reclassifications	3,933	95	234	4,262
Income tax expense	(905)	(22)	(54)	(981)
	3,028	73	180	3,281
Reclassifications:				
Realized gains	-	-	(698)	(698)
Amortization ^(a) :				
Prior Service Costs	178	-	-	178
Actuarial Loss	-	-	-	-
Income tax (expense) benefit ^(b)	(41)	-	161	120
	137	-	(537)	(400)
Other comprehensive income (loss)	3,165	73	(357)	2,881
Balance, end of period	\$(25,947)	\$ 137	\$ 1,142	\$(24,668)

(a) Amounts reclassified are included in the computation of net periodic benefit cost, discussed further in Note 13.

(b) Income taxes are adjustments to deferred taxes within the Statements of operations.

17. COMMITMENTS AND CONTINGENCIES

The Company is contingently liable at any given time under standby letters of credit pertaining to workers' compensation self-insurance coverage, employee medical insurance, international product purchases, and other business guarantees. In the normal course of business, this amount is less than \$2.5 million, and at December 31, 2025 and 2024, the amount outstanding was \$1.8 million and \$1.9 million, respectively.

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.

As discussed in Note 1, the Company announced on February 25, 2026 that a wholly-owned subsidiary has commenced a voluntary filing for protection under Chapter 11 of the U.S. Bankruptcy Code. Under the Chapter 11 process, Crown will not conduct ongoing operations, as manufacturing and business activities have previously been wound down. The court-supervised process is intended to facilitate an orderly resolution of the subsidiary's remaining obligations and liabilities. The Company expects this action to reduce remaining legacy exposures. Due to the timing and nature of the filing, the Company cannot estimate the financial impact of the filing at this time.

As discussed in Note 4, the Company announced on December 31, 2025 it had funded and divested a majority (substantial portion) of its subsidiaries' legacy asbestos liabilities by selling certain of its subsidiaries with legacy liabilities to an independent third-party and the divested entities are no longer consolidated in the Company's results effective December 31, 2025 as the Company no longer owns or controls the divested entities.

This transaction allows the Company to address these legacy asbestos liabilities by transferring the Legacy Subs to BI with adequate resources to manage the legacy liabilities.

The Company will have no further financial exposure to the legacy liabilities subject to this transaction, which will be fully managed and administered by BI.

On August 3, 2023, a jury rendered a verdict against one of the Company's subsidiaries for alleged asbestos-related lung cancer damages. The gross verdict (without regard to setoff

or apportionment reductions) equated to \$31.5 million of compensatory damages and \$6.5 million of punitive damages. On October 21, 2025, the New York Court of Appeals denied Burnham LLC's, at that time a wholly-owned subsidiary of the Company, petition for leave to appeal the verdict that was entered against the company in *Maffei v. A.O. Smith Water Prods. Co.* (In re N.Y.C. Asbestos Litigation) matter. Prior to this appeal, Burnham LLC filed an appeal to the Appellate Division, First Judicial Department who affirmed the trial's verdict. Although the verdict was rendered at trial, Burnham LLC had a reasonable belief that there was a high probability of post-verdict relief on the damages in the appeals process based on advice of third-party experts and their analysis of prior case law. The compensatory portion of damages is insured by applicable policies. On November 6, 2025, the insurer paid the full amount of the award, including punitive damages totaling \$7.9 million after accounting for pre- and post-judgment interest.

Although Burnham LLC continues to vigorously pursue coverage from its applicable insurance policies to pay for cost of the awarded punitive damages, including through litigation in the Eastern District of Pennsylvania, the Company has set a reserve of \$5.0 million for its indemnification exposure in the event the insurers are unwilling to negotiate a settlement in good faith.

The operations of the Company's subsidiaries are subject to a variety of federal, state, and local environmental laws. At this time, 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 remedial actions at disposal areas containing waste materials from their operations. It is not uncommon in the normal course of business for the Company and its subsidiaries to work with government entities to remediate any issues identified.

ADJUSTED FIVE YEAR SUMMARY

(IN MILLIONS, EXCEPT PER SHARE DATA) (UNAUDITED)

The following table provides a five year summary of certain financial measures on a continuing operations basis (i.e., excludes the impact of discontinued operations), and is adjusted to exclude certain one-time transactions to provide a better comparable evaluation of the Company's performance. The numbers presented below may not recalculate or foot due to rounding.

	2025	2024	2023	2022	2021
Net sales	\$ 258.1	\$ 233.2	\$ 222.7	\$ 205.0	\$ 183.0
Income before income taxes	\$ 16.0	\$ 11.0	\$ 12.1	\$ 6.7	\$ 2.9
Income tax expense	3.8	2.7	3.0	1.7	0.6
Net income	\$ 12.1	\$ 8.3	\$ 9.1	\$ 5.0	\$ 2.3
Diluted earnings per share	\$ 2.55	\$ 1.76	\$ 1.57	\$ 1.07	\$ 0.50
Dividends per share	\$ 0.92	\$ 0.92	\$ 0.88	\$ 0.88	\$ 0.88
Net cash provided by operating activities	\$ 19.2	\$ 21.9	\$ 19.9	\$ (0.4)	\$ 9.9
Capital expenditures	9.2	10.9	8.1	6.7	8.7
Free cash flow	\$ 10.0	\$ 11.0	\$ 11.8	\$ (7.1)	\$ 1.2
Income before income taxes	\$ 16.0	\$ 11.0	\$ 12.1	\$ 6.7	\$ 2.9
Interest expense	0.6	2.1	2.7	1.7	1.0
Depreciation and amortization	5.3	4.9	4.5	4.4	4.1
EBITDA	\$ 21.9	\$ 18.0	\$ 19.3	\$ 12.8	\$ 8.0
Current assets	\$ 81.2	\$ 81.7	\$ 83.4	\$ 87.2	\$ 72.5
Current liabilities	43.3	36.3	36.0	33.8	30.7
Working capital	37.9	45.4	47.4	53.4	41.8
Total debt	11.6	22.4	27.4	33.7	21.8
Working capital, net	\$ 26.3	\$ 23.0	\$ 20.0	\$ 19.7	\$ 20.0
Shareholders' Equity	\$ 103.6	\$ 113.3	\$ 101.4	\$ 92.6	\$ 96.3
Book Value per Share	\$ 21.99	\$ 24.24	\$ 21.85	\$ 20.03	\$ 20.92
Outstanding Common Shares (in thousands)	4,696	4,660	4,629	4,606	4,587

BOARD OF DIRECTORS



BOARD OF DIRECTORS

(left to right) Laura T. Wand, J. David W. Reeves, Christopher E. Pruitt, John W. Lyman, Christopher R. Drew, E. Philip Wenger, Donald A. Stern, and Douglas S. Brossman

Audit & Risk Committee

E. Philip Wenger – *Chair*
John W. Lyman
Douglas S. Brossman
Christopher E. Pruitt
Donald A. Stern
Laura T. Wand

Proxy Committee

J. David W. Reeves – *Chair*
John W. Lyman
Donald A. Stern

Human Resources Committee

Laura T. Wand – *Chair*
John W. Lyman
Christopher R. Drew
J. David W. Reeves
E. Philip Wenger

Nominating & Governance Committee

Donald A. Stern – *Chair*
John W. Lyman
Christopher R. Drew
J. David W. Reeves

OFFICERS



OFFICERS OF BURNHAM HOLDINGS, INC.

(left to right) Samantha L. Fugagli, *General Counsel and Secretary*; Nicholas I. Ribich, *Vice President and Chief Financial Officer*; Bryan J. O’Toole, *Vice President of Business Development*; Christopher R. Drew, *President and Chief Executive Officer*; Melissa M. Devitz, *Vice President of Human Resources* and Paul D. Spradling, *Vice President of Operations*

INVESTOR & SHAREHOLDER INFORMATION

REPORTING REQUIREMENTS

The Company is not currently required to register with the SEC (Securities and Exchange Commission) and therefore is not subject to the reporting requirements of an SEC-regulated public company. Individuals, trusts, and investment organizations hold shares of the Company. To the best of the Company's knowledge, no one person owns more than 10% of the outstanding shares, regardless of class or combination of classes (shares held by family relatives have not been combined in computing this percentage). The Company issues periodic news releases, quarterly unaudited statements, a yearly Annual Report with audited consolidated financial statements and a Proxy Statement. Interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2025. The results for any interim period are not necessarily indicative of results for the full year. Certain information and footnote disclosures normally included in audited consolidated financial statements have been omitted from interim reporting. As mentioned previously, the Company is not subject to SEC reporting requirements and therefore its quarterly interim consolidated financial statements are not subject to an interim review by independent auditors as prescribed by the SEC.

This Annual Report contains forward-looking statements. Other reports, letters, and press releases distributed by the Company may also contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates, and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, variations in weather, changes in the regulatory environment, raw material costs, litigation, customer preferences, general economic conditions, technology, product performance, and increased competition.

BUSINESS STRATEGY

Subsidiaries of the Company provide high-value, high-quality HVAC products backed by superior service. This diverse product mix meets the various needs of most residential, commercial, and industrial applications. This diversification, combined with the critical need for thermal solutions, ensures consistent financial performance through fluctuating economic cycles. That's how the Company provides consistent returns: We're creating value in established market segments driven by a constant replacement cycle. Our strong earnings and dividend history, proven management team, diverse product mix, and continuing product demand represent an outstanding opportunity for stakeholders. The Company is a unique investment opportunity that creates stable value while delivering solid returns. The Company has also grown and will continue to grow through acquisitions. The Company is continually looking for appropriate acquisitions at appropriate prices.

CORPORATE GOVERNANCE

The Board of Directors (the Board) of the Company consists of eight members, seven of which are considered independent directors (not an employee, not affiliated with the Company's auditors, and not part of an interlocking directorate). The non-independent member of the Board is the Company's President and Chief Executive Officer. Three directors

are members of families, the extended members of which hold in the aggregate significant ownership interests in the Company.

Directors are selected based on their individual qualifications and experience, the overall balance of the Board's background and experience, and the individual's willingness to fulfill their obligations and to contribute appropriately. Board members have complete access to Company information and personnel through meetings, reports, on-site operational reviews, and direct contact.

The total Board meets five times per year, with various additional Board committee meetings and special meetings held throughout the year. Board committees concentrate on important areas of responsibility. Standing committees of the Company consist of the Audit and Risk Committee, the Nominating and Governance Committee and the Human Resources Committee. These committees have defined charters that address the committees' purposes, goals, and responsibilities. All committees meet on a scheduled basis. Please refer to the proxy for more information on corporate governance, executive compensation, and security holders.

INVESTOR AND SHAREHOLDER INFORMATION

Shareholder Inquiries

Questions concerning your account, dividend payments, address changes, consolidation of duplicate accounts, lost certificates, and related matters should be addressed to Burnham Holdings, Inc.'s transfer agent:

Computershare Trust Company, N.A.
150 Royall Street, Suite 101, Canton, MA 02021
(866) 595-6048 (U.S.) | (781) 575-2798 (non-U.S.)

Stock Exchange Listing

The Company's Class A Common Stock is traded under the symbol "BURCA" on the electronic Pink Sheets and is listed by the OTC Markets Group, Inc., a reporting service for over-the-counter stocks. Stock quotation information is available through stock reporting services on the internet. The Company's Class B Convertible Stock and Preferred Stock are not traded.

Annual Meeting

Burnham Holdings, Inc.'s Annual Meeting will be held virtually via a secure website meeting platform on Monday, April 27, 2026, beginning at 11:30 a.m. eastern. Further details will be provided in March 2026 on our website, www.burnhamholdings.com.

Corporate Data

Burnham Holdings, Inc.
1241 Harrisburg Pike, Post Office Box 3245
Lancaster, PA 17604-3245

For further information contact:

Nicholas I. Ribich, Vice President and Chief Financial Officer
Telephone: (717) 390-7812 | Fax: (717) 390-7852
Email: nribich@burnhamholdings.com
Email: shareholderinquiry@burnhamholdings.com

You can access Company information, including press releases, earnings announcements, history, and other information by visiting the Burnham Holdings, Inc. website at www.burnhamholdings.com.

OUR VISION

To be leaders in providing thermal solutions for residential, commercial, and industrial applications through highly efficient, dependable products and services.

OUR PRINCIPLES

Performance: Create shareholder value through industry leadership and operational excellence.

Innovation: Create customer solutions by applying advanced technology to create superior products and services.

Engagement: Committed to the success of our customers, colleagues, and community.

Integrity: We keep our promises.

ACTIVE SUBSIDIARIES (AS OF 12/31/2025)

Burnham Holdings, Inc. is a holding company owning multiple, separate subsidiaries, each of which do business in the HVAC industry. All products, services, manufacturing and related activities referred to herein are the products, services, and related activities of the applicable subsidiary, and not of Burnham Holdings, Inc.

Burnham Casualty Insurance Co.
Burnham Financial, LLC
Burnham Holdings Engineering Company, LLC
Burnham Holdings Sourcing Company, LLC
Burnham Services, Inc.
Casting Solutions, LLC
Commercial Boiler Solutions, LLC
Commercial and Industrial Thermal Solutions, LLC
Commercial Industrial Thermal Solutions InMotion, LLC

Commercial Leasing and Services, LLC
Governale Company, LLC
Heating Solutions Sales Company, LLC
I Street Properties, LLC
Lancaster Metal Manufacturing, LLC
NY Boiler, LLC
Thermal Solutions Products, LLC
U.S. Boiler Company, LLC
Velocity Boiler Works, LLC



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burnhamholdings.com