

Burnham Holdings, Inc. Reports Second Quarter 2024 Financial Results and Declares Dividend

Lancaster, PA

July 25, 2024

Burnham Holdings, Inc. (OTC-Pink: BURCA), the parent company of multiple subsidiaries that are leading domestic manufacturers of boilers, furnaces and related HVAC products and accessories for residential, commercial, and industrial applications, today reported its consolidated financial results for the six months ended June 30, 2024, and announced a quarterly stock dividend. Where noted, prior periods presented have been restated for a voluntary change in accounting principle related to our last-in, first-out (LIFO) inventory valuation as disclosed in our 2023 Annual Report.

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

- Net sales were \$55.4 million for the second quarter of 2024, an increase of \$3.2 million, or 6.2%, versus the second quarter of 2023. Year to date net sales were \$111.4 million compared to \$111.7 for the first half of 2023.
- Gross profit margin was 21.0% and 22.2% for the second quarters of 2024 and 2023, respectively. Year to date gross profit margins were 23.0% for 2024 versus 22.9% for 2023. Product mix had a significant impact on second quarter 2024 gross profit margins.
- Selling, general, and administrative expenses (SG&A) were higher by \$0.5 million for both the second quarter 2024 and first half 2024 versus the same periods last year. On a year-to-date basis, SG&A was higher as a percentage of sales basis in 2024 versus 2023 but remained in line with expectations.
- Net income for the second quarter of 2024 was \$0.8 million versus net income of \$1.0 million for the second quarter of 2023. Net income for the first half of 2024 was \$3.8 million versus net income of \$4.0 million for the first half of 2023.
- EBITDA was \$8.5 million, or 7.6%, for the first half of 2024 versus \$8.9 million, or 7.9%, for the first half of 2023.
- Diluted earnings per share were \$0.18 and \$0.20 for the second quarters of 2024 and 2023, respectively. For the first six months of 2024 and 2023, diluted earnings per share were \$0.81 and \$0.85, respectively.

For the second quarter of 2024, sales of residential products were lower by 6.1% versus the same period in 2023, while sales of commercial products were up 39.0% in 2024 versus 2023. For the first half of 2024, residential sales were lower by 9.0% versus the prior year while commercial sales were higher by 23.3% versus the first half of 2023. Service and Rentals businesses contributed \$2.9 million of net sales in the second quarter of 2024 and \$4.5M for the first half of 2024. Market shares across our subsidiaries remain strong despite mixed segment results. We continue to believe order patterns and our current backlogs are back in line with seasonal operating cycles.

Average debt levels of the Company's revolving credit facility for the second quarter of 2024 were approximately \$6.4 million lower than the second quarter of 2023. On a year over year basis, the average debt levels on the revolving credit facility were approximately \$9.1 million lower. We continue to evaluate our working capital needs, including inventory levels, to ensure we can appropriately meet production volumes and fund future growth initiatives.

At its meeting on July 25, 2024, the Burnham Holdings, Inc. Board of Directors declared a quarterly common stock dividend of \$0.23 per share payable September 26, 2024, with a record date of September 19, 2024.

Burnham Holdings, Inc.
Consolidated Statements of Income
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Net sales	\$ 55,391	\$ 52,167	\$ 111,394	\$ 111,701
Cost of goods sold	43,771	40,568	85,818	86,124
Gross profit	11,620	11,599	25,576	25,577
Selling, general and administrative expenses	10,488	9,940	20,510	19,982
Operating income	1,132	1,659	5,066	5,595
Other (expense) / income:				
Non-service related pension credit	113	138	250	275
Interest and investment gain	379	207	489	489
Interest expense	(533)	(687)	(829)	(1,186)
Other expense	(41)	(342)	(90)	(422)
Income before income taxes	1,091	1,317	4,976	5,173
Income tax expense	250	303	1,144	1,190
Net income	<u>\$ 841</u>	<u>\$ 1,014</u>	<u>\$ 3,832</u>	<u>\$ 3,983</u>
Earnings per share:				
Basic	\$ 0.18	\$ 0.20	\$ 0.82	\$ 0.85
Diluted	\$ 0.18	\$ 0.20	\$ 0.81	\$ 0.85
Cash dividends per share	\$ 0.23	\$ 0.22	\$ 0.46	\$ 0.44

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

	(Unaudited) June 30, 2024	December 31, 2023	(Unaudited) July 2, 2023
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 6,519	\$ 5,880	\$ 6,733
Trade accounts receivable, net	22,919	31,023	24,496
Inventories, net	72,698	58,017	77,365
Costs in Excess of Billings	1,227	621	-
Prepaid expenses and other current assets	5,141	1,954	4,555
Total Current Assets	<u>108,504</u>	<u>97,495</u>	<u>113,149</u>
Property, plant and equipment, net	69,528	64,437	62,244
Lease assets	3,980	4,119	2,853
Other long-term assets	18,891	18,620	15,747
Total Assets	<u>\$ 200,903</u>	<u>\$ 184,671</u>	<u>\$ 193,993</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Current Liabilities			
Accounts payable & accrued expenses	\$ 31,266	\$ 35,365	\$ 25,070
Billings in excess of costs	659	137	-
Current portion of:			
Long-term liabilities	1,171	1,171	152
Lease liabilities	989	1,051	810
Long-term debt	184	184	-
Total Current Liabilities	<u>34,269</u>	<u>37,908</u>	<u>26,032</u>
Long-term debt	45,454	27,232	56,642
Lease liabilities	2,991	3,068	2,043
Other long-term liabilities	5,599	5,933	6,148
Deferred income taxes	9,174	9,095	8,266
Shareholders' Equity			
Preferred Stock	530	530	530
Class A Common Stock	3,633	3,633	3,626
Class B Convertible Common Stock	1,311	1,311	1,318
Additional paid-in capital	10,525	11,769	11,499
Retained earnings	122,917	121,291	117,893
Accumulated other comprehensive loss	(24,442)	(24,668)	(27,529)
Treasury stock, at cost	(11,058)	(12,431)	(12,475)
Total Shareholders' Equity	<u>103,416</u>	<u>101,435</u>	<u>94,862</u>
Total Liabilities and Shareholders' Equity	<u>\$ 200,903</u>	<u>\$ 184,671</u>	<u>\$ 193,993</u>

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

	Six Months Ended	
	June 30,	July 2,
	2024	2023
	<hr/>	<hr/>
Cash flows from operating activities:		
Net income	\$ 3,832	\$ 3,983
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,709	2,511
Deferred income taxes	12	(58)
Provision for long-term employee benefits	(250)	(208)
Share-based compensation expense	200	357
Other reserves and allowances	194	(438)
Changes in current assets and liabilities, net of acquisition:		
Decrease in accounts receivable, net	8,067	4,716
Increase in inventories, net	(14,680)	(15,816)
(Increase) / decrease in other current assets	(2,894)	262
Decrease in accounts payable and accrued expenses	(4,692)	(9,542)
Net cash used by operating activities	<hr/> (7,502)	<hr/> (14,233)
Cash flows from investing activities:		
Capital expenditures	(7,796)	(4,834)
Other investing activities	(8)	(8)
Net cash used by investing activities	<hr/> (7,804)	<hr/> (4,842)
Cash flows from financing activities:		
Net proceeds from revolver	18,314	20,947
Repayment of term loan	(92)	-
Share-based compensation activity	(71)	(44)
Dividends paid	(2,206)	(2,089)
Net cash provided by financing activities	<hr/> 15,945	<hr/> 18,814
Net increase (decrease) in cash and cash equivalents	<hr/> \$ 639	<hr/> \$ (261)
Cash and cash equivalents, beginning of period	\$ 5,880	\$ 6,994
Net increase (decrease) in cash and cash equivalents	639	(261)
Cash and cash equivalents, end of period	<hr/> \$ 6,519	<hr/> \$ 6,733

Burnham Holdings, Inc.
Consolidated Statements of Shareholders' Equity
(In thousands)
(Unaudited)

	Preferred Stock	Class A Common Stock	Class B Convertible Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock, at Cost	Shareholders' Equity
Balance at December 31, 2023	\$ 530	\$ 3,633	\$ 1,311	\$ 11,769	\$ 121,291	\$ (24,668)	\$ (12,431)	\$ 101,435
Net income	-	-	-	-	2,991	-	-	2,991
Other comprehensive income, net of tax	-	-	-	-	-	253	-	253
Cash dividends declared:								
Common stock - (\$0.88 per share)	-	-	-	-	(1,065)	-	-	(1,065)
Share-based compensation: Expense recognition	-	-	-	100	-	-	-	100
Balance at March 31, 2024	\$ 530	\$ 3,633	\$ 1,311	\$ 11,869	\$ 123,217	\$ (24,415)	\$ (12,431)	\$ 103,714
Net income	-	-	-	-	841	-	-	841
Other comprehensive income, net of tax	-	-	-	-	-	(27)	-	(27)
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	(9)	-	-	(9)
Common stock - (\$0.88 per share)	-	-	-	-	(1,132)	-	-	(1,132)
Share-based compensation: Expense recognition	-	-	-	100	-	-	-	100
Issuance of vested shares	-	-	-	(1,444)	-	-	1,373	(71)
Balance at June 30, 2024	\$ 530	\$ 3,633	\$ 1,311	\$ 10,525	\$ 122,917	\$ (24,442)	\$ (11,058)	\$ 103,416
	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 (as restated)	\$ 530	\$ 3,626	\$ 1,318	\$ 11,928	\$ 115,999	\$ (27,549)	\$ (13,292)	\$ 92,560
Net income	-	-	-	-	2,969	-	-	2,969
Other comprehensive income, net of tax	-	-	-	-	-	(296)	-	(296)
Cash dividends declared:								
Common stock - (\$0.88 per share)	-	-	-	-	(1,012)	-	-	(1,012)
Share-based compensation: Expense recognition	-	-	-	75	-	-	-	75
Balance at April 2, 2023	\$ 530	\$ 3,626	\$ 1,318	\$ 12,003	\$ 117,956	\$ (27,845)	\$ (13,292)	\$ 94,296
Net income	-	-	-	-	1,014	-	-	1,014
Other comprehensive income, net of tax	-	-	-	-	-	316	-	316
Cash dividends declared:								
Preferred stock - 6%	-	-	-	-	(9)	-	-	(9)
Common stock - (\$0.88 per share)	-	-	-	-	(1,068)	-	-	(1,068)
Share-based compensation: Expense recognition	-	-	-	357	-	-	-	357
Issuance of vested shares	-	-	-	(861)	-	-	817	(44)
Balance at July 2, 2023	\$ 530	\$ 3,626	\$ 1,318	\$ 11,499	\$ 117,893	\$ (27,529)	\$ (12,475)	\$ 94,862