

November 9, 2016



Profire Energy Reports Financial Results for Fiscal Second Quarter of 2017

Revenue of \$5m up 26% from previous quarter and Positive Cash Flow from Operations Amid Difficult Industry Conditions

LONDON, Utah, Nov. 09, 2016 (GLOBE NEWSWIRE) -- Profire Energy, Inc. (NASDAQ:PFIE), a technology company which creates, installs and services burner and chemical management solutions in the oil and gas industry, today reported financial results for its fiscal second quarter ended September 30, 2016. A conference call will be held on Thursday, November 10, 2016 at 1:30 p.m. EST to discuss the results.

Fiscal Q2 2017 Highlights

- Total revenues of \$4,990,813
- Net income of \$74,452 or \$0.00 per diluted share
- Cash and liquid investments at period-end totaled \$22.7 million
- Generated positive cash flow from operations of \$1,845,355
- Remained debt-free

Fiscal Second Quarter Financial Results

The second quarter resulted in positive cash flows from operating activities. \$11.1m in cash used to invest in low risk, CD's, bonds and mutual funds. This investment strategy was done to allow liquidity while earning an improved rate of return. Cash and these liquid investments, total \$22.7m, which is an increase from \$22m in the first quarter. The positive cash flows and substantial cash position have allowed Profire to remain debt free.

Total revenues were just under \$5m, representing an increase of 26% from the previous quarter. Net income was \$74,452 or \$0.00 per diluted share, compared to a net loss of \$605,295 or loss of \$0.01 per diluted share in the first quarter of this fiscal year.

Gross profit increased to 53% compared to 48% in the previous quarter while total operating expenses decreased slightly. Compared with the same year ago quarter, operating expenses for general and administrative decreased 20%, R&D decreased 11%, and depreciation increased 16%.

Management Commentary

"We remain optimistic for our Company and believe we've positioned ourselves well." Said Brenton Hatch, President and CEO of Profire Energy. "We have invested in R&D, implemented effective cost cutting strategies, taken advantage of the slowdown to more extensively train our personnel, focused on generating positive cash flow, and been able to grow our customer base. We believe these actions will enable us to emerge stronger than before the industry downturn began."

"In looking at the industry as a whole, we believe there are several positive indicators that oil prices are on the rebound. The Baker Hughes North American rig count has increased 41% from the historical low point in May 2016 and the significant build up in the number of drilled but uncompleted wells, since 2014, has begun decreasing over the last few months," stated Ryan Oviatt, CFO of Profire. "We believe these industry trends will have a positive impact for Profire and our customers in the coming quarters. Our revenues increased in Q2 while operating costs decreased slightly compared to the previous quarter. Our cost cutting initiatives combined with ongoing cost management have positioned us well to respond to the market in the second half of our fiscal year."

Conference Call

Profire management will host a conference Thursday, November 10, 2016 to discuss these financial results. Please call the conference telephone number at least five minutes prior to the start time. An operator will register your name and organization.

Date: Thursday, November 10, 2016
Time: 1:30 p.m. EST (11:30 a.m. MST)
Toll-free dial-in number: 1-877-705-6003
International dial-in number: 1-201-493-6725

The conference call will be webcast live and available for replay via this link: <http://public.viavid.com/index.php?id=121783>. The webcast replay will be available for one year.

Please call the conference telephone number five minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting the conference call, please contact Todd Fugal at 1-801-796-5127.

A replay of the call will be available after 5:00 p.m. EST on the same day through November 17, 2016.

Toll-free replay number: 1-844-512-2921
International replay number: 1-412-317-6671
Replay ID: 13649080

About Profire Energy, Inc.

Profire Energy assists energy production companies in the safe and efficient production and transportation of oil and natural gas. As energy companies seek greater safety for their employees, compliance with more stringent regulatory standards, and enhanced margins with their energy production processes, Profire Energy's burner management and chemical injection systems are increasingly becoming part of their solution. Profire Energy has offices in Lindon, Utah; Houston, Texas; Shelocta, Pennsylvania; Greeley, Colorado; and Edmonton, Alberta, Canada. For additional information, visit www.profireenergy.com.

Cautionary Note Regarding Forward-Looking Statements. Statements made in this release that are not historical are forward-looking statements. This release contains forward-looking statements, including, but not limited to statements regarding the Company holding a conference call on November 10, 2016 regarding 2017 second fiscal quarter results; the Company's ability to manage macro-economic conditions; or, the Company's expectation

that industry conditions will improve; or, the Company developing new products, diversifying into new market; and, the decisions made over the past year positioning the Company to capture future opportunities and deliver long-term shareholder value. Forward-looking statements are not guarantees of future results or performance and involve risks, assumptions and uncertainties that could cause actual events or results to differ materially from the events or results described in, or anticipated by, the forward-looking statements. Factors that could materially affect such forward-looking statements include certain economic, business, public market and regulatory risks and factors identified in the company's periodic reports filed with the Securities Exchange Commission. All forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All forward-looking statements are made only as of the date of this release and the Company assumes no obligation to update forward-looking statements to reflect subsequent events or circumstances, except as required by law. Readers should not place undue reliance on these forward-looking statements.

PART I. FINANCIAL INFORMATION
Item 1 Financial Information
PROFIRE ENERGY, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

| <u>ASSETS</u> | As of | |
|--|-----------------------------------|----------------|
| | September 30, 2016 (Unaudited) | March 31, 2016 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 11,674,786 | \$ 21,292,595 |
| Accounts receivable, net | 3,695,422 | 4,132,137 |
| Inventories, net | 8,921,196 | 11,046,682 |
| Income tax receivable | 507,526 | 268,326 |
| Short term investments | 2,172,410 | - |
| Investments - other | 3,000,000 | - |
| Prepaid expenses & other current assets | 463,287 | 315,757 |
| Total Current Assets | 30,434,627 | 37,055,497 |
| LONG-TERM ASSETS | | |
| Deferred tax asset | 455,504 | 452,431 |
| Long Term Investments | 5,950,473 | - |
| PROPERTY AND EQUIPMENT, net | 7,715,964 | 8,232,911 |
| OTHER ASSETS | | |
| Goodwill | 997,701 | 997,701 |
| Intangible assets, net of accumulated amortization | 508,276 | 529,300 |
| Total Other Assets | 1,505,977 | 1,527,001 |

| | | |
|---|---------------|---------------|
| TOTAL ASSETS | \$ 46,062,544 | \$ 47,267,840 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 802,218 | \$ 893,822 |
| Accrued liabilities | 478,108 | 620,783 |
| Income taxes payable | - | 335,375 |
| Total Current Liabilities | 1,280,326 | 1,849,980 |
| LONG-TERM LIABILITIES | | |
| Deferred income tax liability | 558,829 | 632,732 |
| TOTAL LIABILITIES | 1,839,155 | 2,482,712 |
| STOCKHOLDERS' EQUITY | | |
| Preferred shares: \$0.001 par value, 10,000,000 shares authorized: no shares issued and outstanding | - | - |
| Common shares: \$0.001 par value, 100,000,000 shares authorized: 53,325,215 issued and 53,109,905 outstanding at September 30, 2016 and 53,256,296 issued and outstanding at March 31, 2016 | 53,325 | 53,256 |
| Treasury stock, at cost | (261,544) | - |
| Additional paid-in capital | 26,617,570 | 26,164,622 |
| Accumulated other comprehensive loss | (2,505,050) | (2,282,682) |
| Retained earnings | 20,319,089 | 20,849,932 |
| Total Stockholders' Equity | 44,223,390 | 44,785,128 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 46,062,544 | \$ 47,267,840 |

PROFIRE ENERGY, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations and Other Comprehensive Income (Loss)
(Unaudited)

| | For the Three Months Ended September 30, | | For the Six Months Ended September 30, | |
|----------------------------|---|--------------|---|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| REVENUES | | | | |
| Sales of goods, net | \$ 4,507,044 | \$ 7,291,846 | \$ 7,969,936 | \$ 13,503,816 |
| Sales of services, net | 483,769 | 805,448 | 994,919 | 1,470,721 |
| Total Revenues | 4,990,813 | 8,097,294 | 8,964,855 | 14,974,537 |
| COST OF SALES | | | | |
| Cost of goods sold-product | 1,977,658 | 3,445,188 | 3,690,300 | 6,413,106 |

| | | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Cost of goods sold-services | 388,496 | 623,992 | 735,645 | 1,219,530 |
| Total Cost of Sales | <u>2,366,154</u> | <u>4,069,180</u> | <u>4,425,945</u> | <u>7,632,636</u> |
| GROSS PROFIT | <u>2,624,659</u> | <u>4,028,114</u> | <u>4,538,910</u> | <u>7,341,901</u> |
| OPERATING EXPENSES | | | | |
| General and administrative expenses | 2,328,100 | 2,919,862 | 4,713,665 | 6,361,000 |
| Research and development | 263,712 | 295,146 | 514,435 | 599,635 |
| Depreciation and amortization expense | <u>160,216</u> | <u>137,999</u> | <u>319,455</u> | <u>245,454</u> |
| Total Operating Expenses | <u>2,752,028</u> | <u>3,353,007</u> | <u>5,547,555</u> | <u>7,206,090</u> |
| INCOME (LOSS) FROM OPERATIONS | <u>(127,369)</u> | <u>675,107</u> | <u>(1,008,645)</u> | <u>135,811</u> |
| OTHER INCOME (EXPENSE) | | | | |
| Gain (Loss) on sale of fixed assets | - | 754 | (2,592) | 19,391 |
| Other income | 82,452 | 352,310 | 87,207 | 243,320 |
| Interest income | <u>19,667</u> | <u>5,517</u> | <u>47,609</u> | <u>26,640</u> |
| Total Other Income | <u>102,119</u> | <u>358,581</u> | <u>132,224</u> | <u>289,351</u> |
| NET INCOME (LOSS) BEFORE INCOME TAXES | <u>(25,249)</u> | <u>1,033,689</u> | <u>(876,420)</u> | <u>425,162</u> |
| INCOME TAX EXPENSE (BENEFIT) | <u>(99,701)</u> | <u>254,781</u> | <u>(345,578)</u> | <u>105,067</u> |
| NET INCOME (LOSS) | <u>\$ 74,452</u> | <u>\$ 778,907</u> | <u>\$ (530,843)</u> | <u>\$ 320,095</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Foreign currency translation loss | \$ (202,520) | \$ (1,084,519) | \$ (201,747) | \$ (751,147) |
| Unrealized losses on investments | <u>(20,621)</u> | <u>-</u> | <u>(20,621)</u> | <u>-</u> |
| Total Other Comprehensive Loss | <u>(223,141)</u> | <u>(1,084,519)</u> | <u>(222,368)</u> | <u>(751,147)</u> |
| TOTAL COMPREHENSIVE LOSS | <u>\$ (148,689)</u> | <u>\$ (305,612)</u> | <u>\$ (753,211)</u> | <u>\$ (431,052)</u> |
| BASIC EARNINGS PER SHARE | <u>\$ 0.00</u> | <u>\$ 0.01</u> | <u>\$ (0.01)</u> | <u>\$ 0.01</u> |
| FULLY DILUTED EARNINGS PER SHARE | <u>\$ 0.00</u> | <u>\$ 0.01</u> | <u>\$ (0.01)</u> | <u>\$ 0.01</u> |

BASIC WEIGHTED AVG
NUMBER OF SHARES
OUTSTANDING

| | | | |
|-------------------|-------------------|-------------------|-------------------|
| <u>53,215,385</u> | <u>53,236,979</u> | <u>53,235,747</u> | <u>53,230,892</u> |
|-------------------|-------------------|-------------------|-------------------|

FULLY DILUTED
WEIGHTED AVG NUMBER
OF SHARES
OUTSTANDING

| | | | |
|-------------------|-------------------|-------------------|-------------------|
| <u>54,091,419</u> | <u>53,344,291</u> | <u>53,235,747</u> | <u>53,338,204</u> |
|-------------------|-------------------|-------------------|-------------------|

PROFIRE ENERGY, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

| | For the Six Month Period Ended, | |
|--|---------------------------------|--------------------|
| | September 30, 2016 | September 30, 2015 |
| OPERATING ACTIVITIES | | |
| Net Income (Loss) | \$ (530,843) | \$ 320,095 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 505,117 | 476,548 |
| (Gain) Loss on sale of fixed assets | 2,592 | (19,391) |
| Bad debt expense | 208,628 | 86,494 |
| Stock options issued for services | 447,691 | 325,334 |
| Changes in operating assets and liabilities: | | |
| Changes in accounts receivable | 163,107 | 2,567,419 |
| Changes in income taxes receivable/payable | (577,575) | (253,794) |
| Changes in inventories | 2,082,532 | 1,600,797 |
| Changes in prepaid expenses | (147,750) | (262,547) |
| Changes in deferred tax asset/liability | (76,976) | (73,268) |
| Changes in accounts payable and accrued liabilities | (231,168) | 373,484 |
| Net Cash Provided by Operating Activities | <u>1,845,355</u> | <u>5,141,171</u> |
| INVESTING ACTIVITIES | | |
| Proceeds from sale of equipment | 16,896 | 119,935 |
| Purchase of investments | (11,143,504) | - |
| Purchase of fixed assets | (7,140) | (28,572) |
| Net Cash Provided by (Used in) Investing Activities | <u>(11,133,748)</u> | <u>91,363</u> |
| FINANCING ACTIVITIES | | |
| Value of equity awards surrendered by employees for tax liability | - | (39,243) |
| Purchase of Treasury stock | (261,544) | - |
| Net Cash Used in Financing Activities | <u>(261,544)</u> | <u>(39,243)</u> |
| Effect of exchange rate changes on cash | <u>(67,872)</u> | <u>(383,797)</u> |

NET INCREASE (DECREASE) IN CASH
CASH AT BEGINNING OF PERIOD

(9,617,809)
21,292,595

4,809,494
14,144,796

CASH AT END OF PERIOD

\$ 11,674,786

\$ 18,954,290

SUPPLEMENTAL DISCLOSURES OF
CASH FLOW INFORMATION

CASH PAID FOR:

Interest

\$

-

\$

-

Income taxes

\$

-

\$

-

Contact:

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Source: Profire Energy