

March 8, 2022



Profire Energy Reports Financial Results for Fourth Quarter and Full Fiscal Year 2021

Company Reports Highest Quarterly Revenue in Two Years

LINDON, Utah, March 08, 2022 (GLOBE NEWSWIRE) -- Profire Energy, Inc. (NASDAQ: PFIE), a technology company (the "Company") that provides solutions which enhance the efficiency, safety, and reliability of industrial combustion appliances, today reported financial results for its fourth quarter and full fiscal year ending December 31, 2021. A conference call will be held on Wednesday, March 9, 2022 at 8:30 a.m. ET to discuss the results.

Fourth Quarter Summary

- Revenue of \$8.3 million, a 47% increase from prior-year quarter
- Gross profit of \$3.4 million or 41.6% of total revenues
- Net loss of \$145,123 or (\$0.00) per share
- Generated EBITDA¹ of \$40,951
- Repurchased 664,531 shares of stock

Full-year Fiscal 2021 Summary

- Revenue of \$26.4 million, a 23% increase from the prior-year
- Gross profit of \$11.4 million or 43.3% of total revenues
- Net loss of \$1.1 million or (\$0.02) per share
- Cash flow from operations of \$648,927
- Cash and liquid investments of \$17.5 million and remained debt-free

"The fourth quarter represents our third consecutive quarter of revenue growth coming out of the pandemic. In fact, revenue in the fourth quarter exceeded our pre-pandemic top-line results from the fourth quarter of 2019," said Ryan Oviatt, Co-Chief Executive Officer and CFO of Profire Energy. "I am pleased that we have been able to generate operating cash flow while maintaining our strong balance sheet, which remains debt free. We believe we are well positioned to capitalize on our significant customer base of our core business as we continue to find new markets which we can serve to provide long-term value for our shareholders."

¹ See "About Non-GAAP Financial Measures" below.

Fourth Quarter 2021 Financial Results

Total revenues for the period equaled \$8.3 million, compared to \$6.9 million in the third quarter of 2021 and \$5.7 million in the prior-year quarter. The sequential and year-over-year

increase was primarily driven by improving demand from the COVID-19 pandemic recovery, higher oil prices, and the success and progress in the strategic growth segments of our business.

Gross profit was \$3.4 million, compared to \$3.1 million in the third quarter of 2021 and \$2.8 million in the prior-year quarter. Gross margin was 41.6% of revenues, compared to 44.9% of revenues in the prior quarter and 48.8% of revenues in the fourth quarter of 2020. The increased in gross profit is due to higher revenue, while the sequential and year-over-year gross margin decrease reflects product mix fluctuations and inflationary pressures.

Total operating expenses were \$3.7 million, compared to \$3.4 million in the third quarter of 2021 and \$2.8 million in the year-ago quarter. The increase is related to the reversal of temporary cost measures implemented in response to COVID-19 in the prior year and continuing cost inflation in 2021.

Operating expense for G&A increased 8%, R&D decreased 7%, and depreciation and amortization increased 58% as compared to the previous quarter. When compared to the same quarter last year, operating expenses for G&A increased 36%, R&D increased 20% and depreciation and amortization increased by 55%.

Net loss was \$145,123 or (\$0.00) per share, compared to net income of \$92,246 or \$0.00 per diluted share in the third quarter of 2021 and net income of \$55,918 or \$0.00 per diluted share in the same quarter last year.

Full Year 2021 Financial Results

Total revenues for the year equaled \$26.4 million, versus \$21.5 million in the prior year. The increase was primarily driven by greater demand related to the recovery from the COVID-19 pandemic and a 74% increase in the average oil price during the year.

Gross profit was \$11.4 million compared to \$9.5 million last year. Gross margin was 43.3% of total revenues, compared to 44.4% of revenues in the prior year. The decrease in gross margin was driven by changes in product and service sales mix.

Total operating expenses were \$13.4 million versus \$12.6 million in the prior year. The increase is primarily due to an increase in employee costs due to the reversal of actions taken to reduce the company's cost structure in response to the economic impacts of COVID-19 in addition to the inflationary pressures of 2021.

Compared with last year, operating expenses for G&A increased 8%, R&D decreased 14% and depreciation increased 14%.

Net loss was \$1.1 million or (\$0.02) per share, compared to a net loss of \$2.2 million or (\$0.05) per share last year.

Cash and liquid investments totaled \$17.5 million on December 31, 2021, compared to \$17.6 million at the end of 2020, and the Company continues to operate debt-free.

"We are encouraged by the continued recovery of our business, including our first \$8 million revenue quarter since the COVID-19 pandemic," stated Cameron Tidball, Co-CEO of Profire Energy. "While oil prices continue to be favorable our customers have remained patient on

capital deployments creating pent-up demand for our products. We are starting to see positive signs including drilling, plans for upgrades as well as industry consolidation activity which has new buyers looking to modernize the assets they have acquired. While our core business is steadily returning, we have remained on the offense by diversifying our customer base both inside and outside of oil and gas. We have expanded our burner management product offerings, fostered new sales partnerships, and added salespeople for both our core and new business opportunities. We look forward to 2022 and our ability to capitalize on the strategic moves that we made during the pandemic to grow our business.”

Conference Call

Profire Energy Executives will host the call, followed by a question-and-answer period.

Date: Wednesday, March 9, 2022

Time: 8:30 a.m. ET (6:30 a.m. MT)

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:

https://viaid.webcasts.com/starthere.jsp?ei=1531897&tp_key=34f13256e7

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 via the dial-in numbers below after 11:30 a.m. ET on the same day through March 23, 2022.

Toll-free replay number: 1-844-512-2921

International replay number: 1-412-317-6671

Replay Pin Number: 13727420

About Profire Energy, Inc.

Profire Energy is a technology company providing solutions that enhance the efficiency, safety, and reliability of industrial combustion appliances while mitigating potential environmental impacts related to the operation of these devices. It is primarily focused in the upstream, midstream, and downstream transmission segments of the oil and gas industry; however, the Company has commenced identifying applications in other industries where their solutions can likely add value. Profire specializes in the engineering and design of burner and combustion management systems and solutions used on a variety of natural and forced draft applications. Its products and services are sold primarily throughout North America. It has an experienced team of sales and service professionals that are strategically positioned across the United States and Canada. Profire has offices in Lindon, Utah; Victoria, Texas; Homer, Pennsylvania; Greeley, Colorado; Millersburg, Ohio; and Acheson, 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's expected growth and demand for products, the Company's plans to make internal and external investments, and the availability of Company resources to make beneficial investments in 2022 and beyond. 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 and 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.

Contact:

Profire Energy, Inc.

Ryan Oviatt, Co-CEO CFO
(801) 796-5127

Three Part Advisors

Steven Hooser, Partner
214-872-2710

About Non-GAAP Financial Measures

To supplement our consolidated financial statements, which statements are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measure of earnings before interest, taxes, depreciation and amortization ("EBITDA"). The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use this non-GAAP financial measure for financial and operational decision making and as a means to evaluate period-to-period comparisons. Our management believes that this non-GAAP financial measure provides meaningful supplemental information regarding our performance. We believe that both management and investors benefit from referring to this non-GAAP financial measure in assessing our performance and when planning, forecasting, and analyzing future periods. We believe this non-GAAP financial measure is useful to investors both because it allows for greater transparency with respect to key metrics used by management in its financial and operational decision making.

The Following is a tabular presentation of EBITDA, including a reconciliation to net income which the Company believes to be the most directly comparable US GAAP financial measure.

For the three Months Ended December 31,	2021	2020
EBITDA Calculation		
Net Income	\$ (145,123)	\$ 55,918
Add back net income tax expense	\$ (47,358)	\$ (42,631)

Add back net interest expense	\$ (50,503)	\$ 74,035
Add back depreciation and amortization	\$ 283,935	\$316,679
EBITDA calculated	\$ 40,951	\$404,001

PROFIRE ENERGY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	As of	
	December 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,188,270	\$ 9,148,312
Short-term investments (note 2)	1,013,683	2,388,601
Accounts receivable, net	6,262,799	3,719,508
Inventories, net (note 3)	7,185,248	8,414,772
Prepaid expenses and other current assets (note 4)	1,025,276	1,678,428
Income tax receivable	560,445	486,154
Total Current Assets	<u>24,235,721</u>	<u>25,835,775</u>
LONG-TERM ASSETS		
Net deferred tax asset	163,254	—
Long-term investments (note 2)	8,259,809	6,064,294
Financing right-of-use asset	65,280	50,094
Property and equipment, net (note 5)	11,185,539	12,021,811
Intangible assets, net (note 6)	1,549,138	1,771,870
Goodwill (note 6)	2,579,381	2,579,381
Total Long-Term Assets	<u>23,802,401</u>	<u>22,487,450</u>
TOTAL ASSETS	<u><u>\$48,038,122</u></u>	<u><u>\$48,323,225</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,822,559	\$ 1,178,979
Accrued liabilities (note 7)	1,872,348	1,196,870
Current financing lease liability (note 8)	30,214	39,451
Total Current Liabilities	<u>3,725,121</u>	<u>2,415,300</u>
LONG-TERM LIABILITIES		
Net deferred income tax liability	136,106	522,870
Long-term financing lease liability (note 8)	35,912	12,669
TOTAL LIABILITIES	<u>3,897,139</u>	<u>2,950,839</u>
STOCKHOLDERS' EQUITY (note 9)		

Preferred stock: \$0.001 par value, 10,000,000 shares authorized: no shares issued or outstanding	—	—
Common stock: \$0.001 par value, 100,000,000 shares authorized: 51,720,142 issued and 47,643,233 outstanding at December 31, 2021, and 51,384,961 issued and 47,972,583 outstanding at December 31, 2020	51,720	51,385
Treasury stock, at cost	(6,107,593)	(5,353,019)
Additional paid-in capital	30,819,394	30,293,472
Accumulated other comprehensive loss	(2,100,467)	(2,148,924)
Retained earnings	21,477,929	22,529,472
TOTAL STOCKHOLDERS' EQUITY	<u>44,140,983</u>	<u>45,372,386</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$48,038,122</u>	<u>\$48,323,225</u>

These financial statements should be read in conjunction with the Form 10-K and accompanying footnotes.

PROFIRE ENERGY, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Comprehensive Income

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
REVENUES (note 11)		
Sales of goods, net	\$23,690,994	\$19,395,639
Sales of services, net	2,665,182	2,062,970
Total Revenues	<u>26,356,176</u>	<u>21,458,609</u>
COST OF SALES		
Cost of goods sold-product	12,825,906	10,378,367
Cost of goods sold-services	2,129,255	1,554,041
Total Cost of Goods Sold	<u>14,955,161</u>	<u>11,932,408</u>
GROSS PROFIT	11,401,015	9,526,201
OPERATING EXPENSES		
General and administrative	11,533,496	10,641,122
Research and development	1,120,080	1,299,103
Depreciation and amortization	762,439	666,187
Total Operating Expenses	<u>13,416,015</u>	<u>12,606,412</u>
LOSS FROM OPERATIONS	(2,015,000)	(3,080,211)

OTHER INCOME (EXPENSE)		
Gain on sale of fixed assets	192,183	306,871
Other income (expense)	8,715	(67,078)
Interest income	133,201	181,254
Total Other Income	<u>334,099</u>	<u>421,047</u>
LOSS BEFORE INCOME TAXES	(1,680,901)	(2,659,164)
INCOME TAX BENEFIT (note 12)	<u>629,358</u>	<u>483,567</u>
NET LOSS	<u>\$ (1,051,543)</u>	<u>\$ (2,175,597)</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation gain	\$ 54,006	\$ 240,013
Unrealized gains (losses) on investments	(5,549)	26,523
Total Other Comprehensive Income	<u>48,457</u>	<u>266,536</u>
COMPREHENSIVE LOSS	<u>\$ (1,003,086)</u>	<u>\$ (1,909,061)</u>
BASIC LOSS PER SHARE (note 13)	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>
FULLY DILUTED LOSS PER SHARE (note 13)	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>
BASIC WEIGHTED AVG NUMBER OF SHARES OUTSTANDING	<u>48,070,581</u>	<u>47,778,063</u>
FULLY DILUTED WEIGHTED AVG NUMBER OF SHARES OUTSTANDING	48,070,581	47,778,063

These financial statements should be read in conjunction with the Form 10-K and accompanying footnotes.

PROFIRE ENERGY, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
OPERATING ACTIVITIES		
Net loss	\$(1,051,543)	\$(2,175,597)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	1,255,647	1,176,707
Gain on sale of fixed assets	(192,183)	(306,871)

Bad debt expense	15,979	184,293
Stock awards issued for services	567,077	443,127
Changes in operating assets and liabilities:		
Accounts receivable	(2,595,483)	2,268,435
Income taxes receivable/payable	(101,990)	(404,345)
Inventories	1,247,004	1,216,200
Prepaid expenses and other current assets	705,575	157,053
Deferred tax asset/liability	(524,791)	83,595
Accounts payable and accrued liabilities	1,323,635	(2,378,197)
Net Cash Provided by Operating Activities	<u>648,927</u>	<u>264,400</u>
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	177,851	514,448
Sale (purchase) of investments	(826,827)	2,799,547
Purchase of property and equipment	(168,527)	(1,547,331)
Net Cash Provided by (Used in) Investing Activities	<u>(817,503)</u>	<u>1,766,664</u>
FINANCING ACTIVITIES		
Value of equity awards surrendered by employees for tax liability	(46,873)	(154,659)
Cash received in exercise of stock options	6,053	2,020
Purchase of treasury stock	(754,574)	—
Principal paid towards lease liability	(40,745)	(57,796)
Net Cash Used in Financing Activities	<u>(836,139)</u>	<u>(210,435)</u>
Effect of exchange rate changes on cash	<u>44,673</u>	<u>(31,173)</u>
NET INCREASE (DECREASE) IN CASH	(960,042)	1,789,456
CASH AT BEGINNING OF PERIOD	<u>9,148,312</u>	<u>7,358,856</u>
CASH AT END OF PERIOD	<u>\$ 8,188,270</u>	<u>\$ 9,148,312</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	\$ 3,205	\$ 6,090
Income taxes	\$ 17,150	\$ 402,510
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Common stock issued in settlement of accrued bonuses	\$ —	\$ 419,373

These financial statements should be read in conjunction with the Form 10-K and accompanying footnotes.



Source: Profire Energy, Inc.