

May 3, 2022



Profire Energy Reports Financial Results for First Quarter Fiscal Year 2022

Company Reports Fourth Consecutive Quarter of Sequential Revenue Growth, Achieved Positive Net Income, and EBITDA

LINDON, Utah, May 03, 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 first quarter ending March 31, 2022. A conference call will be held on Wednesday, May 4, 2022, at 8:30 a.m. ET to discuss the results.

First Quarter Summary

- Revenue of \$9.5 million, an 87% increase from prior-year quarter
- Gross margin improved 630 basis points sequentially to 47.9%
- Net income of \$627,161 or \$0.01 per diluted share
- Generated EBITDA of \$1.0 million¹
- Repurchased 509,631 shares of stock

“Our first quarter results reflect the continued progress for the recovery of our end markets and the strategic shift to diversify our offerings. Revenue increased sequentially for the fourth consecutive quarter which is significant progress in our efforts to return to our historical top-line run rate. We also reported a quarterly net profit for the first time since before the pandemic began,” said Ryan Oviatt, Co-Chief Executive Officer and CFO of Profire Energy. “We have successfully managed our inventory levels to date, however the ongoing labor constraints and broad supply chain issues combined with another round of stringent COVID lockdowns in China, could present some challenges in securing products in the near-term. We remain well-positioned, thanks to our debt-free balance sheet, to capitalize on opportunities within our core business, to drive further diversification of our revenue streams, and to invest in our future.”

First Quarter 2022 Financial Results

Total revenues for the period equaled \$9.5 million, compared to \$8.3 million in the fourth quarter of 2021 and \$5.0 million in the prior-year quarter. The sequential and year-over-year increase was driven by improving demand from the COVID-19 pandemic recovery, higher oil prices, improving rig counts, and consistent execution of our business strategy.

Gross profit was \$4.6 million, compared to \$3.4 million in the fourth quarter of 2021 and \$2.2

million in the prior-year quarter. Gross margin was 47.9% of revenues, compared to 41.6% of revenues in the prior quarter and 42.7% of revenues in the first quarter of 2021. These increases are primarily due to greater sales activity, sales price increases implemented at the end of 2021, and customer and product mix over these periods.

Total operating expenses were \$3.9 million, compared to \$3.7 million in the fourth quarter of 2021 and \$3.0 million in the year-ago quarter. These increases are being driven by inflation and the reversal of temporary cost measures implemented in response to COVID-19.

Compared with the same quarter last year, operating expenses for G&A increased 33%, R&D increased 20%, and depreciation was unchanged.

Net income was \$627,161 or \$0.01 per diluted share, compared to a net loss of (\$145,122) or (\$0.00) per share in the fourth quarter of 2021 and net loss of (\$601,500) or (\$0.01) per share in the first quarter last year.

“We are seeing increased levels of interest and drilling activity from our customers due to oil prices trading at or above \$100 in recent months, including retrofit programs and other capital projects that were deferred during the previous several years,” stated Cameron Tidball, Co-CEO of Profire Energy. “We are adding revenue-generating positions both within and outside the oil and gas arena, thanks to the continued traction we are seeing for our products beyond our traditional markets. In addition, we are investing in R&D, and we continue to review potential joint ventures and partnerships to further extend Profire’s offering across North America. We look forward to building on our good start in 2022 and delivering long-term value to our shareholders.”

Conference Call

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

Date: Wednesday, May 4, 2022

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

Toll-free dial-in number: 1-855-327-6837

International dial-in number: 1-631-891-4304

The conference call will be webcast live and available for replay via this link:

<https://themediiframe.com/mediiframe/webcast.html?webcastid=AC81cFkQ>

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 May 18, 2022.

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

International replay number: 1-412-317-6671

Replay Pin Number: 10018993

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 and completed several installations 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; 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, supply chain constraints, and the Company's plans to make internal and external investments. 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:

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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 March 31,	2022
EBITDA Calculation	
Net Income	\$ 627,161
Add back net income tax expense	\$ 160,442
Add back net interest expense	\$ (21,545)
Add back depreciation and amortization	\$ 281,119
EBITDA calculated	\$ 1,047,177

PROFIRE ENERGY, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

	As of	
	March 31, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,879,467	\$ 8,188,270
Short-term investments	454,046	1,013,683
Accounts receivable, net	8,137,354	6,262,799
Inventories, net (note 3)	7,744,924	7,185,248
Prepaid expenses and other current assets (note 4)	1,066,799	1,025,276
Income tax receivable	121,407	560,445
Total Current Assets	24,403,997	24,235,721
LONG-TERM ASSETS		
Net deferred tax asset	165,797	163,254
Long-term investments	7,852,860	8,259,809
Financing right-of-use asset	52,862	65,280
Property and equipment, net	11,165,706	11,185,539
Intangible assets, net	1,493,455	1,549,138
Goodwill	2,579,381	2,579,381
Total Long-Term Assets	23,310,061	23,802,401
TOTAL ASSETS	\$47,714,058	\$48,038,122

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 1,505,193	\$ 1,822,559
Accrued liabilities (note 5)	1,694,926	1,872,348
Current financing lease liability (note 6)	22,096	30,214
Total Current Liabilities	<u>3,222,215</u>	<u>3,725,121</u>

LONG-TERM LIABILITIES

Net deferred income tax liability	183,136	136,106
Long-term financing lease liability (note 6)	31,401	35,912
TOTAL LIABILITIES	<u>3,436,752</u>	<u>3,897,139</u>

STOCKHOLDERS' EQUITY (note 7)

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: 51,860,036 issued and 47,273,496 outstanding at March 31, 2022, and 51,720,142 issued and 47,643,233 outstanding at December 31, 2021	51,860	51,720
Treasury stock, at cost	(6,729,856)	(6,107,593)
Additional paid-in capital	31,079,446	30,819,394
Accumulated other comprehensive loss	(2,229,234)	(2,100,467)
Retained earnings	<u>22,105,090</u>	<u>21,477,929</u>
TOTAL STOCKHOLDERS' EQUITY	<u>44,277,306</u>	<u>44,140,983</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$47,714,058</u>	<u>\$48,038,122</u>

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

PROFIRE ENERGY, INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31,	
	<u>2022</u>	<u>2021</u>
REVENUES (note 8)		
Sales of products, net	\$ 8,878,423	\$ 4,657,535
Sales of services, net	624,717	434,814
Total Revenues	<u>9,503,140</u>	<u>5,092,349</u>
COST OF SALES		
Cost of sales - product	4,382,700	2,537,634
Cost of sales - services	563,736	380,028
Total Cost of Sales	<u>4,946,436</u>	<u>2,917,662</u>

GROSS PROFIT	4,556,704	2,174,687
OPERATING EXPENSES		
General and administrative	3,392,379	2,554,536
Research and development	308,316	256,891
Depreciation and amortization	167,015	167,485
Total Operating Expenses	<u>3,867,710</u>	<u>2,978,912</u>
INCOME (LOSS) FROM OPERATIONS	688,994	(804,225)
OTHER INCOME (EXPENSE)		
Gain on sale of property and equipment	95,842	73,901
Other expense	(18,778)	(97)
Interest income	21,545	21,062
Total Other Income	<u>98,609</u>	<u>94,866</u>
INCOME (LOSS) BEFORE INCOME TAXES	787,603	(709,359)
INCOME TAX BENEFIT (EXPENSE)	<u>(160,442)</u>	<u>107,859</u>
NET INCOME (LOSS)	<u>\$ 627,161</u>	<u>\$ (601,500)</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation gain	\$ 158,359	\$ 139,606
Unrealized losses on investments	<u>(287,126)</u>	<u>(7,974)</u>
Total Other Comprehensive Income (Loss)	<u>(128,767)</u>	<u>131,632</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 498,394</u>	<u>\$ (469,868)</u>
BASIC EARNINGS (LOSS) PER SHARE	\$ 0.01	\$ (0.01)
FULLY DILUTED EARNINGS (LOSS) PER SHARE	<u>\$ 0.01</u>	<u>\$ (0.01)</u>
BASIC WEIGHTED AVG NUMBER OF SHARES OUTSTANDING	47,481,439	47,990,101
FULLY DILUTED WEIGHTED AVG NUMBER OF SHARES OUTSTANDING	48,536,418	47,990,101

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

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

	For the Three Months Ended March 31,	
	2022	2021
OPERATING ACTIVITIES		
Net income (loss)	\$ 627,161	\$ (601,500)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	281,119	293,615
Gain on sale of property and equipment	(95,842)	(73,901)
Bad debt expense	28,453	(3,084)
Stock awards issued for services	138,503	125,043
Changes in operating assets and liabilities:		
Accounts receivable	(1,663,295)	974,602
Income taxes receivable/payable	439,034	(94,597)
Inventories	(530,568)	342,980
Prepaid expenses and other current assets	49,283	906,459
Deferred tax asset/liability	47,030	(707)
Accounts payable and accrued liabilities	(513,227)	(48,245)
Net Cash Provided by (Used in) Operating Activities	<u>(1,192,349)</u>	<u>1,820,665</u>
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	112,982	27,784
Sale (purchase) of investments	679,636	(438,830)
Purchase of property and equipment	(207,848)	(57,825)
Net Cash Provided by (Used in) Investing Activities	<u>584,770</u>	<u>(468,871)</u>
FINANCING ACTIVITIES		
Value of equity awards surrendered by employees for tax liability	(91,098)	(26,629)
Purchase of treasury stock	(622,263)	—
Principal paid towards lease liability	(12,629)	(11,227)
Net Cash Used in Financing Activities	<u>(725,990)</u>	<u>(37,856)</u>
Effect of exchange rate changes on cash	24,766	13,179
NET CHANGE IN CASH	<u>(1,308,803)</u>	<u>1,327,117</u>
CASH AT BEGINNING OF PERIOD	<u>8,188,270</u>	<u>9,148,312</u>
CASH AT END OF PERIOD	<u><u>\$ 6,879,467</u></u>	<u><u>\$10,475,429</u></u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW
INFORMATION**

CASH PAID FOR:

Interest	\$	697	\$	1,936
Income taxes	\$	—	\$	—

NON-CASH FINANCING AND INVESTING ACTIVITIES

Common stock issued in settlement of accrued bonuses	\$	212,787	\$	—
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¹ See “About Non-GAAP Financial Measures” below.



Source: Profire Energy, Inc.