# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

**FORM 10-Q**

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended September 30, 2023**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From ________ to _________

Commission File Number **001-36378**

# PROFIRE ENERGY, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Nevada** | **20-0019425** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **321 South 1250 West, Suite 1** | |
| **Lindon, Utah** | **84042** |
| (Address of principal executive offices) | (Zip Code) |

**(801) 796-5127**
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated Filer ☐ |
| Non-accelerated filer ☒ | Smaller reporting company ☒ |
| | Emerging growth company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No☒

Securities registered pursuant to Section 12(b) of the Act:

| **Title of each class** | **Trading Symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| Common, $0.001 Par Value | PFIE | NASDAQ |

As of November 7, 2023, the registrant had 52,949,566 shares of common stock issued and 47,587,952 shares of common stock outstanding, par value $0.001.

**PROFIRE ENERGY, INC.**
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## PART I. FINANCIAL INFORMATION
### Item 1 Financial Information
**PROFIRE ENERGY, INC. AND SUBSIDIARIES**

Condensed Consolidated Balance Sheets

| | As of | |
|---|---|---|
| | September 30, 2023 | December 31, 2022 |
| ASSETS | (Unaudited) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 8,338,863 | $ 7,384,578 |
| Short-term investments | 2,795,040 | 1,154,284 |
| Accounts receivable, net | 13,253,470 | 10,886,145 |
| Inventories, net (note 3) | 13,531,652 | 10,293,980 |
| Prepaid expenses and other current assets (note 4) | 2,744,172 | 2,314,639 |
| Total Current Assets | 40,663,197 | 32,033,626 |
| LONG-TERM ASSETS | | |
| Long-term investments | 6,220,703 | 7,503,419 |
| Financing lease right-of-use asset | 136,332 | 120,239 |
| Property and equipment, net | 10,650,384 | 10,423,964 |
| Intangible assets, net | 1,143,480 | 1,268,907 |
| Goodwill | 2,579,381 | 2,579,381 |
| Total Long-Term Assets | 20,730,280 | 21,895,910 |
| TOTAL ASSETS | $ 61,393,477 | $ 53,929,536 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 1,193,876 | $ 2,955,506 |
| Accrued liabilities (note 5) | 3,760,890 | 3,573,994 |
| Current financing lease liability (note 6) | 65,321 | 53,646 |
| Income taxes payable | 669,431 | 205,169 |
| Total Current Liabilities | 5,689,518 | 6,788,315 |
| LONG-TERM LIABILITIES | | |
| Net deferred income tax liability | 955,256 | 488,858 |
| Long-term financing lease liability (note 6) | 74,495 | 67,883 |
| TOTAL LIABILITIES | 6,719,269 | 7,345,056 |
| | | |
| 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: 52,949,566 issued and 47,671,720 outstanding at September 30, 2023, and 52,143,901 issued and 47,105,771 outstanding at December 31, 2022 | 52,952 | 52,144 |
| Treasury stock, at cost | (7,675,637) | (7,336,323) |
| Additional paid-in capital | 32,734,069 | 31,737,843 |
| Accumulated other comprehensive loss | (3,349,033) | (3,294,873) |
| Retained earnings | 32,911,857 | 25,425,689 |
| TOTAL STOCKHOLDERS' EQUITY | 54,674,208 | 46,584,480 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 61,393,477 | $ 53,929,536 |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**PROFIRE ENERGY, INC. AND SUBSIDIARIES**

Condensed Consolidated Statements of Income and Comprehensive Income (Loss)

(Unaudited)

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | | (See Note 1) | | (See Note 1) |
| REVENUES (note 8) | | | | |
| Sales of products, net | $ 13,970,065 | $ 11,895,881 | $ 41,201,461 | $ 29,634,986 |
| Sales of services, net | 858,871 | 933,457 | 2,624,514 | 2,330,639 |
| Total Revenues | 14,828,936 | 12,829,338 | 43,825,975 | 31,965,625 |
| | | | | |
| COST OF SALES | | | | |
| Cost of sales - products | 6,551,986 | 5,960,311 | 18,796,499 | 14,873,075 |
| Cost of sales - services | 799,866 | 750,151 | 2,304,838 | 2,013,825 |
| Total Cost of Sales | 7,351,852 | 6,710,462 | 21,101,337 | 16,886,900 |
| | | | | |
| GROSS PROFIT | 7,477,084 | 6,118,876 | 22,724,638 | 15,078,725 |
| | | | | |
| OPERATING EXPENSES | | | | |
| General and administrative | 4,572,460 | 3,538,541 | 12,487,783 | 10,878,734 |
| Research and development | 215,359 | 309,566 | 734,894 | 818,823 |
| Depreciation and amortization | 145,662 | 152,876 | 428,644 | 479,473 |
| Total Operating Expenses | 4,933,481 | 4,000,983 | 13,651,321 | 12,177,030 |
| | | | | |
| INCOME FROM OPERATIONS | 2,543,603 | 2,117,893 | 9,073,317 | 2,901,695 |
| | | | | |
| OTHER INCOME (EXPENSE) | | | | |
| Gain on sale of assets | 17,350 | 12,887 | 251,768 | 323,570 |
| Other expense | 19,718 | (5,761) | (26,704) | (24,180) |
| Interest income | 74,165 | 45,107 | 255,865 | 86,959 |
| Interest expense | (4,438) | (1,078) | (6,226) | (19,387) |
| Total Other Income | 106,795 | 51,155 | 474,703 | 366,962 |
| | | | | |
| INCOME BEFORE INCOME TAXES | 2,650,398 | 2,169,048 | 9,548,020 | 3,268,657 |
| | | | | |
| INCOME TAX EXPENSE | (611,008) | (958,300) | (2,061,851) | (1,145,919) |
| | | | | |
| NET INCOME | $ 2,039,390 | $ 1,210,748 | $ 7,486,169 | $ 2,122,738 |
| | | | | |
| OTHER COMPREHENSIVE LOSS | | | | |
| Foreign currency translation loss | $ (301,642) | $ (591,282) | $ (28,838) | $ (723,209) |
| Unrealized losses on investments | (71,193) | (172,802) | (25,322) | (594,596) |
| Total Other Comprehensive Loss | (372,835) | (764,084) | (54,160) | (1,317,805) |
| | | | | |
| COMPREHENSIVE INCOME | $ 1,666,555 | $ 446,664 | $ 7,432,009 | $ 804,933 |
| | | | | |
| BASIC EARNINGS PER SHARE | $ 0.04 | $ 0.03 | $ 0.16 | $ 0.04 |
| FULLY DILUTED EARNINGS PER SHARE | $ 0.04 | $ 0.02 | $ 0.15 | $ 0.04 |
| | | | | |
| BASIC WEIGHTED AVG NUMBER OF SHARES OUTSTANDING | 47,521,238 | 47,036,012 | 47,364,445 | 47,201,611 |
| FULLY DILUTED WEIGHTED AVG NUMBER OF SHARES OUTSTANDING | 49,504,024 | 48,558,207 | 49,314,304 | 48,761,346 |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**PROFIRE ENERGY, INC. AND SUBSIDIARIES**

Condensed Consolidated Statements of Stockholders' Equity

(Unaudited)

| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Retained Earnings | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | |
| **Balance, December 31, 2022** | **47,105,771** | **$ 52,144** | **$ 31,737,843** | **$ (3,294,873)** | **$ (7,336,323)** | **$ 25,425,689** | **$ 46,584,480** |
| Stock based compensation | — | — | 223,047 | — | — | — | 223,047 |
| Stock issued in settlement of RSUs and accrued bonuses | 246,116 | 247 | 378,279 | — | — | — | 378,526 |
| Tax withholdings paid related to stock based compensation | — | — | (242,506) | — | — | — | (242,506) |
| Foreign currency translation | — | — | — | (5,524) | — | — | (5,524) |
| Unrealized gains on investments | — | — | — | 76,287 | — | — | 76,287 |
| Net income | — | — | — | — | — | 2,589,621 | 2,589,621 |
| **Balance, March 31, 2023** | **47,351,887** | **$ 52,391** | **$ 32,096,662** | **$ (3,224,110)** | **$ (7,336,323)** | **$ 28,015,310** | **$ 49,603,930** |
| Stock based compensation | — | — | 360,446 | — | $ — | — | 360,446 |
| Stock issued in exercise of stock options | 82,450 | $ 83 | $ 65,252 | $ — | $ — | $ — | $ 65,335 |
| Stock issued in settlement of RSUs | 187,296 | 188 | (188) | — | — | — | — |
| Tax withholdings paid related to stock based compensation | — | — | (7,175) | — | — | — | (7,175) |
| Treasury stock repurchased | (47,073) | $ — | — | — | (57,958) | — | $ (57,958) |
| Foreign currency translation | — | — | — | 278,328 | — | — | 278,328 |
| Unrealized losses on investments | — | — | — | (30,416) | — | — | (30,416) |
| Net income | — | — | — | — | — | 2,857,157 | 2,857,157 |
| **Balance, June 30, 2023** | **47,574,560** | **$ 52,662** | **$ 32,514,997** | **$ (2,976,198)** | **$ (7,394,281)** | **$ 30,872,467** | **$ 53,069,647** |
| Stock based compensation | — | — | 294,899 | — | — | — | 294,899 |
| Stock issued in exercise of stock options | 289,803 | 290 | 177,521 | — | — | — | 177,811 |
| Tax withholdings paid related to stock based compensation | — | — | (253,348) | — | — | — | (253,348) |
| Treasury stock repurchased | (192,643) | — | — | — | (281,356) | — | (281,356) |
| Foreign currency translation | — | — | — | (301,642) | — | — | (301,642) |
| Unrealized losses on investments | — | — | — | (71,193) | — | — | (71,193) |
| Net income | — | — | — | — | — | 2,039,390 | 2,039,390 |
| **Balance, September 30, 2023** | **47,671,720** | **$ 52,952** | **$ 32,734,069** | **$ (3,349,033)** | **$ (7,675,637)** | **$ 32,911,857** | **$ 54,674,208** |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Retained Earnings | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | |
| **Balance, December 31, 2021** | **47,643,233** | **$ 51,720** | **$ 30,819,394** | **$ (2,100,467)** | **$ (6,107,593)** | **$ 21,477,929** | **$ 44,140,983** |
| Stock based compensation | — | — | 138,503 | — | — | — | 138,503 |
| Stock issued in settlement of RSUs and accrued bonuses | 139,894 | 140 | 212,647 | — | — | — | 212,787 |
| Tax withholdings paid related to stock based compensation | — | — | (91,098) | — | — | — | (91,098) |
| Treasury stock repurchased | (509,631) | — | — | — | (622,263) | — | (622,263) |
| Foreign currency translation | — | — | — | 158,359 | — | — | 158,359 |
| Unrealized losses on investments | — | — | — | (287,126) | — | — | (287,126) |
| Net income | — | — | — | — | — | 627,161 | 627,161 |
| **Balance, March 31, 2022** | **47,273,496** | **$ 51,860** | **$ 31,079,446** | **$ (2,229,234)** | **$ (6,729,856)** | **$ 22,105,090** | **$ 44,277,306** |
| Stock based compensation | — | — | 274,390 | — | — | — | 274,390 |
| Stock issued in exercise of stock options | 27,200 | 28 | 21,554 | | | | 21,582 |
| Stock issued in settlement of RSUs | 184,047 | 184 | (184) | — | — | — | — |
| Tax withholdings paid related to stock based compensation | | | (3,524) | | | | (3,524) |
| Treasury stock repurchased | (451,590) | | | | (606,467) | | (606,467) |
| Foreign currency translation | — | — | — | (290,292) | — | — | (290,292) |
| Unrealized losses on investments | — | — | — | (134,662) | — | — | (134,662) |
| Net income | — | — | — | — | — | 284,829 | 284,829 |
| **Balance, June 30, 2022** | **47,033,153** | **$ 52,072** | **$ 31,371,682** | **$ (2,654,188)** | **$ (7,336,323)** | **$ 22,389,919** | **$ 43,823,162** |
| Stock based compensation | — | — | 193,056 | — | — | — | 193,056 |
| Stock issued in exercise of stock options | 7,000 | 7 | 5,488 | — | — | — | 5,495 |
| Foreign currency translation | — | — | — | (591,282) | — | — | (591,282) |
| Unrealized losses on investments | — | — | — | (172,802) | — | — | (172,802) |
| Net income | — | — | — | — | — | 1,210,748 | 1,210,748 |
| **Balance, September 30, 2022** | **47,040,153** | **$ 52,079** | **$ 31,570,226** | **$ (3,418,272)** | **$ (7,336,323)** | **$ 23,600,667** | **$ 44,468,377** |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**PROFIRE ENERGY, INC. AND SUBSIDIARIES**

Condensed Consolidated Statements of Cash Flows

(Unaudited)

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | 2023 | 2022 |
| OPERATING ACTIVITIES | | |
| Net income | $ 7,486,169 | $ 2,122,738 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 822,204 | 831,036 |
| Gain on sale of property and equipment | (251,768) | (323,570) |
| Bad debt expense | 420,883 | 40,948 |
| Stock awards issued for services | 878,392 | 605,955 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (2,360,696) | (2,620,155) |
| Income taxes receivable/payable | 464,256 | 1,130,931 |
| Inventories | (3,245,588) | (3,190,546) |
| Prepaid expenses and other current assets | (437,023) | (1,668,442) |
| Deferred tax asset/liability | 466,398 | 307,663 |
| Accounts payable and accrued liabilities | (1,574,995) | 1,566,810 |
| Net Cash Provided by (Used in) Operating Activities | 2,668,232 | (1,196,632) |
| | | |
| INVESTING ACTIVITIES | | |
| Proceeds from sale of property and equipment | 328,350 | 549,574 |
| Purchase of investments | (383,520) | (133,371) |
| Purchase of property and equipment | (974,070) | (370,791) |
| Net Cash Provided by (Used in) Investing Activities | (1,029,240) | 45,412 |
| | | |
| FINANCING ACTIVITIES | | |
| Value of equity awards surrendered by employees for tax liability | (502,307) | (94,802) |
| Cash received in exercise of stock options | 178,195 | 31,084 |
| Purchase of treasury stock | (339,313) | (1,228,731) |
| Principal paid toward lease liability | (26,617) | (28,145) |
| Net Cash Used in Financing Activities | (690,042) | (1,320,594) |
| | | |
| Effect of exchange rate changes on cash | 5,335 | (76,591) |
| | | |
| NET CHANGE IN CASH | 954,285 | (2,548,405) |
| CASH AT BEGINNING OF PERIOD | 7,384,578 | 8,188,270 |
| CASH AT END OF PERIOD | $ 8,338,863 | $ 5,639,865 |
| | | |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| | | |
| CASH PAID FOR: | | |
| Interest | $ 6,227 | $ 2,331 |
| Income taxes | $ 1,126,750 | $ 21,000 |
| NON-CASH FINANCING AND INVESTING ACTIVITIES | | |
| Common stock issued in settlement of accrued bonuses | $ 378,526 | $ 212,787 |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**NOTE 1 - CONDENSED FINANCIAL STATEMENTS**

Except where the context otherwise requires, all references herein to the "Company," "Profire," "we," "us," "our," or similar words and phrases are to Profire Energy, Inc. and its wholly owned subsidiaries, taken together.

The accompanying condensed consolidated financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments have been made (which include only normal recurring adjustments) which are necessary to present fairly the financial position, results of operations, stockholders' equity, and cash flows at September 30, 2023 and for all periods presented herein.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements contained in its annual report on Form 10-K for the year ended December 31, 2022 ("Form 10-K"). The results of operations for the three- and nine-month periods ended September 30, 2023 and 2022 are not necessarily indicative of the operating results for the full years. Certain amounts in the accompanying September 30, 2022 condensed consolidated statement of income and comprehensive income (loss) have been reclassified to conform to the September 30, 2023 presentation.

**NOTE 2 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization and Line of Business*

This Organization and Summary of Significant Accounting Policies of the Company is presented to assist in understanding the Company's condensed consolidated financial statements. The Company's accounting policies conform to "US GAAP."

The Company provides burner-management products, solutions and services primarily for the oil and gas industry within the US and Canadian markets. The Company has made progress in expansion efforts outside of these markets into other industries with combustion and burner management requirements as well as into other international locations.

*Significant Accounting Policies*

There have been no changes to the significant accounting policies of the Company from the information provided in Note 1 of the notes to the consolidated financial statements in the Company's most recent Form 10-K.

*Recent Accounting Pronouncements*

The Company has evaluated all recent accounting pronouncements and determined that the adoption of pronouncements applicable to the Company has not had or is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

**NOTE 3 – INVENTORIES**

Inventories consisted of the following at each balance sheet date:

| | As of | |
|---|---|---|
| | September 30, 2023 | December 31, 2022 |
| Raw materials | $ 314,390 | $ 166,927 |
| Finished goods | 13,661,652 | 10,452,930 |
| Subtotal | 13,976,042 | 10,619,857 |
| Reserve for obsolescence | (444,390) | (325,877) |
| Total | $ 13,531,652 | $ 10,293,980 |

**NOTE 4 – PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consisted of the following at each balance sheet date:

| | As of | |
|---|---|---|
| | September 30, 2023 | December 31, 2022 |
| Prepaid inventory | $ 1,868,310 | $ 784,420 |
| Accrued receivables | 30,478 | 881,176 |
| Prepaid insurance | 446,434 | 240,785 |
| Interest receivables | 63,069 | 72,761 |
| Tax credits | 163 | 118,035 |
| Other | 335,718 | 217,462 |
| Total | $ 2,744,172 | $ 2,314,639 |

**NOTE 5 – ACCRUED LIABILITIES**

Accrued liabilities consisted of the following at each balance sheet date:

| | As of | |
|---|---|---|
| | September 30, 2023 | December 31, 2022 |
| Employee-related payables | $ 2,069,882 | $ 2,404,848 |
| Deferred revenue | 593,014 | 420,827 |
| Inventory-related payables | 779,535 | 285,109 |
| Tax-related payables | 28,689 | 54,762 |
| Warranty liabilities | 106,174 | 74,103 |
| Other | 183,596 | 334,345 |
| Total | $ 3,760,890 | $ 3,573,994 |

**NOTE 6 – LEASES**

We have leases for office equipment and office space. The leases for office equipment are classified as financing leases, and the typical term is between 36 and 60 months. We have the option to extend most office equipment leases, but we do not intend to do so. Accordingly, no extensions have been recognized in the right-of-use asset or lease liability. The office equipment lease payments are not variable, and the lease agreements do not include any non-lease components, residual value guarantees, or restrictions. There are no interest rates implicit in the office equipment lease agreements, so we have used our incremental borrowing rate to determine the discount rate to be applied to our financing leases for the purpose of determining our lease liabilities. The weighted average discount rate applied to our financing leases is 4.50% and the weighted average remaining lease term is 2.8 years.

The following table shows the components of financing lease cost:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| Financing Lease Cost | 2023 | 2022 | 2023 | 2022 |
| Amortization of right-of-use assets | $ 14,332 | $ 7,240 | $ 28,811 | $ 28,308 |
| Interest on lease liabilities | 4,438 | 1,078 | 6,226 | 2,331 |
| Total financing lease cost | $ 18,770 | $ 8,318 | $ 35,037 | $ 30,639 |

The Company leases one warehouse space with a two-year lease, which is recorded as an operating lease. We consider the remainder of our office space leases to be short-term, and we have elected not to recognize those on our balance sheet under the short-term recognition exemption. Operating lease expense recognized during the three- and nine- months ended September 30, 2023 and September 30, 2022 was $15,081 and $13,356, and $52,285 and $35,263, respectively.

Supplemental operating lease information as of September 30, 2023 is as follows:

| | | |
|---|---|---|
| Operating right of use assets | $ | 17,372 |
| Current operating lease liabilities | | 17,372 |
| Long-term operating lease liabilities | | — |
| Weighted-average remaining lease term in years | | 0.8 |
| Weighted-average discount rate | | 4.5 % |

As of September 30, 2023, maturities of lease liabilities are as follows:

| Years ending December 31, | | Amount |
|---|---|---|
| 2023 | $ | 21,383 |
| 2024 | | 68,501 |
| 2025 | | 39,542 |
| 2026 | | 23,433 |
| 2027 | | 6,957 |
| Thereafter | | — |
| Total future minimum lease payments | $ | 159,816 |
| Less: Amount representing interest | | 20,000 |
| Present value of future payments | **$** | **139,816** |
| Current portion | $ | 65,321 |
| Long-term portion | $ | 74,495 |

**NOTE 7 – STOCKHOLDERS' EQUITY**

As of September 30, 2023 and December 31, 2022, the Company held 5,277,846 and 5,038,130 shares of its common stock in treasury at a total cost of $7,675,637 and $7,336,323, respectively.

On May 9, 2023, the Company announced that its Board of Directors had authorized a share repurchase program allowing the Company to repurchase up to $1,000,000 worth of the Company's common stock from time to time through April 30, 2024. Any purchases under the program will be made at the discretion of management or may also be made pursuant to a Rule 10b5-1 plan. The size and timing of any purchases will depend on price, market and business conditions and other factors.

As of September 30, 2023, the Company had 785,995 restricted stock units ("RSUs"), 1,057,044 performance-based RSUs, and 228,350 stock options outstanding with $804,632 in remaining compensation expense to be recognized over the next 1.5 years. See further details below about certain subsets of these outstanding equity-based awards.

On June 29, 2023, pursuant to the annual renewal of director compensation, the Board approved a grant of 195,966 RSUs to the Company's independent directors. Half of the RSUs vested immediately on the date of grant and the remaining 50% of the RSUs will vest on the first anniversary of the grant date or at the Company's next annual meeting of stockholders, whichever is earlier. The awards will result in total compensation expense of approximately $243,000 to be recognized over the vesting period.

On April 25, 2023, the Compensation Committee approved the 2023 Executive Incentive Plan (the "2023 EIP") for Messrs. Oviatt, Tidball, and Fisher. The 2023 EIP provides for the potential award of incentive compensation to the participants based on the Company's financial performance in fiscal 2023. If earned, the incentive compensation will be payable in cash and stock, and the stock portion of the incentive compensation is intended to constitute an award under the Company's 2023 Equity Incentive Plan (the "2023 Plan"). In addition to the 2023 EIP, the Board also approved as a long-term incentive plan the grants of a restricted stock unit awards to Messrs. Oviatt, Tidball, and Fisher pursuant to the 2023 Plan (the "2023 LTIP"). The 2023 Plan was adopted by the Board of Directors on April 25, 2023, subject to shareholder approval at the annual meeting of stockholders of the Company (the "Annual Meeting"). The 2023 Plan was approved by the shareholders of the Company at the Annual Meeting which was held on June 14, 2023.

*2023 EIP*

Under the terms of the 2023 EIP, each participating executive officer has been assigned a target incentive compensation amount for fiscal 2023. The target incentive compensation amount for Mr. Oviatt is equal to 62% of his base salary as of December 31, 2023, the target incentive compensation amount for Mr. Tidball is equal to62% of his base salary as of December 31, 2023, and the target incentive compensation for Mr. Fisher is equal to 37% of his base salary as of December 31, 2023. Under no circumstance can the participants receive more than two times the assigned target incentive compensation.

Participants will be eligible to receive incentive compensation based upon reaching or exceeding performance goals established by the Compensation Committee for fiscal 2023. The performance goals in the 2023 EIP are based on the Company's total revenue, EBITDA, and two non-financial factors including revenue source diversification and safety and environmental performance. Each of the revenue, EBITDA, and revenue diversification performance goals will be weighted 30% while the safety and environment goal will be weighted 10% in calculating incentive compensation amounts.

The incentive compensation amounts earned under the 2023 EIP, if any, will be paid 50% in cash and 50% in shares of restricted stock under the 2023 Plan. In no event shall the total award exceed 200% of the target incentive compensation amount for each participant, or exceed any limitations otherwise set forth in the 2023 Plan. The actual incentive compensation amounts, if any, will be determined by the Compensation Committee upon the completion of fiscal 2023 and paid by March 15, 2024, subject to all applicable tax withholding.

*2023 LTIP*

The 2023 LTIP consists of total awards of up to 287,076 restricted stock units ("Units") to Mr. Oviatt, up to 287,076 Units to Mr. Tidball, and up to 50,868 Units to Mr. Fisher, pursuant to two separate restricted stock unit award agreements (collectively, the "Restricted Stock Unit Award Agreements") to be entered between the Company and each participant. One such agreement covers 33% of each award recipient's Units that are subject to time-based vesting, and the other such agreement covers the remaining 67% of such award recipient's Units that may vest based on performance metrics. Upon vesting, the award agreements entitle the award recipients to receive one share of the Company's common stock for each vested Unit. The vesting period of the 2023 LTIP began on January 1, 2023 and terminates on December 31, 2025 (the "Performance Vesting Date").

The Units subject to time-based vesting, including 95,692 Units to Mr. Oviatt, 95,692 Units for Mr. Tidball, and 16,956 Units to Mr. Fisher, will vest in three equal and annual installments beginning December 31, 2023 and ending on December 31, 2025 if the award recipients' employment continues with the Company through such dates.

The performance-vesting Units, including up to 191,384 Units for Mr. Oviatt, 191,384 Units for Mr. Tidball, and 33,912 Units to Mr. Fisher, may vest over a three-year performance period beginning January 1, 2023 (the "Performance Period") based upon the following Company performance metrics:

| **Performance Metrics** | **Weight** | **Target** | **Above Target** | **Outstanding** |
|---|---|---|---|---|
| Total Shareholder Return (based on the Company's closing price of its common stock at the end of the Performance Period relative to its closing price as of the last trading day in 2022) | 1/3 | 94.2% | 142.7% | 191.3% |
| Relative Total Shareholder Return (based on the Company's ranked performance in closing stock price growth relative to a peer group of companies during the Performance Period) | 1/3 | Third Quartile | Second Quartile | First Quartile |
| EBITDA as a Percentage of Total Revenue | 1/3 | 15% | 17.5% | 20% |

One-third of such performance-vesting Units, consisting of 63,794 Units for Mr. Oviatt, 63,794 Units for Mr. Tidball, and 11,304 Units for Mr. Fisher, may vest for each of the three performance metrics identified in the table above. The number of Units that will vest for each performance metric on the Performance Vesting Date shall be determined as follows:

a. if the "Target" level for such performance metric is not achieved, none of the Units relating to such performance metric will vest;
b. if the "Target" level (but no higher level) for such performance metric is achieved, 50% of the Units relating to such performance metric will vest;
c. if the "Above Target" level (but no higher level) for such performance metric is achieved, 75% of the Units relating to such performance metric will vest; and
d. if the "Outstanding" level for such performance metric is achieved, 100% of the Units relating to such performance metric will vest.

The foregoing summary of the 2023 EIP and the Restricted Stock Unit Award Agreements relating to the 2023 LTIP is qualified in its entirety by the text of the 2023 EIP and each of the Restricted Stock Unit Award Agreements, which were filed as exhibits to the Quarterly Report on Form 10-Q for the quarter ending March 31, 2023.

*2022 EIP and LTIP*

On April 6, 2022, the Compensation Committee of the Board (the "Compensation Committee") approved the 2022 Executive Incentive Plan (the "2022 EIP") for Messrs. Oviatt, Tidball, and Fisher. The 2022 EIP provided for the potential award of incentive compensation to the participants based on the Company's financial performance in fiscal 2022. The incentive compensation was payable in cash and stock, and the stock portion of the incentive compensation constituted an award under the Company's 2014 Equity Incentive Plan, as amended (the "2014 Plan").

Participants were eligible to receive incentive compensation based upon reaching or exceeding performance goals established by the Compensation Committee for fiscal 2022. The performance goals in the 2022 EIP were based on the Company's total revenue, EBITDA, and a non-financial milestone relating to revenue source diversification. Each of these performance goals were weighted one third in calculating incentive compensation amounts.

On March 6, 2023, the Compensation Committee approved the incentive compensation amounts based on achieving certain targets pursuant to the 2022 EIP. The incentive compensation amounts earned under the 2022 EIP were paid 50% in cash and 50% in shares of restricted stock under the 2014 Plan. The incentive compensation amounts resulted in the Compensation Committee approving a one-time bonus for Company executives that was settled by issuing a total of 341,961 shares of common stock, or 192,964 shares net of tax withholding. These shares were fully vested as of March 6, 2023.

In addition to the 2022 EIP, the Board also approved as a long-term incentive plan the grants of restricted stock unit awards to Messrs. Oviatt, Tidball, and Fisher pursuant to the 2014 Plan (the "2022 LTIP"). The 2022 LTIP consists of total awards of up to 230,232 RSUs to Mr. Oviatt, up to 230,232 RSUs to Mr. Tidball, and up to 43,023 RSUs to Mr. Fisher, pursuant to two separate restricted stock unit award agreements (collectively, the "2022 LTIP Restricted Stock Unit Award Agreements") entered into between the Company and each participant. One such agreement covers the 33% of each award recipient's RSUs that are subject to time-based vesting, and the other such agreement covers the remaining 67% of such award recipient's RSUs that may vest based on performance metrics. Upon vesting, the award agreements entitle the award recipients to receive one share of the Company's common stock for each vested unit. The vesting period of the 2022 LTIP began on January 1, 2022 and terminates on December 31, 2024 (the "2022 LTIP Performance Vesting Date").

The RSUs subject to time-based vesting, including 76,744 RSUs to Mr. Oviatt, 76,744 RSUs for Mr. Tidball, and 14,341 RSUs to Mr. Fisher, will vest in three equal and annual installments beginning December 31, 2022 and ending on December 31, 2024 if the award recipients' employment continues with the Company through such dates.

The performance-vesting RSUs, including up to 153,488 RSUs for Mr. Oviatt, 153,488 RSUs for Mr. Tidball, and 28,682 RSUs to Mr. Fisher, may vest at the end of the three-year performance period beginning January 1, 2022 based upon the following Company performance metrics:

| Performance Metric | Weight | Target | Above Target | Outstanding |
|---|---|---|---|---|
| Total Shareholder Return (based on the Company's closing price of its common stock at the end of the Performance Period relative to its closing price as of the last trading day in 2021) | 1/3 | 89% | 136% | 183% |
| Relative Total Shareholder Return (based on the Company's ranked performance in closing stock price growth relative to a peer group of companies during the Performance Period) | 1/3 | Third Quartile | Second Quartile | First Quartile |
| EBITDA as a Percentage of Total Revenue | 1/3 | 10% | 15% | 20% |

One-third of such performance-vesting RSUs, consisting of 51,163 RSUs for Mr. Oviatt, 51,163 RSUs for Mr. Tidball, and 9,561 RSUs for Mr. Fisher, may vest for each of the three performance metrics identified in the table above. The number of RSUs that will vest for each performance metric on the 2022 LTIP Performance Vesting Date shall be determined as follows:

a. if the "Target" level for such performance metric is not achieved, none of the RSUs relating to such performance metric will vest;
b. if the "Target" level (but no higher level) for such performance metric is achieved, 50% of the RSUs relating to such performance metric will vest;
c. if the "Above Target" level (but no higher level) for such performance metric is achieved, 75% of the RSUs relating to such performance metric will vest; and
d. if the "Outstanding" level for such performance metric is achieved, 100% of the RSUs relating to such performance metric will vest.

The foregoing summary of the 2022 EIP and the 2022 LTIP Restricted Stock Unit Award Agreements is qualified in its entirety by the text of the 2022 EIP and each of the 2022 LTIP Restricted Stock Unit Award Agreements, which were filed as exhibits to the Company's Form 10-Q for the quarter ending March 31, 2022.

*2022 RSUs*

On June 15, 2022, pursuant to the annual renewal of director compensation, the Board approved a grant of 178,623 RSUs to the Company's independent directors. Half of the RSUs vested immediately on the date of grant and the remaining 50% of the RSUs will vest on the first anniversary of the grant date or at the Company's next annual meeting of stockholders, whichever is earlier. The awards will result in total compensation expense of approximately $234,000 to be recognized over the vesting period.

*2021 LTIP*

On May 28, 2021, the Board approved as a long-term incentive plan, the grants of restricted stock unit awards to Messrs. Oviatt, Tidball, Fugal, and Fisher pursuant to the 2014 Plan (the "2021 LTIP"). The 2021 LTIP consists of total awards of up to 204,543 RSUs to Mr. Oviatt, up to 204,543 RSUs to Mr. Tidball, up to 85,908 RSUs to Mr. Fugal, and up to 47,973 RSUs to Mr. Fisher, pursuant to two separate restricted stock unit award agreements (collectively, the "2021 LTIP Restricted Stock Unit Award Agreements") between the Company and each participant. One agreement covers the 33% of each award recipient's RSUs that are subject to time-based vesting, and the other agreement covers the remaining 67% of such award recipient's RSUs that may vest based on performance metrics. Upon vesting, the award agreements entitle the award recipients to receive one share of the Company's common stock for each vested RSU. The vesting period of the 2021 LTIP began on January 1, 2021 and terminates on December 31, 2023 (the "2021 LTIP Performance Vesting Date").

The RSUs subject to time-based vesting, including 68,181 RSUs to Mr. Oviatt, 68,181 RSUs for Mr. Tidball, 28,636 RSUs to Mr. Fugal, and 15,991 RSUs to Mr. Fisher, vest in three equal annual installments that began on December 31, 2021 and will end on December 31, 2023 if the award recipients' employment continues with the Company through such dates.

The performance-vesting RSUs, including up to 136,362 RSUs for Mr. Oviatt, 136,362 RSUs for Mr. Tidball, 57,272 RSUs for Mr. Fugal, and 31,982 RSUs to Mr. Fisher, are eligible to vest over a three-year performance period beginning January 1, 2021 based upon the following Company performance metrics:

| Performance Metric | Weight | Target | Above Target | Outstanding |
|---|---|---|---|---|
| Total Shareholder Return | 1/3 | 135% | 194% | 253% |
| Relative Total Shareholder Return | 1/3 | Third Quartile | Second Quartile | First Quartile |
| EBITDA as a Percentage of Total Revenue | 1/3 | 10% | 15% | 20% |

One-third of such performance-vesting RSUs, consisting of 45,454 RSUs for Mr. Oviatt, 45,454 RSUs for Mr. Tidball, 19,091 RSUs for Mr. Fugal, and 10,661 RSUs for Mr. Fisher, are eligible to vest for each of the three performance metrics identified in the table above. The number of RSUs that will vest for each performance metric on the 2021 LTIP Performance Vesting Date shall be determined as follows:

- if the “Target” level for such performance metric is not achieved, none of the RSUs relating to such performance metric will vest;
- if the “Target” level (but no higher level) for such performance metric is achieved, 50% of the RSUs relating to such performance metric will vest;
- if the “Above Target” level (but no higher level) for such performance metric is achieved, 75% of the RSUs relating to such performance metric will vest; and
- if the “Outstanding” level for such performance metric is achieved, 100% of the RSUs relating to such performance metric will vest.

Mr. Fugal resigned effective October 31, 2021 from his position as Vice President of Operations to pursue an opportunity as CEO of another company. Accordingly, Mr. Fugal will not receive incentive compensation under the 2021 LTIP, and his unvested RSUs have been forfeited.

The foregoing summary of the 2021 LTIP is qualified in its entirety by the text of each of the 2021 LTIP Restricted Stock Unit Award Agreements, which the Company filed as exhibits to its quarterly report on Form 10-Q for the quarter ended June 30, 2021.

## NOTE 8 – REVENUE

*Performance Obligations*

Our performance obligations include providing product and servicing our product as well as other combustion related equipment. We recognize product revenue performance obligations in most cases when the product is delivered to the customer. Occasionally, if we are shipping the product on a customer’s account, we recognize revenue when the product has been shipped. At that point in time, the control of the product is transferred to the customer. When we perform service work, we apply the practical expedient that allows us to recognize service revenue when we have the right to invoice the customer for the work completed. We do not engage in transactions acting as an agent. The time needed to complete our performance obligations varies based on the size of the project; however, we typically satisfy our performance obligations within a few months of entering into the applicable sales contract or service contract.

Our customers have the right to return certain unused and unopened products within 90 days for a restocking fee. We provide a warranty on some of our products ranging from 90 days to 2 years, depending on the product. See Note 5 for the amount accrued for expected returns and warranty claims as of September 30, 2023.

*Contract Balances*

We have elected to use the practical expedient in ASC 340-40-25-4 (regarding recognition of the incremental costs of obtaining a contract) for costs related to contracts that are estimated to be completed within one year. All of our current sales contracts and service contracts are expected to be completed within one year, and as a result, we have not recognized a contract asset account. If we had chosen not to use this practical expedient, we would not expect a material difference in the contract balances. Occasionally, we collect milestone payments up front from customers on larger jobs. These payments are classified as deferred revenue until the deliverables have been met and revenue can be properly recognized in our financial statements. Each of the contracts related to these milestone payments is short-term in nature and we expect to recognize associated revenues within one year. As a result, we consider it appropriate to record deferred revenue for these transactions and do not have any other contract liability balances.

*Disaggregation of Revenue*

We consider all revenue recognized in the income statement to be revenue from contracts with customers.The table below shows revenue by category:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Electronics | $ 5,425,343 | $ 4,415,011 | $ 17,041,819 | $ 11,456,616 |
| Manufactured | 2,927,612 | 974,081 | 9,325,211 | 1,998,982 |
| Re-Sell | 5,617,110 | 6,506,789 | 14,834,431 | 16,179,388 |
| Service | 858,871 | 933,457 | 2,624,514 | 2,330,639 |
| Total Revenue | $ 14,828,936 | $ 12,829,338 | $ 43,825,975 | $ 31,965,625 |

**NOTE 9 – BASIC AND DILUTED EARNINGS PER SHARE**

The following table is a reconciliation of the numerator and denominators used in the earnings per share calculation:

| | For the Three Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| | Income (Numerator) | Weighted Average Shares (Denominator) | Per-Share Amount | Income (Numerator) | Weighted Average Shares (Denominator) | Per-Share Amount |
| **Basic EPS** | | | | | | |
| Net income available to common stockholders | $ 2,039,390 | 47,521,238 | $ 0.04 | $ 1,210,748 | 47,036,012 | $ 0.03 |
| **Effect of Dilutive Securities** | | | | | | |
| Stock options & RSUs | — | 1,982,786 | | — | 1,522,195 | |
| **Diluted EPS** | | | | | | |
| Net income available to common stockholders + assumed conversions | $ 2,039,390 | 49,504,024 | $ 0.04 | $ 1,210,748 | 48,558,207 | $ 0.02 |

| | For the Nine Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| | Loss (Numerator) | Weighted Average Shares (Denominator) | Per-Share Amount | Loss (Numerator) | Weighted Average Shares (Denominator) | Per-Share Amount |
| **Basic EPS** | | | | | | |
| Net income available to common stockholders | $ 7,486,169 | 47,364,445 | $ 0.16 | $ 2,122,738 | 47,201,611 | $ 0.04 |
| **Effect of Dilutive Securities** | | | | | | |
| Stock options & RSUs | — | 1,949,859 | | — | 1,559,735 | |
| **Diluted EPS** | | | | | | |
| Net income available to common stockholders + assumed conversions | $ 7,486,169 | 49,314,304 | $ 0.15 | $ 2,122,738 | 48,761,346 | $ 0.04 |

**NOTE 10 – SEGMENT INFORMATION**

The Company operates in the United States and Canada. Segment information for these geographic areas is as follows:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| **Revenues** | 2023 | 2022 | 2023 | 2022 |
| Canada | $ 2,252,176 | $ 2,160,495 | $ 6,438,528 | $ 6,044,077 |
| United States | 12,576,760 | 10,668,843 | 37,387,447 | 25,921,548 |
| Total Consolidated | $ 14,828,936 | $ 12,829,338 | $ 43,825,975 | $ 31,965,625 |

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| **Net Income (Loss)** | 2023 | 2022 | 2023 | 2022 |
| Canada | $ (618,848) | $ (353,245) | $ (1,575,305) | $ (1,307,250) |
| United States | 2,658,238 | 1,563,993 | 9,061,474 | 3,429,988 |
| Total Consolidated | $ 2,039,390 | $ 1,210,748 | $ 7,486,169 | $ 2,122,738 |

| | As of | |
|---|---|---|
| **Long-Lived Assets** | September 30, 2023 | December 31, 2022 |
| Canada | $ 4,949,859 | $ 5,067,965 |
| United States | 5,836,857 | 5,476,238 |
| Total Consolidated | $ 10,786,716 | $ 10,544,203 |

**NOTE 11 – SUBSEQUENT EVENTS**

In accordance with ASC 855 "Subsequent Events," Company management reviewed all material events through the date this report was issued.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

This discussion summarizes the significant factors affecting our consolidated operating results, financial condition, liquidity, and capital resources during the three- and nine-month periods ended September 30, 2023 and 2022. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and notes to the financial statements contained in this quarterly report on Form 10-Q and our annual report on Form 10-K for the year ended December 31, 2022.

**Forward-Looking Statements**

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are based on management's beliefs and assumptions and on information currently available to management. For this purpose, any statement contained in this report that is not a statement of historical fact may be deemed to be forward-looking, including, but not limited to, statements relating to our future actions, intentions, plans, strategies, objectives, results of operations, cash flows and the adequacy of or need to seek additional capital resources and liquidity. Words such as "*may,*" "*should,*" "*expect,*" "*project,*" "*plan,*" "*anticipate,*" "*believe,*" "*estimate,*" "*intend,*" "*budget,*" "*forecast,*" "*predict,*" "*potential,*" "*continue,*" "*should,*" "*could,*" "*will,*" or comparable terminology or the negative of such terms are intended to identify forward-looking statements; however, the absence of these words does not necessarily mean that a statement is not forward-looking. Forward-looking statements by their nature involve known and unknown risks and uncertainties and other factors that may cause actual results and outcomes to differ materially depending on a variety of factors, many of which are not within our control. Such factors include, but are not limited to, economic conditions generally and in the oil and gas industry in which we and our customers participate; competition within our industry; legislative requirements or changes which could render our products or services less competitive or obsolete; our failure to successfully develop new products and/or services or to anticipate current or prospective customers' needs; price increases; limits to employee capabilities; delays, reductions, or cancellations of contracts we have previously entered into; sufficiency of working capital, capital resources and liquidity and other factors detailed herein and in our other filings with the United States Securities and Exchange Commission (the "SEC" or "Commission"). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. The foregoing factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. For a more detailed discussion of the principal factors that could cause actual results to be materially different, you should read our risk factors in Item 1A. Risk Factors, included elsewhere in this report.

Forward-looking statements are based on current industry, financial, and economic information which we have assessed but which by its nature is dynamic and subject to rapid and possibly abrupt changes. Due to risks and uncertainties associated with our business, our actual results could differ materially from those stated or implied by such forward-looking statements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements and we hereby qualify all of our forward-looking statements by these cautionary statements.

Forward-looking statements in this report are based only on information currently available to us and speak only as of the date on which they are made. We undertake no obligation to amend this report or revise publicly these forward-looking statements (other than as required by law) to reflect subsequent events or circumstances, whether as the result of new information, future events or otherwise.

The following discussion should be read in conjunction with our financial statements and the related notes contained elsewhere in this report and in our other filings with the Commission.

**Overview**

We are 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. Our legacy business is primarily focused in the upstream, midstream, and downstream transmission segments of the oil and gas industry. However, in recent years, we have installed many of our burner-management solutions in other industries that we believe will be applicable as we expand our addressable market over time. We specialize in the engineering and design of burner and combustion management systems and solutions used on a variety of natural and forced draft applications. We sell our products and services primarily throughout North America. Our experienced team of sales and service professionals are strategically positioned across the United States and Canada providing support and service for our products.

*Principal Products and Services*

Across the energy industry, there are numerous demands for heat generation and control. Applications such as combustors, enclosed flares, gas production units, treaters, glycol and amine reboilers, indirect line-heaters, heated tanks, and process heaters require heat to support the production and or processing function. This heat is generated through the process of combustion, which must be controlled, managed, and supervised. Combustion and the resulting generation of heat are integral to the process of separating, treating, storing, incinerating, and transporting oil and gas. Factors such as specific gravity, the presence of hydrates, temperature and hydrogen sulfide content contribute to the need for heat generation in oil and gas production and processing applications. Our burner-management systems ignite, monitor, and manage pilot and burner systems that are utilized in this process. Our technology affords remote operation, reducing the need for employee interaction with the appliance's burner for purposes such as re-ignition or temperature monitoring. In addition, our burner-management systems can help reduce emissions by safely reigniting a failed flame, thereby improving efficiencies and up-time. Our extensive service and combustion experience provides customers with solutions that are consistent with industry trends and regulatory requirements to mitigate environmental impacts and reduce emissions through optimized burner operation.

Oil and gas companies, including upstream, midstream, downstream, pipeline, and gathering operators, utilize burner-management systems to achieve increased safety, greater operational efficiencies, and improved compliance with industry regulations. Without a burner-management system, a field employee must discover and reignite an extinguished burner flame, then restart the application manually. Therefore, without a proper burner-management system, all application monitoring must be accomplished in-person, directly on-site. This requirement for on-site monitoring, in an operational environment with limited field personnel, can result in the potential interruption of production for long periods of time and increased risks associated with reigniting a flame, which can lead to site hazards, including explosions and the possibility of venting gas into the atmosphere. In addition, without a burner-management system, burners often operate for longer durations, frequently with lower efficiency, resulting in increased equipment fatigue and greater expense related to fuel consumption.

We continue to assess regulatory requirements applicable to our customers. We believe that burner-management systems and services offer solutions for customers to meet compliance standards where applicable. In addition to product sales, we dispatch specialized service technicians to provide maintenance and installation support throughout the United States and Canada.

We initially developed our first burner-management controller in 2005. Since that time, our systems have become widely adopted throughout the United States and Western Canada. Profire burner-management systems have been designed to comply with widely accepted safety and industrial codes and standards in North America, including those prescribed and certified by the Canadian Standards Association (CSA), Underwriters Laboratories (UL), and Safety Integrity Level (SIL) standards.

Our systems and solutions have been widely adopted by exploration and production companies, midstream operators, pipeline operators, as well as downstream transmission and utility providers. Our customers include Antero, ATCO, Chevron, Chesapeake, CNRL, Conoco, Devon Energy, Dominion Energy, EQT, Kinder Morgan, National Grid, Ovintiv, Oxy, Range Resources, Williams, XTO, and others. Our systems have also been sold and installed in other parts of the world including many countries in South America, Europe, Africa, the Middle East, and Asia. Though firmly established and primarily focused on North American oil and gas markets, we continue to invest in expansion efforts in developing sales in diversified industries where our combustion technology can be utilized.

*Environmental, Social and Governance Focus*

As guiding principles and core to our strategy, our products and solutions are developed with a focus on safety, environmental impacts, reliability, and efficiency. Protecting human life, protecting the environment, and protecting our customers’ resources and investments are essential to our business objectives. Our products play a crucial role in supporting our customers’ existing and future initiatives regarding improving workplace safety and environmental impacts.

Our burner-management technology is designed to monitor, operate, and manage a wide array of complex industrial heat applications. Providing our customers with safety-approved and certified technology, purposefully designed and built to meet regulatory requirements and process needs, is a critical component of our customers’ safety protocols and initiatives.

Proper burner and combustion management control, coupled with specialized peripheral solutions, increase site and location safety while reducing emissions. Profire technology and solutions are integrated into a variety of applications to significantly reduce the release of methane and volatile organic compounds into the environment.

Profire burner-management controls and complementary solutions provide users with the ability to monitor field equipment remotely. This reduces truck rolls and the need for field personnel to travel to and manually inspect burner malfunctions in remote sites and locations. By dramatically reducing the number and frequency of physical trips to site, our automated solutions help our customers improve safety, reduce emissions, and decrease operating costs.

Operator safety is at the heart of our burner-management solution technology. Integration of our solutions and products helps our customers increase the likelihood that their employees return home safe each day. Adding greater physical distance between humans and the combustion process, as well as ensuring fuel gas for combustion equipment is properly shut off when no flame is present, are two of the critical elements of how our burner-management solutions help protect human life.

**Results of Operations**

*Comparison quarter over quarter*

The table below presents certain financial data comparing the most recent quarter to prior quarters:

| | For the three months ended | | | | |
|---|---|---|---|---|---|
| | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 |
| Total Revenues | $ 14,828,936 | $ 14,443,577 | $ 14,553,461 | $ 13,971,018 | $ 12,829,338 |
| Gross Profit Percentage | 50.4 % | 51.3 % | 53.8 % | 47.0 % | 47.7 % |
| Operating Expenses | $ 4,933,481 | $ 4,190,537 | $ 4,527,308 | $ 4,279,751 | $ 4,000,983 |
| Income from Operations | $ 2,543,603 | $ 3,223,908 | $ 3,305,800 | $ 2,292,914 | $ 2,117,893 |
| Net Income | $ 2,039,390 | $ 2,857,157 | $ 2,589,621 | $ 1,825,022 | $ 1,210,748 |
| Operating Cash Flow | $ 885,573 | $ 1,260,879 | $ 521,780 | $ 1,712,709 | $ (1,818,322) |

Revenues for the quarter ended September 30, 2023 increased by 16% or $1,999,598 compared to the quarter ended September 30, 2022, which was driven by ongoing strong customer demand, increases in product sales prices and supply chain improvements related to Profire burner-management systems and components. The third quarter of 2023 weekly average rig count for North America was 817 compared to 942 in the same period of last year. Strong oil and natural gas prices have contributed to ongoing investments in new technology by exploration and production operators over the past year. Overall customer demand remained steady during the quarter ended September 30, 2023, in response to these industry trends.

Revenues for the quarter ended September 30, 2023 increased by 3% or $385,359 compared to the quarter ended June 30, 2023, driven by continued strong customer demand. The third quarter of 2023 weekly average rig count for North America was flat with the prior quarter.

Our gross profit margin for the third quarter of 2023 was up 2.7% from the same quarter of last year and down 0.9% from quarter ended June 30, 2023. The gross margin percentage was impacted by normal fluctuations in product, service and customer mix.

Operating expenses for the quarter ended September 30, 2023 increased $932,498 from the same quarter of last year, due primarily to increases in headcount, cost inflation across the business and the recognition of 50% of the employee retention tax credit (ERC) that the Company applied for in September 2022. The ERC was available to the Company through the CARES Act and benefited the prior year quarter as a reduction in payroll tax expense of $760,000. Operating expenses for the quarter ended September 30, 2023 increased $742,944 from the prior quarter ended June 30, 2023 as the Company received the ERC payment and recognized the remaining 50% reduction in payroll tax in the quarter ended June 30, 2023.

Due to the factors discussed above, we reported income from operations of $2,543,603 for the quarter ended September 30, 2023 compared to income from operations of $2,117,893 for the same quarter in 2022 and income from operations of $3,223,908 in the quarter ended June 30, 2023. The higher operating margins in the quarters ended June 30, 2023 and September 30, 2022 included the benefit of the ERC as discussed above.

Due to the combination of factors discussed above relating to revenues, gross profit margin and operating expenses, we reported net income of $2,039,390 for the quarter ended September 30, 2023 compared to net income of $1,210,748 for the same quarter in 2022 and net income of $2,857,157 in the quarter ended June 30, 2023.

The Company achieved operating cash generation of $885,573 during the quarter ended September 30, 2023 compared to operating cash out flows of $1,818,322 during the same quarter of 2022 and operating cash inflows of $1,260,879 in the quarter ended June 30, 2023. The fluctuations in operating cash flows are due primarily to the changes in net income and working capital balances.

*Comparison of the nine months ended September 30, 2023 and 2022*

The table below presents certain financial data comparing the nine months ended September 30, 2023 to the same period ended September 30, 2022:

| | For the Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2023 | 2022 | $ Change | % Change |
| Total Revenues | $ 43,825,975 | $ 31,965,625 | $ 11,860,350 | 37.1 % |
| Gross Profit Percentage | 51.9 % | 47.2 % | | 4.7 % |
| Operating Expenses | $ 13,651,321 | $ 12,177,030 | $ 1,474,291 | 12.1 % |
| Income from Operations | $ 9,073,317 | $ 2,901,695 | $ 6,171,622 | 212.7 % |
| Net Income | $ 7,486,169 | $ 2,122,738 | $ 5,363,431 | 252.7 % |
| Operating Cash Flow | $ 2,668,232 | $ (1,196,632) | $ 3,864,864 | 323.0 % |

Revenues during the nine-month period ended September 30, 2023, increased 37.1% compared to the same period of last year. The increase in revenue was driven by strong customer demand, increases in product sales prices and improvements in Profire burner-management system availability due to the improving supply chain environment. For the nine months ended September 30, 2023, the weekly average rig count for North America was 870 compared to 859 in the same period of last year. Oil and natural gas prices remain strong and have contributed to ongoing investments in new technology by exploration and production operators over the past year. Overall customer demand increased during the period ended September 30, 2023, in response to these industry trends.

Our gross profit percentage increased by 4.7% during the nine months ended September 30, 2023 compared to the same period in 2022, primarily due to changes in product mix, inventory adjustments and the fixed cost coverage from a higher revenue base.

Operating expenses increased 12.1% due to increases in headcount and general cost inflation between the two periods.

Due to the increase in revenue and gross margin, which exceeded the increase in operating expenses, we recognized net income of $7,486,169 for the nine months ended September 30, 2023 compared to net income of $2,122,738 for the same period in 2022.

The Company generated operating cash flows of $2,668,232 during the nine-month period ended September 30, 2023 compared to the use of $1,196,632 in operating cash flows during the nine-month period ended September 30, 2022 due to the changes in net income and working capital balances.

**Liquidity and Capital Resources**

Working capital at September 30, 2023 was $34,973,679 compared to $25,245,311 at December 31, 2022.

Our liquidity position is impacted by operating, investing and financing activities. During the nine months ended September 30, 2023, we generated $2,668,232 of cash from operating activities, primarily due to an increase in net income which offset an increase in accounts receivable and inventory as well as a decrease in accounts payable and accrued liabilities. Operating activity trends consist of cash inflows and outflows related to changes in operating assets and liabilities. During the nine months ended September 30, 2023, we used $1,029,240 of cash from investing activities to purchase investments, property, and equipment. Investing activity trends consist of changes in the mix of our investment portfolio, purchases or sales of fixed assets, and acquisition activities. During the nine months ended September 30, 2023, we used $690,042 of cash in financing activities, primarily related to the purchase of treasury stock and taxes paid on employee stock award settlements during the quarter. Financing activity trends consist of transactions related to equity awards and purchases of treasury stock pursuant to our share repurchase program. The extent to which our liquidity position will be impacted in the future depends on industry trends and developments, which are highly uncertain and cannot be predicted with confidence. As of September 30, 2023, we held $17,354,606 of cash and investments that form our core excess liquidity which could be utilized, if required, due to the issues described above.

**Off-Balance Sheet Arrangements**

We have not engaged in any off-balance sheet arrangements, nor do we plan to engage in any in the foreseeable future.

**Item 3. Quantitative and Qualitative Disclosure about Market Risk**

This section is not required.

**Item 4. Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures*

Our management, with the participation of the Principal Executive Officers and Principal Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act, as of the end of the period covered by this quarterly report on Form 10-Q. Our disclosure controls and procedures are designed to ensure that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our Principal Executive Officers and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based on the evaluation performed, our management, including the Principal Executive Officers and Principal Financial Officer, concluded that the disclosure controls and procedures were effective as of September 30, 2023.

*Changes in Internal Control over Financial Reporting*

Our management, with the participation of our Principal Executive Officers and Principal Financial Officer, evaluated the changes in our internal control over financial reporting that occurred during the quarterly period covered by this quarterly report on Form 10-Q. Based on that evaluation, management concluded that no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended September 30, 2023, that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

To the best of our knowledge, there are no legal proceedings pending or threatened against us that may have a material impact on us and there are no actions pending or threatened against any of our directors or officers that are adverse to us.

### Item 1A. Risk Factors

In addition to the other information set forth in this quarterly report on Form 10-Q, you should carefully consider the risks discussed in our annual report on Form 10-K for the year ended December 31, 2022, which risks could materially affect our business, financial condition, or future results. These risks are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material, adverse effect on our business, financial condition or future results.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below sets forth additional information regarding our share repurchases during the three months ended September 30, 2023:

| Period | (a) Total Number of Shares Purchased | (b) Weighted Average Price Paid Per Share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans | (d) Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans |
|---|---|---|---|---|
| July | 67,709 | $ 1.35 | 67,709 | $ 1,850,658 |
| August | 124,934 | $ 1.52 | 124,934 | $ 1,660,694 |
| September | — | $ — | — | $ 1,660,694 |
| Total | 192,643 | | 192,643 | |

### Item 3. Defaults Upon Senior Securities

This item is not applicable.

### Item 4. Mine Safety Disclosures

This item is not applicable.

### Item 5. Other Information

This item is not applicable.

**Item 6. Exhibits**

Exhibits. The following exhibits are included as part of this report:

| | |
|---|---|
| Exhibit 31.1* | Certification of Co-Principal Executive Officer Pursuant to Rule 13a-14(a) Ryan W. Oviatt |
| Exhibit 31.2* | Certification of Co-Principal Executive Officer Pursuant to Rule 13a-14(a) Cameron M. Tidball |
| Exhibit 31.3* | Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) |
| Exhibit 32.1* | Certification of Principal Executive Officers pursuant to 18 U.S.C. Section 1350 |
| Exhibit 32.2* | Certification of Ryan W. Oviatt, Principal Financial Officer pursuant to 18 U.S.C. Section 1350 |
| Exhibit 101.INS* | XBRL Instance Document |
| Exhibit 101.SCH* | XBRL Taxonomy Extension Schema Document |
| Exhibit 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document |
| Exhibit 101.DEF* | XBRL Taxonomy Definition Linkbase Document |
| Exhibit 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document |
| Exhibit 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document |
| Exhibit 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

* Filed herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**PROFIRE ENERGY, INC.**

| | | | |
|---|---|---|---|
| Date: | November 8, 2023 | By: | /s/ Ryan W. Oviatt<br>Ryan W. Oviatt<br>Co-Chief Executive Officer and Chief Financial Officer |
| Date: | November 8, 2023 | By: | /s/ Cameron M. Tidball<br>Cameron M. Tidball<br>Co-Chief Executive Officer |

**EXHIBIT 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**
**Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934**

I, Ryan W. Oviatt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Profire Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

| | | | |
|---|---|---|---|
| Date: | November 8, 2023 | By: | /s/ Ryan W. Oviatt |
| | | | Ryan W. Oviatt<br>Co-Chief Executive Officer and Co-President |

**EXHIBIT 31.2**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**
**Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934**

I, Cameron M. Tidball, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Profire Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

| | | | |
|---|---|---|---|
| Date: | November 8, 2023 | By: | /s/ Cameron M. Tidball |
| | | | Cameron M. Tidball |
| | | | Co-Chief Executive Officer and Co-President |

**EXHIBIT 31.3**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934**

I, Ryan W. Oviatt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Profire Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

| | | | |
|---|---|---|---|
| Date: | November 8, 2023 | By: | /s/ Ryan W. Oviatt |
| | | | Ryan W. Oviatt |
| | | | Chief Financial Officer |

**EXHIBIT 32.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report on Form 10-Q of Profire Energy, Inc. (the "Company") for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the *"Report"*), I, Ryan W. Oviatt and I, Cameron M. Tidball, Co-Chief Executive Officers of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | | |
|---|---|---|---|
| Date: | November 8, 2023 | By: | /s/ Ryan W. Oviatt<br>Ryan W. Oviatt<br>Co-Chief Executive Officer and Co-President |
| Date: | November 8, 2023 | By: | /s/ Cameron M. Tidball<br>Cameron M. Tidball<br>Co-Chief Executive Officer and Co-President |

**EXHIBIT 32.2**

**CERTIFICATION OF PRINCIPAL**
**FINANCIAL OFFICER PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report on Form 10-Q of Profire Energy, Inc. (the "Company") for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the *"Report"*), I, Ryan W. Oviatt, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | | |
|---|---|---|---|
| Date: | November 8, 2023 | By: | /s/ Ryan W. Oviatt |
| | | | Ryan W. Oviatt |
| | | | Chief Financial Officer |