

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

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

For the fiscal year ended December 31, 2023

OR

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

For the transition period

Commission File Number 001-36378

PROFIRE ENERGY, INC.

(Name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

20-0019425

(I.R.S. Employer Identification No.)

321 South 1250 West Suite 1

Lindon, UT 84042

(Address of principal executive offices) (Zip code)

(801) 796-5127

(Registrant's telephone number, including area code)

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

Common Stock, \$0.001 par value

(Title of each class)

NASDAQ

(Name of each exchange on which registered)

Securities registered pursuant to section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 and posted 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, a 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which our common stock was last sold as of the last business day of our most recently completed second fiscal quarter was approximately \$44,177,313.

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.001 par value	PFIE	NASDAQ

As of March 12, 2024, the registrant had 53,337,589 shares of common stock, par value \$0.001, issued and 47,094,226 shares outstanding.

Documents Incorporated by Reference: Portions of the Profire Energy, Inc. Definitive Proxy Statement for the 2024 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

PROFIRE ENERGY, INC.
FORM 10-K
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Explanatory Note

Unless otherwise indicated by the context, any reference herein to the "Company", "Profire", "we", "our" or "us" means Profire Energy, Inc., a Nevada corporation, and its corporate subsidiaries and predecessors. Unless otherwise indicated by the context, all dollar amounts stated in this report on Form 10-K are in U.S. dollars.

Cautionary Note Regarding Forward-Looking Statements

This annual report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are based on beliefs and assumptions of Company management ("Management") 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. Without limiting the foregoing, 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 our contracts with customers, suppliers or other parties; sufficiency of working capital, capital resources and liquidity; conflicts of interest between our significant investors and our other stakeholders; volatility of our operating results and share price 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 our assessment of current industry, financial and economic information, all of which are dynamic factors subject to rapid and abrupt changes. Our actual results could differ materially from those stated or implied by such forward-looking statements due to risks and uncertainties associated with our business. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements and we hereby qualify all 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 publicly revise 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.

PART I

Item 1. Business

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 completed many installations of our burner-management solutions in other industries for which we believe our solutions 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. 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 our 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 (E&P), midstream operators, pipeline operators, as well as downstream transmission and utility providers. Our customers include, Antero, ATCO, Chesapeake, Chevron, CNRL, ConocoPhillips, 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' 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 peripheral solutions, increase site and location safety while reducing emissions. Profire's 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 gas supplies are properly shut off when no flame is present, are two of the critical elements of how our burner-management solutions help protect human life.

Principal Markets and Distribution Methods

Our principal market is the oil and gas industry of the United States and Western Canada, specifically, the Permian, Marcellus, Niobrara, Bakken, STACK, SCOOP and Eagle Ford US basins as well as the Duvernay and Montney and other formations located in Canada. We place a strong emphasis on developing and fostering direct relationships with end users on many fronts including environmental, health and safety, automation, engineering, and field operations leaders and team members.

Due to the nature of our legacy business, we collaborate with and sell to many Original Equipment Manufacturers (OEMs) who build production, processing, and heating equipment as well as other strategic partners that deliver Instrumentation and Electrical (I&E) services in the industry. These channels provide us with a relatively easy-to-scale augmentation to our sales and service teams.

Leveraging our core technology, platforms and combustion expertise, we have started to achieve success and complete projects in new diversified markets. Through direct sales, new OEM and strategic re-sell relationships, we have found opportunities to diversify our market footprint and expand into industries that reside outside of our traditional oil and gas segments. Some industries of focus include biogas, biomass, power generation, agriculture, heat treat and metal manufacturing, mining, hydrogen production and petrochemical.

Competition

Profire has several competitors including Clear Rush (ACL), Combustex, SureFire, and Platinum. These companies offer similar products and services to Profire, but at a smaller scale. While price is a significant method of competition within the oil and gas industry, we believe the most important competitive factors are performance, quality, reliability, durability, product support and service expertise. We believe this quality-focused approach will enable us to remain competitive.

Through our development of products with enhanced capabilities, we have begun to compete with companies such as Honeywell Thermal, Emerson, Fireye, and Siemens in connection with larger, more complex combustion applications. As we continue to expand further into downstream oil and gas applications and outside of traditional oil and gas markets, we expect this competition to intensify.

Sources and Availability of Raw Materials

We operate under release date purchase orders with the majority of our suppliers, including our international-based supply chain. This allows our procurement team to work closely with our suppliers to navigate market fluctuations and the changing needs of our customers. In the past, we have not experienced any sudden or dramatic increase in the prices of the major parts or components needed for our systems. However, as industry activity levels fluctuate and global economic pressures change, we have experienced upward pressure on the prices of system components, which may persist for some time.

Some of the components that we resell, such as some of our valve products, are available from a limited number of suppliers. If our access to such products becomes constricted, we could experience a material adverse impact on our results of operations or financial condition. Many of the component parts we use are relatively low-priced and historically have been readily available through multiple suppliers and manufacturers; however, we have seen dramatic increases in the price as well as decreases in the supply of some of these components. The persistence of these pressures could have a material adverse effect on our results of operations or financial condition. We have been proactively working with additional contract manufacturers and vendors to reduce these supply chain risks and have been combating the cost increases with increased prices on the products we sell to our customers.

We utilize third-party contract manufacturers, to assemble our burner-management system controllers, along with other proprietary products. We believe this has provided us with improved manufacturing efficiency. Additionally, the use of third-party fabricators enables us to concentrate our capital on liquidity maintenance, research and development projects, and other strategies that align with our core competencies instead of investments in manufacturing equipment. Under the direction of our product engineers, the manufacturers are able to procure all electronic parts, specialty cases and components, and from those components assemble the complete system. Using specialty equipment and processes provided by us, our control systems are tested on-site by the manufacturer, and if the finished product is acceptable, it is shipped to us for distribution. We subsequently perform our own quality-control testing and ensure the programming for each system is ready for the anticipated environment of the customer. Shipments to us from our manufacturers are usually limited to a few hundred units at a time, so that in the event any one shipment is lost or damaged, inventory levels are not seriously impacted. The entire manufacturing process is typically completed within 90 to 120 days of the manufacturer receiving our purchase order and having all the necessary components on hand. Due to global supply chain challenges over the past several years, we have experienced significant increases to some of the long lead time components used in our systems.

Our burner-management system contract manufacturers are located in Alberta, Canada.

We believe we have adequate alternative manufacturing sources available if we lose the services of our current manufacturers. While such a loss might result in a temporary short-term disruption, we do not expect it would result in a materially adverse impact on our ability to meet demand for our products or results of operations, financial condition, and cash flows for a significant period of time. We periodically evaluate alternative manufacturing options to ensure our current fabricators are competitive in price, manufacturing quality and fulfillment speed, and to ensure we have the ability to scale our production levels based on customer demand and market conditions.

Dependence upon Major Customers

During the fiscal years ended December 31, 2023 and December 31, 2022, no single customer accounted for more than 10% of our total revenues. Nonetheless, the loss of a major customer could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Patents, Trademarks and Other Intellectual Property

We have filed or acquired several patent applications for various product innovations. We intend to continue to assess the strategic and financial value of each potential patent as we develop various intellectual properties.

While our patents and patent applications as a group are important, we do not consider any patent or application to be of such importance that the loss or expiration thereof would have a material adverse effect on our business.

Need for Governmental Approval of our Principal Products or Services

We are required to obtain certain safety certifications/ratings for our combustion-management systems before they are released to the market. We have received the appropriate certifications including CSA, Intertek, and UL certifications for our burner-management systems.

Although sales of our products and services have not been dependent on industry regulations, we believe industry regulations have enhanced our sales environment in certain geographies. We believe that increased regulation in the areas of lower emissions and higher safety standards for our customers—especially when coupled with consistent enforcement—may influence potential customers to purchase our products or services and could even increase quantities purchased by existing customers.

Effects of Existing or Probable Governmental Regulation on our Business

We believe that our products and services can help our customers achieve and maintain regulatory compliance and in some instances, exceed industry standards, regarding emissions, safe burner ignition methods, data logging, or other safety or environmental compliance requirements or standards that may impact our customers and markets. Examples of such regulations include:

- B149.3-10, which has evolved in recent years and is effective for Alberta, Canada, governs the safety precautions that must be met concerning the ignition of the pilot and the main burner in Alberta. It requires a programmable control to be used if the controller complies with certain certification requirements promulgated by the CSA.
- Regulation 7 of the Air Quality Control Commission regulations in Colorado requires that combustion devices be equipped with an auto-igniter which will automatically attempt to relight the pilot flame in the combustion chamber of a control device. The auto-igniter requirement is to reduce the risk of volatile organic compound emissions.
- R307-503, as passed by the Utah Department of Air Quality, mandates that all open and enclosed flares have an auto-igniter designed to automatically attempt to relight the pilot flame of a flare in order to combust volatile organic compound emissions.
- Order 25417, in North Dakota, requires producers to condition crude oil before transportation and prove oil temperature is above 110 degrees Fahrenheit, to burn off toxic gases from the oil.

Our burner-management systems help companies comply with these regulations and other clean air and emissions reduction initiatives and requirements. On behalf of our customers, we monitor regulatory requirements that impact their businesses and industries. We are currently monitoring the impact of the Methane Waste Prevention Act of 2021, the Clean Energy and Sustainability Accelerator Act, EPA New Source Performance Standards as part of 40 CFR Subpart OOOO and OOOOa, and others. We believe our burner-management systems and ancillary products can help customers meet the more stringent standards being proposed. We have assigned sales and service professionals to specific geographic areas to ensure we have a strong presence in the states and provinces with specific safety and emissions regulations.

We are focused on providing products and services that exceed existing regulatory and industry safety standards. We believe demand for our products may increase as regulators and our customers continue to tighten safety and efficiency standards in the industry and as our customers demand technological solutions. In addition to satisfying regulatory and safety requirements, we believe our customers continue to recognize the operational efficiencies that can be realized through the use of our burner-management systems and related products. However, significant changes in the regulatory environment could materially impact our results of operations and financial condition in either positive or negative ways depending on the nature of the change.

Research and Development

We place strong emphasis on product-oriented research and development relating to the development of new or improved products and systems. During the fiscal years ended December 31, 2023 and December 31, 2022, we spent \$917,123 and \$1,051,858, respectively, on research and development programs.

Cost and Effects of Compliance with Federal, State and Local Environmental Laws

Our business is affected by local, provincial, state, federal and foreign laws and other regulations relating to the gas and electric safety standards and codes presently existing in the oil and gas industry, as well as laws and regulations relating to worker safety and environmental protection.

During the fiscal years ended December 31, 2023 and December 31, 2022, respectively, we did not incur material direct costs to comply with applicable environmental laws. There can be no assurance, however, that this will continue to be the case in the future as environmental laws and regulations relating to the oil and natural gas industry are routinely subject to change.

Corporate Structure

We were incorporated on May 5, 2003 in the State of Nevada. We have four wholly-owned subsidiaries: Profire Combustion, Inc., an Alberta, Canada corporation; Prochem, ULC, an Alberta, Canada unlimited liability corporation; Profire Holdings, LLC, a Utah limited liability company; and Midflow Services, an Ohio limited liability company.

Employees

As of December 31, 2023, we had a total of 123 employees, 118 of whom were full-time employees.

Executive Officers of the Registrant

Name	Age	Positions Held
Brenton W. Hatch	73	Chairman of the Board (July 2022 to present) Special Advisor & Chairman (July 2021 to June 2022) Executive Chairman (Jul 2020 to Jun 2021)
Ryan Oviatt	50	Co-Chief Executive Officer and Co-President (2020 to present) Chief Financial Officer (2015 to present)
Cameron Tidball	47	Co-Chief Executive Officer and Co-President (2020 to present) Chief Business Development Officer (2018-2020) Vice President of Sales & Marketing (2012-2017)
Patrick Fisher	46	Vice President of Product Development (2019 to present)

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available free of charge on our website at www.profireenergy.com as soon as reasonably practicable after we file such information electronically with, or furnish it to, the SEC.

Item 1A. Risk Factors

The statements in this section describe the known material risks to our business and should be considered carefully.

Risks Relating to Our Business

Dependence on contract manufacturing and outsourcing other portions of our supply chain may adversely affect our ability to bring products to market and damage our reputation.

We outsource our manufacturing processes and other functions and continue to evaluate additional outsourcing in order to maintain efficient operations. If our contract manufacturers or other outsourcers fail to perform their obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. For example, during a market upturn, our contract manufacturers may be unable to meet our demand requirements, which may prevent us from fulfilling our customers' orders on a timely basis. The ability of these manufacturers to perform is largely outside of our control. Additionally, changing or replacing our contract manufacturers or other outsourcers could cause disruptions or delays.

Epidemics, pandemics or other similar outbreaks could hurt our business and financial condition.

The outbreak of epidemics, pandemics or other similar outbreaks in the future may adversely affect our operations. This may be due to closures or restrictions requested or mandated by governmental authorities, disruption to supply chains and workforce, reduction of demand for our products and services, credit losses when customers and other counterparties fail to satisfy their obligations to us, and volatility in global equity securities markets, among other factors. We share most of these risks with all businesses.

Changes in the level of capital-spending by our customers could materially and adversely impact our business and financial condition.

Our principal customers are oil and natural gas exploration and production companies that operate in the upstream and midstream space and the original equipment manufacturers, or OEMs, that supply the exploration and production companies with the required production and processing equipment. Thus, the results of our operations and financial condition depend on the level of capital spending by our customers. The energy industry's level of capital spending is significantly influenced by the prevailing commodity prices of natural gas and crude oil because the amount of crude oil and natural gas that our

customers can economically produce also depends on the prevailing prices for those commodities. Volatility in commodity prices may make our customers reluctant to invest in the oil and gas industry where our products would be used. Although our products may enhance the operational efficiency of producing wells, other operational decisions and behaviors by producers could lead to reductions or delays in the capital spending of our customers and therefore reduce the demand for our products and services, which could materially and adversely impact our results of operations, financial condition and cash flow.

The energy industry's level of capital spending may also be affected by government regulations or other efforts designed to mitigate climate change or reduce greenhouse gas emissions. Increasing attention to climate change, increasing societal expectations on companies to address climate change, and potential consumer and customer use of substitutes to oil and gas may result in increased costs and lower profits for our customers, and reduced demand for their products. These factors may also cause our customers to allocate more capital spending to other areas or other types of energy production.

We depend on our customers' willingness to make operating and capital expenditures to transport, refine and produce oil and natural gas. Industry conditions are influenced by numerous factors over which we have no control, such as:

- the level of oil and gas production;
- the demand for oil and gas related products;
- domestic and worldwide economic conditions;
- political instability in the Middle East and other oil-producing regions;
- the actions of the Organization of Petroleum Exporting Countries (OPEC);
- political and economic instability, including wars and acts of terrorism, political unrest, boycotts, curtailments of trade, tariffs and sanctions, and other business restrictions;
- the price of foreign imports of oil and gas, including liquefied natural gas;
- natural disasters or weather conditions, such as hurricanes;
- technological advances affecting energy consumption;
- the level of oil and gas inventories globally;
- the cost of producing oil and gas;
- the price and availability of alternative fuels and energy sources;
- increasing attention and expectations relating to climate change and reduction of greenhouse gas emissions;
- merger and divestiture activity among oil and gas producers; and
- governmental regulations, including those related to climate change.

These and other industry conditions could influence our customers' willingness to make operating and capital expenditures to transport, refine and produce oil and natural gas. If our customers reduce or eliminate such operating and capital expenditures, it may adversely affect our business and financial condition.

Changes in foreign exchange rates in countries where our business operates could have a material adverse impact on our business and financial condition.

A portion of our consolidated revenue and consolidated operating income is in Canadian dollars. As a result, we are subject to significant risks, including:

- Canadian currency exchange risks resulting from changes in Canadian currency exchange rates and the execution of controls in this area; and
- limitations on our ability to reinvest earnings from operations in the United States to fund our operations in Canada.

If the volatility in the CAD/USD exchange rate causes a devaluation in either currency, it could have a material adverse impact on our business and financial condition.

The competitive nature of the oilfield services industry could lead to an increase of direct competitors.

As our segment within the oil and gas exploration and production industry grows and matures it is reasonable to expect additional companies may seek to enter this market. New entrants to our industry may be more highly capitalized, better recognized or better situated to take advantage of market opportunities. If we are unable to adequately compete against

current and future competitors, or if the competition results in price reductions or decreased demand for our products, our business, financial condition and results of operations may be materially and adversely affected.

We may not realize all of the anticipated benefits of our acquisitions, joint ventures or divestitures, or these benefits may take longer to realize than expected.

Our future business strategies may include growth through the acquisitions of other businesses. We may not be able to identify attractive acquisition opportunities or successfully acquire those opportunities that are identified. Even if we are successful in integrating future acquisitions into existing operations, we may not derive the benefits, such as administrative or operational synergy or earnings, that were expected from such acquisitions, which may result in the commitment of capital resources without the expected returns on capital. Additionally, the competition for acquisition opportunities may increase which in turn would increase our cost of making acquisitions.

In pursuing our business strategy, from time to time we evaluate targets for potential acquisitions. We conduct due diligence to identify valuation issues and potential loss contingencies, negotiate transaction terms, complete transactions and manage post-closing matters such as the integration of acquired businesses. However, we may incur unanticipated costs or expenses following a completed acquisition, including post-closing asset impairment charges, expenses associated with eliminating duplicate facilities, litigation, and other liabilities.

The risks associated with our past or future acquisitions also include the following:

- the business culture of the acquired business may not match well with our culture;
- we may fail to retain, motivate and integrate key management and other employees of the acquired business;
- we may experience problems in retaining customers and integrating customer bases;
- we may experience complexities associated with managing the combined businesses; and
- consolidating multiple physical locations.

The anticipated benefits of acquisitions may not be realized, if at all, and we may incur significant time and costs beyond those anticipated with the integration of new acquisitions to the existing business. If we are unable to accomplish the integration and management of the combined business successfully or achieve a substantial portion of the anticipated benefits of these acquisitions within the time frames anticipated by Management, it could have a material adverse effect on our business and financial condition.

Many of these factors are outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues, and diversion of Management's time and attention. They may also delay the realization of the benefits we anticipate when we enter into a transaction. Failure to implement our acquisition strategy, including successfully integrating acquired businesses, could have a material adverse effect on our business and financial condition.

Our operations involve operating hazards, which, if not insured or indemnified against, could harm our results of operations and financial condition.

Our operations are subject to hazards inherent in our technology's use in oilfield service operations, oilfield development and oil production activities, including fire, explosions, blowouts, spills and damage or loss from natural disasters, each of which could result in substantial damage to the oil-producing formations and oil wells, production facilities, other property, equipment and the environment, or in personal injury or loss of life. These hazards could also result in the suspension of purchasing, or in claims by employees, customers or third parties which could have a material adverse effect on our financial condition.

Some of these risks are either not insurable or insurance is available only at rates that we consider uneconomical. Although we will maintain liability insurance in an amount that we consider consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits. We may not always be successful in obtaining contractual indemnification from our customers, and customers who provide contractual indemnification protection may not maintain adequate insurance or otherwise have the financial resources necessary to support their indemnification obligations. Our insurance or indemnification arrangements may not adequately protect us against liability or loss from all the hazards of our operations. The occurrence of a significant event that we have not fully insured or indemnified against, or the failure of a customer to

meet its indemnification obligations to us, could materially and adversely affect our results of operations and financial condition.

Changes to governmental regulation of the oil and gas industry could materially and adversely affect our business.

If the laws and regulations governing oil and natural gas exploration and production were to become less stringent, we could experience a decline in the demand for our products, which we expect would materially and adversely impact our results of operations and financial condition. These regulations are subject to change and new regulations may curtail or eliminate customer activities in certain areas where we currently operate. Furthermore, our operations are affected by local, provincial, state, federal, and foreign laws and other regulations relating to oil, gas and electric standards. Such standards can be related to safety, environmental protection, or other regulatory dimensions for the oil and gas industry. Less stringent standards could adversely impact our business and financial conditions.

Increased legislation, regulation and other government actions related to climate change and greenhouse gas emissions could also increase costs for our customers and reduce demand for their products, which could cause a reduction in demand for our products and adversely affect our business and financial condition.

Our international business development initiatives subject us to certain operating risks, which could adversely impact our results of operations and financial condition.

Our international business development initiatives involve additional risks not associated with our domestic operations. We intend to continue our expansion into international oil and gas producing areas. The effects of operating internationally from the risks we describe will not be the same in all countries and jurisdictions. Risks associated with our efforts outside of the United States include risks of:

- multiple, conflicting, and changing laws and regulations, export and import restrictions, and employment laws;
- regulatory requirements, and other government approvals, permits, and licenses;
- adverse tax consequences;
- political and economic instability, including wars and acts of terrorism, political unrest, boycotts, curtailments of trade, tariffs and sanctions, and other business restrictions;
- expropriation, confiscation, or nationalization of assets;
- renegotiation or nullification of existing contracts;
- difficulties and costs in recruiting and retaining individuals skilled in international business operations;
- foreign exchange restrictions;
- foreign currency fluctuations;
- foreign taxation;
- the inability to repatriate earnings or capital;
- changing foreign and domestic monetary policies;
- cultural and communication challenges;
- regional economic downturns;
- foreign governmental regulations favoring or requiring the awarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction that may harm our ability to compete; and
- failure to comply with anti-corruption and anti-bribery laws, including the U.S. Foreign Corrupt Practices Act.

Our business could result in liability for litigation, personal injury and property damage claims assessments.

Most of our products are used in hazardous production applications and involve exposure to inherent risks, including explosions and fires, where an accident or a failure of a product could result in liability for personal injury, loss of life, property damage, pollution or other environmental hazards or loss of production. Litigation may arise from a catastrophic occurrence at a location where our equipment and services are used. This litigation could result in large claims for damages, including consequential damages, and could impair the market's acceptance of our products. The frequency and severity of such incidents could affect our operating costs, insurability and relationships with customers, employees and regulators. These occurrences could result in substantial costs and diversion of Management's attention and resources, which could have an adverse effect on our business.

Our business may be subject to product liability claims or product recalls, which could be expensive and could result in diversion of Management's attention.

As an installer and servicer of oilfield combustion management technologies and related products, we face an inherent business risk of exposure to product liability claims in the event that our products, or the equipment into which our products are incorporated, could malfunction and result in personal injury or death. We may be named in product liability claims even if there is no evidence that our technology, products or services caused or contributed to the accidents. Product liability claims could result in significant losses as a result of expenses incurred in defending claims or the awarding of damages. In addition, we may be required to participate in recalls involving our products if any of our products prove to be defective, or we may voluntarily initiate a recall or make payments related to such claims as a result of various industry or business practices, or in an effort to maintain good customer relationships. Our product liability insurance may not be sufficient to cover all product liability claims, such claims may exceed our insurance coverage limits, or such insurance may not continue to be available on commercially reasonable terms, if at all. Any product liability claim brought against us could have a material adverse effect on our reputation and business.

Uninsured or underinsured claims or litigation or an increase in our insurance premiums could adversely impact our results of operations.

Although we maintain insurance protection for certain risks in our business and operations, we are not fully insured against all possible risks, nor are all such risks insurable. It is possible an unexpected judgment could be rendered against us for which we could be uninsured or underinsured and damages could be beyond the amounts we currently have reserved or anticipate incurring. Significant increases in the cost of insurance and more restrictive coverage may have an adverse impact on our results of operations. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable or our insurance coverage may not be adequate to cover future claims and assessments that may arise.

Our assets and operations, as well as the assets and operations of our customers, could be adversely affected by weather and other natural phenomena.

Our assets and operations could be adversely affected by natural phenomena, such as tornadoes, hurricanes, earthquakes, wildfire, floods, and landslides. A significant disruption in our operations or the operations of our customers due to weather or other natural phenomena could adversely affect our business and financial condition.

Liability to customers under warranties may materially and adversely affect our earnings.

We provide warranties as to the proper operation and conformance to specifications of the products we sell. Failure of our products to operate properly or to meet specifications may increase our costs by requiring additional engineering resources and services, replacement of parts and equipment, or monetary reimbursement to a customer. In the past we have received warranty claims and we expect to continue to receive them in the future. To the extent that we incur substantial warranty claims in any period, our reputation, our ability to obtain future business, and our earnings could be adversely affected.

Some of our products use equipment and materials that are available from a limited number of suppliers.

We purchase equipment provided by a limited number of manufacturers. During periods of high demand, these manufacturers may not be able to meet our requests for timely delivery, resulting in delayed deliveries of equipment and higher prices for equipment. There are a limited number of suppliers for certain materials used in burner-management systems, our largest product line. Although these materials are generally available, supply disruptions may occur due to factors beyond our control. Such disruptions, delayed deliveries, and higher prices could limit our ability to meet our customers' needs, or could increase the related costs, thus possibly reducing our revenues and profits.

We are exposed to risks of delay, cancellation, and nonpayment by customers in the ordinary course of our business activities.

We are exposed to risks of loss in the event of delay, cancellation, and nonpayment by our customers. Our customers are subject to their own operating and regulatory risks and may be highly leveraged. Any delay and any increases in the cancellation of contracts or nonpayment by our customers and/or counterparties could adversely affect our results of operations and financial condition. In addition, the same factors that may lead to a reduction in our potential customers'

spending may also increase our exposure to the risks of nonpayment and nonperformance by our existing customers. A significant reduction in our customers' liquidity may result in a decrease in their ability to pay or otherwise perform their obligations to us. Any increase in nonpayment or nonperformance by our customers, either as a result of recent changes in financial and economic conditions or otherwise, could have an adverse impact on our operating results and adversely affect our liquidity.

Our ability to successfully commercialize our technology and products may be materially adversely affected if we are unable to obtain and maintain effective intellectual property rights for our technologies and planned products, or if the scope of the intellectual property protection is not sufficiently broad.

Our success may depend, in part, on our ability to obtain and maintain patent and other intellectual property protection with respect to our proprietary technology and products. In recent years, patent rights have been the subject of significant litigation. As a result, the issuance, scope, validity, enforceability and commercial value of patent rights is highly uncertain. Pending and future patent applications may not result in patents being issued which protect our technology or products or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the same, especially in jurisdictions in which we hope to secure protection, may diminish the value of patents or narrow the scope of patent protection. Publications of discoveries in the scientific literature often lag behind actual discoveries, and patent applications, in the United States and other jurisdictions. As a result, such discoveries are typically not published until 18 months after filing, or in some cases not at all. Therefore, we may not have been the first to make the inventions claimed in our patents or pending patent applications, or we may not have been the first to file for patent protection of such inventions.

Even if the patent applications we rely on are issued as patents, they may not be issued in a form that will provide us with any meaningful protection, prevent competitors from competing with us, or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its scope, validity or enforceability, and patents may be challenged in the courts or patent offices in the United States and internationally. Such challenges may result in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop, or prevent us from stopping, others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours, or otherwise provide us with a competitive advantage.

While we are not currently engaged in any material intellectual property litigation, in the future we may commence lawsuits against others if we believe they have infringed our rights. We may not be successful in any such litigation. Our involvement in any intellectual property litigation could require the expenditure of substantial time and other resources, may adversely affect the development of sales of our products or intellectual property, our capital resources, or may divert the efforts of our technical and management personnel, and could have a material adverse effect on our business, results of operations, and financial condition.

We may not be able to protect or enforce our intellectual property rights throughout the world.

Filing, prosecuting and defending our patents throughout the world would be prohibitively expensive. Competitors may use our technologies in jurisdictions where we have not obtained patent protection, to develop their own products, and may export otherwise infringing products to territories where we have patent protection but where enforcement is not as strong as in the United States. Competitors' products may compete with our products in jurisdictions where we do not have any issued patents, and our intellectual property rights may not be effective or sufficient to prevent them from competing. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries may not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of any patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce any patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

If we are unable to protect the confidentiality of our trade secrets, the value of our technology could be materially adversely affected, harming our business and competitive position.

Some of our proprietary intellectual property is not protected by patents or copyrights, and, despite our precautions, it may be possible for third parties to obtain and use such intellectual property without authorization. We rely upon confidential proprietary information, including trade secrets, unpatented know-how, technology, software, and other proprietary information, to develop and maintain our competitive position. Any disclosure to, or misappropriation by, third parties of our confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, thus eroding our competitive position in the market. We seek to protect our confidential proprietary information, in part, by confidentiality agreements with our employees and our collaborators and consultants. We also have agreements with our employees and selected consultants that obligate them to assign their inventions to us.

These agreements are designed to protect our proprietary information; however, our trade secrets and other confidential information could be disclosed or competitors could otherwise gain access to our trade secrets, or that technology relevant to our business could be independently developed by a person that is not a party to such agreements. Furthermore, if the employees, consultants or collaborators that are parties to these agreements breach or violate the terms of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets through such breaches or violations. Further, our trade secrets could be disclosed, misappropriated or otherwise become known or be independently discovered by our competitors. In addition, intellectual property laws in foreign countries may not protect trade secrets and confidential information to the same extent as the laws of the United States. If we are unable to prevent disclosure of the intellectual property related to our technologies to third parties, we may not be able to establish or maintain a competitive advantage in our market, which would harm our ability to protect our rights and have a material adverse effect on our business.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends upon our ability and the ability of our distributors, contract manufacturers, and suppliers to manufacture, market, and sell our products, and to use our proprietary technologies without infringing, misappropriating, or otherwise violating the proprietary rights or intellectual property of third parties. While we are not aware of any issued or pending patent applications that could restrict our ability to operate, we may in the future become party to, or be threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology. Third parties may assert infringement claims against us based on existing or future intellectual property rights. If we are found to infringe a third party's intellectual property rights, we may be temporarily or permanently prohibited from commercializing our products that are held to be infringing. We might, if possible, also be forced to redesign our products so that we no longer infringe the third-party intellectual property rights, or we could be required to obtain a license from such third party to continue developing and marketing our products and technology. We may also elect to enter into such a license in order to settle pending or threatened litigation. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us, and we could be required to pay significant royalties and other fees. We could be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages. A finding of infringement could prevent us from commercializing our products or force us to cease some of our business operations, which could materially harm our business.

Even if we are successful in defending against intellectual property claims, litigation or other legal proceedings relating to such claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. Such litigation or proceedings could substantially decrease our operating profits and reduce our resources available for development activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. As a result of their substantially greater financial resources, some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can. Uncertainties resulting from the initiation and continuation of litigation or other intellectual property-related proceedings could have a material adverse effect on our ability to compete in the marketplace.

If we do not develop and commercialize new competitive products, our revenue may decline.

To remain competitive in the market for combustion and other emissions control technologies, we must continue to develop and commercialize new products. If we are not able to develop commercially competitive products in a timely manner in response to industry demands, our business and revenues will be adversely affected. Our future ability to develop new products depends on our ability to:

- design and commercially produce products that meet the needs of our existing and new customers;
- attract and retain talented research-and-development management and personnel;
- successfully market new products; and
- protect our proprietary designs from our competitors.

We may encounter resource constraints or technical or other difficulties that could delay introduction of new products and services. Our competitors may introduce new products before we do and achieve a competitive advantage.

Additionally, the time and expense invested in product development may not result in commercial products or revenues. Our inability to enhance existing products in a timely manner or to develop and introduce new products that incorporate new technologies, conform to stringent regulatory standards and performance requirements, and achieve market acceptance in a timely manner, could negatively impact our competitive position. New product development or modification is costly, involves significant research, development, time and expense, and may not necessarily result in the successful commercialization of any new products. Moreover, we may experience operating losses after new products are introduced and commercialized because of high start-up costs, unexpected manufacturing costs or problems, or lack of demand.

New technologies could render our existing products obsolete.

New developments in technology may negatively affect the development or sale of some or all of our products or make our products obsolete. Our success depends upon our ability to design, develop and market new or modified technologies and related products.

Our business and financial condition could be negatively impacted if we lose the services of certain members of senior management.

Our development to date has largely depended, and in the future will continue to largely depend, on the efforts of our senior management. We currently do not have key-person insurance on any of our senior management team. Thus, the loss of any member of our senior management could impair our ability to execute our business plan and could therefore have a material adverse effect on our business, results of operations, and financial condition.

Failing to attract and retain skilled employees could impair our growth potential and profitability.

Our ability to remain productive and profitable depends substantially on our ability to attract and retain skilled employees. Our ability to scale our operations depends on our ability to increase our labor force. The demand for skilled oilfield employees is high and the supply is limited. As a result of the volatility of the oilfield services and technology industry, our ability to offer competitive wages and retain skilled employees may be diminished.

A portion of our total compensation program for key personnel has historically included awards of options to buy our common stock or other equity-based awards. If the price of our common stock performs poorly, such performance may adversely affect our ability to retain or attract key personnel. In addition, if we are unable to continue to provide attractive equity compensation awards or other compensation incentives for any reason, we may be unable to retain and motivate existing personnel and recruit new personnel.

If we are unable to expand in existing or into new markets, our ability to grow our business as profitably as planned could be materially and adversely affected.

We may not be able to expand our market share in our existing markets or successfully enter new or contiguous markets especially in light of industry volatility. In addition, such expansion could adversely affect our profitability and results of operations. If we are unable to enter into new markets, our business could be materially and adversely affected.

If we are unable to manage growth effectively, our business, results of operations, and financial condition could be materially and adversely affected.

Our ability to successfully expand to new markets, or expand our penetration in existing markets, depends on a number of factors including:

- our ability to market our products and services to new customers;

- our ability to provide large-scale support and training materials for a growing customer base;
- our ability to hire, train and assimilate new employees;
- the adequacy of our financial resources; and
- our ability to correctly identify and exploit new geographical markets and to successfully compete in those markets.

We may not be able to achieve our planned expansion and our products may not gain access to new markets or be accepted in new marketplaces. We may not achieve greater market penetration in existing markets and we may not achieve planned operating results, or results comparable to those we experience in existing markets, in the new markets we enter.

Disruptions, failures or security breaches of our information technology infrastructure could have a negative impact on our operations.

Information technology is critically important to our business operations. We use information technology to manage all business processes including manufacturing, financial, logistics, sales, marketing, and administrative functions. These processes collect, interpret and distribute business data and communicate internally and externally with employees, suppliers, customers, and others.

We invest in industry standard security technology to protect our data and business processes against risk of data security breach and cyber-attack. Our data security management program includes identity, trust, vulnerability, and threat management business processes as well as adoption of standard data protection policies. We measure our data security effectiveness through industry accepted methods and remediate significant findings. Additionally, we require our major technology suppliers and any outsourced services to maintain and comply with accepted security certification standards.

While we believe that our security technology and processes provide adequate measures of protection against security breaches and reduce cybersecurity risks, disruptions in, or failures of, information technology systems have occurred from time to time and may occur in the future and could have a negative impact on our operations or business reputation. Failure of our systems, including failures due to cyber-attacks that would prevent the ability of systems to function as intended, could cause transaction errors, loss of customers and sales, and could have negative consequences to our business, our employees, and those with whom we do business.

Risks Relating to our Common Stock

The market price of our common stock has been and may continue to be volatile and you may have difficulty reselling any shares of our common stock.

The market price of our common stock has been volatile and fluctuates widely in price in response to various factors which are beyond our control. The price of our common stock is not necessarily indicative of our operating performance or long-term business prospects. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock. Factors such as the following could cause the market price of our common stock to fluctuate substantially:

- the underlying price of the commodities in the oil and gas industry;
- announcements of capital budget changes by a major customer;
- the introduction of new products by our competitors;
- announcements of technology advances by us or our competitors;
- current events affecting the political and economic environment in the United States or Canada;
- foreign currency fluctuations;
- conditions or industry trends, including demand for our products, services and technological advances;
- changes to financial estimates by us or by any securities analysts who might cover our stock;
- changes in our key personnel;
- government regulation of our industry;
- seasonal, economic, or financial conditions;
- our quarterly operating and financial results; or
- litigation or public concern about the safety of our products.

The realization of any of these risks and other factors beyond our control could cause the market price of our common stock to decline significantly. In particular, the market price of our common stock may be influenced by variations in oil and gas prices, because demand for our products and services is closely related to commodity prices. The stock market in general experiences, from time to time, extreme price and volume fluctuations. Periodic and/or continuous market fluctuations could result in extreme volatility in the price of our common stock, which could cause a decline in the value of our common stock. Price volatility may be worse if the trading volume of our common stock is low.

A small number of existing stockholders own a significant amount of our common stock, which could limit your ability to influence the outcome of any stockholder vote.

As of December 31, 2023, our executive officers, directors, and certain beneficial owners owned approximately 25% of our common stock. As a result, our insiders have sufficient voting power to significantly influence the outcome of many matters requiring stockholder approval. These matters may include:

- the composition of our Board of Directors, which has the authority to direct our business, appoint and remove our officers, and declare dividends;
- approving or rejecting a merger, consolidation, or other business combination;
- raising future capital; and
- amending our articles of incorporation and bylaws.

This concentration of ownership of our common stock could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs, or other purchases of our common stock that might otherwise give our other stockholders the opportunity to realize a premium over the then-prevailing market price of our common stock. This concentration of ownership may also adversely affect our share price. The interests of these existing stockholders may differ from the interests of our other stockholders.

While we have no existing agreements or plans for mergers or other corporate transactions that would require a stockholder vote at this time, this concentration of ownership may delay, prevent or deter a change in control, or deprive investors of a possible premium for owned common stock as part of a sale of our Company.

Our existing stockholders could experience dilution if we elect to raise equity capital to meet our liquidity needs or to finance strategic transactions.

As part of our growth strategy, we may desire to raise capital, issue stock to employees pursuant to our 2023 Equity Incentive Plan or utilize our common stock to effect strategic business transactions. If we issue equity securities in connection with any of these actions, such issuance will result in dilution to our existing stockholders.

Future sales of our common stock, or the perception that future sales may occur, may cause the market price of our common stock to decline, even if our business is doing well.

If any significant number of outstanding shares of our common stock are sold, such sales could have a depressive effect on the market price of our stock. Sales of substantial amounts of shares in the public market, or the perception that such sales could occur, could depress prevailing market prices for the shares. Such sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price which we deem appropriate.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results, and current and potential stockholders may lose confidence in our financial reporting.

We are required by the SEC to establish and maintain adequate internal control over financial reporting that provides reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. We are likewise required, on a quarterly basis, to evaluate the effectiveness of our internal control over financial reporting and to disclose any changes in internal control over financial reporting. In [Item 9A](#) of this report, we disclose that with respect to the standards of Section 404 of the Sarbanes-Oxley Act of 2002, the internal controls-standard to which we are subject, we concluded that our internal control over financial reporting was effective as of December 31, 2023. For additional information on this item, please see [Item 9A. Controls and Procedures](#).

Although we concluded that our internal controls over financial reporting were effective as of December 31, 2023, we cannot be certain that our internal control practices will ensure that we will have or maintain adequate internal control over our financial reporting in future periods. Any failure to have or maintain such internal controls could adversely impact our ability to report our financial results accurately and on a timely basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations.

We may be subject to stockholder litigation, thereby diverting our resources, which could materially adversely affect our profitability and results of operations.

The market for our common stock is volatile, and we expect it will continue to be volatile for the indefinite future. Plaintiffs often initiate securities class action litigation against a company following periods of volatility in the market price for its securities. In addition, stockholders may bring actions against companies relating to past transactions or other matters. Any such actions could give rise to substantial damages and thereby materially adversely affect our consolidated financial position, liquidity, or results of operations. Even if an action is not resolved against us, the uncertainty and expense associated with stockholder actions could materially adversely affect our business, prospects, and financial condition. Litigation can be costly, time-consuming and disruptive to business operations. The defense of lawsuits could also result in diversion of Management's time and attention away from business operations, which could harm our business.

We could issue "blank check" preferred stock without stockholder approval with the effect of diluting existing stockholders and impairing their voting rights, and provisions in our charter documents and under Nevada corporate law could discourage a takeover that stockholders may consider favorable.

Our articles of incorporation authorize the issuance of up to 10,000,000 shares of "blank check" preferred stock with designations, rights and preferences as may be determined from time to time by our Board of Directors. Our Board of Directors is empowered, without stockholder approval, to authorize the issuance of a series of preferred stock with dividend, liquidation, conversion, voting or other rights which could dilute the interest of, or impair the voting power of, our common stockholders. The issuance of a series of preferred stock could be used as a method of discouraging, delaying or preventing a change in control. Any aspect of the foregoing, alone or together, could delay or prevent unsolicited takeovers and changes in control or changes in our management.

We do not anticipate paying cash dividends for the foreseeable future, and therefore investors should not buy our stock if they wish to receive cash dividends.

We have never declared or paid any cash dividends or distributions on our common stock. We currently intend to retain our future earnings to support operations and to finance expansion and, therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any payment of cash dividends in the future will be dependent on the amount of funds legally available, our earnings, financial condition, capital requirements, and other factors that our Board of Directors may deem relevant. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

Anti-takeover effects of certain provisions of Nevada state law hinder a potential takeover of our company.

Although we are not currently subject to Nevada's control share law, we could become subject to Nevada's control share law in the future. A corporation is subject to Nevada's control share law if it has more than 200 stockholders, at least 100 of whom are stockholders of record and residents of Nevada, and it does business in Nevada or through an affiliated corporation. The law focuses on the acquisition of a "controlling interest" which means the ownership of outstanding voting shares sufficient, but for the control share law, to enable the acquiring person to exercise the following proportions of the voting power of the corporation in the election of directors: (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more. The ability to exercise such voting power may be direct or indirect, as well as individual or in association with others.

The effect of the control share law is that the acquiring person, and those acting in association with it, obtains only such voting rights in the control shares as are conferred by a resolution of the stockholders of the corporation, approved at a special or annual meeting of stockholders. The control share law contemplates that voting rights will be considered only once by the other stockholders. Thus, there is no authority to strip voting rights from the control shares of an acquiring person once those rights have been approved. If the stockholders do not grant voting rights to the control shares acquired by an acquiring

person, those shares do not become permanent non-voting shares. The acquiring person is free to sell its shares to others. If the buyers of those shares themselves do not acquire a controlling interest, their shares do not become governed by the control share law. If control shares are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of the voting power, any stockholder of record, other than an acquiring person, who has not voted in favor of approval of voting rights is entitled to demand fair value for such stockholder's shares. Nevada's control share law may have the effect of discouraging takeovers of the corporation.

In addition to the control share law, Nevada has a business combination law which prohibits certain business combinations between Nevada corporations and "interested stockholders" for two years after the "interested stockholder" first becomes an "interested stockholder;" unless the corporation's Board of Directors approves the combination in advance. For purposes of Nevada law, an "interested stockholder" is any person who is (i) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the corporation, or (ii) an affiliate or associate of the corporation and at any time within the two previous years was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then outstanding shares of the corporation. The definition of the term "business combination" is sufficiently broad to cover virtually any kind of transaction that would allow a potential acquirer to use the corporation's assets to finance the acquisition or otherwise to benefit its own interests rather than the interests of the corporation and its other stockholders. The effect of Nevada's business combination law is to potentially discourage parties interested in taking control of our Company from doing so if it cannot obtain the approval of our Board of Directors.

We may not be able to maintain compliance with the Nasdaq Capital Market's continued listing requirements.

Our common stock is listed on the Nasdaq Capital Market. There are a number of continued listing requirements that we must satisfy in order to maintain our listing on the Nasdaq Capital Market. Although we intend to comply with all of the continued listing requirements, it is possible we may fail to do so. If we fail to maintain compliance with all applicable continued listing requirements for the Nasdaq Capital Market and they determine to delist our common stock, the delisting could adversely affect the market liquidity of our common stock, our ability to obtain financing, repay any future debt we could incur, and fund our operations.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Risk Management and Strategy

We recognize the importance of cybersecurity in safeguarding sensitive customer and employee information, protecting our stakeholders, and maintaining customer trust. Our approach to identifying and managing cybersecurity risks includes performing periodic risk assessments, implementing and overseeing governance and policies, maintaining an incident response plan, ongoing training and awareness programs, evaluating the control environments of third-party IT vendors, and a goal of continuous improvement. Cybersecurity is an important and integrated part of our enterprise risk management process that identifies, monitors, and mitigates business, operational and legal risks by involving employees, executive leaders, board members and third parties as necessary.

We understand the importance of educating our employees about cybersecurity risks, and, over the past several years have implemented awareness and training programs for employees with a goal of continually increasing employee education on the risks and threats of cybersecurity. This initiative aims to foster a culture of cybersecurity awareness and empower our employees to be vigilant in identifying and assisting with the mitigation of potential threats.

In addition, we maintain a cybersecurity risk insurance policy that would help defray the costs associated with a covered cybersecurity incident if it occurred; however, the costs related to cybersecurity threats or disruptions may not be fully insured.

Governance

The Chief Financial Officer and IT Manager comprise our cybersecurity team. This team is responsible for assessing and managing our cyber risk management program, informs senior management regarding the prevention, detection, mitigation,

and remediation of cybersecurity incidents and supervises such efforts. The cybersecurity team has experience selecting, deploying, and operating cybersecurity technologies, initiatives, and processes, and relies on threat intelligence as well as other information obtained from governmental, public and/or private sources, including external consultants.

The Audit Committee of the Board of Directors oversees the Company's cybersecurity program and the steps taken by management to monitor, identify, and mitigate cybersecurity risks. The cybersecurity team briefs the Audit Committee on the effectiveness of the Company's cyber risk management program, typically on a quarterly basis.

Our goal is for continuous improvement in our cybersecurity program. We regularly monitor, evaluate, and aim to enhance our capabilities, experience, and expertise through investments in technology, infrastructure, personnel, and the use of outside consultants. Our objective is to try to stay ahead of emerging threats and maintain the highest level of cybersecurity resilience.

We face risks from cybersecurity threats that could have a material adverse effect on our business, financial condition, results of operations, cash flows or reputation. Prior cybersecurity incidents have not had a material adverse effect on our business, financial condition, results of operations or cash flows, but the scope and impact of any future incident cannot be predicted. See "Risk Factors – Risks Relating to Our Business – Disruptions, failures or security breaches of our information technology infrastructure could have a negative impact on our operations."

Item 2. Properties

The following table lists the location and description of each of our facilities, the current lease expiration date (when applicable), and the facility's principal use, and approximate square footage:

Location	Lease Expiration	Use	Square Footage
Lindon, Utah	Owned	Corporate HQ & Warehouse Assembly	50,500
Acheson, Alberta	Owned	Office & Warehouse Assembly	25,500
Odessa, Texas	November 30, 2027	Office & Warehouse Assembly	6,300
Victoria, Texas	July 31, 2024	Office & Warehouse Assembly	3,250
Homer City, Pennsylvania	May 20, 2024	Office & Warehouse Storage	2,100
Millersburg, Ohio	Month-to-Month	Office & Warehouse Assembly	1,600

Item 3. Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in matters may arise from time to time that may harm our business. As of December 31, 2023, Management is not aware of any pending legal, judicial or administrative proceedings to which the Company or any of its subsidiaries is a party or of which any properties of the Company or its subsidiaries is the subject that we believe could have a material impact on our operations or financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Registrant's Common Equity and Holders

The Company's common stock is traded on the NASDAQ Capital Market under the symbol "PFIE." As of March 12, 2024, there were approximately 75 shareholders of record for our common stock. The number of record shareholders was determined from the records of our stock transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various security brokers, dealers, registered clearing houses or agencies, banks, or other fiduciaries.

Dividends

The Company has not declared or paid any dividends in the past two years and does not intend to do so in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

The table below displays information relating to equity compensation:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,878,266	\$ 1.10	5,313,848
Equity compensation plans not approved by security holders	—	—	—
Total	1,878,266	\$ 1.10	5,313,848

Issuer Purchases of Equity Securities

Pursuant to the board of directors' approval of a share repurchase program allowing the Company to repurchase up to \$2,000,000 worth of the Company's common stock from time to time through April 30, 2024, the Company entered into a 10b5-1 Plan in May 2023. After an initial 30-day cooling off period, the Company began purchasing shares of common stock

pursuant to the terms of the 10b5-1 Plan in June 2023. As of December 31, 2023, the Company had spent the full allotment under the program.

<u>Period</u>	(a) Total Number of Shares Purchased	(b) 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
June	47,073	\$ 1.23	47,073	\$ 1,941,580
July	83,034	\$ 1.33	83,034	\$ 1,828,196
August	109,609	\$ 1.58	109,609	\$ 1,658,297
September	—	\$ —	—	\$ 1,658,297
October	33,417	\$ 1.80	33,417	\$ 1,597,919
November	550,292	\$ 1.79	550,292	\$ 603,751
December	381,808	\$ 1.58	381,808	\$ —
Total	1,205,233		1,205,233	

Item 6. Reserved.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

For a complete understanding, this Management's Discussion and Analysis should be read in conjunction with the *Financial Statements* and *Notes to the Financial Statements* contained in this annual report on Form 10-K.

Results of Operations

Revenues, Cost of Goods Sold, and Gross Profit

The table below presents information regarding revenues, cost of goods sold, and gross profit.

	For the Year Ended December 31, 2023	% of Revenue	For the Year Ended December 31, 2022	% of Revenue	\$ Change	% Change
Total Revenues	58,208,060	100 %	45,936,643	100 %	\$ 12,271,417	27 %
Total Cost of Goods Sold	27,676,042	48 %	24,285,253	53 %	\$ 3,390,789	14 %
Gross Profit	30,532,018	52 %	21,651,390	47 %	\$ 8,880,628	41 %

Total revenues increased by 27%, which was primarily driven by improved customer demand, increases in product sales prices and supply chain improvements for our burner-management systems and components, and progress in our revenue diversification efforts, despite a significant decrease in oil prices and rig counts and resulting completion activity. The average oil price in 2023 was \$77.58 per barrel compared to \$94.90 per barrel in 2022, representing a decrease of 18%. The 2023 weekly average of the onshore rig count for North America was 848, down 4% from a weekly average of 885 rigs in 2022. The average Henry Hub natural gas price decreased by 61% during this same time period. Customer demand increased during 2023, despite these industry trends. Revenues in 2023 benefited from strong, ongoing progress in our strategic growth and diversification initiatives that are targeted at expansion into new industries and new areas within the oil and gas industry.

Total cost of goods sold ("COGS") increased, in large part, due to the increase in revenues. As a percentage of revenue, COGS decreased during 2023 due to changes in product mix and product-related services as well as due to the fixed cost leverage provided by higher revenues. With our current operating cost structure, we have been able to grow revenue faster than the fixed costs of operating our business. Despite this, we continue to experience inflationary pressures for both direct and indirect costs. We continue to work with our suppliers in an effort to control our inventory costs and limit impacts of inflation. As a result of these changes, total gross profit increased by \$8,880,628 during 2023 compared to 2022 and increased as a percentage of total revenue.

Operating Expenses

The table below presents information on operating expenses:

	For the Year Ended December 31, 2023	% of Revenue	For the Year Ended December 31, 2022	% of Revenue	\$ Change	% Change
General and administrative expenses	17,184,917	30 %	14,776,905	32 %	\$ 2,408,012	16 %
Research and development	917,123	2 %	1,051,858	2 %	\$ (134,735)	(13) %
Depreciation and amortization expense (inclusive of amounts in COGS)	1,108,962	2 %	1,101,044	2 %	\$ 7,918	1 %

General and administrative expenses increased by \$2,408,012 or 16% during 2023 compared to 2022 but decreased as a percentage of revenue because the growth rate of fixed costs was lower than the growth rate of revenues during the period. The increase in 2023 was driven primarily by growth in overall business activity, by inflationary pressures on employee costs and ongoing supply chain challenges.

Research and development expenses decreased by \$134,735 or 13% during 2023 compared to 2022 and decreased slightly as a percentage of revenue. These decreases were largely a result of employee wage subsidies received from the Canadian government. We continue to prioritize research and development projects to ensure that we remain a leader in technology and automation in the industries we serve. We intend to continue our research and development efforts during 2024 in order to further diversify and enhance our product offerings.

Depreciation and amortization expense (inclusive of amounts in COGS) increased slightly by \$7,918 or 1% in 2023 compared to 2022.

Liquidity and Capital Resources

Management is committed to maintaining strong liquidity in an effort to be conservative and able to respond quickly to changes in industry or economic conditions. The Company currently has no long-term debt and does not have any immediate plans that would require long-term financing. While management believes sources of financing are available if needed, we cannot be certain that financing would be available to us on favorable terms, or at all. We currently do not expect any material changes to our capital resource mix during the next year.

The table below presents information on cash and investments:

	December 31, 2023	December 31, 2022	\$ Change	% Change
Cash and cash equivalents	10,767,519	7,384,578	\$ 3,382,941	46 %
Short-term investments	2,799,539	1,154,284	\$ 1,645,255	143 %
Long-term investments	6,425,582	7,503,419	\$ (1,077,837)	(14) %
Total	19,992,640	16,042,281	3,950,359	25 %

The Company invests its available cash in investment grade securities. All of the investments either mature within one year or historically can be sold quickly in response to liquidity needs, if necessary.

The table below presents information regarding cash flows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022	\$ Change	% Change
Net Cash Provided by Operating Activities	\$ 7,064,050	\$ 516,077	\$ 6,547,973	1269 %
Net Cash Provided by (Used in) Investing Activities	\$ (1,266,492)	\$ 10,657	\$ (1,277,149)	(11984)%
Net Cash Used in Financing Activities	\$ (2,454,519)	\$ (1,375,011)	\$ (1,079,508)	79 %
Effect of exchange rate on Cash	\$ 39,902	\$ 44,585	\$ (4,683)	(11)%
Net Increase (Decrease) in Cash	<u>\$ 3,382,941</u>	<u>\$ (803,692)</u>	<u>\$ 4,186,633</u>	521 %

Our liquidity position is impacted by operating, investing and financing activities. During the year ended December 31, 2023, we generated \$7,064,050 of positive cash flow from operating activities. Most of this was generated through cash operating activities, excluding non-cash expenses, which was partially offset by various movements in working capital items that resulted in a sizable increase in net working capital during the year. The primary drivers of the working capital change were increases in accounts receivable and inventory which were both due to increased revenues and customer demand. During the year ended December 31, 2023, we used \$1,266,492 of cash in investing activities, primarily due to net purchases of property and equipment and changes in the mix of our financial investment portfolio. During the year ended December 31, 2023, we used \$2,454,519 of cash in financing activities, primarily related to the purchase of treasury stock. Financing activity trends consist of transactions related to equity awards and purchases or sales of treasury stock.

We may use our liquidity to fund support of our research and development efforts, share repurchase programs, the funding of key projects and spending required by any upturn in the Company's business and the pursuit of possible acquisitions. The pursuit of possible acquisitions may require a capital raise through the capital markets or for us to incur debt in order to successfully execute any potential acquisition.

The global COVID-19 pandemic significantly impacted our business in 2020 and subsequent periods through early 2022. Even though the world has largely recovered from the primary effects of this pandemic, the future outbreak of any similar global pandemic and its effect on our liquidity position will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

As of December 31, 2023, we hold \$19,992,640 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 7A. Quantitative and Qualitative Disclosures About Market Risk

This section is not required.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Profire Energy, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Profire Energy, Inc. (“the Company”) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive income, stockholders’ equity, and cash flows for each of the years in the two-year period ended December 31, 2023 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there were no critical audit matters.

/s/ Sadler, Gibb & Associates, LLC

We have served as the Company’s auditor since 2011.

Salt Lake City, UT
March 13, 2024

PROFIRE ENERGY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	As of	
	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,767,519	\$ 7,384,578
Short-term investments (note 2)	2,799,539	1,154,284
Accounts receivable, net	14,013,740	10,886,145
Inventories, net (note 3)	14,059,656	10,293,980
Prepaid expenses and other current assets (note 4)	2,832,262	2,314,639
Total Current Assets	44,472,716	32,033,626
LONG-TERM ASSETS		
Net deferred tax asset	496,785	—
Long-term investments (note 2)	6,425,582	7,503,419
Lease right-of-use asset (note 8)	432,907	120,239
Property and equipment, net (note 5)	10,782,372	10,423,964
Intangible assets, net (note 6)	1,104,102	1,268,907
Goodwill (note 6)	2,579,381	2,579,381
Total Long-Term Assets	21,821,129	21,895,910
TOTAL ASSETS	\$ 66,293,845	\$ 53,929,536
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 2,699,556	\$ 2,955,506
Accrued liabilities (note 7)	4,541,820	3,573,994
Current lease liability (note 8)	130,184	53,646
Income taxes payable	1,723,910	205,169
Total Current Liabilities	9,095,470	6,788,315
LONG-TERM LIABILITIES		
Net deferred income tax liability	52,621	488,858
Long-term lease liability (note 8)	307,528	67,883
TOTAL LIABILITIES	9,455,619	7,345,056
STOCKHOLDERS' EQUITY (note 9)		
Preferred stock: \$0.001 par value, 10,000,000 shares authorized: no shares issued or outstanding	—	—
Common stock: \$0.001 par value, 100,000,000 shares authorized: 53,047,231 issued and 46,803,868 outstanding at December 31, 2023, and 52,143,901 issued and 47,105,771 outstanding at December 31, 2022	53,048	52,144
Treasury stock, at cost	(9,324,272)	(7,336,323)
Additional paid-in capital	32,751,749	31,737,843
Accumulated other comprehensive loss	(2,844,702)	(3,294,873)
Retained earnings	36,202,403	25,425,689
TOTAL STOCKHOLDERS' EQUITY	56,838,226	46,584,480
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 66,293,845	\$ 53,929,536

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

PROFIRE ENERGY, INC. AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Income

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
		(See note 1)
REVENUES (note 10)		
Sales of goods, net	\$ 54,284,295	\$ 42,318,263
Sales of services, net	3,923,765	3,618,380
Total Revenues	58,208,060	45,936,643
COST OF SALES		
Cost of goods sold-product	24,528,345	21,425,176
Cost of goods sold-services	3,147,697	2,860,077
Total Cost of Goods Sold	27,676,042	24,285,253
GROSS PROFIT	30,532,018	21,651,390
OPERATING EXPENSES		
General and administrative	17,184,917	14,776,905
Research and development	917,123	1,051,858
Depreciation and amortization	575,878	628,019
Total Operating Expenses	18,677,918	16,456,782
INCOME FROM OPERATIONS	11,854,100	5,194,608
OTHER INCOME (EXPENSE)		
Gain on sale of property and equipment	268,817	318,075
Other income (expense)	(57,088)	14,383
Interest income	390,031	177,125
Interest expense	Interest expense (9,449)	(18,009)
Total Other Income	592,311	491,574
INCOME BEFORE INCOME TAXES	12,446,411	5,686,182
INCOME TAX EXPENSE (note 12)	(1,669,697)	(1,738,422)
NET INCOME	\$ 10,776,714	\$ 3,947,760
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation gain (loss)	\$ 275,810	\$ (670,167)
Unrealized gains (losses) on investments	174,361	(524,239)
Total Other Comprehensive Income (Loss)	450,171	(1,194,406)
COMPREHENSIVE INCOME	\$ 11,226,885	\$ 2,753,354
BASIC EARNINGS PER SHARE (note 13)	\$ 0.23	\$ 0.08
FULLY DILUTED EARNINGS PER SHARE (note 13)	\$ 0.22	\$ 0.08
BASIC WEIGHTED AVG NUMBER OF SHARES OUTSTANDING	47,355,978	47,161,101
FULLY DILUTED WEIGHTED AVG NUMBER OF SHARES OUTSTANDING	49,127,558	48,447,342

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

PROFIRE ENERGY, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity

	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	—	—	814,769	—	—	—	814,769
Stock issued in exercise of stock options	38,200	38	34,361	—	—	—	34,399
Stock issued in settlement of RSUs and accrued bonuses	385,559	386	212,402	—	—	—	212,788
Tax withholdings paid related to stock based compensation	—	—	(143,083)	—	—	—	(143,083)
Treasury stock repurchased	(961,221)	—	—	—	(1,228,730)	—	(1,228,730)
Foreign currency translation	—	—	—	(670,167)	—	—	(670,167)
Unrealized losses on investments	—	—	—	(524,239)	—	—	(524,239)
Net Income For the Year Ended December 31, 2022	—	—	—	—	—	3,947,760	3,947,760
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	—	—	1,043,740	—	—	—	1,043,740
Stock issued in exercise of stock options	377,854	378	249,653	—	—	—	250,031
Stock issued in settlement of RSUs and accrued bonuses	525,476	526	378,000	—	—	—	378,526
Tax withholdings paid related to stock based compensation	—	—	(657,487)	—	—	—	(657,487)
Treasury stock repurchased	(1,205,233)	—	—	—	(1,987,949)	—	(1,987,949)
Foreign currency translation	—	—	—	275,810	—	—	275,810
Unrealized gains on investments	—	—	—	174,361	—	—	174,361
Net Income For the Year Ended December 31, 2023	—	—	—	—	—	10,776,714	10,776,714
Balance, December 31, 2023	46,803,868	\$ 53,048	\$ 32,751,749	\$ (2,844,702)	\$ (9,324,272)	\$ 36,202,403	\$ 56,838,226

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

PROFIRE ENERGY, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
OPERATING ACTIVITIES		
Net income	\$ 10,776,714	\$ 3,947,760
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	1,108,962	1,101,044
Gain on sale of property and equipment	(268,817)	(318,075)
Bad debt expense	488,420	77,704
Stock awards issued for services	1,043,740	814,769
Changes in operating assets and liabilities:		
Accounts receivable	(3,128,051)	(4,745,871)
Income taxes receivable/payable	1,515,843	765,650
Inventories	(3,712,212)	(3,240,049)
Prepaid expenses and other current assets	(480,308)	(1,337,076)
Deferred tax asset/liability	(933,969)	512,274
Accounts payable and accrued liabilities	653,728	2,937,947
Net Cash Provided by Operating Activities	<u>7,064,050</u>	<u>516,077</u>
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	354,840	520,068
Sale (purchase) of investments	(393,057)	91,601
Purchase of property and equipment	(1,228,275)	(601,012)
Net Cash Provided by (Used in) Investing Activities	<u>(1,266,492)</u>	<u>10,657</u>
FINANCING ACTIVITIES		
Value of equity awards surrendered by employees for tax liability	(605,996)	(145,930)
Cash received in exercise of stock options	177,281	33,863
Purchase of treasury stock	(1,987,949)	(1,228,730)
Principal paid towards lease liability	(37,855)	(34,214)
Net Cash Used in Financing Activities	<u>(2,454,519)</u>	<u>(1,375,011)</u>
Effect of exchange rate changes on cash	39,902	44,585
NET INCREASE (DECREASE) IN CASH	3,382,941	(803,692)
CASH AT BEGINNING OF PERIOD	<u>7,384,578</u>	<u>8,188,270</u>
CASH AT END OF PERIOD	<u>\$ 10,767,519</u>	<u>\$ 7,384,578</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	\$ 9,450	\$ 17,726
Income taxes	\$ 1,155,682	\$ 847,712
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Common stock issued in settlement of accrued bonuses	\$ 378,526	\$ 212,788

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

PROFIRE ENERGY, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2023 and December 31, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Line of Business

This Organization and Summary of Significant Accounting Policies of Profire Energy, Inc. and its subsidiaries (the "Company") is presented to assist in understanding the Company's consolidated financial statements. The Company's accounting policies conform to accounting principles generally accepted in the United States of America ("US GAAP").

The Company specializes in the engineering and design of burner-management systems and solutions used on a variety of oilfield and other industrial natural-draft and forced-air combustion applications. We sell our products and services primarily throughout North America and Canada.

Principles of Consolidation

The consolidated financial statements include our wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated. Certain amounts in the accompanying December 31, 2022 consolidated statements of operations and comprehensive income and footnotes have been reclassified to conform to the December 31, 2023 presentation.

Recent Accounting Pronouncements

Accounting Standards Update No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments The update adds a new impairment model, known as the current expected credit loss ("CECL") model, that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes an allowance for its estimate of expected credit losses at the initial recognition of an in-scope financial instrument. The CECL model does not have a minimum threshold for recognition of impairment losses and entities will need to measure expected credit losses on assets that have a low risk of loss. Since the Company is a smaller reporting company, as defined by the U.S. Securities and Exchange Commission (the "SEC"), the new guidance became effective on January 1, 2023. The Company adopted ASU 2016-13 effective January 1, 2023, but the adoption of ASU 2016-13 did not have a material impact on the Company's consolidated financial statements. See NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Accounts Receivable.

Accounting Standards Update No. 2023-07 —Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures The update is intended to improve reportable segment disclosure requirements through enhanced disclosures about significant segment expenses. The amendments require disclosure of significant segment expenses regularly provided to the chief operating decision maker (CODM) as well as other segment items, extend certain annual disclosures to interim periods, clarify the applicability to single reportable segment entities, permit more than one measure of profit or loss to be reported under certain conditions, and require disclosure of the title and position of the CODM. We expect to adopt the new disclosures as required for the year ended December 31, 2024. We are currently evaluating the impact on the related disclosures.

Accounting Standards Update No. 2023-09 —Income Taxes (Topic 740): Improvements to Income Tax Disclosures The update requires the annual financial statements to include consistent categories and greater disaggregation of information in the rate reconciliation, and income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for the Company's annual reporting periods beginning after December 15, 2024, with early adoption permitted, and should be applied on a prospective basis, with a retrospective option. We are currently evaluating the effect that adoption of ASU 2023-09 will have on our disclosures.

The Company has evaluated all other recent accounting pronouncements and determined that the adoption of other pronouncements applicable to the Company has not had, nor is expected to have, a material impact on the Company's financial position, results of operations, or cash flows.

Use of Estimates

The preparation of financial statements in accordance with US GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the

PROFIRE ENERGY, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2023 and December 31, 2022

date of the financial statements and the reportable amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency and Comprehensive Income

The functional currencies of the Company and its subsidiaries in the United States and Canada are the U.S. Dollar ("USD") and the Canadian Dollar ("CAD"), respectively. The financial statements of the subsidiary Profire Combustion, Inc. were translated to USD using year-end exchange rates for the balance sheet, and average exchange rates for the statements of operations. Equity transactions were translated using historical rates. The period-end exchange rates of 0.7547 and 0.7370 were used to convert the Company's December 31, 2023 and December 31, 2022 balance sheets, respectively, and the statements of operations used weighted average rates of 0.7411 and 0.7679 for the years ended December 31, 2023 and December 31, 2022, respectively. All amounts in the financial statements and footnotes are presumed to be stated in USD, unless otherwise identified. Foreign currency translation gains or losses as a result of fluctuations in the exchange rates are reflected in the Consolidated Statement of Income and Comprehensive Income (Loss), and the Consolidated Statements of Stockholders' Equity.

In addition to foreign currency translation gains and losses, the Company recognizes unrealized holding gains and losses on available-for-sale securities as part of comprehensive income, as discussed in the investments policy below.

Cash and Cash Equivalents

The Company considers highly liquid investments with original maturities of three months or less to be cash equivalents. Certificates of deposit held for investment that are not debt securities are included in "Short-term investments." Certificates of deposit with remaining maturities greater than one year are classified as "Long-term investments." Our cash and cash equivalents held in FDIC insured institutions can exceed the federally insured limit periodically and at the end of reporting periods. Our balances exceeded federally insured amounts by \$8,376,661 and \$5,328,825 as of December 31, 2023 and December 31, 2022, respectively.

Accounts Receivable

Receivables from the sale of goods and services are stated at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts. The allowance is calculated based on past collectability and customer relationships. The Company recorded an allowance for doubtful accounts of \$365,394 and \$220,745 as of December 31, 2023 and December 31, 2022, respectively. Uncollectible accounts are written off after all collection efforts have been exhausted and Credit Committee approval is granted. Bad debt expense recognized was \$488,420 and \$77,704 for the years ended December 31, 2023 and December 31, 2022, respectively.

Inventories

The Company's inventories are valued at the lower of cost (the purchase price, including additional fees) or market. Inventory costs are determined based on the average cost basis. A reserve for slow-moving and potentially obsolete inventories is recorded as of each balance sheet date and total inventories are presented net of that reserve.

Investments

Investments consist of available-for-sale debt securities and mutual funds invested in debt securities that the Company carries at fair value. Securities with original maturities of greater than three months at the date of purchase are classified as investments. Of these, bonds with maturities of less than one year, and mutual funds expected to be liquidated within one year from the balance sheet date, are classified as Short-Term Investments. Bonds with maturities of greater than one year or mutual funds not expected to be liquidated within one year as of the balance sheet date are classified as Long-Term Investments.

The Company accumulates unrealized gains and losses, net of tax, on the Company's available-for-sale securities in Accumulated Other Comprehensive Income (Loss) in the Shareholders' Equity section of its balance sheets. Such unrealized gains or losses do not increase or decrease net income for the applicable accounting period. The Company includes realized

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gains and losses on its available-for-sale securities in other income (expense), in its Statements of Operations. Dividend and interest income earned on all investments is included in earnings as other income.

Long-Lived Assets

The Company periodically reviews the carrying amount of long-lived assets for impairment. An asset is considered impaired when estimated future cash flows are less than the asset's carrying amount. In the event the carrying amount of such asset is not considered recoverable, the asset is adjusted to its fair value.

Goodwill

Goodwill represents the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition. Goodwill is reviewed for impairment annually on December 31, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceed their fair value. The Company does not amortize goodwill in accordance with Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC") 350, "Intangibles—Goodwill and Other" ("ASC 350"). Goodwill is tested for impairment at the reporting unit level. The reporting unit for goodwill testing purposes is the consolidated company as a whole.

Other Intangible Assets

The Company accounts for Other Intangible Assets under the guidance of ASC 350, "Intangibles—Goodwill and Other." Under such guidance, other intangible assets with definite lives are amortized over their estimated useful lives and tested annually for impairment when indicators of impairment exist or more frequently as circumstances warrant. Intangible assets with indefinite lives are tested annually for impairment.

Treasury Stock

Treasury stock repurchased and held by the Company is recorded as a separate line item on the Consolidated Balance Sheets. Treasury stock is held at cost until retired or reissued. Legal, brokerage, and other costs to acquire shares are not included in the cost of treasury stock. When treasury stock is reissued or retired, any gains are included as part of additional paid-in capital. Losses upon reissuance or retirement reduce additional paid-in capital to the extent that previous net gains from the same class of stock have been recognized and any losses above that are recognized as part of retained earnings.

Revenue Recognition

The Company's revenue recognition practices follow ASC 606, "Revenue from Contracts with Customers". Refer to [Note 10](#) for further details.

Cost of Sales

The Company includes product costs (i.e., material, direct labor and overhead costs), shipping and handling expense, production-related depreciation expense and product license agreement expense in cost of sales.

Advertising Costs

The Company classifies expenses for advertising as general and administrative expenses and recognizes the expense when incurred. The Company incurred advertising costs of \$163,669 and \$59,792 during the years ended December 31, 2023 and December 31, 2022, respectively.

Stock-Based Compensation

The Company follows the provisions of ASC 718, "Share-Based Payments," which requires all share-based payments to employees to be recognized in the income statement based on their grant date fair values and is recognized over the requisite service period, which is generally the service period. The Company uses the Black-Scholes pricing model for determining the fair value of stock options. The intrinsic value method is used to value restricted stock and restricted stock units. The Company has elected to recognize forfeitures as they occur.

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Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses. Sales to the Company's four largest customers represented approximately 16% and 11% of total sales during the years ended December 31, 2023 and December 31, 2022, respectively.

Income Taxes

The Company is subject to US income taxes on a stand-alone basis. The Company and its subsidiary, Profire Combustion, Inc. file separate stand-alone tax returns in each jurisdiction in which they operate. Profire Combustion, Inc. is a corporation operating in Canada and is subject to Canadian income taxes on its stand-alone taxable income.

The Company utilizes an asset and liability approach for financial accounting and reporting for income taxes. Deferred income taxes are provided for temporary differences on the basis of assets and liabilities as reported for financial statement and income tax purposes. Deferred income taxes reflect the tax effects of net operating loss and tax credit carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Realization of certain deferred tax assets is dependent upon future earnings, if any. The Company makes estimates and judgments in determining the need for a provision for income taxes, including the estimation of our taxable income for each full fiscal year.

Defined Contribution Retirement Plan

The Company matches employee contributions to our 401(k) plan up to 4% of their annual salary. The expense is recognized as part of general and administrative expenses on the income statement and was \$224,297 and \$193,876 for the years ended December 31, 2023 and December 31, 2022, respectively.

Property and Equipment

Property and equipment are stated at historical cost and depreciated over the useful life of the asset using the straight-line method. Useful lives are assigned to assets depending on their category. For details regarding property and equipment, refer to [Note 5](#).

Research and Development

The Company's policy is to expense all costs associated with research and development ("R&D") that have no future alternative uses when those costs are incurred. Costs incurred to acquire assets currently used in R&D that do have future alternative uses are capitalized and the cost of depreciation is included in R&D expense.

Fair Value of Financial Instruments

The carrying value of cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. Bond and mutual fund investments are presented at fair value as of the balance sheet date and accumulated gains or losses on those investments are reported in other comprehensive income. Refer to [Note 2](#) for further details regarding instruments recorded at fair value.

Earnings Per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share is calculated by adjusting the weighted average number of shares of common stock outstanding for the dilutive effect, if any, of common stock equivalents. Common stock equivalents whose effect would be antidilutive are not included in diluted earnings per share. The Company uses the treasury stock method to determine the dilutive effect, which assumes that all common stock equivalents have been exercised at the beginning of the period and that the funds obtained from those exercises were used to repurchase shares of common stock of the Company at the average closing market price during the period. Refer to [Note 13](#) for further details on the earning per share calculation.

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NOTE 2 - FINANCIAL INSTRUMENTS AND INVESTMENTS

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements do not include transaction costs.

A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is divided into the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. Management is of the opinion that the Company is not exposed to significant interest or credit risks arising from financial instruments and any declines in the value of investments are temporary in nature. Money market funds and certificates of deposits are shown at cost on the balance sheet and their adjusted cost approximates their fair value.

The following tables show the adjusted cost, unrealized gains (losses) and fair value of the Company's cash and cash equivalents and investments held as of December 31, 2023 and 2022:

	December 31, 2023					
	Adjusted Cost	Pre-Tax Unrealized Gains/(Losses)	Fair Value	Cash and Cash Equivalents	Short Term	Long Term
Level 1						
Money Market Funds	\$ 3,069,668	\$ —	\$ 3,069,668	\$ 3,069,668	\$ —	\$ —
Other Funds	1,889,552	(202,991)	1,686,561	—	—	1,686,561
	<u>4,959,220</u>	<u>(202,991)</u>	<u>4,756,229</u>	<u>3,069,668</u>	<u>—</u>	<u>1,686,561</u>
Level 2						
Corporate Bonds	1,375,209	(62,885)	1,312,324	—	247,438	1,064,886
Municipal Bonds	6,373,922	(147,686)	6,226,236	—	2,552,101	3,674,135
	<u>7,749,131</u>	<u>(210,571)</u>	<u>7,538,560</u>	<u>—</u>	<u>2,799,539</u>	<u>4,739,021</u>
Total	<u>\$ 12,708,351</u>	<u>\$ (413,562)</u>	<u>\$ 12,294,789</u>	<u>\$ 3,069,668</u>	<u>\$ 2,799,539</u>	<u>\$ 6,425,582</u>

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December 31, 2022						
	Adjusted Cost	Pre-Tax Unrealized Gains/(Losses)	Fair Value	Cash and Cash Equivalents	Short Term	Long Term
Level 1						
Money Market Funds	\$ 3,153,074	\$ —	\$ 3,153,074	\$ 3,153,074	\$ —	\$ —
Other Funds	1,889,552	(257,126)	1,632,426	—	—	1,632,426
	5,042,626	(257,126)	4,785,500	3,153,074	—	1,632,426
Level 2						
Corporate Bonds	1,277,675	(109,599)	1,168,076	—	—	1,168,076
Municipal Bonds	6,129,264	(272,063)	5,857,201	—	1,154,284	4,702,917
	7,406,939	(381,662)	7,025,277	—	1,154,284	5,870,993
Total	\$ 12,449,565	\$ (638,788)	\$ 11,810,777	\$ 3,153,074	\$ 1,154,284	\$ 7,503,419

Pre-tax unrealized losses on investments incurred during the periods are presented below:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Unrealized Holding Gains (Losses)	\$ 225,226	\$ (692,7

The maturities for bonds held by the Company as of December 31, 2023 are presented in the table below:

<u>Maturity</u>	<u>Fair Value</u>
Less Than One Year	\$ 2,799,539
1-2 years	2,677,224
2-5 years	2,061,797
5-10 years	—
Over 10 years	—
	\$ 7,538,560

NOTE 3 – INVENTORIES

Inventories consisted of the following at each balance sheet date:

	As of	
	December 31, 2023	December 31, 2022
Raw materials	\$ 338,539	\$ 166,927
Finished goods	14,171,616	10,452,930
Work in process	—	—
Subtotal	14,510,155	10,619,857
Reserve for obsolescence	(450,499)	(325,877)
Total	\$ 14,059,656	\$ 10,293,980

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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	
	December 31, 2023	December 31, 2022
Prepaid inventory	1,944,942	784,420
Accrued Receivables	119,035	881,176
Prepaid insurance	351,273	240,785
Interest receivables	81,868	72,761
Tax credits	740	118,035
Other	334,404	217,462
	<u>\$ 2,832,262</u>	<u>\$ 2,314,639</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment and estimated useful lives are presented in the table below:

	As of		Est. Useful Life
	December 31, 2023	December 31, 2022	
Furniture and fixtures	\$ 734,736	\$ 623,086	7 years
Computers	299,706	223,626	3 years
Machinery and equipment	549,584	541,036	7 years
Leased Equipment	—	22,462	5 years
Vehicles	2,567,005	2,038,581	5 years
Land and buildings	11,375,748	11,240,356	30 years
Total property and equipment	<u>15,526,779</u>	<u>14,689,147</u>	
Accumulated depreciation	<u>\$ (4,744,407)</u>	<u>\$ (4,265,183)</u>	
Net property and equipment	<u>10,782,372</u>	<u>10,423,964</u>	

The table below shows total depreciation and amortization expense and how depreciation is allocated between cost of goods sold and operating expenses:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Cost of goods sold - product depreciation	\$ 374,773	\$ 328,482
Cost of goods sold - service depreciation	158,311	144,543
Operating expense depreciation	369,703	388,618
Amortization expense	206,175	239,401
Total depreciation & amortization expense	<u>\$ 1,108,962</u>	<u>\$ 1,101,044</u>

NOTE 6 – INTANGIBLE ASSETS

Definite-lived intangible assets consist of developed technology, customer relationships, trade names and distribution agreements. The costs of developed technology, customer relationships and trade names are amortized over the respective useful life of each asset, ranging from 3-18 years. The costs of the distribution agreements are amortized over the remaining life of the agreements. Indefinite-lived intangible assets consist of goodwill. In accordance with ASC 350, goodwill is not

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amortized but tested for impairment annually or more frequently when events or circumstances indicate that the carrying value of a reporting unit more likely than not exceeds its fair value. We test goodwill for impairment as of each balance sheet date. Intangible assets consisted of the following:

Definite-lived intangible assets

	As of	
	December 31, 2023	December 31, 2022
Definite-lived intangible assets	\$ 1,903,073	\$ 1,903,073
Less: Accumulated amortization	(798,971)	(634,166)
Definite-lived intangible assets, net	<u>\$ 1,104,102</u>	<u>\$ 1,268,907</u>

Net definite-lived intangible assets decreased by amortization expense of \$164,805 and \$204,742 during the years ended December 31, 2023 and December 31, 2022, respectively.

Estimated amortization expense for the next five years related to the definite-lived intangible assets is displayed in the following table:

For the Years Ending December 31,	Amount
2024	\$ 125,591
2025	\$ 80,899
2026	\$ 80,899
2027	\$ 80,899
2028	\$ 80,899
Greater than 5 years	\$ 654,915

Indefinite-lived intangible assets

	As of	
	December 31, 2023	December 31, 2022
Goodwill	\$ 2,579,381	\$ 2,579,381

Goodwill is reviewed annually for impairment as of December 31 each year, or whenever there are significant indicators of potential impairment. In 2023, the Company determined that the fair value of the reporting unit related to goodwill was not less than its carrying value. As such, the Company did not have any goodwill impairment for the year ended December 31, 2023.

NOTE 7 – ACCRUED LIABILITIES

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

	As of	
	December 31, 2023	December 31, 2022
Employee-related payables	\$ 2,910,801	\$ 2,404,848
Deferred Revenue	780,428	420,827
Inventory-related payables	\$ 400,701	\$ 285,109
Other tax-related payables	119,188	54,762
Warranty liabilities	\$ 108,930	\$ 74,103
Other	221,772	334,345
Total	<u>\$ 4,541,820</u>	<u>\$ 3,573,994</u>

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NOTE 8 – LEASES

Components of lease right-of-use assets and liabilities	As of	
	December 31, 2023	December 31, 2022
Financing lease right-of-use assets	\$ 106,402	\$ 83,936
Operating lease right-of-use assets	326,505	36,303
Total Lease right-of-use assets	\$ 432,907	\$ 120,239
Financing current lease liability	\$ 47,492	\$ 28,262
Operating current lease liability	82,692	25,385
Total Current lease liability	\$ 130,184	\$ 53,646
Financing long-term lease liability	\$ 63,393	\$ 56,965
Operating long-term lease liability	244,135	10,918
Total Long-term lease liability	\$ 307,528	\$ 67,883

The Company leases office equipment and office space. The leases for office equipment are classified as financing leases and the typical term is 3 years. 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. In 2023, we entered into a new lease agreement to replace some aging office equipment. The weighted average discount rate applied to our financing leases is 4.50% and the weighted average remaining lease term is 2.6 years.

The following table shows the components of financing lease cost:

Financing Lease Cost	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Amortization of right-of-use assets	\$ 41,370	\$ 34,658
Interest on lease liabilities	9,450	3,147
Total financing lease cost	\$ 50,820	\$ 37,805

The Company leases two warehouse spaces, one with a two-year lease, and another with a four-year lease, both of which are recorded as operating leases. The weighted average discount rate applied to our financing leases is 4.5% and the weighted average remaining lease term is 3.9 years. The remainder of our office space leases are considered to be short-term, and we have elected not to recognize those on our balance sheet under the short-term recognition exemption. During the years ended December 31, 2023 and December 31, 2022, we recognized \$75,603 and \$79,378, respectively, of lease costs associated with office space leases.

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The following table reconciles future minimum lease payments to the discounted lease liability:

Years ending December 31	
2024	\$ 152,711
2025	126,278
2026	112,768
2027	91,097
2028	—
Thereafter	—
Total future minimum lease payments	\$ 482,854
Less: Amount representing interest	45,141
Present value of future payments	\$ 437,712
Current portion	\$ 130,184
Long-term portion	\$ 307,528

NOTE 9 – STOCKHOLDERS' EQUITY

As described in [Note 1](#), treasury stock is recorded at cost until reissued or retired. As of December 31, 2023, and December 31, 2022, the Company held 6,243,363 and 5,038,130 shares in treasury at a total cost of \$9,324,272 and \$7,336,323, respectively. Pursuant to the board of directors' approval of share repurchase programs allowing the Company to repurchase up to \$2,000,000 worth of the Company's common stock from time to time both through April 30, 2024 and September 30, 2022, the Company entered into 10b5-1 Plans in May 2023 and September 2021, respectively. After an initial 30-day cooling off period, the Company began purchasing shares of common stock pursuant to the terms of the 10b5-1 Plan in June 2023 and October 2021, respectively. The Company was not obligated to make any purchases, and the program could have been suspended or discontinued at any time. During 2023 and 2022, the Company repurchased 1,205,233 and 961,221 shares of common stock, respectively. All such repurchases during 2023 and 2022 were made at market prices. As of the end of December 2023, the Company had spent the full allotment under both programs.

On June 29, 2023, and June 15, 2022, pursuant to the annual renewal of director compensation, the Board approved grants of 95,966 and 178,623 RSUs, respectively, to the Company's independent directors. Under both grants, 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 subsequent annual meeting of stockholders, whichever is earlier. The awards will result in total compensation expense of approximately \$243,000 and \$234,000, respectively, to be recognized over the vesting period.

On April 25, 2023, the Compensation Committee of the Board (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 was assigned a target incentive compensation amount for fiscal 2023. The target incentive compensation amount for Mr. Oviatt was equal to 62% of his base salary as of December 31, 2023, the target incentive compensation amount for Mr. Tidball was equal to 62% of his base salary as of December 31, 2023, and the target incentive compensation for Mr. Fisher was 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.

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Participants were 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 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 were determined by the Compensation Committee on March 6, 2024 and will be 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 "2023 LTIP Restricted Stock Unit Award Agreements") 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 based upon the following Company performance metrics:

Performance Metrics	Weight	Target	Above Target	Outstanding
Total Shareholder Return	1/3	94.2%	142.7%	191.3%
Relative Total Shareholder Return	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 2023 LTIP Restricted Stock Unit Award Agreements is qualified in its entirety by the text of the 2023 EIP and each of the 2023 LTIP 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

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On April 6, 2022, 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	1/3	89%	136%	183%
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 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 Form 10-Q for the quarter ending March 31, 2022.

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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 Units to Mr. Oviatt, up to 204,543 Units to Mr. Tidball, up to 85,908 Units to Mr. Fugal, and up to 47,973 Units 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 33% of each award recipient’s Units that are subject to time-based vesting, and the other 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 2021 LTIP began on January 1, 2021 and terminated on December 31, 2023 (the “2021 LTIP Performance Vesting Date”).

The Units subject to time-based vesting, including 68,181 Units to Mr. Oviatt, 68,181 Units for Mr. Tidball, 28,636 Units to Mr. Fugal, and 15,991 Units to Mr. Fisher, vested in three equal annual installments beginning December 31, 2021 and ending on December 31, 2023 for recipients who were still employed with the Company through such dates.

The performance-vesting Units, including up to 136,362 Units for Mr. Oviatt, 136,362 Units for Mr. Tidball, 57,272 Units for Mr. Fugal, and 31,982 Units to Mr. Fisher, were 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 Units, consisting of 45,454 Units for Mr. Oviatt, 45,454 Units for Mr. Tidball, 19,091 Units for Mr. Fugal, and 10,661 Units for Mr. Fisher, were eligible to vest for each of the three performance metrics identified in the table above. The number of Units that may have vested 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 Units relating to such performance metric will vest;
- 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;
- 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
- if the “Outstanding” level for such performance metric is achieved, 100% of the Units 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 is not eligible for any awards that were not vested prior to October 31, 2021 under the 2021 LTIP.

The foregoing summary of the 2021 LTIP and the 2021 LTIP Restricted Stock Unit Award Agreements 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.

Stock Options

No stock options were issued during the years ended December 31, 2023 or December 31, 2022.

NOTE 10 - REVENUE

Performance Obligations

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Our performance obligations include providing product and servicing our product and other combustion equipment related to our product. 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 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. The amount accrued for expected returns and warranty claims was immaterial as of December 31, 2023.

Contract Balances

We have elected to use the practical expedient in ASC 340 (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. We do receive payments in advance of recognizing revenue on some contracts, but they do not result in any material contract liabilities. See Note 7 for additional information.

Significant Judgments

For most revenue contracts, we invoice the customer when the performance obligation is satisfied and payment is due 30 days later. Occasionally, other terms such as progress billings or longer terms are agreed to on a case-by-case basis. We do not have significant financing components, non-cash consideration, or variable consideration. We estimate the transaction price between performance obligations based on stand-alone product prices. We elected the practical expedient by which disclosures are not required regarding the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less.

Disaggregation of Revenue

All revenue recognized in the income statement is considered to be revenue from contracts with customers. The table below shows revenue by category:

	Year Ended December 31, 2023		Year Ended December 31, 2022	
Electronics	\$	22,329,182	\$	16,439,208
Manufactured		13,188,773		9,282,342
Re-Sell		18,766,340		16,596,713
Service		3,923,765		3,618,380
Total Revenue	\$	58,208,060	\$	45,936,643

NOTE 11 – STOCK-BASED COMPENSATION

Periodically the Company issues stock-based awards to employees and independent directors. Vesting terms for outstanding grants vary by grant, ranging from immediate to ratably over 5 years. Typically, grants expire one year after the final vesting. The Board has authorized 6,119,834 shares to be granted for such awards under the 2023 Plan. Historically, the Company has only issued non-qualified stock options, restricted stock, and restricted stock units; however, the 2023 Plan does allow for other types of awards to be granted in the future. Most awards have been exercisable or convertible based solely on meeting service conditions; however, some grants to executives have been made convertible based on meeting both service and performance conditions. Upon exercise or conversion, the Company may issue new shares or reissue shares held in treasury, at the discretion of Management. The Company has elected to recognize forfeitures as they occur.

The Company uses the Black-Scholes method for measuring compensation cost of stock options and the intrinsic value method for measuring compensation cost of restricted stock and restricted stock units. Total compensation cost for share-

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based payments recognized in income was \$1,043,740 and \$814,769 during the years ended December 31, 2023 and December 31, 2022, respectively. As of December 31, 2023, the Company had \$600,770 in unamortized compensation expense with a weighted average of 1.42 years remaining. The Company received \$177,281 and \$33,863 in cash from the exercise of share options during the years ended December 31, 2023 and December 31, 2022, respectively. For the tax effect on total compensation expense and the exercise of options, see [Note 12](#) for the income tax provision.

During the years ended December 31, 2023 and December 31, 2022, the intrinsic value of options exercised was \$99,335 and \$19,113, respectively. The total fair value of options, restricted stock, and restricted stock units vested during the years ended December 31, 2023 and December 31, 2022 was \$1,049,170 and \$742,313, respectively. During the years ended December 31, 2023 and December 31, 2022 the Company granted 1,395,947 and 1,011,436 awards, respectively, with weighted-average grant date fair values of \$1.17 and \$1.28, respectively.

Information regarding outstanding options, restricted stock awards, and restricted stock units is summarized in the tables below:

Total Outstanding and Exercisable Awards December 31, 2023

Grant Price Low	Grant Price High	Awards Outstanding			Awards Exercisable		
		Quantity	Remaining Contractual Life (Years)	Exercise Price	Quantity	Remaining Contractual Life (Years)	Exercise Price
\$ —	\$ 0.39	1,663,866	2.29	\$ —	—	—	—
\$ 0.40	\$ 0.80	204,000	0.64	\$ 0.79	204,000	0.64	\$ 0.79
\$ 0.81	\$ 0.81	10,400	0.21	\$ 0.81	10,400	0.21	\$ 0.81
		<u>1,878,266</u>	<u>2.10</u>	<u>\$ 0.09</u>	<u>214,400</u>	<u>0.62</u>	<u>\$ 0.79</u>

Total Outstanding and Exercisable Awards December 31, 2022

Grant Price Low	Grant Price High	Awards Outstanding			Awards Exercisable		
		Quantity	Remaining Contractual Life (Years)	Exercise Price	Quantity	Remaining Contractual Life (Years)	Exercise Price
\$ —	\$ 0.39	1,048,199	2.50	\$ —	—	—	—
\$ 0.40	\$ 0.80	469,000	1.64	\$ 0.79	310,000	1.64	\$ 0.79
\$ 0.81	\$ 0.84	290,900	1.41	\$ 0.83	193,934	1.41	\$ 0.83
		<u>1,808,099</u>	<u>2.10</u>	<u>\$ 0.35</u>	<u>503,934</u>	<u>1.56</u>	<u>\$ 0.80</u>

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Information regarding stock options for the year ended December 31, 2023 is summarized in the tables below:

Stock Options	Number of Awards	Weighted Average Exercise Price	Weighted Average Share Price on Date of Exercise	Weighted Average Fair Value	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, beginning of period	759,900	\$ 0.80		0.37		\$ 194,920
Granted	—	\$ —		—		\$ —
Exercised/Released	(533,500)	\$ 0.81	\$ 2.57	0.38		\$ 939,335
Canceled/Forfeited	(12,000)	\$ 0.79		0.37		\$ 5,380
Expired	—	\$ —		0		\$ —
Outstanding, end of period	<u>214,400</u>	\$ 0.79		0.37	0.62	\$ 219,500
Vested and unvested exercisable, end of the period	<u>214,400</u>	\$ 0.79		0.37	<u>0.62</u>	\$ 219,500
Vested and expected to vest, end of the period	214,400	\$ 0.79		\$ 0.37	0.62	\$ 219,500

Stock Options	Number of Awards	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Amortization Period (Years)
Unvested Outstanding, beginning of period	255,966	\$ 0.80	\$ 0.37	
Granted	—	\$ —	\$ —	
Canceled/Forfeited	(4,000)	\$ 0.79	\$ 0.37	
Expired	—			
Vested, outstanding shares	<u>(251,966)</u>	\$ 0.80	\$ 0.37	
Unvested Outstanding, end of period	<u>—</u>	\$ —	\$ —	0.00

Information regarding restricted stock awards for the year ended December 31, 2023 is summarized in the tables below:

Restricted Stock Awards	Number of Awards	Weighted Average Exercise Price	Weighted Average Share Price on Date of Exercise	Weighted Average Fair Value	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, beginning of period	—	\$ —		\$ —		\$ —
Granted	341,961	\$ —		\$ 1.16		\$ 396,675
Exercised/Released	<u>(341,961)</u>	\$ —	\$ 1.16	\$ 1.16		\$ 396,675
Outstanding, end of period	<u>—</u>	\$ —		\$ —	0	\$ —
Vested and exercisable, end of the period	<u>—</u>	\$ —		\$ —		\$ —
Vested and expected to vest, end of the period	—	\$ —		\$ —	0	\$ —

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Restricted Stock Awards	Number of Awards	Weighted Average Exercise Price	Average Grant Date Fair Value	Weighted Remaining Amortization Period (Years)
Unvested Outstanding, beginning of period	—	\$ —	\$ —	
Granted	341,961	\$ —	\$ 1.16	
Vested, outstanding shares	(341,961)	\$ —	\$ 1.16	
Unvested Outstanding, end of period	<u>—</u>	\$ —	\$ —	

Information regarding restricted stock units for the year ended December 31, 2023 is summarized in the tables below:

Restricted Stock Units	Number of Awards	Weighted Average Exercise Price	Weighted Average Share Price on Date of Exercise	Weighted Average Fair Value	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, beginning of period	407,835	\$ —		\$ 1.31		\$ 432,305
Granted	637,306	\$ —		\$ 1.18		\$ 754,952
Exercised/Released	(435,319)	\$ —	\$ 1.45	\$ 1.28		\$ 629,866
Cancelled/Forfeited	(3,000)	\$ —		\$ 1.16		\$ 8,490
Outstanding, end of period	<u>606,822</u>	\$ —		\$ 1.20	2.62	\$ 1,098,348
Vested and exercisable, end of the period	—					\$ —
Vested and expected to vest, end of the period	606,822	\$ —		\$ 1.20	2.62	\$ 1,098,348

Restricted Stock Units	Number of Awards	Weighted Average Exercise Price	Average Grant Date Fair Value	Weighted Average Remaining Amortization Period (Years)
Unvested Outstanding, beginning of period	407,835	\$ —	\$ 1.31	
Granted	637,306	\$ —	\$ 1.18	
Cancelled/Forfeited	(3,000)	\$ —	\$ 1.16	
Vested, outstanding shares	(435,319)	\$ —	\$ 1.28	
Unvested Outstanding, end of period	<u>606,822</u>	\$ —	\$ 1.20	

Information regarding performance based restricted stock units for the year ended December 31, 2023 is summarized in the tables below:

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Performance Based Restricted Stock Units	Number of Awards	Weighted Average Exercise Price	Weighted Average Share Price on Date of Exercise	Weighted Average Fair Value	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, beginning of period	640,364	\$ —	\$ —	\$ 1.21		\$ 678,786
Granted	416,680	\$ —	\$ —	\$ 1.16		\$ 483,349
Exercised/Released	—	\$ —	\$ —	\$ —		\$ —
Cancelled/Forfeited	—	\$ —	\$ —	\$ —		\$ —
Expired	—	\$ —	\$ —	\$ —		\$ —
Outstanding, end of period	<u>1,057,044</u>	\$ —	\$ —	\$ 1.19	2.53	\$ 1,913,250
Vested and exercisable, end of the period	—	\$ —	\$ —	\$ —		\$ —
Vested and unvested exercisable, end of the period	—	\$ —	\$ —	\$ —		\$ —
Vested and expected to vest, end of the period	609,960	\$ —	\$ —	\$ 1.20	2.53	\$ 1,104,028

Performance Based Restricted Stock Units	Number of Awards	Weighted Average Exercise Price	Average Grant Date Fair Value	Weighted Remaining Amortization Period (Years)
Unvested Outstanding, beginning of period	640,364	\$ —	\$ 1.21	
Granted	416,680	\$ —	\$ 1.16	
Cancelled/Forfeited	—	\$ —	\$ —	
Vested, outstanding shares	—	\$ —	\$ —	
Expired	—	\$ —	\$ —	
Unvested Outstanding, end of period	<u>1,057,044</u>	\$ —	\$ 1.19	1

NOTE 12 – PROVISION FOR INCOME TAXES

During the years ended December 31, 2023 and December 31, 2022, the Company did not expect to incur any interest or penalties related to income taxes. Accordingly, the Company had no accruals for interest and penalties at December 31, 2023, nor December 31, 2022. When our tax returns for the year ended December 31, 2022 were finalized there was an immaterial amount of penalties and interest that was ultimately paid. We do not expect any material penalties or interest will result from the filing of our 2023 tax return. If the Company were to incur any such material charges, it would recognize interest related to underpayment of income taxes in interest expense and recognize any penalties in operating expenses.

The Company is current on its U.S. and Canadian income tax filings. Tax years that remain open for examination are 2021 through 2023 in the U.S. and 2016 through 2023 in Canada.

At December 31, 2023, and December 31, 2022, the Company had operating loss carryforwards at its Canadian subsidiary of \$ CAD and \$2,622,292 CAD, respectively. A valuation allowance was recorded for 100% of operating loss carry forward balance as of December 31, 2022. As a result, no deferred tax asset was recorded on our balance sheet at December 31, 2022 for these operating loss carry forwards.

At December 31, 2023 and December 31, 2022, the Company had no operating loss carryforwards at its US subsidiary. In 2022, we completed an application for the Employee Retention Credit under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Based on the amended payroll tax returns filed with the government, we qualified for approximately \$1,500,000 in payroll tax credit, offset by approximately \$204,000 in fees spent with our tax preparers to calculate and apply for the credit. To be conservative and allow for the risk of a reduced credit amount approved by the IRS, in 2022, we recorded a reduction in payroll tax expense of \$761,132. The remaining credit of \$761,132, along with interest income of

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\$55,499 was recorded when the full credit was received in 2023. The full benefit was claimed for tax purposes on the 2021 tax return and on an amended 2020 income tax return which flipped the company's prior tax loss in 2021 to a small taxable income position and reduced the taxable losses in 2020.

The Company had a net deferred tax asset of \$496,785 as of December 31, 2023. The deferred tax asset on the balance sheet as of December 31, 2023 does not have a valuation allowance associated with it. Realization of the deferred tax asset is dependent on generating sufficient taxable income to offset the tax items that will be deductible in the future. Although realization is not assured, Management believes it is more likely than not that all of the deferred tax asset will be realized.

In 2023, the Company identified an adjustment to its deferred tax balances, primarily related to stock compensation and fixed asset depreciation, which had accumulated over several years. The Company evaluated the materiality of the adjustment in the current and prior periods of accumulation and found the adjustment to be immaterial to all periods. The adjustment resulted in the recognition of a deferred tax benefit of \$828,098, which is included as a component of total income tax expense for the year ended December 31, 2023.

In 2020, the CARES Act was signed into law, which among other things, allowed net operating losses from the year 2020 to be carried back five years to claim refunds for taxes that were previously paid. Since our US Subsidiary had taxable income in prior years, during 2021, we filed an amendment to our 2015 and 2016 tax returns and utilized all of the net operating losses from the year ended December 31, 2020, which generated a tax refund of \$416,560 which was received in 2022.

The Company invests in available-for-sale securities that are reported on the balance sheet at fair value, with the gains/losses reported net of tax as part of Other Comprehensive Income (OCI). The tax expense allocated to OCI during the year ended December 31, 2023 was \$54,589 and the tax benefit allocated to OCI during the year ended December 31, 2022 was \$167,868.

The table below outlines the components of income tax expense (benefit):

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Current		
U.S. Federal	\$ 2,164,032	\$ 887,732
State and local	334,390	176,700
Foreign	159,381	—
Total Current	2,657,803	1,064,432
Deferred		
U.S. Federal	(900,847)	435,603
State and local	(139,385)	85,670
Foreign	52,126	152,717
Total Deferred	(988,106)	673,990
Total Provision for Income Taxes	1,669,697	1,738,422

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The table below reconciles our effective tax rate to the statutory tax rate:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
U.S. Federal statutory tax rate	21.0 %	21.0 %
State and local statutory tax rate, net of federal effect	3.0 %	4.0 %
Permanent Items	0.3 %	(0.2) %
Change in rate	(0.1) %	— %
Unrealized gains and losses on investments	(0.4) %	(2.6) %
Adjustments to deferred tax balances	(7.8) %	0.0 %
Release of valuation allowance	(3.6) %	0.0 %
Foreign tax rate difference	(0.1) %	3.3 %
Other	1.1 %	5.0 %
Effective tax rate	<u>13.4 %</u>	<u>30.5 %</u>

The table below shows the components of deferred taxes:

	As of	
	December 31, 2023	December 31, 2022
Stock compensation	\$ 123,592	\$ (349,260)
Bad debt	\$ 64,357	\$ 37,814
Inventory reserve	92,058	48,572
Amortization	114,582	101,745
Unrealized loss on investments	100,236	154,987
UNICAP	289,619	75,110
Goodwill	(260,701)	(219,252)
Depreciation	(8,580)	(338,574)
Other	(18,378)	—
Net Deferred Tax Asset / (Liability) - US	<u>\$ 496,785</u>	<u>\$ (488,858)</u>
Depreciation	\$ (89,558)	\$ —
Reserves	36,937	—
Net Deferred Tax Asset / (Liability) - Canada	<u>\$ (52,621)</u>	<u>\$ —</u>

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NOTE 13 – BASIC AND DILUTED EARNINGS PER SHARE

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

	2023			2022		
	Income (Numerator)	Weighted Average Shares (Denominator)	Per-Share Amount	Income (Numerator)	Weighted Average Shares (Denominator)	Per-Share Amount
Basic EPS						
Net income (loss) available to common stockholders	\$ 10,776,714	47,355,978	\$ 0.23	\$ 3,947,760	47,161,101	\$ 0.08
Effect of Dilutive Securities						
Stock options & RSUs	—	1,771,580		—	1,286,241	
Diluted EPS						
Net income (loss) available to common stockholders + assumed conversions	\$ 10,776,714	49,127,558	\$ 0.22	\$ 3,947,760	48,447,342	\$ 0.08

NOTE 14 – SEGMENT INFORMATION

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

	For the Year Ended December 31,	
	2023	2022
Revenues		
Canada	\$ 15,692,080	\$ 12,138,605
United States	42,515,980	33,798,038
Total Consolidated	\$ 58,208,060	\$ 45,936,643

	For the Year Ended December 31,	
	2023	2022
Net Income		
Canada	\$ 1,934,718	\$ 754,004
United States	8,841,996	3,193,756
Total Consolidated	\$ 10,776,714	\$ 3,947,760

Long-lived assets, which are comprised of net property and equipment and financing right-of-use assets, for each geographical region were as follows at each balance sheet date:

	As of	
	December 31, 2023	December 31, 2022
Long-lived assets		
Canada	\$ 5,024,824	\$ 5,067,965
United States	6,190,455	5,476,238
Total Consolidated	\$ 11,215,279	\$ 10,544,203

NOTE 15 – COMMITMENTS AND CONTINGENCIES

In March 2014 the Company entered into a consulting agreement with Terra Industrial with Alan Johnson as agent in order to replace a prior royalty agreement. The agreement is for the term of 10 years with fees of \$100,000 CAD or \$75,473 USD paid quarterly. The agreement expires in March of 2024.

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Notes to the Consolidated Financial Statements
December 31, 2023 and December 31, 2022

The Company has operating leases for office space in Texas and Pennsylvania. Expense recognized for operating leases was \$75,603 and \$79,378 for the years ended December 31, 2023 and December 31, 2022, respectively. The future minimum lease payments for operating leases as of December 31, 2023, consisted of the following:

Years ending December 31,	Operating Leases
2024	\$ 95,210
2025	86,736
2026	89,335
2027	84,139
2028	—
Thereafter	—
Total	\$ 355,420

NOTE 16 - GOVERNMENT ASSISTANCE

In the United States, we received an 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 year ended December 31, 2022 as a reduction in payroll tax expense of \$761,132, and the year ended December 31, 2023 as a reduction in payroll tax expense of \$761,132 and interest income of \$55,499.

In Canada, our business qualified for wage subsidies under The National Research Council of Canada Industrial Research Assistance Program (IRAP). Through our Canadian subsidiary, we applied for IRAP in 2023 and received total wage subsidies of \$104,425 CAD or \$77,393 USD in 2023. Under IRAP rules, we are not required to repay these funds and we do not have any contingencies or commitments related to this IRAP aid. We recorded these amounts within our income statement as credits against employee wages since these amounts represent wage subsidies.

Also in Canada, we have been able to participate in several grant programs that promote technology development and the hiring of technology professionals. We have participated in the Technation Career Ready Program, The Technology Alberta First Jobs Program, and the Venture for Canada Student Internship Program. During 2021 we qualified for \$24,659 CAD or \$18,231 USD in wage subsidies from these programs, some of which was received in 2021 and the remaining amount was received in early 2022. We recorded these amounts within our income statement as credits against employee wages within our research and development department.

NOTE 17 – SUBSEQUENT EVENTS

In accordance with ASC 855 "Subsequent Events," Company management reviewed all material events through the date this report was issued and the following subsequent events took place:

On March 6, 2024, the Company's Board of Directors approved a one-time bonus for company executives that was settled by issuing 225,698 shares of common stock for meeting targets pursuant to the previously described "2023 Executive Incentive Plan", which was put in place under the Company's 2014 Equity Incentive Plan. These shares were fully vested as of March 6, 2024.

On March 6, 2024, the Company's Board of Directors approved a one-time bonus for company executives that was settled by issuing 152,353 shares of common stock for meeting targets pursuant to the previously described "2021 Long-Term Incentive Plan", which was put in place under the Company's 2014 Equity Incentive Plan. These shares were fully vested as of March 6, 2024.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Co-Chief Executive Officers and our Chief Financial Officer, evaluated the design and effectiveness of our internal controls over financial reporting and disclosure controls and procedures (pursuant to Rule 13a-15(b-c) under the Exchange Act as of December 31, 2023). These controls are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, Management concluded that our controls were effective as of December 31, 2023.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act). Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive officer and principal financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. Because of these inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our Co-Chief Executive Officers and Chief Financial Officer, the Company's management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission (2013).

Based upon this assessment, the Company's management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Our financial statements included in this annual report on Form 10-K have been audited by Sadler, Gibb & Associates, LLC, independent registered public accounting firm, as indicated in the report included elsewhere herein.

Changes in Internal Control over Financial Reporting

There have been no material changes in our internal controls over financial reporting during the fiscal year ended December 31, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation

Pursuant to Item 308(b) of Regulation S-K, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Wall Street Reform Act), this report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. The Wall Street Reform Act exempts smaller reporting companies from the requirement to obtain an external audit on the effectiveness of internal financial reporting controls.

Limitations on the Effectiveness of Internal Controls

An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by Management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Item 9B. Other Information

During the period ended December 31, 2023, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K under the Act).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

This item is not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required under this item is incorporated herein by reference to our Definitive Proxy Statement for the Annual Meeting of Stockholders to be filed no later than 120 days after December 31, 2023 (the "Proxy Statement").

Item 11. Executive Compensation

Incorporated herein by reference to the information to be set forth in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Incorporated herein by reference to the information to be set forth in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions and Director Independence

Incorporated herein by reference to the information to be set forth in the Proxy Statement.

Item 14. Principal Accounting Fees and Services

Our independent registered public accounting firm is Sadler, Gibb & Associates, LLC, Salt Lake City, Utah, PCAOB ID No. 3627.

Incorporated herein by reference to the information to be set forth in the Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules

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

Exhibit 3.1	Articles of Incorporation ⁽¹⁾
Exhibit 3.2	Articles of Amendment to the Articles of Incorporation ⁽²⁾
Exhibit 3.3	Amended and Restated Bylaws ⁽³⁾
Exhibit 4.1	Description of Registrant's Securities ⁽⁴⁾
Exhibit 10.1	Second Amended and Restated Employment Agreement of Brenton W. Hatch dated July 2, 2020 ⁺⁽⁵⁾
Exhibit 10.2	Second Amended and Restated Employment Agreement of Ryan Oviatt dated July 2, 2020 ⁺⁽⁶⁾
Exhibit 10.3	Amended and Restated Employment Agreement of Cameron Tidball dated July 2, 2020 ⁺⁽⁷⁾
Exhibit 10.4	Form of Indemnification Agreement between the Registrant and its Directors ⁽⁸⁾
Exhibit 10.5	Profire Energy, Inc. 2014 Equity Incentive Plan ⁽⁹⁾
Exhibit 10.6	Profire Energy, Inc. 2014 Equity Incentive Plan Amendment ⁽¹⁰⁾
Exhibit 10.7	Profire Energy, Inc. 2023 Executive Incentive Plan ⁽¹¹⁾
Exhibit 10.8	Form of Equity Grant Agreement, Nonqualified Stock Option *
Exhibit 10.9	Form of Equity Grant Agreement, Restricted Stock *
Exhibit 10.10	Form of Equity Grant Agreement, Restricted Stock Units *
Exhibit 10.11	Restricted Stock Unit Award Agreement (Performance Vesting) between Profire Energy and Ryan Oviatt dated April 25, 2023 ⁺⁽¹⁵⁾
Exhibit 10.12	Restricted Stock Unit Award Agreement (Time Vesting) between Profire Energy and Ryan Oviatt dated April 25, 2023 ⁺⁽¹⁶⁾
Exhibit 10.13	⁽¹⁷⁾ Restricted Stock Unit Award Agreement (Performance Vesting) between Profire Energy and Cameron Tidball dated April 25, 2023 ⁺
Exhibit 10.14	Restricted Stock Unit Award Agreement (Time Vesting) between Profire Energy and Cameron Tidball dated April 25, 2023 ⁺⁽¹⁸⁾
Exhibit 10.15	Restricted Stock Unit Award Agreement (Performance Vesting) between Profire Energy and Patrick Fisher dated April 25, 2023 ⁺⁽¹⁹⁾
Exhibit 10.16	Restricted Stock Unit Award Agreement (Time Vesting) between Profire Energy and Patrick Fisher dated April 25, 2023 ⁺⁽²⁰⁾
Exhibit 10.17	Restricted Stock Unit Award Agreement (Performance Vesting) between Profire Energy and Ryan Oviatt dated April 6, 2022 ⁺⁽²¹⁾
Exhibit 10.18	Restricted Stock Unit Award Agreement (Time Vesting) between Profire Energy and Ryan Oviatt dated April 6, 2022 ⁺⁽²²⁾
Exhibit 10.19	⁽²³⁾ Restricted Stock Unit Award Agreement (Performance Vesting) between Profire Energy and Cameron Tidball dated April 6, 2022 ⁺
Exhibit 10.20	Restricted Stock Unit Award Agreement (Time Vesting) between Profire Energy and Cameron Tidball dated April 6, 2022 ⁺⁽²⁴⁾
Exhibit 10.21	Restricted Stock Unit Award Agreement (Performance Vesting) between Profire Energy and Patrick Fisher dated April 6, 2022 ⁺⁽²⁵⁾
Exhibit 10.22	Restricted Stock Unit Award Agreement (Time Vesting) between Profire Energy and Patrick Fisher dated April 6, 2022 ⁺⁽²⁶⁾
Exhibit 10.23	Restricted Stock Unit Award Agreement (Performance Vesting) between Profire Energy and Ryan Oviatt dated June 4, 2021 ⁺⁽²⁷⁾
Exhibit 10.24	Restricted Stock Unit Award Agreement (Time Vesting) between Profire Energy and Ryan Oviatt dated June 4, 2021 ⁺⁽²⁸⁾
Exhibit 10.25	⁽²⁹⁾ Restricted Stock Unit Award Agreement (Performance Vesting) between Profire Energy and Cameron Tidball dated June 4, 2021 ⁺
Exhibit 10.26	Restricted Stock Unit Award Agreement (Time Vesting) between Profire Energy and Cameron Tidball dated June 4, 2021 ⁺⁽³⁰⁾
Exhibit 10.27	Restricted Stock Unit Award Agreement (Performance Vesting) between Profire Energy and Patrick Fisher dated June 4, 2021 ⁺⁽³¹⁾
Exhibit 10.28	Restricted Stock Unit Award Agreement (Time Vesting) between Profire Energy and Patrick Fisher dated June 4, 2021 ⁺⁽³²⁾
Exhibit 10.29	Consulting Agreement, dated March 24, 2014, between the Registrant on the one hand and Terra Industrial Corporation and Alan Johnson on the other ⁽³³⁾
Exhibit 10.30	Membership Interest Purchase Agreement among Profire Energy, Dustin Baker and Brant Baker dated August 5, 2019 ⁽³⁴⁾
Exhibit 10.31	Asset Purchase Agreement among Profire Combustion, Inc., Millstream Energy Products LTD., Lundstrom Holdings LTD. and Rob Lundstrom dated June 12, 2019 ⁽³⁵⁾

Exhibit 14.1	Amended and Restated Code of Ethics ⁽³⁶⁾
Exhibit 21	Subsidiaries of Registrant*
Exhibit 23.1	Consent of Sadler, Gibb & Associates, LLC, independent registered public accounting firm*
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 97.1	Policy Relating to Recovery of Erroneously Awarded Compensation*+
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

+ Indicates Management contract, compensatory plan, or arrangement with the Company

** The XBRL related information in Exhibit 101 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

- (1) Incorporated by reference to Exhibit 3.01 to the Registration Statement of the Registrant on Form SB-2 filed with the Commission on September 24, 2004.
- (2) Incorporated by reference to Exhibit 3.1 to the Registrant's quarterly Report on Form 10-Q filed with the commission on February 13, 2009.
- (3) Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Commission on December 23, 2013.
- (4) Incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K filed on March 11, 2020
- (5) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 7, 2020
- (6) Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on July 7, 2020
- (7) Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on July 7, 2020
- (8) Incorporated by reference to Exhibit 10.7 to the Registrant's Form S-1 filed on December 24, 2013
- (9) Incorporated by reference to Exhibit 10.9 to the Registrant's Transition Report on Form 10-K filed with the Commission on March 9, 2017.
- (10) Incorporated by reference to Appendix B to the Registrant's Revised Definitive Proxy Statement on Schedule 14A filed on May 1, 2017
- (11) Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on May 9, 2023.
- (15) Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on May 9, 2023.
- (16) Incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on May 9, 2023.
- (17) Incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on May 9, 2023.
- (18) Incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed on May 9, 2023.
- (19) Incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed on May 9, 2023.
- (20) Incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q filed on May 9, 2023.
- (21) Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on May 3, 2022.
- (22) Incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on May 3, 2022.
- (23) Incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on May 3, 2022.
- (24) Incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed on May 3, 2022.
- (25) Incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed on May 3, 2022.
- (26) Incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q filed on May 3, 2022.
- (27) Incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q filed on August 4, 2021.
- (28) Incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q filed on August 4, 2021.

- (29) Incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q filed on August 4, 2021.
- (30) Incorporated by reference to Exhibit 10.10 to the Registrant's Quarterly Report on Form 10-Q filed on August 4, 2021.
- (31) Incorporated by reference to Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q filed on August 4, 2021.
- (32) Incorporated by reference to Exhibit 10.14 to the Registrant's Quarterly Report on Form 10-Q filed on August 4, 2021.
- (33) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 25, 2014
- (34) Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on November 6, 2019
- (35) Incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed on August 7, 2019
- (36) Incorporated by reference to Exhibit 14.1 to the Registrant's Current Report on Form 8-K filed with the Commission on July 6, 2023.

Item 16. Form 10-K Summary

The Company has chosen not to include an optional summary of the information required by this Form 10-K. For a reference to information in the Form 10-K, investors should refer to the Table of Contents to this Form 10-K.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned, thereunto duly authorized.

PROFIRE ENERGY, INC.

Date: March 13, 2024 By: /s/Ryan W. Oviatt
Ryan W. Oviatt

Co-Chief Executive Officer and Chief Financial Officer

Date: March 13, 2024 By: /s/ Cameron M. Tidball

Cameron M. Tidball
Co-Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Cameron M. Tidball</u> Cameron M. Tidball	Co-Chief Executive (Co-Principal Executive Officer)	March 13, 2024
<u>/s/ Ryan W. Oviatt</u> Ryan W. Oviatt	Co-Chief Executive Officer & Chief Financial Officer Director (Co-Principal Executive Officer and Principal Financial and Accounting Officer)	March 13, 2024
<u>/s/ Brenton W. Hatch</u> Brenton W. Hatch	Executive Chairman of the Board	March 13, 2024
<u>/s/ Colleen Larkin Bell</u> Colleen Larkin Bell	Director	March 13, 2024
<u>/s/ Daren J. Shaw</u> Daren J. Shaw	Director	March 13, 2024
<u>/s/ Ronald R. Spoehel</u> Ronald R. Spoehel	Director	March 13, 2024

FORM OF EQUITY GRANT AGREEMENT, NONQUALIFIED STOCK OPTION

**PROFIRE ENERGY, INC.
[2014/2023] EQUITY INCENTIVE PLANS
NOTICE OF STOCK OPTION GRANT**

You have been granted the following option to purchase Shares of Profire Energy, Inc. (the “Company”):

Name of Participant: _____

Total Number of Shares Granted: _____

Type of Option: Non-Incentive Stock Option

Exercise Price Per Share: \$

Date of Grant:

Date Exercisable: This Option shall vest equally over a period of three years from the Date of Grant. Vesting shall occur on the anniversary date of the Date of Grant, with one-third of the total shares vesting on the first three anniversaries of the Date of Grant. Vesting is contingent upon Holder’s continued employment (or service in the case of a non-employee grantee) with the Company on each applicable vesting date. Except as otherwise provided in the [2014/2023] Equity Incentive Plan or the Non-Qualified Stock Option Agreement, any Option that has not vested at the time Holder’s employment (or service in the case of a non-employee grantee) with the Company ceases shall be forfeited to the Company.

Expiration Date:

By your signature and the signature of the Company’s representative below, you and the Company agree that this option is granted under and governed by the terms and conditions of the Profire Energy, Inc., [2014/2023] Equity Incentive Plan and the related Stock Option Agreement, both of which are made a part of this document.

PARTICIPANT:

PROFIRE ENERGY, INC.

By: _____

Print Name

Title: _____

PROFIRE ENERGY, INC.
STOCK OPTION AGREEMENT

1. Grant of Option. Profire Energy, Inc., a Nevada corporation (the “*Company*”) hereby grants Participant the option (the “*Option*”) to purchase all or any part of the number of shares (the “*Shares*”) of Common Stock of the Company at the exercise price set forth in the Notice of Stock Option Grant, subject to the terms and conditions of this Stock Option Agreement (the “*Agreement*”) and the Profire Energy, Inc., [2014/2023] Equity Incentive Plan (the “*Plan*”). In the event of any conflict between this Agreement and the Plan, the Plan will govern. By acceptance of this grant, Participant acknowledges receipt of a copy of the Prospectus for the Plan and agrees to the terms and conditions of the Plan and this Agreement. The Option will not be treated as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “*Code*”).

The Option shall terminate at the close of business four years from the date hereof (the “*Expiration Date*”).

2. Vesting of Option Rights.

(a) Except as otherwise provided in this Agreement, all or part of this Option may be exercised prior to its expiration at the time or times set forth in the Notice of Stock Option Grant.

(b) During the lifetime of Participant, the Option shall be exercisable only by Participant and shall not be assignable or transferable by Participant, other than by will or the laws of descent and distribution. During the lifetime of Participant, the Option shall be exercisable only by Participant and shall not be assignable or transferable by Participant, other than by will or the laws of descent and distribution. Notwithstanding the foregoing, Participant may transfer the Option to any family member (as such term is defined in the General Instructions to Form S-8 (or successor to such Instructions or such Form)), *provided, however*, that (i) Participant may not receive any consideration for such transfer, (ii) the family member must agree in writing not to make any subsequent transfers of the Option other than by will or the laws of the descent and distribution and (iii) the Company receives prior written notice of such transfer.

3. Exercise of Option after Death, Termination of Service. The Option shall terminate and may no longer be exercised if Participant’s Service terminates, except that:

(a) If Participant’s Service terminates for any reason, voluntary or involuntary, with or without cause, other than Participant’s death or disability (within the meaning of Section 22(e)(3) of the Code), Participant may at any time within a period of 90 days after such termination exercise the Option to the extent the Option was exercisable by Participant on the date of the termination of Participant’s Service.

(b) If Participant shall die while the Option is still exercisable according to its terms or if Participant’s Service terminates because Participant has become disabled (within the meaning of Section 22(e)(3) of the Code) while in the Service of the Company and Participant shall not have fully exercised the Option, such Option may be exercised at any time within 12 months after Participant’s death or date of termination of Service for disability by Participant, personal representatives or administrators or guardians of Participant, as applicable or by any person or persons to whom the Option is transferred by will or the applicable laws of descent and distribution, to the extent of the full number of Shares Participant was entitled to purchase under the Option on

(i) the earlier of the date of death or termination of Service or (ii) the date of termination for such disability, as applicable.

(c) Notwithstanding the above, in no case may the Option be exercised to any extent by anyone after the Expiration Date.

(d) For purposes of this Section 3, the term "Service" shall mean service as an employee, director or consultant.

4. Method of Exercise of Option. Subject to the foregoing, the Option may be exercised in whole or in part from time to time by serving written notice to the Company (through the Plan administrator or other means specified by the Company) stating the number of Shares to be purchased. The notice shall state the number of Shares as to which the Option is being exercised and shall be accompanied by payment of the exercise price. Such notice must be accompanied by payment in full of the exercise price for all Shares to be purchased by (i) cash, check (bank check, certified check or personal check) or money order payable to the order of the Company, (ii) delivery of unencumbered Shares previously acquired by Participant having a Fair Market Value (as defined in the Plan) on the date of exercise that is equal to the exercise price, (iii) withholding of Shares that would otherwise be issued upon such exercise having a Fair Market Value on the date of exercise equal to the aggregate exercise price for the Shares for which the Option is being exercised or (iv) a cashless (broker-assisted) exercise that complies with all applicable laws.

5. Miscellaneous.

(a) No Rights of Stockholders. Neither Participant, Participant's legal representative nor a permissible assignee of this Option shall have any of the rights and privileges of a stockholder of the Company with respect to the Shares, unless and until such Shares have been issued in the name of Participant, Participant's legal representative or permissible assignee, as applicable.

(b) No Right to Employment. Nothing herein shall be construed as giving Participant the right to continue in the employ or to provide services to the Company or any affiliate, whether as an employee or as a consultant or otherwise, or interfere with or restrict in any way the right of the Company or any affiliate to discharge the Participant, whether as an employee or consultant or otherwise, at any time, with or without cause. In addition, the Company or any affiliate may discharge the Participant free from any liability or claim under this Agreement, unless otherwise expressly provide herein.

(c) Claw Back and Recovery. In the event Participant (i) engages in conduct materially adverse to the interests of the Company, including any material violations of any Company policy, (ii) engages in intentional misconduct that caused or contributed to the restatement of any financial statements of the Company, (iii) materially violates the terms of any agreement to which Participant and the Company or an affiliate is a party or (iv) engages in a criminal act, fraud, or violation of any securities laws, then notwithstanding any other provision of this Agreement to the contrary. By accepting this Award, you agree that, except as may be required by applicable law or legal process, during your employment with the Company and thereafter, you will not disclose the terms of the Plan or your Award to any person or entity other than your accountants, financial advisors, attorneys or spouse, provided that such accountants, financial advisors, attorneys and spouse agree not to disclose the terms of the Plan and your Award to any other person or entity. If you discuss the Plan and your Award in a manner not permitted above, all rights to payment hereunder will be cancelled without consideration:

(i) Participant will immediately forfeit any then unexercised portion of any Option included in this grant;

(ii) Participant shall immediately return to the Company any Shares issued upon exercise of any Option included in this grant, and any Shares in this grant that are still under Participant's control; and

(iii) Participant shall promptly pay to the Company an amount equal to the fair market value of all Shares included in this grant that are no longer under Participant's control (as measured on the exercise date of any such Option);

(iv) In addition to the Company's rights set forth above, Participant agrees that this Agreement shall be subject to recovery by the Company in accordance with and to the maximum extent required under the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(d) Governing Law. The validity, construction and effect of the Agreement shall be determined in accordance with the internal laws, and not the law of conflicts, of the State of Nevada.

(e) Severability. If any provision of the Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Agreement under any applicable law, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Company, materially altering the purpose or intent of the Agreement, such provision shall be stricken as to such jurisdiction or the Agreement, and the remainder of the Agreement shall remain in full force and effect.

(f) No Trust or Fund Created. The Agreement shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and Participant or any other person.

(g) Headings. Headings are given to the Sections and subsections of the Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Agreement or any provision thereof.

(h) Conditions Precedent to Issuance of Shares. Shares shall not be issued pursuant to the exercise of the Option unless such exercise and the issuance and delivery of the applicable Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, the requirements of any applicable Stock Exchange or The NASDAQ Capital Market and Title 7, Chapter 78 of the Nevada Revised Statutes. As a condition to the exercise of the purchase price relating to the Option, the Company may require that the person exercising or paying the purchase price represent and warrant that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation and warranty is required by law.

(i) Withholding. In order to provide the Company with the opportunity to claim the benefit of any income tax deduction which may be available to it upon the exercise of the Option and in order to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to insure that, if necessary, all applicable federal or state payroll, withholding, income or other taxes are withheld or collected from Participant. In accordance with the terms of the Plan, and such rules as may be adopted by the Compensation Committee of the Company under the Plan, Participant may elect to satisfy its federal and state income tax withholding obligations arising from the receipt of the Shares by (i) delivering cash, check (bank check, certified check or personal check) or money order payable to the

order of the Company, (ii) having the Company withhold a portion of the Shares otherwise to be issued upon such exercise having a Fair Market Value on the date of exercise equal to the amount of the employer's minimum statutory withholding requirements, or (iii) delivering unencumbered Shares previously acquired by Participant having a Fair Market Value on the date of exercise that is equal to the amount of such taxes. The Company will not deliver any fractional Share but will pay, in lieu thereof, the Fair Market Value of such fractional Share. Participant's election must be made on or before the date that the amount of tax to be withheld is determined.

PROFIRE ENERGY, INC.
RESTRICTED STOCK AWARD AGREEMENT

This **RESTRICTED STOCK AWARD AGREEMENT** (the "*Agreement*") is made this ____ day of _____, 20____, by and between **Profire Energy, Inc.**, a Nevada corporation (the "*Company*") and _____, an individual resident of _____, _____ ("*Participant*").

1. Award. The Company hereby grants to Participant a restricted stock award of _____ shares (the "*Shares*") of Common Stock, par value \$0.001 per share, of the Company according to the terms and conditions set forth herein and in the Profire Energy, Inc. [2014/2023] Equity Incentive Plan (the "*Plan*"). The Shares are Restricted Stock granted as contemplated by Section 6.8 of the Plan. A copy of the Plan will be furnished upon request of Participant.

2. Vesting. Except as otherwise provided in this Agreement, the Shares shall vest in accordance with the following schedule:

On or after each of the following dates	Number of Shares Vested
--	----------------------------

3. Restrictions on Transfer. Until the Shares vest pursuant to Section 2 or Section 4 hereof, none of the Shares may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance shall be void and unenforceable against the Company, and no attempt to transfer the Shares, whether voluntary or involuntary, by operation of law or otherwise, shall vest the purported transferee with any interest or right in or with respect to the Shares.

4. Forfeiture; Early Vesting. If Participant ceases to perform services for the Company, whether or not terminated for cause, prior to vesting of the Shares pursuant to Section 2 or Section 4 hereof, all of Participant's rights to all of the unvested Shares shall be immediately and irrevocably forfeited, except that (i) if Participant ceases to perform services for the Company by reason of Disability (as defined below) prior to the vesting of Shares under Section 2 or Section 4 hereof or (ii) if Participant ceases to perform services for the Company by reason of death prior to the vesting of Shares under Section 2 or Section 4 hereof, all Shares granted hereunder shall vest as of such termination of service. Upon forfeiture, Participant will no longer have any rights relating to the unvested Shares, including the right to vote the Shares and the right to receive dividends declared on the Shares. For purposes of this Agreement, "*Disability*" shall mean the failure to return to work as the result of a permanent long-term disability that renders Participant incapable of performing his or her duties as determined according to the provisions of the Company's long-term disability insurance program that is applicable to Participant.

5. Miscellaneous.

(a). Legends; Certificates. Participant agrees that each certificate representing unvested Shares will bear any legend required by law and a legend reading substantially as follows:

The securities represented by this certificate are subject to the provisions of a Restricted Stock Award Agreement dated as of _____. None of the securities represented by this certificate may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance shall be void and unenforceable against the Company, and no attempt to transfer the Shares, whether voluntary or involuntary, by operation of law or otherwise, shall vest the purported transferee with any interest or right in or with respect to the Shares.

Participant agrees that the Company shall hold any certificate representing unvested Shares in escrow until such time such Shares are vested.

(b). Subject to Plan. This Award is subject to the terms and conditions of the Plan, but the terms of the Plan shall not be considered an enlargement of any benefits under this Agreement. In addition, this Award is subject to the rules and regulations promulgated pursuant to the Plan, now or hereafter in effect. A copy of the Plan will be furnished upon request of the Participant.

(c). No Right to Continued Service. This Agreement shall not confer on the Participant any right with respect to continuance of service to the Company, nor will it interfere in any way with the right of the Company to terminate such service at any time.

(d). Governing Law. The validity, construction and effect of the Plan and the Agreement, and any rules and regulations relating to the Plan and the Agreement, shall be determined in accordance with the internal laws, and not the law of conflicts, of the State of Nevada.

(e). Severability. If any provision of the Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Agreement under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Agreement, such provision shall be stricken as to such jurisdiction or the Agreement, and the remainder of the Agreement shall remain in full force and effect.

(f). No Trust or Fund Created. Neither the Plan nor the Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and Participant or any other person.

(g). Headings. Headings are given to the Sections and subsections of the Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way



material or relevant to the construction or interpretation of the Agreement or any provision thereof.

IN WITNESS WHEREOF, the Company and Participant have executed this Agreement on the date set forth in the first paragraph.

PROFIRE ENERGY, INC.

Chief Executive Officer

PARTICIPANT

Print Name:



PROFIRE ENERGY, INC.
[2014/2023] EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

This **RESTRICTED STOCK UNIT AWARD AGREEMENT** (this “*Agreement*”) is entered into as of [DATE] (the “*Effective Date*”), by and between **Profire Energy, Inc.**, a Nevada corporation (the “*Company*”) and _____ (“*Participant*”). All capitalized terms used herein but not defined herein shall have the meanings given to them in the Profire Energy, Inc. [2014/2023] Equity Incentive Plan, as amended (the “*Plan*”).

1. Award. The Company hereby grants to Participant a restricted stock unit award (the “*Award*”) covering [•] shares (the “*Shares*”) of Common Stock, par value \$0.001 per share, of the Company according to the terms and conditions set forth herein and in the Plan. Each restricted stock unit (a “*Unit*”) represents the right to receive one Share, subject to the vesting requirements of this Agreement and the terms of the Plan. The Units are granted under Section 6(c) of the Plan. A copy of the Plan will be furnished upon request of Participant.

2. Vesting. Except as otherwise provided in this Agreement, so long as Participant is providing service as an Eligible Person for the Company or any Affiliate (“*Service*”), the Units shall vest in accordance with the following schedule:

On each of the following dates	Number of Units Vested
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]

3. Restrictions on Transfer. Until the Units vest pursuant to Section 2 hereof or unless the Committee determines otherwise, none of the Units may be transferred other than by will or by the laws of descent and distribution and no Units may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. The Committee may establish procedures as it deems appropriate for Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to the Units in the event of the Participant’s death.

4. Forfeiture. Except as otherwise determined by the Committee, upon Participant’s termination of Service (in either case, as determined under criteria established by the Committee) prior to vesting of the Units pursuant to Section 2 hereof, all unvested Units held by such Participant at such time shall be forfeited and reacquired by the Company; *provided, however*, that the Committee may waive in whole or in part any or all remaining restrictions with respect

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to the unvested Units. Upon forfeiture, Participant will no longer have any rights relating to the unvested Units.

5. Miscellaneous

(a) Issuance of Shares. As soon as administratively practicable following the Participant's vesting date under Section 2 hereof, as applicable, and the Participant's satisfaction of any required tax withholding obligations (but in no event later than 60 days following the vesting date), the Company shall cause to be issued and delivered to the Participant a certificate or certificates evidencing Shares registered in the name of the Participant (or in the name of the Participant's legal representatives, beneficiaries or heirs, as the case may be) or to instruct the Company's transfer agent to electronically deliver such shares to the respective Participant. The number of Shares issued shall equal the number of Units vested, reduced as necessary to cover applicable withholding obligations in accordance with Section 5(c) hereof. If it is administratively impracticable to issue Shares within the time frame described above because issuances of Shares are prohibited or restricted pursuant to the policies of the Company that are reasonably designed to ensure compliance with applicable securities laws or stock exchange rules, then such issuance shall be delayed until such prohibitions or restrictions lapse.

(b) No Rights as Shareholder. Units are not actual Shares, but rather, represent a right to receive Shares according to the terms and conditions set forth herein and the terms of the Plan. Accordingly, the issuance of a Unit shall not entitle the Participant to any of the rights or benefits generally accorded to shareholders unless and until a Share is actually issued under Section 5(a) hereof.

(c) Taxes. The Participant hereby agrees to make adequate provision for any sums required to satisfy the applicable federal, state, local or foreign employment, social insurance, payroll, income or other tax withholding obligations (the "*Withholding Obligations*") that arise in connection with this Agreement. The Company may establish procedures to ensure satisfaction of all applicable Withholding Obligations arising in connection with this Agreement, including any means permitted in Section 8 of the Plan. The Participant hereby authorizes the Company, at its sole discretion and subject to any limitations under applicable law, to satisfy any such Tax Obligations by (1) withholding a portion of the Shares otherwise to be issued in payment of the Units having a value equal to the amount of Withholding Obligations in accordance with such rules as the Company may from time to time establish; provided, however, that the amount of the Shares so withheld shall not exceed the amount necessary to satisfy the required Withholding Obligations using applicable minimum statutory withholding rates; (2) withholding from the wages and other cash compensation payable to the Participant or by causing the Participant to tender a cash payment or other Shares to the Company; or (3) selling on the Participant's behalf (using any brokerage firm determined acceptable to the Company for such purpose) a portion of the Shares issued in payment of the Units as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Withholding Obligations; provided, however, that if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding from the above alternatives and, if the Committee does not exercise its discretion prior to the withholding event, then Participant shall be entitled to elect the method of withholding from the alternatives above. The Participant shall be responsible for all brokerage fees and other costs of sale, and the Participant

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further agrees to indemnify and hold the Company harmless from any losses, costs, damages or expenses relating to any such sale. The Company may refuse to deliver Shares if the Participant fails to comply with the Participant's obligations in connection with the Withholding Obligations described in this paragraph.

(d) Plan Provisions Control. This Award is subject to the terms and conditions of the Plan, but the terms of the Plan shall not be considered an enlargement of any benefits under this Agreement. In addition, this Award is subject to the rules and regulations promulgated pursuant to the Plan, now or hereafter in effect. A copy of the Plan will be furnished upon request of the Participant. In the event that any provision of the Agreement conflicts with or is inconsistent in any respect with the terms of the Plan, the terms of the Plan shall control. This Agreement (and any addendum hereto) and the Plan together constitute the entire agreement between the parties hereto with regard to the subject matter hereof.

(e) No Right to Employment. The issuance of the Award shall not be construed as giving Participant the right to be retained in the employ, or as giving a director of the Company or an Affiliate the right to continue as a director of the Company or an Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate such employment or position at any time, with or without cause. In addition, the Company or an Affiliate may at any time dismiss Participant from employment, or terminate the term of a director of the Company or an Affiliate, free from any liability or any claim under the Plan or the Agreement. Nothing in the Agreement shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. The Award granted hereunder shall not form any part of the wages or salary of Participant for purposes of severance pay or termination indemnities, irrespective of the reason for termination of employment. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Agreement or Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, Participant shall be deemed to have accepted all the conditions of the Plan and the Agreement and the terms and conditions of any rules and regulations adopted by the Committee (as defined in the Plan) and shall be fully bound thereby.

(f) Governing Law. The validity, construction and effect of the Plan and the Agreement, and any rules and regulations relating to the Plan and the Agreement, shall be determined in accordance with the internal laws, and not the law of conflicts, of the State of Nevada.

(g) Severability. If any provision of the Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Agreement under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Agreement, such provision shall be stricken as to such jurisdiction or the Agreement, and the remainder of the Agreement shall remain in full force and effect.

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(h) No Trust or Fund Created. Neither the Plan nor the Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and Participant or any other person.

(i) Section 409A Provisions. The payment of Shares under this Agreement are intended to be exempt from the application of section 409A of the Internal Revenue Code, as amended ("*Section 409A*") by reason of the short-term deferral exemption set forth in Treasury Regulation §1.409A-1(b)(4). Notwithstanding anything in the Plan or this Agreement to the contrary, to the extent that any amount or benefit hereunder that constitutes "deferred compensation" to the Participant under section 409A of the Internal Revenue Code, as amended ("*Section 409A*") and applicable guidance thereunder is otherwise payable or distributable to the Participant under the Plan or this Agreement solely due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such disability or separation from service meet the definition of disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise (including, but not limited to, a payment made pursuant to an involuntary separation arrangement that is exempt from Section 409A under the "short-term deferral" exception). Any payment or distribution that otherwise would be made to a Participant who is a specified employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the specified employee's separation from service (or if earlier, upon the specified employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short term deferral exemption or otherwise.

(j) Headings. Headings are given to the Sections and subsections of the Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Agreement or any provision thereof.

(k) Securities Matters. The Company shall not be required, and shall not have any liability for failure, to deliver Shares until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(l) Consultation with Professional Tax and Investment Advisors. The Participant acknowledges that the grant, exercise, vesting or any payment with respect to this Award, and the sale or other taxable disposition of the Shares acquired pursuant to the exercise thereof, may have tax consequences pursuant to the Internal Revenue Code of 1986, as amended, or under local, state or international tax laws. The Participant further acknowledges that the Participant is relying solely and exclusively on the Participant's own professional tax and investment advisors with respect to any and all such matters (and is not relying, in any manner, on the Company or any of its employees or representatives). Finally, the Participant understands and agrees that any and all tax consequences resulting from the Award and its grant, exercise, vesting or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired

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pursuant to the Plan, is solely and exclusively the responsibility of the Participant without any expectation or understanding that the Company or any of its employees or representatives will pay or reimburse the Participant for such taxes or other items.

[Signature page follows]

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IN WITNESS WHEREOF, the Company and Participant have executed this Agreement as of the Effective Date.

PROFIRE ENERGY, INC.

By: _____
Name: _____
Title: _____

PARTICIPANT:

Print Name: _____

[Signature page to Restricted Stock Unit Agreement]

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Subsidiaries of the Registrant as of December 31, 2023

Entity Name	Jurisdiction of Incorporation
Profire Combustion, Inc.	Alberta, Canada
Prochem, ULC	Alberta, Canada
Profire Holdings, LLC	Utah
Midflow Services, LLC	Ohio

Registered with the Public Company
Accounting Oversight Board

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Profire Energy, Inc.
Lindon, UT

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-190049 and 333-200565) and the Post-Effective Amendment on Form S-3 No. 333-193086 of Profire Energy, Inc. of our report dated March 13, 2024 relating to the consolidated financial statements, which appears in this Form 10-K.

/s/ Sadler, Gibb & Associates, LLC

March 13, 2024

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 annual report on Form 10-K 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: March 13, 2024

By: /s/ Ryan W. Oviatt
Ryan W. Oviatt
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 annual report on Form 10-K 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: March 13, 2024

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 annual report on Form 10-K 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: March 13, 2024

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 annual report on Form 10-K of Profire Energy, Inc. (the "Company") for the year ended December 31, 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: March 13, 2024

By: /s/ Ryan W. Oviatt
Ryan W. Oviatt
Co-Chief Executive Officer and Co-President

Date: March 13, 2024

By: /s/ Cameron M. Tidball
Cameron M. Tidball
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 annual report on Form 10-K of Profire Energy, Inc. (the "Company") for the year ended December 31, 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: March 13, 2024

By: /s/ Ryan W. Oviatt
Ryan W. Oviatt
Chief Financial Officer

PROFIRE ENERGY, INC.
CLAWBACK POLICY

The following clawback policy (the “Policy”) of Profire Energy, Inc., a Nevada corporation (the “Company”) requires the recovery of erroneously awarded compensation in order to satisfy the requirements of Nasdaq Listing Rule 5608 (the “Listing Rules”) and to satisfy the requirements of Rule 10D-1 (“Rule 10D-1”), as adopted by the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934 (the “Exchange Act”) to implement Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Section 1. Definitions. As used in this Policy, the following definitions shall apply:

(a) “Applicable Period” means the three completed fiscal years prior to the earlier of (i) the date the Company’s board of directors, a board committee, or officer(s) authorized to take such action if board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. In addition to the last three completed fiscal years described in the preceding sentence, the Applicable Period includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years; provided, however, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year for purposes of the Applicable Period.

(b) “Committee” means the Compensation Committee of the Board of Directors of the Company.

(c) “Covered Executive” means all of the Company’s current and former executive officers, as determined by the Committee, in accordance with the Listing Rules and Rule 10D-1 and the definition of executive officer as defined in Rule 10D-1(d).

(d) “Erroneously Awarded Compensation” means the amount of Incentive-Based Compensation received by a Covered Executive that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated financial statements.

(e) “Incentive-Based Compensation” means all compensation (including cash bonuses or other cash incentive awards (including any deferred element thereof), and vested and unvested equity awards, including options, restricted stock and restricted stock units, performance stock unit awards and performance stock awards) from the Company or a subsidiary of the Company that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For the avoidance of doubt, Incentive-Based Compensation does not include annual salary, compensation awarded based on completion of a specified period of service, or compensation awarded based on subjective standards, strategic measures, or operational measures, unless also based on attainment of a Financial Reporting Measure.

(f) “Financial Reporting Measures” are measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures, including stock price and total

shareholder return.

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(g) “Nasdaq” means the Nasdaq Stock Market LLC.

(h) “Restatement” means an accounting restatement of the Company’s financial statements due to material noncompliance with any financial reporting requirement under the federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

Section 2. Recovery Event. If the Company is required to prepare a Restatement, then, as determined by the Committee, the Covered Executive’s unsettled Incentive-Based Compensation will be subject to forfeiture, and the Covered Executive’s settled Incentive-Based Compensation will be subject to recoupment, subject to the following:

(a) The forfeiture or recoupment of the Incentive-Based Compensation will apply to a recipient of Incentive-Based Compensation if the recipient of the Incentive-Based Compensation was a Covered Executive at any time during the performance period for such Incentive-Based Compensation. This Policy applies to Incentive-Based Compensation received by a Covered Executive after beginning services as a Covered Executive, and any subsequent changes in a Covered Executive’s employment status, including retirement or termination of employment, do not affect the Company’s rights to recover Erroneously Awarded Compensation pursuant to this Policy.

(b) The amount to be forfeited or recouped will equal the Erroneously Awarded Compensation. The Committee will take actions necessary to recover the Erroneously Awarded Compensation reasonably promptly following a Restatement. Where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information the Restatement, the amount must be based on a reasonable estimate of the effect of the Restatement on stock price or total shareholder return upon which the Incentive-Based Compensation was received. The Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq. The amount of the Erroneously Awarded Compensation shall not be reduced based on, or otherwise calculated with regard to, any taxes paid by the Covered Executive with respect to such amounts.

(c) This Policy shall only apply to Incentive-Based Compensation that was received during the Applicable Period and that was received while the Company has a class of securities listed on a national securities exchange or a national securities association. For purposes of this Policy, Incentive-Based Compensation is deemed received in the fiscal period during which the Financial Reporting Measure specified in the applicable Incentive-Based Compensation is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of such fiscal period. The Company’s obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed.

Section 3. Impracticability. The Company shall recover any Erroneously Awarded Compensation unless the conditions set forth in clauses (i), (ii) or (iii) of the following sentence are met and such recovery would be impracticable, as determined by the Committee in accordance with Rule 10D-1 and the Listing Rules. No recovery shall be required if:

(i) the direct expense paid to a third party to assist in enforcing this Policy would

exceed the amount to be recovered; provided that before concluding that it would be impractical to

recover any amount of Erroneously Awarded Compensation based on this clause (i), the Company shall make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) and provide such documentation to Nasdaq;

(ii) recovery would violate home country law where that law was adopted prior to November 28, 2022; provided that before concluding that it would be impractical to recover any amount of Erroneously Awarded Compensation based on this clause (ii), the Company shall obtain an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such violation, and shall provide such opinion to Nasdaq; or

(iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company or a subsidiary, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code, or any successor provision thereof.

Section 4. Method of Clawback. The Committee shall determine, in its sole discretion, the method of recovering any Erroneously Awarded Compensation pursuant to this Policy, which may include, without limitation:

- (a) requiring reimbursement of cash Erroneously Awarded Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- (c) offsetting the amount from any compensation otherwise owed by the Company or any subsidiary to the Covered Executive;
- (d) cancelling outstanding vested or unvested equity awards; and/or
- (e) taking any other remedial and recovery action, as determined by the Committee; provided, however that any such action pursuant to subsections (a) through (e) shall be subject to applicable law and shall be subject to compliance with Section 409A of the Internal Revenue Code, or any successor provision thereof.

Section 5. Suspension of Outstanding Incentive-Based Compensation.

(a) After a determination by the Committee that a Restatement may have occurred, the Committee may suspend all Incentive-Based Compensation that the Committee determines may be forfeited under this Policy or otherwise subject to offset pursuant to Section 4, in which case and subject to the terms of this Section, Incentive-Based Compensation subject to the suspension: (i) if unvested, will not vest, and (ii) otherwise will not be distributed or permitted to be exercised or otherwise settled. In the event the term of an option award will expire during a period of suspension, the Covered Executive will be permitted to exercise the option before it expires; however settlement of the option award following such exercise will remain suspended and the securities otherwise deliverable upon settlement shall remain subject to forfeiture under the terms of this Policy.

(b) Following suspension of Incentive-Based Compensation under subsection (a) of this Section 5. the Committee will determine as promptly as practicable whether the suspended Incentive-

Section 9, and the Committee will determine as promptly as practicable whether the suspension of Incentive-Based Compensation is to be forfeited or whether the suspension of the Incentive-Based Compensation

is to be ended. For Incentive-Based Compensation that are ultimately not forfeited, the following provisions will apply upon the Committee's determination to lift the suspension:

(i) Unvested awards that would not otherwise have vested during the suspension by their original terms will be thereafter subject to vesting under their original terms;

(ii) Unvested awards that otherwise would have vested during the suspension will vest as soon as practicable and otherwise consistent with their original terms;

(iii) Cash awards such as annual bonus withheld during the suspension will be immediately payable;

(iv) In no event will distribution of cash or shares be made to a Covered Executive with respect to Incentive-Based Compensation if, by reason of termination of employment or otherwise, the Covered Executive would have forfeited the Incentive-Based Compensation if the Incentive-Based Compensation had not been suspended; and

(v) Distribution or settlement of Incentive-Based Compensation will be made no later than the latest date on which such distribution or settlement would be required to avoid additional tax by reason of Section 409A of the Internal Revenue Code, or any successor provision thereof; provided, however, that if such distribution or settlement occurs during a period when such Incentive-Based Compensation remains suspended pursuant to this Section 5, then the after-tax proceeds of such distribution or settlement shall be held in escrow until such time as such Incentive-Based Compensation is no longer subject to a suspension or such amounts are determined to have been forfeited by the Committee.

Section 6. Committee Administration and Discretion. The authority to manage the operation and administration of this Policy is vested in the Committee. This authority includes the obligation to determine (i) whether a Restatement has occurred for the purposes of this Policy, Rule 10D-1 and the Listing Rules and (ii) the amount of Erroneously Awarded Compensation. The Committee may retain and rely upon the advice and determinations of legal counsel, accountants and other relevant experts to operate and administer this Policy. Any interpretation of this Policy by the Committee and any decision made by it with respect to this Policy will be final, binding and conclusive on all persons.

Section 7. No Indemnification. The Company shall not indemnify any current or former Covered Executive against the loss of Erroneously Awarded Compensation, and shall not pay, or reimburse any Covered Executives for premiums, for any insurance policy to fund such executive's potential repayment obligations.

Section 8. Notice. Before the Committee determines to seek recovery pursuant to this Policy, it shall provide the Covered Executive with written notice and the opportunity to be heard at a meeting of the Committee or the Board (either in person or via telephone).

Section 9. Effective Date. This Policy is effective as of December 1, 2023 (the "Effective Date"). The terms of this Policy shall apply to any Incentive-Based Compensation that is received by a Covered Executive on or after October 2, 2023, even if such Incentive-Based Compensation was approved, awarded, granted or payable to the Covered Executive prior to October 2, 2023. Subject to

approved, awarded, granted or payable to the Covered Executive prior to October 2, 2023. Subject to applicable law, the Committee may effect forfeiture or recoupment under this Policy from any amount

of compensation approved, awarded, granted or payable to the Covered Executive prior to, on or after October 2, 2023.

Section 10. Amendment and Interpretation. The Committee may amend this Policy from time to time in its discretion, and shall amend this Policy as it deems necessary, appropriate or advisable to reflect the regulations adopted by the SEC and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are then listed. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Rule 10D-1 and any applicable rules or standards adopted by the SEC and any national securities exchange on which the Company's securities are then listed.

Section 11. Other Recovery Rights. The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement, or similar agreement entered into, amended or restated on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy and the application of this Policy to any award made prior to the Effective Date. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any other recoupment or recoupment policy, any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Section 12. Successors. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Section 13. Disclosure Obligations. The Company shall file all disclosures with respect to this Policy required by applicable SEC filings and rules.

Section 14. Entire Agreement. To the extent inconsistent with this Policy, this Policy supersedes all prior contracts, agreements and understandings, written or oral, with any Covered Executive. In the event any contract, agreement or understanding with any Covered Executive is inconsistent with the terms of this Policy, the terms of this Policy shall govern.



Acknowledgement

[Date]

[Covered Executive name
Address]

Dear [Covered Executive name]:

Please sign and return to me this letter acknowledging that you have received a copy of the Profire Energy, Inc. Clawback Policy (the "Policy") and that you agree to its application to you as a Covered Executive. Your receipt of grants of equity or incentive compensation on or after the effective date of the Policy is conditioned on your agreeing to the terms of the Policy.

By signing this letter, you agree that the Policy, as it may be amended from time to time, applies to your Incentive-Based Compensation (as defined in the Policy), regardless of whether it is granted on, before, or after the date on which this Policy was adopted by the Company or the date that you sign this letter. Additionally, you agree and acknowledge that the Policy supersedes any prior contract, agreement and understanding, written or oral, between you and the Company and that, in the event any contract, agreement or understanding with you is inconsistent with the Policy, the terms of the Policy shall govern.

You also agree and acknowledge that the Incentive-Based Compensation subject to the Policy are voluntary programs, that you have chosen to accept such Incentive-Based Compensation understanding that such Incentive-Based Compensation are subject to forfeiture and recoupment as set forth in the Policy, and that you specifically agree to such forfeiture and recoupment. If you do not wish to accept any future Incentive-Based Compensation subject to the Policy or to otherwise agree to the terms of the Policy, you must notify in writing [_____] in [Human Resources] within 10 days after receiving notice of a grant of Incentive-Based Compensation that you are rejecting such grant.

If you have any questions about the Policy, please contact me.

Very truly yours,

[Company representative name]
[Title]

Acknowledged and agreed:

[Covered Executive name]

Date: _____



