

Member FINRA/SIPC

Toll-Free: 561-391-5555 • www.DawsonJames.com • 101 North Federal Highway - Suite 600 • Boca Raton, FL 33432

## Profire Energy, Inc. (NASDAQ: PFIE)

May 12, 2021

### Buy: Initiate Coverage with Buy and \$1.65 Price Target

**James McIlree, CFA**  
 561-237-2709

jmcilree@dawsonjames.com

We believe Profire has significant leverage to sustained prices in oil and natural gas. In 2018 and 2019, when WTI crude oil prices averaged \$65 and \$57, respectively, the company averaged \$10 million in quarterly revenue and \$1.8 million in quarterly EBITDA. If oil prices are sustained at current levels, we believe the company can achieve its former revenue and EBITDA levels and drive substantial stock price appreciation.

If oil and natural gas prices remain firm, we expect the rig count, drilled wells, and completed wells to increase and the outlook for Profire to improve. The price of WTI crude oil has increased from the negative level seen in late April 2020 to about \$65 per barrel currently. Current prices are about equal to the average price in 2018 and 14% higher than the average in 2019. The Baker Hughes U.S. rig count, however, at 448, remains more than 50% below the average rig count in 2018 and 2019. Energy Information Administration (EIA) data indicates the number of wells drilled fell 57% in 2020 and the number of completed wells fell 45%. There is substantial room for improvement as both drilled and completed wells have increased from the Q3 2020 trough but remain 70% and 55%, respectively, below their peaks in 2018.

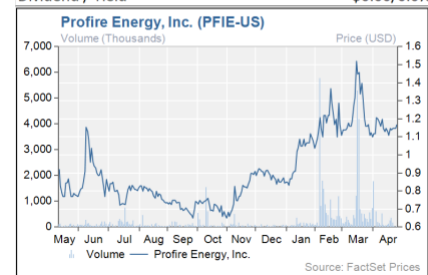
Supply in the U.S. will likely be constricted by the Biden administration's hostility toward hydraulic fracturing, leasing on public lands and construction of pipelines. However, demand should increase with the improvement in the economy. The impact on oil demand from changes in working, commuting, and migration from large urban centers brought about by COVID remains to be seen. Also, demand for natural gas will probably increase if the growth in electric vehicles is significant.

The rig count has lagged the increase in oil prices by a large margin. The last time WTI was \$60 per barrel, the North American rig count was about 1,000, versus less than 600 currently. We are not counting on an improvement to prior levels in order to achieve our price target. We believe Profire is in a better position than many of its competitors, with a strong balance sheet and positive cash flow. However, it remains at the mercy of oil prices and its attempt to expand into the upstream burner management system (BMS) market.

**Valuation:** Our price target of \$1.65 is based on an EV/EBITDA multiple of 15x our 2022 EBITDA estimate of \$4.0 million. Our EV/EBITDA target multiple is a slight discount to the median multiple of 15.5x of a comp group. (See page 4.) We believe the discount is warranted to reflect the risks of reaching our EBITDA estimate.

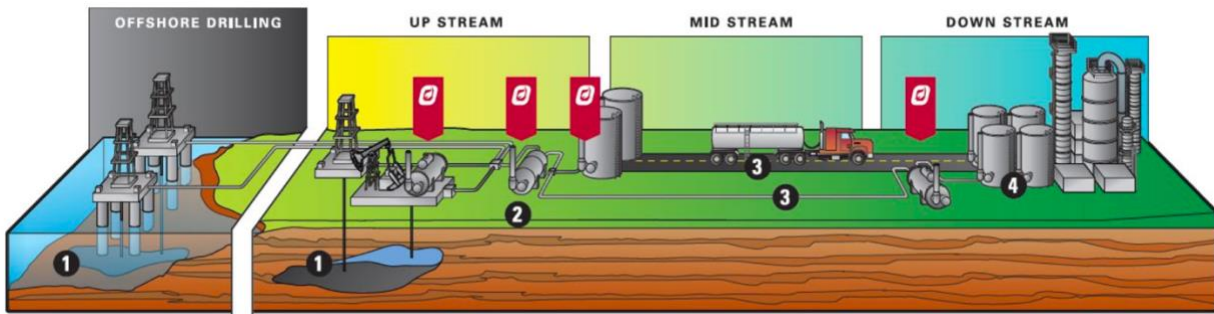
**Risks:** Risks to achieving our price target include changes in oil and gas prices, global economic growth and its impact on demand for oil and gas, regulation that could impact the ability to drill for oil and gas, and regulation that could impede the development of pipelines in the U.S.

Current Price	\$1.22		
Price Target	\$1.65		
<b>Estimates</b>	<b>F2020A</b>	<b>F2021E</b>	<b>F2022E</b>
<b>Revenues (\$000s)</b>	\$ 21,459	\$ 23,631 E	\$ 30,110
1Q March	\$ 7,447	\$ 5,092 A	\$ 7,027
2Q June	\$ 4,359	\$ 5,457 E	\$ 7,304
3Q September	\$ 4,000	\$ 6,229 E	\$ 7,609
4Q December	\$ 5,652	\$ 6,852 E	\$ 8,170
	<b>F2020A</b>	<b>F2021E</b>	<b>F2022E</b>
<b>EBITDA (\$000s)</b>	\$ (1,460)	\$ 659 E	\$ 3,969
1Q March	\$ (339)	\$ (386)A	\$ 781
2Q June	\$ (587)	\$ (30)E	\$ 885
3Q September	\$ (935)	\$ 387 E	\$ 1,007
4Q December	\$ 400	\$ 687 E	\$ 1,297
EV/Sales	1.8 x	1.7 x	1.3 x
EV/EBITDA	NM	59.6 x	9.9 x
<b>Stock Data</b>			
52-Week Range	\$0.63	-	\$1.74
Shares Outstanding (mil.)	48.0		
Market Capitalization (mil.)	\$59		
Enterprise Value (mil.)	\$39		
Debt to Capital	0%		
Book Value/Share	\$0.95		
Price/Book	1.3x		
Average Three Months Trading Volume (K)	554		
Insider Ownership	38.0%		
Institutional Ownership	36.7%		
Short interest (mil.)	0.1%		
Dividend / Yield	\$0.00/0.0%		



## Burner Management Description

Profire Energy designs, develops and manufactures a line of burner management systems for the oil and gas and industrial markets. Burners are a ubiquitous part of oil and gas production, in use at upstream, midstream and downstream sites. Burners are used to separate water from hydrocarbons, oil from gas, impurities from oil and gas and to separate different types of oil and liquids from produced hydrocarbons. Profire's flagship products, the PF2100 and PF2200, target smaller and mid-size oilfield operations, automate the process of igniting the burner's flame, re-ignite the burner when the flame fails, adjust flame intensity for ambient conditions or mix of the produced hydrocarbons and can be managed remotely. The return on investment is short, measured in months, and allows the producer to reduce worker injuries, comply with environmental regulation, improve production and lower costs.



Source: Profire Energy, Inc.

The PF3100 was introduced in 2015 for management of multi-pilot, multi-burner, multi-vessel environments. This enabled Profire to address a larger market in the oil and gas industry, and ultimately, the company plans to address adjacent industries. The PF3100 is a modular-based product, which can address a wide variety of potential customer configurations. Versus existing PLC (Programmable Logic Controller) based solutions, the 3100 reduces installation time, allows for easier reconfiguration, lowers maintenance costs and enables quicker repair times.

Burners are critical tools in the industry. When burners are down or performing sub-optimally, production and quality suffers, and costs increase. Burner management systems automate the process of igniting the burner's flame, re-ignite the burner when the flame fails, alter flame intensity required by ambient conditions or mix of the produced hydrocarbons and can be managed remotely.

Burners need to operate in harsh environments with wide temperature swings and challenging ambient conditions. The BMS operates on many types of petroleum produced: sweet and sour gas, liquids-rich gas, oil with different gravities, and oil and gas stream that includes water. This heterogeneity of application, use, and environmental condition can be a challenge for the industry, and in this respect, based on generating sales to all the major producing regions of the U.S., Profire has shown itself to be particularly competent. While some products are designed to work well in specific geographies or with a specific petroleum source, they can struggle when applied to other types of petroleum, environmental conditions and applications. Since BMSs are intended to automate the process of flame control and re-ignition, the control electronics and their ability to adapt to changing field conditions is important, as is their ability to be easily programmed and reprogrammed. Profire designs its product with these requirements in mind.

BMSs automate the process of monitoring, altering the intensity of the flame and re-igniting the flame, if necessary. These systems replace the rather crude and expensive manual method of lighting, re-lighting and monitoring burner flames. Burners without BMS are monitored by field personnel as part of their normal field maintenance, so a flame can be out for days before the producer is aware of the malfunction. During that time, the company could be violating air emissions standards and possibly delivering untreated petroleum to its customers.

Regulations on air emissions are one of the drivers for BMS deployment. For instance, the EPA estimates that the upstream and midstream segments of the oil and gas industry account for nearly 40 percent of the volatile organic compound (VOC) emissions in the United States, and the industry is required to install approved devices including flares, combustors or vapor recovery devices to limit emissions. There are also state-level rules the industry must comply with. BMSs can provide compliance certainty and lower the costs of complying with increasing regulatory burdens.

Preventing worker injury is also an important aspect of BMSs. Burners without BMSs need to be re-lit manually, which, in practice, requires a long wire, with a rag soaked in petroleum, lit and inserted into the burner. Accidents are not uncommon, sometimes fatal, and are preventable.

BMSs can be easy to install and have prices ranging from \$1,000 to \$5,000. There are often multiple burners at a site, performing different functions. The device is relatively small and does not require a great deal of real estate or renovation at the site in order to be deployed.

For smaller and mid-size installations, there are a few BMS suppliers, mostly regionally based, and these include Platinum Control Technologies Fort Worth, TX ([www.platinumcontrol.com](http://www.platinumcontrol.com)), Surefire, Aztec, NM ([www.surefire-controls.com](http://www.surefire-controls.com)), ACL Manufacturing Inc. Sundre, Alberta, Canada ([www.acl-manufacturing.com](http://www.acl-manufacturing.com)), Combustex, Red Deer, Alberta, Canada ([www.combustex.com](http://www.combustex.com)) and Titan Logix Corp., Edmonton, Alberta, Canada ([www.titanlogix.com](http://www.titanlogix.com)). As Profire moves to larger installations, it expects to compete with companies such as Honeywell Thermal, Emerson, and Siemens.

**Balance Sheet**

Profire is debt-free, and at the end of Q1, had \$19.4 million, or \$0.40 per share, in cash and investments. Operating cash flow from 2017 to 2019 averaged \$7 million per year but declined to \$264 thousand in 2020. Much of the decline is due to the \$6.5 million decline in EBITDA, offset by a reduction in working capital by about \$2.7 million. Inventory levels are high, and we expect them to remain so for the rest of the year as the company is experiencing supply chain delays and is building inventory in order to fulfill orders quickly. For 2021, we expect operating cash flow of \$590 thousand, and cash to decline almost \$700 thousand for the year.

**Outlook**

In the smaller and mid-size oilfield applications, demand for BMSs is driven by the number of well completions, and to a lesser extent, by replacement demand and retrofit of existing wells. According to EIA data, in the U.S., the number of well completions in 2018 was almost 15,000, fell to under 14,000 in 2019 and to 7,709 in 2020. Q1 2021 well completions were about half of the year-ago quarter’s count but up about 33% from the trough of Q3.

The industry decline has overwhelmed the positive contributions from Profire’s steady stream of new products and acquisitions. Sales fell 45% in 2020, with the steepest decline, almost 60%, in Q3. Sales in Q1 2021 fell 31% from the year-ago quarter, but we expect Q2 to rise 25% over the year-ago quarter, Q3 56% and Q4 21%. Assuming a stable environment in the first half and a recovery in the second half, we expect sales in 2021 of \$23.6 million, and a further recovery in 2022 to \$30.1 million.

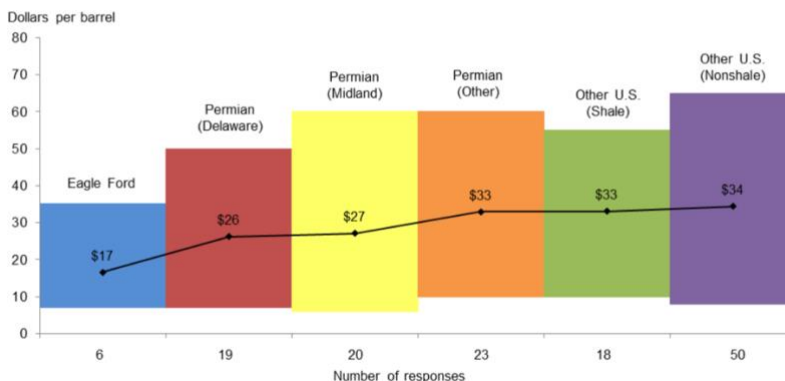
The outlook for drilling and completions in the U.S. has improved. An [April 2021 survey from the Federal Reserve Bank of Kansas City](#), states “activity moved higher than year-ago levels for the first time since March 2019, and expectations also increased further.” A [March 2021 survey from the Federal Reserve Bank of Dallas](#) states “firms have increased their capital spending plans for 2022.”

With WTI at \$65, operating expenses are well covered, according to a Federal Reserve Bank of Dallas energy survey (see below).

**Exploration and Production (E&P) Firms**

**In the top two areas in which your firm is active: What West Texas Intermediate (WTI) oil price does your firm need to cover operating expenses for existing wells?**

Across regions, the average price necessary to cover operating expenses ranges from \$17 to \$34 per barrel. Almost all respondents can cover operating expenses for existing wells at current prices. The average across the entire sample is approximately \$31 per barrel, up slightly from \$30 last year.

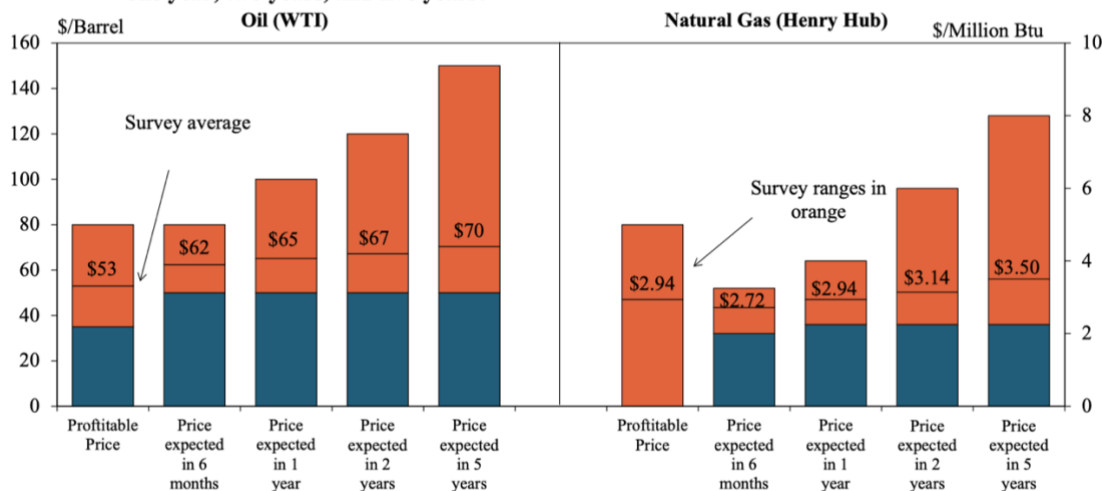


NOTES: Lines show the mean, and bars show the range of responses. Executives from 94 exploration and production firms answered this question during the survey collection period, March 10-18, 2021.  
SOURCE: Federal Reserve Bank of Dallas.

Source: “Dallas Fed Energy Survey,” March 24, 2021 Federal Reserve Bank of Dallas.

Current prices also support profitable drilling for new wells, as shown in a Federal Reserve Bank of Kansas City energy survey (see below).

**Chart 2. Special Question - What price is currently needed for drilling to be profitable for oil and natural gas, and what do you expect the WTI and Henry Hub prices to be in six months, one year, two years, and five years?**



Source: "Federal Reserve Bank of Kansas City First Quarter Energy Survey," April 9, 2021, Kansas City Federal Reserve

We project revenue for Profire in 2021 of \$23.6 million, up from \$21.4 million in 2020. For 2022, we forecast revenue of \$30.1 million, based on stable oil and gas prices and continued improvement in drilling and completion activity. (See [Haliburton Q1 2021 EPS transcript](#): "North America is staging a healthy recovery. In the current oil price environment, shale operators have a larger portfolio of economically viable projects.")

We believe Profire is in a better position than many of its competitors, with a strong balance sheet and positive cash flow. However, it remains at the mercy of oil prices, and its attempts to reduce its dependence on the upstream BMS market have met with limited success.

Profire Energy, Inc. Comparable Group

		Price	TEV (\$M)	FTM Sales (\$M)	EV/Sales	FTM EBITDA (\$M)	EV/EBITDA
CLB	Core Laboratories NV	\$ 33.11	\$ 1,788.7	\$ 504.1	3.55	\$ 89.1	20.1
BOOM	DMC Global Inc.	58.26	867.3	298.0	2.91	41.6	20.8
ENSV	Enservco Corporation	1.26	38.3	27.1	1.41	1.3	30.6
HTG-GB	Hunting PLC	£ 2.55	£ 385.2	£ 467.9	0.82	£ 37.8	10.2
OIS	Oil States International, Inc.	6.42	562.5	637.5	0.88	51.0	11.0
PSD-CA	Pulse Seismic Inc.	C\$ 1.83	C\$ 118.6	C\$ 18.2	6.51	C\$ 13.8	8.6
SDPI	Superior Drilling Products, Inc.	0.79	25.6	10.7	2.40	(0.2)	NM
	Median				2.40		15.5
PFIE	Profire Energy, Inc.	\$ 1.22	\$ 39.3	\$ 26.0	1.51	\$ 1.9	21.2

Source: FactSet and Dawson James Securities estimates.

**Valuation:**

Our price target of \$1.65 is based on an EV/EBITDA multiple of 15x our 2022 EBITDA estimate of \$4.0 million. Our EV/EBITDA target multiple is a slight discount to the median multiple of 15.5x of a comp group. We believe the discount is warranted to reflect the risks of reaching our EBITDA estimate.

**Risk Analysis:**

Risks to achieving our price target include changes in oil and gas prices, global economic growth and its impact on demand for oil and gas, regulation that could impact the ability to drill for oil and gas, and regulation that could impede the development of pipelines in the U.S.

**Exhibit 1. Income Statement**

\$ in 000's except per share data	FY 18	FY 19	FY 20	Mar-21 Q1 21 A	Jun-21 Q2 21 E	Sep-21 Q3 21 E	Dec-21 Q4 21 E	FY 21E	FY 22E
Sales of Goods	42,870	36,208	19,396	4,658	5,000	5,750	6,325	21,733	27,750
Sales of Services	2,744	2,773	2,063	435	457	479	527	1,898	2,360
<b>Total Revenues</b>	<b>\$ 45,615</b>	<b>\$ 38,981</b>	<b>\$ 21,459</b>	<b>\$ 5,092</b>	<b>\$ 5,457</b>	<b>\$ 6,229</b>	<b>\$ 6,852</b>	<b>\$ 23,631</b>	<b>\$ 30,110</b>
Cost of Goods	20,789	17,588	10,378	2,538	2,600	2,875	3,099	11,112	13,344
Cost of Services	1,924	1,865	1,554	380	320	336	369	1,404	1,616
<b>Total COGS</b>	<b>22,713</b>	<b>19,453</b>	<b>11,932</b>	<b>2,918</b>	<b>2,920</b>	<b>3,211</b>	<b>3,468</b>	<b>12,516</b>	<b>14,959</b>
Gross Profit-Goods	22,081	18,620	9,017	2,120	2,400	2,875	3,226	10,621	14,406
Gross Profit-Services	820	908	509	55	137	144	158	494	744
<b>Gross Profit-Total</b>	<b>22,901</b>	<b>19,528</b>	<b>9,526</b>	<b>2,175</b>	<b>2,537</b>	<b>3,019</b>	<b>3,384</b>	<b>11,114</b>	<b>15,151</b>
G&A	13,029	13,454	10,641	2,555	2,605	2,655	2,705	10,518	11,118
R&D	1,397	1,933	1,299	257	272	287	302	1,118	1,298
Depreciation	501	977	666	167	167	167	167	670	670
Opex	14,927	16,364	12,606	2,979	3,044	3,109	3,174	12,306	13,086
<b>Operating income</b>	<b>7,974</b>	<b>3,164</b>	<b>(3,080)</b>	<b>(804)</b>	<b>(507)</b>	<b>(90)</b>	<b>210</b>	<b>(1,191)</b>	<b>2,065</b>
Interest and Other	624	403	421	95	95	95	95	379	379
Pretax income	8,598	3,567.561	(2,659)	(709)	(412)	5	305	(812)	2,444
Taxes	2,517	1,546	(484)	(108)	(107)	1	79	(134)	636
<b>Net Income</b>	<b>\$ 6,081</b>	<b>\$ 2,021</b>	<b>\$ (2,176)</b>	<b>\$ (602)</b>	<b>\$ (305)</b>	<b>\$ 4</b>	<b>\$ 226</b>	<b>\$ (677)</b>	<b>\$ 1,809</b>
Basic Shares	48,471	47,491	47,778	47,990	48,016	48,072	48,172	47,878	48,030
Diluted Shares	49,222	48,134	47,778	47,990	48,416	48,472	48,572	47,878	48,350
Basic EPS	\$ 0.13	\$ 0.04	\$ (0.05)	\$ (0.01)	\$ (0.01)	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.04
Diluted EPS	\$ 0.12	\$ 0.04	\$ (0.05)	\$ (0.01)	\$ (0.01)	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.04
Operating Income	7,974	3,164	(3,080)	(804)	(507)	(90)	210	(1,191)	2,065
D&A	897	1,467	1,177	294	352	352	352	1,350	1,404
Stock Comp	1,059	391	443	125	125	125	125	500	500
<b>EBITDA</b>	<b>\$ 9,930</b>	<b>\$ 5,022</b>	<b>\$ (1,460)</b>	<b>\$ (386)</b>	<b>\$ (30)</b>	<b>\$ 387</b>	<b>\$ 687</b>	<b>\$ 659</b>	<b>\$ 3,969</b>
<b>WTI \$/barrel</b>	<b>\$ 65.23</b>	<b>\$ 56.99</b>	<b>\$ 39.16</b>	<b>\$ 58.09</b>					
	FY 18	FY 19	FY 20	Q1 21 A	Q2 21 E	Q3 21 E	Q4 21 E	FY 21E	FY 22E
Sales of Goods	94.0%	92.9%	90.4%	91.5%	91.6%	92.3%	92.3%	92.0%	92.2%
Sales of Services	6.0%	7.1%	9.6%	8.5%	8.4%	7.7%	7.7%	8.0%	7.8%
<b>Total Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of goods	48.5%	48.6%	53.5%	54.5%	52.0%	50.0%	49.0%	51.1%	48.1%
Cost of services	70.1%	67.3%	75.3%	87.4%	70.0%	70.0%	70.0%	74.0%	68.5%
<b>Total COGS</b>	<b>49.8%</b>	<b>49.9%</b>	<b>55.6%</b>	<b>57.3%</b>	<b>53.5%</b>	<b>51.5%</b>	<b>50.6%</b>	<b>53.0%</b>	<b>49.7%</b>
Gross Profit-Goods	51.5%	51.4%	46.5%	45.5%	48.0%	50.0%	51.0%	48.9%	51.9%
Gross Profit-Services	29.9%	32.7%	24.7%	12.6%	30.0%	30.0%	30.0%	26.0%	31.5%
<b>Gross Profit-Total</b>	<b>50.2%</b>	<b>50.1%</b>	<b>44.4%</b>	<b>42.7%</b>	<b>46.5%</b>	<b>48.5%</b>	<b>49.4%</b>	<b>47.0%</b>	<b>50.3%</b>
G&A	28.6%	34.5%	49.6%	50.2%	47.7%	42.6%	39.5%	44.5%	36.9%
Payroll Expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Depreciation	1.1%	2.5%	3.1%	3.3%	3.1%	2.7%	2.4%	2.8%	2.2%
Opex	32.7%	42.0%	58.7%	58.5%	55.8%	49.9%	46.3%	52.1%	43.5%
<b>Operating income</b>	<b>17.5%</b>	<b>8.1%</b>	<b>-14.4%</b>	<b>-15.8%</b>	<b>-9.3%</b>	<b>-1.4%</b>	<b>3.1%</b>	<b>-5.0%</b>	<b>6.9%</b>
Interest and Other	1.4%	1.0%	2.0%	1.9%	1.7%	1.5%	1.4%	1.6%	1.3%
Pretax income	18.8%	9.2%	-12.4%	-13.9%	-7.6%	0.1%	4.4%	-3.4%	8.1%
Tax Rate	29.3%	43.3%	18.2%	15.2%	26.0%	26.0%	26.0%	16.6%	26.0%
<b>Net Income</b>	<b>13.3%</b>	<b>5.2%</b>	<b>-10.1%</b>	<b>-11.8%</b>	<b>-5.6%</b>	<b>0.1%</b>	<b>3.3%</b>	<b>-2.9%</b>	<b>6.0%</b>
<b>EBITDA</b>	<b>21.8%</b>	<b>12.9%</b>	<b>-6.8%</b>	<b>-7.6%</b>	<b>-0.5%</b>	<b>6.2%</b>	<b>10.0%</b>	<b>2.8%</b>	<b>13.2%</b>

Source: Profire Energy, Inc. and Dawson James Securities estimates

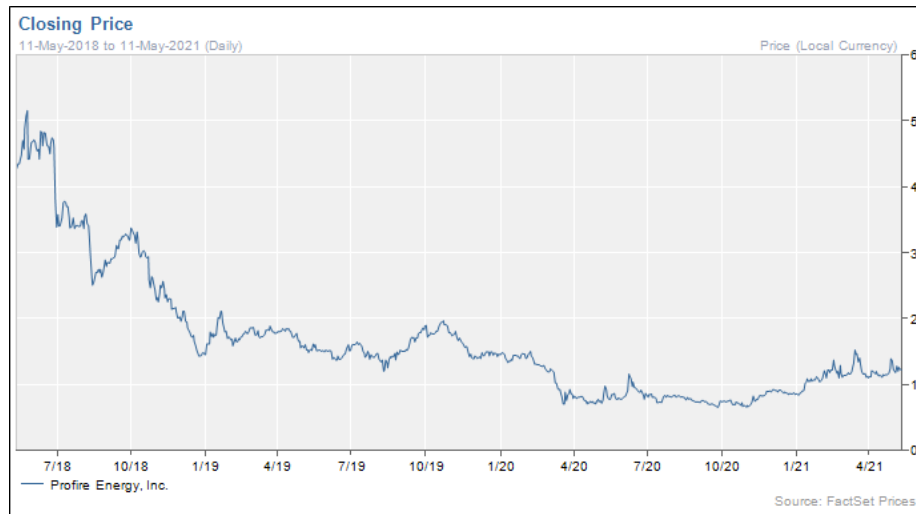
**Exhibit 2. Balance Sheet and Cash Flow Statement**

\$ in 000's	FY 18	FY 19	FY 20	FY 21E	FY 22E
Cash	10,102	7,359	9,148	8,495	9,563
ST Investments	4,558	3,822	2,389	2,294	2,294
A/R	6,885	5,598	3,720	3,730	4,448
Inventories	9,660	9,572	8,415	9,634	10,615
Prepaid Expenses & Other	647	1,750	2,165	1,890	2,254
<b>Current Assets</b>	<b>\$ 31,851</b>	<b>\$ 28,100</b>	<b>\$ 25,836</b>	<b>\$ 26,043</b>	<b>\$ 29,173</b>
LT Investments	7,978	7,400	6,064	6,589	6,589
Financing right of use asset	0	108	50	39	39
PP&E	8,020	12,071	12,022	11,796	11,621
Deferred Tax Asset	85	0	0	0	0
Intangible Assets	430	1,990	1,772	1,540	1,310
Goodwill	998	2,579	2,579	2,579	2,579
<b>Total Assets</b>	<b>\$ 49,363</b>	<b>\$ 52,248</b>	<b>\$ 48,323</b>	<b>\$ 48,587</b>	<b>\$ 51,312</b>
A/P	1,178	2,634	1,179	1,313	1,565
Accrued liabilities	1,757	2,089	1,197	1,411	1,574
Financing lease	0	59	39	36	36
Income tax payable	1,172	403	0	0	0
<b>Current Liabilities</b>	<b>\$ 4,107</b>	<b>\$ 5,185</b>	<b>\$ 2,415</b>	<b>\$ 2,760</b>	<b>\$ 3,176</b>
Deferred Tax Liability	0	439	523	522	522
Financing Lease Liability	0	52	13	4	4
Equity	45,256	46,572	45,372	45,300	47,609
<b>Total Equity &amp; Liab.</b>	<b>\$ 49,363</b>	<b>\$ 52,248</b>	<b>\$ 48,323</b>	<b>\$ 48,587</b>	<b>\$ 51,312</b>
	FY 18	FY 19	FY 20	FY 21E	FY 22E
Net	6,081	2,021	(2,176)	(677)	1,809
D&A	897	1,467	1,177	1,350	1,404
Stock issued for services	1,059	391	443	500	500
Other	69	201	(123)	(77)	0
Working Capital	(2,553)	3,633	943	(506)	(1,645)
<b>Operating Cash Flow</b>	<b>\$ 5,553</b>	<b>\$ 7,713</b>	<b>\$ 264</b>	<b>\$ 590</b>	<b>\$ 2,068</b>
Other	359	1,611	3,314	(411)	0
Acquisition	0	(4,384)	0	0	0
CapEx	(1,928)	(4,665)	(1,547)	(808)	(1,000)
<b>Investing Activities</b>	<b>\$ (1,568)</b>	<b>\$ (7,437)</b>	<b>\$ 1,767</b>	<b>\$ (1,219)</b>	<b>\$ (1,000)</b>
Equity	(5,233)	(2,977)	(153)	(27)	0
Lease Liability	0	(74)	(58)	(11)	0
<b>Financing Activities</b>	<b>\$ (5,233)</b>	<b>\$ (3,050)</b>	<b>\$ (210)</b>	<b>\$ (38)</b>	<b>\$ -</b>
FX	(95)	31	(31)	0	0
<b>Change in Cash</b>	<b>\$ (1,344)</b>	<b>\$ (2,743)</b>	<b>\$ 1,789</b>	<b>\$ (667)</b>	<b>\$ 1,068</b>

Source: Profire Energy, Inc. and Dawson James Securities estimates

## **Important Disclosures:**

### **Price Chart:**



### **Price target and ratings changes over the past three years:**

Initiated – Buy – May 12, 2021 – Price Target \$1.65

Dawson James Securities, Inc. (the "Firm") is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Firm does not make a market in the securities of the subject company(s). The Firm has not engaged in investment banking relationships with the subject company in the prior twelve months, as a manager or co-manager of a public offering and has not received compensation resulting from those relationships. The Firm may seek compensation for investment banking services in the future from the subject company(s). The Firm has not received any other compensation from the subject company(s) in the last 12 months for services unrelated to managing or co-managing of a public offering.

Neither the research analyst(s) whose name appears on this report nor any member of his (their) household is an officer, director, or advisory board member of these companies. The Firm and/or its directors and employees may own securities of the company(s) in this report and may increase or decrease holdings in the future. As of April 30, 2021, the Firm as a whole did not beneficially own 1% or more of any class of common equity securities of the subject company(s) of this report. The Firm, its officers, directors, analysts, or employees may affect transactions in and have long or short positions in the securities (or options or warrants related to those securities) of the company(s) subject to this report. The Firm may affect transactions as principal or agent in those securities.

Analysts receive no direct compensation in connection with the Firm's investment banking business. All Firm employees, including the analyst(s) responsible for preparing this report, may be eligible to receive non-product or service-specific monetary bonus compensation that is based upon various factors, including total revenues of the Firm and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.

Although the statements in this report have been obtained from and are based upon recognized statistical services, issuer reports or communications, or other sources that the Firm believes to be reliable, we cannot guarantee their accuracy. All opinions and estimates included in this report constitute the analyst's judgment as of the date of this report and are subject to change without notice.

**Information about valuation methods and risks can be found in the "Valuation" and "Risk Analysis" sections of this report.**

The securities of the company discussed in this report may be unsuitable for investors depending on their specific investment objectives and financial position. This report is offered for informational purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. Additional information is available upon request.

**Ratings Definitions:**

- 1) **Buy:** the analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** the analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** the analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies, followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

As of: 5-May-21

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	23	70%	5	22%
Market Perform (Neutral)	10	30%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	33	100%	5	15%

**Analyst Certification:**

The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service-specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.