

UNITED STATES
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 January 31, 2020

Commission File No. 0-18370

Perma-Pipe International Holdings, Inc.

(Exact name of registrant as specified in its charter)



Delaware

(State or other jurisdiction of incorporation or organization)

6410 W. Howard Street, Niles, Illinois

(Address of principal executive offices)

(847) 966-1000

(Registrant's telephone number, including area code)

36-3922969

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

60714

(Zip Code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$.01 par value per share	PPIH	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the 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 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 pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant (the exclusion of the market value of the shares owned by any person shall not be deemed an admission by the registrant that such person is an affiliate of the registrant) was \$68,950,155.30 based on the closing sale price of \$8.85 per share as reported on the NASDAQ Global Market on July 31, 2019.

The number of shares of the registrant's common stock outstanding at April 1, 2020 was 8,048,006.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2020 annual meeting of stockholders, which will be filed with the Securities and Exchange Commission within 120 days after January 31, 2020, are incorporated by reference in Part III of this Annual Report on Form 10-K.

Perma-Pipe International Holdings, Inc.

FORM 10-K

For the fiscal year ended January 31, 2020

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PART I

Cautionary Statements Regarding Forward Looking Information

Certain statements contained in this Annual Report on Form 10-K, which can be identified by the use of forward-looking terminology such as "may," "will," "expect," "continue," "remains," "intend," "aim," "should," "prospects," "could," "future," "potential," "believes," "plans," "likely," and "probable," or the negative thereof or other variations thereon or comparable terminology, constitute "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 as amended ("Exchange Act") and are subject to the safe harbors created thereby. These statements should be considered as subject to the many risks and uncertainties that exist in the Company's operations and business environment. Such risks and uncertainties could cause actual results to differ materially from those projected as a result of many factors, including, but not limited to, the following:

- the impact of the coronavirus (COVID-19) on the Company's results of operations, financial condition and cash flows;
- fluctuations in the price of oil and natural gas and its impact on customer order volume for the Company's products;
- the Company's ability to comply with all covenants in its credit facilities;
- the Company's ability to repay its debt and renew expiring international credit facilities;
- the Company's ability to effectively execute its strategic plan and achieve profitability and positive cash flows;
- the impact of global economic weakness and volatility;
- fluctuations in steel prices and the Company's ability to offset increases in steel prices through price increases in its products;
- the timing of orders for the Company's products;
- decreases in government spending on projects using the Company's products, and challenges to the Company's non-government customers' liquidity and access to capital funds;
- the Company's ability to successfully negotiate progress-billing arrangements for its large contracts;
- aggressive pricing by existing competitors and the entrance of new competitors in the markets in which the Company operates;
- the Company's ability to purchase raw materials at favorable prices and to maintain beneficial relationships with its suppliers;
- the Company's ability to manufacture products free of latent defects and to recover from suppliers who may provide defective materials to the Company;
- reductions or cancellations of orders included in the Company's backlog;
- risks and uncertainties related to the Company's international business operations;
- the Company's ability to attract and retain senior management and key personnel;
- the Company's ability to achieve the expected benefits of its growth initiatives;
- the Company's ability to interpret changes in tax regulations and legislation;
- reversals of previously recorded revenue and profits resulting from inaccurate estimates made in connection with the Company's percentage-of-completion revenue recognition;
- the Company's failure to establish and maintain effective internal control over financial reporting; and
- the impact of cybersecurity threats on the Company's information technology systems.

Item 1. BUSINESS

Perma-Pipe International Holdings, Inc., collectively with its subsidiaries ("PPIH", the "Company" or the "Registrant"), is engaged in the manufacture and sale of products in one reportable segment: Piping Systems. The Company was incorporated in Delaware on October 12, 1993. The Company's common stock is reported under ticker symbol "PPIH". The Company's fiscal year ends on January 31. Years, results and balances described as 2020, 2019 and 2018 are for the fiscal years ended January 31, 2021, 2020 and 2019, respectively.

Products and services. The Company engineers, designs, manufactures and sells specialty piping systems and leak detection systems. Specialty piping systems include: (i) insulated and jacketed district heating and cooling ("DHC") piping systems for efficient energy distribution from central energy plants to multiple locations, (ii) primary and secondary containment piping systems for transporting chemicals, hazardous fluids and petroleum products, and (iii) the coating and/or insulation of oil and gas gathering and transmission pipelines. The Company's leak detection systems are sold with its piping systems or on a stand-alone basis to monitor areas where fluid intrusion may contaminate the environment, endanger personal safety, cause a fire hazard, impair essential services or damage equipment or property.

The Company frequently engineers and custom fabricates to job site dimensions and incorporates provisions for thermal expansion due to cycling temperatures. This custom fabrication helps to minimize the amount of field labor required by the installation contractor. Most of the Company's piping systems are produced for underground installations and, therefore, require trenching, which is the responsibility of the general contractor, and completed by unaffiliated installation contractors.

The Company's piping systems are typically sold as a part of large discrete projects, and customer demand can vary by season. See "Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")."

Operating Facilities: The Company operates its business from the following locations:

Perma-Pipe, Inc.	Perma-Pipe Middle East FZC
Niles, IL	Fujairah, United Arab Emirates
New Iberia, LA	Perma-Pipe Saudi Arabia, LLC
Lebanon, TN	Dammam, Kingdom of Saudi Arabia
Perma-Pipe Canada, Ltd.	Perma-Pipe India Pvt. Ltd
Camrose, Alberta, Canada	Gandhidham, India
Perma-Pipe Egypt for Metal Fabrication and Insulation Industries (Perma-Pipe Egypt) S.A.E.	
Beni Suef, Egypt	

Customers and sales channels. The Company's customer base is industrially and geographically diverse. In the United States, the Company employs inside and outside sales managers who use and assist a network of independent manufacturers' representatives, none of whom sell products that are competitive with the Company's piping systems. The Company employs a direct sales force in Canada, India and Egypt, and in several countries in the Middle East to market and sell products and services. On a country-by-country basis, and where advantageous, an agent network is often used to assist in marketing and selling the Company's products and services.

For the year ended January 31, 2020, one customer accounted for 11.5% of the Company's consolidated net sales and for the year ended January 31, 2019, no one customer accounted for more than 10% of the Company's consolidated net sales.

As of January 31, 2020 and 2019, one customer accounted for 13.3% and three customers accounted for 42.0% of accounts receivable, respectively.

Backlog. The Company's backlog on January 31, 2020 was \$46.8 million compared to \$61.0 million on January 31, 2019, most of which is expected to be completed within 2020. This reduction is primarily the result of major projects completed during 2019 in Saudi Arabia and the Gulf of Mexico. The Company defines backlog as the expected total revenue value resulting from confirmed customer purchase orders that have not yet been recognized as revenue. However, by industry practice, orders may be canceled or modified at any time. If a customer cancels an order, the customer is normally responsible for all finished goods produced or shipped, all direct and indirect costs incurred and also for a reasonable allowance for anticipated profits. No assurance can be given that these amounts will be recovered after cancellation. Any cancellation or delay in orders may result in lower than expected revenue from the Company's reported backlog.

Intellectual property. The Company owns various patents covering its piping and electronic leak detection systems. These patents are not material to the Company either individually or in the aggregate because the Company believes its sales would not be materially reduced if patent protection was not available. The Company owns numerous trademarks connected with its piping and leak detection systems including the following U.S. trademarks: Perma-Pipe®, Chil-Gard®, Double Quik®, Escon-A®, FluidWatch®, Galva-Gard®, Polytherm®, Pal-AT®, LiquidWatch®, PalCom®, Xtru-therm®, Auto-Therm®, Multi-Therm®, Ultra-Therm®, Cryo-Gard®, Sleeve-Gard®, Electro-Gard® and Sulphur-Therm®. The Company also owns a number of trademarks throughout the world. Some of the Company's more significant trademarks include: Auto-Therm®, Cryo-Gard®, Electro-Gard®, Sleeve-Gard®, Permalert®, Pal-AT®, Perma-Pipe®, Polytherm®, Sulphur-Therm®, Ric-Wil®, and Xtru-therm®.

Suppliers. The basic raw materials used in production are pipes and tubes made of carbon steel, steel alloys, copper, ductile iron, or polymers and various chemicals such as polyols, isocyanate, urethane resin, polyethylene and fiberglass, mostly purchased in bulk quantities. The Company believes there are currently adequate supplies and sources of availability of these needed raw materials.

The sensor cables used in the Company's leak detection and location systems are manufactured to the Company's specifications by companies regularly engaged in manufacturing such cables. The Company owns patents for some of the features of its sensor cables. The Company assembles the monitoring component of its leak detection and location systems from components purchased from many sources.

Competition. The piping systems market is highly competitive. The Company believes its principal competition consists of over 20 major competitors and more small competitors. The Company believes that quality, service, engineering design capabilities and support, a comprehensive product line, timely execution, plant location and price are key competitive factors. The Company also believes it has a more comprehensive product line than any competitor.

Research and Development. The Company maintains a standalone research and development function and primarily focuses on activities and development to meet product specifications mandated by its customers and the industry.

Government regulation. The demand for the Company's leak detection and location systems and secondary containment piping systems, which is a small percentage of the Company's total annual piping sales, is driven by federal and state environmental regulation with respect to hazardous waste. The U.S. Federal Resource Conservation and Recovery Act requires, in some cases, that the storage, handling and transportation of fluids through underground pipelines feature secondary containment and leak detection. The U.S. National Emission Standard for hydrocarbon airborne particulates requires reduction of airborne volatile organic compounds and fugitive emissions. Under this regulation, many major refineries are required to recover fugitive vapors and dispose of the recovered material in a process sewer system, which then becomes a hazardous secondary waste system that must be contained. Although there can be no assurances as to the ultimate effects of these governmental regulations, the Company believes such regulations may increase the demand for its piping systems products.

In the United States and Canada, federal government regulations require that all buried pipelines that cross state or provincial boundaries or the United States-Canada border, have an anti-corrosion coating system applied. The Company believes that this regulation has a positive effect on demand for its products due to the Company's unique expertise with respect to anti-corrosion coating.

Employees

As of January 31, 2020, the Company had approximately 193 employees working in the United States, of which approximately 79 were under two collective bargaining agreements, one expiring on March 31, 2022, and the other on April 30, 2020, which is expected to be renewed. There were approximately 439 employees working at the Company's international locations. The Company considers its relationship with its employees to be good.

Available Information

The Company files with and furnishes to the Securities and Exchange Commission ("SEC"), reports including annual meeting materials, Annual Reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as amendments thereto. The Company maintains a website, www.permapipe.com, where these reports and related materials are available free of charge as soon as reasonably practicable after the Company electronically delivers such material to the SEC. The information on the Company's website is not part of this Annual Report on Form 10-K and is not incorporated into this or any other filings by the Company with the SEC.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth information regarding the executive officers of the Company as of April 1, 2020:

Name	Offices and Positions; Age	Executive officer of the Company since
David J. Mansfield	Director, President and Chief Executive Officer; Age 59	2016
D. Bryan Norwood	Vice President and Chief Financial Officer; Age 64	2018
Wayne Bosch	Vice President, Chief Human Resources Officer; Age 63	2013

David J. Mansfield: President, Chief Executive Officer ("CEO") and member of the Board of Directors since November 2016. From 2015 to 2016, Mr. Mansfield served as Chief Financial Officer ("CFO") of Compressor Engineering Corp. & CECO Pipeline Services Co., which provides products and services to the gas transmission, midstream, gas processing, and petrochemical industries. In this position, he had overall responsibility for the group's financial affairs, including the development and execution of turnaround plans and the successful negotiation of a corporate refinancing. From 2009 to 2014, Mr. Mansfield served as CFO and as Acting CEO of Pipestream, Inc., a venture capital-owned technology development company providing a suite of products to the oil and gas pipeline industry. From 1992 to 2009, Mr. Mansfield was employed with Bredero Shaw, the world's largest provider of protective coatings for the oil and gas pipeline industry, most recently as Vice President Strategic Planning. During his tenure with Bredero Shaw, Mr. Mansfield served in numerous roles including Vice President Controller and Commercial General Manager, Europe, Africa & FSU, and played a key role in strategy development and merger and acquisition activities as the company grew from annual revenues of \$100 million to over \$900 million.

D. Bryan Norwood: Appointed Vice President and Chief Financial Officer in November 2018. From 2014 to 2018 Mr. Norwood served as CFO of API Perforating, LLC an oilfield service company providing stage perforation and wireline services. From 2012 to 2014, Mr. Norwood served as CFO of Dupre' Energy Services, LLC an oilfield service company offering multiple services lines. From 2010 to 2012, Mr. Norwood was Vice President Finance for the Environmental Services Division of PSC, LLC a hazardous waste disposal company. From 1992 to 2010, Mr. Norwood held several senior leadership positions including CFO of Smith Equipment Rental and Services, LLC., a regional oilfield service provider, Vice President and Treasurer of Key Energy Services, Inc., an oilfield multi-service provider, and Corporate Controller and Vice President Finance-Americas with Bredero Shaw, a global pipe coating provider.

Wayne Bosch: Appointed Vice President and Chief Human Resources Officer in December 2013. From 2010 to 2012, Mr. Bosch was Vice President of Human Resources at Pactiv, a \$4.0 billion global manufacturer and distributor of food packaging products. Prior to Pactiv, he led the human resource activities at the North American segment of Barilla America, a \$6.3 billion global pasta, sauces and bakery manufacturer and was the Chief Human Resources Officer for water filtration leader Culligan International. Mr. Bosch's background spans the entire spectrum of human resources competencies, including mergers and acquisition and business integration, in start-up, turnaround and high-growth businesses. His scope also includes communications, legal, occupational health services, health safety environment, risk management, payroll, facilities and general administrative services.

Item 1A. RISK FACTORS

The Company's business, financial condition, results of operations and cash flows are subject to various risks, including, but not limited to, those set forth below, which could cause actual results to vary materially from recent results or from anticipated future results. These risk factors should be considered together with information included elsewhere in this Annual Report on Form 10-K.

The Company's business could be negatively impacted by the recent Coronavirus ("COVID-19") outbreak. An outbreak of a novel strain of coronavirus, COVID-19, was identified in Wuhan, China in December 2019 and was subsequently recognized as a pandemic by the World Health Organization on March 11, 2020. This outbreak has severely restricted the level of economic activity around the world. In response to this COVID-19 outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily. These actions have expanded significantly in the past several weeks and may continue to expand in scope, type and impact. These measures, while intended to protect human life, are expected to have significant adverse impacts on domestic and foreign economies of uncertain severity and duration. It is likely that the current outbreak or continued spread of COVID-19 will cause an economic slowdown, and it is possible that it could cause a global recession. Currently, the effectiveness of economic stabilization efforts being taken to mitigate the effects of these actions and the spread of COVID-19 is uncertain.

A public health pandemic, including COVID-19, poses the risk that the Company or its affiliates, employees, suppliers, customers and others may be prevented from conducting business activities for an indefinite period of time, including as a result of shutdowns, travel restrictions and other actions that may be requested or mandated by governmental authorities. Such actions may prevent the Company from accessing the facilities of its customers to deliver products and provide services. In addition, the Company's customers may choose to delay or abandon projects on which it provides products and/or services as a result of such actions. Further, the Company has experienced, and may continue to experience, disruptions or delays in its supply chain as a result of such actions. While a substantial portion of the Company's businesses have been classified as an essential business in jurisdictions in which facility closures have been mandated, the Company can give no assurance that this will not change in the future or that the Company's businesses will be classified as essential in each of the jurisdictions in which it operates.

This COVID-19 outbreak has impacted, and may continue to impact, the Company's office locations and manufacturing facilities, as well as those of its third party vendors, including through the effects of facility closures, reductions in operating hours and other social distancing efforts. In addition, the Company has modified its business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and the Company may take further actions as may be required by government authorities or that the Company determines are in the best interests of its employees, customers, partners, and suppliers.

The Company may also experience impacts from market downturns and changes in demand for the Company's products and services related to pandemic fears and impacts on its workforce as a result of COVID-19. If the COVID-19 pandemic becomes more pronounced in the Company's markets, or if another significant natural disaster or pandemic were to occur in the future, the Company's operations in areas impacted by such events could experience further adverse financial impacts due to market changes and other resulting events and circumstances. The extent to which the COVID-19 outbreak impacts the Company's results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19, the longevity of COVID-19 and the actions to contain its impact. However, it is likely that the impact of COVID-19 will adversely affect the Company's results of operations, financial conditions and cash flows in fiscal 2020.

Crude oil and natural gas prices are volatile, and the substantial and extended decline in oil and natural gas prices has had, and may continue to have, a material adverse effect on demand and pricing in the Company's business. Prices for crude oil and natural gas fluctuate widely. Among the factors that can or could cause these price fluctuations are:

- the level of consumer demand;
- domestic and worldwide supplies of crude oil and natural gas;
- domestic and international drilling activity;
- the actions of other crude oil exporting nations and the Organization of Petroleum Exporting Countries;
- worldwide economic and political conditions, including political instability or armed conflict in oil and gas producing regions; and
- the price and availability of, and demand for, competing energy sources, including alternative energy sources.

In early fiscal 2020, pricing for oil and natural gas dropped substantially and may continue to be at depreciated levels through fiscal 2020, which could substantially reduce the demand for the Company's oil and gas related products. In February 2020, the Kingdom of Saudi Arabia and the Russian Federation failed to reach an agreement on oil production limitations. The news of a failed agreement resulted in a steep decline in global oil prices. On April 12, 2020, the Kingdom of Saudi Arabia and the Russian Federation agreed on oil production cuts, which will begin on May 1, 2020. Additionally, the reduction in worldwide consumption as a result of the coronavirus pandemic has added further downward pressure to oil prices. In response to the decrease in oil prices, international oil companies have announced capital spending budget cuts that are reported to be approximately 30%. At this time the impact of the anticipated reduction in capital spending on the Company's results of operations is uncertain. Generally, when the prices for crude oil and natural gas are higher, demand for the Company's products increases and the Company is able to negotiate higher prices. On the other hand, when the prices of crude oil and natural gas are lower, demand for the Company's products decreases and the Company is forced to compete with lower prices and other concessions. Volatility in these commodity prices can also result in circumstances where demand for the Company's products is suddenly high, but the Company is unable to negotiate higher prices, thereby adversely impacting the Company's margins and capacity to accept new projects at higher margins. At current commodity prices it is expected that oil and gas customers may drastically cut capital spending and/or delay spending until projects are economically viable.

The Company's results in fiscal 2020 may not comply with all covenants in its Senior Credit Facility. In response to the extraordinary steps taken to combat the spread of COVID-19 and the impact of decreased demand for oil and the associated collapse of oil prices, the Company undertook a reforecast to determine the potential financial impact of these events on the Company's results of operations. The results of the reforecast indicated a risk that the Company could be out of compliance with a debt covenant related to the Senior Credit Facility (as defined below) in the second quarter of 2020. To address the possible covenant compliance issue the Company has made plans to reduce planned capital expenditures and non-essential operating expenses, and if necessary, to repatriate foreign cash to bring the covenant into compliance.

The Company may be unable to repay its debt or renew its expiring credit facilities. There is a substantial risk that the Company may not be able to remain in compliance with its credit agreement covenants due to, among other matters, the expected impact on the Company's results of operations and financial condition resulting from the COVID-19 pandemic and the current depressed market for oil and gas. If there were an event of default under the Company's current revolving credit facilities, including as set forth above, the lenders could cause all amounts outstanding with respect to that debt to be due and payable immediately. The Company cannot assure that its cash flow will be sufficient to fully repay amounts due under any of the financing arrangements, if accelerated upon an event of default, or, that the Company would be able to repay, refinance or restructure the payments under any such arrangements. Complying with the covenants under the Company's domestic and/or foreign revolving credit facilities may limit management's discretion by restricting options such as:

- incurring additional debt;
- entering into transactions with affiliates;
- making investments or other restricted payments;
- repurchasing of the Company's shares;
- paying dividends, capital returns, intercompany obligations and other forms of repatriation; and
- creating liens.

The Company's credit arrangements used by its Middle Eastern subsidiaries are renewed on an annual basis. In addition to these credit arrangements, the Company also obtains project financing in the Middle East on a project-by-project basis. While the Company believes that it will be able to renew its Middle East credit arrangements and will have continued access to individual project financing, there is no assurance that such arrangements will be renewed or made available in similar amounts or on similar terms and conditions as the current arrangements, or that such individual project financing will be available for projects that the Company is interested in pursuing.

Any replacement credit arrangements outside of the United States may further limit the Company's ability to repatriate funds from abroad. Repatriation of funds from certain countries may become limited based upon regulatory restrictions or economically unfeasible because of the taxation of funds when moved to another subsidiary or to the parent company. In addition, any refinancing, replacement or additional financing the Company may obtain could contain similar or more restrictive covenants than those currently applicable to the Company. The Company's ability to comply with any covenants may be adversely affected by general economic conditions, political decisions, industry conditions and other events beyond management's control.

The Company incurred net losses for its three fiscal years prior to 2019 and it may be unable to maintain its 2019 levels of profitability or positive cash flows in the future. The Company experienced net losses for its three fiscal years prior to 2019. Generating net income and positive cash flows in the future will depend on the Company's ability to successfully complete and execute its strategic plan. There is no guarantee that the Company will be able to maintain its 2019 levels of profitability or positive cash flows in the future. The Company's inability to successfully maintain profitability and positive cash flows may result in it experiencing a serious liquidity deficiency resulting in material adverse consequences that could threaten its viability.

Global economic weakness and volatility would likely adversely affect operating margins for the Company's services and products. If the global economy experiences a severe and prolonged downturn, it would likely adversely impact the Company's business. Downturns in such general economic conditions can significantly affect the business of the Company's customers, which in turn affects demand, volume, pricing, and operating margins for the Company's services and products. A downturn in one or more of the Company's significant markets would likely have a material adverse effect on the Company's business, results of operations, financial condition and cash flows. Because economic and market conditions vary within the Company's geographic regions, the Company's performance will also vary. In addition, the Company is exposed to fluctuations in currency exchange rates and commodity prices, including rising steel prices and surcharges and lower oil and natural gas prices.

Fluctuations in the availability of, and price of steel, may affect the Company's results of operations. The steel industry is highly cyclical in nature, and at times, pricing can be highly volatile due to a number of factors beyond the Company's control, including general economic conditions, import duties, other trade restrictions and currency exchange rates. This volatility may negatively impact market conditions thus reducing project activity and the Company's results of operations.

Through a series of Presidential Proclamations pursuant to Section 232 of the Trade Expansion Act of 1962, as of the date of this filing, U.S. imports of certain steel products are subject to a 25% tariff (exceptions are Australia, Argentina, Brazil and South Korea imports), with retaliatory tariffs imposed by importing countries. These tariffs could lead to increased steel costs and decreased supply availability.

The Company regularly updates its quoting system for the movements in steel prices, and attempts to recover these price differentials through price increases in the Company's products; however, the Company is not always successful. Any increase in steel prices that is not offset by an increase in the Company's prices that is accepted by customers could have an adverse effect on the Company's business, results of operations, financial position and cash flows. In addition, if the Company is unable to acquire timely steel supplies, it may need to decline bid and order opportunities, which could also have an adverse effect on the Company's business, results of operations, financial position and cash flows.

Delays in the timing of orders for the Company's products may negatively impact the Company's operating results. Since the Company's revenues are based on discrete projects, the Company's operating results in any reporting period could be negatively impacted as a result of large variations in the level of overall market demand or delays in the timing of project execution phases.

Decreases in government spending on projects using the Company's products, and challenges to the Company's non-government customers' liquidity and availability of capital funds, may adversely impact demand for the Company's products. Uncertainty about economic market conditions poses risks that the Company's customers may postpone spending for capital improvement and maintenance projects in response to tighter credit markets or negative financial news, which could have a material adverse effect on the demand for the Company's products. Decreases in U.S. federal and state spending on projects using the Company's products can have negative impact on sales volume from the Company's domestic facilities. Governmental spending on large infrastructure projects in the Gulf Cooperation Council ("GCC") countries vary and spending has in the past been curtailed or delayed as a result of reduced public spending budgets in countries which are dependent on oil and gas revenues and their respective price levels.

The Company may not be able to successfully negotiate progress-billing arrangements for its large contracts, which could adversely impact the Company's working capital needs and credit risk. The Company sells systems and products under contracts that allow the Company to either bill upon the completion of certain agreed upon milestones, or upon actual shipment of the system or product. The Company attempts to negotiate progress-billing milestones on large contracts to help manage its working capital and to reduce the credit risk associated with these large contracts. Consequently, shifts in the billing terms of the contracts in the backlog from period to period can increase the Company's requirements for working capital and can increase its exposure to credit risk.

Aggressive pricing by existing competitors and the entrance of new competitors in the markets in which the Company operates could drive down the Company's profits and reduce the Company's revenue. The Company's business is highly competitive. Some of the Company's competitors are larger and have more resources than the Company. Additionally, many of the Company's products are also subject to competition from alternative technologies and alternative products. In periods of declining demand, the Company's fixed cost structure may limit its ability to cut costs, which may be a competitive disadvantage compared to companies with more flexible cost structures, or may result in reduced operating margins, operating losses and negative cash flows.

The Company may be unable to purchase raw materials at favorable prices, or maintain beneficial relationships with its suppliers, which could result in a shortage of supply, or increased pricing. To the extent the Company relies upon a single source for key components of several of its products, the Company believes there are alternate sources available for such components. However, there can be no assurance that the interruption of supplies of such components would not have an adverse effect on the financial condition of the Company and that the Company, if required to do so, would be able to negotiate agreements with alternative sources on acceptable terms.

The Company may be subject to claims for damages for defective products. The Company warrants its products to be free of certain defects. The Company has, from time to time, had claims alleging defects in its products. The Company cannot be certain it will not experience material product liability losses in the future or that it will not incur significant costs to defend such claims. While the Company currently has product liability insurance, the Company cannot be certain that its product liability insurance coverage will be adequate for liabilities that may be incurred in the future or that such coverage will continue to be available to the Company on commercially reasonable terms. Any claims relating to defective products that result in liabilities exceeding the Company's insurance coverage could have a material adverse effect on the Company's business, results of operations financial position and cash flows.

The Company may not be able to recover costs and damages from vendors that supply defective materials. The Company may receive defective materials from its vendors that are incorporated into the Company's products during the manufacturing process. The cost to repair, remake or replace defective products could be greater than the amount that can be recovered from the vendor. Such excess costs could have an adverse effect on the Company's business, results of operations, financial position and cash flows.

Product and service orders included in the Company's backlog may be reduced or cancelled. The Company defines backlog as the revenue value resulting from confirmed customer purchase orders that have not yet been recognized as revenue. However, by industry practice, orders may be canceled or modified at any time. If a customer cancels an order, the customer is normally responsible for all finished goods produced or shipped, all direct and indirect costs incurred and also for a reasonable allowance for anticipated profits. No assurance can be given that these amounts will be recovered after cancellation. Any cancellation or delay in orders may result in lower than expected revenue.

The Company's results of operations could be adversely affected by changes in international regulations and other activities of U.S. and non-U.S. governmental agencies related to the Company's international operations. International sales represent a significant portion of the Company's total sales. The Company's sales to foreign customers decreased to 55.6% in 2019 from 61.0% in 2018. The Company's anticipated growth and profitability may require increasing foreign sales volume and may necessitate further international expansion. The Company's results of operations could be adversely affected by changes in trade, monetary and fiscal policies, laws and regulations, other activities of U.S. and non-U.S. governments, agencies and similar organizations, and other factors. These factors include, but are not limited to, changes in a country's or region's economic or political conditions, trade regulations affecting production, pricing and marketing of products, local labor conditions and regulations, reduced protection of intellectual property rights in some countries, changes in the regulatory or legal environment, restrictions on currency exchange activities, burdensome taxes and tariffs and other trade barriers. International risks and uncertainties, including changing social and economic conditions as well as terrorism, political hostilities and war, could lead to reduced international sales and reduced profitability associated with such sales. In addition, these risks can include extraordinarily delayed collections of accounts receivable. Because the Company conducts a significant portion of its business activities in the Middle East, the political and economic events of the countries that comprise the GCC can have a material effect on the Company's business, results of operations, financial condition and cash flows.

Due to the international scope of the Company's operations, it is subject to a complex system of commercial and trade regulations around the world. Recent years have seen an increase in the development and enforcement of laws regarding trade compliance anti-corruption, such as the U.S. Foreign Corrupt Practices Act and similar laws from other countries as well as new regulatory requirements regarding data privacy. The Company's foreign subsidiaries are governed by laws, rules and business practices that differ from those of the U.S. If the activities of these entities do not comply with U.S. laws or business practices or the Company's Code of Business Conduct, then violations of these laws may result in severe criminal or civil sanctions, which could disrupt the Company's business, and result in an adverse effect on the Company's reputation, business and results of operations or financial condition. The Company cannot predict the nature, scope or effect of future regulatory requirements to which its operations might be subject or the manner in which existing laws might be administered or interpreted.

The Company may be unable to attract and retain its senior management and key personnel. The Company's ability to meet its strategic and financial goals will depend to a significant extent on the continued contributions of its senior management and key personnel. Future success will also depend in large part on the Company's ability to identify, attract, motivate, effectively utilize and retain highly qualified managerial, sales, marketing and technical personnel. The loss of senior management or other key personnel or the inability to identify, attract and retain qualified personnel in the future could make it more difficult to manage the Company's business and could adversely affect operations and financial results.

The Company may not be able to achieve the expected benefits from its growth initiatives. The Company's cyclical or general expansion may result in unanticipated adverse consequences, including significant strain on management, operations and financial systems, as well as on the Company's ability to attract and retain competent employees. In the future, the Company may seek to grow its business by investing in new or existing facilities, making acquisitions, entering into partnerships and joint ventures, or constructing new facilities, which could entail a number of additional risks, including:

- strain on working capital;
- diversion of management's attention away from other activities, which could impair the operation of existing businesses;
- failure to successfully integrate the acquired businesses or facilities into existing operations;
- inability to maintain key pre-acquisition business relationships;
- loss of key personnel of the acquired business or facility;
- exposure to unanticipated liabilities; and
- failure to realize efficiencies, synergies and cost savings.

As a result of these and other factors, including general economic risks, the Company may not be able to realize the expected benefits from future acquisitions, new facility developments, partnerships, joint ventures or other investments.

The Company may be impacted by interpretations and changes in tax regulations and legislation which could adversely affect the Company's results of operations. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to measurement uncertainty and the interpretations can impact net income, income tax expense or recovery, and deferred income tax assets or liabilities. Tax rules and regulations, including those relating to foreign jurisdictions, are subject to interpretation and require judgment by the Company that may be challenged by the applicable taxation authorities upon audit. Although the Company believes its assumptions, judgements and estimates are reasonable, changes in tax laws or the Company's interpretation of tax laws and the resolution of any tax audits could significantly impact the amounts provided for income taxes in the Company's consolidated financial statements.

The Company may be required to reverse previously recorded revenue and profits as a result of inaccurate estimates made in connection with the Company's percentage-of-completion revenue recognition. Certain domestic divisions have contracts that recognize revenues using periodic recognition of income. For these contracts, the Company uses the "percentage of completion" accounting method. This methodology allows revenue and profits to be recognized proportionally over the life of a contract by comparing the amount of the cost incurred to date against the total amount of cost expected to be incurred. The effect of revisions to revenue and total estimated cost is recorded when the amounts are known or can be reasonably estimated. These revisions can occur at any time and could be material. On a historical basis, management believes that reasonably reliable estimates of the progress towards completion on long-term contracts have been made. However, given the uncertainties associated with these types of contracts, it is possible for actual cost to vary from estimates previously made, which may result in reductions or reversals of previously recorded revenue and profits.

The Company's failure to establish and maintain effective internal control over financial reporting could harm its business and financial results. The Company's management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that the Company would prevent or detect a misstatement of its financial statements or fraud.

As of January 31, 2020, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's internal control over financial reporting was not effective due to an identified material weakness. The material weakness resulted from an accounting error identified by the Company's auditors during the audit of the Company's financial statements for the fiscal year ended January 31, 2020 related to the Company's revenue recognition under percentage of completion accounting. Specifically, the Company had improperly recognized revenue for an open project based on imputed sales amounts greater than the total contracted amount. The accounting error related to this one project was attributable to the Company's deviation from its standard contract accounting policies and failure to recognize the error during monthly reviews. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. If the current material weakness is not remediated, or if additional material weaknesses or significant deficiencies in the Company's internal control over financial reporting are discovered or occur in the future, the Company's consolidated financial statements may contain material misstatements and the Company could be required to restate its financial results. The failure to maintain an effective system of internal control over financial reporting could limit the Company's ability to report its financial results accurately and in a timely manner or to detect and prevent fraud and could also cause a loss of investor confidence and decline in the market price of the Company's common stock. See further discussion of the material weakness, including the Company's planned remediation procedures, in Item 9A., Controls and Procedures.

The Company's information technology systems may be negatively affected by cybersecurity threats. The Company faces risks relating to cybersecurity attacks that could cause the loss of confidential information and other business disruptions. The Company relies extensively on computer systems to process transactions and manage its business, and its business is at risk from and may be impacted by cybersecurity attacks. These could include attempts to gain unauthorized access to data and computer systems. Attacks can be both individual and/ or highly organized attempts organized by very sophisticated hacking organizations. The Company employs a number of measures to prevent, detect and mitigate these threats, which include password encryption, frequent password change events, firewall detection systems, anti-virus software in-place and frequent backups; however, there is no guarantee such efforts will be successful in preventing a cyber-attack. A successful attack could disrupt and otherwise adversely affect the Company's reputation and results of operations, including through lawsuits by third-parties.

Item 1B. UNRESOLVED STAFF COMMENTS - None.

Item 2. PROPERTIES

Location	Leased or Owned
Illinois	Leased production facilities and office space
Louisiana	Owned production facilities and leased land
Tennessee	Owned production facilities and office space
Texas	Leased office space
Canada	Owned production facilities with office space on owned land, leased land and leased office space
India	Leased production facilities, office space and land
Kingdom of Saudi Arabia	Owned production facilities on leased land
United Arab Emirates	Leased office space and production facilities on leased land
Egypt	Leased production facilities and office space

For further information, see Note 7 - Lease information, in the Notes to Consolidated Financial Statements.

Item 3. LEGAL PROCEEDINGS - As of January 31, 2020, the Company had no material pending litigation.

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

The Company's common stock is traded on the Nasdaq Global Market under the symbol "PPIH".

As of April 1, 2020, there were approximately 59 stockholders of record and other additional stockholders for whom securities firms acted as nominees.

The Company has never declared or paid a cash dividend and does not anticipate paying any cash dividends on its common stock in the foreseeable future. Management presently intends to retain all available funds for the development of the Company's business and for use as working capital. The Company's credit facilities also restrict dividend payments. Future dividend policy will depend upon the Company's earnings, capital requirements, financial condition, credit agreement restrictions and other relevant factors. For further information, see "Financing" in Item 7 and Note 6 - Debt, in the Notes to Consolidated Financial Statements.

The Company has not made any sale of unregistered securities during the preceding three fiscal years.

The Company did not make any purchases of its common stock during fiscal 2019.

The Transfer Agent and Registrar for the Company's common stock is Broadridge Corporate Issuer Solutions, Inc., P.O. Box 1342 Brentwood, NY 11717, (877) 830-4936 or (720) 378-5591.

Item 6. SELECTED FINANCIAL DATA - Not applicable.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Certain statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), which can be identified by the use of forward-looking terminology such as "may," "will," "expect," "continue," "remains," "intend," "aim," "should," "prospects," "could," "future," "potential," "believes," "plans," "likely," and "probable," or the negative thereof or other variations thereon or comparable terminology, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act and are subject to the safe harbors created thereby. These statements should be considered as subject to the many risks and uncertainties that exist in the Company's operations and business environment. Such risks and uncertainties could cause actual results to differ materially from those projected as a result of many factors, including, but not limited to, those under the headings Cautionary Statements Regarding Forward Looking Information and Item 1A. Risk Factors.

The Company is engaged in the manufacture and sale of products in one reportable segment: Piping Systems. Since the Company's revenues are significantly dependent upon large discrete projects, the Company's operating results in any reporting period could be negatively impacted as a result of variations in the level of the Company's large discrete project orders or delays in the timing of the specific project phases.

COVID-19

In January 2020, an outbreak of novel coronavirus (also known as COVID-19) started in Wuhan, China. The virus was recognized as a pandemic by the World Health Organization on March 11, 2020. In response to the rapid spread of the virus, national and local governments have instituted varying levels of actions to contain the virus's spread.

As of this date, all of the Company's plants are operating with the exception of the plant located in India. On March 24, 2020 the India plant operations were suspended in compliance with a national 21-day shutdown which has now been extended through April 21, 2020. We do not expect a shut down over this period to significantly impact our planned production schedules.

To date our global supply chains have not been materially affected by the global pandemic. Due to the unprecedented actions taken to stem the spread of the virus and the uncertainty of the duration and impact of additional actions that may be required, the resulting future disruptions to the Company's operations is uncertain.

In response to the extraordinary steps taken to combat the spread of COVID-19 and the impact of decreased demand for oil and the associated collapse of oil prices, the Company undertook a reforecast to determine the potential financial impact of these events on the Company's results of operations. The results of the reforecast indicated a risk that the Company could be out of compliance with a debt covenant related to the Senior Credit Facility in the second quarter of 2020. To address the possible covenant compliance issue the Company has made plans to reduce planned capital expenditures and non-essential operating expenses, and if necessary, to repatriate foreign cash to bring the covenant into compliance.

In addition, the Company has applied for funding under two Small Business Administration programs. The Paycheck Protection Program provides forgivable funding for payroll and related costs as well as some non-payroll costs. The Company has applied for funding in the amount of \$3.2 million. The Company has also applied for a Small Business Administration Economic Disaster Loan which could be up to \$2 million based on need and repayment capacity. There is no guarantee that the Company will be granted funds under either program.

The Company's expected results of operations and financial condition in 2020 will likely be adversely affected by the COVID-19 pandemic and the current depressed market prices for oil and gas. See Item 1A. Risk Factors for additional information.

Results of Operations

The analysis presented below and discussed in more detail throughout this MD&A was organized to provide instructive information for better understanding the Company's results of operations, financial condition and cash flows. However, this MD&A should be read in conjunction with the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, including the notes thereto and the risk factors contained herein.

Consolidated Results of Operations:

(\$ in thousands)	2019	2018	% Favorable (Unfavorable)
Net sales	\$ 127,663	\$ 128,965	(1.0%)
Gross profit	29,046	23,318	24.6%
Percentage of net sales	22.8%	18.1%	
General and administrative expenses	17,875	15,357	(16.4%)
Percentage of net sales	14.0%	11.9%	
Selling expense	5,231	5,239	0.2%
Percentage of net sales	4.1%	4.1%	
Interest expense, net	905	1,122	19.3%
Income from operations before income taxes	5,035	1,600	214.7%
Income tax expense	1,459	2,150	32.1%
Net income/(loss)	3,576	(550)	750.2%

2019 Compared to 2018

Net sales:

Net sales were \$127.7 million in 2019, a decrease of \$1.3 million, or 1.0%, from \$129.0 million in 2018. Increased revenue in the U.S., Middle East and the expansion into Egypt along with higher demand for leak detection products were offset by lower project revenue in the Canadian operation.

Gross profit:

Gross profit increased to \$29.0 million, or 22.8% of net sales, in 2019, an increase of \$5.7 million, or 24.6%, from \$23.3 million, or 18.1% of net sales, in 2018. This increase was primarily driven by higher project margins in the Middle East.

General and administrative expenses:

General and administrative expenses were \$17.9 million in 2019 compared to \$15.4 million in 2018, an increase of \$2.5 million, or 16.4%. This increase was primarily the result of the establishment of the Company's offices in Egypt, relocation of certain corporate personnel to the Company's offices in Spring, Texas and additional incentive compensation related to improved earnings

Selling expenses:

Selling expenses remained flat at \$5.2 million in 2019 and 2018.

Interest expense:

Interest expense decreased to \$0.9 million in 2019 from \$1.1 million in 2018 due to lower net borrowings and decreased interest rates during 2019.

Income from operations before income taxes:

Income from operations before income taxes improved to \$5.0 million in 2019 compared to a \$1.6 million in 2018. The increase was primarily driven by project margin improvements in the Middle East, increased demand for leak detection products, expansion into Egypt and higher sales volume in the U.S.

Income taxes:

The Company's worldwide effective tax rates ("ETR") were 29.0% and 134.4% in 2019 and 2018, respectively. The change in the ETR from the prior year to the current year was largely due to the overall increase in worldwide pretax book income in low tax or non-taxable jurisdictions. Additional factors included the Company's valuation allowance against the domestic deferred tax asset and the change in the amounts of income in various jurisdictions between the years. The unusually large ETR incurred in 2018 was largely due to the overall low pretax income. Due to this, even relatively small changes to ordinary income have a large impact to the ETR.

As a result of the provisions from the U.S. Tax Cuts and Jobs Act of 2017 ("Tax Act"), the Company expects that future distributions from foreign subsidiaries will no longer be subject to incremental U.S. federal tax as they will either be remittances of previously taxed earnings and profits or eligible for a full dividends received deduction. Current and future earnings in the Company's subsidiaries in Canada and Egypt are not permanently reinvested, and earnings in its Indian subsidiary are partially permanently reinvested. The earnings from these subsidiaries will be subject to tax in their local jurisdiction, and the impact of the India dividend distribution tax, Canadian withholding taxes, and Egyptian withholding taxes will be considered. As such, the Company has accrued a liability of \$0.2 million in 2019 related to these taxes.

For further information, see Note 8 - Income taxes, in the Notes to Consolidated Financial Statements.

Net income/(loss):

The resulting net income of \$3.6 million in 2019 was a \$4.2 million improvement over the net loss of \$0.6 million in 2018. This increase was primarily the result of project margin improvements in the Middle East, increased demand for leak detection, expansion into Egypt and higher sales volume in the U.S.

Liquidity and capital resources

Cash and cash equivalents as of January 31, 2020 and 2019 were \$13.4 million and \$10.2 million, respectively. On January 31, 2020, \$0.4 million was held in the U.S. and \$13.0 million was held by the Company's foreign subsidiaries. The Company's working capital was \$31.4 million on January 31, 2020 compared to \$25.9 million on January 31, 2019. Of the working capital components, cash increased \$3.2 million primarily as a result of increased accounts receivable collections. Cash provided by operations was \$4.1 million in 2019 compared to \$5.0 million in 2018. This decrease of \$0.9 million was due primarily to the Company purchasing inventory for projects, offset by collections of accounts receivable and an increase in net income during the period.

Net cash used in investing activities during 2019 and 2018 was \$1.9 million and \$1.4 million, respectively. This increase was due to an increase in investments in fixed assets needed for the operation of the business, primarily related to the opening of the Company's facility in Egypt.

Net cash used in financing activities in 2019 was \$0.3 million as compared to cash provided by financing activities in 2018 of \$1.1 million. The primary reason for this change was that during 2018 the Company's borrowings exceeded its repayments under its revolving credit facility by approximately \$2.0 million, whereas during 2019, borrowings exceeded repayments by approximately \$0.3 million. Debt totaled \$16.9 million as of January 31, 2020. Since the Company generated cash from operations, the Company required less cash to be provided by financing activities. For additional information, see Note 6 - Debt, in the Notes to Consolidated Financial Statements.

There was no restricted cash held in the U.S. on January 31, 2020. Restricted cash held in the U.S. on January 31, 2019 was \$1.5 million, all of which was a cash collateral held by PNC Bank in relation to the Company's credit agreement. Restricted cash held by foreign subsidiaries was \$1.3 million and \$1.1 million as of January 31, 2020 and 2019, respectively. Restricted cash held by foreign subsidiaries related to fixed deposits that also serve as security deposits and guarantees.

The following table summarizes the Company's estimated contractual obligations on January 31, 2020.

(\$ in thousands)

Contractual obligations	Year Ending January 31,						
	Total	2021	2022	2023	2024	2025	Thereafter
Revolving line - North America (1)	\$ 8,577	\$ 8,577	\$ -	\$ -	\$ -	\$ -	\$ -
Mortgages (2)	10,620	733	718	703	688	674	7,104
Revolving line - foreign (3)	732	732	-	-	-	-	-
Subtotal	19,929	10,042	718	703	688	674	7,104
Finance lease obligations	1,232	487	331	269	145	-	-
Operating lease obligations (4)	17,496	2,312	2,315	2,180	2,012	1,319	7,358
Employment agreements (5)	2,296	-	-	-	-	-	2,296
Uncertain tax position obligations (6)	452	-	-	-	-	-	452
Total	\$ 41,405	\$ 12,841	\$ 3,364	\$ 3,152	\$ 2,845	\$ 1,993	\$ 17,210

- (1) Interest obligations exclude floating rate interest on debt payable under the North American revolving line of credit. Based on the amount of such debt on January 31, 2020, and the weighted average interest rate of 6.04% on that debt, such interest was being incurred at an annual rate of approximately \$0.5 million.
- (2) Scheduled maturities, including interest.
- (3) Scheduled maturities of foreign revolver line, including interest.
- (4) Minimum contractual amounts, assuming no changes in variable expenses.
- (5) Refer to the Exhibit Index for a description of compensation and separation plans.
- (6) Refer to Note 8 - Income taxes, in the Notes to Consolidated Financial Statements for a description of the uncertain tax position obligations.

Financing

Revolving line - North America. On September 20, 2018, the Company and certain of its U.S. and Canadian subsidiaries (collectively, together with the Company, the "North American Loan Parties") entered into a new Revolving Credit and Security Agreement (the "Credit Agreement") with PNC Bank, National Association, as administrative agent and lender ("PNC"), providing for a new three-year \$18 million Senior Secured Revolving Credit Facility, subject to a borrowing base including various reserves (the "Senior Credit Facility"). The Senior Credit Facility replaced the Company's then existing \$15 million Credit and Security Agreement, dated September 24, 2014, among various subsidiaries of the Company and Bank of Montreal, as successor by assignment to BMO Harris Bank N.A., as amended (the "Prior Credit Agreement").

The Company initially used borrowings under the new Senior Credit Facility to pay off outstanding amounts under the Prior Credit Agreement (which totaled approximately USD \$3,773,823 plus CAD 4,794,528) and cash collateralize a letter of credit (USD \$154,500). The Company has used proceeds from the new Senior Credit Facility for on-going working capital needs, and expects to continue using this facility to fund future capital expenditures, working capital needs, and other corporate purposes. Borrowings under the Senior Credit Facility bear interest at a rate equal to an alternate base rate or London Interbank Offered Rate ("LIBOR"), plus, in each case, an applicable margin. The applicable margin is based on average quarterly undrawn availability with respect to the Senior Credit Facility. Interest on alternate base rate borrowings are generally payable monthly in arrears and interest on LIBOR borrowings are generally payable in arrears on the last day of each interest period. Additionally, the Company is required to pay a 0.375% per annum facility fee on the unused portion of the Senior Credit Facility. The facility fee is payable quarterly in arrears.

Subject to certain exceptions, borrowings under the Senior Credit Facility are secured by substantially all of the assets of the Company and certain of its North American subsidiaries. The North American Loan Parties' obligations under the Senior Credit Facility are guaranteed by Perma-Pipe Canada, Inc. The Senior Credit Facility will mature on September 20, 2021. Subject to certain qualifications and exceptions, the Senior Credit Facility contains covenants that, among other things, restrict the North American Loan Parties' ability to create liens, merge or consolidate, consummate acquisitions, make investments, dispose of assets, incur debt, and pay dividends and other distributions. In addition, the North American Loan Parties cannot allow capital expenditures to exceed \$3 million annually (plus a limited carryover of unused amounts).

The Senior Credit Facility also contains financial covenants requiring (i) the North America Loan Parties to achieve EBITDA of at least \$2,462,000 for the period from August 1, 2018 through January 31, 2019; (ii) the North America Loan Parties to achieve a ratio of its EBITDA (with certain additional adjustments) to the sum of scheduled cash principal payments on indebtedness for borrowed money and interest payments on the advances under the Senior Credit Facility (excluding from the calculation items related to the financial performance of the Company's foreign subsidiaries not party to the Credit Agreement) to be not less than 1.10 to 1.00 for the nine-month period ending April 30, 2019 and for the quarter ending July 31, 2019 and each quarter end thereafter on a trailing four-quarter basis; and (iii) the Company and its subsidiaries (including the Company's foreign subsidiaries not party to the Credit Agreement) to achieve a ratio of its EBITDA (with certain additional adjustments) to the sum of scheduled cash principal payments on indebtedness for borrowed money and interest payments on the advances under the Senior Credit Facility of not less than 1.10 to 1.00 for the nine-month period ending October 31, 2018 and for the quarter ending January 31, 2019 and each quarter end thereafter on a trailing four-quarter basis. The Company was in compliance with these covenants as of January 31, 2020.

As of January 31, 2020, the Company had borrowed an aggregate of \$8.6 million at a weighted average interest rate of 6.04%, and had \$3.4 million available under the Senior Credit Facility.

Revolving lines - foreign. The Company also has credit arrangements used by its Middle Eastern subsidiaries in the U.A.E. These credit arrangements are in the form of overdraft facilities and project financing at rates competitive in the countries in which the Company operates. The lines are secured by certain equipment, certain assets (such as accounts receivable and inventory), and a guarantee by the Company. Some credit arrangement covenants require a minimum tangible net worth to be maintained, including maintaining certain levels of intercompany subordinated debt. In addition, some of the revolving credit facilities restrict payment of dividends or undertaking of additional debt. In November 2019, the Company's Egyptian subsidiary entered into credit arrangement with a bank in Egypt for a revolving line of 200.0 million Egyptian Pounds (approximately USD \$12.6 million at January 31, 2020). This credit arrangement is in the form of project financing at rates competitive in Egypt. The line is secured by certain assets (such as accounts receivable). Among other covenants, the credit arrangement establishes a maximum leverage ratio allowable and restricts the ability to undertake any additional debt. On January 31, 2020, the Company was in compliance with the covenants under these credit arrangements. On January 31, 2020, interest rates were based on the EIBOR plus 3.5% per annum, with a minimum interest rate of 4.5% per annum for the U.A.E. credit arrangements and based on the CBE corridor rate plus 1.5% per annum for the Egypt credit arrangement. On January 31, 2020, the Company's interest rates ranged from 5.4% to 16.3%, with a weighted average rate of 5.9%, and the Company could borrow \$21.6 million under these credit arrangements. On January 31, 2020, \$4.2 million of availability was used to support letters of credit to guarantee amounts committed for inventory purchases and for performance guarantees. On January 31, 2020, the Company had borrowed \$0.7 million, and had an additional \$16.8 million available. The foreign revolving lines balances as of January 31, 2020 and 2019, were included as current maturities of long-term debt in the Company's consolidated balance sheets. The Company's credit arrangements used by its Middle Eastern subsidiaries renew on an annual basis.

Accounts receivable:

In 2013, the Company started a project in the Middle East as a sub-contractor, with billings in the aggregate amount of approximately \$41.9 million. The Company completed all of its deliverables in 2015, and has since then collected approximately \$37.8 million, with a remaining balance due in the amount of \$4.1 million. Included in this balance is an amount of \$3.6 million, which pertains to retention clauses within the agreements of the Company's customer (contractor), and which become payable by the customer when this project is fully tested and commissioned. In the absence of a firm date for the final commissioning of the project, and due to the long-term nature of this receivable, \$2.1 million of this retention amount was reclassified to a long-term receivable account.

The Company has been engaged in ongoing active efforts to collect the outstanding amount, and has collected \$0.5 million during fiscal year 2019, and has certified invoices of \$0.5 million in the process of collection subsequent to January 31, 2020. The Company has also received an updated acknowledgment of the outstanding balances and assurances of payment from the customer. As a result, the Company did not reserve any allowance against this amount as of January 31, 2020. However, if the Company's efforts to collect on this account are not successful in fiscal 2020, then the Company may be required to recognize an allowance for all, or substantially all, of any such then uncollected amounts in the future.

Critical accounting estimates and policies

The Company's significant accounting policies are discussed in the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K. The application of certain of these policies requires significant judgments or a historical based estimation process that can affect the results of operations and financial position of the Company, as well as the related footnote disclosures. The Company bases its estimates on historical experience and other assumptions that it believes are reasonable. If actual amounts ultimately differ from previous estimates, the revisions are included in the Company's results of operations for the period in which the actual amounts become known.

Revenue recognition. During 2019 and 2018, and in accordance with Accounting Standards Update No. 2014-19, "Revenue from Contracts with Customers" ("ASC 606"), the Company recognizes revenue when a customer obtains control of promised goods or services. See Note 5 - Revenue Recognition for more detail.

• **Percentage of completion revenue recognition.** Certain domestic divisions have contracts that recognize revenues using periodic recognition of income. For these contracts, the Company uses the "percentage of completion" accounting method. Under this approach, income is recognized in each reporting period based on the status of the uncompleted contracts and the current estimates of costs to complete. The choice of accounting method is made at the time the contract is received based on the expected length and complexity of the project. The percentage of completion is determined by the relationship of costs incurred to the total estimated costs of the contract. Provisions are made for estimated losses on uncompleted contracts in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income. Such revisions are recognized in the period in which they are determined. Claims for additional compensation due to the Company are recognized in contract revenues when realization is probable and the amount can be reliably estimated.

Inventories. Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method for all inventories.

Income taxes. Deferred income taxes have been provided for temporary differences arising from differences in the basis of assets and liabilities for tax and financial reporting purposes. Deferred income taxes on temporary differences have been recorded at the current tax rate. The Company assesses its deferred tax assets for realizability at each reporting period.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is a significant benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

Fair value of financial instruments. The carrying values of cash and cash equivalents, accounts receivable and accounts payable are based upon reasonable estimates of their fair value due to their short-term nature. The carrying amount of the Company's short-term debt, revolving line of credit and long-term debt approximate fair value because the majority of the amounts outstanding accrue interest at variable rates.

New accounting pronouncements. See Recent accounting pronouncements in Note 2 - Significant accounting policies, in the Notes to Consolidated Financial Statements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK - Not applicable.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the Company for each of the two years in the periods ended as of January 31, 2020 and 2019 and the notes thereto are set forth as an exhibit hereto.

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. The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e)) under the Exchange Act as of January 31, 2020. This evaluation included consideration of the controls, processes and procedures that are designed to ensure that information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to provide reasonable assurance that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management has identified a material weakness in the Company's internal control over financial reporting that resulted from an accounting error identified by the Company's auditors during the audit of the Company's financial statements for the fiscal year ended January 31, 2020 related to the Company's revenue recognition under percentage of completion accounting. Specifically, the Company had improperly recognized revenue for an open project based on imputed sales amounts greater than the total contracted amount. This accounting error was attributable to the Company's deviation from its standard contract accounting policies and failure to recognize the error during monthly revenue reviews.

As described below, the Company will adopt and implement policies and procedures to ensure that personnel will not deviate from the Company's standard accounting policies and monthly reviews will result in appropriate revenue recognition. Notwithstanding the material weakness described above, the Company's management, including its Chief Executive Officer and Chief Financial Officer, have concluded that the financial statements included in this Annual Report on Form 10-K present fairly, in all material respects, the Company's financial position, results of operations, and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States.

Management's Annual Report on Internal Control Over Financial Reporting. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. As required by Rule 13a-15(c) under the Exchange Act, the Company's management carried out an evaluation, with the participation of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of its internal control over financial reporting as of January 31, 2020. The framework on which such evaluation was based is contained in the report entitled Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company's system of internal control over financial reporting is designed 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. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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.

Changes in Internal Control over Financial Reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The Company's auditors identified an accounting error during the audit of the Company's financial statements for the fiscal year ended January 31, 2020 related to the Company's revenue recognition under percentage of completion accounting. Specifically, the Company had improperly recognized revenue for an open project based on imputed sales amounts greater than the total contracted amount. The accounting error was attributable to the Company's deviation from its standard contract accounting policies and failure to recognize the error during monthly revenue reviews and led management to conclude that a material weakness existed with respect to the Company's internal control over financial reporting.

Remediation Plan for the Material Weakness in Internal Control over Financial Reporting. To address the material weakness regarding the improper recognition of revenue for open projects, the Company will do the following:

- Reinforce the importance of adherence to Company policies regarding entering into and subsequently modifying contracts with customers, and confirm in monthly meetings with managers that no contracts have been entered into that deviate from Company's accounting policies;
- Create additional reports to identify potential system errors and exceptions related to project revenues and costs where higher risk may exist for inappropriate revenue recognition;
- Review listing of material request invoices each month to identify if any significant items are included and review with additional scrutiny for appropriate revenue recognition;
- Ensure adherence to guidelines for preparation of the Company's monthly revenue and contribution margin presentation to include all components of a project in one line to provide full visibility of total job performance; and
- Implement a monthly meeting prior to the gross profit meeting between accounting personnel to discuss and analyze the asset and liability work-in-process accounts to identify any specific projects that require further investigation.

The Company anticipates the actions described above and resulting improvements in controls will strengthen the Company's processes, procedures and controls related to revenue recognition under percentage of completion accounting and will address the related material weakness described above. However, the material weakness cannot be considered fully remediated until the remediation processes have been in operation for a period of time and successfully tested.

Item 9B. OTHER INFORMATION - None.**PART III****Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Information with respect to this item is incorporated herein by reference to the Company's definitive proxy statement for its 2020 annual meeting of stockholders.

Information with respect to executive officers of the Company is included in Part I, Item 1, hereof under the caption "Executive Officers of the Registrant".

Item 11. EXECUTIVE COMPENSATION

Information with respect to this item is incorporated herein by reference to the Company's definitive proxy statement for its 2020 annual meeting of stockholders.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**Equity Compensation Plan Information**

The following table provides information regarding the number of shares of common stock that may be issued upon exercise of outstanding options, warrants and rights under the Company's equity compensation plans and the weighted average exercise price and number of shares of common stock remaining available for issuance under those plans as of January 31, 2020.

	Number of shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))
Plan Category	(a)(1)	(b)(1)	(c)(2)
Equity compensation plans approved by stockholders	131,750	\$ 8.98	191,904

(1) The amounts shown in columns (a) and (b) of the above table do not include 358,146 outstanding restricted stock granted under the Company's 2013 Omnibus Stock Incentive Plan as amended June 14, 2013 ("2013 Omnibus Plan") or the 2017 Omnibus Stock Incentive Plan as amended June 13, 2017 ("2017 Plan").

(2) Future grants will only be made out of the 2017 Plan until June 12, 2020.

The other information with respect to this item is incorporated herein by reference to the Company's definitive proxy statement for its 2020 annual meeting of stockholders.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information with respect to this item is incorporated herein by reference to the Company's definitive proxy statement for its 2020 annual meeting of stockholders.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information with respect to this item is incorporated herein by reference to the Company's definitive proxy statement for its 2020 annual meeting of stockholders.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- a. List of documents filed as part of this report:
 - (1) Financial Statements - Consolidated Financial Statements of the Company
Refer to Part II, Item 8 of this report.
 - (2) Financial Statement Schedules
Schedule II - Valuation and Qualifying Accounts
- b. Exhibits: The exhibits, as listed in the Exhibit Index included herein, are submitted as a separate section of this report.
- c. The response to this portion of Item 15 is submitted under 15a(2) above.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Perma-Pipe International Holdings, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Perma-Pipe International Holdings, Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of January 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income/(loss), stockholders’ equity, and cash flows for each of the two years in the period ended January 31, 2020, and the related notes and financial statement schedule (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended January 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Change in accounting principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for leases as of February 1, 2019 due to the adoption of the Accounting Standards Codification Topic 842, Leases.

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 audits, 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 supporting 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.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2004.

Chicago, Illinois
April 21, 2020

PERMA-PIPE INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(In thousands, except per share data)</i>	Year ended January 31,	
	2020	2019
Net sales	\$ 127,663	\$ 128,965
Cost of sales	98,617	105,647
Gross profit	29,046	23,318
Operating expenses:		
General and administrative expense	17,875	15,357
Selling expense	5,231	5,239
Total operating expenses	23,106	20,596
Income from operations	5,940	2,722
Interest expense, net	905	1,122
Income from operations before income taxes	5,035	1,600
Income tax expense	1,459	2,150
Net income/(loss)	\$ 3,576	\$ (550)
Weighted average common shares outstanding		
Basic	7,989	7,812
Diluted	8,284	7,812
Income/(loss) per share		
Basic	\$ 0.45	\$ (0.07)
Diluted	\$ 0.43	\$ (0.07)

See accompanying Notes to Consolidated Financial Statements.
Note: Earnings per share calculations could be impacted by rounding.

PERMA-PIPE INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

<i>(In thousands)</i>	Year ended January 31,	
	2020	2019
Net income/(loss)	\$ 3,576	\$ (550)
Other comprehensive loss		
Currency translation adjustments, net of tax	(441)	(1,073)
Minimum pension liability adjustment, net of tax	(439)	(341)
Other comprehensive loss	(880)	(1,414)
Comprehensive income/(loss)	\$ 2,696	\$ (1,964)

See accompanying Notes to Consolidated Financial Statements.

PERMA-PIPE INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	January 31,	
<i>(In thousands, except per share data)</i>	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 13,371	\$ 10,156
Restricted cash	1,287	2,581
Trade accounts receivable, less allowance for doubtful accounts of \$407 on January 31, 2020 and \$536 on January 31, 2019	29,402	32,508
Inventories	14,498	12,289
Prepaid expenses and other current assets	3,531	3,773
Costs and estimated earnings in excess of billings on uncompleted contracts	2,166	1,653
Total current assets	64,255	62,960
Property, plant and equipment, net of accumulated depreciation	28,629	30,398
Other assets		
Operating lease right-of-use asset	11,475	—
Deferred tax assets	293	458
Goodwill	2,254	2,269
Other assets	5,319	6,120
Total other assets	19,341	8,847
Total assets	\$ 112,225	\$ 102,205
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	\$ 9,577	\$ 12,006
Commissions and management incentives payable	1,759	1,866
Accrued compensation and payroll taxes	1,190	1,544
Revolving line - North America	8,577	8,890
Current maturities of long-term debt	1,458	640
Customers' deposits	2,202	3,708
Outside commission liability	1,755	1,743
Operating lease liabilities short-term	1,040	—
Other accrued liabilities	3,444	3,856
Billings in excess of costs and estimated earnings on uncompleted contracts	1,173	1,569
Income tax payable	664	1,266
Total current liabilities	32,839	37,088
Long-term liabilities		
Long-term debt, less current maturities	6,717	6,751
Deferred compensation liabilities	4,199	3,883
Deferred tax liabilities	1,052	1,435
Operating lease liabilities long-term	11,214	—
Other long-term liabilities	575	1,347
Total long-term liabilities	23,757	13,416
Stockholders' equity		
Common stock, \$.01 par value, authorized 50,000 shares; 8,048 issued and outstanding January 31, 2020 and 7,854 issued and outstanding January 31, 2019	80	79
Additional paid-in capital	60,024	58,793
Accumulated deficit	(715)	(4,291)
Accumulated other comprehensive loss	(3,760)	(2,880)
Total stockholders' equity	55,629	51,701
Total liabilities and stockholders' equity	\$ 112,225	\$ 102,205

See accompanying Notes to Consolidated Financial Statements.

PERMA-PIPE INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<i>(In thousands, except share data)</i>	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comp. Loss	Total Stockholders' Equity
Total stockholders' equity on January 31, 2018	\$ 77	\$ 56,304	\$ -	\$ (3,103)	\$ (1,466)	\$ 51,812
Beginning retained earnings revision				(638)		(638)
Revised stockholders' equity on January 31, 2018	\$ 77	\$ 56,304	\$ -	\$ (3,741)	\$ (1,466)	\$ 51,174
Net loss				(550)		(550)
Common stock issued under stock plans, net of shares used for tax withholding	2	1,324				1,326
Stock-based compensation expense		1,165				1,165
Pension liability adjustment					(341)	(341)
Foreign currency translation adjustment					(1,170)	(1,170)
Tax expense on above items					97	97
Total stockholders' equity on January 31, 2019	\$ 79	\$ 58,793	\$ -	\$ (4,291)	\$ (2,880)	\$ 51,701
Net income				3,576		3,576
Common stock issued under stock plans, net of shares used for tax withholding	1	220				221
Stock-based compensation expense		1,011				1,011
Pension liability adjustment					(439)	(439)
Foreign currency translation adjustment					(441)	(441)
Tax expense on above items					-	-
Total stockholders' equity on January 31, 2020	\$ 80	\$ 60,024	\$ -	\$ (715)	\$ (3,760)	\$ 55,629
Common stock shares					2019	2018
Balance beginning of year					7,854,322	7,716,542
Shares issued					193,684	137,780
Balance end of year					8,048,006	7,854,322

See accompanying Notes to Consolidated Financial Statements.

PERMA-PIPE INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year ended January 31,	
	2020	2019
Operating activities		
Net income/(loss)	\$ 3,576	\$ (550)
Adjustments to reconcile net income/(loss) to net cash flows provided by operating activities		
Depreciation and amortization	4,437	4,575
Deferred tax (benefit)/expense	(213)	215
Stock-based compensation expense	1,011	1,165
Provision on uncollectible accounts	101	71
Loss on disposal of fixed assets	318	46
Changes in operating assets and liabilities		
Accounts payable	(2,609)	(3,576)
Accrued compensation and payroll taxes	(576)	1,226
Inventories	(2,225)	4,360
Customers' deposits	(1,507)	(1,517)
Income taxes receivable and payable	(668)	35
Prepaid expenses and other current assets	1,749	(700)
Accounts receivable	1,749	(354)
Costs and estimated earnings in excess of billings on uncompleted contracts	(910)	(547)
Other assets and liabilities	(143)	529
Net cash provided by operating activities	4,090	4,978
Investing activities		
Capital expenditures	(1,902)	(1,361)
Net cash used in investing activities	(1,902)	(1,361)
Financing activities		
Proceeds from revolving lines	73,225	64,736
Payments of debt on revolving lines	(72,973)	(62,759)
Debt issuance costs	-	(946)
Payments of other debt	(358)	(350)
Increase (decrease) in drafts payable	(129)	192
Payments on finance lease obligations	(287)	(250)
Stock options exercised and taxes paid related to restricted shares vested	221	511
Net cash (used in)/provided by financing activities	(301)	1,134
Effect of exchange rate changes on cash, cash equivalents and restricted cash	34	(335)
Net increase in cash, cash equivalents and restricted cash	1,921	4,416
Cash, cash equivalents and restricted cash - beginning of period	12,737	8,321
Cash, cash equivalents and restricted cash - end of period	\$ 14,658	\$ 12,737
Supplemental cash flow information		
Interest paid	\$ 902	\$ 1,298
Income taxes paid	2,107	1,731
Fixed assets acquired under finance leases - non-cash	848	-

See accompanying Notes to Consolidated Financial Statements.

PERMA-PIPE INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED January 31, 2020 and 2019
(Tabular dollars in thousands, except per share data)

Note 1 - Business information

Perma-Pipe International Holdings, Inc. ("PPIH", the "Company", or the "Registrant") was incorporated in Delaware on October 12, 1993. The Company is engaged in the manufacture and sale of products in one distinct segment: Piping Systems.

Fiscal year. The Company's fiscal year ends on January 31. Years, results and balances described as 2019 and 2018 are the fiscal years ended January 31, 2020 and 2019, respectively.

Nature of business. The Company engineers, designs, manufactures and sells specialty piping systems, and leak detection systems. Specialty piping systems include: (i) insulated and jacketed district heating and cooling ("DHC") piping systems for efficient energy distribution from central energy plants to multiple locations, (ii) primary and secondary containment piping systems for transporting chemicals, hazardous fluids and petroleum products, and (iii) the coating and/or insulation of oil and gas gathering and transmission pipelines. The Company's leak detection systems are sold with its piping systems or on a stand-alone basis, to monitor areas where fluid intrusion may contaminate the environment, endanger personal safety, cause a fire hazard, impair essential services or damage equipment or property.

Geographic information. Net sales attributed to a geographic area are based on the destination of the product shipment. Sales to foreign customers were 55.4% in 2019 compared to 61.0% in 2018. Long-lived assets are based on the physical location of the assets and consist of property, plant and equipment used in the generation of revenues in the geographic area.

<i>(In thousands)</i>	2019	2018
Net sales		
United States	\$ 56,702	\$ 50,319
Canada	22,203	34,789
Middle East	26,505	35,117
Europe	17,462	1,029
India	4,180	3,755
Other	611	3,956
Total net sales	\$ 127,663	\$ 128,965
Property, plant and equipment, net of accumulated depreciation		
United States	\$ 9,063	\$ 10,279
Canada	11,554	11,862
Middle East	7,815	8,103
India	197	154
Total	\$ 28,629	\$ 30,398

Note 2 - Significant accounting policies

Use of estimates. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition. During 2019 and 2018 and in accordance with Accounting Standards Update No. 2014-19, "Revenue from Contracts with Customers" ("ASC 606"), the Company recognizes revenue when a customer obtains control of promised goods or services. See Note 5 - Revenue Recognition for more detail.

• **Percentage of completion revenue recognition.** Certain domestic divisions have contracts that recognize revenues using periodic recognition of income. For these contracts, the Company uses the "percentage of completion" accounting method. Under this approach, income is recognized in each reporting period based on the status of the uncompleted contracts and the current estimates of costs to complete. The choice of accounting method is made at the time the contract is received based on the expected length and complexity of the project. The percentage of completion is determined by the relationship of costs incurred to the total estimated costs of the contract. Provisions are made for estimated losses on uncompleted contracts in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income. Such revisions are recognized in the period in which they are determined. Claims for additional compensation due to the Company are recognized in contract revenues when realization is probable and the amount can be reliably estimated.

Shipping and handling. Shipping and handling costs are included in cost of sales, and the amounts invoiced to customers relating to shipping and handling are included in net sales.

Sales tax. Sales tax is reported on a net basis in the consolidated financial statements.

Operating cycle. The length of contracts vary, but are typically less than one year. The Company includes in current assets and liabilities amounts realizable and payable in the normal course of contract completion unless completion of such contracts extends significantly beyond one year.

Consolidation. The consolidated financial statements include the accounts of the Company and its domestic and foreign subsidiaries, all of which are wholly owned. All intercompany balances and transactions have been eliminated.

Translation of foreign currency. Assets and liabilities of consolidated foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at year-end. Revenues and expenses are translated at average weighted exchange rates prevailing during the year. Gains or losses on foreign currency transactions and the related tax effects are reflected in net income. The resulting translation adjustments are included in stockholders' equity as part of accumulated other comprehensive income (loss). The aggregated foreign exchange transaction gain recognized in the income statement was \$0.4 million in 2019 as compared to a loss of \$0.1 million recognized in 2018.

Contingencies. The Company is subject to various legal proceedings and claims that arise in the ordinary course of business, including those involving environmental, tax, product liability and general liability claims. The Company accrues for such liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date, the Company's estimates of the outcomes of these matters, and its experience in contesting, litigating and settling other similar matters. The Company does not currently anticipate the amount of any ultimate liability with respect to these matters will materially affect the Company's financial position, liquidity or future operations.

Cash and cash equivalents. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Cash and cash equivalents were \$13.4 million and \$10.2 million as of January 31, 2020 and 2019, respectively. On January 31, 2020, \$0.3 million was held in the U.S. and \$13.1 million was held by foreign subsidiaries. On January 31, 2019, \$0.1 million was held in the U.S. and \$10.1 million was held by foreign subsidiaries.

Accounts payable included drafts payable of \$0.1 million and less than \$0.2 million on January 31, 2020 and 2019, respectively.

Restricted cash. There was no restricted cash held in the U.S. on January 31, 2020. Restricted cash held in the U.S. on January 31, 2019 was \$1.5 million, all of which was a cash collateral held by PNC Bank in relation to the Company's credit agreement. Restricted cash held by foreign subsidiaries was \$1.3 million and \$1.1 million as of January 31, 2020 and 2019, respectively. Restricted cash held by foreign subsidiaries related to fixed deposits that also serve as security deposits and guarantees.

(In thousands)

	2019	2018
Cash and cash equivalents	\$ 13,371	\$ 10,156
Restricted cash	1,287	2,581
Cash, cash equivalents and restricted cash shown in the statement of cash flows	\$ 14,658	\$ 12,737

Accounts receivable. The majority of the Company's accounts receivable are due from geographically dispersed contractors and manufacturing companies. Credit is extended based on an evaluation of a customer's financial condition, including the availability of credit insurance. In the U.S., collateral is not generally required. In the U.A.E. and Saudi Arabia, letters of credit are usually obtained for significant orders. Accounts receivable are due within various time periods specified in the terms applicable to the specific customer and are stated at amounts due from customers net of an allowance for claims and doubtful accounts. Standard payment terms are net 30 days. The allowance for doubtful accounts is based on specifically identified amounts in customers' accounts, where future collectability is deemed uncertain. Management may exercise its judgment in adjusting the provision as a consequence of known items, such as current economic factors and credit trends. Past due trade accounts receivable balances are written off when the Company's collection efforts have been unsuccessful in collecting the amount due and the amount is deemed uncollectible. The write off is recorded against the allowance for doubtful accounts.

One of the Company's accounts receivable in the total amount of \$4.7 million as of January 31, 2019 (inclusive of a retention receivable amount of \$3.6 million, of which \$2.1 million and \$3.5 million were included in the balance of other long-term assets in our consolidated balance sheets as of January 31, 2020 and January 31, 2019, due to the long-term nature of the receivables) has been outstanding for several years. The Company completed all of its deliverables in 2015, and has been engaged in ongoing active efforts to collect this outstanding amount. During 2019, the Company received payments of approximately \$0.5 million, which reduced the balance of this receivable to \$4.1 million as of January 31, 2020. Subsequent to January 31, 2020, the Company has certified invoices of \$0.5 million in the process of collection. As a result, the Company did not reserve any allowance against this receivable as of January 31, 2020. The Company continues to engage with the customer to ensure full payment of open balances, and has also received an updated acknowledgment of the outstanding balances and assurances of payment from the customer. However, if the Company's efforts to collect on this account are not successful in 2020, then the Company may recognize an allowance for all, or substantially all, of any such then uncollected amounts.

For the year ended January 31, 2020, one customer accounted for 11.5% of the Company's consolidated net sales and for the year ended January 31, 2019, no one customer accounted for more than 10% of the Company's consolidated net sales.

As of January 31, 2020 and 2019, one customer accounted for 13.3% and three customers accounted for 42.0% of accounts receivable, respectively.

Concentration of credit risk. The Company maintains its U.S. cash in bank deposit accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). Cash balances are below FDIC limits. The Company has not experienced any losses in such accounts.

The Company has a broad customer base doing business in all regions of the U.S. as well as other areas in the world.

Accumulated other comprehensive loss. Accumulated other comprehensive loss represents the change in equity from non-owner transactions and consisted of foreign currency translation, minimum pension liability and marketable securities.

(In thousands)	2019	2018
Equity adjustment foreign currency, gross	\$ (1,879)	\$ (1,438)
Minimum pension liability, gross	(2,087)	(1,648)
Subtotal excluding tax effect	(3,966)	(3,086)
Tax effect of equity adjustment foreign currency	91	91
Tax effect of minimum pension liability	115	115
Total accumulated other comprehensive loss	\$ (3,760)	\$ (2,880)

Inventories. Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method for all inventories.

(In thousands)	2019	2018
Raw materials	\$ 13,859	\$ 11,962
Work in process	592	488
Finished goods	798	731
Subtotal	15,249	13,181
Less allowance	751	892
Inventories	\$ 14,498	\$ 12,289

Long-lived assets. Property, plant and equipment are stated at cost. Interest is capitalized in connection with the construction of facilities and amortized over the asset's estimated useful life. Long-lived assets are reviewed for possible impairment whenever events indicate that the carrying amount of such assets may not be recoverable. If such a review indicates impairment, the carrying amount of such assets is reduced to an estimated fair value.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to 30 years. Leasehold improvements are depreciated over the remaining life of the lease or its useful life, whichever is shorter. Amortization of assets under capital leases is included in depreciation. Depreciation expense was approximately \$4.4 million in 2019 and \$4.5 million in 2018.

(In thousands)	2019	2018
Land, buildings and improvements	\$ 22,328	\$ 22,327
Machinery and equipment	47,409	47,168
Furniture, office equipment and computer systems	4,317	4,335
Transportation equipment	3,762	3,311
Subtotal	77,816	77,141
Less accumulated depreciation	49,187	46,743
Property, plant and equipment, net of accumulated depreciation	\$ 28,629	\$ 30,398

Impairment of long-lived assets. The Company evaluates long-lived assets (including intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. A factor considered important that could trigger an impairment review includes a year-to-date loss from operations. The Company reported income from operations in 2019 and 2018. An asset is considered impaired if its carrying amount exceeds the undiscounted future net cash flow the asset is expected to generate. Based on the Company's review of the projected cash flows over the remaining useful lives of the assets, management determined that there was no impairment of long-lived assets as of January 31, 2019. Since there was no triggering event in 2019, management determined that there was no impairment of long-lived assets as of January 31, 2020.

Goodwill. The purchase price of an acquired company is allocated between intangible assets and the net tangible assets of the acquired business with the residual of the purchase price recorded as goodwill. All identifiable goodwill as of January 31, 2020 and 2019, is attributable to the purchase of Perma-Pipe Canada, Ltd. ("PPC").

(In thousands)	January 31, 2019	Foreign exchange change effect	January 31, 2020
Goodwill	\$ 2,269	\$ (15)	\$ 2,254

The Company performs an impairment assessment of goodwill annually as of January 31, or more frequently if triggering events occur, based on the estimated fair value of the related reporting unit. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. There was no impairment to goodwill during 2019 or 2018.

Other intangible assets with definite lives. The Company owns several patents including those covering features of its piping and electronic leak detection systems. Patents are capitalized and amortized on a straight-line basis over a period not to exceed the legal lives of the patents. The Company expenses costs incurred to renew or extend the term of intangible assets. Gross patents were \$2.7 million and \$2.6 million as of January 31, 2020 and 2019, respectively. Accumulated amortization was approximately \$2.5 million as of January 31, 2020 and 2019. Future amortization over the next five years ending January 31 will be less than \$0.1 million in the years 2020 to 2024 and less than \$0.1 million thereafter. Amortization expense is expected to be recognized over the weighted-average period of 4.3 years.

Research and development. Research and development expenses consist of materials, salaries and related expenses of engineering personnel and outside services for product development projects. Research and development costs are expensed as incurred. Research and development expense was approximately \$0.3 million and \$0.2 million in 2019 and 2018, respectively.

Income taxes. Deferred income taxes have been provided for temporary differences arising from differences in the basis of assets and liabilities for tax and financial reporting purposes. Deferred income taxes on temporary differences have been recorded at the current tax rate. The Company assesses its deferred tax assets and liabilities for realizability at each reporting period.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. For further information, see Note 8 - Income taxes in the Notes to Consolidated Financial Statements.

Net income/(loss) per common share. Earnings per share ("EPS") is computed by dividing net income/(loss) by the weighted average number of common shares outstanding (basic). The Company reported net income 2019 and a net loss in 2018. Therefore, the Company adjusted for dilutive shares in 2019, while in 2018 the diluted loss per share was identical to the basic loss per share rather than assuming conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect on earnings per share. The dilutive shares are in the following table:

Basic weighted average number of common shares outstanding (in thousands)	2019	2018
Basic weighted average number of common shares outstanding	7,989	7,812
Dilutive effect of stock options and restricted stock units	295	—
Weighted average number of common shares outstanding assuming full dilution	8,284	7,812
Restricted Stock and Stock options not included in the computation of diluted EPS of common stock because the option exercise prices exceeded the average market prices	61	82
Canceled options during the year	(33)	(63)
Restricted Stock and Stock options with an exercise price below the average stock price	295	136

Equity-based compensation. The Company issues various types of stock-based awards to employees and directors: restricted stock, deferred stock and stock options. Non-cash compensation expense associated with restricted stock is based on the fair value of the common stock at the date of grant, and amortized using the straight line method over the vesting period. Compensation expense associated with deferred stock which is awarded to the Board of Directors (non-employee) is based upon the fair value of the common stock at the date of grant, and since the grant vests immediately it is expensed on the date of the grant. Stock compensation expense for stock options is recognized ratably over the requisite service period of the award. The Black-Scholes option-pricing model is utilized to estimate the fair value of option awards.

Segments. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker ("CODM") in making decisions regarding resource allocation and assessing performance. The Company's Chief Executive Officer is the CODM, and he uses a combination of several management reports, including the Company's financial information in determining how to allocate resources and assess performance. The Company has determined that it operates in one segment.

Fair value of financial instruments. The carrying values of cash and cash equivalents, accounts receivable and accounts payable are reasonable estimates of their fair value due to their short-term nature. The carrying amount of the Company's short-term debt, revolving line of credit and long-term debt approximate fair value because the majority of the amounts outstanding accrue interest at variable market rates.

Recent accounting pronouncements. In February 2016, the FASB issued Accounting Standard Update ("ASU") 2016-02, *Leases* (Topic 842). This ASU requires entities to recognize assets and liabilities for most leases on their balance sheets. It also requires additional qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. ASU No. 2016-02 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The adoption of this ASU using the alternative transition approach resulted in the recognition of operating lease right-of-use ("ROU") assets, net of deferred rent of \$10.7 million and lease liability for operating leases of \$11.0 million as of February 1, 2019. The Company accounts for existing finance lease assets and liabilities in the same way under the new standard. Adoption of this ASU did not have an effect on retained earnings. The Company availed itself of the practical expedients provided under this ASU and its subsequent amendments regarding identification of leases, lease classification, indirect costs and the combination of lease and non-lease components. The Company continues to account for leases in the prior period financial statements under ASC Topic 840.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments. The new guidance affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. A recently adopted amendment has delayed the effective date until fiscal years beginning after December 15, 2022. The Company is currently evaluating this standard and the impact to the financial statements of the Company.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which permits entities to reclassify the disproportionate income tax effects of the Tax Act on items within accumulated other comprehensive income/(loss) to reinvested earnings. These disproportionate income tax effect items are referred to as "stranded tax effects." The amendments in this update only relate to the reclassification of the income tax effects of the Tax Reform Act. Other accounting guidance that requires the effect of changes in tax laws or rates to be included in net income from continuing operations is not affected by this update. The Company adopted ASU 2018-02 effective February 1, 2019 and has elected to not reclassify any amounts to retained earnings. Under the Company's existing policy, any existing stranded tax effects will be eliminated when the underlying circumstances upon which it was premised cease to exist.

The Company evaluated other recent accounting pronouncements and does not expect them to have a material impact on its consolidated financial statements.

Note 3 - Correction of immaterial errors

In the fourth quarter of 2019, management discovered prior period errors that accumulated over several years relating to accounting for leases with escalation clauses. The cumulative adjustment for the errors covering the period from February 1, 2018 to January 31, 2020 was approximately \$0.6 million. The adjustment applicable to the beginning retained earnings as February 1, 2018 was approximately \$0.6 million and the adjustment to the consolidated statement of operations for the year ended January 31, 2019 was less than \$0.1 million.

Pursuant to the guidance of Staff Accounting Bulletin ("SAB") No. 99, *Materiality*, the Company concluded that the errors were not material to any of its prior period financial statements. Although the errors were immaterial to prior periods, the prior period financial statements were revised, in accordance with SAB No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, due to the significance of the out-of-period correction.

A reconciliation of the effects of the adjustments to the previously reported balance sheet at January 31, 2019 follows:

<i>(In thousands)</i>	As Reported	Adjustment	Revised
Other long-term liabilities	\$ 688	\$ 659	\$ 1,347
Total long-term liabilities	12,757	659	13,416
Accumulated deficit	(3,632)	(659)	(4,291)
Total stockholders' equity	52,360	(659)	51,701

A reconciliation of the effects of the adjustments to the previously reported statement of operations for the year ended January 31, 2019 follows:

<i>(In thousands)</i>	As Reported	Adjustment	Revised
Cost of Sales	\$ 105,626	\$ 21	\$ 105,647
Gross profit	23,339	(21)	23,318
Income from operations	2,743	(21)	2,722
Income from operations before income taxes	1,621	(21)	1,600
Net loss	(529)	(21)	(550)

A reconciliation of the effects of the adjustments to the previously reported statement of comprehensive loss for the year ended January 31, 2019 follows:

<i>(In thousands)</i>	As Reported	Adjustment	Revised
Net loss	\$ (529)	\$ (21)	\$ (550)
Comprehensive loss	(1,943)	(21)	(1,964)

A reconciliation of the effects of the adjustments to the previously reported statement of cash flows for the year ended January 31, 2019 follows:

<i>(In thousands)</i>	As Reported	Adjustment	Revised
Net loss	\$ (529)	\$ (21)	\$ (550)
Other assets and liabilities	508	21	529

A reconciliation of the effects of the adjustments to the previously reported statement of stockholders' equity for the year ended January 31, 2019 follows:

<i>(In thousands)</i>	As Reported	Adjustment	Revised
Net loss	\$ (529)	\$ (21)	\$ (550)
Accumulated deficit	(3,632)	(659)	(4,291)
Stockholders' equity	52,360	(659)	51,701

A reconciliation of the effects of the adjustments to the previously reported statement of stockholders' equity for the year ended January 31, 2018 follows:

<i>(In thousands)</i>	As Reported	Adjustment	Revised
Accumulated deficit	\$ (3,103)	\$ (638)	\$ (3,741)
Stockholders' equity	51,812	(638)	51,174

Note 4 - Retention

A retention receivable is a portion of an outstanding receivable balance amount withheld by a customer until a contract is fully completed as specified in the contractual agreement. Retention receivables of \$4.0 million and \$1.7 million were included in the balance of trade accounts receivable as of January 31, 2020 and 2019, respectively. A retention receivable of \$2.3 million and \$4.3 million was included in the balance of other long-term assets as of January 31, 2020 and 2019 due to the long-term nature of the receivables. See Note 2 - Accounts receivable for further information regarding the future realization of these long-term balances.

Note 5 - Revenue recognition

On February 1, 2018, the Company adopted Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers," ("Topic 606"), using the modified retrospective method applied to contracts that were not completed as of that date. Under this methodology the effect, if any, of initially applying the new revenue standard was to be recorded as an adjustment to the opening balance of retained earnings, while periods prior to the adoption date were not to be adjusted and continue to be reported in accordance with the accounting policies in effect for those periods.

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The Company conducted a complete and thorough analysis of each single element of the five-step model of Topic 606 and concluded that there was no material impact to the Company as a result of the adoption of the new standard. As such, the Company was not required to make a cumulative adjustment to the opening balances of retained earnings, contract assets or contract liabilities upon its initial application of the new revenue standard.

Revenue from contracts with customers:

The Company defines a contract as an agreement that has approval and commitment from both parties, defined rights and identifiable payment terms, which ensures the contract has commercial substance and that collectability is reasonably assured.

The Company's standard revenue transactions are classified in to two main categories:

- 1) Systems - which include all bundled products in which Perma-Pipe designs, engineers, and manufactures pre-insulated specialty piping systems, insulates subsea flowline pipe, subsea oil production equipment, and land-lines. Additionally, this systems classification also includes coating applied to pipes and structures.
- 2) Products - which include cables, leak detection products, heat trace products sold under the PermAlert brand name, material/goods not bundled with piping or flowline systems, and field services not bundled into a project contract.

In accordance with ASC 606-10-25-27 through 29, the Company recognizes specialty piping and coating systems revenue over time as the manufacturing process progresses because one of the following conditions exist:

- 1) the customer owns the material that is being insulated or coated, so the customer controls the asset and thus the work-in-process; or
- 2) the customer controls the work-in-process due to the custom nature of the pre-insulated, fabricated system being manufactured as evidenced by the Company's right to payment for work performed to date plus seller's profit margin for products that have no alternative use for the Company.

Products revenue is recognized when goods are shipped or services are performed (ASC 606-10-25-30).

A breakdown of the Company's revenues by revenue class for 2019 and 2018 are as follows:

	2019		2018	
	Sales	% to Total	Sales	% to Total
Products	\$ 15,991	12%	\$ 13,576	11%
Specialty Piping Systems and Coating				
Revenue recognized under input method	48,415	38%	40,525	31%
Revenue recognized under output method	63,257	50%	74,864	58%
Total	\$ 127,663	100%	\$ 128,965	100%

The input method as noted in ASC 606-10-55-20 is used by the U.S. operating entities to measure revenue by the costs incurred to date relative to the estimated costs to satisfy the contract using the percentage-of-completion method. Generally, these contracts are considered a single performance obligation satisfied over time and due to the custom nature of the goods and services, the percentage-of-completion method is the most faithful depiction of the Company's performance as it measures the value of the goods and services transferred to the customer. Costs include all material, labor, and direct costs incurred to satisfy the performance obligations of the contract. Revenue recognition begins when projects costs are incurred.

The output method as noted in ASC 606-10-55-17 is used by all other operating entities to measure revenue by the direct measurement of the outputs produced relative to the remaining goods promised under the contract. Due to the types of end customers, generally these contracts require formal inspection protocols or specific export documentation for units produced, or produced and shipped, therefore, the output method is the most faithful depiction of the Company's performance. Depending on the conditions of the contract, revenue may be recognized based on units produced, inspected and held by the Company prior to shipment or on units produced, inspected and shipped.

Some of the Company's operating entities invoice and collect milestones or other contractual obligations prior to the transfer of goods and services, but does not recognize revenue until the performance obligations are satisfied under the methods discussed above.

Contract modifications that occur prior to the start of the manufacturing process will supersede the original contract and revenue is recognized using the modified contract value. Contract modifications that occur during the manufacturing process (changes in scope of work, job performance, material costs, and/or final contract settlements) are recognized in the period in which the revisions are known. Provisions for losses on uncompleted contracts are made in contract liabilities account in the period such losses are identified.

Contract assets and liabilities:

Contract assets represent revenue recognized in excess of amounts billed (unbilled receivables) for contract work in progress for which the Company has a valid contract and an enforceable right to payment for work completed. Contract liabilities represent billings in excess of costs (unearned revenue) for contract work in progress for which the Company has a valid contract and an enforceable right to payment for work completed. Both customer billings and the satisfaction (or

partial satisfaction) of the performance obligation(s) occur throughout the manufacturing process and impacts the period end balances in these accounts.

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The Company anticipates that substantially all costs incurred for uncompleted contracts as of January 31, 2020 will be billed and collected within one year.

The following tables set forth the changes in the Company's contract assets and liabilities for the periods indicated. The Company expects to recognize the remaining balances as of January 31, 2020 within one year.

	Contract Assets
Balance January 31, 2018	\$ 1,502
Costs and gross profit recognized during the period for uncompleted contracts from the prior period	(6,458)
Costs and deferred gross profit incurred on uncompleted contracts not billed at the end of the current period	6,609
Balance January 31, 2019	\$ 1,653
Costs and gross profit recognized during the period for uncompleted contracts from the prior period	(6,697)
Costs and deferred gross profit incurred on uncompleted contracts not billed at the end of the current period	7,210
Closing Balance at January 31, 2020	\$ 2,166

	Contract Liabilities
Balance January 31, 2018	\$ 1,967
Revenue recognized during the period for uncompleted contracts from the prior period	(3,222)
New contracts entered into that are uncompleted at the end of the current period	2,824
Balance January 31, 2019	\$ 1,569
Revenue recognized during the period for uncompleted contracts from the prior period	(3,276)
New contracts entered into that are uncompleted at the end of the current period	2,880
Closing Balance at January 31, 2020	\$ 1,173

The following table shows the reconciliation of the cost in excess of billings:

<i>(In thousands)</i>	2019	2018
Costs incurred on uncompleted contracts	\$ 15,553	\$ 12,348
Estimated earnings	8,641	7,430
Earned revenue	24,194	19,778
Less billings to date	23,201	19,694
Costs in excess of billings, net	\$ 993	\$ 84
Balance sheet classification		
Contract assets: Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 2,166	\$ 1,653
Contract liabilities: Billings in excess of costs and estimated earnings on uncompleted contracts	(1,173)	(1,569)
Costs in excess of billings, net	\$ 993	\$ 84

Practical expedients:

Costs to obtain a contract are not considered project costs as they are not usually incremental, nor does job duration span more than one year. The Company applies practical expedient for these types of costs and as such are expensed in the period incurred.

As the Company's contracts are less than one year, the Company has applied the practical expedient regarding disclosure of the aggregate amount and future timing of performance obligations that are unsatisfied or partially satisfied as of the end of the reporting period.

Note 6 - Debt
(In thousands)

	2019	2018
Revolving line - North America	\$ 8,577	\$ 8,890
Mortgage notes	6,568	6,961
Revolving lines - foreign	691	84
Finance lease obligations	1,094	536
Total debt	16,930	16,471
Unamortized debt issuance costs	(169)	(181)
Less current maturities	10,044	9,539
Total long-term debt	\$ 6,717	\$ 6,751
Current portion of long-term debt	\$ 10,044	\$ 9,539
Unamortized debt issuance costs	(9)	(9)
Total short-term debt	\$ 10,035	\$ 9,530

The following table summarizes the Company's scheduled maturities on January 31:

<i>(In thousands)</i>	Total	2021	2022	2023	2024	2025	Thereafter
Revolving line - North America	\$ 8,577	\$ 8,577	\$ —	\$ —	\$ —	\$ —	\$ —
Mortgages	6,568	360	364	370	376	383	4,715
Revolving lines - foreign	691	691	—	—	—	—	—
Finance lease obligations	1,094	416	290	247	141	—	—
Total	\$ 16,930	\$ 10,044	\$ 654	\$ 617	\$ 517	\$ 383	\$ 4,715

Revolving line - North America. On September 20, 2018, the Company and certain of its U.S. and Canadian subsidiaries (collectively, together with the Company, the “North American Loan Parties”) entered into a new Revolving Credit and Security Agreement (the “Credit Agreement”) with PNC Bank, National Association, as administrative agent and lender (“PNC”), providing for a new three-year \$18 million Senior Secured Revolving Credit Facility, subject to a borrowing base including various reserves (the “Senior Credit Facility”). The Senior Credit Facility replaced the Company’s then existing \$15 million Credit and Security Agreement, dated September 24, 2014, among various subsidiaries of the Company and Bank of Montreal, as successor by assignment to BMO Harris Bank N.A., as amended (the “Prior Credit Agreement”).

The Company initially used borrowings under the new Senior Credit Facility to pay off outstanding amounts under the Prior Credit Agreement (which totaled approximately USD \$3,773,823 plus CAD 4,794,528) and cash collateralize a letter of credit (USD \$154,500). The Company has used proceeds from the new Senior Credit Facility for on-going working capital needs, and expects to continue using this facility to fund future capital expenditures, working capital needs and other corporate purposes. Borrowings under the Senior Credit Facility bear interest at a rate equal to an alternate base rate or LIBOR, plus, in each case, an applicable margin. The applicable margin is based on average quarterly undrawn availability with respect to the Senior Credit Facility. Interest on alternate base rate borrowings are generally payable monthly in arrears and interest on LIBOR borrowings are generally payable in arrears on the last day of each interest period. Additionally, the Company is required to pay a 0.375% per annum facility fee on the unused portion of the Senior Credit Facility. The facility fee is payable quarterly in arrears.

Subject to certain exceptions, borrowings under the Senior Credit Facility are secured by substantially all of the assets of the Company and certain of its North American subsidiaries. The North American Loan Parties’ obligations under the Senior Credit Facility are guaranteed by Perma-Pipe Canada, Inc. The Senior Credit Facility will mature on September 20, 2021. Subject to certain qualifications and exceptions, the Senior Credit Facility contains covenants that, among other things, restrict the North American Loan Parties’ ability to create liens, merge or consolidate, consummate acquisitions, make investments, dispose of assets, incur debt, and pay dividends and other distributions. In addition, the North American Loan Parties cannot allow capital expenditures to exceed \$3 million annually (plus a limited carryover of unused amounts).

The Senior Credit Facility also contains financial covenants requiring (i) the North America Loan Parties to achieve EBITDA of at least \$2,462,000 for the period from August 1, 2018 through January 31, 2019; (ii) the North America Loan Parties to achieve a ratio of its EBITDA (with certain additional adjustments) to the sum of scheduled cash principal payments on indebtedness for borrowed money and interest payments on the advances under the Senior Credit Facility (excluding from the calculation items related to the financial performance of the Company’s foreign subsidiaries not party to the Credit Agreement) to be not less than 1.10 to 1.00 for the nine-month period ending April 30, 2019 and for the quarter ending July 31, 2019 and each quarter end thereafter on a trailing four-quarter basis; and (iii) the Company and its subsidiaries (including the Company’s foreign subsidiaries not party to the Credit Agreement) to achieve a ratio of its EBITDA (with certain additional adjustments) to the sum of scheduled cash principal payments on indebtedness for borrowed money and interest payments on the advances under the Senior Credit Facility of not less than 1.10 to 1.00 for the nine-month period ending October 31, 2018 and for the quarter ending January 31, 2019 and each quarter end thereafter on a trailing four-quarter basis. The Company was in compliance with these covenants as of January 31, 2020.

As of January 31, 2020, the Company had borrowed an aggregate of \$8.6 million at a weighted average interest rate of 6.04%, and had \$3.4 million available under the Senior Credit Facility.

Revolving lines - foreign. The Company also has credit arrangements used by its Middle Eastern subsidiaries in the U.A.E. These credit arrangements are in the form of overdraft facilities and project financing at rates competitive in the countries in which the Company operates. The lines are secured by certain equipment, certain assets (such as accounts receivable and inventory), and a guarantee by the Company. Some credit arrangement covenants require a minimum tangible net worth to be maintained, including maintaining certain levels of intercompany subordinated debt. In addition, some of the revolving credit facilities restrict payment of dividends or undertaking of additional debt. In November 2019, the Company's Egyptian subsidiary entered into credit arrangement with a bank in Egypt for a revolving line of 200.0 million Egyptian Pounds (approximately USD \$12.6 million at January 31, 2020). This credit arrangement is in the form of project financing at rates competitive in Egypt. The line is secured by certain assets (such as accounts receivable). Among other covenants, the credit arrangement establishes a maximum leverage ratio allowable and restricts the ability to undertake any additional debt. On January 31, 2020, the Company was in compliance with the covenants under these credit arrangements. On January 31, 2020, interest rates were based on the EIBOR plus 3.5% per annum, with a minimum interest rate of 4.5% per annum for the U.A.E. credit arrangements and based on the CBE corridor rate plus 1.5% per annum for the Egypt credit arrangement. On January 31, 2020, the Company's interest rates ranged from 5.4% to 16.3%, with a weighted average rate of 5.9%, and the Company could borrow \$21.6 million under these credit arrangements. On January 31, 2020, \$4.2 million of availability was used to support letters of credit to guarantee amounts committed for inventory purchases and for performance guarantees. On January 31, 2020, the Company had borrowed \$0.7 million, and had an additional \$16.8 million available. The foreign revolving lines balances as of January 31, 2020 and 2019, were included as current maturities of long-term debt in the Company's consolidated balance sheets.

The Company had a revolving line for 8.0 million Dirhams (approximately USD \$2.2 million at January 31, 2020) from a bank in the U.A.E. The loan had an interest rate of approximately 5.4% and expired on March 31, 2019. The loan was renewed until November 2020 under the same terms.

The Company has a revolving line for 25.0 million Dirhams (approximately USD \$6.8 million at January 31, 2020) from a bank in the U.A.E. The loan had an interest rate of approximately 5.9% and expired in July 2019. The loan was renewed until July 2020 under the same terms.

The Company's credit arrangements used by its Middle Eastern subsidiaries renew on an annual basis.

The Company has a revolving line for 200.0 million Egyptian Pounds (approximately USD \$12.6 million at January 31, 2020) from a bank in Egypt. The loan has an interest rate of approximately 16.3% and expires in June 2020.

The Company guarantees the subsidiaries' debt including all foreign debt.

Mortgages. On July 28, 2016, the Company borrowed CAD 8.0 million (approximately USD \$6.1 million at the prevailing exchange rate on the transaction date) from a bank in Canada under a mortgage note secured by the manufacturing facility located in Alberta, Canada that matures on December 23, 2042. The interest rate is variable, currently at 6.05%, with monthly payments of CAD 37 thousand (approximately USD \$28 thousand) for interest; and monthly payments of CAD 27 thousand (approximately USD \$21 thousand) for principal. Principal payments began January 2018.

On June 19, 2012, the Company borrowed \$1.8 million under a mortgage note secured by its manufacturing facility in Lebanon, Tennessee. The proceeds were used for payment of amounts borrowed. The loan bears interest at 4.5% with monthly payments of \$13 thousand for both principal and interest and matures July 1, 2027. On June 19, 2022, and on the same day of each year thereafter, the interest rate shall adjust to the prime rate, provided that the applicable interest rate shall not adjust more than 2.0% per annum and shall be subject to a ceiling of 18.0% and a floor of 4.5%.

Note 7 - Leases

Effective February 1, 2019, the Company accounts for its leases under ASC 842, *Leases*. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases, and are recorded on the consolidated balance sheet. Operating leases are included in operating lease right-of-use (“ROU”) assets, operating lease liabilities short-term, and operating lease liabilities long-term in the Company's consolidated balance sheets. Finance leases are included in property, plant and equipment, current maturities of long-term debt, and long-term debt less current maturities in the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the ROU asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the ROU asset result in straight-line rent expense over the lease term. For finance leases, interest on the lease liability and the amortization of the ROU asset results in front-loaded expense over the lease term. Variable lease expenses are recorded when incurred. ROU assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term.

As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment.

In calculating the ROU asset and lease liability, the Company elects to combine lease and non-lease components. The Company excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy election, and recognizes rent expense on a straight-line basis over the lease term.

The Company continues to account for leases in the prior period financial statements under ASC Topic 840.

Finance Leases. In 2017, the Company obtained three finance leases for CAD 1.1 million (approximately USD \$0.8 million at the prevailing exchange rates on the transaction dates) to finance vehicle equipment. The interest rates for these finance leases range from 4.0% to 7.8% per annum with monthly principal and interest payments of less than \$0.1 million. These leases mature between April 2021 to September 2022.

In 2019, the Company obtained two finance leases for CAD 1.1 million (approximately USD \$0.8 million at the prevailing exchange rates on the transaction dates) to finance vehicle equipment. The interest rates for these finance leases were 8.0% per annum with monthly principal and interest payments of less than \$0.1 million. These leases mature in August 2023.

In August 2016, the Company obtained a finance lease for 0.6 million Indian Rupees (approximately USD \$8 thousand at the prevailing exchange rate on the transaction date) to finance vehicle equipment. The interest rate for this finance lease was 15.6% per annum with monthly principal and interest payments of less than USD \$1 thousand. This lease expired in July 2019.

The Company has several significant operating lease agreements, with lease terms of one to 14 years, which consist of real estate, vehicles and office equipment leases. These leases do not require any contingent rental payments, impose any financial restrictions or contain any residual value guarantees. Certain of the Company's leases include renewal options and escalation clauses; renewal options have not been included in the calculation of the lease liabilities and ROU assets as the Company is not reasonably certain to exercise the options. Variable expenses generally represent the Company's share of the landlord's operating expenses. The Company does not have any arrangements where it acts as a lessor, other than one sub-lease arrangement.

At January 31, 2020, the Company had operating lease liabilities of \$12.3 million and operating ROU assets of \$11.5 million, which are reflected in the consolidated balance sheet. At January 31, 2020, the Company also had finance lease liabilities of \$1.1 million included in current maturities of long-term debt and long-term debt less current maturities, and finance ROU assets of \$1.2 million which were included in property plant and equipment, net of accumulated depreciation in the consolidated balance sheet.

Supplemental balance sheet information related to leases follows:

Operating and Finance leases:	January 31, 2020
Finance leases assets:	
Property and Equipment - gross	\$ 1,696
Accumulated depreciation and amortization	(551)
Property and Equipment - net	\$ 1,145
Finance lease liabilities:	
Finance lease liability short-term	\$ 417
Finance lease liability long-term	677
Total finance lease liabilities	\$ 1,094
Operating lease assets:	
Operating lease ROU assets	\$ 11,475
Operating lease liabilities:	
Operating lease liability short-term	\$ 1,040

Operating lease liability long-term		11,214
Total operating lease liabilities	\$	12,254

Total lease costs consist of the following:

		Year Ended January 31, 2020
Lease costs	Consolidated Statements of Operations Classification	
Finance Lease Costs		
Amortization of ROU assets	Cost of sales	\$ 208
Interest on lease liabilities	Interest expense	58
Operating lease costs	Cost of sales, SG&A expenses	2,326
Short-term lease costs (1)	Cost of sales, SG&A expenses	425
Sub-lease income	SG&A expenses	(81)
Total Lease costs		\$ 2,936

(1) Includes variable lease costs, which are immaterial

Supplemental cash flow information related to leases is as follows:

	Year Ended January 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Financing cash flows from finance leases	\$ 287
Operating cash flows from finance leases	58
Operating cash flows from operating leases	2,287

	Three Months Ended January 31, 2020
ROU Assets obtained in exchange for new lease obligations:	
Finance leases liabilities	\$ -
Operating leases liabilities	94

Weighted-average lease terms discount rates are as follows:

	January 31, 2020
Weighted-average remaining lease terms (in years):	
Finance leases	3.0
Operating leases	8.5
Weighted-average discount rates:	
Finance leases	7.0%
Operating leases	8.2%

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On January 31, 2020, future minimum annual rental commitments under non-cancelable lease obligations were as follows:

Year:	Operating Leases	Finance Leases
For the year ended January 31, 2021	\$ 2,312	\$ 487
For the year ended January 31, 2022	2,315	331
For the year ended January 31, 2023	2,180	269
For the year ended January 31, 2024	2,012	145
For the year ended January 31, 2025	1,319	-
Thereafter	7,358	-
Total lease payments	17,496	1,232
Less: amount representing interest	(5,242)	(138)
Total lease liabilities at January 31, 2020	\$ 12,254	\$ 1,094

On January 31, 2019, under previous lease accounting guidance, future minimum annual rental commitments under non-cancelable lease obligations were as follows:

Year:	Operating Leases	Capital Leases
For the year ended January 31, 2020	\$ 2,516	\$ 241
For the year ended January 31, 2021	2,193	240
For the year ended January 31, 2022	2,149	82
For the year ended January 31, 2023	2,110	21
For the year ended January 31, 2024	1,979	-
Thereafter	8,997	-
Subtotal	19,944	584
Less Amount representing interest	-	(48)
Future minimum lease payments	\$ 19,944	\$ 536

Rental expense for operating leases was \$2.8 million and \$2.6 million in 2019 and 2018, respectively.

The Company has several significant operating lease agreements as follows:

- Office space of approximately 31,650 square feet in Niles, IL is leased until October 2023.
- Five acres of land in Louisiana is leased through March 2022.
- Twenty acres of land in Canada leased through December 2022.
- Nine acres of land in the Kingdom of Saudi Arabia is leased through April 2030.
- Production facilities in the U.A.E. of approximately 80,200 square feet on approximately 107,600 square feet of land is leased until June 2030.
- Office space of approximately 21,500 square feet and open land for production facilities of approximately 423,000 square feet in the U.A.E. is leased until July 2032.
- Production facilities in the U.A.E. of approximately 78,100 square feet is leased until December 2032.

Note 8 - Income taxes

<i>Income from continuing operations before income taxes (in thousands)</i>	2019	2018
Domestic	\$ 400	\$ (2,331)
Foreign	4,635	3,931
Total	\$ 5,035	\$ 1,600

<i>Components of income tax expense (in thousands)</i>	2019	2018
Current		
Federal	\$ 34	\$ 48
Foreign	1,455	1,695
State and other	181	196
Total current income tax expense	1,670	1,939
Deferred		
Federal	—	—
Foreign	(211)	211
State and other	—	—
Total deferred income tax expense/(benefit)	(211)	211
Total income tax expense	\$ 1,459	\$ 2,150

Repatriation of foreign earnings

As a result of the provisions from the U.S. Tax Cuts and Jobs Act of 2017 (“Tax Act”), the Company expects that future distributions from foreign subsidiaries will no longer be subject to incremental U.S. federal tax as they will either be remittances of previously taxed earnings and profits or eligible for a full dividends received deduction. Current and future earnings in the Company's subsidiaries in Canada and Egypt, are not permanently reinvested, and earnings in its Indian subsidiary are partially permanently reinvested. The earnings from these subsidiaries will be subject to tax in their local jurisdiction, and the impact of the India dividend distribution tax, Canadian withholding taxes and Egyptian withholding taxes will be considered. As such, the Company has accrued a liability of \$0.2 million in 2019 related to these taxes.

U.S. income and foreign withholding taxes have not been recognized on the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that is indefinitely reinvested outside the United States. The Company intends to permanently reinvest the undistributed earnings of its Middle Eastern subsidiaries. The Middle Eastern subsidiaries have unremitted earnings of \$26.8 million as of January 31, 2020, \$25 million of which has been subject to the transition tax in the U.S. Unremitted earnings of \$16.1 million in the United Arab Emirates would not be subject to withholding tax in the event of a distribution, \$10.7 million of unremitted earnings in Saudi Arabia would be subject to withholding tax of \$2.1 million, and the \$4.6 million of earnings permanently reinvested in India would be subject to dividend distribution tax of \$0.9 million. The Company has not recorded a deferred tax liability related to any financial reporting basis over tax basis related to the investment in these foreign subsidiaries as it is not practical to estimate.

The difference between the provision for income taxes and the amount computed by applying the U.S. Federal statutory rate of 21% was as follows:

<i>(In thousands)</i>	2019	2018
Tax expense at federal statutory rate	\$ 1,057	\$ 340
State expense, net of federal income tax effect	147	145
Deferred balance adjustment	(212)	—
Domestic valuation allowance	(337)	(2,612)
Domestic return to provision	(172)	2,617
Global Intangible Low Tax Income Inclusion	703	438
Permanent differences other	(5)	126
Valuation allowance for state NOLs	(2)	76
Differences in foreign tax rate	(79)	334
Foreign rate change	(63)	—
Deferred tax on unremitted earnings	183	413
Foreign withholding taxes	274	252
All other, net expense	(35)	21
Total income tax expense	\$ 1,459	\$ 2,150

The Company's worldwide effective tax rates ("ETR") were 29.0% and 134.4% in 2019 and 2018, respectively. The change in the ETR from the prior year to the current year was largely due to the overall increase in worldwide pre-tax book income in low tax and non-taxable jurisdictions. Additional factors included the Company's valuation allowance against its domestic deferred tax asset and the Company's change in the amounts of income in various jurisdictions between the years. The unusually large ETR incurred in 2018 was primarily due to the overall low pre-tax book income. Due to this, even relatively small changes to ordinary income have a large impact to the ETR. The \$2.6 million benefit related to the 2018 domestic return to provision was a result of finalizing the accounting for the tax effect of the Tax Act related to the one-time repatriation of foreign earnings, which was offset by a valuation allowance.

<i>Components of deferred income tax assets (in thousands)</i>	2019	2018
U.S. Federal NOL carryforward	\$ 7,209	\$ 7,480
Deferred compensation	401	382
Research tax credit	2,686	2,703
Foreign NOL carryforward	223	390
Foreign tax credit	2,580	2,305
Stock compensation	429	459
Other accruals not yet deducted	328	349
State NOL carryforward	2,567	2,552
Accrued commissions and incentives	354	643
Inventory valuation allowance	75	112
Other	132	159
Deferred tax assets, gross	16,984	17,534
Valuation allowance	(15,937)	(16,199)
Total deferred tax assets, net of valuation allowances	\$ 1,047	\$ 1,335
Components of the deferred income tax liability		
Depreciation	\$ (1,275)	\$ (1,734)
Foreign subsidiaries unremitted earnings	(470)	(498)
Prepaid	(61)	(80)
Total deferred tax liabilities	\$ (1,806)	\$ (2,312)
Deferred tax liability, net	\$ (759)	\$ (977)
Balance sheet classification		
Long-term assets	\$ 293	\$ 458
Long-term liability	(1,052)	(1,435)
Total deferred tax liabilities, net of valuation allowances	\$ (759)	\$ (977)

The Company has a gross U.S. Federal operating loss carryforward of \$33.8 million that will begin to expire in the year ending January 31, 2031.

The deferred tax asset ("DTA") for state net operating loss ("NOL") carryforwards of \$2.6 million relates to amounts that expire at various times from 2022 to 2031.

The Company has a DTA foreign NOL carryforward of \$0.2 million for its subsidiary in Saudi Arabia that can be carried forward indefinitely and does not have a valuation allowance recorded against it. The ultimate realization of this tax benefit is dependent upon the generation of sufficient operating income in the foreign tax jurisdictions.

The Company periodically reviews the adequacy of its valuation allowance in all of the tax jurisdictions in which it operates, evaluates future sources of taxable income and tax planning strategies and may make further adjustments based on management's outlook for continued profits in each jurisdiction.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the domestic cumulative loss incurred leading up to the period ended January 31, 2013. Such objective evidence limits the ability to consider other subjective evidence, such as our projections for future growth.

On the basis of this evaluation, as of December 31, 2013, a full valuation allowance was recorded against the domestic deferred tax assets as the Company has determined that they are not more likely than not to be realized based upon the available evidence. As of January 31, 2020, the Company has not released the valuation allowance as the objective negative evidence in the form of cumulative losses continues to exist. The amount of the domestic deferred tax assets considered realizable, however, could be increased if objective negative evidence in the form of cumulative losses is no longer present.

The Company has a deferred tax asset of \$2.6 million for U.S. foreign tax credits after considering the impact of the repatriated foreign earnings and the one-time transition tax. The foreign tax credit deferred tax asset is fully offset with a valuation allowance. The excess foreign tax credits are subject to a ten-year carryforward and will begin to expire in January 31, 2026.

The following table summarizes uncertain tax position ("UTP") activity, excluding the related accrual for interest and penalties:

<i>(In thousands)</i>	2019	2018
Balance at beginning of the year	\$ 1,447	\$ 1,301
Increases in positions taken in a prior period	(26)	9
Increases in positions taken in a current period	132	147
Decreases due to lapse of statute of limitations	(8)	(10)
Balance at end of the year	\$ 1,545	\$ 1,447

Included in the total UTP liability were estimated accrued interest and penalty of less than \$0.1 million in both January 31, 2020 and January 31, 2019. These non-current income tax liabilities are recorded in other long-term liabilities in the consolidated balance sheet and recognized as an expense during the period. The Company's policy is to include interest and penalties in income tax expense. On January 31, 2020, the Company did not anticipate any significant adjustments to its unrecognized tax benefits within the next twelve months. Included in the balance on January 31, 2020 were amounts offset by deferred taxes (i.e. temporary differences) or amounts that could be offset by refunds in other taxing jurisdictions (i.e., corollary adjustments). Upon reversal, \$0.4 million of the amount accrued on January 31, 2020 would impact the future ETR.

The Company is subject to income taxes in the U.S. federal jurisdiction, and various states and foreign jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. Tax years related to January 31, 2017, 2018 and 2019 are open for federal and state tax purposes. In addition, federal and state tax years January 31, 2002 through January 31, 2009 are subject to adjustment on audit, up to the amount of research tax credit generated in those years. Any NOL carryover can still be adjusted by the Internal Revenue Service in future year audits.

The Company's management periodically estimates the probable tax obligations of the Company using historical experience in tax jurisdictions and informed judgments. There are inherent uncertainties related to the interpretation of tax regulations in the jurisdictions in which the Company transacts business. The judgments and estimates made at a point in time may change based on the outcome of tax audits, as well as changes to or further interpretations of regulations. If such changes take place, there is a risk that the tax rate may increase or decrease in any period. Tax accruals for tax liabilities related to potential changes in judgments and estimates for federal, foreign and state tax issues are included in other long-term liabilities on the consolidated balance sheet.

Note 9 - Retirement plans

Pension plan

The defined benefit plan that covered the hourly rate employees of a non-operating filtration business unit, previously located in Winchester, Virginia, was frozen on June 30, 2013 per the third Amendment to the Plan dated May 15, 2013. The accrued benefit of each participant was frozen as of the freeze date, and no further benefits shall accrue with respect to any service or hours of service after the freeze date. The benefits are based on fixed amounts multiplied by years of service of participants. The Company engages outside actuaries to calculate its obligations and costs. The funding policy is to contribute such amounts as are necessary to provide for benefits attributed to service to date. The amounts contributed to the plan are sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974.

Asset allocation

The pension plan holds no securities of Perma-Pipe International Holdings, Inc.; 100% of the assets are held for benefits under the plan. The fair value of the major categories of the pension plan's investments are presented below. The FASB has established a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

(In thousands)

	2019	2018
Level 1 market value of plan assets		
Equity securities	\$ 3,139	\$ 2,991
U.S. bond market	2,134	2,065
Real estate securities	369	368
Subtotal	5,642	5,424
Level 2 significant other observable inputs		
Money market fund	\$ 169	\$ 121
Subtotal	169	121
Investments measured at net asset value*	\$ 739	\$ 634
Total	\$ 6,550	\$ 6,179

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the reconciliation of benefit obligations, plan assets and funded status of plan.

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On January 31, 2020, plan assets were held 64% in equity, 34% in debt and 2% in other. The investment policy is to invest all funds not needed to pay benefits and investment expenses for the year, with target asset allocations of approximately 60% equities, 30% fixed income and 10% alternative investments, diversified across a variety of sub-asset classes and investment styles, following a flexible asset allocation approach that will allow the plan to participate in market opportunities as they become available. The expected long-term rate of return on assets is based on historical long-term rates of equity and fixed income investments and the asset mix objective of the funds.

Investment market conditions in 2019 resulted in \$0.7 million actual gain on plan assets as presented below, which decreased the fair value of plan assets at year end. The Company reduced its expected return on plan assets used in determining cost and benefit obligations from 8.0% to 7.5%, based on updated long-term market expectations. The plan's investments are intended to earn long-term returns to fund long-term obligations, and investment portfolios with asset allocations similar to those of the plan's investment policy have attained such returns over several decades. Future contributions that may be necessary to maintain funding requirements are not expected to materially affect the Company's liquidity.

<i>Reconciliation of benefit obligations, plan assets and funded status of plan (in thousands)</i>	2019	2018
Accumulated benefit obligations		
Vested benefits	\$ 6,959	\$ 6,258
Accumulated benefits	\$ 6,959	\$ 6,258
Change in benefit obligation		
Benefit obligation - beginning of year	\$ 6,258	\$ 6,658
Interest cost	237	240
Actuarial (gain)/loss	788	(303)
Benefits paid	(324)	(337)
Benefit obligation - end of year	\$ 6,959	\$ 6,258
Change in plan assets		
Fair value of plan assets - beginning of year	\$ 6,179	\$ 6,700
Actual (loss)/gain on plan assets	695	(184)
Benefits paid	(324)	(337)
Fair value of plan assets - end of year	\$ 6,550	\$ 6,179
Unfunded status	\$ (409)	\$ (80)
Balance sheet classification		
Prepaid expenses and other current assets	\$ 325	\$ 343
Other assets	1,679	1,568
Deferred compensation liabilities	(2,413)	(1,991)
Net amount recognized	\$ (409)	\$ (80)
Amounts recognized in accumulated other comprehensive loss		
Unrecognized actuarial loss	\$ 2,087	\$ 1,648
Net amount recognized	\$ 2,087	\$ 1,648
Weighted-average assumptions used to determine net cost and benefit obligations	2019	2018
End of year benefit obligation discount rate	2.80%	3.90%
Service cost discount rate	3.90%	3.70%
Expected return on plan assets	7.50%	8.00%

The discount rate was based on a Citigroup pension discount curve of high quality fixed income investments with cash flows matching the plan's expected benefit payments. The Company determines the expected long-term rate of return on plan assets by performing a detailed analysis of historical and expected returns based on the strategic asset allocation approved by the Board of Directors and the underlying return fundamentals of each asset class. The Company's historical experience with the pension fund asset performance is also considered.

Components of net periodic benefit cost (in thousands)

	2019	2018
Interest cost	\$ 237	\$ 240
Expected return on plan assets	(450)	(522)
Recognized actuarial loss	102	64
Net periodic benefit income	<u>\$ (111)</u>	<u>\$ (218)</u>

Amounts recognized in other comprehensive income (in thousands)

Actuarial gain/(loss) on obligation	\$ (787)	\$ 303
Actual (loss)/gain on plan assets	348	(644)
Total in other comprehensive income	<u>\$ (439)</u>	<u>\$ (341)</u>

Other comprehensive income is also affected by the tax effect of the valuation allowance recorded on the domestic deferred tax assets.

Cash flows (in thousands)

Expected employer contributions for the fiscal year ending January 31, 2021	\$ —
Expected employee contributions for the fiscal year ending January 31, 2021	—
Estimated future plan benefit payments reflecting expected future service for the fiscal year(s) ending January 31,:	
2021	\$ 325
2022	332
2023	332
2024	327
2025	328
2026 - 2030	1,643

401(k) plan

The domestic employees of the Company participate in the PPIH 401(k) Employee Savings Plan, which is applicable to all employees except employees covered by collective bargaining agreement benefits. The plan allows employee pretax payroll contributions from 1% to 16% of total compensation. The Company matches 100% of each participant's payroll deferral contributions up to 1% of their compensation, plus 50% of each participant's payroll deferral contributions on the next 5% of compensation.

Contributions to the 401(k) plan were \$0.3 million each in years ended January 31, 2020 and 2019.

Multi-employer plans

The Company contributes to a multi-employer plan for certain collective bargaining U.S. employees. The risks of participating in this multi-employer plan are different from a single employer plan in the following aspects:

- Assets contributed to the multi-employer plans by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer ceases contributing to the plan, the unfunded obligations of the plan may be inherited by the remaining participating employers.
- If the Company chooses to stop participating in the multi-employer plan, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

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The Company has assessed and determined that the multi-employer plans to which it contributes are not significant to the Company's consolidated financial statements. The Company does not expect to incur a withdrawal liability or expect to significantly increase its contribution over the remainder of the contract period. The Company made contributions to the bargaining unit supported multi-employer pension plans (in thousands):

Plan Name	EIN	Plan #	Funded Zone Status	FIP/RP Status Pending/Implemented	2019 Contribution	2018 Contribution	Surcharge Imposed	Collective Bargaining Expiration Date
Plumbers & Pipefitters Local 572 Pension Fund	626102837	001	Green	No	\$239	\$188	No	3/31/2022

Note 10 - Stock-based compensation

At January 31, 2020, the Company had one incentive stock plan under which new equity incentive awards may be granted:

- 2017 Omnibus Stock Incentive Plan as Amended June 13, 2017, as amended, which stockholders approved in June 2017 ("2017 Plan")

The Company has prior incentive plans under which previously granted awards remain outstanding, but under which no new awards may be granted. At January 31, 2020, the Company had reserved a total of 613,904 shares for grants and issuances under these incentive stock plans, which includes a reserve for issuances pursuant to unvested or unexercised prior awards, and shares for new grants or issuances pursuant to the 2017 Plan.

While the 2017 Plan provides for the grant of deferred shares, non-qualified stock options, incentive stock options, restricted shares, restricted stock units, and performance-based restricted stock units intended to qualify under section 422 of the Internal Revenue Code, to date the Company has issued only restricted shares and restricted stock units under the 2017 Plan and currently intends to continue this practice. The 2017 Plan authorizes awards to officers, employees, consultants, and directors. The 2017 Plan expires on June 12, 2020.

Stock compensation expense

The Company recognized the following stock based compensation expense:

(In thousands)	2019	2018
Stock-based compensation expense	\$ 12	\$ 33
Restricted stock based compensation expense	999	1,132
Total stock-based compensation expense	\$ 1,011	\$ 1,165

Stock options

Options vest ratably over 4 years and are exercisable for up to ten years from the date of grant. To cover the exercise of vested options, the Company issues new shares from its authorized but unissued share pool. The Company calculates all stock compensation expense based on the grant date fair value of the option and recognizes expense on a straight-line basis over the four-year vesting period of the option.

The following summarizes the activity related to options outstanding under all plans for the years ended January 31, 2020 and 2019. The Company did not grant any stock options in 2019 or 2018.

<i>(Shares in thousands)</i>	Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding on January 31, 2018	358	\$ 9.44	4	\$ 482
Exercised	(77)	6.83		162
Expired or forfeited	(63)	16.2		
Outstanding on January 31, 2019	218	8.6	3.8	257
Options exercisable on January 31, 2019	207	\$ 8.69	3.6	239
Exercised	(53)	6.91		162
Expired or forfeited	(33)	7.1		
Outstanding on January 31, 2020	132	8.98	3.2	160
Options exercisable on January 31, 2020	129	\$ 9.01	3.14	\$ 155

The Company received \$0.4 million and \$0.5 million in 2019 and 2018, respectively, for stock options exercised.

<i>Unvested options outstanding (shares in thousands)</i>	Options	Weighted- average grant date fair value	Aggregate intrinsic value
Outstanding on January 31, 2019	11	\$ 7.00	\$ 19
Granted	—	—	
Vested	(6)		
Expired or forfeited	(2)	7.1	
Outstanding on January 31, 2020	3	\$ 7.33	\$ 4

The fair value of stock options vested was less than \$0.1 million in 2019 and \$0.1 in 2018, respectively. Based on historical experience the Company expects 94% of these options to vest.

As of January 31, 2020, there was less than \$0.1 million of unrecognized compensation cost related to unvested stock options granted under the plans. That cost is expected to be recognized over the weighted-average period of 0.4 years.

Deferred stock

As part of their compensation, each year the Company grants deferred stock units to each non-employee director, equal to the result of dividing the award amount by the fair market value of the common stock on the date of grant. The stock vests on the date of grant; however, it is only distributed to the directors upon their separation from service. In June 2019, the Company granted 23,104 deferred stock units from the 2017 Plan, and as of January 31, 2020, there were approximately 125,049 deferred stock units outstanding included in the restricted stock activity shown below.

As a result of certain events that occurred during second quarter of 2018, including a settlement of a stock-based award previously granted to a retiring member of the Company's Board of Directors, the Company changed its method of accounting for deferred stock compensation arrangements granted to the Company's directors from liability accounting treatment to equity accounting treatment and, as such, reclassified \$0.7 million from a liability to additional paid in capital.

Restricted stock

The Company has granted restricted stock to executive officers and employees. The restricted stock vest ratably over three to four years. The Company calculates restricted stock compensation expense based on the grant date fair value and recognizes expense on a straight-line basis over the vesting period. The following table summarizes restricted stock activity for the years ended January 31, 2019 and 2020, respectively:

<i>(Shares in thousands)</i>	Restricted shares	Weighted average price	Aggregate intrinsic value
Outstanding on January 31, 2018	360	\$ 9.05	\$ 3,254
Granted	148	9.76	
Issued	(94)		
Forfeited	(131)	7.92	
Outstanding on January 31, 2019	283	\$ 8.74	\$ 2,476
Granted	152	9.09	
Issued	(51)		
Forfeited	(26)	8.79	
Outstanding on January 31, 2020	358	\$ 9.03	\$ 3,234

The fair value of restricted stock vested was \$0.8 million and \$1.1 million in 2019 and 2018, respectively. As of January 31, 2020, there was \$1.5 million of unrecognized compensation cost related to unvested restricted stock granted under the plans. That cost is expected to be recognized over the weighted-average period of 2.1 years.

Note 11 - Stock rights

On September 15, 1999, the Company's Board of Directors declared a dividend of one common stock purchase right (a "Right") for each share of PPIH's common stock outstanding at the close of business on September 22, 1999. The stock issued after September 22, 1999 and before the redemption or expiration of the Rights was also entitled to one Right for each such additional share. Each Right entitled the registered holders, under certain circumstances, to purchase from the Company one share of PPIH's common stock at \$25, subject to adjustment. At no time did the Rights have any voting power.

On September 15, 2009, the Company entered into the Amendment ("Amendment") to Rights Agreement dated as of September 15, 1999. Among other things, the Amendment extended the term of the Rights Agreement until September 15, 2019 and amended definitions to include positions in derivative instruments related to the Company's common stock as constituting beneficial ownership of such stock. The Rights expired on September 15, 2019.

Note 12 - Interest expense, net

<i>(In thousands)</i>	2019	2018
Interest expense	\$ 1,106	\$ 1,286
Interest income	(201)	(164)
Interest expense, net	\$ 905	\$ 1,122

Note 13 - Subsequent Events

In January 2020, an outbreak of novel coronavirus (also known as COVID-19) started in Wuhan, China. The virus was recognized as a pandemic by the World Health Organization on March 11, 2020. In response to the rapid spread of the virus, national and local governments have instituted varying levels of actions to contain the virus's spread. The Company has instituted a work from home policy for employees that can continue to perform their jobs remotely. In addition, steps have been taken at the Company's plants and administrative offices to test temperatures of personnel entering the facilities as well as the implementation enhanced cleaning protocols.

As of the date of this filing, all of the Company's plants are operating with the exception of the plant located in India. On March 24, 2020 the India plant operations were suspended in compliance with a national 21-day shutdown which has now been extended through April 21, 2020. We do not expect a shut down over this period to significantly impact our planned production schedules.

To date the Company's global supply chains have not been materially affected by the global pandemic.

Due to the unprecedented actions taken to stem the spread of the virus and the uncertainty of the duration and impact of additional actions that may be required, the resulting future disruptions to the Company's operations is uncertain.

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act* (H.R. 748) (the "CARES Act"). Among the changes to the U.S. federal income tax rules, the CARES Act restored net operating loss carryback rules that were eliminated by Tax Act, modified the limit on the deduction for net interest expense and accelerated the timeframe for refunds of AMT credits. While the Company's analysis of the CARES Act impact on the Company's cash tax liability and financial condition has not identified any overall material effect, the Company is still evaluating the effects of the CARES Act on its results of operations, financial condition and cash flows.

In February 2020 the Kingdom of Saudi Arabia and the Russian Federation failed to reach an agreement on oil production limitations. The news of a failed agreement resulted in a steep decline in global oil prices. On April 12, 2020 the Kingdom of Saudi Arabia and the Russian Federation agreed on oil production cuts which will begin on May 1, 2020. Additionally, the reduction in worldwide consumption as a result of the coronavirus pandemic has added further downward pressure to oil prices. In response to the decrease in oil prices, international oil companies have announced capital spending budget cuts that are reported to be approximately 30%. At this time the impact of the anticipated reduction in capital spending on the Company's results of operations is uncertain.

In response to the extraordinary steps taken to combat the spread of COVID-19 and the impact of decreased demand for oil and the associated collapse of oil prices, the Company undertook a reforecast to determine the potential financial impact of these events on the Company's results of operations. The results of the reforecast indicated a risk that the Company could be out of compliance with a debt covenant related to the Senior Credit Facility in the second quarter of 2020. To address the possible covenant compliance issue the Company has made plans to reduce planned capital expenditures and non-essential operating expenses, and if necessary, to repatriate foreign cash to bring the covenant into compliance.

In addition, the Company has applied for funding under two Small Business Administration programs. The Paycheck Protection Program provides forgivable funding for payroll and related costs as well as some non-payroll costs. The Company has applied for funding in the amount of \$3.2 million. The Company has also applied for a Small Business Administration Economic Disaster Loan which could be up to \$2 million based on need and repayment capacity. There is no guarantee that the Company will be granted funds under either program.

Schedule II

Perma-Pipe International Holdings, Inc. and Subsidiaries
VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended January 31, 2020 and 2019

<i>(In thousands)</i>	Balance at beginning of period	Charges to expenses	Write-offs (1)	Other charges (2)	Balance at end of period
Year Ended January 31, 2020					
Allowance for possible losses in collection of trade receivables	\$ 536	\$ 123	\$ (254)	\$ 2	\$ 407
Year Ended January 31, 2019					
Allowance for possible losses in collection of trade receivables	\$ 469	\$ 140	\$ (272)	\$ 199	\$ 536

(1) Uncollectible accounts charged off.

(2) Primarily related to recoveries from accounts previously charged off and currency translation.

EXHIBIT INDEX

The exhibits listed below are filed herewith except the exhibits described below as incorporated by reference. Exhibits not filed herewith are incorporated by reference to such exhibits filed by the Company under the location set forth under the caption "Description and Location" below. The Commission file number for the Company's Exchange Act filings referenced below is 0-18370.

Exhibit No.	Description and Location
3(i)	Certificate of Incorporation of Perma-Pipe International Holdings, Inc. [Incorporated by reference to Exhibit 3.3 to Registration Statement No. 33-70298]
3(ii)	Certificate of Amendment to Certificate of Incorporation of Perma-Pipe International Holdings, Inc. [Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 20, 2017]
3(iii)	Fifth Amended and Restated By-Laws of Perma-Pipe International Holdings, Inc. [Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 6, 2019]
4(a)	Specimen Common Stock Certificate [Incorporated by reference to Exhibit 4 to Registration Statement No. 33-70794]
4(b)	Rights Agreement [Incorporated by reference to Exhibit 4.1 of the Company's [Current Report on Form 8-K filed on September 24, 1999]
4(c)	Amendment to Rights Agreement [Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on September 17, 2009]
4(d)	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
10(a)	2001 Independent Directors Stock Option Plan. [Incorporated by reference to Exhibit (d)(5) to the Company's Schedule TO filed on May 25, 2001] *
10(b)	Form of Directors and Officers Indemnification Agreement [Incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2006 filed on May 15, 2006] *
10(c)	MFRI 2004 Stock Incentive Plan [Incorporated by reference to Exhibit 10(e) to the Company's Annual Report on Form 10-K/A for the fiscal year ended January 31, 2004 filed on June 1, 2004] *
10(d)	2009 Non-Employee Directors Stock Option Plan [Incorporated by reference to Exhibit 10(k) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2010 filed on April 19, 2010] *
10(e)	2013 Omnibus Stock Incentive Plan as Amended June 14, 2013 [Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 17, 2013] *
10(f)	Credit and Security Agreement between the Company and BMO Harris Bank, N.A. dated September 24, 2014 [Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on December 9, 2014]
10(g)	First Amendment to Credit and Security Agreement between the Company and BMO Harris Bank, N.A. dated February 5, 2015 [Incorporated by reference to Exhibit 10(m) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 filed on April 16, 2015]
10(h)	Limited Waiver and Second Amendment to Credit and Security Agreement between the Company and BMO Harris Bank, N.A. dated April 30, 2015 [Incorporated by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q filed on June 12, 2015]
10(i)	Consent and Third Amendment to Credit and Security Agreement between the Company and BMO Harris Bank, N.A. dated January 29, 2016 [Incorporated by reference to Exhibit 10(n) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2016 filed on April 28, 2016]
10(j)	Fourth Amendment to Credit and Security Agreement between the Company and BMO Harris Bank, N.A. dated February 29, 2016 [Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 2, 2016]
10(k)	Fifth Amendment to Credit and Security Agreement between the Company and BMO Harris Bank, N.A. dated October 25, 2016 [Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 27, 2016]
10(l)	Sixth Amendment to Credit and Security Agreement between the Company and BMO Harris Bank, N.A. dated December 29, 2016 [Incorporated by reference to Exhibit 10(m) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2017 filed on April 14, 2017]
10(m)	Seventh Amendment to Credit and Security Agreement between the Company and BMO Harris Bank, N.A. dated December 14, 2017. [Incorporated by reference to Exhibit 10(m) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2018 filed on April 19, 2018]
10(n)	Limited Waiver and Eighth Amendment to Credit and Security Agreement between the Company and Bank of Montreal, as successor by assignment to BMO Harris Bank N.A., dated June 5, 2018 [Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q filed on June 12, 2018]
10(o)	Ninth Amendment to Credit and Security Agreement between the Company and Bank of Montreal, as successor by assignment to BMO Harris Bank N.A., dated August 1, 2018 [Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q filed on September 11, 2018]
10(p)	Asset Purchase Agreement dated as of January 29, 2016 by and among MFRI, Inc., TDC Filter Manufacturing Inc. and BHA Altair, LLC [Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on February 4, 2016]
10(q)	Share Purchase Agreement dated as of January 29, 2016 by and among MFRI, Inc., MFRI Holdings (B.V.I.) Ltd, Midwesco Filter Resources Denmark A/S and Hengst Holding GmbH [Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on February 4, 2016]

EXHIBIT INDEX

10(r)	Executive Employment Agreement with David J. Mansfield dated October 19, 2016 [Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on December 13, 2016]*
10(s)	Agreement with Bradley Mautner dated January 31, 2017 [Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 3, 2017]*
10(t)	Employment agreement with Karl J. Schmidt dated March 17, 2017 [Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 20, 2017]*
10(u)	2017 Omnibus Stock Incentive Plan as Amended June 13, 2017 [Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on September 19, 2017] *
10(v)	Form of Restricted Stock Unit Agreement under the 2017 Omnibus Stock Incentive Plan as Amended June 13, 2017 [Incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q filed on September 11, 2018]*
10(w)	Revolving Credit and Security Agreement, dated September 20, 2018, by and among the Company, PNC Bank, National Association, and the other parties thereto [Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 24, 2018]
10(x)	Executive Employment Agreement, dated October 1, 2018, by and between the Company and D. Bryan Norwood [Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 1, 2018]*
10(y)	Letter Agreement, dated September 28, 2018, by and between the Company and Karl J. Schmidt [Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 1, 2018]*
10(z)	Form of Restricted Stock Agreement under the 2017 Omnibus Stock Incentive Plan as Amended June 13, 2017*
10(aa)	Executive Employment Agreement, dated January 31, 2020 by and between the Company and Wayne Bosch*
14	Code of Conduct [Incorporated by reference to Exhibit 14 of the Company's Annual Report on Form 10-K/A for the fiscal year ended January 31, 2004 filed on June 1, 2004]
21	Subsidiaries of Perma-Pipe International Holdings, Inc.
23	Consent of Independent Registered Public Accounting Firm - Grant Thornton LLP
24	Power of Attorney executed by directors and officers of the Company
31	Rule 13a - 14(a)/15d - 14(a) Certifications (1) Chief Executive Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (2) Chief Financial Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Section 1350 Certifications(1) Chief Executive Officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(2) Chief Financial Officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation
*Management contracts and compensatory plans or agreements	

Item 16. FORM 10-K SUMMARY - None.

SIGNATURES

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

Perma-Pipe International Holdings, Inc.

Date: April 21, 2020

/s/ David J. Mansfield

David J. Mansfield
Director, President and Chief Executive Officer
(Principal 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 date indicated.

DAVID J. MANSFIELD	Director, President and Chief Executive Officer (Principal Executive Officer)	)	
		)	
D. BRYAN NORWOOD*	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	)	April 21, 2020
		)	
DAVID S. BARRIE*	Director and Chairman of the Board of Directors	)	
DAVID B. BROWN*	Director	)	
JEROME T. WALKER*	Director	)	
CYNTHIA BOITER*	Director	)	

*By: /s/ David J. Mansfield

David J. Mansfield Individually and as Attorney in Fact

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following description of the securities of Perma-Pipe International Holdings, Inc. (the "Company," "we," "us" or "our") summarizes general terms and provisions that apply to our securities. Because this is only a summary it does not contain all of the information that may be important to the stockholders of the Company.

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock summarizes general terms and provisions that apply to our capital stock. Because this is only a summary it does not contain all of the information that may be important to you. The summary is subject to and qualified in its entirety by reference to our Certificate of Incorporation, as amended (our "Certificate of Incorporation"), and our Fourth Amended and Restated Bylaws (our "Bylaws"), which are filed as exhibits to our Annual Report on Form 10-K for the fiscal year ended January 31, 2020 (the "Annual Report") and incorporated by reference into this Annual Report.

Common Stock

Our authorized capital stock consists of 50,000,000 shares of common stock, \$0.01 par value per share. As of April 1, 2020, there were 8,048,006 shares of common stock outstanding. All outstanding shares of common stock are fully paid and nonassessable.

Holders of common stock are entitled to one vote per share on all matters to be voted upon by our stockholders. Holders of common stock may not cumulate votes in the election of directors.

Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our board of directors out of funds legally available therefor. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities.

Holders of common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

Anti-Takeover Effects of Our Certificate of Incorporation, Bylaws, and Rights Agreement and Various Provisions of Delaware Law

Certificate of Incorporation and Bylaws

Because our stockholders do not have cumulative voting rights, our stockholders holding a majority of the shares of common stock outstanding will be able to elect all of our directors. In addition, our Bylaws establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors.

While our Bylaws provide that stockholders holding at least ten percent of the outstanding shares of our common stock may call a special meeting of stockholders, such right is limited if the purpose of the meeting is to consider a matter which is substantially the same as a matter voted on at any special meeting of stockholders in the preceding twelve months (a "Prior Matter"). In particular, our Bylaws provide that that our board of directors shall not call a special meeting of stockholders to consider a Prior Matter unless (a) such meeting is requested by stockholders holding a majority of the outstanding shares of our common stock and (b) the Prior Matter received the affirmative vote of at least one-third of the outstanding shares of our common stock at the prior meeting. Our Bylaws also provide that vacancies occurring on our board of directors for any reason and newly-created directorships resulting from an increase in the authorized number of directors may be filled only by a vote of the majority of the remaining members of our board of directors.

The combination of the lack of cumulative voting, the advance notice provisions, and the ability of our board of directors to fill vacancies make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

These provisions may have the effect of deterring hostile takeovers or delaying changes in our control or management. These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. These provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts.

Section 203 of the Delaware General Corporation Law

We are subject to Section 203 of the Delaware General Corporation Law (the "DGCL"), which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but

not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines business combination to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge, or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loss, advances, guarantees, pledges, or other financial benefits by or through the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Limitations of Liability and Indemnification

Our Certificate of Incorporation provides that we will indemnify our directors and officers to the fullest extent permitted by the DGCL, which prohibits our Certificate of Incorporation from limiting the liability of our directors for the following:

- any breach of the director’s duty of loyalty to us or to our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. Our Certificate of Incorporation does not eliminate a director’s duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under the DGCL. This provision also does not affect a director’s responsibilities under any other laws, such as the federal securities laws or other state or federal laws.

Under our Bylaws, we are required to indemnify our officers or directors to a greater extent than under the current provisions of the DGCL. Our Bylaws generally provide that our directors and officers will be indemnified against expenses, amounts paid in settlement and judgments, fines, penalties or other amounts incurred with respect to any threatened, pending or completed proceeding, provided that such person did not engage in conduct that constitutes a “Breach of Duty” (as defined in our Bylaws). Breach of Duty generally means that such director or officer breached or failed to perform his or her duties to us, and such breach or failure to perform those duties constituted: (i) a breach of his or her duty of loyalty to us or our stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) a violation of Section 174 of the DGCL, or (iv) a transaction from which such director or officer derived a material improper direct personal financial profit (unless such profit is determined to be immaterial in light of all the circumstances), as further detailed in our Bylaws. Our Bylaws also provide that we are required to advance expenses to our directors and officers as incurred in connection with legal proceedings against them for which they may be indemnified, provided such director or officer supplies us with a written certificate stating that he or she believes in good faith that he or she has met the applicable standard of conduct and that he or she will repay such advances in the event it is ultimately determined that such director or officer is not entitled to be indemnified for such amounts.

In addition to the indemnification required in our Certificate of Incorporation and Bylaws, we have entered into indemnification agreements with each of our directors and officers. These agreements provide for indemnification against any and all expenses incurred in connection with, as well as any and all judgments, fines and amounts paid in settlement resulting from, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (collectively, an “Action”), by reason of the fact that such person is or was our director or officer, or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnification agreements provide that if any payment, advance or indemnification of the director or officer requires that he or she acted in good faith, in a manner he or she reasonably believed to be for or not opposed to our best interests or without reasonable cause to believe his or her conduct was unlawful, then it shall be presumed that he or she so acted unless proven otherwise by clear and convincing evidence. The indemnification agreements also provide for the advancement of all expenses, including reasonable attorneys’ fees, arising from the investigation of any claim, preparation for the defense or defense or settlement of an Action. The indemnification agreements authorize us to participate in the defense of any action and to assume the defense thereof, with counsel who shall be reasonably satisfactory to the director or officer, provided that the director or officer shall be entitled to separate counsel of his or her choosing if he or she reasonably believes that (i) there exists conflicting interests between himself or herself and us or other parties (the defense of whom we shall have assumed) or (ii) there is any substantial likelihood that we will be financially or legally unable to satisfy our obligations under the indemnification agreement. The indemnification agreements provide that the rights of a director or officer under such contract are not exclusive of any other indemnification rights he or she may have under any provision of law, our Certificate of Incorporation or Bylaws, the vote of our stockholders or disinterested directors, other agreements or otherwise.

We believe that the provisions of our Certificate of Incorporation, Bylaws, and indemnification agreements described above are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our Certificate of Incorporation, Bylaws, and indemnification agreements may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duties. Such provisions may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act of 1933, and is therefore unenforceable.

There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

Listing

Our common stock is listed on the NASDAQ Global Market under the symbol "PPIH."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Broadridge Corporate Issuer Solutions, LLC.

2020 PPIH NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM RESTRICTED STOCK GRANT RESTRICTED STOCK AGREEMENT UNDER THE 2017 OMNIBUS STOCK INCENTIVE PLAN, AS AMENDED JUNE 13, 2017 GRANTEE: _____ NO. OF SHARES: _____ DOLLAR AMOUNT OF GRANT: \$ _____ CLOSING PRICE ON GRANT DATE: \$ _____ GRANT DATE: JUNE 11, 2020
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This Agreement (the “*Agreement*”) evidences the award of the number of shares of restricted stock set forth above (each, a “*Restricted Share*,” and collectively, the “*Restricted Shares*”), each entitling the grantee to receive one share of Common Stock (a “*Share*”) subject to a vesting schedule, that *Perma-Pipe International Holdings, Inc.*, a Delaware corporation (the “*Company*”), has granted to the grantee set forth above (“*Grantee*” or “*you*”), effective as of the grant date set forth above (the “*Grant Date*”), pursuant to the 2017 Omnibus Stock Incentive Plan, as Amended June 13, 2017 (the “*Plan*”) and conditioned upon your agreement to the terms described below. All of the provisions of the Plan are expressly incorporated into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. Terminology. Unless otherwise provided in this Agreement, capitalized words used herein are defined in the Glossary at the end of this Agreement, or, if no definition is provided in this Agreement or the Glossary, such capitalized words shall have the same definitions as in the Plan.

2. Vesting.

(a) All of the Restricted Shares are nonvested and forfeitable as of the Grant Date.

(b) All of the Restricted Shares will vest and become nonforfeitable on the first anniversary of the Grant Date (the “*Vesting Date*”), so long as your Service is continuous from the Grant Date through the Vesting Date.

(c) Notwithstanding Section 2(b), one hundred percent of the Restricted Shares will become vested and nonforfeitable as of immediately before and contingent upon the occurrence of a Change in Control, so long as your Service is continuous from the Grant Date, through the date of the Change in Control.

(d) If your Service ceases for any reason prior to the Vesting Date, then, on the date on which your Service ceases, (i) a pro rata portion of the then unvested Restricted Shares equal to the product of (A) the total number of Restricted Shares multiplied by (B) the quotient of the number of days between the Grant Date and the date on which your Service ceases divided by three hundred sixty-five (365) will vest and become nonforfeitable, and (ii) unless otherwise determined by the Administrator, the remaining unvested Restricted Shares will be immediately and automatically forfeited by you without consideration.

3. Restrictions on Transfer.

(a) Your Restricted Shares may not be sold, assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) (a “**Transfer**”), except by will or the laws of descent and distribution, and shall not be subject to execution, attachment or similar process (i) prior to vesting or (ii) at any time during your continuous Service at which (A) the total number of Shares that you then beneficially own do not have a value equal to or greater than the value required for you to satisfy the Company’s Equity Ownership Guidelines (or any similar stock ownership requirements) applicable to you at the time, or (B) the Transfer of Shares by you would reduce the total number of Shares you own such that the remaining Shares you own following the Transfer would not have a value equal to or greater than the value required for you to satisfy the Company’s Equity Ownership Guidelines (or any similar stock ownership requirements) applicable to you at the time (provided that Shares may be sold to raise an amount sufficient to cover your estimated taxes due as a result of vesting as provided in Section 5(a)). Any attempt to Transfer your Restricted Shares that is in violation of this Section 3(a) shall be wholly ineffective and, if any such attempt is made, the Company may cause you to immediately forfeit any unvested Restricted Shares without any payment or consideration by the Company. The Company is authorized to take appropriate measures to prevent any such Transfer, including, but not limited to, having its Transfer Agent hold all Restricted Shares subject to restrictions on Transfer in a designated nominee account until such restrictions are no longer applicable and maintaining stop transfer instructions in regard to such Restricted Shares, or placing appropriate legends on any certificates that are issued with respect to the Restricted Shares.

(b) You hereby represent and warrant to the Company as follows:

(i) You will hold any Shares received under this Agreement for your own account for investment only and not with a view to, or for resale in connection with, any “distribution” of the Shares within the meaning of the Securities Act.

(ii) You understand that the Company may, in its discretion, continue to impose restrictions on the Transfer of your Shares after they vest (including the placement of appropriate legends on stock certificates and the issue of stop transfer instructions to the Company’s Transfer Agents) if, in the judgment of the Company, such restrictions are necessary or desirable to comply with the Securities Act, the securities laws of any State or any other law.

(iii) You are aware that your investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss.

(c) Any attempt to Transfer the Shares received under this Agreement in contravention of the restrictions set forth in this Section 3 shall be null and void and without effect. The Company shall not be required to (i) Transfer on its books any Shares that have been Transferred in contravention of this Agreement or (ii) treat as the owner of the Shares, or otherwise accord voting, dividend, or liquidation rights to any transferee to whom the Shares have been Transferred in contravention of this Agreement.

4. Stockholder Rights. You are considered the record owner of the Restricted Shares immediately upon the Grant Date and you shall be entitled to all of the rights of a shareholder of the Company including, without limitation, the right to vote such Shares and receive all dividends or other distributions paid with respect to such Shares. Notwithstanding the foregoing, any cash dividends will accrue and be paid to you at the same time, and to the same extent, that the Restricted Shares vest, and any dividends paid in Shares or other securities shall be subject to the same vesting schedule, risk of forfeiture, and restrictions on Transferability prior to vesting as the Restricted Shares with respect to which they were paid. For clarity, if you forfeit any Restricted Shares, then you will also forfeit any dividends or other distributions paid with respect to such Restricted Shares.

5. Taxes.

(a) You hereby agree to make adequate provision for foreign, federal, state and local taxes required by law to be withheld, if any, which arise in connection with the grant or vesting of the Restricted Shares. If you wish to have Shares sold automatically in connection with the vesting of the Restricted Shares in an amount sufficient to cover your estimated taxes due as a result of such vesting (or, if any withholding is required, to satisfy such withholding obligation), then you should execute **Exhibit A** to this Agreement and return it to the Company by the deadline set forth therein. If you have not timely executed **Exhibit A** to this Agreement and taxes are required to be withheld, then you shall, immediately upon notification of the amount of withholding taxes due, if any, pay to the Company in cash or by check the amount necessary to satisfy any withholding obligations. The Company (and its Affiliates) shall also have the right to deduct from any compensation or any other payment of any kind due you (including withholding the issuance or delivery of Shares hereunder) the amount of any federal, state, local or foreign taxes required by law to be withheld as a result of the grant or vesting of the Restricted Shares in whole or in part; provided, however, that the value of the Shares withheld or redeemed may not exceed the maximum statutory rate associated with the transaction to the extent necessary for the Company to avoid an accounting charge.

(b) You hereby acknowledge that you have been advised by the Company to seek independent tax advice from your own advisors regarding the tax consequences of this Award. You may not rely on the Company, its Affiliates, or any of their officers, directors or employees for tax or legal advice regarding this Award. You acknowledge that you have sought tax and legal advice from your own advisors regarding this Award or have voluntarily and knowingly foregone such consultation.

6. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of outstanding Restricted Shares shall, without further action of the Administrator, be adjusted to reflect such event. The Administrator shall make adjustments, in its discretion, to address the treatment of fractional Shares with respect to the Award as a result of the stock dividend, stock split or reverse stock split; provided that such adjustments do not result in the issuance of fractional Shares. Adjustments under this Section 6 will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Non-Change in Control Transactions. Upon any change affecting the Common Stock, the Company or its capitalization, by reason of a spin-off, split-up, dividend, recapitalization, merger, consolidation or share exchange, other than any such change that is part of a transaction resulting in a Change in Control, the Administrator shall make any adjustments with respect to the Award as the Administrator determines to be appropriate and equitable. The Administrator's determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(c) Unusual or Nonrecurring Events. The Administrator shall make, in its discretion, adjustments in the terms and conditions of, and the criteria included in, the Award in recognition of unusual or nonrecurring events affecting the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Administrator determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(d) Binding Nature of Agreement. The terms and conditions of this Agreement shall apply with equal force to any additional and/or substitute securities received by you in exchange for, or by virtue of your ownership of, the Restricted Shares, to the same extent as the Restricted Shares with respect to which such additional and/or substitute securities are distributed, whether as a result of any spin-off, stock split-up, stock dividend, stock distribution, other reclassification of the Common Stock of the Company, or similar event, except as otherwise determined by the Administrator. If the Restricted Shares are converted into or exchanged for, or stockholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other property (including cash) received upon such conversion, exchange or distribution in the same manner and to the same extent as the Restricted Shares.

7. Non-Guarantee of Service Relationship. Nothing in the Plan or this Agreement shall alter your service relationship with the Company (or an Affiliate), nor be construed as a contract of your service relationship between the Company (or an Affiliate) and you, or as a contractual right of you to continue in a service relationship with the Company (or an Affiliate) for any period of time, or as a limitation of the right of the Company (or an Affiliate) to discharge you at any time with or without cause or notice and whether or not such discharge results in the forfeiture of any Restricted Shares or any other adverse effect on your interests under the Plan.

8. The Company's Rights. The existence of the Restricted Shares shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

9. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Administrator, care of the Company for the attention of its Corporate Secretary at its principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

10. Entire Agreement. This Agreement (together with the Plan and the exhibit hereto) contains the entire agreement between the parties with respect to the Restricted Shares granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the Restricted Shares granted hereunder shall be void and ineffective for all purposes. In the event a court of competent jurisdiction deems any provision hereof to be unreasonable, void, or unenforceable, such provision(s) shall be deemed severed from the remainder of the Agreement, which shall continue in all other respects to be valid and enforceable. It is the intent of the parties that any such provision(s) of this Agreement declared void, unreasonable, or unenforceable shall be deemed by a court of competent jurisdiction revised to the minimum amount necessary in order to be valid and enforceable.

11. Amendment. This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a material adverse effect on your rights with respect to the Restricted Shares as determined in the discretion of the Administrator, except as otherwise provided in (a) Section 6 of this Agreement, (b) the Plan or (c) a written document signed by each of the parties hereto.

12. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is provided to you with this Agreement.

13. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Administrator relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Delaware, without regard to its provisions concerning the applicability of laws of other jurisdictions. As a condition of this Agreement, you agree that you will not bring any action arising under, as a result of, pursuant to or relating to, this Agreement in any court other than a federal or state court in the districts which include Niles, Illinois, and you hereby agree and submit to the personal jurisdiction of any federal court located in the district which includes Niles, Illinois or any state court in the district which includes Niles, Illinois. You further agree that you will not deny or attempt to defeat such personal jurisdiction or object to venue by motion or other request for leave from any such court.

14. Resolution of Disputes. Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. You agree that before you may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement you will first exhaust your administrative remedies before the Administrator. You further agree that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to your satisfaction, no legal action may be commenced or maintained relating to this Agreement more than twenty-four (24) months after the Administrator's decision.

15. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

16. Counterparts. This Agreement may be executed in multiple counterparts, each of which is deemed to be an original, but all of which taken together constitute one and the same Agreement and shall become effective when all counterparts have been executed by each of the parties hereto and delivered to the other. Facsimile and other electronic transmissions (including in portable document format) of any originally executed document (including this Agreement) shall be deemed to be the same as a delivered, executed original.

17. Electronic Delivery of Documents. By your signing this Agreement, you (i) consent to the electronic delivery of this Agreement, all information with respect to the Plan and the Restricted Shares and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

18. No Future Entitlement. By your signing this Agreement, you acknowledge and agree that: (i) the grant of these Restricted Shares is a one-time benefit which does not create any contractual or other right to receive future grants of stock, or compensation in lieu of stock grants, even if stock grants have been granted repeatedly in the past; (ii) all determinations with respect to any such future grants, including, but not limited to, the times when stock grants shall be granted, the maximum number of Shares subject to each stock grant, and the times or conditions under which restrictions on such stock grants shall lapse, will be at the sole discretion of the Administrator; (iii) the vesting of Restricted Shares ceases upon termination of service with the Company, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (iv) the Company does not guarantee any future value of these Restricted Shares; and (v) no claim or entitlement to compensation or damages arises if these Restricted Shares do not increase in value and you irrevocably release the Company from any such claim that does arise.

19. Personal Data. For purposes of the implementation, administration and management of this Award or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving the Company (a “**Corporate Transaction**”), you consent, by execution of this Agreement, to the collection, receipt, use, retention and transfer, in electronic or other form, of your personal data by and among the Company and its third party vendors or any potential party to a potential Corporate Transaction. You understand that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social security number, tax identification number, date of birth, nationality, job and payroll location, data for tax withholding purposes and Shares awarded, cancelled, vested and unvested) may be transferred to third parties assisting in the implementation, administration and management of the stock grant or the effectuation of a Corporate Transaction and you expressly authorize such transfer as well as the retention, use, and the subsequent transfer of the data by the recipient(s). You understand that these recipients may be located in your country or elsewhere, and that the recipient’s country may have different data privacy laws and protections than your country. You understand that data will be held only as long as is necessary to implement, administer and manage the stock grant or effect a Corporate Transaction. You understand that you may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company’s Secretary. You understand, however, that refusing or withdrawing your consent may affect your ability to accept a stock grant.

20. Consideration for Shares. To ensure compliance with applicable state corporate law, the Company may require you to furnish consideration in the form of cash or cash equivalents equal to the par value of the Shares issued to you hereunder, and you hereby authorize the Company to withhold such amount from remuneration otherwise due you from the Company.

21. Recoupment. The Restricted Shares are subject to recoupment in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy or practice otherwise required by applicable law.

GLOSSARY

- (a) “**Administrator**” means the Board of Directors of Perma-Pipe International Holdings, Inc. and/or the committee(s) or officer(s) appointed by the Board that have authority to administer the Plan.
- (b) “**Affiliate**” means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with the Company (including but not limited to joint ventures, limited liability companies and partnerships). For this purpose, “control” shall mean ownership of 25% or more of the total combined voting power or value of all classes of stock or interests of the entity, or the power to direct the management and policies of the entity, by contract or otherwise.
- (c) “**Company**” means Perma-Pipe International Holdings, Inc.
- (d) “**Securities Act**” means the Securities Act of 1933, as amended.
- (e) “**Service**” means your Board of Directors service relationship with the Company and its Affiliates. Your Service will be considered to have ceased with the Company and its Affiliates if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which you have a service relationship is not Perma-Pipe International Holdings, Inc. or its successor, or an Affiliate of Perma-Pipe International Holdings, Inc. or its successor.
- (f) “**You**” or “**Your**” means the recipient of the Restricted Shares as reflected in the first paragraph of this Agreement. Whenever the word “you” or “your” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to the estate, personal representative, or beneficiary to whom the Restricted Shares may be transferred by will or by the laws of descent and distribution, the words “you” and “your” shall be deemed to include such person.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of the Grant Date.

Perma-Pipe International Holdings, Inc.

By: _____

Name: _____

Title: _____

The undersigned hereby acknowledges that he/she has carefully read this Agreement and agrees to be bound by all of the provisions set forth herein as of the Grant Date. The undersigned also consents to electronic delivery of all notices or other information with respect to the Restricted Shares or the Company.

GRANTEE

Exhibit A

Standing Order Election

By executing this Irrevocable Standing Order Election (this “**Standing Order**”), I wish to notify the Company of my election to sell Restricted Shares in connection with the vesting date for the Restricted Shares to raise sufficient proceeds to cover my estimated taxes (as described below) resulting from such vesting or, if applicable, to satisfy tax withholding obligations. **I understand that if I do not execute this Standing Order, then I will be solely responsible for paying any estimated and actual taxes (and any withholding obligations) due as a result of such vesting by cash or check (or by a later sale that complies with law and the Company’s policies concerning insider trading).**

IMPORTANT NOTES:

- You may not enter into this Standing Order if you are in possession of material non-public information. If you are in possession of material non-public information, then you must wait to complete this Standing Order until such time as you no longer possess material non-public information.
- No sales may be made pursuant to this Standing Order for 30 calendar days following its execution. To ensure that you can satisfy your withholding obligations by selling Shares in the market, you should return this form to the Company as soon as possible, but in no event later than 30 days before the vesting date of your Restricted Shares listed in the Agreement.

By signing below, I understand that I am agreeing to the following provisions:

1. I am executing this Standing Order to authorize the Company, Muriel Siebert & Co., Inc. (for long as the firm is designated by the Company as an authorized broker for this purpose) and any other broker the Company designates (the “**Broker**”) to take the actions described in this Paragraph 1. I authorize the Company to transfer any Shares issued to me in connection with my award of Restricted Shares to the Broker to be held in an account for my benefit (the “**Brokerage Account**”), and I irrevocably authorize the Broker to sell, at the market price and on the date the Restricted Shares vest (or, if all or a portion of the sale cannot be completed on such date because of insufficient demand or a market disruption, then on the next following business day on which the sale can be made) the number of Shares necessary to obtain proceeds sufficient to satisfy the amount of (a) my estimated taxes resulting from such event or (b) if withholding for taxes is required, any withholding obligations associated with my Restricted Shares indicated by the Company to the Broker. I understand and agree that the number of Shares that the Broker will sell will be based on the Company’s estimate (or Broker’s estimate if it provides such service) of the Shares required to satisfy estimated taxes or the withholding obligations, using the closing price of a Share of the Company’s common stock on the trading day immediately prior to vesting date (or such other date as any withholding obligations become due). My estimated taxes for this purpose shall be calculated at the highest marginal federal and state (based on my state of residence as then indicated in the Company’s records) income tax rates then in effect. I agree to execute and deliver such documents, instruments and certificates as may reasonably be required in connection with the sale of the Shares pursuant to this Standing Order.

2. I agree that the proceeds received from the sale of Shares pursuant to Paragraph 1 will be (a) in the case of a sale to cover estimated taxes, delivered to my Brokerage Account or (b) in the case of a sale intended to satisfy tax withholding obligations, used to satisfy such obligations associated with my Restricted Shares and, accordingly, I hereby authorize the Broker to deposit such proceeds in my Broker Account, in the case of clause (a), or pay such proceeds to the Company for such purpose, in the case of clause (b). I understand that, in the case of a sale intended to satisfy tax withholding obligations, to the extent that the proceeds obtained by such sale exceed the amount necessary to satisfy the withholding obligations, such excess proceeds shall be deposited into the Brokerage Account and, if a shortfall occurs, the Broker may sell additional Shares held in my Brokerage Account, the Company may deduct any remaining withholding obligations from any compensation or other payment of any kind due to me, or the Company may require that I pay any remaining withholding obligations to by cash or check. I further understand that any Shares that are not sold to satisfy withholding obligations will remain deposited in the Brokerage Account.

3. I have reviewed with my own tax advisors the federal, state, local and foreign tax consequences of this grant and the actions contemplated by the Agreement and this Standing Order. I am relying solely on such advisors and not on any statements or representations of the Company or any of its agents. I understand that I (and not the Company) will be responsible for my own tax liability that may arise as a result of this Standing Order.

4. I represent to the Company that, as of the date hereof, (i) I am not aware of any material nonpublic information about the Company or its Common Stock, (ii) the Company is not in a black out period (as defined in the Company's Insider Trading Policy), (iii) sales will not be commenced within 30 calendar days of adoption of this Standing Order, (iv) I am not subject to any legal, regulatory or contractual restriction or undertaking that would prevent the sales of Shares contemplated by this Standing Order, (v) I do not currently have any other Rule 10b5-1 trading plan in place and (vi) I am entering into this Standing Order in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1. The Company and I have structured this Agreement to comply with the affirmative defense to liability under Section 10(b) of the Securities Exchange Act of 1934, as amended, under Rule 10b5-1(c)(1) issued under such Act, and this Standing Order shall be interpreted to comply with such requirements.

IN WITNESS WHEREOF, the parties hereto have executed this Standing Order as of the last date indicated below.

Perma-Pipe International Holdings, Inc.

Date: _____

By: _____

Name: _____

Title: _____

GRANTEE

Date: _____

Executive Employment Agreement

This Employment Agreement is entered into as of the date of the last signature affixed hereto, by and between Perma-Pipe International Holdings, Inc, (PPIH), a Delaware corporation ("PPIH" or "the Company"), and Wayne Bosch ("Employee").

In consideration of the mutual promises and covenants set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, PPIH and Employee hereby agree as follows:

1. Position of Employment.

The Employee serves the position of Vice President & Chief Human Resources Officer and reports to the President and CEO of PPIH. PPIH retains the right to change Employee's title, duties, and reporting relationships as may be determined to be in the best interests of the Company; provided, however, that any such change in Employee's duties shall be reasonably consistent with Employee's training, experience, and qualifications. During the Assignment Employee must conduct himself in a manner (in all forums) as not to undermine the Company's reputation. The employment term shall be considered to start on the date indicated in this Employment Agreement.

The terms and conditions of the Employee's employment shall, to the extent not addressed or described in this Employment Agreement, be governed by the PPIH Policies and Procedures and existing practices. In the event of a conflict between this Employment Agreement and the PPIH Policies and Procedures or existing practices, the terms of this Employment Agreement shall govern.

2. Term of Employment.

Employee's employment with PPIH shall begin on March 01, 2020 and shall continue for a period of 2 year (the "Initial Term"), and then automatically renew annually for successive one-year terms (each, a "Renewal Term", together with the Initial Term, the "Term") unless;

- a. either party gives the other party written notice otherwise at least 90 days before the end of the Initial Term or a Renewal Term; or
- b. Employee's employment is terminated by either party in accordance with the terms of Section 5 of this Employment Agreement; or
- c. Such term of employment is extended or shortened by a subsequent agreement duly executed by each of the parties to this Employment Agreement, in which case such employment shall be subject to the terms and conditions contained in the subsequent written agreement.

3. Compensation and Benefits.

- a. Base Salary. Employee shall be paid a base salary of \$9351.80 bi-weekly, which is \$243,147 annually ("Base Salary"), subject to applicable federal, state, and local withholding, such Base Salary to be paid to Employee in the same manner and on the same payroll schedule in which all exempt PPIH employees receive payment. Salary will be reviewed annually and adjusted by the President and CEO and upon approval by the Board of Directors based on performance and external benchmarking of market compensation for equivalent positions. Timing of any adjustments will be aligned to overall Corporate annual salary review.

- b. Incentive Compensation. Employee shall be eligible to participate in incentive compensation programs available to other similarly-situated executives of PPIH as outlined below. Nothing in this Employment Agreement shall be deemed to require the payment of bonuses, awards, or incentive compensation to Employee.
 - i) Short Term Incentive (STI). Employee will be eligible to receive Short Term Incentive in the form of an annual cash bonus opportunity with a target incentive set at 45% of base salary. Performance measures applicable to the STI bonus will be based on Company Performance Metrics aligned to financial and strategic plans approved by the Board. Bonus payment award and timing will align with Corporate annual bonus payouts following completion of annual financial calendar. For the first fiscal year, bonus eligibility will be pro-rata for portion of the fiscal year worked and based on part year metrics for the same time period.
 - ii) Long Term Incentive (LTI). Employee will be eligible to receive Long Term Incentive in the form of Restricted Stock with a target annual award of 33% times base salary. Under the current plan, Restricted Stock is granted that vests over a 3-year period, with 1/3 vesting at the end of each anniversary of the grant. The actual award may be adjusted up or down based on compensation benchmarking and/or performance as determined in good faith by the Board. The Board reserves the right to amend the LTI program and terms as deemed necessary.
 - c. Employee Benefits. Employee shall be eligible to participate in all employee benefit plans, policies, programs, or perquisites made available by the Company to similarly-situated employees. Notwithstanding anything herein to the contrary, the terms and conditions of Employee's participation in PPIH's employee benefit plans, policies, programs, or perquisites shall be governed by the terms of each such plan, policy, or program. Complete details of the plans including Health, Dental, Retirement, and Incentives will be provided separately.
 - d. Vacation. Employee will be entitled to 4 weeks of paid vacation annually.
4. Duties and Performance. The Employee acknowledges and agrees that he is being offered a position of employment by PPIH with the understanding that the Employee possesses a unique set of skills, abilities, and experiences which will benefit the Company, and he agrees that his continued employment with the Company, whether during the term of this Employment Agreement or thereafter, is contingent upon his successful performance of his duties in his position as noted above, or in such other position to which additional or different duties may be assigned.
- a. General Duties.
 - 1. Employee shall render to the very best of Employee's ability, on behalf of the Company, services to and on behalf of the Company, and shall undertake diligently all duties assigned to him by the Company.
 - 2. Employee shall devote his full time, energy and skill to the performance of the services in which the Company is engaged, at such time and place as the Company may direct. Employee shall not undertake, either as an owner, director, shareholder, employee or otherwise, the performance of services for compensation (actual or expected) for any other entity without the express written consent of the President and CEO or Board of Directors. Such consent will not be unreasonably withheld for a paid Board of Directors position offered to Employee as long as such role is not in conflict with Employee's role and position in the Company.

3. Employee shall faithfully and industriously assume and perform with skill, care, diligence and attention all responsibilities and duties connected with his employment on behalf of the Company.
4. Employee shall have no authority to enter into any contracts binding upon the Company, or to deliberately create any obligations on the part of the Company, except as may be specifically authorized by the President and CEO, Board of Directors of PPIH and as outlined in the Company Delegation of Authority policy.
5. Foster a Company with underlying values in safety, integrity and ethics.

b. Specific Duties.

1. Provide leadership in the areas of Human Resources and Ethics and Compliance globally.
2. Be a trusted advisor who consistently builds competitive advantage through focus on talent, performance and culture.
3. Build organizational strength and execute an employee development and succession plan to ensure the future capabilities of the organization and the continual growth of employee capabilities and experience.
4. Build a competitive advantage and optimize business performance through a robust pipeline of internal and external talent.
5. Foster a proactive business partnership by leveraging and communicating HR dashboards, technology and reports to shape business decisions.
6. Lead a high performance, results driven team that meets or exceeds commitments.
7. Develop company-wide communication program promoting a culture of accountability, transparency and engagement.
8. Serve as the Company's Chief Compliance Officer, leading the ethics and compliance program to promote understanding, support and compliance globally.

5. Termination of Employment. Employee's employment with the Company may be terminated in accordance with any of the following provisions:

- a. Termination by Employee. The Employee may terminate employment at any time during the course of this Employment Agreement by giving 90 days' notice in writing to the President and CEO of PPIH. During the notice period, Employee must fulfill all duties and responsibilities set forth above and use his best efforts to train and support his replacement, if any. Failure to comply with this requirement may result in Termination for Cause described below, but otherwise Employee's salary and benefits will remain unchanged during the notification period.
- b. Termination by the Company Without Cause. PPIH may terminate Employee's employment at any time during the course of this Employment Agreement by giving ninety (90) days' notice in writing to the Employee. During the notice period, Employee must fulfill all of Employee's duties and responsibilities set forth above and use Employee's best efforts to train and support Employee's replacement, if any. Failure of Employee to comply with this requirement may result in Termination for Cause described below, but otherwise Employee's salary and benefits will remain unchanged during the notification period. Should PPIH terminate Employee's employment without Cause, contingent on Employee signing a release of claims, Employee will receive (12) months of Severance plus pro rata STI for the year of termination at 100% of target, and retain all rights to vested Restricted Stock, and any unvested Restricted Stock and RSUs and any other equity awards will be forfeited except that Restricted Stock due to vest in the current year will vest pro rata for the number of months Employee was employed in that year.

- c. Termination by Employee for Good Reason. Employee may terminate his employment with the Company for Good Reason (as defined below) by giving 90 days' notice in writing to the Company. During the notice period, Company shall have the right to cure any Good Reason as defined in this Agreement. If requested by the Company, Employee must fulfill all of Employee's duties and responsibilities set forth above during the 90 day notice period and use Employee's best efforts to train and support Employee's replacement, if any. Failure of Employee to comply with this requirement may result in Termination for Cause described below, but otherwise Employee's salary and benefits will remain unchanged during the notification period. Should Company fail to cure Employee's stated Good Reason within 90 days and, as a result, termination for Good Reason occurs, contingent on Employee signing a release of claims, Employee will receive (12) months of Severance plus pro rata STI for the year of termination at 100% of target, and retain all rights to vested Restricted Stock, and any unvested Restricted Stock and RSUs and any other equity awards will be forfeited except that Restricted Stock due to vest in the current year will vest pro rata for the number of months Employee was employed in that year. For the purposes of this Agreement, "Good Reason" is defined as material diminution in Employee's compensation or material negative changes by the Company affecting the Employee's duties, responsibilities, reporting or authority as outlined in this Employment Agreement. Good Reason shall not exist at any time that the Employee could be terminated for Cause.
- d. Termination by the Company for Cause. The Company may, at any time and without notice, terminate the Employee for "Cause". Termination for "Cause" shall include but not be limited to termination based upon any of the following: (a) repeated failure to perform the duties of the Employee's position in a satisfactory manner; (b) fraud, misappropriation, embezzlement or acts of similar dishonesty; (c) conviction of or entrance of a plea of no contest for a felony involving moral turpitude; (d) illegal use of drugs or excessive use of alcohol in the workplace; (e) intentional and willful misconduct that may subject the Company to criminal or civil liability; (f) breach of the Employee's duty of loyalty, including the diversion or usurpation of corporate opportunities properly belonging to the Company; (g) willful disregard of Company policies and procedures; (h) breach of any of the material terms of the Employment Agreement; and (i) insubordination or deliberate refusal to follow the lawful instructions of the Board of Directors of PPIH. Termination for Cause will result in immediate termination, no Severance, no STI for the year of termination, and forfeiture of all unvested Restricted Stock, RSUs and any other equity awards. Cause shall not exist under subsections (a), (f), or (h) unless the Employee fails to cure the alleged misconduct, breach or violation after being given thirty (30) days' written notice by the Company of the alleged misconduct, breach or violation that is asserted as the basis for Cause.
- e. Termination by Death or Disability. The Employee's employment and rights to compensation under this Employment Agreement shall terminate if the Employee is unable to perform the duties of his position due to death, or disability lasting more than 90 days, taking into consideration the accommodation obligations under the Americans with Disabilities Act or parallel state law based on the applicable facts of any such disability, and the Employee's heirs, beneficiaries, successors, or assigns shall not be entitled to any of the compensation or benefits to which Employee is entitled under this Employment Agreement, except: (a) to the extent specifically provided in this Employment Agreement (b) to the extent required by law; or (c) to the extent that such benefit plans or policies under which Employee is covered provide a benefit to the Employee's heirs, beneficiaries, successors, or assigns.

- f. Change in Control (CIC). CIC is defined by a change in ownership or a sale of substantially all of the Company's assets and a material diminution of Employee's duties, responsibilities, reporting or authority within 12 months following such ownership change. In the event of a CIC, Employee may terminate his employment with Good Reason. In addition, all RSU vesting will be accelerated. For purposes of determining whether a CIC has occurred, Company shall mean only PPIH, Inc.
 - g. Severance. Severance means a payment equal to Employee's Annual Base Salary plus continuation of group health and welfare benefits via COBRA for the for the Severance period. Severance will be paid in equal installments for the length of the Severance period, beginning with the first payroll period on or after 30 days after Employee signs the release of claims referenced herein.
 - h. Release. Any post-termination Severance or benefits are subject to Employee signing a release of claims prior to receipt.
6. Confidentiality. To the fullest extent permitted by applicable law, the terms of the Confidentiality Agreement executed by the Employee are incorporated by reference into this Employment Agreement and are made a part hereto as if they appeared in this Employment Agreement itself. The terms of such Confidentiality Agreement, as incorporated herein, will extend for the duration of any Severance period.
7. Non-Solicitation/Non-Compete. To the fullest extent permitted by applicable law, the terms of the Non-Solicitation/Non-Compete Agreement executed by the Employee are incorporated by reference into this Employment Agreement and are made a part hereto as if they appeared in this Employment Agreement itself. The terms of such Non-Solicitation/Non-Compete Agreement, as incorporated herein, will extend for the duration of any Severance period.
8. Code of Conduct and Compliance with Laws. Employee agrees to be bound by the provisions of the PPIHH Code of Conduct and Global Anti-corruption Policy and Procedure. Employee asserts he has no conflict of interests in any other business dealings to PPIH. In the event a potential conflict of interest arises, Employee will promptly notify CEO in writing.
9. Assignment of Inventions, Improvements and Developments. The Employee hereby assigns and agrees to assign to the Company the entire worldwide right, in all inventions, improvements and developments, patentable or unpatentable, which, during his employment by the Company he shall have made or conceived or hereafter may make or conceive, either solely or jointly with others (a) with the use of the Company's time, equipment, materials, supplies, facilities, or trade secrets or confidential business information or (b) resulting from or suggested by his work for the Company or (c) contemplated business of the Company, including, but not limited to, pre-insulated and/or secondarily contained piping systems for district heating and cooling systems, oil and gas flow lines, chemical transportation and related products and materials. All such inventions, improvements and developments shall automatically and immediately be deemed to be the property of the Company as soon as made or conceived. This assignment includes all rights to claim for any patent application for such inventions, improvements and developments the full benefits and priority rights under the Patent Cooperation Treaty, the Paris Convention, and any other international intellectual property agreement. This assignment includes all rights to sue for all infringements, including those which may have occurred before this assignment. It is understood that this Employment Agreement does not apply to an invention for which no equipment, supplies, facility or trade secret information of the Company was used and which was developed entirely on the Employee's own time, unless the invention (i) is related to the business of the Company, (ii) is related to the Company's actual or demonstrably anticipated research or development, or (iii) results from any work performed by the Employee for the Company.

10. Disclosure. Employee agrees to disclose promptly to the Company all such inventions, improvements and developments when made or conceived. Upon termination of his employment for any reason, Employee shall immediately give to the Company all written records of such inventions, improvements and developments and make all full disclosures thereof, whether or not they have been reduced to writing.
11. Aid and Assistance. The Employee agrees, (a) to execute all documents necessary to protect inventions, improvement and developments assigned pursuant to Section 9, and to obtain, maintain, modify, or enforce any United States or foreign patent on such invention, improvements or developments; and (b) to cooperate with the Company in every reasonable way possible in obtaining evidence for use in any such proceedings to obtain, maintain, modify or enforce any such patent.
12. Office Location: You will be based at the PPIH offices at 24900 Pitkin Road, Spring, Texas or similar Company location You will also be required to travel to other locations as necessary.
13. Parachute Payment Limitation. Notwithstanding any contrary provision above, if Employee is a "disqualified individual" (as defined in Section 280G of the Internal Revenue Code), and the CIC Benefits, together with any other payments which the Employee has the right to receive from the Company, would constitute a "parachute payment" (as defined in Section 280G of the Code), the payments and benefits provided under this Agreement shall be either (i) reduced (but not below zero) so that the aggregate present value of such payments and benefits received by the Employee from the Company shall be \$1.00 less than three times Employee's "base amount" (as defined in Section 280G of the Code) and so that no portion of such payments received by Employee shall be subject to the excise tax imposed by Section 4999 of the Code, or (ii) paid in full, whichever produces the better net after-tax result for Employee (taking into account any applicable excise tax under Section 4999 of the Code and any applicable income tax). If a reduced payment is made to Employee pursuant to clause (i) above and through error or otherwise that payment, when aggregated with other payments from the Company used in determining if a parachute payment exists, exceeds \$1.00 less than three times Employee's base amount, Employee must immediately repay such excess to the Company upon notification that an overpayment has been made.
14. Indemnification and Insurance. The Company will defend, indemnify and hold Employee, his heirs, executors and administrators harmless against and in respect of any and all damages, losses, obligations, liabilities, claims, deficiencies, costs and expenses (including, but not limited to, attorneys' fees and other costs and expenses incident to any suit, action, investigation, claim or proceeding) suffered, sustained, incurred or required to be paid by Employee by reason of or on account of Employee's performance of work on behalf of the Company, except to the extent due to any act or omission by Employee that constitutes a breach of this Employment Agreement or is outside the scope of his authority under this Employment Agreement. In addition, the Company will maintain directors and officer's liability insurance in place, with reasonable and customary limits, pursuant to which Employee shall be a named, additional or covered insured. Employee shall cooperate with reasonable requests of the Company in connection with any indemnifiable claim and shall provide such documentation or information which is reasonably necessary to defend the indemnifiable claim.

15. General Provisions.

- a. Notices. All notices and other communications required or permitted by this Employment Agreement to be delivered by PPIH or Employee to the other party shall be delivered in writing to the address shown below, either personally, or by registered, certified or express mail, return receipt requested, postage prepaid, to the address for such party specified below or to such other address as the party may from time to time advise the other party, and shall be deemed given and received as of actual personal delivery, or upon the date or actual receipt shown on any return receipt if registered, certified or express mail is used, as the case may be.

PPIH, Inc.:
24900 Pitkin Road
Spring, TX 77386
Attention: President and CEO

Wayne Bosch
41 Portshire Drive
Lincolnshire, IL 60069
(Or such other address in the Company's employment records.)

- b. Amendments and Termination; Entire Agreement. This Employment Agreement may not be amended or terminated except in writing executed by all of the parties hereto. This Employment Agreement constitutes the entire agreement of PPIH and Employee relating to the subject matter hereof and supersedes all prior oral and written understandings and agreements relating to such subject matter.
- c. Existing Agreements. The Employee represents to the Company that he is not subject or a party to any employment or consulting agreement, confidentiality, non-competition covenant or other agreement, covenant or understanding which might prohibit him from executing this Employment Agreement or limit his ability to fulfill his responsibilities hereunder.
- d. Successors and Assigns. The rights and obligations of the parties hereunder are not assignable to another person without prior written consent; provided, however, that PPIH, without obtaining Employee's consent, may assign its rights and obligations hereunder to a wholly-owned subsidiary and provided further that any post-employment restrictions shall be assignable by PPIH to any entity which purchases all or substantially all of the Company's assets. In addition, in the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, consolidation or otherwise, the Company may assign this Employment Agreement and its rights hereunder without obtaining Employee's consent, provided that the assignee assumes all of the obligations of the Company hereunder, and upon such assignment and assumption, the Employee shall have no right to look to the Company for obligations arising hereunder after the effective date of such assignment.
- e. Severability Provisions Subject to Applicable Law. All provisions of this Employment Agreement shall be applicable only to the extent that they do not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Employment Agreement invalid, illegal or unenforceable under any applicable law. If any provision of this Employment Agreement or any application thereof shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of other provisions of this Employment Agreement or of any other application of such provision shall in no way be affected thereby.

- f. Waiver of Rights. No waiver by PPIH or Employee of a right or remedy hereunder shall be deemed to be a waiver of any other right or remedy or of any subsequent right or remedy of the same kind.
- g. Definitions, Headings, and Number. A term defined in any part of this Employment Agreement shall have the defined meaning wherever such term is used herein. The headings contained in this Employment Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Employment Agreement. Where appropriate to the context of this Employment Agreement, use of the singular shall be deemed also to refer to the plural, and use of the plural to the singular.
- h. Counterparts. This Employment Agreement may be executed in separate counterparts, each of which shall be deemed an original but both of which taken together shall constitute but one and the same instrument.
- i. Governing Laws and Forum. This Employment Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas. The Company and Employee agree that any claim, dispute, or controversy arising under or in connection with the Employment Agreement, or otherwise in connection with Employee's employment by the Company (including, without limitation, any such claim, dispute, or controversy arising under any federal, state, or local statute, regulation, or ordinance or any of the Company's employee benefit plans, policies, or programs) shall be resolved solely and exclusively by final and binding arbitration. The arbitration shall be held in the city of Houston, Texas (USA) and the language shall be English. The arbitration shall be conducted in accordance with the Rules of the American Arbitration Association (the "AAA") in effect at the time of the arbitration and each party shall appoint one arbitrator of its own choosing with a third arbitrator on a panel of three (3) being appointed by the parties' respective arbitrators. All fees and expenses of the arbitration, including a transcript if either requests, shall be borne equally by the parties. Any judgement upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

IN WITNESS WHEREOF, PPIH and Employee have executed and delivered this Employment Agreement as of the date written below.

/s/ Wayne Bosch

Wayne Bosch

PPIH, Inc.

By:

/s/ David J. Mansfield

Name: David J. Mansfield

Title: President and CEO

Date: January 31, 2020

SUBSIDIARIES OF REGISTRANT

MFRI Holdings (B.V.I) Ltd (British Virgin Islands)

Midwesco Filter Resources, Inc. (Delaware corporation)

MM Niles, Inc. (Delaware corporation)

Perma-Pipe, Inc. (Delaware corporation)

Perma-Pipe Canada, Inc. (Delaware corporation)

Perma-Pipe Canada, LTD. (Canada)

Perma-Pipe India Pvt. Ltd. (India)

Perma-Pipe International Co. LLC (Delaware corporation)

Perma-Pipe Middle East FZC (United Arab Emirates)

Perma-Pipe Egypt for Metal Fabrication and Insulation Industries (Perma-Pipe Egypt) S.A.E. (Egypt)

Perma-Pipe Oil Field Services LLC (United Arab Emirates)

Perma-Pipe Saudi Arabia, LLC (Kingdom of Saudi Arabia)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated April 21, 2020, with respect to the consolidated financial statements and the related financial statement schedule included in the Annual Report of Perma-Pipe International Holdings, Inc. and subsidiaries on Form 10-K for the year ended January 31, 2020. We consent to the incorporation by reference of said report in the Registration Statements of Perma-Pipe International Holdings, Inc. on Forms S-3 (File No. 333-230895, effective May 14, 2019; File No. 333-21951, effective August 13, 1997; File No. 333-44787, effective January 23, 1998; and File No. 333-139432, effective December 18, 2006) and on Forms S-8 (File No. 333-08767, effective July 25, 1996; File No. 333-121526, effective December 22, 2004; File No. 333-130517, effective December 20, 2005; File No. 333-182144, effective June 15, 2012; File No. 333-186055, effective January 16, 2013; File No. 333-190241, effective July 30, 2013; and File No. 333-224642, effective May 3, 2018).

/s/ GRANT THORNTON LLP

Chicago, Illinois
April 21, 2020

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each of the undersigned, being a director or officer, or both, of **Perma-Pipe International Holdings, Inc.**, a Delaware corporation (the "Company"), does hereby constitute and appoint DAVID J. MANSFIELD and/or D. BRYAN NORWOOD, with full power to each of them to act alone, as the true and lawful attorneys and agents of the undersigned, with full power of substitution and resubstitution to each of said attorneys to execute, file or deliver any and all instruments and to do all acts and things which said attorneys and agents, or any of them, deem advisable to enable the Company to comply with the Securities Exchange Act of 1934, as amended, and any requirements or regulations of the Securities and Exchange Commission in respect thereof, in connection with the Company's filing of an annual report on Form 10-K for the Company's fiscal year 2019, including specifically, but without limitation of the general authority hereby granted, the power and authority to sign his or her name as a director or officer, or both, of the Company, as indicated below opposite his or her signature, to the Form 10-K, and any amendment thereto; and each of the undersigned does hereby fully ratify and confirm all that said attorneys and agents, or any of them, or the substitute of any of them, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of this 21st day of April, 2020.

/s/ David J. Mansfield

David J. Mansfield, Director, President and Chief Executive Officer (Principal Executive Officer)

/s/ David Brown

David Brown, Director

/s/ D. Bryan Norwood

D. Bryan Norwood, Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

/s/ Jerome T. Walker

Jerome T. Walker, Director

/s/ David S. Barrie

David S. Barrie, Director, Chairman of the Board of Directors

/s/ Cynthia Boiter

Cynthia Boiter, Director

CERTIFICATION

I, David J. Mansfield, certify that:

1. I have reviewed this annual report on Form 10-K of Perma-Pipe International Holdings, 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: April 21, 2020

/s/ David J. Mansfield

David J. Mansfield

Director, President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, D. Bryan Norwood, certify that:

1. I have reviewed this annual report on Form 10-K of Perma-Pipe International Holdings, 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: April 21, 2020

/s/ D. Bryan Norwood

D. Bryan Norwood

Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

Certification of Principal Executive Officers
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

The undersigned in their capacities as Chief Executive Officer and Chief Financial Officer of Perma-Pipe International Holdings, Inc. (the “Registrant”), certify that, to the best of their knowledge, based upon a review of the Annual Report on Form 10-K for the period ended **January 31, 2020** of the Registrant, (the “Report”):

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ David J. Mansfield
David J. Mansfield
Director, President and Chief Executive Officer
(Principal Executive Officer)
April 21, 2020

/s/ D. Bryan Norwood
D. Bryan Norwood
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)
April 21, 2020

A signed original of this written statement required by Section 906 has been provided by Perma-Pipe International Holdings, Inc. and will be retained by Perma-Pipe International Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
