PERMA-PIPE®

2020 | ANNUAL REPORT

Partners In Excellence

MESSAGE TO STOCKHOLDERS 2020

PRESSED THE PAUSE BUTTON

The year of 2020 has been one that none of us could have expected or imagined. Many everyday practices were changed profoundly, most of all our interpersonal connections and our ability to travel and communicate. Face-to-face interactions changed to remote communications, often via video connections. Routine group events were either disrupted or cancelled altogether, including business meetings, school graduations and lessons, and even celebrations. Long distance travel became extremely difficult and infrequent.

All of these changes had a significant impact on all of our daily lives. The impact it has had on our business and industries has been equally significant. The pandemic required us first to change our normal operating procedures in order to ensure the health and safety of our employees, which was our first priority. This included adapting to remote working environments, closing temporarily and deep-cleaning offices and plant facilities after any COVID outbreak, working within constraints of curfews, and operating with split-shift patterns.

Our customers and suppliers suffered from similar disruptions, which hindered the effectiveness of our business development efforts, the supply chain continuity, and our customers' capital spending plans. Most notable to Perma-Pipe were the disruptions that impaired the ability of our clients to progress with their project and construction schedules.

In summary, the pandemic came without warning, and brought with it a requirement to make immediate and profound changes to the way in which we could operate. It had a significant negative impact on the conditions of our business environment and as a result, the volume of our business contracted, with revenues declining around 30% on the prior year. Our first course of action was to make a defensive maneuver with the objective of minimizing cash outflows until the conditions returned to 'normal'. We achieved this through the elimination of all non-essential and discretionary spending, through headcount reductions and furloughs, and maintaining a flexible and conservative approach toward capital expenditures. Our headcount reduced by 25% since February 2020, and we were able to reduce the annual fixed costs of our infrastructure by around 15%. This went a long way toward helping us to endure the adverse conditions, which persisted for longer than we had anticipated.

It is with great relief that we are seeing signs of improved conditions, both internally and across our industries. The oil price has improved to $60/bbl compared to around $30-$40/bbl last year. Projects that have been delayed have begun moving again. Even the long-delayed (and previously suspended) mega project in East Africa that we have been competing for has become active again, and will hopefully now proceed. The results from our business development activities have become more

promising and we have seen recently an upturn in bookings and in backlog. While there is always a delay between the time of a project award and the resulting revenues, we are beginning to see an improvement already. My hope and expectation is that this continues to gain momentum and the improvements continue, allowing us to finally see the benefits of our past efforts. We have also seen very early signs of success after the installation of new coating capabilities in our MENA region, which allows us to serve an entirely new market.

Last year my message to you included the statement that we had built the foundation needed for our growth, and that we would shift up from a 'defensive mode' and focus on our growth opportunities during 2020. While we unexpectedly had to return to make defense a priority, it is with great relief that I can say that those same opportunities have not passed during the past year. They are all still very much available for us to pursue as soon as our business environment allows. If we are interpreting the recent indications correctly, we expect to be able to capture some of these during the forthcoming year. In the longer term, there may even be potential for some upside to the known opportunities in the district energy market, as the US and other world governments increase their focus on carbon footprints and environmentally friendly energy systems.

Each year I extend my gratitude to our employees for their contributions and efforts, and to our Board of Directors for their support and guidance. This year those thanks are even greater and are even more deserved, because 2020 was the most challenging year to persevere through, when we are asking everyone to do more with less. Similarly, the support and patience demonstrated by our investors warrants my thanks and recognition during this difficult time.

Sincerely,
DAVID J. MANSFIELD
Chief Executive Officer

OUR COMPANY

PERMA-PIPE International Holdings, Inc. (NASDAQ:PPIH) is a global engineered pipe services company offering core competencies in anti-corrosion coatings, insulation solutions, containment systems, leak detection systems, engineering support, field installation, and fabrication services for the oil & gas, district heating & cooling, environmental, and industrial industries.

OUR PURPOSE

We are the world's most trusted engineered pipe services company. We take pride in operating safely for our clients and exceeding their expectations.

Our global footprint is a strategic differentiator designed to benefit our clients and leverage our local market knowledge in the most efficient way possible.

OUR VALUES

Our company values describe the commitments that define our character. These values are being assimilated within our global organization to strengthen the employee experience and grow our business.

SAFETY FIRST

No Accidents, No Injuries. Be responsible for your own and other's safety.

BE A TEAM PLAYER

Work with your customers and coworkers to identify and solve problems. Never settle for the status quo.

VALUE PEOPLE

Seek out and appreciate each other's ideas, thoughts, and values.

RESPECT

Treat others as you want to be treated – with trust, dignity, and respect.

ACT WITH INTEGRITY

Tell the truth, be reliable and transparent, and do the right thing.

OWN IT

Own your actions, decisions, and responsibilities.

Partners In Excellence

When our customers partner with PERMA-PIPE, they are not just buying a long-lasting, reliable piping system; they are also investing in a partnership with a company that stands behind its products and services. As their single-source partner, we work with them to plan, design, engineer, fabricate, and install the most cost-effective and dependable piping system available, providing them with lasting peace of mind. This is what we mean by our company slogan, Partners In Excellence.

GLOBAL FOOTPRINT

We have seven strategically located manufacturing facilities in the USA (2), Canada, United Emirates, Saudi Arabia, Egypt, and India, giving us a global footprint to support our clients around the world. Our local knowledge helps our clients grow their business in the most efficient way and provides the best possible experience.

A FOCUSED PORTFOLIO

Production of some of the most trusted and reliable engineered piping systems inspires us to be our best every day. We have a keen understanding for how piping plays a role in various markets, which is why we offer core competencies in anti-corrosion coatings, insulation solutions, containment systems, leak detection systems, engineering support, field installation, and fabrication services. Our customers can trust us to build piping systems that will consistently exceed their expectations.

RESILIENT PEOPLE

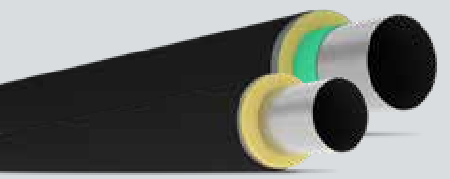
2020 was a tough year for most, but we were able to work together to meet our clients’ expectations. Our employees worked with their partners around the world to overcome some great challenges while providing incredible service with winning results.

Our continued investment in the business helps to strengthen partnerships with our customers while supporting the sustainable growth we aim to achieve long-term.

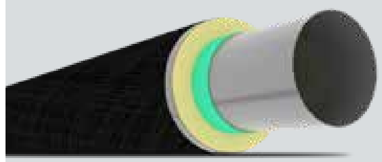
OUR BRANDS

We are not just a pipe company. We create an everlasting, rewarding customer relationship through our brands operating globally, and by ensuring that we provide the highest quality products while innovating piping systems that have helped us establish ourselves as a trusted provider of engineered pipe.

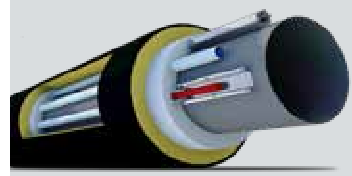
XTRU-THERM®
Pre-Insulated Pipe System



POLY-THERM®
Pre-Insulated Pipe System

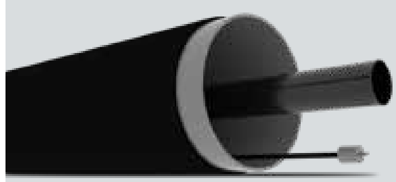


TRACE-THERM™
Pre-Insulated Pipe System



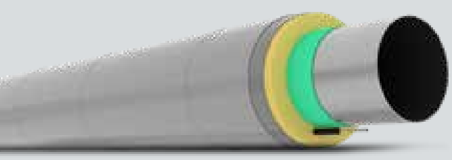
MULTI-THERM®
Pre-Insulated Pipe System

ENI-GARD™
Containment Pipe System

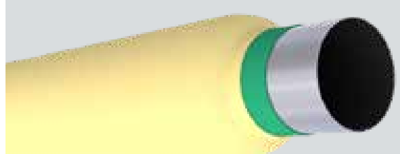


PERMA-BOND™
Anti-Corrosion Pipe Coatings

HI-GARD™
Pre-Insulated Pipe System



FLOW-THERM™
Pre-Insulated Pipe System



PVC-THERM™
Pre-Insulated Pipe System

PermAlert®
Leak Detection System

FAB-COAT™
Custom Coatings

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, 2021

OR

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

For the transition period from ___________ to ____________

Commission File No. 001-32530

Perma-Pipe International Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**36-3922969**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6410 W. Howard Street, Niles, Illinois	**60714**
(Address of principal executive offices)	(Zip Code)
(847) 966-1000	
(Registrant's telephone number, including area 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒ Emerging growth company ☐

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates 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 $46,315,771.68 based on the closing sale price of $5.91 per share as reported on the NASDAQ Global Market on July 31, 2020.

The number of shares of the registrant's common stock outstanding at April 9, 2021 was 8,164,989.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2021 annual meeting of stockholders, which will be filed with the Securities and Exchange Commission within 120 days after January 31, 2021, 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, 2021

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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 obtain forgiveness of its loan under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP");
- 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 order receipt, execution, delivery and acceptance 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;
- the Company's ability to collect an account receivable related to a project in the Middle East;
- 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;
- the Company’s ability to use its net operating loss carryforwards;
- 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 2021, 2020 and 2019 are for the fiscal years ended January 31, 2022, 2021 and 2020, 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 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."

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, the Company uses an agent network to assist in marketing and selling the Company's products and services.

For the year ended January 31, 2021, no one customer accounted for greater than 10% of the Company's consolidated net sales, and for the year ended January 31, 2020, one customer accounted for 11.5% of the Company's consolidated net sales.

As of January 31, 2021 and 2020, no one customer accounted for greater than 10% and one customer accounted for 13.3% of accounts receivable, respectively.

Backlog. The Company’s backlog on January 31, 2021 was $52.6 million compared to $46.8 million on January 31, 2020, most of which is expected to be completed within 2021. This increase is primarily the result of project delays caused by the COVID-19 pandemic and related disruptions, and major project awards in the Middle East. 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. The Company also owns a number of trademarks throughout the world. The Company owns patents for some of the features of its sensor cables.

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, which are 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 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 in the industry. 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 generally increase the demand for its piping systems products.

In the United States and Canada, federal government regulations require that all buried oil and gas 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, 2021, the Company had approximately 167 full-time employees working in the United States, of which approximately 72 were under two collective bargaining agreements, one expiring on March 31, 2022, and the other expiring on April 30, 2023. There were approximately 337 full-time 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 9, 2021:

Name	Offices and Positions; Age	Executive officer of the Company since
David J. Mansfield	Director, President and Chief Executive Officer; Age 60	2016
D. Bryan Norwood	Vice President and Chief Financial Officer; Age 65	2018
Wayne Bosch	Vice President, Chief Human Resources Officer; Age 64	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 CFO 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 Company. Mr. Bosch's background spans the entire spectrum of human resources competencies, including mergers, acquisitions and business integration, in start-up, turnaround and high-growth businesses. The scope of his experience also includes communications, legal, ethics and compliance, 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 has been and could continue to be negatively impacted by the recent COVID-19 outbreak. The COVID-19 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, as well as customers and suppliers, have taken preventative or protective actions, such as imposing restrictions on travel and business operations, shutdowns, lockdowns, mask mandates and other measures. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily. These actions may continue to expand in scope, type and impact depending on the ongoing severity of the pandemic. These measures, while intended to protect human life, have had and are expected to continue to have significant adverse impacts on domestic and foreign economies. Currently, the effectiveness of economic stabilization efforts being taken by federal and state government authorities to mitigate the effects of these actions and the spread of COVID-19 is uncertain.

This COVID-19 outbreak has impacted, and will continue to impact, the Company's office locations and manufacturing facilities, as well as those of its customers and 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. In some cases, customer mitigation efforts have prevented the Company from accessing the facilities of its customers to deliver products and provide services. In addition, some of the Company's customers have chosen to delay and some of the Company's customers may choose to abandon projects for which the Company provides products and/or services as a result of such actions. Further, the Company may 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 they operate.

The Company's results of operations, financial condition, liquidity and cash flow in 2020 were materially adversely affected by the COVID-19 pandemic and will likely continue to be materially adversely affected, the extent to which remains unclear at this time.

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. Generally, when the prices for crude oil and natural gas are higher, demand for certain of 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 certain of 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 certain of 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. 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, prices for oil and natural gas dropped substantially and continued at depreciated levels through fiscal 2020, which substantially reduced the demand for the Company's oil and gas related products. Additionally, the reduction in worldwide consumption as a result of the COVID-19 pandemic has added further downward pressure to oil prices. In response to the decrease in oil prices, international oil companies announced capital spending budget cuts that are reported to be approximately 30%. These reductions in capital spending could have a material effect on the Company's results of operations.

Oil prices may continue to be volatile as a result of these events and the ongoing COVID-19 outbreak. Oil prices have increased from approximately $35 per barrel in October 2020 to approximately $60 per barrel in March 2021. While the Company can give no assurance that this increase in prices will result in increased sales and earnings, continued higher prices historically lead to higher capital spending by energy companies.

The Company's results in fiscal 2020 have not complied with all covenants in its Senior Credit Facility. Due to continued project delays as a result of the COVID-19 pandemic, as of January 31, 2021, the Company and its subsidiaries failed to achieve the necessary fixed charge coverage ratio of 1.10 to 1.00 for the three-month period ended January 31, 2021 under the First Amendment and Waiver to the Revolving Credit and Security Agreement ("Amendment and Waiver") for the North American Loan Parties. Per the Amendment and Waiver, the Company will repatriate approximately $0.8 million in cash from its subsidiary in the United Arab Emirates in April 2021 to cure the breach. The repatriation will not cause the Company to incur any additional fees or taxes, nor did it force the Company to change any of its assertions with regards to permanent reinvestment in any of its foreign subsidiaries. As of January 31, 2021, the Company's foreign subsidiaries that are not a party to the Credit Agreement had approximately $6.6 million of cash available to satisfy a future potential repatriation cure of any potential future breach of the fixed charge coverage ratio covenant. The Company estimates that it may need to repatriate cash of up to $0.1 million in the next six months. Any cash required to cure future covenant defaults would be repatriated through the Company's subsidiaries in the United Arab Emirates, Saudi Arabia, Egypt and/or India. Most of this cash could be repatriated without any tax consequences, however, some repatriation would require payment of withholding taxes. The Company does not anticipate any material tax impacts of any potential future repatriation. Based on the actions taken by the Company and expected future results, the Company believes it has alleviated any concerns about its ability to satisfy its obligations in the normal course of business for the next year after the date these financial statements are available to be issued. See further discussion below and in Note 5 - Debt, in the Notes to Consolidated Financial Statements.

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 ongoing potential 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 has incurred indebtedness under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which will be subject to review, may not be forgivable in whole or in part and may eventually have to be repaid. On May 1, 2020, the Company entered into a loan agreement under the SBA's PPP and received proceeds of approximately $3.2 million. Interest on the loan accrued at a fixed interest rate of 1.0%. Under Section 1106 of the CARES Act, borrowers are eligible for forgiveness of principal and accrued interest on the loans to the extent that the proceeds are used to cover eligible payroll costs, mortgage interest costs, rent and utility costs, otherwise described as qualified expenses. During the three months ended July 31, 2020, the Company used all of the PPP loan proceeds to pay for qualified expenses. 100% of the PPP loan proceeds was used for payroll related expenses. The Company believes the PPP loan proceeds will be forgiven under the terms of the CARES Act, although no assurance to that effect can be provided. Under the current provisions of the CARES Act, any recipient of a PPP loan may be subject to an audit by the SBA to confirm it qualifies for the loan and that the proceeds were used for qualified expenses as prescribed by the PPP rules.

The Company has submitted its application and supporting documentation for forgiveness to its bank, which has submitted the application and supporting documentation to the SBA. We are currently awaiting approval of forgiveness from the SBA. No assurance is provided that we will be able to obtain full or partial forgiveness of the PPP loan.

The Company incurred net losses for its three fiscal years prior to 2019 and may be unable to return to sustained levels of profitability or positive cash flows in the future. The Company experienced net losses for its three fiscal years prior to 2019 and incurred a net loss in 2020 as well. 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 return to 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.

In addition, the increase in other income in 2020 as compared to 2019 was primarily the result of recognition of the Company's reasonable expectation of forgiveness of its PPP loan proceeds during the period of $3.2 million, as well as income recorded for funds received under the Canadian Emergency Wage Subsidy ("CEWS") and Canadian Emergency Rent Subsidy ("CERS") programs, each of which are non-recurring items. The Company will not experience a similar amount of other income in the next fiscal year.

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. The Company utilizes escalation clauses and bid expiration dates to mitigate any impact of this volatility on its earnings.

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.

The United States has maintained tariffs on certain imported steel, aluminum and items originating from China. These tariffs have increased the cost of raw materials and components we purchase. If the United States or other countries impose additional tariffs, that could have a further adverse impact on our business. There can be no assurance that the new administration will follow a similar approach to global trade policies and any changes to those policies could have negative impacts on the price and availability of steel and other imports used in the Company's business.

Delays in the timing of order receipt, execution, delivery and acceptance for the Company’s products generally 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 generally are 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, cash flows 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 cash flows, 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, negatively impact its cash flows and 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 extended credit to a customer for a project in the Middle East and, if the Company is unable to collect this account receivable, its future profitability could be adversely impacted. 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 $38.1 million, with a remaining balance due in the amount of $3.8 million. Included in this balance is an amount of $3.4 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, $2.4 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. During 2020, the Company received approximately $0.2 million from the customer. 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, 2021. However, if the Company's efforts to collect on this account are not successful in fiscal 2021, then the Company may be required to recognize an allowance for all, or substantially all, of any such then uncollected amounts in the future.

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 49.8% in 2020 from 55.6% in 2019. 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. The new U.S. administration has called for changes to foreign policy, which could create uncertainty and caution in the international business community. We cannot predict the impact, if any, the policies adopted by the new administration will have on our business. 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 United States. 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 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's ability to use its net operating loss carryforwards and certain other tax attributes may be limited. The Company's net operating loss ("NOL") carryforwards could expire unused and be unavailable to offset future income tax liabilities because of their limited duration or because of restrictions under U.S. tax law. As of January 31, 2021, the Company had $41.1 million of federal NOLs and $2.7 million of state NOLs available to offset the Company's future taxable income, if any. These federal and state NOLs expire at various dates from 2022 to 2031. The Company may experience ownership changes in the future as a result of subsequent shifts in its stock ownership. As a result, if the Company earns net taxable income, the Company's ability to use its pre-change NOLs to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to the Company. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

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.

Management previously reported on 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 by approximately $0.5 million. 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, and led management to conclude that a material weakness existed with respect to the Company's internal control over financial reporting. The Company considered this material weakness fully remediated as of October 31, 2020, and such material weakness remained fully remediated as of January 31, 2021. The Company can give no assurance that it will not incur another material weakness in our internal control over financial reporting.

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.

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	Leased 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	Leased production facilities and office space 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 6 - Lease information, in the Notes to Consolidated Financial Statements.

Item 3. LEGAL PROCEEDINGS - As of January 31, 2021, 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, 2021, there were approximately 66 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 5 - 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 2020.

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 and Depressed Oil and Gas Market

The Company’s results of operations, financial condition, liquidity and cash flow in 2020 have been materially adversely affected by the COVID-19 pandemic and the current depressed market prices for oil and gas, and will likely continue to be materially adversely affected, the extent to which remains unclear at this time. See Item 1A. Risk Factors for additional information.

As of the date of filing this Form 10-K, all of the Company’s plants are operating and, 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 are uncertain.

In response to the extraordinary steps taken to combat the spread of COVID-19 and the impact of decreased oil prices, the Company has updated its forecasts more frequently during this period to determine the continuing financial impact of these events on the Company’s results of operations, financial condition and liquidity. As a result of these reforecasts, the Company reduced headcount, planned capital expenditures and non-essential operating expenses. Due to continued project delays as a result of the COVID-19 pandemic and related disruptions, as of January 31, 2021, the Company and its subsidiaries failed to achieve the necessary fixed charge coverage ratio of 1.10 to 1.00 for the three-month period ended January 31, 2021 under its Amendment and Waiver for the North American Loan Parties. Based upon the actions taken by the Company and expected future results, the Company believes it has alleviated any concerns about its ability to satisfy its obligations in the normal course of business for the next year after the date these financial statements are available to be issued. See further discussion below and in Note 5 - Debt, in the Notes to Consolidated Financial Statements.

On May 1, 2020, the Company entered into a loan agreement under the PPP and received proceeds of approximately $3.2 million. Interest on the loan accrued at a fixed interest rate of 1.0%. Under Section 1106 of the CARES Act, borrowers are eligible for forgiveness of principal and accrued interest on the loans to the extent that the proceeds are used to cover eligible payroll costs, mortgage interest costs, rent and utility costs, otherwise described as qualified expenses. During the three months ended July 31, 2020, the Company used all of the PPP loan proceeds to pay for qualified expenses. 100% of the PPP loan proceeds were used for payroll related expenses. The Company believes the PPP loan proceeds will be forgiven under the terms of the CARES Act, although no assurance to that effect can be provided. Under the current provisions of the CARES Act, any recipient of a PPP loan may be subject to an audit by the SBA to confirm it qualifies for the loan and that the proceeds were used for qualified expenses as prescribed by the PPP rules.

Based on the facts and circumstances of the Company's PPP loan and according to the applicable accounting guidance described herein, the Company has elected to account for the PPP loan proceeds as a grant that has reasonable assurance of being forgiven. As such, the Company recognized the proceeds in earnings during the year ended January 31, 2021. The amounts are recognized in other income in the consolidated statements of operations. The Company has submitted its application and supporting documentation for forgiveness to its bank, which has submitted the application and supporting documents to the SBA. We are currently awaiting approval of forgiveness from the SBA.

Beginning in April 2020, the Company's subsidiary, Perma-Pipe Canada, Ltd. ("PPCA"), applied for relief in the form of grants from the Canadian government under the CEWS program. Based on the CEWS program rules, the grants are applied for each month and are granted based on the amount of eligible employee expenses incurred over the previous month. Beginning in October 2020, PPCA also applied for grants under the CERS program. PPCA was approved for and received approximately $1.9 million and $0.1 million in grants under the CEWS and CERS programs, respectively, during the year ended January 31, 2021. Both programs are scheduled to continue through June 2021. The proceeds from CEWS and CERS are recognized in other income in the consolidated statements of operations.

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. The Company's fiscal year ends on January 31. Years, results and balances described as 2020 and 2019 are for the fiscal years ended January 31, 2021 and 2020, respectively

Consolidated Results of Operations:

($ in thousands)	2020	2019	% Favorable (Unfavorable)
Net sales	$ 84,694	$ 127,663	*(33.7%)*
Gross profit	11,179	29,046	*(61.5%)*
Percentage of net sales	*13.2%*	*22.8%*	
General and administrative expenses	17,222	18,934	*9.0%*
Percentage of net sales	*20.3%*	*14.8%*	
Selling expense	5,334	5,231	*(2.0%)*
Percentage of net sales	*6.3%*	*4.1%*	
Interest expense, net	381	905	*57.9%*
Other income, net	3,983	1,059	276.1%
Income/(loss) from operations before income taxes	(7,775)	5,035	*(254.4%)*
Income tax expense/(benefit)	(133)	1,459	*109.1%*
Net income/(loss)	(7,642)	3,576	*(313.7%)*

2020 Compared to 2019

Net sales:

Net sales were $84.7 million in 2020, a decrease of $42.9 million, or 33.7%, from $127.7 million in 2019. The decrease was a result of lower sales volumes driven by the impact of lower oil prices, combined with project delays arising as a result of the COVID-19 pandemic. The Company expects these delayed projects to commence in 2021.

Gross profit:

Gross profit decreased to $11.2 million, or 13.2% of net sales, in 2020, a decrease of $17.8 million, or 61.5%, from $29.0 million, or 22.8% of net sales, in 2019. This decrease was primarily driven by lower sales volumes.

General and administrative expenses:

General and administrative expenses were $17.2 million in 2020 compared to $18.9 million in 2019, a decrease of $1.7 million, or 9.0%. This decrease was driven primarily by cost cutting measures enacted as a result of the COVID-19 pandemic.

Selling expenses:

Selling expenses increased by $0.1 million, from $5.2 million in 2019 to $5.3 million in 2020. This increase was primarily due the addition of new sales employees and severance for terminated employees in the current year, partially offset by lower overall personnel costs.

Interest expense:

Interest expense decreased to $0.4 million in 2020 from $0.9 million in 2019 due to lower net borrowings during 2020.

Other income, net:

Other income was $4.0 million in 2020 compared to $1.1 million in 2019, an increase of $2.9 million. This increase was primarily the result of recognition of the Company's reasonable expectation of forgiveness of its PPP loan proceeds during the period of $3.2 million, as well as income recorded for funds received under the CEWS program in Canada. These amounts were offset partially by the encashment of a performance bond securing one of the Company's contracts with a customer in Qatar. The Company has recorded the expense related to this encashment of approximately $0.6 million in other income in the consolidated statement of operations. The Company believes the customer's claims of non-performance under the contract are invalid and that the customer's actions were themselves a breach of the contract. The Company has engaged local counsel to seek reimbursement as well as additional compensation for lost profits suffered as a result of cancellation of certain work orders under the contract.

Income/(loss) from operations before income taxes:

Income from operations before income taxes decreased to a loss of $(7.8) million in 2020 compared to income of $5.0 million in 2019. The decrease was a result of lower sales volumes driven by the impact of lower oil prices, combined with project delays arising as a result of the COVID-19 pandemic. The Company expects these delayed projects to commence in 2021.

Income taxes:

The Company's worldwide effective tax rates ("ETR") were 1.7% and 29.0% in 2020 and 2019, respectively. The change in the ETR from the prior year to the current year is largely due to the Company’s valuation allowance against its domestic deferred tax asset and changes to the mix of income in various jurisdictions, including losses in the zero rate jurisdiction of the United Arab Emirates (the "U.A.E.").

As a result of the one-time transition tax from the U.S. Tax Cuts and Jobs Act of 2017 (“Tax Act”), the Company estimates that distributions from foreign subsidiaries will not be subject to incremental U.S. 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. Earnings from these subsidiaries are subject to tax in their local jurisdiction, and withholdings taxes in these jurisdictions are considered. As such, the Company has reduced the liability from $0.4 million as of January 31, 2020 to $0.2 million as of January 31, 2021 related to these taxes.

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

Net income/(loss):

The resulting net loss of $7.6 million in 2020 was an $11.2 million decrease from the net income of $3.6 million in 2019. The decrease was a result of lower sales volumes driven by the impact of lower oil prices, combined with project delays arising as a result of the COVID-19 pandemic. The Company expects these delayed projects to commence in 2021.

Liquidity and capital resources

Cash and cash equivalents as of January 31, 2021 and 2020 were $7.2 million and $13.4 million, respectively. On January 31, 2021, $0.1 million was held in the United States and $7.1 million was held by the Company's foreign subsidiaries. The Company's working capital was $25.6 million on January 31, 2021 compared to $31.4 million on January 31, 2020. Of the working capital components, cash decreased $6.2 million primarily as a result of the activity discussed below.

Net cash provided by operating activities was $0.2 million in 2020 compared to $4.1 million in 2019. This decrease of $4.0 million was due primarily to the decrease in net income and increases in prepaid expenses and other current assets, partially offset by decreases in inventory and increases in accounts payable in the current period compared to the prior year period.

Net cash used in investing activities during 2020 and 2019 was $2.0 million and $1.9 million, respectively.

Net cash used in financing activities was $4.1 million in 2020 compared to $0.3 million in 2019. The primary reason for this change was that during the current period the Company had greater net repayments under its revolving credit facility of approximately $3.2 million, as compared to the prior year period where the Company had net borrowings under its revolving credit facility of approximately $0.3 million. Debt totaled $13.2 million and $16.9 million as of January 31, 2021 and January 31, 2020, respectively. For additional information, see Note 5 - Debt, in the Notes to Consolidated Financial Statements.

There was no restricted cash held in the United States on January 31, 2021 or January 31, 2020. Restricted cash held by foreign subsidiaries was $1.2 million and $1.3 million as of January 31, 2021 and 2020, 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, 2021.

($ in thousands)	Year Ending January 31,						
Contractual obligations	**Total**	**2022**	**2023**	**2024**	**2025**	**2026**	**Thereafter**
Revolving line - North America (1)	$ 2,826	$ 2,826	$ -	$ -	$ -	$ -	$ -
Mortgages (2)	6,394	373	379	385	391	398	4,468
Revolving lines - foreign (3)	3,272	3,272	-	-	-	-	-
Term loan - foreign	17	5	6	6	-	-	-
Subtotal	12,509	6,476	385	391	391	398	4,468
Finance lease obligations	701	300	255	146	-	-	-
Operating lease obligations (4)	24,622	2,348	2,406	2,392	1,662	1,475	14,339
Uncertain tax position obligations (5)	544	-	-	-	-	-	544
Total	**$ 38,376**	**$ 9,124**	**$ 3,046**	**$ 2,929**	**$ 2,053**	**$ 1,873**	**$ 19,351**

(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, 2021, and the weighted average interest rate of 6.25% on that debt, such interest was being incurred at an annual rate of approximately $0.2 million.
(2) Scheduled maturities, excluding interest.
(3) Scheduled maturities of foreign revolver line, excluding interest.
(4) Minimum contractual amounts, assuming no changes in variable expenses.
(5) Refer to Note 7 - 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 Revolving Credit and Security Agreement (the "Credit Agreement") with PNC Bank, National Association ("PNC"), as administrative agent and lender, providing for a three-year $18 million Senior Secured Revolving Credit Facility, subject to a borrowing base including various reserves (the "Senior Credit Facility").

The Company has used proceeds from the Senior Credit Facility to pay outstanding amounts under a prior credit facility, a cash collateralized letter of credit, and 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 assets 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 $3.0 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 a ratio of their 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 at each quarter end on a trailing four-quarter basis; and (ii) the Company and its subsidiaries (including the Company's foreign subsidiaries not party to the Credit Agreement) to achieve a ratio of their 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 at each quarter end on a trailing four-quarter basis.

Due to project delays as a result of the COVID-19 pandemic, as of October 31, 2020, the Company and its subsidiaries failed to achieve the necessary fixed charge coverage ratio of 1.10 to 1.00 for the trailing four-quarters ended October 31, 2020 under its Credit Agreement for both the North American Loan Parties and the Company and its subsidiaries.

On December 18, 2020, the Company entered into the First Amendment and Waiver to the Revolving Credit and Security Agreement ("Amendment and Waiver") with PNC, which (i) reflected PNC's waiver of the Company's failure to maintain a fixed charge coverage ratio of 1.10 to 1.00 as of October 31, 2020 on a trailing four quarter basis as required under the Company's Credit Agreement and (ii) further amended certain future fixed charge coverage ratio covenants requirements under the Credit Agreement as described below. Additionally, the Company was also required to have received, and applied to reduce the outstanding balance under the Credit Agreement, $1 million from one of its foreign subsidiaries, Perma-Pipe Middle East FZC, in the U.A.E. The transfer and repayment occurred on December 17, 2020 and did not cause the Company to incur any additional fees or taxes, nor did it force the Company to change any of its assertions with regards to permanent reinvestment in any of its foreign subsidiaries. The Company will incur additional fees over the remainder of the Amendment and Waiver of approximately $0.2 million. The Amendment and Waiver also eliminated the Company's ability to make LIBOR borrowings and reduced the overall availability by $2.0 million until maturity.

The amended fixed charge coverage ratio requirements for the Company and its subsidiaries under the Amendment and Waiver are (i) 1.25 to 1.00 for the six-month period ending April 30, 2021 and (ii) 1.25 to 1.00 for the nine-month period ending July 31, 2021. The amended fixed charge coverage ratio requirements for the North American Loan Parties under the Amendment and Waiver are (i) 1.10 to 1.00 for the three-month period ending January 31, 2021; (ii) 1.10 to 1.00 for the six-month period ending April 30, 2021; and (iii) 1.10 to 1.00 for the nine-month period ending July 31, 2021. In order to cure any future breach of the fixed charge coverage ratio covenant by the North American Loan Parties, the Company may repatriate cash from any of its foreign subsidiaries that are otherwise not a party to the Credit Agreement in an amount which, when added to the amount of the Company's Consolidated Adjusted EBITDA, would result in pro forma compliance with the covenant.

Due to continued project delays as a result of the COVID-19 pandemic, as of January 31, 2021, the Company and its subsidiaries failed to achieve the necessary fixed charge coverage ratio of 1.10 to 1.00 for the three-month period ended January 31, 2021 under the Amendment and Waiver for the North American Loan Parties. Per the Amendment and Waiver, the Company will repatriate approximately $0.8 million in cash from its subsidiary in the United Arab Emirates in April 2021 to cure the breach. The repatriation will not cause the Company to incur any additional fees or taxes, nor did it force the Company to change any of its assertions with regards to permanent reinvestment in any of its foreign subsidiaries. As of January 31, 2021, the Company's foreign subsidiaries that are not a party to the Credit Agreement had approximately $6.6 million of cash available to satisfy a future potential repatriation cure of any potential future breach of the fixed charge coverage ratio covenant. The Company estimates that it may need to repatriate cash of up to $0.1 million in the next six months. Any cash required to cure future covenant defaults would be repatriated through the Company's subsidiaries in the United Arab Emirates, Saudi Arabia, Egypt and/or India. Most of this cash could be repatriated without any tax consequences, however, some repatriation would require payment of withholding taxes. The Company does not anticipate any material tax impacts of any potential future repatriation.

The Company believes it has alleviated any concerns about its ability to satisfy its obligations in the normal course of business for the next year after the date these financial statements are available to be issued based on the following:

- The Company's execution of the Amendment and Waiver described above;
- The Company's ability to repatriate cash from its foreign subsidiaries to cure any future covenant defaults without any material cost or tax consequences;
- The Company expects an increase in business activity and cash flow from operations over the remaining term of the Amendment and Waiver;
- Management expects to be able to borrow within the reduced availability parameters noted above; and
- The Company's flexibility in deciding when to incur its planned capital expenditures, allowing the Company to defer cash spending if necessary to ensure compliance with loan covenants in the future.

As of January 31, 2021, the Company had borrowed an aggregate of $2.8 million at a rate of 6.25% and had $1.7 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. and Egypt as discussed further below. The Company has a revolving line for 8.0 million Dirhams (approximately $2.2 million at January 31, 2021) from a bank in the U.A.E. The facility has an interest rate of approximately 3.4% and was originally set to expire in November 2020. However, the expiration has been extended due to the COVID-19 pandemic and the inability to finalize renewal documentation prior to that time. The Company is awaiting final documentation to complete the renewal process, which is expected to occur in April 2021.

The Company has a second revolving line for 19.5 million Dirhams (approximately $5.3 million at January 31, 2021) from a bank in the U.A.E. The facility was renewed in January 2021 under the same terms. It has an interest rate of approximately 3.9% and is set to expire in January 2022.

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 a credit arrangement with a bank in Egypt for a revolving line of 200.0 million Egyptian Pounds (approximately $12.7 million at January 31, 2021). This credit arrangement was in the form of project financing at rates competitive in Egypt. The line was secured by certain assets (such as accounts receivable) of the Company's Egyptian subsidiary. Among other covenants, the credit arrangement established a maximum leverage ratio allowable and restricts the Company's Egyptian subsidiary's ability to undertake any additional debt. The facility was originally set to expire in June 2020, however, the expiration was extended to January 2021 due to the COVID-19 pandemic and the inability to finalize renewal documentation prior to that time. The Company has not made borrowings under this facility. The Company is currently negotiating the renewal of the facility under similar terms, with a revolving line of 100.0 million Egyptian Pounds and the renewal process is expected to be completed in April 2021.

In January 2021, the Company entered into a second credit arrangement for project financing with a bank in Egypt for 46.2 million Egyptian Pounds (approximately $2.9 million at January 31, 2021). This credit arrangement is in the form of project financing at rates competitive in Egypt. The line is secured by the contract for a project being financed by the Company's Egyptian subsidiary. The facility has an interest rate of approximately 8.0% and is expected to expire in August 2021 in connection with the completion of the project.

The Company's credit arrangements used by its Middle Eastern subsidiaries renew on an annual basis. The Company guarantees the subsidiaries' debt including all foreign debt.

The Company was in compliance with the covenants under the credit arrangements in the U.A.E. and the 200.0 million Egyptian Pound facility in Egypt as of January 31, 2021. The Company was not in compliance with a covenant under its 46.2 million Egyptian Pound project financing in Egypt as of January 31, 2021. The Company did not have a share capital increase registered with the General Authority for Investment, as required by facility covenants, but is in the process of curing the breach and has received a waiver from the bank as of January 31, 2021. On January 31, 2021, interest rates were based on the Emirates Inter Bank Offered Rate plus 3.0% to 3.5% per annum for the U.A.E. credit arrangements, one of which has a minimum interest rate of 4.5% per annum, and based on the stated interest rate in the agreement for the Egypt credit arrangement. Based on these base rates, as of January 31, 2021, the Company's interest rates ranged from 3.4% to 8.0%, with a weighted average rate of 6.05%, and the Company could borrow $23.1 million under these credit arrangements. As of January 31, 2021, $5.8 million of availability was used to support letters of credit to guarantee amounts committed for inventory purchases and for performance guarantees. Additionally, as of January 31, 2021, the Company had borrowed $3.3 million, and had an additional $1.3 million of borrowing remaining available under the foreign revolving credit arrangements. The foreign revolving lines balances as of January 31, 2021 and 2020 were included as current maturities of long-term debt in the Company's consolidated balance sheets.

Additional liquidity from the PPP

On May 1, 2020, the Company entered into a loan agreement under the SBA's PPP and received proceeds of approximately $3.2 million. Interest on the loan accrued at a fixed interest rate of 1.0%, and the loan had a maturity date of April 28, 2022. Under Section 1106 of the CARES Act, borrowers are eligible for forgiveness of principal and accrued interest on the loans to the extent that the proceeds are used to cover eligible payroll costs, mortgage interest costs, rent and utility costs, otherwise described as qualified expenses. During the three months ended July 31, 2020, the Company used all of the PPP loan proceeds to pay for qualified expenses. 100% of the PPP loan proceeds were used for payroll related expenses. The Company believes the PPP loan proceeds will be forgiven under the terms of the CARES Act, although no assurance to such effect may be provided. Under the current provisions of the CARES Act, any recipients of a PPP loan may be subject to an audit by the SBA to confirm they qualify for the loan and that the proceeds were used for qualified expenses as prescribed by the program rules.

Based on the facts and circumstances of the Company's loan and according to the applicable accounting guidance described herein, the Company has elected to account for the PPP proceeds as a grant that has reasonable assurance of being forgiven. As such, the Company recognized the proceeds in earnings during the year ended January 31, 2021. The amounts are recognized in other income in the consolidated statements of operations.

Additional liquidity from the CEWS and CERS Programs

Beginning in April 2020, the Company's subsidiary, PPCA, applied for relief in the form of grants from the Canadian government under the CEWS program. Based on the program rules, the grants are applied for each month and are granted based on the amount of eligible employee expenses incurred over the previous month. Beginning in October 2020, PPCA also applied for grants under the CERS program. PPCA was approved for and received approximately $1.9 million and $0.1 million in grants under the CEWS and CERS programs, respectively, during the year ended January 31, 2021. Both programs are scheduled to continue through June 2021. The proceeds from CEWS and CERS are recognized in other income in the consolidated statements of operations.

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 $38.1 million, with a remaining balance due in the amount of $3.8 million. Included in this balance is an amount of $3.4 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, $2.4 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. During 2020, the Company received approximately $0.2 million from the customer. 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, 2021. However, if the Company's efforts to collect on this account are not successful in fiscal 2021, 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. 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 4 - Revenue recognition, in the Notes to Consolidated Financial Statements, 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 a tax position in its consolidated financial statements 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 7 - Income taxes, in the Notes to Consolidated Financial Statements.

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, 2021 and 2020 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, 2021. 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. The Company's management, including its Chief Executive Officer and Chief Financial Officer, have further 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, 2021. 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.

Based on this evaluation, the Company's management concluded that the Company's internal control over financial reporting was effective as of January 31, 2021.

Changes in Internal Control over Financial Reporting. Other than as set forth below, there were no changes in the Company's internal control over financial reporting during the Company's most recent year that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management previously reported on 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 and led management to conclude that a material weakness existed with respect to the Company's internal control over financial reporting. The Company considered this material weakness fully remediated as of October 31, 2020, and such material weakness remained fully remediated as of January 31, 2021. 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 has implemented the following changes in response to the material weakness described above:

- Reinforced the importance of adherence to Company policies regarding entering into and subsequently modifying contracts with customers, and confirmed in monthly meetings with managers that no contracts have been entered into that deviate from the Company's accounting policies;
- Created additional reports to identify potential system errors and exceptions related to project revenues and costs where higher risk may exist for inappropriate revenue recognition;
- Reviewed listing of material request invoices each month to identify if any significant items are included and reviewed with additional scrutiny for appropriate revenue recognition;
- Ensured 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
- Implemented a monthly 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.

Item 9B. OTHER INFORMATION

On April 14, 2021, the Company's Board of Directors approved a new form of Restricted Stock and Performance Award Agreement (the "Award Agreement") for use in documenting grants under its 2017 Omnibus Stock Incentive Plan (the "Plan"). The Board also approved the use of the Award Agreement to formalize long-term incentive awards previously approved for the Company's named executive officers in June 2020.

The Award Agreement consists of two components: (i) a grant of restricted stock that will vest ratably over three years, contingent on the grant holder's continuous service until the applicable vesting date (the "Restricted Stock Award"), and (ii) a grant of a performance-based cash award that will vest ratably over three years, the amount of which may vary, subject to a minimum threshold, based on the Company's performance against pre-determined net income targets over a three-fiscal-year performance period (the "Performance Award"). Eighty percent (80%) of the target amount of the Performance Award is a minimum threshold amount that will be earned if the service requirements are satisfied. This minimum amount will be paid out in three equal installments over the three-year performance period. The amount earned under the Performance Award may increase, up to 150% of the target, if net income performance above the threshold level is achieved.

The Restricted Stock Award and the Performance Award will generally be forfeited upon a termination of service prior to the date on which such awards are vested or earned, except that some or all of the Restricted Stock Award and the Performance Award may be eligible to be vested or earned following a termination of service as a result of death, disability, retirement or a termination without cause when retirement-eligible if the applicable requirements are met. The Restricted Stock Award and the Performance Award will be also be deemed vested or earned, as applicable, upon a change in control (as defined in the Plan).

The foregoing description of the Award Agreement is not complete and is qualified in its entirety by the Award Agreement, a copy of which is filed herewith as Exhibit 10(l).

The Company's named executive officers received grants of Performance Awards in the following amounts pursuant to prior approval of the Board of Directors in June 2020:

Named Executive Officer	Executive officer of the Offices and Positions	Target Value of Performance Award
David J. Mansfield	President and Chief Executive Officer	$ 315,000
D. Bryan Norwood	Vice President and Chief Financial Officer	59,242
Wayne Bosch	Vice President and Chief Human Resources Officer	39,779

These award amounts are not new or additional grants of long-term incentive compensation in 2021; rather, they were previously approved in June 2020 as part of the 2020 long-term incentive awards and are now being formalized using the Award Agreement.

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 2021 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 2021 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, 2021.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)(1)	Weighted-average exercise price of outstanding options, warrants and rights (b)(1)	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a)) (c)(2)
Equity compensation plans approved by stockholders	107,250	$9.24	-

(1) The amounts shown in columns (a) and (b) of the above table do not include 373,059 outstanding shares of restricted stock granted under the Company's 2013 Omnibus Stock Incentive Plan as amended on June 14, 2013 or the 2017 Omnibus Stock Incentive Plan as amended on June 13, 2017 ("2017 Plan").
(2) The 2017 Plan expired in June 2020. Future grants will be made under a new plan once approved by the Company's Board of Directors and shareholders.

The other information with respect to this item is incorporated herein by reference to the Company's definitive proxy statement for its 2021 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 2021 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 2021 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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended January 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our 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 regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters
The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue at U.S. operating entities for specialty piping systems and coating is recognized using the input method over time
As described in Notes 2 and 4 to the consolidated financial statements, the Company's U.S. operating entities records specialty piping and coating systems revenue over time based the costs incurred to date relative to the estimated total contract costs. Significant changes in estimates could have a material effect on the Company's results of operations. We identified revenue being recognized using the input method over time as a critical audit matter.

The principal considerations for our determination that revenue recognition using the input method over time is a critical audit matter are the Company's estimates include all labor and materials necessary to complete the contract to arrive at the total contract costs. These estimates are based on management's assessment of the current status of the contract and historical results.

Our audit procedures included the following, among others. We obtained an understanding over the Company's accounting for revenue recognition using the input method over time, including the design of internal controls. Additionally, we obtained supporting documentation for actual costs incurred to date and estimated costs to be incurred; we investigated significant cost changes by analyzing changes in estimates including those after fiscal year end; we performed a hindsight analysis of completed contracts to assess management's past cost estimates against actual results; and we obtained confirmations of significant contract terms and status for a sample of contracts.

Goodwill annual impairment assessment
The Company's consolidated goodwill balance was $2.3 million as of January 31, 2021. As described further in Note 2 to the consolidated financial statements, the Company evaluates goodwill for impairment at the Canada reporting unit level annually. The quantitative impairment assessment involves the comparison of the fair value of the Canada reporting unit to its carrying amount. The Company used a weighting of the income and market approaches to determine the fair value of the reporting unit.

We identified the goodwill impairment analysis as a critical audit matter because management's quantitative goodwill impairment test involved a high degree of auditor judgment due to the significant estimation required to determine the fair value of the reporting unit. In particular, the fair value estimate was sensitive to significant assumptions, such as forecasted revenues, operating income margins and cash flows, discount rate, perpetual growth rate, and estimated valuation multiples.

Our audit procedures related to the goodwill impairment analysis included the following, among others. We obtained an understanding over the Company's annual assessment of goodwill for impairment, including the design of internal controls. We tested the significant assumptions discussed above by assessing the reasonableness of management's forecasts compared to current results and whether such assumptions were consistent with the evidence obtained in other areas of the audit. We utilized a valuation specialist to assist in evaluating the appropriateness of the Company's selection of the valuation methodology and the reasonableness of the significant assumptions used, including the discount rate, perpetual growth rate, weighting of income versus market approach and estimated valuation multiples.

/s/ GRANT THORNTON LLP

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

Chicago, Illinois
April 15, 2021

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

	Year ended January 31,	
(In thousands, except per share data)	2021	2020
Net sales	$ 84,694	$ 127,663
Cost of sales	73,515	98,617
Gross profit	11,179	29,046
Operating expenses:		
General and administrative expense	17,222	18,934
Selling expense	5,334	5,231
Total operating expenses	22,556	24,165
Income/(loss) from operations	(11,377)	4,881
Interest expense, net	381	905
Other income, net	3,983	1,059
Income/(loss) from operations before income taxes	(7,775)	5,035
Income tax expense/(benefit)	(133)	1,459
Net income/(loss)	**$ (7,642)**	**$ 3,576**
Weighted average common shares outstanding		
Basic	8,126	7,989
Diluted	8,126	8,420
Income/(loss) per share		
Basic	$ (0.94)	$ 0.45
Diluted	$ (0.94)	$ 0.42

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)

	Year ended January 31,	
(In thousands)	**2021**	**2020**
Net income/(loss)	$ (7,642)	$ 3,576
Other comprehensive income/(loss)		
Currency translation adjustments, net of tax	288	(441)
Minimum pension liability adjustment, net of tax	185	(439)
Other comprehensive income/(loss)	473	(880)
Comprehensive income/(loss)	**$ (7,169)**	**$ 2,696**

See accompanying Notes to Consolidated Financial Statements.

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

	January 31,	
(In thousands, except per share data)	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,174	$ 13,371
Restricted cash	1,201	1,287
Trade accounts receivable, less allowance for doubtful accounts of $474 on January 31, 2021 and $407 on January 31, 2020	25,226	29,402
Inventories, net	12,157	14,498
Prepaid expenses and other current assets	4,110	3,531
Costs and estimated earnings in excess of billings on uncompleted contracts	4,007	2,166
Total current assets	53,875	64,255
Property, plant and equipment, net of accumulated depreciation	26,897	28,629
Other assets		
Operating lease right-of-use assets	13,384	11,475
Deferred tax assets	823	293
Goodwill	2,332	2,254
Other assets	5,380	5,319
Total other assets	21,919	19,341
Total assets	**$ 102,691**	**$ 112,225**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	$ 10,365	$ 9,577
Commissions and management incentives payable	218	1,759
Accrued compensation and payroll taxes	1,448	1,190
Revolving line - North America	2,826	8,577
Current maturities of long-term debt	3,941	1,458
Customers' deposits	2,088	2,202
Outside commission liability	1,431	1,755
Operating lease liabilities short-term	1,402	1,040
Other accrued liabilities	2,616	3,444
Billings in excess of costs and estimated earnings on uncompleted contracts	762	1,173
Income tax payable	1,155	664
Total current liabilities	28,252	32,839
Long-term liabilities		
Long-term debt, less current maturities	6,268	6,717
Deferred compensation liabilities	4,120	4,199
Deferred tax liabilities	914	1,052
Operating lease liabilities long-term	13,174	11,214
Other long-term liabilities	650	575
Total long-term liabilities	25,126	23,757
Stockholders' equity		
Common stock, $.01 par value, authorized 50,000 shares; 8,165 issued and outstanding January 31, 2021 and 8,048 issued and outstanding January 31, 2020	82	80
Additional paid-in capital	60,875	60,024
Accumulated deficit	(8,357)	(715)
Accumulated other comprehensive loss	(3,287)	(3,760)
Total stockholders' equity	49,313	55,629
Total liabilities and stockholders' equity	**$ 102,691**	**$ 112,225**

See accompanying Notes to Consolidated Financial Statements.

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

(In thousands, except share data)	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
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)
Total stockholders' equity on January 31, 2020	$ 80	$ 60,024	$ (715)	$ (3,760)	$ 55,629
Net loss	-	-	(7,642)	-	(7,642)
Common stock issued under stock plans, net of shares used for tax withholding	2	(193)	-	-	(191)
Stock-based compensation expense	-	1,044	-	-	1,044
Pension liability adjustment	-	-	-	185	185
Foreign currency translation adjustment	-	-	-	288	288
Total stockholders' equity on January 31, 2021	$ 82	$ 60,875	$ (8,357)	$ (3,287)	$ 49,313

Common stock shares	**2020**	**2019**
Balance beginning of year	8,048,006	7,854,322
Shares issued	116,983	193,684
Balance end of year	**8,164,989**	**8,048,006**

See accompanying Notes to Consolidated Financial Statements.

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

	Year ended January 31,	
(In thousands)	**2021**	**2020**
Operating activities		
Net income/(loss)	$ (7,642)	$ 3,576
Adjustments to reconcile net income/(loss) to net cash flows provided by operating activities		
Depreciation and amortization	4,739	4,437
Deferred tax benefit	(669)	(213)
Stock-based compensation expense	1,044	1,011
Provision on uncollectible accounts	72	101
Loss on disposal of fixed assets	58	318
Changes in operating assets and liabilities		
Accounts payable	730	(2,609)
Accrued compensation and payroll taxes	(1,597)	(576)
Inventories	2,418	(2,225)
Customers' deposits	(117)	(1,507)
Income taxes receivable and payable	213	(668)
Prepaid expenses and other current assets	(2,705)	1,749
Accounts receivable	3,394	1,749
Costs and estimated earnings in excess of billings on uncompleted contracts	(2,252)	(910)
Other assets and liabilities	2,479	(143)
Net cash provided by operating activities	165	4,090
Investing activities		
Capital expenditures	(1,963)	(1,902)
Proceeds from sales of property and equipment	2	-
Net cash used in investing activities	(1,961)	(1,902)
Financing activities		
Proceeds from revolving lines	40,023	73,225
Payments of debt on revolving lines	(43,192)	(72,973)
Proceeds from term loan	19	-
Payments of other debt	(371)	(358)
Decrease in drafts payable	-	(129)
Payments on finance lease obligations	(432)	(287)
Stock options exercised and taxes paid related to restricted shares vested	(191)	221
Net cash used in financing activities	(4,144)	(301)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(343)	34
Net increase/(decrease) in cash, cash equivalents and restricted cash	(6,283)	1,921
Cash, cash equivalents and restricted cash - beginning of period	14,658	12,737
Cash, cash equivalents and restricted cash - end of period	**$ 8,375**	**$ 14,658**
Supplemental cash flow information		
Interest paid	$ 540	$ 902
Income taxes paid	107	2,107
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, 2021 and 2020
(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 2020 and 2019 are the fiscal years ended January 31, 2021 and 2020, 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 49.8% in 2020 compared to 55.6% in 2019. 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.

(In thousands)	2020	2019
Net sales		
United States	$ 42,527	$ 56,702
Canada	12,367	22,203
Middle East	23,662	26,505
Europe	118	17,462
India	1,942	4,180
Other	4,078	611
Total net sales	$ **84,694**	$ **127,663**
Property, plant and equipment, net of accumulated depreciation		
United States	$ 7,672	$ 9,063
Canada	10,592	11,554
Middle East	7,854	7,815
India	779	197
Total property, plant and equipment, net of accumulated depreciation	$ **26,897**	$ **28,629**

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 2020 and 2019 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 4 - 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. The resulting translation adjustments are included in stockholders' equity as part of accumulated other comprehensive income (loss). Gains or losses on foreign currency transactions and the related tax effects are reflected in net income. The aggregated foreign exchange transaction gain recognized in the income statement was less than $0.1 million in 2020 as compared to a gain of $0.4 million recognized in 2019.

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 $7.2 million and $13.4 million as of January 31, 2021 and 2020, respectively. On January 31, 2021, $0.1 million was held in the United States and $7.1 million was held by foreign subsidiaries. On January 31, 2020, $0.3 million was held in the United States and $13.1 million was held by foreign subsidiaries.

Accounts payable included drafts payable of $0.1 million on both January 31, 2021 and 2020.

Restricted cash. There was no restricted cash held in the United States on January 31, 2021 or January 31, 2020. Restricted cash held by foreign subsidiaries was $1.2 million and $1.3 million as of January 31, 2021 and 2020, respectively. Restricted cash held by foreign subsidiaries related to fixed deposits that also serve as security deposits and guarantees.

(In thousands)	2020	2019
Cash and cash equivalents	$ 7,174	$ 13,371
Restricted cash	1,201	1,287
Cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 8,375	$ 14,658

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. In the United States, collateral is not generally required. In the U.A.E., Saudi Arabia, Egypt and India 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 $3.8 million and $4.1 million as of January 31, 2021 and January 31, 2020, respectively, has been outstanding for several years. Included in this balance is a retention receivable that is payable upon commissioning of the system in the amount of $3.4 million, of which, due to the long-term nature of the receivable, $2.4 million and $2.1 million were included in the balance of other long-term assets in our consolidated balance sheets as of January 31, 2021 and January 31, 2020, respectively. The Company completed all of its deliverables in 2015 under the related contract, but the system has not yet been commissioned by the customer. Nevertheless, the Company has been engaged in ongoing active efforts to collect this outstanding amount. During 2020, the Company received payments of approximately $0.2 million. The Company continues to engage with the customer to ensure full payment of open balances, and during fiscal 2021 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 receivable as of January 31, 2021. However, if the Company’s efforts to collect on this account are not successful, the Company may recognize an allowance for all, or substantially all, of any such then uncollected amounts.

For the year ended January 31, 2021, no one customer accounted for greater than 10% of the Company's consolidated net sales and for the year ended January 31, 2020, one customer accounted for 11.5% of the Company's consolidated net sales.

As of January 31, 2021 and 2020, no one customer accounted for greater than 10% and one customer accounted for 13.3% 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 United States 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)	2020	2019
Equity adjustment foreign currency, gross	$ (1,590)	$ (1,879)
Minimum pension liability, gross	(1,902)	(2,087)
Subtotal excluding tax effect	(3,492)	(3,966)
Tax effect of equity adjustment foreign currency	91	91
Tax effect of minimum pension liability	114	115
Total accumulated other comprehensive loss	$ (3,287)	$ (3,760)

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)	2020	2019
Raw materials	$ 12,499	$ 13,859
Work in process	211	592
Finished goods	375	798
Subtotal	13,085	15,249
Less allowance	928	751
Inventories, net	$ 12,157	$ 14,498

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 $4.7 million in 2020 and $4.4 million in 2019.

(In thousands)	2020	2019
Land, buildings and improvements	$ 22,713	$ 22,328
Machinery and equipment	49,406	47,409
Furniture, office equipment and computer systems	3,830	4,317
Transportation equipment	2,725	3,762
Subtotal	78,674	77,816
Less accumulated depreciation	51,777	49,187
Property, plant and equipment, net of accumulated depreciation	$ 26,897	$ 28,629

Impairment of long-lived assets. The Company's assessment of long-lived assets, and other identifiable intangibles is based upon factors that market participants would use in accordance with the accounting guidance for the fair value measurement of assets. At January 31, 2021, the Company performed a qualitative analysis assessment to determine if it was more likely than not that the fair values of the Company's long-lived assets exceeded their carrying values. The Company assessed three asset groups as part of this analysis: United States, Canada and Middle East. The qualitative assessment indicated that it was more likely than not that the fair values of the Company's long-lived assets exceeded their carrying values for the United States and Middle East asset groups. However, triggering events were identified related to the Company's Canada asset group, indicating that further analysis was required in order to determine if it was more likely than not that the fair value of the asset group's long-lived assets exceeded their carrying values. Therefore, the Company performed a quantitative assessment to determine any potential impairment. After completion of this additional assessment, it was determined that there was no impairment of the Company's long-lived assets as of January 31, 2021 and 2020. The Company will continue testing for potential impairment at least annually or as otherwise required by applicable accounting standards.

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, 2021 and 2020, is attributable to the purchase of Perma-Pipe Canada, Ltd. ("PPC").

(In thousands)	**January 31, 2020**	**Foreign exchange change effect**	**January 31, 2021**
Goodwill	$ 2,254	$ 78	$ 2,332

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 or intangible asset. 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. At January 31, 2021, the Company elected to perform a Step 0 qualitative analysis assessment to determine if it was more likely than not that the fair value of the Company's Canadian reporting unit was less than its carrying amount, including goodwill. The qualitative assessment identified triggering events that indicated that further analysis was required in order to determine if it was more likely than not that the fair value of the Company's Canadian reporting unit exceeded its carrying value. Therefore, the Company proceeded to complete the Step 1 analysis to determine any potential impairment. The Step 1 analysis involved a quantitative fair valuation of the Company's Canadian reporting unit, including a market approach and discounted cash flow analysis. After completion of the Step 1 analysis, it was determined that the fair value of the reporting unit exceeded its carrying value, resulting in no impairment for the years ended January 31, 2021 and 2020; however, if the reporting unit is unable to achieve its forecasted results, there can be no assurance that a future impairment charge will not be required.

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 $2.6 million and $2.7 million as of January 31, 2021 and 2020, respectively. Accumulated amortization was approximately $2.5 million as of January 31, 2021 and 2020. The Company expensed less than $0.1 million during the year ended January 31, 2021 for patents that were considered impaired as they are no longer expected to provide future benefits for the Company. Future amortization over the next five years ending January 31 will be less than $0.1 million in the years 2021 to 2025 and less than $0.1 million thereafter. Amortization expense is expected to be recognized over the weighted-average period of 2.8 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 in both 2020 and 2019.

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 a tax position in its consolidated financial statements 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 7 - Income taxes, in the Notes to Consolidated Financial Statements.

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.

Reclassifications. Certain reclassifications have been made to prior period financial statements to conform to current period presentation. These reclassifications have no effect on net income. Other income, net was reclassified from general and administrative expense on the consolidated statements of operations. Composition of deferred tax assets and liabilities were broken out to conform to current period presentation.

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 a net loss in 2020 and net income in 2019. Therefore, the Company adjusted for dilutive shares in 2019, while in 2020 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)	**2020**	**2019**
Basic weighted average number of common shares outstanding	8,126	7,989
Dilutive effect of stock options and restricted stock units	-	431
Weighted average number of common shares outstanding assuming full dilution	8,126	8,420
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	214	143
Canceled options during the year	(25)	(33)
Restricted Stock and Stock options with an exercise price below the average stock price	168	431

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.

Recent accounting pronouncements. In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform* (Topic 848), which provides guidance designed to provide relief from the accounting analysis and impacts that may otherwise be required for modifications to agreements necessitated by the scheduled discontinuation of LIBOR on December 31, 2021. It also provides optional expedients to enable companies to continue to apply hedge accounting to certain hedging relationships impacted by reference rate reform. The ASU provides the option to account for and present a modification that meets the scope of the standard as an event that does not require contract remeasurement at the modification date or reassessment of a previous accounting determination required under the relevant topic or subtopic. This ASU is effective for all entities; however, application of the guidance is optional, is only available in certain situations and is only available for companies to apply from March 12, 2020 until December 31, 2022. The Company's Senior Credit Facility which matures on September 20, 2021 bears interest using an alternate base rate or LIBOR plus an applicable margin. Based on the maturity of the Senior Credit Facility prior to the discontinuation of LIBOR, the Company does not expect a material impact from the adoption of this standard on the financial statements of the Company.

In August 2018, the FASB issued ASU 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General* (Subtopic 715-20), which removes disclosures that are no longer considered cost beneficial, clarifies specific requirements of existing disclosures and adds disclosure requirements identified as relevant. This ASU is effective for fiscal years ending after December 15, 2020, with early adoption permitted. The Company has adopted this standard during the year ended January 31, 2021 and noted that there was no material impact on the financial statements of the Company.

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 December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* (Topic 740), which eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating taxes during the quarters and the recognition of deferred tax liabilities for outside basis differences. This guidance also simplifies aspects of the accounting for franchise taxes, enacts changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company has early adopted ASU 2019-12 in 2020, using a prospective application approach, and there was no material impact on the financial statements of the Company.

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

Note 3 - 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 $2.7 million and $3.0 million were included in the balance of trade accounts receivable as of January 31, 2021 and 2020, respectively. A retention receivable of $2.7 million and $2.6 million was included in the balance of other long-term assets as of January 31, 2021 and 2020 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 4 - Revenue recognition

The Company accounts for its revenues under Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers" ("Topic 606").

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 and Coating - 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, 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 2020 and 2019 are as follows (in thousands):

	2020		2019	
	Sales	% to Total	Sales	% to Total
Products	$ 11,496	14%	$ 15,991	12%
Specialty Piping Systems and Coating				
Revenue recognized under input method	35,041	41%	48,415	38%
Revenue recognized under output method	38,157	45%	63,257	50%
Total	$ 84,694	100%	$ 127,663	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.

The Company anticipates that substantially all costs incurred for uncompleted contracts as of January 31, 2021 will be billed and collected within one year.

During the year ended January 31, 2021, one of the Company's customers in Qatar made a call on a performance bond held to secure one of the Company's contracts. The Company believes the customer's claims of non-performance under the contract are invalid and that the customer's actions were themselves a breach of the contract. The Company has engaged local counsel to seek reimbursement as well as additional compensation for lost profits suffered as a result of cancellation of certain work orders under the contract. The Company has recorded the expense related to the encashment of approximately $0.6 million in other income in the consolidated statements of operations. No receivable has been recorded related to the potential reimbursement in the consolidated financial statements as of January 31, 2021.

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

(In thousands)		2020		2019
Costs incurred on uncompleted contracts	$	17,543	$	15,553
Estimated earnings		9,651		8,641
Earned revenue		27,194		24,194
Less billings to date		23,949		23,201
Costs in excess of billings, net	$	3,245	$	993
Balance sheet classification				
Contract assets: Costs and estimated earnings in excess of billings on uncompleted contracts	$	4,007	$	2,166
Contract liabilities: Billings in excess of costs and estimated earnings on uncompleted contracts		(762)		(1,173)
Costs in excess of billings, net	$	3,245	$	993

Substantially all of the $1.2 million and $1.6 million contract liabilities balances at January 31, 2020 and 2019, respectively, were recognized in revenues during 2020 and 2019, respectively.

In addition to these amounts, the Company has recorded $0.2 million of unbilled receivables from its subsidiaries in the Middle East in prepaid expenses and other current assets on its consolidated balance sheet as of January 31, 2021. The Company had no unbilled receivables recorded as of January 31, 2020.

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 5 - Debt

(In thousands)	2020	2019
Revolving line - North America	$ 2,826	$ 8,577
Mortgage notes	6,394	6,568
Revolving lines - foreign	3,272	691
Term loan - foreign	17	-
Finance lease obligations	701	1,094
Total debt	**13,210**	**16,930**
Unamortized debt issuance costs	(166)	(169)
Less current maturities	6,776	10,044
Total long-term debt	**$ 6,268**	**$ 6,717**
Current portion of long-term debt	$ 6,776	$ 10,044
Unamortized debt issuance costs	(9)	(9)
Total short-term debt	**$ 6,767**	**$ 10,035**

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

(In thousands)	Total	2022	2023	2024	2025	2026	Thereafter
Revolving line - North America	$ 2,826	$ 2,826	$ -	$ -	$ -	$ -	$ -
Mortgages	6,394	373	379	385	391	398	4,468
Revolving lines - foreign	3,272	3,272	-	-	-	-	-
Term loan - foreign	17	5	6	6	-	-	-
Finance lease obligations	701	300	255	146	-	-	-
Total	$ 13,210	$ 6,776	$ 640	$ 537	$ 391	$ 398	$ 4,468

Paycheck Protection Program Loan. On May 1, 2020, the Company entered into a loan agreement under the Small Business Administration's Paycheck Protection Program ("PPP") and received proceeds of approximately $3.2 million. Interest on the loan accrued at a fixed interest rate of 1.0%, and the loan had a maturity date of April 28, 2022. Under Section 1106 of the CARES Act, borrowers are eligible for forgiveness of principal and accrued interest on the loans to the extent that the proceeds are used to cover eligible payroll costs, mortgage interest costs, rent and utility costs, otherwise described as qualified expenses. During the three months ended July 31, 2020, the Company used all of the PPP loan proceeds to pay for qualified expenses, 100% of which were used for payroll related expenses. The Company believes the PPP loan proceeds will be forgiven under the terms of the CARES Act program.

Guidance from the American Institute of Certified Public Accountants' ("AICPA") Technical Question and Answer Section 3200.18 states that if a company expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven, it may analogize to International Accounting Standards ("IAS") 20 - Accounting for Government Grants and Disclosure of Government Assistance to account for the PPP loan. The Company believes the PPP loan proceeds will be forgiven under the terms of the CARES Act program, although no assurance to that effect can be provided. Therefore, the Company has recognized the earnings impact on a systematic basis over the periods in which the Company recognized as expenses the related costs for which the grants were intended to compensate. We noted that all of these expenses, and thus the related earnings impact, were incurred during the year ended January 31, 2021.

The IAS 20 guidance allows for recognition in earnings either separately under a general heading such as other income, or as a reduction of the related expenses. The Company has elected the former option, to make a more clear distinction in its financial statements between its operating income and the amount of net income resulting from the PPP loan and subsequent expected forgiveness. As such, we have recognized the proceeds in earnings during the year ended January 31, 2021. The amounts are recognized in other income in the consolidated statements of operations. The Company has submitted its application and supporting documentation for forgiveness to its bank, which has submitted the application and supporting documents to the SBA. We are currently awaiting approval of forgiveness from the SBA.

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 Revolving Credit and Security Agreement (the "Credit Agreement") with PNC Bank, National Association, as administrative agent and lender, providing for a three-year $18 million Senior Secured Revolving Credit Facility, subject to a borrowing base including various reserves (the "Senior Credit Facility").

The Company has used proceeds from the Senior Credit Facility to pay outstanding amounts under a prior credit facility, a cash collateralized letter of credit, and 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 assets 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 $3.0 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 a ratio of their 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 at each quarter end on a trailing four-quarter basis; and (ii) the Company and its subsidiaries (including the Company's foreign subsidiaries not party to the Credit Agreement) to achieve a ratio of their 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 at each quarter end on a trailing four-quarter basis.

Due to project delays as a result of the COVID-19 pandemic, as of October 31, 2020, the Company and its subsidiaries failed to achieve the necessary fixed charge coverage ratio of 1.10 to 1.00 for the trailing four-quarters ended October 31, 2020 under its Credit Agreement for both the North American Loan Parties and the Company and its subsidiaries.

On December 18, 2020, the Company entered into the First Amendment and Waiver to the Revolving Credit and Security Agreement ("Amendment and Waiver") with PNC, which (i) reflected PNC's waiver of the Company's failure to maintain a fixed charge coverage ratio of 1.10 to 1.00 as of October 31, 2020 on a trailing four quarter basis as required under the Company's Credit Agreement and (ii) further amended certain future fixed charge coverage ratio covenants requirements under the Credit Agreement as described below. Additionally, the Company was also required to have received, and applied to reduce the outstanding balance under the Credit Agreement, $1 million from one of its foreign subsidiaries, Perma-Pipe Middle East FZC, in the United Arab Emirates. The transfer and repayment occurred on December 17, 2020 and did not cause the Company to incur any additional fees or taxes, nor did it force the Company to change any of its assertions with regards to permanent reinvestment in any of its foreign subsidiaries. The Company will incur additional fees over the remainder of the Amendment and Waiver of approximately $0.2 million. The Amendment and Waiver also eliminated the Company's ability to make LIBOR borrowings and reduces the overall availability by $2.0 million until maturity.

The amended fixed charge coverage ratio requirements for the Company and its subsidiaries under the Amendment and Waiver are (i) 1.25 to 1.00 for the six-month period ending April 30, 2021 and (ii) 1.25 to 1.00 for the nine-month period ending July 31, 2021. The amended fixed charge coverage ratio requirements for the North American Loan Parties under the Amendment and Waiver are (i) 1.10 to 1.00 for the three-month period ending January 31, 2021; (ii) 1.10 to 1.00 for the six-month period ending April 30, 2021; and (iii) 1.10 to 1.00 for the nine-month period ending July 31, 2021. In order to cure any future breach of the fixed charge coverage ratio covenant by the North American Loan Parties, the Company may repatriate cash from any of its foreign subsidiaries that are otherwise not a party to the Credit Agreement in an amount which, when added to the amount of the Company's Consolidated Adjusted EBITDA, would result in pro forma compliance with the covenant.

Due to continued project delays as a result of the COVID-19 pandemic, as of January 31, 2021, the Company and its subsidiaries failed to achieve the necessary fixed charge coverage ratio of 1.10 to 1.00 for the three-month period ended January 31, 2021 under the Amendment and Waiver for the North American Loan Parties. Per the Amendment and Waiver, the Company will repatriate approximately $0.8 million in cash from its subsidiary in the United Arab Emirates in April 2021 to cure the breach. The repatriation will not cause the Company to incur any additional fees or taxes, nor did it force the Company to change any of its assertions with regards to permanent reinvestment in any of its foreign subsidiaries. As of January 31, 2021, the Company's foreign subsidiaries that are not a party to the Credit Agreement had approximately $6.6 million of cash available to satisfy a future potential repatriation cure of any potential future breach of the fixed charge coverage ratio covenant. The Company estimates that it may need to repatriate cash of up to $0.1 million in the next six months. Any cash required to cure future covenant defaults would be repatriated through the Company's subsidiaries in the United Arab Emirates, Saudi Arabia, Egypt and/or India. Most of this cash could be repatriated without any tax consequences, however, some repatriation would require payment of withholding taxes. The Company does not anticipate any material tax impacts of any potential future repatriation.

The Company believes it has alleviated any concerns about its ability to satisfy its obligations in the normal course of business for the next year after the date these financial statements are available to be issued based on the following:

- The Company's execution of the Amendment and Waiver described above,
- The Company's ability to repatriate cash from its foreign subsidiaries to cure any future covenant defaults without any material cost or tax consequences,
- The Company expects an increase in business activity and cash flow from operations over the remaining term of the Amendment and Waiver,
- Management expects to be able to borrow within the reduced availability parameters noted above, and
- The Company's flexibility in deciding when to incur its planned capital expenditures allows the Company to defer cash spending if necessary to ensure compliance with loan covenants in the future.

As of January 31, 2021, the Company had borrowed an aggregate of $2.8 million at a rate of 6.25% and had $1.7 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. and Egypt as discussed further below. The Company has a revolving line for 8.0 million Dirhams (approximately $2.2 million at January 31, 2021) from a bank in the U.A.E. The facility has an interest rate of approximately 3.4% and was originally set to expire in November 2020. However, the expiration has been extended due to the COVID-19 pandemic and the inability to finalize renewal documentation prior to that time. The Company is awaiting final documentation to complete the renewal process, which is expected to occur in April 2021.

The Company has a second revolving line for 19.5 million Dirhams (approximately $5.3 million at January 31, 2021) from a bank in the U.A.E. The facility was renewed in January 2021 under the same terms. It has an interest rate of approximately 3.9% and is set to expire in January 2022.

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 a credit arrangement with a bank in Egypt for a revolving line of 200.0 million Egyptian Pounds (approximately $12.7 million at January 31, 2021). This credit arrangement was in the form of project financing at rates competitive in Egypt. The line was secured by certain assets (such as accounts receivable) of the Company's Egyptian subsidiary. Among other covenants, the credit arrangement established a maximum leverage ratio allowable and restricts the Company's Egyptian subsidiary's ability to undertake any additional debt. The facility was originally set to expire in June 2020, however, the expiration was extended to January 2021 due to the COVID-19 pandemic and the inability to finalize renewal documentation prior to that time. The Company has not made borrowings under this facility. The Company is currently negotiating the renewal of the facility under similar terms, with a revolving line of 100.0 million Egyptian Pounds and the renewal process is expected to be completed in April 2021.

In January 2021, the Company entered into a second credit arrangement for project financing with a bank in Egypt for 46.2 million Egyptian Pounds (approximately $2.9 million at January 31, 2021). This credit arrangement is in the form of project financing at rates competitive in Egypt. The line is secured by the contract for a project being financed by the Company's Egyptian subsidiary. The facility has an interest rate of approximately 8.0% and is expected to expire in August 2021 in connection with the completion of the project.

The Company’s credit arrangements used by its Middle Eastern subsidiaries renew on an annual basis. The Company guarantees the subsidiaries' debt including all foreign debt.

The Company was in compliance with the covenants under the credit arrangements in the U.A.E. and the 200.0 million Egyptian Pound facility in Egypt as of January 31, 2021. The Company was not in compliance with a covenant under its 46.2 million Egyptian Pound project financing in Egypt as of January 31, 2021. The Company did not have a share capital increase registered with the General Authority for Investment, as required by facility covenants, but is in the process of curing the breach and has received a waiver from the bank as of January 31, 2021. On January 31, 2021, interest rates were based on the Emirates Inter Bank Offered Rate plus 3.0% to 3.5% per annum for the U.A.E. credit arrangements, one of which has a minimum interest rate of 4.5% per annum, and based on the stated interest rate in the agreement for the Egypt credit arrangement. Based on these base rates, as of January 31, 2021, the Company's interest rates ranged from 3.4% to 8.0%, with a weighted average rate of 6.05%, and the Company could borrow $23.1 million under these credit arrangements. As of January 31, 2021, $5.8 million of availability was used to support letters of credit to guarantee amounts committed for inventory purchases and for performance guarantees. Additionally, as of January 31, 2021, the Company had borrowed $3.3 million, and had an additional $1.3 million of borrowing remaining available under the foreign revolving credit arrangements. The foreign revolving lines balances as of January 31, 2021 and January 31, 2020, were included as current maturities of long-term debt in the Company's consolidated balance sheets.

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 4.55%, 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 6 - 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.

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.

The Company has several significant operating lease agreements, with lease terms of one to 30 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, 2021, the Company had operating lease liabilities of $14.6 million and operating ROU assets of $13.4 million, which are reflected in the consolidated balance sheet. At January 31, 2021, the Company also had finance lease liabilities of $0.7 million included in current maturities of long-term debt and long-term debt less current maturities, and finance ROU assets of $0.8 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 (in thousands):

Operating and Finance leases:	**January 31, 2021**	**January 31, 2020**
Finance leases assets:		
Property and Equipment - gross	$ 879	$ 1,696
Accumulated depreciation and amortization	(96)	(551)
Property and Equipment - net	$ 783	$ 1,145
Finance lease liabilities:		
Finance lease liability short-term	$ 300	$ 417
Finance lease liability long-term	401	677
Total finance lease liabilities	$ 701	$ 1,094
Operating lease assets:		
Operating lease ROU assets	$ 13,384	$ 11,475
Operating lease liabilities:		
Operating lease liability short-term	$ 1,402	$ 1,040
Operating lease liability long-term	13,174	11,214
Total operating lease liabilities	$ 14,576	$ 12,254

Total lease costs consist of the following (in thousands):

Lease costs	Consolidated Statements of Operations Classification	Year Ended January 31, 2021	Year Ended January 31, 2020
Finance Lease Costs			
Amortization of ROU assets	Cost of sales	$ 214	$ 208
Interest on lease liabilities	Interest expense	69	58
Operating lease costs	Cost of sales, SG&A expenses	2,570	2,326
Short-term lease costs (1)	Cost of sales, SG&A expenses	398	425
Sub-lease income	SG&A expenses	(81)	(81)
Total Lease costs		$ 3,170	$ 2,936

(1) Includes variable lease costs, which are immaterial

Supplemental cash flow information related to leases is as follows (in thousands):

	Year Ended January 31, 2021	Year Ended January 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows from finance leases	$ 432	$ 287
Operating cash flows from finance leases	69	58
Operating cash flows from operating leases	3,097	2,287

	Year Ended January 31, 2021
ROU Assets obtained in exchange for new lease obligations:	
Finance leases liabilities	$ -
Operating leases liabilities	3,255

Weighted-average lease terms discount rates are as follows:

	January 31, 2021
Weighted-average remaining lease terms (in years):	
Finance leases	2.3
Operating leases	12.9
Weighted-average discount rates:	
Finance leases	7.7%
Operating leases	7.9%

On January 31, 2021, future minimum annual rental commitments under non-cancelable lease obligations were as follows in thousands):

Year:	Operating Leases	Finance Leases
For the year ended January 31, 2022	$ 2,348	$ 342
For the year ended January 31, 2023	2,406	278
For the year ended January 31, 2024	2,392	150
For the year ended January 31, 2025	1,662	-
For the year ended January 31, 2026	1,475	-
Thereafter	14,339	-
Total lease payments	24,622	770
Less: amount representing interest	(10,046)	(69)
Total lease liabilities at January 31, 2021	$ 14,576	$ 701

Rental expense for operating leases was $3.0 million and $2.8 million in 2020 and 2019, 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.
- Approximately fourteen acres of land in the U.A.E. is leased through August 2050.

Note 7 - Income taxes

Income/(loss) from continuing operations before income taxes (in thousands)	2020	2019
Domestic	$ (3,288)	$ 400
Foreign	(4,487)	4,635
Total	**$ (7,775)**	**$ 5,035**

Components of income tax expense/(benefit) (in thousands)	2020	2019
Current		
Federal	$ 18	$ 34
Foreign	413	1,455
State and other	105	181
Total current income tax expense	536	1,670
Deferred		
Federal	—	—
Foreign	(669)	(211)
State and other	—	—
Total deferred income tax expense/(benefit)	(669)	(211)
Total income tax expense/(benefit)	**$ (133)**	**$ 1,459**

Repatriation of foreign earnings

As a result of the onetime transition tax from the U.S. Tax Cuts and Jobs Act of 2017 (“Tax Act”), the Company estimates that distributions from foreign subsidiaries will no longer be subject to incremental U.S. 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. Earnings from these subsidiaries are subject to tax in their local jurisdiction, and withholding taxes in these jurisdictions are considered. As such, the Company has reduced the liability from $0.4 million as of January 31, 2020 to $0.2 million as of January 31, 2021 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 $22.4 million as of January 31, 2021, all of which has been subject to the transition tax in the United States. Unremitted earnings of $15.7 million in the United Arab Emirates would not be subject to withholding tax in the event of a distribution, $6.8 million of unremitted earnings in Saudi Arabia would be subject to withholding tax of less than $0.1 million, and the $4.4 million of earnings permanently reinvested in India would be subject to withholding 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:

(In thousands)	**2020**	**2019**
Tax expense at federal statutory rate	$ (1,633)	$ 1,057
State expense, net of federal income tax effect	(97)	147
Deferred balance adjustment	(5)	(212)
Domestic valuation allowance	1,807	(337)
Domestic return to provision	(485)	(172)
Global Intangible Low Tax Income Inclusion	-	703
Nontaxable Paycheck Protection Program Loan Forgiveness Proceeds	(662)	-
Permanent differences other	282	(5)
Valuation allowance for state NOLs	183	(2)
Differences in foreign tax rate	527	(79)
Foreign rate change	18	(63)
Deferred tax on unremitted earnings	(176)	183
Foreign withholding taxes	209	274
All other, net expense	(101)	(35)
Total income tax expense/(benefit)	**$ (133)**	**$ 1,459**

The Company's worldwide effective tax rates ("ETR") were 1.7% and 29.0% in 2020 and 2019, respectively. The change in the ETR from the prior year to the current year is largely due to the Company's valuation allowance against its domestic deferred tax asset and changes to the mix of income in various jurisdictions, including losses in the zero rate jurisdiction of the United Arab Emirates.

Components of deferred income tax assets (in thousands)	**2020**	**2019**
U.S. Federal NOL carryforward	$ 8,626	$ 7,209
Deferred compensation	508	401
Research tax credit	2,686	2,686
Foreign NOL carryforward	543	223
Foreign tax credit	2,580	2,580
Stock compensation	442	429
Other accruals not yet deducted	245	267
State NOL carryforward	2,678	2,567
Accrued commissions and incentives	362	354
Inventory valuation allowance	106	75
Lease liability	541	604
Other	113	127
Deferred tax assets, gross	19,430	17,522
Valuation allowance	(17,746)	(15,937)
Total deferred tax assets, net of valuation allowances	**$ 1,684**	**$ 1,585**
Components of the deferred income tax liability		
Depreciation	$ (981)	$ (1,275)
Foreign subsidiaries unremitted earnings	(289)	(470)
Prepaid	(21)	(61)
Right of use asset	(484)	(538)
Total deferred tax liabilities	**$ (1,775)**	**$ (2,344)**
Deferred tax liability, net	**$ (91)**	**$ (759)**
Balance sheet classification		
Long-term assets	$ 823	$ 293
Long-term liability	(914)	(1,052)
Total deferred tax liabilities, net of valuation allowances	**$ (91)**	**$ (759)**

The Company has a gross U.S. Federal operating loss carryforward of $41.1 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 $2.7 million relates to amounts that expire at various times from 2022 to 2031.

The Company has a DTA foreign NOL carryforward of $0.5 million for its subsidiaries in Saudi Arabia and India. The NOL in Saudi Arabia can be carried forward indefinitely and does not have a valuation allowance recorded against it while the NOL in India can be carried forward for eight years and does not have a valuation allowance recorded against it. The ultimate realization of this tax benefit is dependent upon the generation of enough 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, 2021, 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 on January 31, 2026.

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

(In thousands)	2020	2019
Balance at beginning of the year	$ 1,545	$ 1,447
Increases in positions taken in a prior period	2	(26)
Increases in positions taken in a current period	65	132
Decreases due to lapse of statute of limitations	(21)	(8)
Balance at end of the year	**$ 1,591**	**$ 1,545**

Included in the total UTP liability were estimated accrued interest and penalties of $0.2 million and less than $0.1 million in January 31, 2021 and 2020, respectively. 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, 2021, 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, 2021 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, $0.5 million of the amount accrued on January 31, 2021 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, 2018, 2019 and 2020 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 8 - 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)	**2020**	**2019**
Level 1 market value of plan assets		
Equity securities	$ 4,112	$ 3,139
U.S. bond market	1,716	2,134
Real estate securities	198	369
Subtotal	6,026	5,642
Level 2 significant other observable inputs		
Money market fund	$ 139	$ 169
Subtotal	139	169
Investments measured at net asset value*	$ 851	$ 739
Total	$ 7,016	$ 6,550

* 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.

On January 31, 2021, plan assets were held 72% in equity, 26% 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 2020 resulted in $0.3 million gain on plan assets, computed as the actual return as presented below less the expected return, which increased the fair value of plan assets at year end. The Company kept its expected return on plan assets used in determining cost and benefit obligations consistent at 7.5%, based on long-term market expectations that were relatively unchanged from the prior year. 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.

Reconciliation of benefit obligations, plan assets and funded status of plan (in thousands)	**2020**	**2019**
Accumulated benefit obligations		
Vested benefits	$ 7,090	$ 6,959
Accumulated benefits	$ 7,090	$ 6,959
Change in benefit obligation		
Benefit obligation - beginning of year	$ 6,959	$ 6,258
Interest cost	190	237
Actuarial loss	256	788
Benefits paid	(315)	(324)
Benefit obligation - end of year	$ 7,090	$ 6,959
Change in plan assets		
Fair value of plan assets - beginning of year	$ 6,550	$ 6,179
Actual gain on plan assets	781	695
Benefits paid	(315)	(324)
Fair value of plan assets - end of year	$ 7,016	$ 6,550
Unfunded status	$ (74)	$ (409)
Balance sheet classification		
Prepaid expenses and other current assets	$ 332	$ 325
Other assets	1,828	1,679
Deferred compensation liabilities	(2,234)	(2,413)
Net amount recognized	$ (74)	$ (409)
Amounts recognized in accumulated other comprehensive loss		
Unrecognized actuarial loss	$ 1,902	$ 2,087
Net amount recognized	$ 1,902	$ 2,087

Weighted-average assumptions used to determine net cost and benefit obligations	**2020**	**2019**
End of year benefit obligation discount rate	2.50%	2.80%
End of year net periodic benefit cost discount rate	2.80%	3.90%
Expected return on plan assets	7.50%	7.50%

The discount rate was based on the FTSE pension discount curve of high quality fixed income investments with cash flows matching the plan's expected benefit payments, consistent with prior years. 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)	2020	2019
Interest cost	$ 190	$ 237
Expected return on plan assets	(479)	(450)
Recognized actuarial loss	139	102
Net periodic benefit income	$ (150)	$ (111)
Amounts recognized in other comprehensive income (in thousands)		
Actuarial loss on obligation	$ (256)	$ (787)
Actual gain on plan assets	302	246
Amounts recognized in current year	139	102
Total in other comprehensive income	$ 185	$ (439)

Other comprehensive income is also affected by the tax effect of the valuation allowance recorded on the domestic deferred tax assets. During the year ended January 31, 2021, there was an actuarial gain of less than $0.1 million. This is comprised of an asset gain of $0.3 million and liability loss of $0.3 million. The liability loss is the combination of: (i) a loss due to a 30 basis point decrease in the discount rate, (ii) a gain resulting from an update to the mortality improvement assumption and (iii) other demographic losses. During the year ended January 31, 2020, there was an actuarial loss of $0.5 million. This was comprised of an asset gain of $0.3 million and liability loss of $0.8 million. The liability loss was a combination of: (i) a loss due to a 110 basis point decrease in the discount rate, (ii) a gain resulting from an update to the mortality assumption and (iii) other demographic losses.

Cash flows (in thousands)	
Expected employer contributions for the fiscal year ending January 31, 2022	$ —
Expected employee contributions for the fiscal year ending January 31, 2022	—
Estimated future plan benefit payments reflecting expected future service for the fiscal year(s) ending January 31,:	
2022	$ 332
2023	332
2024	327
2025	328
2026	327
2027 - 2031	1,637

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 the years ended January 31, 2021 and 2020.

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	2020 Contribution	2019 Contribution	Surcharge Imposed	Collective Bargaining Expiration Date
Plumbers & Pipefitters Local 572 Pension Fund	626102837	001	Green	No	$206	$239	No	3/31/2022

Note 9 - Stock-based compensation

The Company's 2017 Omnibus Stock Incentive Plan dated June 13, 2017, as amended, which the Company's stockholders approved in June 2017 ("2017 Plan"), expired in June 2020. Prior to the 2017 Plan's expiration, grants were made to the Company's employees, officers and independent directors, as described below.

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, 2021, the Company had reserved a total of 522,970 shares for grants and issuances under these incentive stock plans, which includes a reserve for issuances pursuant to unvested or unexercised prior awards.

While the 2017 Plan provided 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, the Company issued only restricted shares and restricted stock units under the 2017 Plan. The 2017 Plan authorized awards to officers, employees, consultants, and directors.

Stock compensation expense

The Company has granted stock-based compensation awards to eligible employees, officers or independent directors. The Company recognized the following stock-based compensation expense for the periods presented:

(In thousands)	**2020**	**2019**
Stock-based compensation expense	$ 3	$ 12
Restricted stock based compensation expense	1,041	999
Total stock-based compensation expense	**$ 1,044**	**$ 1,011**

Stock options

The Company did not grant any stock options during the years ended January 31, 2021 or 2020. The following tables summarizes the Company's stock option activity:

(Shares in thousands)	Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding on January 31, 2019	218	$ 8.60	3.8	$ 257
Exercised	(53)	6.91		162
Expired or forfeited	(33)	7.10		
Outstanding on January 31, 2020	132	8.98	3.2	160
Options exercisable on January 31, 2020	129	$ 9.01	3.1	155
Exercised	-			
Expired or forfeited	(25)	7.85		
Outstanding on January 31, 2021	107	9.24	2.5	5
Options exercisable on January 31, 2021	**107**	$ **9.24**	**2.5**	$ **5**

No stock options were exercised during the years ended January 31, 2021 or 2020.

Unvested options outstanding (shares in thousands)	Options	Weighted-average grant date fair value	Aggregate intrinsic value
Outstanding on January 31, 2020	3	$ 7.33	$ 4
Granted	-	-	
Vested	(3)		
Expired or forfeited	-		
Outstanding on January 31, 2021	**-**	$ **-**	$ **-**

As of January 31, 2021, there were no remaining unvested stock options outstanding, and therefore no unrecognized compensation expense related to unvested stock options.

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, 2021, there were approximately 97,799 deferred stock units outstanding included in the restricted stock activity shown below.

Restricted stock

The Company has granted restricted stock to executive officers, independent directors and employees. The restricted stock vest ratably over one 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, 2021 and 2020, respectively:

(Shares in thousands)	**Restricted shares**	**Weighted average price**	**Aggregate intrinsic value**
Outstanding on January 31, 2019	274	$ 8.74	$ 2,392
Granted	152	9.09	
Issued	(79)		
Forfeited	(26)	8.79	
Outstanding on January 31, 2020	321	$ 9.03	$ 2,902
Granted	156	5.88	
Issued	(64)		
Forfeited	(41)	8.31	
Outstanding on January 31, 2021	**372**	$ **7.62**	$ **2,843**

The fair value of restricted stock vested was $0.5 million and $0.8 million in 2020 and 2019, respectively. As of January 31, 2021, there was $1.3 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 1.8 years.

Note 10 - Interest expense, net

(In thousands)	**2020**	**2019**
Interest expense	$ 649	$ 1,106
Interest income	(268)	(201)
Interest expense, net	$ **381**	$ **905**

Schedule II

Perma-Pipe International Holdings, Inc. and Subsidiaries
VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended January 31, 2021 and 2020

(In thousands)	Balance at beginning of period	Charges to expenses	Write-offs (1)	Other charges (2)	Balance at end of period
Year Ended January 31, 2021					
Allowance for possible losses in collection of trade receivables	$ 407	$ 72	$ (7)	$ 2	$ 474
Year Ended January 31, 2020					
Allowance for possible losses in collection of trade receivables	$ 536	$ 123	$ (254)	$ 2	$ 407

(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 001-32530.

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)	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 [Incorporated by reference to Exhibit 4(d) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2020 filed on April 21, 2020]
10(a)	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(b)	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(c)	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(d)	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(e)	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(f)	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(g)	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(h)	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(i)	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(j)	Form of Restricted Stock Agreement under the 2017 Omnibus Stock Incentive Plan as Amended June 13, 2017* [Incorporated by reference to Exhibit 10(z) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2020 filed on April 21, 2020]
10(k)	Executive Employment Agreement, dated January 31, 2020 by and between the Company and Wayne Bosch* [Incorporated by reference to Exhibit 10(aa) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2020 filed on April 21, 2020]
10(l)	Form of Restricted Stock and Performance Award Agreement under the 2017 Omnibus Stock Incentive Plan as Amended June 13, 2017*
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 15, 2021

/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 15, 2021
		)	
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 — Individually and as Attorney in Fact
David J. Mansfield

2020 PPIH LONG-TERM INCENTIVE PROGRAM

RESTRICTED STOCK AND PERFORMANCE AWARD GRANT

RESTRICTED STOCK AND PERFORMANCE AWARD AGREEMENT
UNDER THE
2017 OMNIBUS STOCK INCENTIVE PLAN, AS AMENDED JUNE 13, 2017

GRANTEE: __________

NO. OF RESTRICTED SHARES: _____________

This Agreement (the "***Agreement***") evidences the award of (i) ___________ restricted shares of Common Stock (each, a "***Restricted Share***" and, collectively, the "***Restricted Shares***") subject to a vesting schedule, and (ii) a performance award (the "***Performance Award***") relating to the performance period of the Company's fiscal years 2020-2022 (the "***Performance Period***") with a target dollar amount of $_________ (the "***Target Amount***"), that ***Perma-Pipe International Holdings, Inc.***, a Delaware corporation (the "***Company***"), has granted to you, ________________, effective as of ____________ (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. This Agreement and the award made hereunder supersede and replace any equity-based award granted to you by the Company in calendar year 2020 and any award agreement relating thereto (the "***Prior 2020 Grant***"). This Agreement also supersedes any employment agreement between you and the Company to the extent such employment agreement would otherwise govern the Restricted Shares and the Performance Award granted hereunder with respect to the impact of retirement.

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 of Restricted Shares.

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

(b) So long as your Service is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur,

- _____ of the Restricted Shares will vest and become nonforfeitable on _____, 2021 (the "***First Vesting Date***"),
- _____ of the Restricted Shares will vest and become nonforfeitable on _____, 2022 (the "***Second Vesting Date***"),
- _____ of the Restricted Shares will vest and become nonforfeitable on _____, 2023 (the "***Third Vesting Date***" and, together with the First Vesting Date and the Second Vesting Date, the "***Vesting Dates***").

(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. In addition, if you are in Retirement (as defined below) then, upon a Change in Control, any Restricted Shares that had remained eligible for vesting following your Retirement, but that have not yet become vested, shall be vested and nonforfeitable as of immediately before and contingent upon the occurrence of such Change in Control. "**Retirement**" shall mean the effective date of your resignation or other termination of employment after your attainment of age 55 and at least 5 years of service (or such shorter period of service as may be determined by the Administrator); provided that, for a resignation to be treated as a Retirement, you must provide at least 6 months' advance written notice of such Retirement to the Company, and, for the avoidance of doubt, your Retirement will be effective upon your actual retirement date rather than upon the date of such notice. You will continue working diligently to satisfy our business obligations as well as assist the Company during a transition. The treatment of the Restricted Shares upon Retirement is intended to recognize your contributions to the Company prior to your Retirement and it is not intended to apply if you will continue working in the Company's industry following your Retirement. Therefore, as a condition of receiving the award set forth in this Agreement under the conditions of Retirement, you will be required to enter into and comply with an extension of your current Confidentiality Agreement and Non-Solicitation/Non-Competition Agreement term for three years following the effective date of your retirement.

3. Terms of Performance Award. The Performance Award entitles you, subject to Section 4 and the other terms and conditions of this Agreement, to receive (a) a cash payment equal to one-third of eighty percent of the Target Amount (the "***Threshold Amount***") on each Vesting Date (each, an "***Annual Payment***") and (b) an additional cash amount, payable on the Third Vesting Date equal to (i) the excess, if any, of the percentage of the Target Amount indicated below corresponding to the actual achievement of the performance goals set forth below (the "***Performance Goals***") during the Performance Period over (ii) the sum of the Annual Payments. The additional amount payable shall be interpolated for performance between the specified levels and the sum of the Annual Payments shall not be less than eighty percent of the Target Amount. The Performance Goals and corresponding percentages of the Target Amount are the following:

Fiscal Years	**Net Income Threshold ($) (Payout = 80% of Target Amount)**	**Net Income Target ($) (Payout = 100% of Target Amount)**	**Net Income Maximum ($) (Payout = 150% of Target Amount)**
2020-2022	[__]	[__]	[__]

The Performance Goals and the Company's achievement of the Performance Goals shall be calculated by the Company in its sole and absolute discretion. Notwithstanding the foregoing, the Performance Award will be deemed earned and shall be paid as of immediately before and contingent upon the occurrence of a Change in Control, at the level indicated in the most recent forecast prepared by the Company, so long as your Service is continuous from the Grant Date through the date of the Change in Control. In addition, if you are in Retirement, then, upon a Change in Control, any portion of the Performance Award that had remained eligible to be paid following your Retirement, but that has not yet been paid, shall be paid as of immediately before and contingent upon the occurrence of such Change in Control in an amount based on the performance level indicated in the most recent forecast prepared by the Company.

4. Effect of Termination of Employment or Service.

(a) If your Service ceases by reason of your permanent disability (as defined in Section 22(e)(3) of the Code), then the Restricted Shares that would have vested on the schedule set forth in Section 2(b), and the portion of the Performance Award that would have been paid on the schedule set forth in Section 3, if your Service had continued through the one-year anniversary of your date of disability shall, in the case of the Restricted Shares, become nonforfeitable and shall be released to you on the date such Restricted Shares would have vested as set forth in Section 2(b), and in the case of the Performance Award, be paid to you on the date such amount would have been paid as set forth in Section 3 but in an amount based on the performance level indicated in the most recent forecast prepared by the Company, if your Service had been continuous through the one year anniversary of your date of disability, and any Restricted Shares or portion of your Performance Award that do not vest in accordance with this subsection shall be forfeited; provided, however, if the Company (or an Affiliate) reasonably determines following your termination due to disability that you could have been terminated for Cause had all the facts been known to the Company (or an Affiliate) at the time of your disability, then you shall forfeit all rights with respect to any unvested Restricted Shares and any unpaid Performance Award.

(b) If your Service ceases by reason of your Retirement, by reason of your termination without Cause when you had met the age and service requirements for Retirement or by reason of your death, then:

(i) If your Restricted Shares and Performance Award were granted prior to the 12-month period ending on the effective date of your Retirement or death, (A) one hundred percent of the Restricted Shares will continue to vest and become nonforfeitable as set forth in Section 2(b), and (B) your Performance Award will be paid as set forth in Section 3, as though your Service was continuous, except that, in the case of your Performance Award, the amount of the payment shall be based on the performance level indicated in the most recent forecast prepared by the Company rather than eighty percent, or

(ii) If your Restricted Shares and Performance Award were granted in the 12-month period ending on the effective date of your Retirement or death, a pro rata amount of the first tranche of your Restricted Shares and your Performance Award (based on the number of days between the grant date and your Retirement divided by 365) will continue to vest and become nonforfeitable as set forth in Section 2(b), in the case of Restricted Shares, and will be paid as set forth in Section 3, in the case of your Performance Award, as though your Service was continuous, except that the amount of the payment with respect to your Performance Award shall be based on the performance level indicated in the most recent forecast prepared by the Company.

Any portion of the Award that does not remain eligible for continued vesting or to be deemed earned upon the cessation of your Service shall be immediately forfeited. If you die following your separation under this Section 4(b), then your estate will receive any Restricted Shares and Performance Awards that would have continued to vest in accordance with the foregoing.

(c) Notwithstanding the foregoing, if:

(i) You work in the Company's industry or with a competitor of the Company (in each case as determined by the Company in its sole and absolute discretion) during the three years following the effective date of your Retirement or

(ii) The Company (or an Affiliate) reasonably determines following your Retirement that you could have been terminated for Cause had all the facts been known to the Company (or an Affiliate) at the time of your Retirement,

then you shall forfeit any unearned Restricted Shares and unpaid Performance Award amounts and be required to repay in cash the gross amount of any Restricted Shares that vested or Performance Award amounts that were paid to you under this Agreement in connection with or following the effective date of your Retirement.

In the case of Restricted Shares, the amount required to be repaid shall be the Fair Market Value of such Restricted Shares at the time such Restricted Shares became vested and nonforfeitable, provided that you may, rather than paying cash, repay a number of shares of Common Stock equal to the number of Restricted Shares that became vested and nonforfeitable.

(d) If your Service ceases for any reason except as otherwise specified above, all Restricted Shares that are not then vested, and any portion of your Performance Award that has not been earned, will be immediately forfeited by you. Except as otherwise specified above, unless otherwise determined by the Administrator in its sole discretion, none of the Restricted Shares, and no portion of the Performance Award, will vest after your Service ceases.

5. Restrictions on Transfer.

(a) Prior to vesting, your Restricted Shares may not be sold, assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise), except by will or the laws of descent and distribution, and shall not be subject to execution, attachment or similar process, Any attempt to transfer your Restricted Shares that is in violation of this Section 5(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 unvested shares in a designated nominee account until vesting 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 stribution" 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 sale, pledge or other transfer of your Shares after they vest cluding 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 rictions 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 dispose of the Shares received under this Agreement in contravention of the restrictions set forth in this Section 5 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 sold or 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.

6. Stockholder Rights. You are considered the record owner of the Restricted Shares immediately upon the Grant Date; however, you shall not be entitled to vote such Shares and you shall authorize and, by this Agreement, provide an irrevocable proxy coupled with an interest to the Company to vote such shares in its discretion until they are vested. 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 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.

7. Tax Withholding.

(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, vesting or other event relating to the Restricted Shares or in connection with the grant, vesting, earning or payment of the Performance Award. To enable the satisfaction of your tax withholding obligations with respect to the Restricted Shares through the delivery of proceeds from the sale of Shares that are issued under this Agreement on the market, you should execute Exhibit A to this Agreement and return it to the Company by the deadline set forth therein; provided that such sale of Shares shall occur only if the Company or its Affiliates do not satisfy applicable tax withholding obligations by withholding the issuance or delivery of Shares hereunder. If you have not timely executed Exhibit A to this Agreement, then you shall, immediately upon notification of the amount of withholding taxes due, if any, in connection with the Restricted Shares, 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 in connection with this Agreement; provided, however, that the value of the Shares withheld or redeemed for taxes may not exceed the maximum statutory rate associated with the transaction with respect to which Shares are being withheld or redeemed 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.

8. 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 Restricted 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 8 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. The Administrator may make, in its discretion, adjustments in the terms and conditions of, and the criteria included in, the Performance Award in recognition of unusual, unanticipated 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.

9. Non-Guarantee of Employment or Service Relationship. Nothing in the Plan or this Agreement shall alter your at-will or other employment status or other service relationship with the Company (or an Affiliate), nor be construed as a contract of employment or service relationship between the Company (or an Affiliate) and you, or as a contractual right of you to continue in the employ of, or 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 all or any portion of the Performance Award or any other adverse effect on your interests under the Plan.

10. The Company's Rights. The existence of this Award or 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.

11. 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.

12. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the Restricted Shares and the Performance Award 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 or the Performance Award 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.

13. 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 or the Performance Award as determined in the discretion of the Administrator, except as otherwise provided in (a) Section 8 of this Agreement, (b) the Plan or (c) a written document signed by each of the parties hereto.

14. 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.

15. 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.

16. 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.

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

18. 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.

19. 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.

20. No Future Entitlement. By your signing this Agreement, you acknowledge and agree that: (i) the grant of the Restricted Shares and the Performance Award 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 value of this stock grant is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (iv) the value of this stock grant is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension or retirement benefits; (v) the vesting of Restricted Shares ceases upon termination of employment with the Company or transfer of employment from the Company, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (vi) the Company does not guarantee any future value of these Restricted Shares; and (vii) 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.

21. 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.

22. 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.

23. Recoupment. The Restricted Shares and the Performance Award 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)" ***Cause***" means termination in whole or substantial part, for gross negligence or willful misconduct in the execution of your duties, for conviction of, or entry of a plea of guilty or *nolo contendere* to, any felony or any act of fraud, embezzlement, misappropriation, or a crime involving moral turpitude, or for commission of any act which causes or may reasonably be expected to cause substantial damage to the Company

(d)" ***Company***" means Perma-Pipe International Holdings, Inc.

(e)" ***Securities Act***" means the Securities Act of 1933, as amended.

(f)" ***Service***" means your employment or other 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 are employed or otherwise 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.

(g)" ***You***"; "***Your***"; "***Employee***"**,** means the recipient of this Award as reflected in the first paragraph of this Agreement. Whenever the word "Employee", "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 or this Award may be transferred by will or by the laws of descent and distribution, the words "Employee", "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.

Perma-Pipe International Holdings, Inc.

By:

Date:

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, including, without limitation, the replacement of the Prior 2020 Grant with this Award. The undersigned also consents to electronic delivery of all notices or other information with respect to this Award or the Company.

WITNESS:

GRANTEE

Date:

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 satisfy any withholding taxes due in connection with each and every vesting date for the Restricted Shares by applying proceeds from a market sale of Company securities issuable as a result of such vesting date, except to the extent the Company satisfies such withholding taxes by withholding Company securities otherwise issuable as a result of such vesting date. **I understand that if I do not execute this Standing Order, then the Company will require that I pay my withholding obligations by cash or check, or the Company will deduct the amount of any withholding obligations from other payments due to me.**

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 first 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 and any 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 for tax purposes (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 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 the withholding obligations, using the closing price of a Share of the Company's common stock on the trading day immediately prior to the vesting date (or such other date as any withholding obligations become due). 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 used to satisfy any withholding obligations associated with my Restricted Shares and, accordingly, I hereby authorize the Broker to pay such proceeds to the Company for such purpose. I understand that, 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, and (v) 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.

Date:	***Perma-Pipe International Holdings, Inc.*** By:
Date:	GRANTEE

Exhibit 21

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)

Perma-Pipe QA Limited Liability Company (LLC) (Qatar)

Perma-Pipe Middle East LLC (United Arab Emirates)

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated April 15, 2021, with respect to the consolidated financial statements included in the Annual Report of Perma-Pipe International Holdings, Inc. on Form 10-K for the year ended January 31, 2021. 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) and on Forms S-8 (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 15, 2021

Exhibit 24

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 2020, 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 15th day of April, 2021.

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

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

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

/s/ David Brown
David Brown, Director

/s/ Jerome T. Walker
Jerome T. Walker, Director

/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 15, 2021

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

Exhibit 31.2

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 15, 2021

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

Exhibit 32

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, 2021** 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 15, 2021

/s/ D. Bryan Norwood
D. Bryan Norwood
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)
April 15, 2021

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.

DIRECTORS & OFFICERS

DIRECTORS

David S. Barrie
Independent Director &
Chairman of the Board of Directors
Principal, Barrie International, LLC

David B. Brown
Independent Director
Chief Financial Officer
Authentix, Inc.

David J. Mansfield
Director
President & Chief Executive Officer
PERMA-PIPE International Holdings, Inc.

Jerome T. Walker
Independent Director
Chief Executive Officer
Caribbean Distributed Energy, LLC

Cynthia Boiter
EVP & President, Chemical Division
Milliken & Co.

OFFICERS

David J. Mansfield
Director
President & Chief Executive Officer
PERMA-PIPE International Holdings, Inc.

D. Bryan Norwood
Vice President &
Chief Financial Officer

Wayne M. Bosch
Vice President &
Chief Human Resources Officer

OPERATIONS MANAGEMENT

Grant Dewbre
Senior Vice President
Middle East North Africa

Scott James
Senior Vice President
Americas

Will Leong
Vice President & General
Manager

Annual Meeting

Wednesday, May 26, 2021
10:00 a.m. Central Time
Online at:
virtualshareholdermeeting.com/PPIH2021

Independent Registered Public Accountants
Grant Thornton LLP
175 West Jackson Blvd.
Chicago, IL 60604-2615

Transfer Agent
Broadridge
P.O. Box 1342
Brentwood, NY 11717

GLOBAL LOCATIONS

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847-966-2235
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MANUFACTURING FACILITIES

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Taluka-Gandhidham, District-Kutch
Gujarat, India 370240

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