0001437749-24-028925ppih20240731_10q.htm 0000914122Perma-Pipe International Holdings, Inc.false--01-
31Q220247136990.010.0150,00050,0007,9787,9788,0178,01711211201011000351545 0.1DecemberÂ 23, 20420.11300.60falsefalsefalsefalseIncludes variable lease costs, which are not
material.00009141222024-02-012024-07-31xbrli:shares00009141222024-09-11thunderdome:itemiso4217:USD00009141222024-05-012024-07-3100009141222023-05-012023-07-
3100009141222023-02-012023-07-31iso4217:USDxbrli:shares00009141222024-07-3100009141222024-01-310000914122us-gaap:RelatedPartyMember2024-07-310000914122us-
gaap:RelatedPartyMember2024-01-310000914122us-gaap:CommonStockMember2024-01-310000914122us-gaap:AdditionalPaidInCapitalMember2024-01-310000914122us-
gaap:RetainedEarningsMember2024-01-310000914122us-gaap:TreasuryStockCommonMember2024-01-310000914122us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-01-
310000914122us-gaap:CommonStockMember2024-02-012024-04-300000914122us-gaap:AdditionalPaidInCapitalMember2024-02-012024-04-300000914122us-
gaap:RetainedEarningsMember2024-02-012024-04-300000914122us-gaap:TreasuryStockCommonMember2024-02-012024-04-300000914122us-
gaap:AccumulatedOtherComprehensiveIncomeMember2024-02-012024-04-3000009141222024-02-012024-04-300000914122us-gaap:CommonStockMember2024-04-300000914122us-
gaap:AdditionalPaidInCapitalMember2024-04-300000914122us-gaap:RetainedEarningsMember2024-04-300000914122us-gaap:TreasuryStockCommonMember2024-04-300000914122us-
gaap:AccumulatedOtherComprehensiveIncomeMember2024-04-3000009141222024-04-300000914122us-gaap:CommonStockMember2024-05-012024-07-310000914122us-
gaap:AdditionalPaidInCapitalMember2024-05-012024-07-310000914122us-gaap:RetainedEarningsMember2024-05-012024-07-310000914122us-gaap:TreasuryStockCommonMember2024-05-
012024-07-310000914122us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-05-012024-07-310000914122us-gaap:CommonStockMember2024-07-310000914122us-
gaap:AdditionalPaidInCapitalMember2024-07-310000914122us-gaap:RetainedEarningsMember2024-07-310000914122us-gaap:TreasuryStockCommonMember2024-07-310000914122us-
gaap:AccumulatedOtherComprehensiveIncomeMember2024-07-310000914122us-gaap:CommonStockMember2023-01-310000914122us-gaap:AdditionalPaidInCapitalMember2023-01-
310000914122us-gaap:RetainedEarningsMember2023-01-310000914122us-gaap:TreasuryStockCommonMember2023-01-310000914122us-
gaap:AccumulatedOtherComprehensiveIncomeMember2023-01-3100009141222023-01-310000914122us-gaap:CommonStockMember2023-02-012023-04-300000914122us-
gaap:AdditionalPaidInCapitalMember2023-02-012023-04-300000914122us-gaap:RetainedEarningsMember2023-02-012023-04-300000914122us-gaap:TreasuryStockCommonMember2023-02-
012023-04-300000914122us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-02-012023-04-3000009141222023-02-012023-04-300000914122us-gaap:CommonStockMember2023-
04-300000914122us-gaap:AdditionalPaidInCapitalMember2023-04-300000914122us-gaap:RetainedEarningsMember2023-04-300000914122us-gaap:TreasuryStockCommonMember2023-04-
300000914122us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-04-3000009141222023-04-300000914122us-gaap:CommonStockMember2023-05-012023-07-310000914122us-
gaap:AdditionalPaidInCapitalMember2023-05-012023-07-310000914122us-gaap:RetainedEarningsMember2023-05-012023-07-310000914122us-gaap:TreasuryStockCommonMember2023-05-
012023-07-310000914122us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-05-012023-07-310000914122us-gaap:CommonStockMember2023-07-310000914122us-
gaap:AdditionalPaidInCapitalMember2023-07-310000914122us-gaap:RetainedEarningsMember2023-07-310000914122us-gaap:TreasuryStockCommonMember2023-07-310000914122us-
gaap:AccumulatedOtherComprehensiveIncomeMember2023-07-3100009141222023-07-310000914122us-gaap:CommonStockMember2024-02-012024-07-310000914122us-
gaap:CommonStockMember2023-02-012023-07-310000914122srt:RestatementAdjustmentMemberus-gaap:CommonStockMember2024-01-310000914122srt:RestatementAdjustmentMemberus-
gaap:CommonStockMember2023-01-310000914122us-gaap:UnbilledRevenuesMember2024-02-012024-07-310000914122us-gaap:UnbilledRevenuesMember2023-02-012023-07-
310000914122ppih:LandAndBuildingsInLebanonTennesseeMember2024-02-012024-07-310000914122ppih:LandAndBuildingsInLebanonTennesseeMember2023-02-012023-07-
310000914122ppih:FinanceLeaseObligationsMember2024-02-012024-07-310000914122ppih:FinanceLeaseObligationsMember2023-02-012023-07-31xbrli:pure0000914122us-
gaap:FinancingReceivablesEqualToGreaterThan90DaysPastDueMember2015-12-310000914122us-gaap:FinancingReceivablesEqualToGreaterThan90DaysPastDueMember2016-01-012024-07-
310000914122us-gaap:FinancingReceivablesEqualToGreaterThan90DaysPastDueMember2024-07-310000914122us-gaap:OtherNoncurrentAssetsMemberus-
gaap:FinancingReceivablesEqualToGreaterThan90DaysPastDueMember2024-07-310000914122us-gaap:FinancingReceivablesEqualToGreaterThan90DaysPastDueMember2024-02-012024-07-
310000914122us-gaap:FinancingReceivablesEqualToGreaterThan90DaysPastDueMember2023-02-012023-07-310000914122us-gaap:SalesRevenueNetMemberus-
gaap:CustomerConcentrationRiskMember2024-05-012024-07-310000914122us-gaap:SalesRevenueNetMemberus-gaap:CustomerConcentrationRiskMember2023-05-012023-07-
310000914122us-gaap:SalesRevenueNetMemberus-gaap:CustomerConcentrationRiskMember2024-02-012024-07-310000914122us-gaap:SalesRevenueNetMemberus-
gaap:CustomerConcentrationRiskMember2023-02-012023-07-310000914122us-gaap:AccountsReceivableMemberus-gaap:CustomerConcentrationRiskMember2024-02-012024-07-
310000914122us-gaap:AccountsReceivableMemberus-gaap:CustomerConcentrationRiskMember2023-02-012024-01-310000914122us-gaap:ProductMemberus-
gaap:TransferredAtPointInTimeMember2024-05-012024-07-310000914122us-gaap:ProductMemberus-gaap:TransferredAtPointInTimeMember2023-05-012023-07-310000914122us-
gaap:ProductMemberus-gaap:TransferredAtPointInTimeMember2024-02-012024-07-310000914122us-gaap:ProductMemberus-gaap:TransferredAtPointInTimeMember2023-02-012023-07-
310000914122ppih:SpecialtyPipingSystemsAndCoatingMemberppih:TransferredAtPointInTimeUsingInputMethodMember2024-05-012024-07-
310000914122ppih:SpecialtyPipingSystemsAndCoatingMemberppih:TransferredAtPointInTimeUsingInputMethodMember2023-05-012023-07-
310000914122ppih:SpecialtyPipingSystemsAndCoatingMemberppih:TransferredAtPointInTimeUsingInputMethodMember2024-02-012024-07-
310000914122ppih:SpecialtyPipingSystemsAndCoatingMemberppih:TransferredAtPointInTimeUsingInputMethodMember2023-02-012023-07-
310000914122ppih:SpecialtyPipingSystemsAndCoatingMemberppih:TransferredAtPointInTimeUsingOutputMethodMember2024-05-012024-07-
310000914122ppih:SpecialtyPipingSystemsAndCoatingMemberppih:TransferredAtPointInTimeUsingOutputMethodMember2023-05-012023-07-
310000914122ppih:SpecialtyPipingSystemsAndCoatingMemberppih:TransferredAtPointInTimeUsingOutputMethodMember2024-02-012024-07-
310000914122ppih:SpecialtyPipingSystemsAndCoatingMemberppih:TransferredAtPointInTimeUsingOutputMethodMember2023-02-012023-07-
31utr:Y0000914122ppih:PermaPipeCanadaLtdMember2016-12-310000914122us-gaap:RestrictedStockMember2024-05-012024-07-310000914122us-gaap:RestrictedStockMember2023-05-
012023-07-310000914122us-gaap:RestrictedStockMember2024-02-012024-07-310000914122us-gaap:RestrictedStockMember2023-02-012023-07-310000914122us-
gaap:EmployeeStockOptionMember2024-01-310000914122us-gaap:EmployeeStockOptionMember2023-02-012024-01-310000914122us-gaap:EmployeeStockOptionMember2024-02-012024-07-
310000914122us-gaap:EmployeeStockOptionMember2024-07-310000914122us-gaap:RestrictedStockMember2024-01-310000914122us-gaap:RestrictedStockMember2024-07-
310000914122ppih:RevolvingLinesNorthAmericaMember2018-09-202018-09-200000914122ppih:RevolvingLinesNorthAmericaMember2018-09-
200000914122ppih:RevolvingLinesNorthAmericaMember2021-09-172021-09-170000914122ppih:RevolvingLinesNorthAmericaMember2021-09-
170000914122ppih:RevolvingLinesNorthAmericaMembersrt:MinimumMemberus-gaap:BaseRateMember2021-09-172021-09-
170000914122ppih:RevolvingLinesNorthAmericaMembersrt:MaximumMemberus-gaap:BaseRateMember2021-09-172021-09-
170000914122ppih:RevolvingLinesNorthAmericaMembersrt:MinimumMemberppih:SecuredOvernightFinancingRateSOFRMember2021-09-172021-09-
170000914122ppih:RevolvingLinesNorthAmericaMembersrt:MaximumMemberppih:SecuredOvernightFinancingRateSOFRMember2021-09-172021-09-
170000914122ppih:RevolvingLinesNorthAmericaMembersrt:MinimumMemberppih:AdditionalSOFRAdjustmentBasedOnTermOfInterestPeriodMemberppih:SecuredOvernightFinancingRateSOFR
09-172021-09-
170000914122ppih:RevolvingLinesNorthAmericaMembersrt:MaximumMemberppih:AdditionalSOFRAdjustmentBasedOnTermOfInterestPeriodMemberppih:SecuredOvernightFinancingRateSOFR
09-172021-09-170000914122ppih:RevolvingLinesNorthAmericaMemberppih:NorthAmericanLoanPartiesMember2021-09-
170000914122ppih:RevolvingLinesNorthAmericaMemberppih:NorthAmericanLoanPartiesMember2021-09-172021-09-170000914122ppih:RevolvingLinesNorthAmericaMember2024-07-
310000914122ppih:RevolvingLinesNorthAmericaMember2024-01-310000914122ppih:LandAndBuildingsInLebanonTennesseeMember2021-04-
140000914122ppih:LandAndBuildingsInLebanonTennesseeMember2021-04-142021-04-140000914122ppih:MortgageNoteSecuredByTennesseeManufacturingFacilityMember2021-04-142021-
04-140000914122ppih:LandAndBuildingsInLebanonTennesseeMember2021-04-140000914122ppih:LandAndBuildingsInLebanonTennesseeMember2021-04-142021-04-
140000914122ppih:LandAndBuildingsInLebanonTennesseeMember2024-07-
31iso4217:AED0000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByMiddleEasternSubsidiaries1Member2024-07-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByMiddleEasternSubsidiaries1Member2024-01-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByMiddleEasternSubsidiaries2Member2024-07-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByMiddleEasternSubsidiaries2Member2024-01-
31iso4217:EGP0000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByEgyptSubsidiariesMember2021-06-
300000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByEgyptSubsidiariesMember2024-07-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByEgyptSubsidiariesMember2023-08-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByEgyptSubsidiariesMember2024-01-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByEgyptSubsidiaries2Member2021-12-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByEgyptSubsidiaries2Member2024-07-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByEgyptSubsidiaries2Member2022-11-
300000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedByEgyptSubsidiaries2Member2024-01-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedBySaudiArabianSubsidiaryMember2022-03-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedBySaudiArabianSubsidiaryMember2024-07-
310000914122ppih:ForeignRevolvingLinesMemberppih:RevolvingCreditLinesUsedBySaudiArabianSubsidiaryMember2024-01-
310000914122ppih:ForeignRevolvingLinesMemberppih:RenewalOfRevolvingCreditLinesUsedBySaudiArabianSubsidiaryMember2024-07-
310000914122ppih:ForeignRevolvingLinesMemberppih:RenewalOfRevolvingCreditLinesUsedBySaudiArabianSubsidiaryMember2024-01-
310000914122ppih:ForeignRevolvingLinesMember2024-07-310000914122ppih:ForeignRevolvingLinesMember2024-01-
310000914122ppih:ForeignRevolvingLinesMembersrt:MinimumMemberppih:EIBORMember2024-02-012024-07-
310000914122ppih:ForeignRevolvingLinesMembersrt:MaximumMemberppih:EIBORMember2024-02-012024-07-310000914122ppih:ForeignRevolvingLinesMembersrt:MinimumMember2024-
07-310000914122ppih:ForeignRevolvingLinesMembersrt:MinimumMemberppih:CentralBankOfEqyptCbeRateMember2024-02-012024-07-
310000914122ppih:ForeignRevolvingLinesMembersrt:MaximumMemberppih:CentralBankOfEqyptCbeRateMember2024-02-012024-07-
310000914122ppih:ForeignRevolvingLinesMemberppih:SIBORMember2024-02-012024-07-310000914122ppih:ForeignRevolvingLinesMembersrt:MaximumMember2024-07-
310000914122ppih:ForeignRevolvingLinesMembersrt:WeightedAverageMember2024-07-310000914122ppih:ForeignRevolvingLinesMember2024-02-012024-07-
310000914122ppih:PromissoryNoteMember2023-06-300000914122ppih:CanadianMortgageNoteMember2016-07-282016-07-
28iso4217:CAD0000914122ppih:CanadianMortgageNoteMember2024-07-310000914122ppih:CanadianMortgageNoteMember2024-01-310000914122ppih:AbuDhabiLandLeaseMember2023-02-
012024-01-310000914122ppih:AbuDhabiLandLeaseMember2024-02-012024-07-310000914122ppih:AbuDhabiLandLeaseMember2024-07-310000914122srt:MinimumMember2024-07-
310000914122srt:MaximumMember2024-07-310000914122ppih:FinanceLeasesAssetsMember2024-07-310000914122ppih:FinanceLeasesAssetsMember2024-01-3100009141222021-10-
0400009141222022-12-070000914122ppih:JointVentureMember2023-06-010000914122ppih:GulfInsulationGroupMemberppih:JointVentureMember2023-06-
010000914122ppih:GulfInsulationGroupMemberus-gaap:RelatedPartyMember2023-06-010000914122us-gaap:RelatedPartyMember2023-06-
010000914122ppih:GulfInsulationGroupMember2024-05-012024-07-310000914122ppih:GulfInsulationGroupMember2023-05-012023-07-310000914122ppih:GulfInsulationGroupMember2024-
02-012024-07-310000914122ppih:GulfInsulationGroupMember2023-02-012023-07-310000914122ppih:GulfInsulationGroupMember2024-07-
310000914122ppih:GulfInsulationGroupMember2024-01-31 Â Â Table of Contents UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Â FORM 10-Q Â â˜’ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 Â For the quarterly period ended July 31, 2024 Â â˜TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 Â For the transition period from ________ to ________ Â Commission File No. 001-32530 Â Perma-Pipe International Holdings, Inc. (Exact name of registrant as specified in its charter) Â Delaware 36-3922969 (State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.) Â Â 24900 Pitkin Road, Suite 309, Spring, Texas 77386 (Address of principal executive offices) (Zip Code) Â (847) 966-1000 (Registrant's telephone number, including area code) Â Securities registered pursuant to Section 12(b) of the Act: Â Title of each classTrading Symbol(s)Name of each exchange on which registeredCommon Stock, $.01 par value per sharePPIHThe Nasdaq Stock Market LLC Â 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 â˜’Â Â Â No â˜ Â Indicate by check mark whether the registrant has submitted electronicallyÂ every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Â§232.405 of this chapter)Â during the preceding 12 months (or for such shorter period that the registrant was required to submitÂ such files). Yes â˜’Â Â Â Â No â˜ Â 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.Â Large accelerated filer â˜Â Â Accelerated filer â˜Â Â Non-accelerated filer â˜’Â Â Smaller reporting company â˜’Â Â Emerging growth company â˜ Â 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. â˜ Â Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes â˜Â No â˜’ Â On September 11Â 2024, there were 7,977,853Â shares of the registrant's common stock outstanding. Â Â Table of Contents Â Â Â Perma-Pipe International Holdings, Inc. Â FORM 10-Q Â For the fiscal quarter ended July 31, 2024 Â TABLE OF CONTENTS Â Item Â Page Â Â Table of

Contents Â Â PART I FINANCIAL INFORMATION Â Item 1. Financial Statements Â PERMA-PIPE INTERNATIONAL HOLDINGS, INC.Â CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except per share data) (Unaudited) Â Â Â Three Months Ended July 31, Â Â Six Months Ended July 31, Â Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Net sales Â $ 37,513 Â Â $ 35,141 Â Â $ 71,834 Â Â $ 64,798 Â Cost of sales Â Â 24,039 Â Â Â 25,677 Â Â Â 47,843 Â Â Â 48,559 Â Gross profit Â Â 13,474 Â Â Â 9,464 Â Â Â 23,991 Â Â Â 16,239 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Operating expenses Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â General and administrative expenses Â Â 5,979 Â Â Â 5,283 Â Â Â 12,128 Â Â Â 10,742 Â Selling expenses Â Â 1,353 Â Â Â 1,490 Â Â Â 2,588 Â Â Â 2,730 Â Total operating expenses Â Â 7,332 Â Â Â 6,773 Â Â Â 14,716 Â Â Â 13,472 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Income from operations Â Â 6,142 Â Â Â 2,691 Â Â Â 9,275 Â Â Â 2,767 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Interest expense Â Â 514 Â Â Â 636 Â Â Â 1,021 Â Â Â 1,148 Â Other (expense) income Â Â (38) Â Â 81 Â Â Â (105) Â Â 154 Â Income before income taxes Â Â 5,590 Â Â Â 2,136 Â Â Â 8,149 Â Â Â 1,773 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Income tax expense Â Â 1,306 Â Â Â 966 Â Â Â 2,076 Â Â Â 1,725 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Net income Â Â 4,284 Â Â Â 1,170 Â Â Â 6,073 Â Â Â 48 Â Less: Net income attributable to non-controlling interest Â Â 995 Â Â Â 148 Â Â Â 1,341 Â Â Â 148 Â Net income (loss) attributable to common stock Â $ 3,289 Â Â $ 1,022 Â Â $ 4,732 Â Â $ (100) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Weighted average common shares outstanding Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Basic Â Â 7,954 Â Â Â 8,029 Â Â Â 7,930 Â Â Â 8,017 Â Diluted Â Â 8,125 Â Â Â 8,139 Â Â Â 7,987 Â Â Â 8,017 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Earnings (loss) per share attributable to common stock Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Basic Â $ 0.41 Â Â $ 0.13 Â Â $ 0.60 Â Â $ (0.01) Diluted Â $ 0.40 Â Â $ 0.13 Â Â $ 0.59 Â Â $ (0.01) Â See accompanying notes to consolidated financial statements. Â Â 2 Table of Contents Â Â PERMA-PIPE INTERNATIONAL HOLDINGS, INC.Â CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (In thousands) Â (Unaudited) Â Â Â Three Months Ended July 31, Â Â Six Months Ended July 31, Â Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Net income Â $ 4,284 Â Â $ 1,170 Â Â $ 6,073 Â Â $ 48 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Other comprehensive income (loss) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Foreign currency translation adjustments, net of tax Â Â (192) Â Â 339 Â Â Â (1,607) Â Â (98) Comprehensive income (loss) Â $ 4,092 Â Â $ 1,509 Â Â $ 4,466 Â Â $ (50) Less: Comprehensive income attributable to non-controlling interests Â Â 995 Â Â Â 148 Â Â Â 1,341 Â Â Â 148 Â Total comprehensive income (loss) attributable to common stock Â $ 3,097 Â Â $ 1,361 Â Â $ 3,125 Â Â $ (198) Â See accompanying notes to consolidated financial statements. Â 3 Table of Contents Â Â PERMA-PIPE INTERNATIONAL HOLDINGS, INC.Â CONSOLIDATED BALANCE SHEETS (In thousands, except per share data) (Unaudited) Â Â Â Â Â Â Â Â Â Â Â July 31, 2024 Â Â January 31, 2024 Â ASSETS Â Â Â Â Â Â Â Current assets Â Â Â Â Â Â Â Cash and cash equivalents Â $9,455Â Â $5,845Â Restricted cash Â Â 1,426Â Â Â 1,395Â Trade accounts receivable, less allowance for credit losses of $713 at July 31, 2024 and $699 at January 31, 2024 Â Â 39,927Â Â Â 46,646Â Inventories Â Â 15,823Â Â Â 15,541Â Prepaid expenses and other current assets Â Â 13,197Â Â Â 9,697Â Unbilled accounts receivable Â Â 17,850Â Â Â 16,597Â Costs and estimated earnings in excess of billings on uncompleted contracts Â Â 3,085Â Â Â 3,097Â Total current assets Â Â 100,763Â Â Â 98,818Â Long-term assets Â Â Â Â Â Â Â Property, plant and equipment, net of accumulated depreciation Â Â 37,518Â Â Â 37,620Â Operating lease right-of-use asset Â Â 6,938Â Â Â 6,467Â Deferred tax assets Â Â 7,866Â Â Â 7,919Â Goodwill Â Â 2,156Â Â Â 2,222Â Other long-term assets Â Â 3,946Â Â Â 2,665Â Total long-term assets Â Â 58,424Â Â Â 56,893Â Total assets Â $159,187Â Â $155,711Â LIABILITIES AND STOCKHOLDERS' EQUITY Â Â Â Â Â Â Â Current liabilities Â Â Â Â Â Â Â Trade accounts payable Â $21,411Â Â $25,323Â Accrued compensation and payroll taxes Â Â 1,358Â Â Â 1,214Â Commissions and management incentives payable Â Â 5,210Â Â Â 4,523Â Revolving line - North America Â Â 6,699Â Â Â 5,519Â Current maturities of long-term debt Â Â 5,522Â Â Â 4,071Â Customers' deposits Â Â 5,949Â Â Â 4,264Â Operating lease liability short-term Â Â 965Â Â Â 914Â Other accrued liabilities Â Â 6,178Â Â Â 9,039Â Billings in excess of costs and estimated earnings on uncompleted contracts Â Â 704Â Â Â 495Â Income taxes payable Â Â 2,475Â Â Â 2,380Â Total current liabilities Â Â 56,471Â Â Â 57,742Â Long-term liabilities Â Â Â Â Â Â Â Long-term debt, less current maturities Â Â 8,912Â Â Â 9,035Â Long-term finance obligation Â Â 3,974Â Â Â 4,229Â Deferred compensation liabilities Â Â 1,180Â Â Â 1,212Â Deferred tax liabilities Â Â 1,165Â Â Â 1,217Â Operating lease liability long-term Â Â 6,689Â Â Â 6,270Â Loan payable to GIG Â Â 2,753Â Â Â 2,753Â Other long-term liabilities Â Â 1,403Â Â Â 1,275Â Total long-term liabilities Â Â 26,076Â Â Â 25,991Â Non-controlling interest Â Â 8,057Â Â Â 6,266Â Commitments and contingencies Â Â Â Â Â Â Â Â Stockholders' equity Â Â Â Â Â Â Â Common stock, $.01 par value, authorized 50,000 shares; 7,978 issued and outstanding at July 31, 2024 and 8,017 at January 31, 2024 Â Â 81Â Â Â 80Â Additional paid-in capital Â Â 59,808Â Â Â 60,063Â Treasury stock, 112 shares at July 31, 2024 and January 31, 2024 Â Â (968)Â Â (968) Retained earnings Â Â 16,820Â Â Â 12,088Â Accumulated other comprehensive loss Â Â (7,158)Â Â (5,551) Total stockholders' equity Â Â 68,583Â Â Â 65,712Â Total liabilities and stockholders' equity Â $159,187Â Â $155,711Â See accompanying notes to consolidated financial statements. Â 4 Table of Contents Â PERMA-PIPE INTERNATIONAL HOLDINGS, INC.Â CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (In thousands, except share data) (Unaudited) Â Â Â Common Stock Â Â Additional Paid-in Capital Â Â Retained Earnings Â Â Treasury Stock Â Â Accumulated Other Comprehensive Loss Â Â Total Stockholders' Equity Â Total stockholders' equity at January 31, 2024 Â $ 80 Â Â $ 60,063 Â Â $ 12,088 Â Â $ (968) Â $ (5,551) Â $ 65,712 Â Net income Â Â - Â Â Â - Â Â Â 1,443 Â Â Â - Â Â Â - Â Â Â 1,443 Â Stock-based compensation expense Â Â - Â Â Â 228 Â Â Â - Â Â Â - Â Â Â - Â Â Â 228 Â Amount attributable to non-controlling interest Â Â - Â Â Â (421) Â Â - Â Â Â - Â Â Â - Â Â Â (421) Foreign currency translation adjustment Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (1,415) Â Â (1,415) Total stockholders' equity at April 30, 2024 Â $ 80 Â Â $ 59,870 Â Â $ 13,531 Â Â $ (968) Â $ (6,966) Â $ 65,547 Â Net income Â Â - Â Â Â - Â Â Â 3,289 Â Â Â - Â Â Â - Â Â Â 3,289 Â Common stock issued under stock plans, net of shares used for tax withholding Â Â 1 Â Â Â (210) Â Â - Â Â Â - Â Â Â - Â Â Â (209) Stock-based compensation expense Â Â - Â Â Â 177 Â Â Â - Â Â Â - Â Â Â - Â Â Â 177 Â Amount attributable to non-controlling interest Â Â - Â Â Â (29) Â Â - Â Â Â - Â Â Â - Â Â Â (29) Foreign currency translation adjustment Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (192) Â Â (192) Total stockholders' equity at July 31, 2024 Â $ 81 Â Â $ 59,808 Â Â $ 16,820 Â Â $ (968) Â $ (7,158) Â $ 68,583 Â Â Â Â Common Stock Â Â Additional Paid-in Capital Â Â Retained Earnings Â Â Treasury Stock Â Â Accumulated Other Comprehensive Loss Â Â Total Stockholders' Equity Â Total stockholders' equity at January 31, 2023 Â $ 80 Â Â $ 62,562 Â Â $ 1,617 Â Â $ (26) Â $ (6,449) Â $ 57,784 Â Net loss Â Â - Â Â Â - Â Â Â (1,123) Â Â - Â Â Â - Â Â Â (1,123) Stock-based compensation expense Â Â - Â Â Â 229 Â Â Â - Â Â Â - Â Â Â - Â Â Â 229 Â Foreign currency translation adjustment Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (437) Â Â (437) Total stockholders' equity at April 30, 2023 Â $ 80 Â Â $ 62,791 Â Â $ 494 Â Â $ (26) Â $ (6,886) Â $ 56,453 Â Net income Â Â - Â Â Â - Â Â Â 1,022 Â Â Â - Â Â Â - Â Â Â 1,022 Â Common stock issued under stock plans, net of shares used for tax withholding Â Â - Â Â Â (274) Â Â - Â Â Â - Â Â Â - Â Â Â (274) Repurchase of common stock Â Â 1 Â Â Â - Â Â Â - Â Â Â (312) Â Â - Â Â Â (311) Stock-based compensation expense Â Â - Â Â Â 245 Â Â Â - Â Â Â - Â Â Â - Â Â Â 245 Â Foreign currency translation adjustment Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 339 Â Â Â 339 Â Total stockholders' equity at July 31, 2023 Â $ 81 Â Â $ 62,762 Â Â $ 1,516 Â Â $ (338) Â $ (6,547) Â $ 57,474 Â Â Shares Â 2024 Â Â 2023 Â Balances at beginning of year Â Â 8,016,781 Â Â Â 8,007,002 Â Shares issued, net of shares used for tax withholding Â Â 73,087 Â Â Â 66,726 Â Prior period adjustments Â Â - Â Â Â (56,947) Balances at period end Â Â 8,089,868 Â Â Â 8,016,781 Â Â See accompanying notes to consolidated financial statements. Â 5 Table of Contents Â Â PERMA-PIPE INTERNATIONAL HOLDINGS, INC.Â CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands) (Unaudited) Â Â Â Six Months Ended July 31, Â Â Â 2024 Â Â 2023 Â Operating activities Â Â Â Â Â Â Â Net income Â $ 6,073 Â Â $ 48 Â Adjustments to reconcile net income to net cash provided by operating activities Â Â Â Â Â Â Â Depreciation and amortization Â Â 1,717 Â Â Â 1,791 Â Deferred tax expense Â Â 203 Â Â Â 191 Â Stock-based compensation expense Â Â 396 Â Â Â 456 Â Provision on uncollectible accounts Â Â 43 Â Â Â 8 Â Gain (loss) from disposal of fixed assets Â Â 29 Â Â Â (5) Changes in operating assets and liabilities Â Â Â Â Â Â Â Accounts receivable Â Â 6,090 Â Â Â (9,865) Inventories Â Â (809) Â Â 882 Â Costs and estimated earnings in excess of billings on uncompleted contracts Â Â 221 Â Â Â 2,495 Â Accounts payable Â Â (3,064) Â Â 8,044 Â Accrued compensation and payroll taxes Â Â (48) Â Â (1,650) Customers' deposits Â Â 1,810 Â Â Â 534 Â Income tax receivable Â Â (789) Â Â (766) Prepaid expenses and other current assets Â Â (3,209) Â Â 989 Â Unbilled accounts receivable Â Â (1,857) Â Â (8) Other assets and liabilities Â Â (2,974) Â Â 389 Â Net cash provided by operating activities Â Â 3,832 Â Â Â 3,533 Â Investing activities Â Â Â Â Â Â Â Capital expenditures Â Â (3,180) Â Â (6,797) Proceeds from insurance recovery for property and equipment Â Â - Â Â Â 5 Â Net cash used in investing activities Â Â (3,180) Â Â (6,792) Financing activities Â Â Â Â Â Â Â Proceeds from revolving credit lines Â Â 39,540 Â Â Â 96,920 Â Payments of debt on revolving credit lines Â Â (36,887) Â Â (92,091) Payments of principal on finance obligation Â Â (91) Â Â (56) Payments of other debt Â Â (117) Â Â (124) Increase (decrease) in drafts payable Â Â 8 Â Â Â (178) Payments on finance lease obligations Â Â (16) Â Â (154) Repurchase of common stock Â Â - Â Â Â (312) Stock options exercised and taxes paid related to restricted shares vested Â Â (201) Â Â (273) Net cash provided by financing activities Â Â 2,236 Â Â Â 3,732 Â Effect of exchange rate changes on cash, cash equivalents and restricted cash Â Â 753 Â Â Â 61 Â Net increase in cash, cash equivalents and restricted cash Â Â 3,641 Â Â Â 534 Â Cash, cash equivalents and restricted cash - beginning of period Â Â 7,240 Â Â Â 6,793 Â Cash, cash equivalents and restricted cash - end of period Â $ 10,881 Â Â $ 7,327 Â Supplemental cash flow information Â Â Â Â Â Â Â Cash interest paid Â $ 1,000 Â Â $ 1,302 Â Cash income taxes paid Â Â 2,436 Â Â Â 2,234 Â Fixed assets acquired under finance leases - non-cash Â Â - Â Â Â 139 Â Fixed assets acquired from non affiliates - non-cash Â $ - Â Â $ 4,357 Â Â See accompanying notes to consolidated financial statements. Â 6 Table of Contents Â PERMA-PIPE INTERNATIONAL HOLDINGS, INC.Â NOTES TO CONSOLIDATED FINANCIAL STATEMENTS July 31, 2024 (In thousands, except per share data, or unlessÂ otherwise specified) (Unaudited) Â Note 1 - Basis of presentation Â The interim consolidated financial statements of Perma-Pipe International Holdings, Inc., and subsidiaries (collectively, "PPIH", "Company", or "Registrant") are unaudited, but include all adjustments that the Company's management considers necessary to fairly state the financial position and results of operations for the periods presented. These adjustments consist of normal recurring adjustments. Certain information and footnote disclosures have been omitted pursuant to Securities and Exchange Commission ("SEC") rules and regulations. The consolidated balance sheet as ofÂ January 31, 2024 is derived from the audited consolidated balance sheet as of that date. The results of operations for any interim period are not necessarily indicative of future or annual results. Interim financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K. The Company's fiscal year ends on January 31. Years and balances described asÂ 2024 andÂ 2023 are for the fiscal year ending January 31,Â 2025Â and for the fiscal year endedÂ January 31, 2024, respectively. Â Significant New Accounting Policies Â Refer to the Company's Annual Report on Form 10-K for the year ended January 31, 2024Â as filed with the SEC on April 26, 2024Â for discussion of the Company's significant accounting policies. Â During theÂ six months ended July 31, 2024, the Company did not adopt or make changes to any new or existing accounting policies. Â Note 2 - Business segment reporting Â The Company is engaged in the manufacture and sale of products in one reportable segment: Piping Systems.Â The Company engineers, manufactures and sells pre-insulated specialty piping systems, and leak detection systems. Pre-insulated 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,Â (iii) the coating and/or insulation of oil and gas gathering and transmission pipelines, and (iv) liquid and powder based anti-corrosion coatings applied both to the external and internal surfaces of steel pipe, including shapes like bends, reducers, tees, and other spools/fittings used in pipelines for the transportation of oil andÂ gas products and potable water.Â The Company's leak detection systems are sold with its piping systems or on a stand-alone basisÂ 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. Â Note 3 - Accounts receivable Â 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 United Arab Emirates ("U.A.E."), Saudi Arabia, Egypt and IndiaÂ 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 asÂ amounts due from customers net of an allowance for claims and credit losses. Standard payment terms are generally net 30 to 60 days. The allowance for credit lossesÂ isÂ 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 credit losses. Â 7 Table of Contents Â In 2015, the Company completed a project in the Middle East with billings in the aggregate amount of approximately $41.9 million. The system has not yet been commissioned by the customer. Nevertheless, the Company has receivedÂ approximately $40.1Â millionÂ as of July 31, 2024, with a remaining balance due in the amount of $1.8 million, all of which pertains to retention clauses within the agreements withÂ the Company's customer, and which become payable by the customer when this project is fully tested and commissioned. Of this amount, $1.3 millionÂ isÂ classified in otherÂ long-term assets on the Company's consolidated balance sheets. Â The Company has been actively involvedÂ in ongoing efforts to collect thisÂ outstanding balance. The Company continues to engage with the customer to ensure full payment of the open balances, and during theÂ six months ended July 31, 2024, and at various times throughout 2023, the Company receivedÂ partial payments to settle $0.3Â million and $0.6Â million, respectively, of the customer's outstanding balances. Further, the Company has been engaged by the customer to perform additional work in 2024 under customary trade terms that supports the continued cooperation between the Company and the customer. As a result, the Company did not reserve any allowance against the remaining outstanding balances as ofÂ July 31, 2024. 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.Â Â For theÂ three months ended July 31, 2024,Â noÂ individual customer accounted for greater thanÂ 10%Â of the Company's consolidated net sales, and during the same period in 2023, one customer accounted for greater than 10% of the Company's consolidated net sales. For theÂ six months ended July 31, 2024 and 2023,Â no individual customer accounted for greater thanÂ 10% of the Company's consolidated net sales. Â As ofÂ July 31, 2024 and January 31, 2024,Â noÂ individual customerÂ accounted for more thanÂ 10%Â of the Company's accounts receivable,Â and one customer accounted for more thanÂ 10%Â of the Company's accounts receivable, respectively. Â Note 4 - Revenue recognitionÂ Â The Company accounts for its revenues under Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers. Â Revenue from contracts with customers Â 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. Â The Companyâ€™s standard revenue transactions are classified into two main categories: Â Â 1) Systems and CoatingÂ - which include all bundled products in which Perma-Pipe engineers, and manufactures pre-insulated specialty piping systems mainly relating to the district heating and cooling and oil & gas markets. Â Â 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. Â 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: Â Â 1) the customer owns the material that is being coated, so the customer controls the asset and thus the work-in-process; or Â Â 2) the customer controls the work-in-process due to the custom nature of the pre-insulated, fabricated system being manufactured, which has no alternative future use, and there is a right to payment for work performedÂ to date plus profit margin. Â Â Products revenue is recognized when goods are shipped or services are performed (ASC 606-10-25-30). Â A breakdown of the Company's revenues by revenue class for theÂ three and six months ended July 31, 2024 and 2023Â are as follows: Â Â Â Three Months Ended July 31, Â Â Six Months Ended July 31, Â Â Â 2024 Â Â Â 2023 Â Â Â 2024 Â Â Â 2023 Â Â Â Sales Â Â % of Total Â Â Sales Â Â % of Total Â Â Sales Â Â % of Total Â Â Sales Â Â % of Total Â Products Â $2,795Â Â Â 7%Â $2,146Â Â Â 7%Â $6,048Â Â Â 8%Â $4,988Â Â Â 7%Â Specialty Piping Systems and Coating Â Revenue recognized under input method Â Â 12,613Â Â Â 34%Â Â 12,801Â Â Â 36%Â Â 22,752Â Â Â 32%Â Â 23,139Â Â Â 36% Revenue recognized under output method Â Â 22,105Â Â Â 59%Â Â 20,194Â Â Â 57%Â Â 43,034Â Â Â 60%Â Â 36,671Â Â Â 57% Total Â $37,513Â Â Â 100%Â $35,141Â Â Â 100%Â $71,834Â Â Â 100%Â $64,798Â Â Â 100% Â The input method as noted in ASC 606-10-55-20 is used by certain operating entities to measure revenue by the costs incurred to date relative to the estimated costs to satisfy the contract over time. Generally, these contracts are considered a single performance obligation satisfied over time and due to the custom nature of the goods and services, the "over time" method is the most faithful depiction of the Companyâ€™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. Â Â 8 Table of Contents Â The output method as noted in ASC 606-10-55-17 is used by allÂ 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 Companyâ€™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.Â Â Some of the Companyâ€™s operating entities invoice and collect milestones or other contractual obligations prior to the transfer of goods and services, but doÂ not recognize revenue until the performance obligations are satisfied under the methods discussed above. Â 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 are made for estimated losses on uncompleted contracts in the contract liabilities account in the period in which such losses are determined. Â The transaction priceÂ associated with the Company's contracts with customers are generally determined based on the fixed amount of considerationÂ as specifiedÂ in aÂ contract. ThisÂ may also include variable consideration in certain instances whereÂ it is considered probable that a significant reversal of cumulative revenue recognized will not occur. As a result, the amount of consideration ultimately received from the customer can fluctuate due to the variability of future eventsÂ stated in aÂ contract. Therefore, the aggregate amount of the transaction priceÂ includes theÂ fixed consideration contained in aÂ contract that is generally not subject to change and excludesÂ sales and value added taxes, or amounts collected on behalf of third parties, along with any variable consideration. The total transaction priceÂ is then allocated to the performance obligations which isÂ eventually recognized as revenue based on the project type and the method that is used to measure the transferÂ of promised goods and services toÂ customers.Â Additionally, transaction prices relating to cost-plus contracts are determined by applying the applicable profit margin to costs incurred on contracts, whereas transaction prices relating to fixed price contracts are determined on a lump-sum basis. Further, standard payment terms are generallyÂ net 30 to 60 days, which is customer specific. Â Contract assets and liabilities Â Contract assets represent revenue recognized in excess of amounts billedÂ for 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 costsÂ for 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 impactÂ the period end balances in these accounts.Â In addition, contract assets include receivables or amounts that are billable beyond the passage of time.Â Â The following table shows the reconciliation ofÂ costs in excess of billings and billings in excess of costs:Â Â Â Â July 31, 2024 Â Â January 31, 2024 Â Costs incurred on uncompleted contracts Â $17,686Â Â $21,912Â Estimated earnings Â Â 12,110Â Â Â 11,270Â Earned revenue Â Â 29,796Â Â Â 33,182Â Less billings to date Â Â 27,415Â Â Â 30,580Â Costs in excess of billings, net Â $2,381Â Â $2,602Â Balance sheet classification Â Â Â Â Â Â Â Â Contract assets: Costs and estimated earnings in excess of billings on uncompleted contracts Â $3,085Â Â $3,097Â Contract liabilities: Billings in excess of costs and estimated earnings on uncompleted contracts Â Â (704)Â Â (495) Costs in excess of billings, net Â $2,381Â Â $2,602Â Â The Company anticipates that substantially all costs incurred onÂ uncompleted contractsÂ as ofÂ July 31, 2024Â will be billed and collected within one year.Â Â Unbilled accounts receivable Â The Company has recorded $17.9Â millionÂ and $16.6Â millionÂ of unbilled accounts receivableÂ on the consolidated balance sheets as of July 31, 2024 and January 31, 2024,Â fromÂ revenues generated by certain of its subsidiaries. The Company has fulfilled all performance obligations and has recorded revenue under the respective contracts. The deliverables under these contracts have been accepted by the customer and billings will be made once the customer takes possession of or arranges shipping for the products. The Company anticipates that substantially all of the amounts included in unbilled accounts receivable as ofÂ July 31, 2024Â will be billed within one year. Â Practical expedients Â Costs to obtain a contract are not considered to be incremental or material, and project duration generally does not span more than one year. Accordingly, the Company applies the practical expedient for these types of costs and as such, are expensed in the period incurred. Â As a result of the Company's contracts having a duration of less than one year, a practical expedient was applied 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.Â Â 9 Table of Contents Â Â Note 5 - Inventories Â 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.Â Â Inventories consisted of the following:Â Â Â Â July 31, 2024 Â Â January 31, 2024 Â Raw materials Â $14,777Â Â $13,787Â Work in process Â Â 574Â Â Â 611Â Finished goods Â Â 1,275Â Â Â 2,022Â Subtotal Â Â 16,626Â Â Â 16,420Â Less allowance Â Â 803Â Â Â 879Â Inventories Â $15,823Â Â $15,541Â Â The Company conducts periodic reviewsÂ of its inventory and recordsÂ allowances for slow moving and obsolete items to reflect their net realizable value, which is primarily attributable to finished goods.Â Â 10 Table of Contents Â Â Note 6Â - Income taxesÂ Â The determination of the consolidated provision for income taxes, deferred tax assets and liabilities and related valuation allowances requires management to make judgments and estimates. As a company with subsidiaries in foreign jurisdictions, the process of calculating income taxes involves estimating current tax obligations and exposures in each jurisdiction as well as making judgments regarding the future recoverability of deferred tax assets. The relative proportion of taxable income earned domestically versus internationally can fluctuate significantly from period to period. Changes in the estimated level of annual pre-tax income, tax laws and the results of tax audits can affect the overall effective income tax rate, which impacts the level of income tax expense and net income. Judgments and estimates related to the Company's projections and assumptions are inherently uncertain; therefore, actual results could differ materially from projections. Â The Company's worldwide effective tax rates ("ETR") for theÂ three months ended July 31, 2024 and 2023Â wereÂ 23%Â and 45%, respectively. The Company's ETR wasÂ 25% andÂ 97% for theÂ six months ended July 31, 2024 and 2023, respectively.Â The change in the ETR is due to the ability to recognize tax benefits on losses in the United States in the current year whereas the prior year had a full valuation allowance and changes in the mix of income and loss in various jurisdictions. Â The Company expects that future distributions from foreign subsidiaries will not be subject to incremental U.S. federal tax as they will be excludibleÂ from U.S. taxable incomeÂ either be remittances of previously taxed earningsÂ 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. The earnings from these subsidiaries are subject to tax in their local jurisdiction, and withholding taxes in these jurisdictions are considered.Â As such, the Company has accrued a liability of $0.7 million as of July 31, 2024 related to these taxes. Â Note 7Â - Impairment of long-lived assets Â 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.Â AtÂ July 31, 2024, the Company performed anÂ assessment to determine whether there were any triggering events that may have occurred which could indicate that the carrying value of the Company's long-lived assets are not recoverable, and an impairment may exist. Based on this assessment, the Company did not identify any triggering events that would indicate that the carrying amounts may not be recoverable with respect to long-lived assets atÂ July 31, 2024.Â The Company will continue testing for potential impairment at least annually or as otherwise required by applicable accounting standards. Â 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 goodwillÂ as of July 31, 2024 and January 31, 2024Â isÂ attributable to the purchase of the remaining 50% interest in Perma-Pipe Canada, Ltd., which occurred in 2016. Â TheÂ following table provides a reconciliation of changes in the carrying amount of goodwill: Â Â Â January 31, 2024 Â Â Foreign exchange change effect Â Â July 31, 2024 Â Goodwill Â $2,222Â Â $(66)Â $2,156Â Â The Company performs an impairment assessment of goodwill annuallyÂ as of January 31,Â 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. During the period endedÂ July 31, 2024, the Company performed a periodic assessment to determine whether there were any triggering events that may have occurred which could indicate that more likely than notÂ that the fair value of the reporting unit did not exceed its carrying value, resulting in an impairment. Based on this assessment, the Company did not identify any triggering events that would indicate that the fair value is less than the carrying value of the reporting unit atÂ July 31, 2024.Â Accordingly, the Company did not proceed with performing an impairment test as a result of this periodic assessment. The Company will continue testing for impairment at least annuallyÂ as of January 31,Â or as otherwise required by applicable accounting standards. Â 11 Table of Contents Â Â Note 8Â - Stock-based compensationÂ Â The Company has prior incentive plans under which previously granted awards remain outstanding, but under which no new awards may be granted, including the Company's 2021 Omnibus Stock Incentive Plan, which expired in May 2024. AtÂ July 31, 2024, the Company had reserved a total 196,026Â shares for grants and issuances under these incentive plans, includingÂ issuances pursuant to unvested or unexercised prior awards. Â The Company's prior incentive plans 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 prior incentive plans authorized awards to officers, employees, consultants, and independent directors.Â Â The Company's 2024 Omnibus Stock Incentive Plan, dated May 28, 2024, was approved by the Company's stockholders in July 2024 ("2024 Plan"). The 2024 Plan will expireÂ in July 2027. The 2024 Plan authorizes awards to officers, employees, consultants, and independent directors. Â Grants were made in connection with the 2024 Plan and the prior incentive plans to employees, officers, and independent directors, as further described below.Â Â Â Â Stock-basedÂ compensation expense Â The Company has granted stock-based compensation awards to eligible employees, officersÂ or independent directors. The Company recognized the followingÂ stock-based compensation expenseÂ for the periods presented: Â Â Â Three Months Ended July 31, Â Â Six Months Ended July 31, Â Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Restricted stock-based compensation expense Â $177Â Â $227Â Â $396Â Â $456Â Â Stock options Â The Company did not grant any stock options during the three or six months ended July 31, 2024. The following tableÂ summarizesÂ the Company's stock option activity: Â Â Â Options Â Â Weighted Average Exercise Price (Per share) Â Â Weighted Average Remaining Contractual Term (In years) Â Â Aggregate Intrinsic Value Â Outstanding at January 31, 2024 Â Â 22Â Â $11.15Â Â Â 0.7Â Â $6Â Exercised Â Â (1)Â Â 6.85Â Â Â -Â Â Â 2Â Expired or forfeited Â Â (17)Â Â 12.41Â Â Â -Â Â Â -Â Outstanding and exercisable at July 31, 2024 Â Â 4Â Â $6.89Â Â Â 1.4Â Â $10Â Â There was no vesting, expiration or forfeiture of previously unvested stock options during the six months ended July 31, 2024. In addition, there were no remaining unvested stock options outstanding, and therefore no unrecognized compensation expense related to unvested stock options. Â 12 Table of Contents Â Restricted stock Â The following table summarizes the Company's restricted stock activity for theÂ six months endedÂ July 31, 2024: Â Â Â Restricted Shares Â Â Weighted Average Price (Per share) Â Â Aggregate Intrinsic Value Â Outstanding at January 31, 2024 Â Â 222Â Â $9.33Â Â $2,078Â Granted Â Â 108Â Â 8.81Â Â Â Â Â Vested and issued Â Â (73)Â Â 9.36Â Â Â Â Â Forfeited or retired for taxes Â Â (27)Â Â 10.25Â Â Â Â Â Outstanding at July 31, 2024 Â Â 230Â Â $9.05Â Â $2,083Â Â As of July 31, 2024, there was $1.5Â million of unrecognized compensation expense related to unvested restricted stock granted under theÂ plans. TheseÂ costs areÂ expected to be recognized over a weighted average period of 2.1Â years. Â Note 9Â - Earnings per share Â Â Â Three Months Ended July 31, Â Â Six Months Ended July 31, Â Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Basic weighted average common shares outstanding at July 31, 2024 Â Â 7,954Â Â 8,029Â Â Â 7,930Â Â Â 8,017Â Dilutive effect of equity compensation plans Â Â 171Â Â Â 110Â Â Â 57Â Â Â -Â Weighted average common shares outstanding assuming full dilution Â Â 8,125Â Â Â 8,139Â Â Â 7,987Â Â Â 8,017Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Stock options and restricted stock not included in the computation of diluted earnings per share of common stock because the option exercise prices or grant date prices exceeded the average market prices of the common shares Â Â 0Â Â Â 79Â Â Â 114Â Â Â 18Â Stock options and restricted stock with exercise prices or grant date prices below the average market prices Â Â 171Â Â Â 110Â Â Â 57Â Â Â 170Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Net income (loss) attributable to common stock Â $3,289Â Â $1,022Â Â $4,732Â Â $(100)Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Earnings (loss) per share attributable to common stock Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Basic Â $0.41Â Â $0.13Â Â $0.60Â Â $(0.01) Diluted Â $0.40Â Â $0.13Â Â $0.59Â Â $(0.01) Â 13 Table of Contents Â Â Note 10Â - Debt Â Debt totaled $27.9 million and $25.7 million at July 31, 2024Â and January 31, 2024, respectively. Â Revolving lines -Â North America.Â On September 20, 2018, the Company and certain of its U.S. and Canadian subsidiaries (collectively, together with the Company, the â€œNorth American Loan Partiesâ€) entered into a Revolving Credit and Security Agreement (the â€œCredit Agreementâ€) with PNC Bank, National Association ("PNC"), as administrative agent and lender, providing for a three-year $18Â million senior secured revolving credit facility, subject to a borrowing base including various reserves (the â€œSenior Credit Facilityâ€). Â On September 17, 2021,Â the North American Loan PartiesÂ executed an extension of the Credit AgreementÂ with PNC, providing for a new five-year $18Â million senior secured revolving credit facility, subject to a borrowing base including various reserves (the â€œRenewed Senior Credit Facilityâ€). The Company'sÂ obligations under the Renewed Senior Credit Facility are currently guaranteed by Perma-Pipe Canada, Inc. Each of the North American Loan Parties other than Perma-Pipe Canada, Inc. (collectively, the "Borrowers") is a borrower under the Renewed Senior Credit Facility. Â The Borrowers have used and will continue to use borrowings under the Renewed Senior Credit Facility (i)Â to fund future capital expenditures; (ii)Â to fund ongoing working capital needs; and (iii)Â for other corporate purposes, including potentially additional stockÂ repurchases. Borrowings under the Renewed Senior Credit Facility bearÂ interest at a rate equal to an alternate base rate, SOFRÂ rate index, plus, in each case, an applicable margin. The applicable margin is based on a fixed charge coverage ratio ("FCCR") range. Interest on alternate base rate borrowings is the alternate base rate (as definedÂ in the Renewed Senior Credit Facility) plus an applicable margin ranging from 1.00% to 1.50%, based on the FCCR in the most recently reported period. Interest on SOFR rate borrowings is the SOFRÂ rate (as defined in the Renewed Senior Credit Facility) plus an applicable margin ranging from 2.00% to 2.50%, based on the FCCR in the most recently reported period, as well as an additional SOFR adjustment ranging from 0.10% to 0.25%, based on the term of the interest period. Additionally, the Borrowers pay a 0.25% per annum facility fee on the unused portion of the Renewed Senior Credit Facility. Â Subject to certain exceptions, borrowings under the Renewed Senior Credit Facility are secured by substantially all of the North American Loan Partiesâ€™ assets. The Renewed Senior Credit Facility matures on September 20, 2026. Subject to certain qualifications and exceptions, the Renewed Senior Credit Facility contains covenants that, among other things, restrict the North American Loan Partiesâ€™ 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 may not makeÂ capital expenditures in excess of $5.0 million annually, plus a limited carryover of unused amounts. Further, the North American Loan Parties may not make repurchases of the Company's common stock in excess of $3.0 million. Â The Renewed Senior Credit Facility also contains financial covenants requiringÂ the North American Loan Parties to achieve a ratio of its EBITDA (as defined in the Renewed Senior Credit Facility) to the sum of scheduled cash principal payments on indebtedness for borrowed money and interest payments on the advances under the Renewed Senior Credit FacilityÂ to be not less than 1.10 to 1.00 for any five consecutive days in which the undrawn availability is less than $3.0 millionÂ or any day in which the undrawn availability is less than $2.0 million. In order to cure any future breach of these covenants 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 Renewed Senior Credit Facility in an amount which, when added to the amount of the Companyâ€™s Consolidated EBITDA, would result in compliance on a pro forma basis. The Company was in compliance with respect to these covenants as ofÂ July 31, 2024. Â The Renewed Senior Credit Facility contains customary events of default. If an event of default occurs and is continuing, then PNC may terminate all commitments to extend further credit and declare all amounts outstanding under the Renewed Senior Credit Facility due and payable immediately. In addition, if any of the North American Loan Parties or certain of their subsidiaries become the subject of voluntary or involuntary proceedings under any bankruptcy, insolvency or similar law, then any outstanding obligations under the Renewed Senior Credit Facility will automatically become immediately due and payable. Loans outstanding under the Renewed Senior Credit Facility will bear interest at a rate of 2.00% per annum in excess of the otherwise applicable rate (i) while a bankruptcy event of default exists or (ii) upon the lender'sÂ request, during the continuance of any other event of default. Â As of July 31, 2024,Â the Company had borrowed an aggregate of $6.7Â million at a rate of 10.0%Â and had $4.7Â million available under the Renewed Senior Credit Facility. As of January 31, 2024, the Company had borrowed an aggregate of $5.5Â million and had $4.0Â million available under the Renewed Senior Credit Facility. Â Â 14 Table of Contents Â Finance obligationÂ - buildings and land. On April 14, 2021, the Company entered into a purchase and sale agreement (the "Purchase and Sale Agreement"). Pursuant to the terms of the Purchase and Sale Agreement, the Company sold its land and buildings in Lebanon, Tennessee (the "Property") for $10.4 million. The transaction generated net cash proceeds of $9.1Â million. Concurrently with the sale, the Company paid off the approximately $0.9 millionÂ mortgage

note on the Property to its lender.Â TheÂ Company used the remaining proceeds to repay its borrowings under the Senior Credit Facility, forÂ strategic investments, and for general corporate
needs. Concurrent with the sale of the Property, the Company entered into aÂ fifteen-year lease agreement (the â€œLease Agreementâ€), whereby the Company leases back the Property at an
annual rental rate ofÂ approximately $0.8 million, subject to annual rent increases ofÂ 2.0%. Under the Lease Agreement, the Company hasÂ four consecutive options to extend the term of the
lease byÂ five years for each such option. Â Â In accordance with ASCÂ 842, Leases, this transaction was recorded as a failed sale and leaseback as the present value of lease payments
exceededÂ substantially theÂ fair value of the underlying assets. The Company utilized an incremental borrowing rate of 8.0% to determineÂ the finance obligationÂ to record for the amounts
receivedÂ and will continue to depreciate the assets.Â The current portion of the finance obligation of $0.2Â million is recognized in current maturities of long-term debt and the long-term
portion of $8.9Â million is recognizedÂ inÂ long-term finance obligationÂ on the Company's consolidated balance sheets as of July 31, 2024.Â The net carrying amount of the financial liability
and remaining assets will be zero at the end of the lease term. Â Revolving lines -Â foreign. The Company also has credit arrangements used by its Middle Eastern subsidiaries in the U.A.E.,
Egypt and Saudi Arabia as discussed further below. Â United Arab Emirates Â The Company hasÂ a revolving line for 8.0Â million U.A.E. Dirhams (approximately $2.2Â million at July 31,
2024) from a bank in the U.A.E. As of July 31, 2024Â theÂ facility hasÂ an interest rate of approximatelyÂ 8.6%, andÂ expired in JulyÂ 2024, however, the Company has startedÂ the process to
renewÂ and extendÂ this credit arrangement and the credit facility has continued without interruption and penalty.Â The Company had borrowed an aggregate of $1.2Â millionÂ as of July 31,
2024 and $0.2 millionÂ as of January 31, 2024, respectively, andÂ isÂ presented as a component of current maturities of long-term debt in the Company's consolidated balance sheets. As ofÂ
July 31, 2024 and January 31, 2024, the Company had unused borrowing availability of approximately $1.0 million and $1.9 million, respectively. Â The Company has a revolving line for
20.5Â million U.A.E. Dirhams (approximately $5.6Â millionÂ at July 31, 2024) from a bank in the U.A.E. As of July 31, 2024Â theÂ facility has an interest rate of approximatelyÂ 8.7%. The facility
expired in August 2024, however, the Company has started the process to renew and extend this credit arrangement and the credit facility has continued without interruption or penalty.Â The
Company had borrowed an aggregate of $1.0Â millionÂ as of July 31, 2024 and $0.1 millionÂ as of January 31, 2024, respectively,Â andÂ isÂ presented as a component of current maturities of
long-term debt in the Company's consolidated balance sheets. As ofÂ July 31, 2024 and January 31, 2024, the Company had unused borrowing availability of approximately $1.2Â million and
$1.0 million, respectively. Â Egypt Â In June 2021, and as renewed or amended subsequently thereafter, the Company's Egyptian subsidiary entered into a credit arrangement with a bank in
Egypt for a revolving line of 100.0Â million Egyptian Pounds (approximately $2.1 Â million at July 31, 2024). This credit arrangement is in the form of project financing at rates competitive in
Egypt. The line is secured by certain assets (such as accounts receivable) of the Company's Egyptian subsidiary. Among other covenants, the credit arrangement established a maximum
leverage ratio allowable and restricted the Company's Egyptian subsidiary's ability to undertake any additional debt.Â As of July 31, 2024, theÂ facility has an interest rate of approximately
Â 20.8% andÂ expiresÂ in November 2024.Â As ofÂ July 31, 2024, the Company had substantially nothing outstanding with respect to this credit arrangement, and approximately $1.4 million
outstanding atÂ January 31, 2024, which is presented as a component of currentÂ maturities of long-term debt in the Company's consolidated balance sheets. Further, as ofÂ July 31,
2024Â andÂ January 31, 2024, the Company had unused borrowing capacity of $2.1 millionÂ and $3.2 million,Â respectively.Â Â In December 2021, the Company entered into a credit
arrangement for project financing with a bank in Egypt for 28.2Â million Egyptian Pounds. As this project has progressed and the Company has made collections, the facility has decreased to a
current amount ofÂ 2.1Â million Egyptian PoundsÂ (approximatel y $0.1Â million at July 31, 2024). 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 approximatelyÂ 11.0% Â and, as ofÂ November 2022, is no
longer available for borrowings by the Company. The facility will expire in connection with final customer balance collections and the completion of the project. The Company had approximately
$0.1Â million outstandingÂ as of July 31, 2024 and January 31, 2024, respectively,Â andÂ isÂ presented as a component of current maturities of long-term debt in the Company's consolidated
balance sheets. Â Saudi Arabia Â In March 2022, the Company's Saudi Arabian subsidiary entered into a credit arrangement with a bank in Saudi Arabia for a revolving line ofÂ 37.0Â million
Saudi Riyals (approximately $9.9Â million atÂ July 31, 2024). This credit arrangement is in the form of project financing at rates competitive in Saudi Arabia. The line is secured by certain
assets (such as accounts receivable) of the Company's Saudi Arabian subsidiary. TheÂ facility was renewed in May 2024 with substantially the same terms and conditions and expires in May
2025. As of July 31, 2024, the facility has an interest rate of approximatelyÂ 9.7%.Â The Company had borrowed an aggregate of $2.6Â millionÂ and $3.2Â millionÂ as of July 31, 2024 and
January 31, 2024, respectively,Â andÂ isÂ presented as a component of current maturities of long-term debt in the Company's consolidated balance sheets. The unused borrowing availability
attributable to this credit arrangement atÂ July 31, 2024Â andÂ January 31, 2024, was $6.3Â million and $6.1 million, respectively.Â Â 15 Table of Contents Â 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. The Company guarantees
only a portion of the subsidiaries' debt, including foreign debt. The amount of foreign subsidiary debt guaranteed by the Company was approximately $1.1Â million and $0.1 million atÂ July 31,
2024 andÂ January 31, 2024, respectively.Â Â The Company was in compliance with the covenants under the credit arrangements in the U.A.E., Egypt and Saudi Arabia as of July 31, 2024,
with the exception of those arrangements that have expired or are set to expire and have not yet been renewed.Â Although certain of the arrangements have expired and the borrowings could
be required to be repaid immediately by the banks, the Company is in regular communication withÂ the respective banks throughout the renewal process and all of theÂ arrangements have
continued without interruption or penalty. On July 31, 2024, interest rates were based on (i) the Emirates Inter Bank Offered RateÂ plus 3.0% to 3.5% per annum for the U.A.E. credit
arrangements, twoÂ of which haveÂ a minimum interest rate of 4.5% per annum; (ii)Â either the Central Bank of Egypt corporate loan rate plus 1.5% to 3.5% per annum or the stated interest
rate in the agreements for the Egypt credit arrangements;Â and (iii) the Saudi Inter-Bank Offered Rate plus 3.5% for the Saudi Arabia credit arrangement. Based on these base rates, as of July
31, 2024, the Company's interest rates ranged fromÂ 8.6% to 20.8%, with a weighted average rate of 11.5%, and the Company had facility limits totaling $24.7Â million under these credit
arrangements. As of July 31, 2024,Â $7.1Â million of availability was used to support letters of credit to guarantee amounts committed for inventory purchases and for performance guarantees.
Additionally, as of July 31, 2024, the Company had borrowed $7.8Â millionÂ and had an additional $12.6Â million of borrowing remaining available under the foreign revolving credit
arrangements. The foreign revolving lines balances were included as a component of current maturities of long-term debt in the Company's consolidated balance sheetsÂ as of July 31, 2024 and
January 31, 2024. Â In June 2023, the CompanyÂ assumed a promissory note of approximately $2.8Â million in connection with the formation of the joint venture with Gulf Insulation Group (see
Note 16). InÂ accordance with the promissory note, all principal is due and payable on the maturity date of April 9, 2026, with the option to prepay, in whole or in part, at any time prior to the
maturity date, without premium or penalty. Â Mortgages. On JulyÂ 28, 2016, the Company entered into a mortgage agreementÂ secured by the Company's manufacturing facility located in
Alberta, CanadaÂ that matures on DecemberÂ 23, 2042. As of July 31, 2024, the remaining balance on the mortgage in Canada is approximately CAD 5.9Â million (approximately $4.3Â million
at July 31, 2024).Â The interest rate is variable,Â andÂ was 8.8%Â at July 31, 2024. The principal balance is included as a component of long-term debt, less current maturities in the Company's
consolidated balance sheets and is presented net of issuance costs of $0.1Â millionÂ as of July 31, 2024 and January 31, 2024, respectively. Â Note 11Â - Leases Â The Company accounts for its
leases under ASC 842, Leases.Â Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases, and are recorded on the consolidated
balance sheets.Â Operating leases are included in operating lease right-of-use (â€œROUâ€) assets, operating lease liabilities short-term, and operating lease liabilities long-termÂ 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.Â Â 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 Companyâ€™s incremental borrowing
rate.Â Lease liabilities are increased by interest and reduced by payments each period, and the ROU asset is amortized over the lease term.Â 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.Â For finance leases, interest on the lease liability and the amortization of the ROU asset results in
front-loaded expense over the lease term.Â Variable lease expenses are recorded when incurred.Â 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. Â 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.Â 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. Â In calculating the ROU asset and lease liability, the
Company elects to combine lease and non-lease components. Additionally, the Company excludes short-term leases having an initial termÂ of 12 months or less in accordance withÂ the new
guidance as an accounting policy election,Â and recognizes rent expense on a straight-line basis over the lease term. Â Operating Leases.Â In August 2020, the Company entered into a new
lease in Abu Dhabi for land upon which the Company built a facility. The initial annual payments were approximately 1.2 million U.A.E. Dirhams (approximately $0.3Â million atÂ July 31, 2024),
inclusive of rent, escalation clauses, and other common charges contained in the agreement. The lease expires in August 2050.Â Â In March and December 2022, the Company servedÂ Notices
of Termination to its lessor for the Company's lease of land and buildings in Fujairah in the U.A.E.Â The Company served the Notices of Termination in connection with the Company's intended
relocation to a different facility in Abu Dhabi. The Company vacated portions of the leased space in December 2022 and expectsÂ to vacate the remaining space in December 2024. The first
Notice of Termination required that the Company pay an additional amount equal to three months' rent after that termination to enable the lessor to prepare the assets for lease by another
party.Â As a result of the termination, the Company has recognized adjustments to the amounts recorded in the consolidated financial statements as of July 31, 2024. The termination resulted in
decreases of $0.4Â million, $6.0 million and $5.5Â million to operating lease liability short-term, operating lease liability long-term and operating lease right-of-use asset, respectively, in the
consolidated balance sheets as of July 31, 2024.Â There were no other adjustments in connection with these terminations for the year ended January 31, 2024, or during theÂ three and six
months ended July 31, 2024.Â Â At July 31, 2024, the Company had total operating lease liabilities of $7.7Â millionÂ and operating ROU assets of $6.9Â million, which are reflected in the
consolidated balance sheets. Â Finance Leases.Â The Company has several lease agreements, with lease terms of one to thirtyÂ 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.Â Certain of the Companyâ€™s leases
include renewal options and escalation clauses; renewal options have not been included in the calculation of the lease liabilities and ROUÂ assets as the Company is not reasonably certain to
exercise the options.Â The Company does not have any arrangements where it acts as a lessor.Â Â AtÂ July 31, 2024, the Company also had finance lease liabilities of $0.1Â million included in
current maturities of long-term debt and long-term debt less current maturities, and financial ROU assets of $0.3Â million which were included in property plant and equipment, net of
accumulated depreciation in the consolidated balance sheets.Â Â 16 Table of Contents Â Supplemental balance sheet information related to leases is as follows:Â Â Operating and Finance
leases Â July 31, 2024 Â Â January 31, 2024 Â Finance leases assets: Â Â Â Â Â Â Â Â Property and Equipment - gross Â $942Â Â $970Â Accumulated depreciation and amortization
Â Â (595)Â Â (536) Property and Equipment - net Â $347Â Â $434Â Â Â Â Â Â Â Â Â Â Finance lease liabilities: Â Â Â Â Â Â Â Â Finance lease liability short-term Â $32Â Â $113Â Finance lease
liability long-term Â Â 62Â Â Â -Â Total finance lease liabilities Â $94Â Â $113Â Â Â Â Â Â Â Â Â Â Operating lease assets: Â Â Â Â Â Â Â Â Operating lease ROU assets
Â $6,938Â Â $6,467Â Â Â Â Â Â Â Â Â Â Operating lease liabilities: Â Â Â Â Â Â Â Â Operating lease liability short-term Â $965Â Â $914Â Operating lease liability long-term
Â Â 6,689Â Â Â 6,270Â Total operating lease liabilities Â $7,654Â Â $7,184Â Â Total lease costs consist of the following:Â Â Â Â Â Three Months Ended July 31, Â Â Six Months Ended July
31, Â Lease costs Consolidated Statements of Operations Classification Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Finance Lease Costs Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Amortization of ROU
assets Cost of sales Â $37Â Â $33Â Â $75Â Â $87Â Interest on lease liabilities Interest expense Â Â 2Â Â Â 3Â Â Â 3Â Â Â 5Â Operating lease costs Cost of sales, SG&A expenses
Â Â 438Â Â Â 426Â Â Â 893Â Â Â 882Â Short-term lease costs (1) Cost of sales, SG&A expenses Â Â 93Â Â Â 59Â Â Â 236Â Â Â 245Â Sub-lease income SG&A expenses Â Â -Â Â Â (20)Â Â -
Â Â Â (40) Total Lease costs Â $570Â Â $501Â Â $1,207Â Â $1,179Â Â (1)Â Includes variable lease costs, which are not material. Â 17 Table of Contents Â Supplemental cash flow information
related to leases isÂ as follows: Â Â Â Six Months Ended July 31,Â Â 2024 Â Â 2023 Â Cash paid for amounts included in the measurement of lease liabilities: Â Â Â Â Â Â Â Â Financing cash
outflows from finance leases Â $16Â Â $154Â Operating cash outflows from finance leases Â Â 3Â Â Â 5Â Operating cash outflows from operating leases
Â Â 1,045Â Â Â 890Â Â Â Â Â Â Â Â Â Â ROU assets obtained in exchange for new lease obligations: Â Â Â Â Â Â Â Â Operating leases liabilities Â $1,041Â Â $3,484Â Â Weighted-average
lease terms and discount rates are as follows:Â Â Â Â July 31, 2024 Â Weighted-average remaining lease terms (in years): Â Â Â Â Finance leases Â Â 2.8Â Operating leases
Â Â 12.7Â Â Â Â Â Â Weighted-average discount rates: Â Â Â Â Finance leases Â Â 6.4% Operating leases Â Â 10.4% Â Maturities of lease liabilitiesÂ as of July 31, 2024, areÂ as follows: Â
Â Â Â Operating LeasesÂ Â Â Finance LeasesÂ For the six months ending January 31, 2025 Â $1,012Â Â $16Â For the year ended January 31, 2026 Â Â 1,993Â Â Â 33Â For the year ended
January 31, 2027 Â Â 1,980Â Â Â 36Â For the year ended January 31, 2028 Â Â 1,963Â Â Â 9Â For the year ended January 31, 2029 Â Â 1,617Â Â Â -Â For the year ended January 31, 2030
Â Â 612Â Â Â -Â Thereafter Â Â 6,982Â Â Â -Â Total lease payments Â $16,159Â Â $94Â Less: amount representing interest Â Â (8,505)Â Â -Â Total lease liabilities at July 31, 2024
Â $7,654Â Â $94Â Â Rent expense on operating leases, which is recorded on straight-line basis, wasÂ $0.6Â millionÂ for the three months endedÂ July 31, 2024Â and 2023, respectively. Â
Note 12Â - Restricted cash Â Restricted cash held by foreign subsidiaries is related to fixed deposits that also serve as security deposits and guarantees:Â Â Â Â July 31, 2024 Â Â January 31,
2024 Â Cash and cash equivalents Â $9,455Â Â $5,845Â Restricted cash Â Â 1,426Â Â Â 1,395Â Cash, cash equivalents and restricted cash shown in the statement of cash flows
Â $10,881Â Â $7,240Â Â 18 Table of Contents Â Â Note 13Â - Fair value Â The carrying values of cash and cash equivalents, accounts receivable and accounts payable are considered
reasonable estimates of fair value due to their short-term nature. The carrying amount of the Company's short-term debt, revolving lines of credit and long-term debt approximate fair value
becauseÂ the majority of the amounts outstanding accrue interest at variable market rates. Â Note 14Â - Recent accounting pronouncements Â In November 2023, the FASB issued ASU No.
2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The standard update requires additional disclosures, including further details about segment
expenses regarding a public entity's reportable segments on an annual and interim basis. The additional segment disclosures are effective for fiscal years beginning after December 15, 2023,
and interim periods within fiscal years beginning after December 15, 2024. The Company is still evaluating the impact of these updated disclosure requirements on its statement of financial
position or results of operations. Â In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. Pursuant to this standard
update, companies are required to provide additional information which isÂ primarily attributable to the rate reconciliation and income taxes paid. The new income tax disclosures are effective
for fiscal years beginning after December 15, 2024. The Company is still evaluatingÂ this standard updateÂ but does not expect it to have a material impact on its statement of financial position
or results of operations. Â Note 15Â - Treasury stock Â The repurchase program approved on October 4, 2021 authorized the Company to use up toÂ $3.0Â millionÂ for the purchase of its
outstanding shares of common stock. StockÂ repurchases were permitted to be executed through open market or privately negotiated transactions, depending uponÂ current market conditions
and other factors. On December 7, 2022 the Board of Directors authorized the use of $1.0 millionÂ remaining under the share repurchase program previously approved on October 4, 2021 that
expired on October 3, 2022. During the twelveÂ months endedÂ January 31, 2024, the Company used the remaining $1.0 million authorized to repurchase its outstanding shares of common
stock. Accordingly, there was no repurchase activity with respect to the Company's shares of common stock during theÂ three and six months ended July 31, 2024. Â Note 16Â - Noncontrolling
interest Â On June 1, 2023, the Company closed on its formation of aÂ joint venture ("the JV", and the agreement governing the JV, "the JV Agreement")Â with Gulf Insulation Group ("GIG"), a
leading provider of pre-insulated piping systems and pipe fabrication, in which the Company acquired a 60% controlling financial interest and contributed assets consisting of a building and
equipment.Â The JV is a limited liability company named Perma Pipe Gulf Arabia Industry andÂ is a closed joint stock company established under the laws of the Kingdom of Saudi Arabia. The

JV'sÂ capital is comprised of ordinary shares with 60% owned by the Company and remaining 40% owned by GIG. The Company expects this collaborative business arrangement to result in expanding its market presence in Saudi Arabia, Kuwait, and Bahrain. The primary business activities of the JV include the manufacture and sale of the pre-insulated piping systems and pipe coating services. GIG acquired itsÂ 40% non-controlling interest by contributing assets to the JVÂ of approximately $6.8Â million in fair value, mainly consisting of an idle building and equipment. The fair value of the net assets contributed was determined through the use of a third-party appraiser using the indirect cost method. Â Pursuant to the applicable guidance in ASC 805, Business Combinations and Noncontrolling Interests, the Company determined that the transaction did not meet the necessary conditions to be considered a business as the set of assets acquired did not contain an organized workforce and therefore was recorded as an asset acquisition. The assets transferred by the Company to the JV were recorded at historical cost, and no gain was recognized as a result of this exchange dueÂ to the Company havingÂ a controlling interest in the JV. The Companyâ€™s measurement of the acquired assets is comprised of the fair value of the contributed net assets given up by the Company and the fair value of the non-controlling interest excluding the contributed assets. The non-controlling interest attributable to the other party was recorded as of the investment date and was measured as part of the carrying amount of the ownership interest in the net assets given up by the Company plus the fair value of the non-controlling interest excluding the contributed assets. No gain or loss was recognized as a result of this exchange. The Company also assumed a promissory note payable to GIGÂ issued as part of the formation of the JV in the principal amount of $2.8Â million. The principal amount is presented within the Long-term debt, less current maturities caption in the Company's consolidated balance sheets.Â The Company also has a promissory note due from the JV that was issued as part of the formation of the JV in the amount of approximately $4.2Â million andÂ eliminates in consolidation. Â The Company has a 60% controlling financial interest in the JVÂ which is not considered a wholly owned subsidiary. Accordingly, there remains a minority portion of the equity interest that is owned by a third party, GIG. Pursuant to the applicable guidance contained in ASC 810, Consolidations, the balance sheetsÂ and operating activities of this investment areÂ included in the Company's consolidated financial statements. The carrying amount of the assets and liabilities of the JV that are consolidated by the Company totaled $26.4Â millionÂ and $15.5Â million, respectively, as ofÂ July 31, 2024. Â The Company adjusts net income in the consolidated statements of operations to exclude the proportionate share of results that is attributable to the non-controlling interest. Additionally, the Company presents the proportionate share that is attributable to the redeemable non-controlling interest as temporary equity within the consolidated balance sheets. This mezzanine presentation is the result of the non-controlling interest being subject to a put option that is not solely within the Company's control and in connection with the equity shares of the business arrangement that is redeemable at any time after five years following the date of formation. The redemption amount per the JV Agreement isÂ at fair value of the non-controlling interest which represents the fair value of ordinary shares of the JV that areÂ owned by GIG. Further, neither the call option nor put option contained in the JV Agreement met the definition of a derivative as a result of not containing a net settlement provision and the shares not being readily convertible to cash, thereby being considered embedded with respect to non-controlling interest and not a freestanding instrument. Â As a result of the non-controlling interest being subject to redemption rights that are not entirely within the Company's control, it was concluded that the necessary conditions were met to be accounted for in accordance with ASC 480, Distinguishing Liabilities from Equity. Pursuant to this accounting standard, the Company determined that the only criteria for the securityÂ to become redeemable is the passage of time and, therefore, is considered probable of redemption. The Company made a policy election to measure changes in the non-controlling interest immediately as they occur and adjust the carrying amount of non-controlling interest equal to its redemption amount as the non-controlling interest has no stated fixed price or fixed date. As such, at each subsequent balance sheet date following the formation of the JV,Â the Company must determine whether further adjustment is requiredÂ to increase the carrying value of the redeemable non-controlling interest. If the Company determines that the fair value of the redeemable non-controlling interest exceeds its carrying value, an adjustment is made to reflect this change. However, if the value is determined to be less than its carrying value, suchÂ adjustment is limited to its original carrying value at the formation of theÂ business arrangement. Additionally, adjustments made to reflect the changeÂ in the value of the redeemable non-controlling interest are offsetÂ againstÂ permanentÂ equity within the Company's consolidated balance sheets. Â Net income attributable to GIG wasÂ $1.0Â million and $0.1Â million for the threeÂ months endedÂ July 31, 2024 andÂ 2023, respectively. Net income attributable to GIG was $1.3Â million and $0.1Â million for theÂ six months ended July 31, 2024Â andÂ 2023, respectively. The proportionate share of net income was accounted for as a reduction in deriving net income attributable to common stock in the Company's consolidated statements of operations. Â The Company is the ultimate parent of the JV through its 60% controlling financial interest and as part of the JV AgreementÂ majority control of the operational activities of the JV andÂ no joint control exists. The JV Agreement has no veto or kickout rights and board voting is proportional to the ownership interest. Certain activities do include a two-thirds majority affirmative vote of shareholders of the JV and include acquiring another company, establishing new subsidiaries, entering another partnership or joint venture, engaging in any merger or materially changingÂ the business of the JV. These are considered protective rights. The 60% equity ownership of the JV by the Company allows it to receive its proportionate share of losses and residual returns. Â The non-controlling interest as measured at fair value wasÂ $8.1Â million and $6.3Â million, and wasÂ recorded within temporary equity atÂ July 31, 2024 andÂ January 31, 2024, respectively. The change in non-controlling interest consists of $1.3Â million in current year net income attributable to non-controlling interest, and approximately $0.5Â million as an adjustment in the carrying value of the redeemable non-controlling interest pertaining to the business arrangement. In addition, there were no dividends or any other form of distributions from non-controlling interest for the period endedÂ July 31, 2024 andÂ January 31, 2024, respectively.Â Â 19 Table of Contents Â Â Â Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") Â The statements contained in this MD&A and other information contained elsewhere in this quarterly report, 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, 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 heading Item 1A. Risk Factors included in the Company's latest Annual Report on Form 10-K. The Company's fiscal year ends on January 31.Â Years and balances described asÂ 2024 and 2023Â are for the fiscal yearÂ ending January 31,Â 2025Â and the fiscal year endedÂ January 31, 2024, respectively. Â This MD&A should be read in conjunction with the Companyâ€™s consolidated financial statements, including the notes thereto, contained elsewhere in this report. Percentages set forth below in thisÂ MD&A have been rounded to the nearest percentage point.Â Â 20 Table of Contents Â Â CONSOLIDATED RESULTS OF OPERATIONS (In thousands, except per share data, or unlessÂ otherwise specified) (Unaudited) Â The Company is engaged in the manufacture and sale of products in one reportable segment. Since the Company focuses on discrete projects, operating results can beÂ significantly impacted as a result of large variations in the level of project activity in reporting periods. Â Â Â Three Months Ended July 31, Â Â Â Â Â Â Six Months Ended July 31, Â Â Â Â Â Â Â 2024 Â Â 2023 Â Â Change favorable (unfavorable) Â Â 2024 Â Â 2023 Â Â Change favorable (unfavorable) Â Â Â Amount Â Â Percent of Net Sales Â Â Amount Â Â Percent of Net Sales Â Â Amount Â Â Amount Â Â Percent of Net Sales Â Â Amount Â Â Percent of Net Sales Â Â Amount Â Net sales Â $ 37,513 Â Â Â Â Â Â $ 35,141 Â Â Â Â Â Â Â $ 2,372 Â Â $ 71,834 Â Â Â Â Â Â Â $ 64,798 Â Â Â Â Â Â Â $ 7,036 Â Gross profit Â Â 13,474 Â Â Â 36 % Â Â 9,464 Â Â Â 27 % Â Â 4,010 Â Â Â 23,991 Â Â Â 33 % Â Â 16,239 Â Â Â 25 % Â Â 7,752 Â General and administrative expenses Â Â 5,979 Â Â Â 16 % Â Â 5,283 Â Â Â 15 % Â Â (696) Â Â 12,128 Â Â Â 17 % Â Â 10,742 Â Â Â 17 % Â Â (1,386) Â Selling expense Â Â 1,353 Â Â Â 4 % Â Â 1,490 Â Â Â 4 % Â Â 137 Â Â Â 2,588 Â Â Â 4 % Â Â 2,730 Â Â Â 4 % Â Â 142 Â Interest expense Â Â 514 Â Â Â Â Â Â Â 636 Â Â Â Â Â Â Â 122 Â Â Â 1,021 Â Â Â Â Â Â Â 1,148 Â Â Â Â Â Â Â 127 Â Other (expense) income Â Â (38) Â Â Â Â Â Â 81 Â Â Â Â Â Â Â (119) Â Â (105) Â Â Â Â Â Â 154 Â Â Â Â Â Â Â (259) Â Income before income taxes Â Â 5,590 Â Â Â Â Â Â Â 2,136 Â Â Â Â Â Â Â 3,454 Â Â Â 8,149 Â Â Â Â Â Â Â 1,773 Â Â Â Â Â Â Â 6,376 Â Income tax expense Â Â 1,306 Â Â Â Â Â Â Â 966 Â Â Â Â Â Â Â (340) Â Â 2,076 Â Â Â Â Â Â Â 1,725 Â Â Â Â Â Â Â (351) Â Net income (loss) Â Â 4,284 Â Â Â Â Â Â Â 1,170 Â Â Â Â Â Â Â 3,114 Â Â Â 6,073 Â Â Â Â Â Â Â 48 Â Â Â Â Â Â Â 6,025 Â Less: Net income attributable to non-controlling interest Â Â 995 Â Â Â Â Â Â Â 148 Â Â Â Â Â Â Â (847) Â Â 1,341 Â Â Â Â Â Â Â 148 Â Â Â Â Â Â Â (1,193) Â Net income (loss) attributable to common stock Â Â 3,289 Â Â Â Â Â Â Â 1,022 Â Â Â Â Â Â Â 2,267 Â Â Â 4,732 Â Â Â Â Â Â Â (100) Â Â Â Â Â 4,832 Â Â Â Â 21 Table of Contents Â Three months endedÂ July 31, 2024 vs. Three months endedÂ July 31, 2023 Â Net sales: Â Net sales were $ 37.5 million and $ 35.1 million in the three months ended July 31, 2024 and 2023, respectively.Â TheÂ increase o f $2.4 Â million, orÂ 7%,Â wasÂ a result of increased sales volumes.Â Â Gross profit: Â Gross profit was $13.5Â million, orÂ 36%Â of net sales, and $9.5Â million, orÂ 27%Â of net sales,Â in the three months ended July 31, 2024 and 2023, respectively. TheÂ increaseÂ of $4.0Â million, wasÂ primarily driven by increasedÂ sales volumes and better margins due to product mix. Â General and administrative expenses: Â General and administrative expenses wereÂ $6.0 million andÂ $5.3Â million in the three months ended July 31, 2024 and 2023, respectively. TheÂ increase ofÂ $0.7Â million, was due toÂ higher payroll expensesÂ and professional service fees in the quarter.Â Â Â Selling expenses: Â Selling expenses remained consistent and wereÂ $ 1.4Â millionÂ andÂ $ 1.5Â millionÂ in theÂ three months ended July 31, 2024 and 2023,Â respectively. Â Interest expense: Â Net interest expense remained consistent and was $0.5 million and $0.6Â million in the three months ended July 31, 2024 and 2023, respectively.Â Â Â Other income: Â Other income was consistent and less than $0.1Â million inÂ the three months ended July 31, 2024 and 2023, respectively.Â Â Income tax expense: Â The Company's ETR wasÂ 23% andÂ 45% in the three months ended July 31, 2024 and 2023, respectively. The change in the ETR is due to the ability to recognize tax benefits onÂ losses in the United States in the current year whereas the prior year had a full valuation allowanceÂ and changes in the mix of income and loss in various jurisdictions.Â Â For further information, see Note 6Â - Income taxes, in the Notes to Consolidated Financial Statements. Â Net incomeÂ attributable to common stock: Â Net income attributable to common stock wasÂ $3.3Â million and $1.0Â millionÂ in the three months ended July 31, 2024 and 2023, respectively.Â TheÂ increase ofÂ $2.3Â million was mainly due to increased sales activity and better margin performanceÂ in the quarter.Â Â 22 Table of Contents Â Six months endedÂ July 31, 2024 vs.Â Six months endedÂ July 31, 2023 Â Net sales: Â Net sales were $ 71.8Â million and $ 64.8Â million in the six months ended July 31, 2024 and 2023, respectively.Â TheÂ increase o f $7.0 Â million, or 11% , wasÂ a result of increased sales volumes. Â Gross profit: Â Gross profit was $24.0Â million, orÂ 33%Â of net sales, and $16.2Â million, orÂ 25%Â of net sales,Â in the six months ended July 31, 2024 and 2023, respectively. TheÂ increaseÂ of $7.8Â million, wasÂ primarily driven by increasedÂ sales volumes and better margins due to product mix. Â General and administrative expenses: Â General and administrative expenses wereÂ $12.1Â million andÂ $10.7Â million in the six months ended July 31, 2024 and 2023, respectively. TheÂ increase ofÂ $1.4Â million, was due toÂ higher payroll expenses and professional serviceÂ fees.Â Â Â Selling expenses: Â Selling expenses remained consistent and were $ 2.6Â million and $ 2.7Â million in the six months ended July 31, 2024 and 2023,Â respectively. Â Interest expense: Â Net interest expense remained consistent and was $1.0Â million and $1.1Â millionÂ in the six months ended July 31, 2024 and 2023, respectively.Â Â Other (expense) income: Â Other (expense) income resulted in expense of $(0.1)Â million and income of $0.2Â million in theÂ six months ended July 31, 2024 and 2023, respectively.Â The change was primarily due to exchange rate fluctuations in foreign currency transactions.Â Â Â Income tax expense: Â The Company's ETRÂ wasÂ 25%Â andÂ 97%Â in theÂ six months ended July 31, 2024 and 2023, respectively. The change in the ETR is due to the ability to recognize tax benefits on losses in the United States in the current year whereas the prior year had a full valuation allowanceÂ and changes in the mix of income and loss in various jurisdictions.Â Â For further information, see Note 6Â - Income taxes, in the Notes to Consolidated Financial Statements. Â Net income (loss) attributable to common stock: Â Net income (loss) attributable to common stock was $4.7Â million and $(0.1)Â million in the six months ended July 31, 2024 and 2023, respectively.Â TheÂ increase of $4.8Â millionÂ was mainly due to increased sales activity and better margin performance.Â Â 23 Table of Contents Â Liquidity and capital resources Â Cash and cash equivalents as ofÂ July 31, 2024 wereÂ $9.5Â million compared to $5.8Â million on January 31, 2024. On July 31, 2024, $0.5Â million was held in the United States, and $9.0Â million was held at the Company's foreign subsidiaries.Â The Company's working capital was $44.3Â million onÂ July 31, 2024 compared to $41.1Â million onÂ January 31, 2024. Of the working capital components, accounts receivableÂ decreased by $6.7Â million and cash and cash equivalentsÂ increased by $3.7 million as the result of the movements discussed below. As of July 31, 2024, the Company had $4.7Â million of borrowing capacityÂ under the Renewed Senior Credit Facility in North America and $12.6Â million of borrowing capacity underÂ its foreign revolving credit agreements. The Company had $6.7Â million borrowedÂ under the Renewed Senior Credit Facility and $7.8Â million borrowed under its foreign revolving credit agreements at July 31, 2024. Â Net cash fromÂ operating activitiesÂ was $3.8Â million andÂ $3.5Â million in theÂ six months ended July 31, 2024 and 2023, respectively.Â TheÂ increase of $0.3Â million wasÂ primarily attributable toÂ changes in accounts receivableÂ and customer deposits, partially offset by changesÂ to accounts payableÂ and prepaids expenses and other current assets.Â Â Net cash from investing activities in theÂ six months ended July 31, 2024 and 2023 was $(3.2) million and $(6.8) million, respectively. TheÂ decrease of $(3.6) million was due primarily to fewer capital expendituresÂ in the United StatesÂ and Canada. Â Net cash from financing activities in theÂ six months ended July 31, 2024 and 2023 was $2.2Â million and $3.7 million, respectively. TheÂ main source of cash from financing activities inÂ theÂ six months ended July 31, 2024, consisted ofÂ net proceeds from borrowingsÂ of approximately $2.7Â million under the Company's credit facilities, as compared to net proceeds of approximately $4.8 million inÂ the six months ended July 31, 2023. Debt totaled $27.9 million and $25.7Â million as of July 31, 2024 and January 31, 2024, respectively. See Note 10Â - Debt, in the Notes to Consolidated Financial Statements for further discussion relating to this topic. Â Treasury stock. During the twelveÂ months endedÂ January 31, 2024, the Company used the remaining $1.0 million authorized to repurchase its outstanding shares of common stock. Accordingly, there was no repurchase activity with respect to the Company's shares of common stock during theÂ three and six months ended July 31, 2024.Â See Note 15Â - Treasury stock, for further discussion relating to this topic. Â Revolving lines -Â North America .Â On September 20, 2018, the Company and certain of its U.S. and Canadian subsidiaries (collectively, together with the Company, the â€œNorth American Loan Partiesâ€) entered into a Revolving Credit and Security Agreement (the â€œCredit Agreementâ€) with PNC Bank, National Association ("PNC"), as administrative agent and lender, providing for a three-year $18Â million senior secured revolving credit facility, subject to a borrowing base including various reserves (the â€œSenior Credit Facilityâ€). Â On September 17, 2021,Â the North American Loan PartiesÂ executed an extension of the Credit AgreementÂ with PNC, providing for a new five-year $18Â million senior secured revolving credit facility, subject to a borrowing base including various reserves (the â€œRenewed Senior Credit Facilityâ€). The Company'sÂ obligations under the Renewed Senior Credit Facility are currently guaranteed by Perma-Pipe Canada, Inc. Each of the North American Loan Parties other than Perma-Pipe Canada, Inc. (collectively, the "Borrowers") is a borrower under the Renewed Senior Credit Facility. Â The Borrowers have used and will continue to use borrowings under the Renewed Senior Credit Facility (i)Â to fund future capital expenditures; (ii)Â to fund ongoing working capital needs; and (iii)Â for other corporate purposes, including potentially additional stockÂ repurchases. Borrowings under the Renewed Senior Credit Facility bearÂ interest at a rate equal to an alternate base rate, SOFRÂ rate index, plus, in each case, an applicable margin. The applicable margin is based on a fixed charge coverage ratio ("FCCR") range. Interest on alternate base rate borrowings is the alternate base rate (as definedÂ in the Renewed Senior Credit Facility) plus an applicable margin ranging from 1.00% to 1.50%, based on the FCCR in the most recently reported period. Interest on SOFR rate borrowings is the SOFRÂ rate (as defined in the Renewed Senior Credit Facility) plus an applicable margin ranging from 2.00% to 2.50%, based on the FCCR in the most recently reported period, as well as an additional SOFR adjustment ranging from 0.10% to 0.25%, based on the term of the interest period. Additionally, the Borrowers pay a 0.25% per annum facility fee on the unused portion of the Renewed Senior Credit Facility. Â Subject to certain exceptions, borrowings under the Renewed Senior Credit Facility are secured by substantially all of the North American Loan Partiesâ€™ assets. The Renewed Senior Credit Facility matures on September 20, 2026. Subject to certain qualifications and exceptions, the Renewed Senior Credit Facility contains covenants that, among other things, restrict the North American Loan Partiesâ€™ 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 may not makeÂ capital expenditures in excess of $5.0 million annually, plus a limited carryover of unused amounts. Further, the North American Loan Parties may not make repurchases of the Company's common stock in excess of $3.0 million. Â The Renewed Senior Credit Facility also contains financial covenants requiringÂ the North American Loan Parties to achieve a ratio of its EBITDA (as defined in the Renewed Senior Credit Facility) to the sum of scheduled cash principal payments on indebtedness for borrowed money and interest payments on the advances under the Renewed Senior Credit FacilityÂ to be not less than 1.10 to 1.00 for any five consecutive days in which the undrawn availability is less than $3.0 millionÂ or any day in which the undrawn availability is less than $2.0 million. In order to cure any future breach of these covenants 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 Renewed Senior Credit Facility in an amount which, when added to the amount of the Companyâ€™s Consolidated EBITDA, would result in compliance on a pro forma basis. The Company was in compliance with respect to these covenants as ofÂ July 31, 2024. Â The Renewed Senior Credit Facility contains customary events of default. If an event of default occurs and is continuing, then PNC may terminate all commitments to extend further credit and declare all amounts outstanding under the Renewed Senior Credit Facility due and payable immediately. In addition, if any of the North American Loan Parties or certain of their subsidiaries become the subject of voluntary or involuntary proceedings under any bankruptcy, insolvency or similar law, then any outstanding obligations under the Renewed Senior Credit Facility will automatically become immediately due and payable. Loans outstanding under the Renewed Senior Credit Facility will bear interest at a rate of 2.00% per annum in excess of the otherwise applicable rate (i) while a bankruptcy event of default exists or (ii) upon the lender'sÂ request, during the continuance of any other event of default. Â As of July 31, 2024,Â the Company had borrowed an aggregate of $6.7 Â million at a rate of 10.0% Â and had $4.7 Â million available under the Renewed Senior Credit Facility. As of January 31, 2024, the Company had borrowed an aggregate of $5.5Â million and had $4.0Â million available under the Renewed Senior Credit Facility. Â 24 Table of Contents Â Revolving lines -Â foreign . The Company also has credit arrangements used by its Middle Eastern subsidiaries in the U.A.E. , Egypt and Saudi Arabia as discussed further below. Â United Arab Emirates Â The Company hasÂ a revolving line for 8.0Â million U.A.E. Dirhams (approximately $ 2.2Â million at July 31, 2024) from a bank in the U.A.E. As of July 31, 2024Â theÂ facility hasÂ an interest rate of approximatelyÂ 8.6%, andÂ expired in JulyÂ 2024, however, the Company has startedÂ the process to renewÂ and extendÂ this credit arrangement and the credit facility has continued without interruption and penalty.Â The Company had borrowed an aggregate of $1.2Â millionÂ as of July 31, 2024 and $0.2 millionÂ as of January 31, 2024, respectively, andÂ isÂ presented as a component of current maturities of long-term debt in the Company's consolidated balance sheets. As ofÂ July 31, 2024 and January 31, 2024, the Company had unused borrowing availability of approximately $1.0 million and $1.9 million, respectively. Â The Company has a revolving line for 20.5Â million U.A.E. Dirhams (approximately $ 5.6Â millionÂ at July 31, 2024) from a bank in the U.A.E. As of July 31, 2024Â theÂ facility has an interest rate of approximatelyÂ 8.7%. The facility expired in August 2024, however, the Company has started the process to renew and extend this credit arrangement and the credit facility has continued without interruption or penalty.Â The Company had borrowed an aggregate o f $1.0Â millionÂ as of July 31, 2024 and $0.1 millionÂ as of January 31, 2024, respectively,Â andÂ isÂ presented as a component of current maturities of long-term debt in the Company's consolidated balance sheets. As ofÂ July 31, 2024 and January 31, 2024, the Company had unused borrowing availability of approximately $1.2Â million and $1.0 million, respectively. Â Egypt Â In June 2021, and as renewed or amended subsequently thereafter, the Company's Egyptian subsidiary entered into a credit arrangement with a bank in Egypt for a revolving line of 100.0Â million Egyptian Pounds (approximately $2.1 Â million at July 31, 2024). This credit arrangement is in the form of project financing at rates competitive in Egypt. The line is secured by certain assets (such as accounts receivable) of the Company's Egyptian subsidiary. Among other covenants, the credit arrangement established a maximum leverage ratio allowable and restricted the Company's Egyptian subsidiary's ability to undertake any additional debt.Â As of July 31, 2024, theÂ facility has an interest rate of approximately Â 20.8% andÂ expiresÂ in November 2024.Â As ofÂ July 31, 2024, the Company had substantially nothing outstanding with respect to this credit arrangement, and approximately $1.4 million outstanding atÂ January 31, 2024, which is presented as a component of currentÂ maturities of long-term debt in the Company's consolidated balance sheets. Further, as ofÂ July 31, 2024Â andÂ January 31, 2024, the Company had unused borrowing capacity of $2.1 millionÂ and $3.2 million,Â respectively.Â Â In December 2021, the Company entered into a credit arrangement for project financing with a bank in Egypt for 28.2Â million Egyptian Pounds. As this project has progressed and the Company has made collections, the facility has decreased to a current amount ofÂ 2.1Â million Egyptian PoundsÂ (approximatel y $0.1Â million at July 31, 2024). 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 approximatelyÂ 11.0% Â and, as ofÂ November 2022, is no longer available for borrowings by the Company. The facility will expire in connection with final customer balance collections and the completion of the project. The Company had approximately $0.1Â million outstandingÂ as of July 31, 2024 and January 31, 2024, respectively,Â andÂ isÂ presented as a component of current maturities of long-term debt in the Company's consolidated balance sheets. Â Saudi Arabia Â In March 2022, the Company's Saudi Arabian subsidiary entered into a credit arrangement with a bank in Saudi Arabia for a revolving line ofÂ 37.0Â million Saudi Riyals (approximately $ 9.9Â million atÂ July 31, 2024). This credit arrangement is in the form of project financing at rates competitive in Saudi Arabia. The line is secured by certain assets (such as accounts receivable) of the Company's Saudi Arabian subsidiary. TheÂ facility was renewed in May 2024 with substantially the same terms and conditions and expires in May 2025. As of July 31, 2024, the facility has an interest rate of approximatelyÂ 9.7%.Â The Company had borrowed an aggregate o f $2.6Â millionÂ and $3.2Â millionÂ as of July 31, 2024 and January 31, 2024, respectively,Â andÂ isÂ presented as a component of current maturities of long-term debt in the Company's consolidated balance sheets. The unused borrowing availability attributable to this credit arrangement atÂ July 31, 2024Â andÂ January 31, 2024, was $6.3Â million and $6.1 million, respectively. Â 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. The Company guarantees only a portion of the subsidiaries' debt, including foreign debt. The amount of foreign subsidiary debt guaranteed by the Company was approxim ately $1.1Â million and $0.1 million atÂ July 31, 2024 andÂ January 31, 2024, respectively.Â Â The Company was in compliance with the covenants under the credit arrangements in the U.A.E., Egypt and Saudi Arabia as of July 31, 2024, with the exception of those arrangements that have expired or are set to expire and have not yet been renewed.Â Although certain of the arrangements have expired and the borrowings could be required to be repaid immediately by the banks, the Company is in regular communication withÂ the respective banks throughout the renewal process and all of theÂ arrangements have continued without interruption or penalty. On July 31, 2024, interest rates were based on (i) the Emirates Inter Bank Offered RateÂ plus 3.0% to 3.5% per annum for the U.A.E. credit arrangements, twoÂ of which haveÂ a minimum interest rate of 4.5% per annum; (ii)Â either the Central Bank of Egypt corporate loan rate plus 1.5% to 3.5% per annum or the stated interest rate in the agreements for the Egypt credit arrangements;Â and (iii) the Saudi Inter-Bank Offered Rate plus 3.5% for the Saudi Arabia credit arrangement. Based on these base rates, as of July 31, 2024, the Company's interest rates ranged fromÂ 8.6% to 20.8%, with a weighted average rate of 11.5%, and the Company had facility limits totaling $24.7 Â million under these credit arrangements. As of July 31, 2024 ,Â $7.1Â million o f availability was used to support letters of credit to guarantee amounts committed for inventory purchases and for performance guarantees. Additionally, as of July 31, 2024 , the Company had borrow ed $7.8Â millionÂ and had an additional $12.6Â million of borrowing remaining available under the foreign revolving credit arrangements. The foreign revolving lines balances were included as a component of current maturities of long-term debt in the Company's consolidated balance sheetsÂ as of July 31, 2024 and January 31, 2024. Â In June 2023, the CompanyÂ assumed a promissory note of approximately $2.8Â million in connection with the formation of the joint venture with Gulf Insulation Group (see Note 16). InÂ accordance with the promissory note, all principal is due and payable on the maturity date of April 9, 2026, with the option to prepay, in whole or in part, at any time prior to the maturity date, without premium or penalty. Â Mortgages. On JulyÂ 28, 2016, the Company entered into a mortgage agreementÂ secured by the Company's manufacturing facility located in Alberta, CanadaÂ that matures on DecemberÂ 23, 2042. As of July 31, 2024, the remaining balance on the mortgage in Canada is approximately CAD 5.9Â million (approximately $ 4.3Â million at July 31, 2024).Â The interest rate is variable,Â andÂ was 8.8% Â at July 31, 2024. The principal balance is included as a component of long-term debt, less current maturities in the Company's consolidated balance sheets and is presented net of issuance costs of $0.1Â millionÂ as of July 31, 2024 and January 31, 2024, respectively. Â Finance obligationÂ - buildings and land. On April 14, 2021, the Company entered into a purchase and sale agreement (the "Purchase and Sale Agreement"). Pursuant to the terms of the Purchase and Sale Agreement, the Company sold its land and buildings in Lebanon, Tennessee (the "Property") for $10.4 million. The transaction generated net cash proceeds of $9.1Â million. Concurrently with the sale, the Company paid off the approximately $0.9 millionÂ mortgage note on the Property to its lender.Â TheÂ Company used the remaining proceeds to repay its borrowings under the Senior Credit Facility, forÂ strategic investments, and for general corporate needs. Concurrent with the sale of the Property, the Company entered into aÂ fifteen-year lease agreement (the â€œLease Agreementâ€), whereby the Company leases back the Property at an annual rental rate ofÂ approximately $0.8 million, subject to annual rent increases ofÂ 2.0%. Under the Lease Agreement, the Company hasÂ four consecutive options to extend the term of the lease byÂ five years for each such option. Â Â In accordance with ASCÂ 842, Leases, this transaction was recorded as a failed sale and leaseback as the present value of lease payments exceededÂ substantially theÂ fair value of the underlying assets. The Company utilized an incremental borrowing rate of 8.0% to determineÂ the finance obligationÂ to record for the amounts receivedÂ and will continue to depreciate the assets.Â The current portion of the finance obligation of $0.2Â million is recognized in current maturities of long-term debt and the long-term portion of $8.9Â million is recognizedÂ inÂ long-term finance obligationÂ on the Company's consolidated balance sheets as of July 31, 2024 .Â The net carrying amount of the financial liability and remaining assets will be zero at the end of the lease term. Â Â 25 Table of Contents Â Accounts receivable:Â Â In 2015, the Company completed a project in the Middle East with billings in the aggregate amount of approximately $41.9 million. The system has not yet been commissioned by the customer. Nevertheless, the Company has receivedÂ approximately $ 40.1Â millionÂ as of July 31, 2024, with a remaining balance due in the amount of $ 1.8 million, all of which pertains to retention clauses within the agreements withÂ the Company's customer, and which become payable by the customer when this project is fully tested and commissioned. Of this amount, $ 1.3 millionÂ isÂ classified in other Â long-term assets on the Company's consolidated balance sheets. Â The Company has been actively involvedÂ in ongoing efforts to collect thisÂ outstanding balance. The Company continues to engage with the customer to ensure full payment of the open balances, and during theÂ six months ended July 31, 2024, and at various times throughout 2023, the Company receivedÂ partial payments to settle $ 0.3Â million and $ 0.6Â million, respectively, of the customer's outstanding balances. Further, the Company has been engaged by the customer to perform additional work in 2024 under customary trade terms that supports the continued cooperation between the Company and the customer. As a result, the Company did not reserve any allowance against the remaining outstanding balances as ofÂ July 31, 2024. 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. Â CRITICAL ACCOUNTING POLICIES AND ESTIMATES Â Critical accounting policies are described in Item 7. MD&A and in the Notes to the Consolidated Financial StatementsÂ for the year endedÂ January 31, 2024 contained in the Company's latest Annual Report on Form 10-K. Any new accounting policies or updates to existing accounting policies as a result of new accounting pronouncements have been discussed in the Notes to Consolidated Financial Statements in this Quarterly Report on Form 10-Q. The application of critical accounting policies may require management to make assumptions, judgments and estimates about the amounts reflected in the Consolidated Financial Statements. Management uses historical experience and all available information to make these estimates and judgments, and different amounts could be reported using different assumptions and estimates. Â 26 Table of Contents Â Item 4. Controls and Procedures Â Evaluation of Disclosure Controls and Procedures Â The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in RuleÂ 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended)Â as of July 31, 2024.Â This evaluation included consideration of the controls, processes and procedures that are designed to ensure that information requiredÂ 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 timeÂ periods specified in the SECâ€™s rules and forms, and to provide reasonable assurance that such information is accumulated and communicated to the Companyâ€™sÂ management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, the Chief Executive Officer and Chief Financial OfficerÂ have concluded that, as of the end ofÂ the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were not effective because of the material weaknesses in internal control over financial reporting, as described below.Â Â Material Weaknesses in Internal Control Over Financial Reporting Â As previously reported, we have material weaknessesÂ in the Company's internal control over information technology general controls ("ITGC"), financial reporting relating to the review and approval of manual journal entries, timely review of the financial close process, and timely review of certain financial policies and procedures and respective HR policies. The Company also did not maintain effective controls at certain operating locations in the Middle East and North Africa ("MENA"), specifically the Company did not maintain sufficient documentation to support an evaluation that controls over business processes were operating effectively.Â These deficienciesÂ led management to conclude that a material weakness existed with respect to the Company's internal control over financial reporting. The material weakness did not result in any material misstatements to the Companyâ€™s consolidated financial statements. As a result of these material weaknesses, 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.Â Â 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.Â Â RemediationÂ Plan for the Material Weaknesses in Internal Control over Financial Reporting Â To address these matters, the Company has begun implementing its remediation plan. Our ongoing remediation plans include the following: Â (i) addressing the identified issues with control owners, including Company leadership and IT personnel; (ii) engagingÂ outside consultants with expertise relating to ITGCs to document processes,Â assist in addressing the design and operating business process controls, monitoring and testing reviews focusing on systems supporting our financial reporting processÂ (iii) developing and maintaining documentation underlying ITGCs for knowledge transfer and function changes, including access control and change management; and (iv) outsourcingÂ certain functions to third-party providers, specifically relating to servers and firewalls, and managed detection and response. Â Our remediation plans related to entity level controls and business process controls over MENA locations include: (i) addressing issues with control owners, including company leadership; (ii) evaluating and updating the Company's evidence of internal control policies and procedures as needed and providing necessary guidance to applicableÂ locations; (iii) assessing the adequacy and determine whether enhancements are needed to the design of corporate and / or operating locations business process controls; and (iv) augmenting our internal audit function by hiring an additional resource to assist in overseeing the remediation process, including updating policies and procedures, and implementing internal controls; and (v) engagingÂ outside consultants to conduct training sessions.Â Â The Company anticipates the actions described above and resulting improvements in controls will strengthen the Company's processes, procedures and will address the related material weaknesses described above. However, the material weaknesses cannot be considered fully remediated until the necessary controls have been appropriately designed and implemented. The remediation processes and procedures will also need to be in operation for a period of time and managementÂ concludeÂ through testing, that these controls are operating effectively. Accordingly, the material weaknesses are not remediated as of July 31, 2024.Â Â Change in Internal Control over Financial Reporting.Â There were no changes to our internal control over financial reporting which were identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) under the Exchange Act during the fiscal quarter endedÂ July 31, 2024,Â that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Â 27 Table of Contents Â Â PART II OTHER INFORMATION Â Â Â Â Item 6. Exhibits Â 3.1 Certificate of Incorporation of Perma-Pipe International Holdings, Inc. [Incorporated by reference to Exhibit 3.3 to Registration Statement No. 33-70298] 3.2 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] 3.3 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] 10.1 Perma-Pipe International Holdings, Inc. 2024 Omnibus Stock Incentive Plan [Incorporated by reference to Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed on June 21, 2024]* 31.1 Rule 13a - 14(a)/15d - 14(a) Certifications (1) Chief Executive Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 31.2 Rule 13a - 14(a)/15d - 14(a) Certifications (2) Chief Financial Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 32 Section 1350 Certifications (Chief Executive Officer and Chief Financial Officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002) 101.INS Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) 101.SCH Inline XBRL Taxonomy Extension Schema 101.CAL Inline XBRL Taxonomy Extension Calculation 101.DEF Inline XBRL Taxonomy Extension Definition 101.LAB Inline XBRL Taxonomy Extension Labels 101.PRE Inline XBRL Taxonomy Extension PresentationÂ Â Â Â Â 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) Â *Management contracts and compensatory plans or agreements Â 28 Table of Contents Â SIGNATURES Â Â Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. Â Â Â Â Perma-Pipe International Holdings, Inc. Â Â Â Â Â Â Date: September 11, 2024 By: /s/ David J. Mansfield Â Â David J. Mansfield Â Â President and Chief Executive Officer Â Â (Principal Executive Officer) Â Â Â Date: September 11, 2024 By: /s/ Matthew E. Lewicki Â Â Matthew E. Lewicki Â Â Vice President and Chief Financial Officer Â Â (Principal Financial and Accounting Officer) Â 29 0001437749-24-028925ex_692416.htm Exhibit 31.1Â I, David J. Mansfield, certify that:Â 1. I have reviewed this quarterly report on Form 10-Q of Perma-Pipe International Holdings, Inc.; Â 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; Â 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; Â 4. The registrantâ€™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: Â Â 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; Â Â 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; Â Â c. Evaluated the effectiveness of the registrantâ€™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 Â Â d. Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™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 registrantâ€™s internal control over financial reporting; and Â 5. The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions): Â Â 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 registrantâ€™s ability to record, process, summarize and report financial information; and Â Â b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting. Â Date: September 11, 2024 Â /s/ David J. MansfieldDavid J. MansfieldPresident and Chief Executive Officer(Principal Executive Officer)Â Â 0001437749-24-028925ex_692417.htm Exhibit 31.2Â I, Matthew E. Lewicki, certify that:Â 1. I have reviewed this quarterly report on Form 10-Q of Perma-Pipe International Holdings, Inc.; Â 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; Â 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; Â 4. The registrantâ€™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: Â Â 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; Â Â 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; Â Â c. Evaluated the effectiveness of the registrantâ€™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 Â Â d. Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™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 registrantâ€™s internal control over financial reporting; and Â 5. The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions): Â Â 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 registrantâ€™s ability to record, process, summarize and report financial information; and Â Â b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting. Â Date: September 11, 2024 Â /s/ Matthew E. LewickiMatthew E. LewickiVice President and Chief Financial Officer(Principal Financial and Accounting Officer)Â Â 0001437749-24-028925ex_692418.htm Exhibit 32Â Certification of Principal Executive OfficersPursuant to 18 U.S.C. 1350(Section 906 of the Sarbanes-Oxley Act of 2002)Â The undersigned, in their capacities as Chief Executive Officer and Chief Financial Officer of Perma-Pipe International Holdings, Inc. (the â€œRegistrant")Â certify that, to the best of their knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period endedÂ July 31, 2024Â of the Registrant, (the â€œReportâ€):Â Â (1) The Report fully complies with the requirements of Section 13(a) or 15(d)Â of the Securities Exchange Act of 1934, as amended; and Â Â (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant. Â /s/ David J. MansfieldDavid J. MansfieldPresident and Chief Executive Officer(Principal Executive Officer)Â /s/ Matthew E. LewickiMatthew E. LewickiVice President and Chief Financial Officer(Principal Financial and Accounting Officer)Â September 11, 2024Â Â Â 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.Â Â Â