

NASDAQ: PPIH

RESEARCH NOTE

Perma-Pipe International Holdings, Inc.

Valuation discount outweighs execution risk, with bearish order flow arguing for a staged entry

* Share price \$28.50 as of 23 October 2026. Financials are based on Cashu normalised metrics, as of 2026-10-23, and issuer-reported statements, to 31 July 2026. Fiscal year ends 31 January.

RATING
BUY

12-month view

TARGET PRICE

\$42.10

▲ +47.7% upside*

VALUATION INDEX

Undervalued

27.78%

TARGET INDEX

Attractive Target

63.32%

SENTIMENT INDEX

Extremely Bearish

21.15%

THE CASE IN BRIEF

Perma-Pipe International Holdings, Inc. offers a discounted entry (Valuation Index: 27.8%, Undervalued). **The Cashu Target Price of USD 42.10 implies 47.7% upside** from the last close over 12 months—a model estimate, not a forecast. A lower EV/EBITDA than Omega Flex, Inc. supports relative cheapness. Uneven earnings temper that support: **pretax income declined -23.5% YoY in H1 ended 31 July 2026, including a USD 3.9m customer receivable write-off**. The Q2 pretax rebound of 40.6% YoY provides a recovery signal. Extremely bearish order flow challenges near-term re-rating.

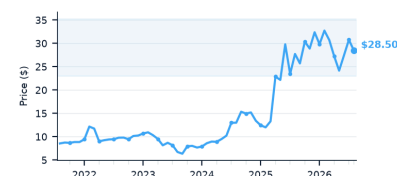
OUR READ

- The valuation discount outweighs execution risk.** The discount accompanies +24.8% TTM topline growth and modest leverage (Net Debt / EBITDA: 0.6x).
- Fundamentals support ownership, but bearish order flow argues for a staged entry.** The company trades at 8.4x EV/EBITDA against extremely bearish net selling pressure (Sentiment Index: 21.15%). The Attractive Target classification (Target Index: 63.3%) shares relative cheapness with the Valuation Index.
- Earnings conversion and receivables collection determine conviction.** Sustaining Q2 2026's 40.6% YoY pretax rebound would strengthen the case. Receivable days of 150.1 include USD 37.9m of unbilled receivables on deliverables customers have accepted, billed when customers take possession.

SNAPSHOT

Share price*	\$28.50
Target price	\$42.10
Implied upside	+47.7%
Target horizon	26 Oct 2027
Market cap	\$243.15M
Enterprise value	\$281.93M
P/E (TTM)	15.61x
52W high / low	\$35.29 / \$23.02
Avg daily volume	0.1M shares

SHARE PRICE, US\$



UPLIFT CATALYSTS

Ohio offers an organic growth catalyst.

The Ohio expansion targets U.S. data-centre demand. Successful execution could extend the +24.8% TTM topline growth underpinning the valuation case.

Quarterly earnings recovery supports re-rating.

Pretax income increased 40.6% YoY in Q2 ended 31 July 2026. Sustaining this recovery would strengthen earnings momentum.

Cash recovery supports organic investment.

Reported H1 operating cash flow of USD 13.35m through 31 July 2026, versus USD -1.31m a year earlier. Sustained inflows would support expansion.

Relative value offers re-rating potential.

The Buy case rests on an Undervalued classification (Valuation Index: 27.8%), with 47.7% implied upside to the USD 42.10 Cashu Target Price over 12 months.

REFINANCING AND ORDER PIPELINE

The JPMorgan-led 2026 Credit Agreement of 25 August 2026 replaced the April bridge facility; the Alberta mortgage was repaid on 28 August 2026. A memorandum of understanding with Welspun targets a Jordan joint venture supporting water infrastructure.

BACKLOG

USD 142.3m
▲ from USD 121.6m

REVOLVING FACILITY

USD 75.0m
Matures Aug 2031

Q2 NEW ORDERS

> USD 67m
Quarter to 31 Jul 2026

TERM LOAN

USD 14.0m
Matures Aug 2031

N. AMERICAN ORDERS

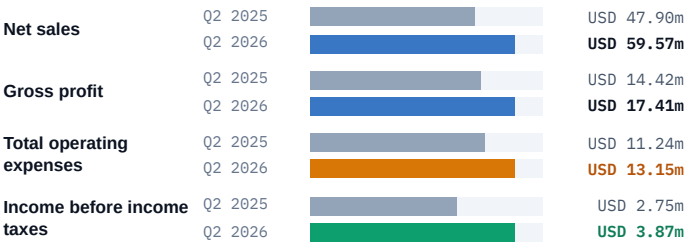
> USD 28m
Fiscal Q3 to end-Sep

CASH

USD 31.78m
31 Jul 2026

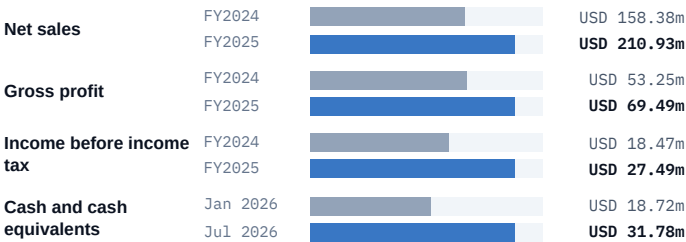
FINANCIAL PERFORMANCE

CONSOLIDATED – Q2 PERFORMANCE, USD M



Q2 2026 includes a USD 3.9m customer receivable write-off. On the issuer's adjusted basis, income before taxes was USD 8.3m in Q2 2026 against USD 4.9m a year earlier. Bars scaled within each metric.

CONSOLIDATED – FY PERFORMANCE AND CASH, USD M

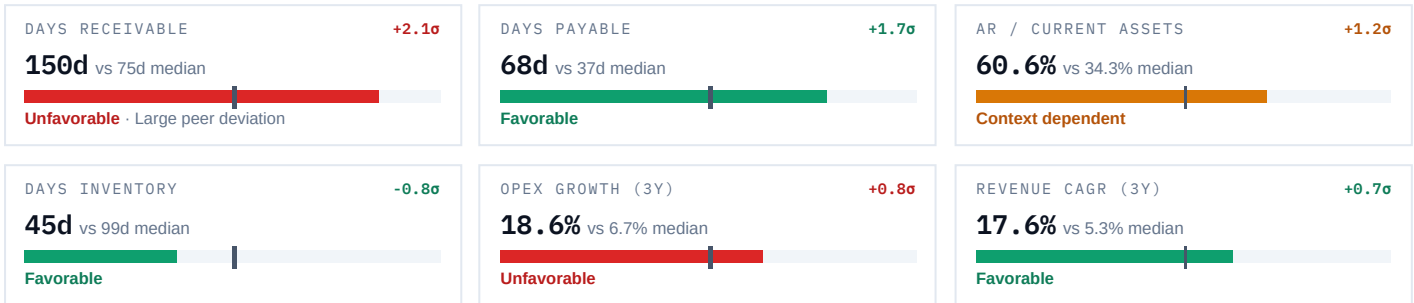


FY2025 = year ended 31 January 2026. Cashu-normalised TTM EBITDA USD 33.8m at a 14.9% margin; Cashu Net Debt / EBITDA: 0.6x.

INDUSTRY BENCHMARKING

Receivables conversion is the clearest benchmark risk for Perma-Pipe International Holdings, Inc. At 31 July 2026, USD 37.9m of receivables were unbilled amounts on accepted deliverables, which lifts receivable days relative to peers. **Profitability and growth offer modest relative support for valuation.**

SIX LARGEST PEER DEVIATIONS



Green: favorable. Red: unfavorable. Amber: context dependent. Tick: peer median. Large peer deviation: at least 2σ, not by itself unfavorable.

VALUATION AND CREDIT

Earnings-based pricing supports the relative-value case: **8.4x EV/EBITDA sits below every listed peer** despite +24.8% TTM topline growth, and 15.6x P/E is lower than any of the three peers. The market still prices equity above book value at 2.6x P/Book, supported by period-end ROE of 16.7%.

COMPANY	EV/EBITDA	P/E
Perma-Pipe International Holdings, Inc. Valuation Index 27.78%	8.4x	15.6x
Omega Flex, Inc. Valuation Index 37.48%	12.6x	21.4x
NWPX Infrastructure, Inc. Valuation Index 33.55%	12.2x	19.6x
Mattr Corp. Valuation Index 50.91%	12.2x	43.9x

Price/Book **2.6x** EBITDA Yield **11.97%** Historical Company Distribution Yield **0.00%**

CREDIT RISK INDICATORS

Debt/Equity Ratio	0.48x
Net Debt / EBITDA	0.63x
Interest Cover Ratio	11.4x
Distance to Default	3.64
Altman Z-Score	3.12
Break-up Value	-0.55

KEY RISKS

Cost pressure threatens earnings conversion.

H1 cost-of-sales growth of 22.5% exceeded topline growth of 16.0%.

Mitigation: Management adjusts customer pricing and uses alternative suppliers.

Geopolitics disrupts project execution.

The 9 June 2026 Q1 results filing reported Middle Eastern project delays.

Mitigation: Management reported intact demand and no project cancellations.

Collections expose liquidity to payment timing.

150.1 receivable days, of which USD 37.9m is unbilled pending customer possession.

Mitigation: The company retains a current ratio of 2.2x.

Expired facilities create renewal exposure.

Portions of the UAE facility had expired at 31 July 2026, with documentation pending.

Mitigation: Facility access retained and covenant compliance reported.

CASHU METRICS, GLOSSARY

Valuation Index (0–100%)

An estimate of company value where lower = cheaper vs peers. Read in five bands: 0%–35% Undervalued, 35%–47% Moderately Under Valued, 47%–52% Fully Valued, 52%–65% Moderately Over Valued, 65%–100% Over Valued. A lower Valuation Index means the company trades at a DISCOUNT to peers.

Sentiment Index (0–100%)

Order-flow sentiment estimating the buy-side share of traded volume from price and volume alone. Above 50% indicates net buying pressure, below 50% net selling pressure. Read in five bands: 0%–35% Extremely Bearish, 35%–47% Bearish, 47%–52% Neutral, 52%–65% Bullish, 65%–100% Extremely Bullish. It carries no holder information and cannot distinguish institutional from retail flow.

Cashu ROE

Cashu’s normalised measure of profit relative to shareholder capital.

Distance to Default

A structural credit measure of how far a company’s asset value sits above the debts it would have to meet in distress, expressed in standard deviations of asset volatility. Higher is safer: a reading of 3 means asset value would need to fall roughly three standard deviations before the company reached its default point. Banks carry a sector-specific adjustment.

Cashu-normalised

Metrics labelled Cashu-normalised are adjusted for cross-company comparability. Issuer-reported figures, issuer-adjusted measures and separately labelled calculations retain their stated accounting bases. Normalisation does not establish recurring earnings.

ABBREVIATIONS

52W 52-week	AR accounts receivable	CAGR compound annual growth rate	EBITDA earnings before interest, taxes, depreciation and amortisation
EV enterprise value	EVA Economic Value Added	FY · H1 · Q2 fiscal year · first half · second quarter (year ends 31 January)	M&A mergers and acquisitions
OpEx operating expenses	P/E price-to-earnings	ROE return on equity	TTM trailing twelve months
UAE United Arab Emirates	USD US dollars	YoY year-on-year	3Y · σ three-year · standard deviation

IMPORTANT DISCLOSURES

GENERAL RESEARCH, NOT PERSONAL ADVICE

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DATES, MODEL AND COMPARABILITY

Report dated 26 October 2026. Share price, Cashu-normalised metrics and peer comparisons are snapshots at 23 October 2026; issuer financial statements run to 31 July 2026. All dollar amounts are US dollars. The fiscal year ends 31 January. The US\$42.10 model target, 26 October 2027 horizon and 47.7% implied upside from US\$28.50 are valuation references, not forecasts or guaranteed returns. Normalisation and peer selection affect comparisons. The Target Index is not evidence of a takeover. Sentiment is inferred from price and volume, not identified investor holdings. The TradingView chart is separate third-party market data and does not update the research model.

SOURCES, AI ASSISTANCE AND VERIFICATION

The source report attributes platform fundamentals and peer data to licensed S&P Global Market Intelligence feeds and issuer information to Perma-Pipe’s FY2025 Form 10-K, July 2026 Form 10-Q, 9 September results and 20 October new-orders release. The report describes LLM-assisted narrative synthesis. AI-assisted text can contain errors; source and licensing statements are not independent feed audits. Verify material claims against primary sources. No assurance of accuracy, completeness or future performance is given, subject to rights and liabilities that cannot lawfully be excluded. The publication edition updates disclosures only; financial figures and model assumptions have not been recalculated.

Target Index (0–100%)

Composite estimate of M&A attractiveness as a Target based on cheapness vs. peers, leverage, ROE quality, and EVA. Higher = more attractive. Read in five bands: 0%–35% Extremely Unattractive Target, 35%–47% Unattractive Target, 47%–52% Neutral, 52%–65% Attractive Target, 65%–100% Extremely Attractive Target.

Cashu Target Price

Cashu’s Target Price derives from the company’s Valuation Index and its trajectory over time, re-rating the current price toward the level implied by the company’s current position relative to its peers and its own historical valuation. The figure is deliberately bounded to a defensible range, so it is best read as a valuation-anchored reference point.

Altman Z-Score

Multi-factor bankruptcy prediction model. Z > 2.99: low insolvency risk (financially sound). Z 1.81–2.99: elevated insolvency risk. Z < 1.81: high insolvency risk (distress). Not calibrated for financial institutions.

Break-up Value

Net tangible assets measured against market capitalisation: net assets excluding intangibles, divided by market capitalisation, less one. A positive reading means tangible assets alone exceed the company’s market value. A negative reading is normal for asset-light or intangible-heavy businesses and is not by itself a distress signal.