UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

OR

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

For the transition period from to

Commission File Number 001-12488

Powell Industries, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**88-0106100**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
8550 Mosley Road	
Houston	
Texas	**77075-1180**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code:
(713) 944-6900

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	POWL	NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

Large accelerated filer	☐	Accelerated filer	☒	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

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

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

At July 29, 2024, there were 11,987,838 outstanding shares of the registrant's common stock, par value $0.01 per share.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION
Item 1. ***Financial Statements***

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets (Unaudited)
(In thousands, except share and per share data)

	June 30, 2024	September 30, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 332,012	$ 245,875
Short-term investments	42,033	33,134
Accounts receivable, less allowance for credit losses of $1,005 and $273, respectively	173,246	206,591
Contract assets	90,955	60,621
Inventories	85,139	63,865
Income taxes receivable	131	100
Prepaid expenses	5,474	5,419
Other current assets	6,704	6,380
Total Current Assets	735,694	621,985
Property, plant and equipment, net	96,468	97,625
Operating lease assets, net	909	1,436
Goodwill and intangible assets, net	1,503	1,003
Deferred income taxes	17,212	17,064
Other assets	17,197	13,129
Total Assets	$ 868,983	$ 752,242
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 79,693	$ 56,666
Contract liabilities	282,924	279,796
Accrued compensation and benefits	26,565	29,947
Accrued product warranty	5,226	3,305
Current operating lease liabilities	482	773
Income taxes payable	7,581	6,517
Other current liabilities	15,964	18,682
Total Current Liabilities	418,435	395,686
Deferred compensation	11,436	9,145
Long-term operating lease liabilities	427	663
Other long-term liabilities	1,946	1,722
Total Liabilities	432,244	407,216
Commitments and Contingencies (Note F)		
Stockholders' Equity:		
Preferred stock, par value $0.01; 5,000,000 shares authorized; none issued	—	—
Common stock, par value $0.01; 30,000,000 shares authorized; Shares issued: 12,793,856 and 12,668,001, respectively Shares outstanding: 11,987,838 and 11,861,983, respectively	128	127
Additional paid-in capital	69,305	71,526
Retained earnings	419,384	325,281
Treasury stock, 806,018 shares at cost	(24,999)	(24,999)
Accumulated other comprehensive loss	(27,079)	(26,909)
Total Stockholders' Equity	436,739	345,026
Total Liabilities and Stockholders' Equity	$ 868,983	$ 752,242

The accompanying notes are an integral part of these condensed consolidated financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (Unaudited)
(In thousands, except per share data)

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Revenues	$ 288,168	$ 192,365	$ 737,293	$ 490,667
Cost of goods sold	206,428	149,695	544,639	395,096
Gross profit	81,740	42,670	192,654	95,571
Selling, general and administrative expenses	22,022	19,691	63,316	58,384
Research and development expenses	2,430	1,427	6,681	4,471
Operating income	57,288	21,552	122,657	32,716
Interest income, net	(4,508)	(2,093)	(12,934)	(3,516)
Income before income taxes	61,796	23,645	135,591	36,232
Income tax provision	15,573	5,191	31,795	8,142
Net income	$ 46,223	$ 18,454	$ 103,796	$ 28,090
Earnings per share:				
Basic	$ 3.85	$ 1.55	$ 8.67	$ 2.37
Diluted	$ 3.79	$ 1.52	$ 8.52	$ 2.32
Weighted average shares:				
Basic	11,998	11,889	11,977	11,876
Diluted	12,205	12,140	12,180	12,106
Dividends per share	$ 0.2650	$ 0.2625	$ 0.7925	$ 0.7850

The accompanying notes are an integral part of these condensed consolidated financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Unaudited)
(In thousands)

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Net income	$ 46,223	$ 18,454	$ 103,796	$ 28,090
Foreign currency translation adjustments	(986)	2,089	(170)	4,694
Gain (loss) on cash flow commodity hedge	—	(35)	—	293
Comprehensive income	$ 45,237	$ 20,508	$ 103,626	$ 33,077

The accompanying notes are an integral part of these condensed consolidated financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(In thousands)

	Common Stock		Additional Paid-in	Retained	Treasury Stock		Accumulated Other Comprehensive	
	Shares	Amount	Capital	Earnings	Shares	Amount	Income/(Loss)	Totals
Balance, September 30, 2023	12,668	$ 127	$ 71,526	$ 325,281	(806)	$ (24,999)	$ (26,909)	$ 345,026
Net income	—	—	—	24,085	—	—	—	24,085
Foreign currency translation adjustments	—	—	—	—	—	—	3,085	3,085
Stock-based compensation	98	—	1,657	—	—	—	—	1,657
Shares withheld in lieu of employee tax withholding	—	—	(4,752)	—	—	—	—	(4,752)
Dividends	—	—	423	(3,204)	—	—	—	(2,781)
Balance, December 31, 2023	12,766	$ 127	$ 68,854	$ 346,162	(806)	$ (24,999)	$ (23,824)	$ 366,320
Net income	—	—	—	33,488	—	—	—	33,488
Foreign currency translation adjustments	—	—	—	—	—	—	(2,269)	(2,269)
Stock-based compensation	28	1	1,205	—	—	—	—	1,206
Shares withheld in lieu of employee tax withholding	—	—	(1,724)	—	—	—	—	(1,724)
Dividends	—	—	13	(3,249)	—	—	—	(3,236)
Balance, March 31, 2024	12,794	$ 128	$ 68,348	$ 376,401	(806)	$ (24,999)	$ (26,093)	$ 393,785
Net income	—	—	—	46,223	—	—	—	46,223
Foreign currency translation adjustments	—	—	—	—	—	—	(986)	(986)
Stock-based compensation	—	—	957	—	—	—	—	957
Shares withheld in lieu of employee tax withholding	—	—	—	—	—	—	—	—
Issuance of restricted stock	—	—	—	—	—	—	—	—
Dividends	—	—	—	(3,240)	—	—	—	(3,240)
Balance, June 30, 2024	12,794	$ 128	$ 69,305	$ 419,384	(806)	$ (24,999)	$ (27,079)	$ 436,739

The accompanying notes are an integral part of these condensed consolidated financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(In thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income/(Loss)	Totals
	Shares	Amount			Shares	Amount		
Balance, September 30, 2022	12,588	$ 126	$ 67,439	$ 283,638	(806)	$ (24,999)	$ (28,998)	$ 297,206
Net income	—	—	—	1,162	—	—	—	1,162
Foreign currency translation adjustments	—	—	—	—	—	—	2,178	2,178
Stock-based compensation	53	—	1,307	—	—	—	—	1,307
Shares withheld in lieu of employee tax withholding	—	—	(423)	—	—	—	—	(423)
Dividends	—	—	131	(3,307)	—	—	—	(3,176)
Gain on cash flow commodity hedge	—	—	—	—	—	—	218	218
Balance, December 31, 2022	12,641	$ 126	$ 68,454	$ 281,493	(806)	$ (24,999)	$ (26,602)	$ 298,472
Net income	—	—	—	8,473	—	—	—	8,473
Foreign currency translation adjustments	—	—	—	—	—	—	427	427
Stock-based compensation	26	—	1,650	—	—	—	—	1,650
Shares withheld in lieu of employee tax withholding	—	—	(159)	—	—	—	—	(159)
Dividends	—	—	10	(3,189)	—	—	—	(3,179)
Gain on cash flow commodity hedge	—	—	—	—	—	—	111	111
Balance, March 31, 2023	12,667	$ 126	$ 69,955	$ 286,777	(806)	$ (24,999)	$ (26,064)	$ 305,795
Net income	—	—	—	18,454	—	—	—	18,454
Foreign currency translation adjustments	—	—	—	—	—	—	2,089	2,089
Stock-based compensation	—	—	958	—	—	—	—	958
Shares withheld in lieu of employee tax withholding	—	—	—	—	—	—	—	—
Issuance of restricted stock	—	—	—	—	—	—	—	—
Dividends	—	—	—	(3,191)	—	—	—	(3,191)
Loss on cash flow commodity hedge	—	—	—	—	—	—	(35)	(35)
Balance, June 30, 2023	12,667	$ 126	$ 70,913	$ 302,040	(806)	$ (24,999)	$ (24,010)	$ 324,070

The accompanying notes are an integral part of these condensed consolidated financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Nine months ended June 30, 2024	Nine months ended June 30, 2023
Operating Activities:		
Net income	$ 103,796	$ 28,090
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,074	6,500
Stock-based compensation	3,820	3,914
Unrealized mark-to-market gain on derivative contracts	(113)	—
Bad debt expense, net	294	36
Deferred income taxes	(148)	(2,551)
Changes in operating assets and liabilities:		
Accounts receivable, net	33,099	(96,986)
Contract assets and liabilities, net	(27,304)	178,161
Inventories	(21,254)	(15,304)
Income taxes	1,037	(11)
Prepaid expenses and other current assets	(374)	(1,981)
Accounts payable	22,415	(249)
Accrued liabilities	(4,337)	3,528
Other, net	(1,353)	2,167
Net cash provided by operating activities	114,652	105,314
Investing Activities:		
Purchases of short-term investments	(27,537)	(18,789)
Maturities of short-term investments	18,312	7,385
Purchases of property, plant and equipment	(3,527)	(4,006)
Purchase of intangible assets	(250)	—
Proceeds from sale of property, plant and equipment	26	12
Net cash used in investing activities	(12,976)	(15,398)
Financing Activities:		
Shares withheld in lieu of employee tax withholding	(6,476)	(582)
Dividends paid	(9,475)	(9,292)
Net cash used in financing activities	(15,951)	(9,874)
Net increase in cash and cash equivalents	85,725	80,042
Effect of exchange rate changes on cash and cash equivalents	412	1,359
Cash and cash equivalents at beginning of period	245,875	101,954
Cash and cash equivalents at end of period	$ 332,012	$ 183,355

The accompanying notes are an integral part of these condensed consolidated financial statements.

A. Overview and Summary of Significant Accounting Policies

Overview

Powell Industries, Inc. (we, us, our, Powell or the Company) is a Delaware corporation founded by William E. Powell in 1947. Our major subsidiaries, all of which are wholly owned, include Powell Electrical Systems, Inc.; Powell (UK) Limited; Powell Canada Inc.; and Powell Industries International, B.V.

We develop, design, manufacture and service custom-engineered equipment and systems that distribute, control and monitor the flow of electrical energy and provide protection to motors, transformers and other electrically powered equipment. We are headquartered in Houston, Texas, and serve the oil and gas and petrochemical markets that include onshore and offshore production, hydrogen, carbon capture, liquefied natural gas (LNG) facilities and terminals, pipelines, refineries and petrochemical plants. Additional markets include electric utility, light rail traction power, and commercial and other industrial markets that include end markets such as data centers, mining and metals, and pulp and paper.

Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of Powell and our wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial information. Certain information and footnote disclosures, normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP), have been condensed or omitted pursuant to those rules and regulations. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the financial position, results of operations and cash flows with respect to the interim condensed consolidated financial statements have been included. The results of operations for the interim periods are not necessarily indicative of the results for the entire fiscal year. We believe that these financial statements contain all adjustments necessary so that they are not misleading.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of Powell and its subsidiaries included in Powell's Annual Report on Form 10-K for the year ended September 30, 2023, which was filed with the Securities and Exchange Commission (SEC) on December 6, 2023.

References to Fiscal 2024 and Fiscal 2023 used throughout this report shall mean the current fiscal year ending September 30, 2024 and the prior fiscal year ended September 30, 2023, respectively.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying footnotes. The most significant estimates used in our condensed consolidated financial statements affect revenue recognition and estimated cost recognition on our customer contracts, allowance for credit losses, provision for excess and obsolete inventory, warranty accruals and income taxes. The amounts recorded for warranties, legal, income taxes, impairment of long-lived assets (when applicable), liquidated damages and other contingent liabilities require judgments regarding the amount of expenses that will ultimately be incurred. We base our estimates on historical experience, forecasts and various other assumptions, as well as the specific circumstances surrounding these contingent liabilities, in evaluating the amount of liability that should be recorded. Additionally, the basis for recognition of deferred tax assets requires estimates related to future income and other assumptions regarding timing and future profitability because the ultimate realization of net deferred tax assets is dependent on the generation of future taxable income during periods in which temporary differences become deductible. Estimates routinely change as new events occur, additional information becomes available or operating environments change. Actual results may differ from our prior estimates.

Accounting Standards Updates and Disclosure Rules Issued but Not Yet Adopted

In November 2023, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires that public entities disclose significant segment expenses that are regularly provided to the chief operating decision maker (CODM) on an annual and interim basis. It also requires that public entities disclose the title and position of the CODM and an explanation of how the CODM uses the reported measures in assessing segment performance and resource allocation. Additionally, it requires that all existing annual disclosures about segment profit or loss and assets must be provided on an interim basis and clarifies that single reportable segment entities are subject to the disclosure requirement under Topic 280 in its entirety. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years beginning after December 15, 2024. A public entity should apply ASU 2023-07 retrospectively to all prior periods presented in the financial statements. Early adoption is permitted. We are currently evaluating the impacts of the new standard.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which enhances the transparency of income tax disclosures. It requires greater disaggregation of information in the tax rate reconciliation and income taxes paid disaggregated by jurisdiction. This ASU is effective for fiscal years beginning after December 15, 2024, and should be applied on a prospective basis. Retrospective application and early adoption are permitted. We are currently evaluating the impacts of the new standard.

In March 2024, the SEC adopted final rules designed to enhance and standardize disclosures related to the risks and impacts of climate-related matters. The final rules require registrants to disclose certain climate-related information in registration statements and annual reports. Such information relates to climate-related risks and risk management processes for, and governance and oversight activities of such risks. The final rules also include requirements to disclose the financial effects of severe weather events and other natural conditions in the audited financial statements. In addition, larger registrants will be required to disclose information about greenhouse gas emissions, which will be subject to a phased-in assurance requirement. These disclosure requirements will be effective for the Company's fiscal year beginning October 1, 2025. In April 2024, the SEC voluntarily stayed the final rules as a result of pending legal challenges. We are currently evaluating the impacts of the final rules on our consolidated financial statements and related disclosures.

B. Earnings Per Share

We compute basic earnings per share by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per common and potential common share include the weighted average of additional shares associated with the incremental effect of dilutive restricted stock and restricted stock units.

The following table reconciles basic and diluted weighted average shares used in the computation of earnings per share (in thousands, except per share data):

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net income	$ 46,223	$ 18,454	$ 103,796	$ 28,090
Denominator:				
Weighted average basic shares	11,998	11,889	11,977	11,876
Dilutive effect of restricted stock and restricted stock units	207	251	203	230
Weighted average diluted shares	12,205	12,140	12,180	12,106
Earnings per share:				
Basic	$ 3.85	$ 1.55	$ 8.67	$ 2.37
Diluted	$ 3.79	$ 1.52	$ 8.52	$ 2.32

C. Detail of Selected Balance Sheet Accounts

Inventories

The components of inventories are summarized below (in thousands):

	June 30, 2024	September 30, 2023
Raw materials, parts and sub-assemblies	$ 90,839	$ 68,631
Work-in-progress	1,362	1,379
Provision for excess and obsolete inventories	(7,062)	(6,145)
Total inventories	$ 85,139	$ 63,865

Property, Plant and Equipment

Property, plant and equipment are summarized below (in thousands):

	June 30, 2024	September 30, 2023
Land	$ 21,563	$ 21,526
Buildings and improvements	123,687	121,454
Machinery and equipment	95,064	92,477
Furniture and fixtures	3,795	3,726
Construction in process	2,427	4,129
	$ 246,536	$ 243,312
Less: Accumulated depreciation	(150,068)	(145,687)
Total property, plant and equipment, net	$ 96,468	$ 97,625

There were no assets under finance lease as of June 30, 2024 or September 30, 2023.

Intangible Asset

In December 2023, we acquired intellectual property for a total consideration of $0.5 million, of which $250 thousand was paid in cash at the acquisition date.

Accrued Product Warranty

Activity in our product warranty accrual consisted of the following (in thousands):

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Balance at beginning of period	$ 4,568	$ 2,711	$ 3,305	$ 2,345
Increase to warranty expense	2,077	1,241	5,071	2,931
Deduction for warranty charges	(1,412)	(760)	(3,154)	(2,095)
Change due to foreign currency translation	(7)	10	4	21
Balance at end of period	$ 5,226	$ 3,202	$ 5,226	$ 3,202

D. Revenue

Revenue Recognition

Our revenues are primarily generated from the manufacturing of custom-engineered products and systems under long-term fixed-price contracts under which we agree to manufacture various products such as traditional and arc-resistant distribution switchgear and control gear, medium-voltage circuit breakers, monitoring and control communications systems, motor control centers, switches and bus duct systems. These products may be sold separately as an engineered solution but are typically integrated into custom-built enclosures which we also build. These enclosures are referred to as power control room substations (PCRs®), custom-engineered modules or electrical houses (E-Houses). Some contracts may also include the installation and the commissioning of these enclosures.

Revenue from these contracts is generally recognized over time utilizing the cost-to-cost method. Under the cost-to-cost method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. We believe that this method is the most accurate representation of our performance because it directly measures the value of the services transferred to the customer over time as we incur costs on our contracts. Contract costs include all direct materials, labor and indirect costs related to contract performance, which may include indirect labor, supplies, tools, repairs and depreciation costs.

We also have contracts to provide field service inspection, installation, commissioning, modification, and repair services, as well as retrofit and retrofill components for existing systems. If the service contract terms give us the right to invoice the customer for an amount that corresponds directly with the value of our performance completed to date (i.e., a service contract in which we bill a fixed amount for each hour of service provided), then we recognize revenue over time in each reporting period corresponding to the amount that we have the right to invoice. Our performance obligations are satisfied as the work progresses. Revenues from our custom-engineered products and value-added services transferred to customers over time accounted for approximately 96% and 95% of revenues for the three and nine months ended June 30, 2024, respectively, and approximately 94% and 93% of revenues for the three and nine months ended June 30, 2023, respectively.

We also have sales orders for spare parts and replacement circuit breakers for switchgear that are obsolete or that are no longer produced by the original manufacturer. Revenues from these sales orders are recognized at the time we fulfill our performance obligation to the customer, which is typically upon shipment and represented approximately 4% and 5% of revenues for the three and nine months ended June 30, 2024, respectively, and approximately 6% and 7% of revenues for the three and nine months ended June 30, 2023, respectively.

Additionally, some contracts may contain a cancellation clause that could limit the amount of revenue we are able to recognize over time. In these instances, revenue and costs associated with these contracts are deferred and recognized at a point in time when the performance obligation is fulfilled.

Selling and administrative costs incurred in relation to obtaining a contract are typically expensed as incurred. We periodically utilize a third-party sales agent to obtain a contract and will pay a commission to that agent. We record the full commission liability to the third-party sales agents at the order date, with a corresponding deferred asset. As the project progresses, we record commission expense based on percentage of completion rates that correlate to the project and reduce the deferred asset. Once we have been paid by the customer, we pay the commission and the deferred liability is reduced.

Performance Obligations

A performance obligation is a promise in a contract or with a customer to transfer a distinct good or service. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue as the performance obligations are satisfied. To determine the proper revenue recognition for contracts, we evaluate whether a contract should be accounted for as more than one performance obligation or, less commonly, whether two or more contracts should be combined and accounted for as one performance obligation. This evaluation of performance obligations requires significant judgment. The majority of our contracts have a single performance obligation where multiple engineered products and services are combined into a single custom-engineered solution. Our contracts include a standard one-year assurance warranty. Occasionally, we provide service-type warranties that will extend the warranty period. These extended warranties qualify as a separate performance obligation, and revenue is deferred and recognized over the warranty period. If we determine during the evaluation of the contract that there are multiple performance obligations, we allocate the transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract.

Remaining unsatisfied performance obligations, which we refer to as backlog, represent the estimated transaction price for goods and services for which we have a material right, but work has not been performed. As of June 30, 2024, we had backlog of $1.3 billion, of which approximately $841 million is expected to be recognized as revenue within the next twelve months.

Backlog may not be indicative of future operating results as orders may be cancelled or modified by our customers. Our backlog does not include service and maintenance-type contracts for which we have the right to invoice as services are performed.

Contract Estimates

Actual revenues and project costs may vary from previous estimates due to changes in a variety of factors. The cost estimation process is based upon the professional knowledge and experience of our engineers, project managers and financial professionals. Factors that are considered in estimating the work to be completed and ultimate contract recovery include the availability and productivity of labor, the nature and complexity of the work to be performed, the availability of materials, and the effect of any delays on our project performance. We periodically review our job performance, job conditions, estimated profitability and final contract settlements, including our estimate of total costs and make revisions to costs and income in the period in which the revisions are probable and reasonably estimable. We bear the risk of cost overruns in most of our contracts, which may result in reduced profits. Whenever revisions of estimated contract costs and contract values indicate that the contract costs will exceed estimated revenues, thus creating a loss, a provision for the total estimated loss is recorded in that period.

For the nine months ended June 30, 2024 and 2023, our operating results were positively impacted by $14.2 million and $13.2 million, respectively, as a result of net changes in contract estimates related to projects in progress at the beginning of the respective period. These changes in estimates resulted primarily from favorable project execution, reduced cost estimates and negotiations of variable consideration, discussed below, as well as revenue recognized from project cancellations and other changes in facts and circumstances during these periods. Project cancellations on two projects increased gross profit for the nine months ended June 30, 2023 by $3.4 million. Gross unfavorable changes in contract estimates were immaterial for both the nine months ended June 30, 2024 and 2023.

Variable Consideration

It is common for our long-term contracts to contain variable consideration that can either increase or decrease the transaction price. Due to the nature of our contracts, estimating total cost and revenue can be complex and subject to variability due to change orders, back charges, spare parts, early completion bonuses, customer allowances and liquidated damages. We estimate the amount of variable consideration based on the expected value method, which is the sum of the probability-weighted amounts, or the most likely amount method which uses various factors including experience with similar transactions and assessment of our anticipated performance. Variable consideration is included in the transaction price if legally enforceable and to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur once the uncertainty associated with the variable consideration is resolved.

Contract Modifications

Contracts may be modified for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new or changes the enforceable rights and obligations under the contract. Most of our contract modifications are for goods and services that are not distinct from the existing performance obligation. Contract modifications result in a cumulative catch-up adjustment to revenue based on our measure of progress for the performance obligation.

Contract Balances

The timing of revenue recognition, billings and cash collections affects accounts receivable, contract assets and contract liabilities in our Condensed Consolidated Balance Sheets.

Contract assets are recorded when revenues are recognized in excess of amounts billed for fixed-price contracts as determined by the billing milestone schedule. Contract assets are transferred to accounts receivable when billing milestones have been met, or we have an unconditional right to payment.

Contract liabilities typically represent advance payments from contractual billing milestones and billings in excess of revenue recognized. It is unusual to have advanced milestone payments with a term greater than one year, which could represent a financing component of the contract.

Our contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period and are generally classified as current.

Contract assets and liabilities as of June 30, 2024 and September 30, 2023 are summarized below (in thousands):

	June 30, 2024	September 30, 2023
Contract assets	$ 90,955	$ 60,621
Contract liabilities	(282,924)	(279,796)
Net contract liability	$ (191,969)	$ (219,175)

Our net contract billing position remained a net liability at both June 30, 2024 and September 30, 2023, primarily due to favorable contract billing milestones. We typically allocate a significant percentage of the progress billing to the early stages of the contract. To determine the amount of revenue recognized during the period from contract liabilities, we first allocate revenue to the individual contract liability balance outstanding at the beginning of the period until the revenue exceeds that balance. During the nine months ended June 30, 2024, we recognized revenue of $228.9 million that was related to contract liabilities outstanding at September 30, 2023.

The timing of our invoice process is typically dependent on the completion of certain milestones and contract terms and subject to agreement by our customer. Payment is typically expected within 30 days of invoice. Any uncollected invoiced amounts for our performance obligations recognized over time, including contract retentions, are recorded as accounts receivable in the Condensed Consolidated Balance Sheets. Certain contracts allow customers to withhold a small percentage of billings pursuant to retainage provisions, and such amounts are generally due upon completion of the contract and acceptance of the project by the customer. Based on our experience in recent years, the majority of these retainage balances are expected to be collected within approximately twelve months. As of June 30, 2024 and September 30, 2023, we had retention amounts of $6.6 million and $7.4 million, respectively. Of the retained amount at June 30, 2024, $5.9 million is expected to be collected in the next twelve months and is recorded in accounts receivable. The remaining $0.7 million is recorded in other assets.

Disaggregation of Revenue

The following tables present our disaggregated revenue by geographic destination and market sector for the three and nine months ended June 30, 2024 and 2023 (in thousands):

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
United States	$ 243,744	$ 153,258	$ 620,537	$ 387,531
Canada	29,695	21,765	74,205	62,255
Europe	9,464	8,038	24,261	20,125
Middle East and Africa	2,322	3,966	8,400	10,396
Mexico, Central and South America	1,962	3,000	6,778	5,457
Asia/Pacific	981	2,338	3,112	4,903
Total revenues by geographic destination	$ 288,168	$ 192,365	$ 737,293	$ 490,667

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Oil and gas (excludes petrochemical)	$ 114,336	$ 73,452	$ 301,792	$ 179,560
Petrochemical	56,784	21,995	135,221	70,372
Electric utility	57,009	43,824	145,214	114,899
Commercial and other industrial	42,044	35,527	101,610	74,846
Light rail traction power	5,322	7,143	14,184	21,532
All others	12,673	10,424	39,272	29,458
Total revenues by market sector	$ 288,168	$ 192,365	$ 737,293	$ 490,667

E. Long-Term Debt

U.S. Revolver

On October 4, 2023, we entered into a third amendment (the Third Amendment) to our credit agreement with Bank of America, N.A. (as amended, the U.S. Revolver). The Third Amendment added Texas Capital Bank as Syndication Agent and a lender, increased the amount of the revolving line of credit from $125.0 million to $150.0 million, and extended the expiry date to October 4, 2028. The aggregate commitment of $150.0 million consists of $100.0 million committed by Bank of America and $50.0 million committed by Texas Capital Bank. As amended by the Third Amendment, the lesser of (a) $60 million, (b) 60% of available cash, and (c) the aggregate face amount of the issued but undrawn letters of credit that are not cash-secured, shall be deducted from consolidated funded indebtedness, when calculating the consolidated net leverage ratio. We have the option to cash collateralize all or a portion of the letters of credit outstanding, which would favorably impact the consolidated funded indebtedness calculation and the consolidated net leverage ratio. On June 26, 2024, in connection with the expected discontinuation of the publication of the Canadian Dollar Offered Rate (CDOR), we further amended the U.S. Revolver by entering into a Canadian benchmark replacement conforming changes amendment with Bank of America, N.A. that added and amended certain terms related to the replacement of the CDOR as a benchmark rate with the forward-looking term rate based on the Canadian Overnight Repo Rate Average.

As of June 30, 2024, there were no amounts borrowed under the U.S. Revolver, and letters of credit outstanding were $68.4 million. There was $81.6 million available for the issuance of letters of credit and borrowings under the U.S. Revolver as of June 30, 2024.

As of June 30, 2024, we were in compliance with all of the financial covenants of the U.S. Revolver.

F. Commitments and Contingencies

Letters of Credit, Bank Guarantees and Bonds

Certain customers require us to post letters of credit, bank guarantees or surety bonds. These security instruments assure that we will perform under the terms of our contract. In the event of default, the counterparty may demand payment from the bank under a letter of credit or bank guarantee, or performance by the surety under a bond. To date, there have been no significant draws or claims related to security instruments for the periods reported. We were contingently liable for letters of credit of $68.4 million as of June 30, 2024. We also had surety bonds totaling $422.1 million that were outstanding, with additional bonding capacity of $777.9 million available, at June 30, 2024. We have strong surety relationships; however, a change in market conditions or the sureties' assessment of our financial position could cause the sureties to require cash collateralization for undischarged liabilities under the bonds.

We have a $19.0 million facility agreement (Facility Agreement) between Powell (UK) Limited and a large international bank that provides Powell (UK) Limited the ability to enter into bank guarantees as well as forward exchange contracts and currency options. At June 30, 2024, we had outstanding guarantees totaling $6.4 million, with an additional capacity of $12.6 million available under this Facility Agreement. The Facility Agreement provides for customary events of default and carries cross-default provisions with the U.S. Revolver. If an event of default (as defined in the Facility Agreement) occurs and is continuing, per the terms and subject to the conditions set forth therein, obligations outstanding under the Facility Agreement may be accelerated and declared immediately due and payable. Additionally, we are required to maintain cash collateral for guarantees greater than two years. As of June 30, 2024, we were in compliance with all of the financial covenants of the Facility Agreement.

Litigation

We are involved in various legal proceedings, claims and other disputes arising from our commercial operations, projects, employees and other matters which, in general, are subject to uncertainties and for which the outcomes are not predictable. Although we can give no assurances about the resolution of pending claims, litigation or other disputes, and the effect such outcomes may have on us, management believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided or covered by insurance, will not have a material adverse effect on our consolidated financial position or results of operations or liquidity.

Liquidated Damages

Certain of our customer contracts have schedule and performance obligation clauses that, if we fail to meet them, could require us to pay liquidated damages. Each individual contract defines the conditions under which the customer may make a claim against us. As of June 30, 2024, certain contracts had a probable exposure to liquidated damages claims of $2.5 million, which could possibly increase to $2.8 million under certain circumstances. Based on our actual or projected failure to meet these various contractual commitments, $1.7 million has been recorded as a reduction to revenue. We will attempt to obtain change orders, contract extensions or accelerate project completion, which may resolve the potential for any unrecorded liquidated damages claims. Should we fail to achieve relief on some or all of these contractual obligations, we could be required to pay additional liquidated damages, which could negatively impact our future operating results.

G. Stock-Based Compensation

Refer to our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 for a full description of our existing stock-based compensation plans.

Restricted Stock Units

We issue restricted stock units (RSUs) to certain officers and key employees of the Company. The fair value of the RSUs is based on the price of our common stock as reported on the NASDAQ Global Market on the grant dates. Typically, these grants vest over a three-year period from the date of issuance and are a blend of time-based and performance-based shares. The portion of the grant that is time-based typically vests over a three-year period on each anniversary of the grant date, based on continued employment. The performance-based shares vest based on the three-year earnings and safety performance of the Company following the grant date. At June 30, 2024, there were 194,981 RSUs outstanding. The RSUs do not have voting rights but do receive dividend equivalents upon vesting which are accrued quarterly. Additionally, the shares of common stock underlying the RSUs are not considered issued and outstanding until vested and common stock is issued.

Total RSU activity (number of shares) for the nine months ended June 30, 2024 is summarized below:

	Number of Restricted Stock Units	Weighted Average Grant Value Per Share
Outstanding at September 30, 2023	292,497	$ 22.90
Granted	44,670	89.23
Vested	(141,261)	26.02
Forfeited/canceled	(925)	120.02
Outstanding at June 30, 2024	194,981	$ 35.38

During both the nine months ended June 30, 2024 and 2023, we recorded compensation expense of $3.4 million related to the RSUs.

Restricted Stock

In December 2023, the Company's Compensation and Human Capital Committee revised the non-employee directors' annual restricted stock compensation from a fixed-shares arrangement to a fixed-value arrangement, retrospectively effective on October 1, 2023. Prior to October 1, 2023, each non-employee director received 2,400 restricted shares of the Company’s common stock annually. Fifty percent of the restricted stock granted to each of our non-employee directors vested immediately, while the remaining fifty percent vested on the anniversary of the grant date. Compensation expense was recognized immediately for the first fifty percent of the restricted stock granted, while compensation expense for the remaining fifty percent was recognized over the remaining vesting period. Subsequent to October 1, 2023, each non-employee director shall receive restricted shares of the Company's common stock valued at $0.1 million annually. The number of granted shares is calculated by dividing the $0.1 million by the average of high and low prices of our common stock on the grant date. The shares shall vest on the earlier of the grant anniversary date or the date of the next annual meeting of stockholders, whichever occurs first. In February 2024, 4,620 shares of restricted stock were issued to our non-employee directors at a price of $153.81 per share. During the nine months ended June 30, 2024 and 2023, we recorded compensation expense of $0.4 million and $0.5 million, respectively, related to restricted stock.

H. Fair Value Measurements

We measure certain financial assets and liabilities at fair value. Fair value is defined as an "exit price," which represents the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in valuing an asset or liability. The accounting guidance requires the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. As a basis for considering such assumptions and inputs, a fair value hierarchy has been established which identifies and prioritizes three levels of inputs to be used in measuring fair value.

The three levels of the fair value hierarchy are as follows:

Level 1 — Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs other than the quoted prices in active markets that are observable either directly or indirectly, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market data and require the reporting entity to develop its own assumptions.

The following table summarizes the fair value of our assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2024 (in thousands):

	Fair Value Measurements at June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at June 30, 2024
Assets:				
Cash and cash equivalents	$ 332,012	$ —	$ —	$ 332,012
Short-term investments	42,033	—	—	42,033
Rabbi trust assets	—	11,764	—	11,764
Liabilities:				
Deferred compensation	—	11,436	—	11,436

The following table summarizes the fair value of our assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2023 (in thousands):

	Fair Value Measurements at September 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at September 30, 2023
Assets:				
Cash and cash equivalents	$ 245,875	$ —	$ —	$ 245,875
Short-term investments	33,134	—	—	33,134
Rabbi trust assets	—	9,117	—	9,117
Liabilities:				
Deferred compensation	—	9,145	—	9,145

Fair value guidance requires certain fair value disclosures be presented in both interim and annual reports. The estimated fair value amounts of financial instruments have been determined using available market information and valuation methodologies described below.

Cash and cash equivalents – Cash and cash equivalents, primarily funds held in money market savings instruments, are reported at their current carrying value, which approximates fair value due to the short-term nature of these instruments and are included in cash and cash equivalents in our Condensed Consolidated Balance Sheets.

Short-term investments – Short-term investments include time deposits with original maturities of three months or more.

Rabbi trust assets and deferred compensation – We hold investments in an irrevocable rabbi trust for our deferred compensation plan. The assets are primarily related to company-owned life insurance policies and are included in other assets in the accompanying Condensed Consolidated Balance Sheets. Because the mutual funds and company-owned life insurance policies are combined in the plan, they are categorized as Level 2 in the fair value measurement hierarchy. The deferred compensation liability represents the investment options that the plan participants have designated to serve as the basis for measurement of the notional value of their accounts. Because the deferred compensation liability is intended to offset the plan assets, it is also categorized as Level 2 in the fair value measurement hierarchy.

There were no transfers between levels within the fair value measurement hierarchy during the quarter ended June 30, 2024.

I. Leases

Our leases consist primarily of office and construction equipment. All of our future lease obligations are related to non-cancelable operating leases. The following table provides a summary of lease cost components for the three and nine months ended June 30, 2024 and 2023, respectively (in thousands):

	Three months ended June 30,		Nine months ended June 30,	
Lease Cost	2024	2023	2024	2023
Operating lease cost	$ 237	$ 391	$ 742	$ 1,147
Less: sublease income	—	(163)	—	(487)
Variable lease cost[(1)]	31	93	84	288
Short-term lease cost[(2)]	754	669	1,798	1,486
Total lease cost	$ 1,022	$ 990	$ 2,624	$ 2,434

[(1)] Variable lease cost represents common area maintenance charges related to our Canadian office space lease.
[(2)] Short-term lease cost includes leases and rentals with initial terms of one year or less.

We recognize operating lease assets and operating lease liabilities representing the present value of the remaining lease payments for leases with initial terms greater than twelve months. Leases with initial terms of twelve months or less are not recorded in our Condensed Consolidated Balance Sheets. The following table provides a summary of the operating lease assets and operating lease liabilities included in our Condensed Consolidated Balance Sheets as of June 30, 2024 and September 30, 2023, respectively (in thousands):

Operating Leases	**June 30, 2024**	**September 30, 2023**
Assets:		
Operating lease assets, net	$ 909	$ 1,436
Liabilities:		
Current operating lease liabilities	482	773
Long-term operating lease liabilities	427	663
Total lease liabilities	$ 909	$ 1,436

The following table provides the maturities of our operating lease liabilities as of June 30, 2024 (in thousands):

	Operating Leases
Remainder of 2024	$ 137
2025	440
2026	197
2027	156
2028	18
Thereafter	—
Total future minimum lease payments	$ 948
Less: present value discount (imputed interest)	(39)
Present value of lease liabilities	$ 909

The weighted average discount rate as of June 30, 2024 was 3.82%. The weighted average remaining lease term was 2.42 years at June 30, 2024.

J. Income Taxes

The calculation of the effective tax rate is as follows (in thousands):

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Income before income taxes	$ 61,796	$ 23,645	$ 135,591	$ 36,232
Income tax provision	15,573	5,191	31,795	8,142
Net income	$ 46,223	$ 18,454	$ 103,796	$ 28,090
Effective tax rate	25 %	22 %	23 %	22 %

Our income tax provision reflects an effective tax rate on pre-tax income of 25% and 23% for the three and nine months ended June 30, 2024, respectively, compared to 22% for both the three and nine months ended June 30, 2023. The effective tax rate for the three and nine months ended June 30, 2024 was favorably impacted by the estimated Research and Development Tax Credit (R&D Tax Credit). The effective tax rate for the nine months ended June 30, 2024 was also favorably impacted by discrete items primarily related to the vesting of RSUs. These items were offset by an income inclusion related to U.S. global intangible income and the tax expense related to certain nondeductible expenses. The effective tax rate for the three and nine months ended June 30, 2023 approximated the U.S. federal statutory rate and was favorably impacted by the estimated R&D Tax Credit and the projected utilization of net operating loss carryforwards in the U.K. that had been fully reserved with a valuation allowance. The favorable impacts were offset by state income tax expense, certain nondeductible expenses and an income inclusion related to U.S. global intangible income.

K. Subsequent Events

Cash Acquisition of Property, Plant and Equipment

On July 1, 2024, we acquired land and buildings in Houston, Texas, for a total cash purchase price of approximately $5.5 million to help further facilitate executing the current backlog as well as planning for modest future volume growth.

Hurricane Beryl

During the second week of July 2024, operations across our three facilities located in Houston, Texas, experienced a temporary power outage and subsequent shutdown of our operations resulting from Hurricane Beryl. These facilities resumed limited operations within the same week. We are evaluating the potential financial impact, if any, associated with this event.

Quarterly Dividend Declared

On July 30, 2024, our Board of Directors declared a quarterly cash dividend on our common stock in the amount of $0.2650 per share. The dividend is payable on September 18, 2024 to stockholders of record at the close of business on August 14, 2024.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "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 (the Exchange Act). All statements other than statements of historical fact, included in this report are forward-looking statements. Such forward-looking statements include, but are not limited to, projections and estimates concerning the timing and success of specific projects, our future backlog, revenues, income, acquisitions, liquidity, capital spending, results of operations and financial condition, as well as other statements that are not historical facts contained in or incorporated by reference into this report. Statements that contain words such as "believes," "expects," "anticipates," "intends," "estimates," "continue," "should," "could," "may," "plan," "project," "predict," "potential," "possible," "would," "outlook," "will" or similar expressions are forward-looking statements.

These forward-looking statements speak only as of the date of this report; we disclaim any obligation to update or revise these statements unless required by applicable law, whether as a result of new information, future events or otherwise; and we caution you not to unduly rely on them. We have based these forward-looking statements on expectations and assumptions of management at the time the statements were made. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties that could cause actual results to differ materially from those included in this report, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, but are not limited to, the factors detailed below, elsewhere herein and in our other SEC filings.

Risk Factors Related to our Business and Industry

- Our business is subject to the cyclical nature of the end markets that we serve. This has had, and may continue to have, an adverse effect on our future operating results.
- Our industry is highly competitive.
- Our business requires skilled and unskilled labor, and we may be unable to attract and retain qualified employees.
- Technological innovations may make existing products and production methods obsolete.
- Unforeseen difficulties with expansions, relocations, or consolidations of existing facilities could adversely affect our operations.
- Quality problems with our products could harm our reputation and erode our competitive position.
- Growth and product diversification through strategic acquisitions involve a number of risks.
- We are exposed to risks relating to the use of subcontractors.
- Misconduct by our employees or subcontractors, or a failure to comply with laws or regulations, could harm our reputation, damage our relationships with customers and subject us to criminal and civil enforcement actions.
- Unsatisfactory safety performance may subject us to penalties, negatively impact customer relationships, result in higher operating costs, and negatively impact employee morale and turnover.
- Catastrophic events, including natural disasters, health epidemics, acts of war and terrorism, among others, could disrupt our business.

Risk Factors Related to our Financial Condition and Markets

- Global economic uncertainty and financial market conditions may impact our customer base, suppliers and backlog.
- Our backlog is subject to unexpected adjustments, cancellations and scope reductions and, therefore, may not be a reliable indicator of our future earnings.
- Revenues recognized over time from our fixed-price contracts could result in volatility in our results of operations.
- Many of our contracts contain performance obligations that may subject us to penalties or additional liabilities.
- Fluctuations in the price and supply of materials used to manufacture our products may reduce our profits and could adversely impact our ability to meet commitments to our customers.
- Obtaining surety bonds, letters of credit, bank guarantees, or other financial assurances, may be necessary for us to successfully bid on and obtain certain contracts.
- Failure to remain in compliance with covenants or obtain waivers or amendments under our credit agreement could adversely impact our business.

- We extend credit to customers in conjunction with our performance under fixed-price contracts which subjects us to potential credit risks.
- A significant portion of our revenues may be concentrated among a small number of customers.
- We carry insurance against many potential liabilities, but our management of risk may leave us exposed to unidentified or unanticipated risks.
- Our international operations expose us to risks that are different from, or possibly greater than, the risks we are exposed to domestically and may adversely affect our operations.
- Failures or weaknesses in our internal controls over financial reporting could adversely affect our ability to report on our financial condition and results of operations accurately and/or on a timely basis.

Risk Factors Related to our Common Stock

- Our stock price could decline or fluctuate significantly due to unforeseen circumstances which may be outside of our control. These fluctuations may cause our stockholders to incur losses.
- There can be no assurance that we will declare or pay future dividends on our common stock.

Risk Factors Related to Legal and Regulatory Matters

- Our operations could be adversely impacted by the effects of government regulations.
- Provisions of our charter documents or Delaware law could delay or prevent an acquisition of our company, even if the acquisition would be beneficial to our stockholders, and could make it more difficult to change management.
- Significant developments arising from tariffs and other economic proposals could adversely impact our business.

General Risk Factors

- A failure in our business systems or cybersecurity attacks on any of our facilities, or those of third parties, could adversely affect our business, results of operations and reputation.
- Changes in and compliance with ESG initiatives could adversely impact our business.
- Actual and potential claims, lawsuits and proceedings could ultimately reduce our profitability and liquidity and weaken our financial condition.
- Changes in tax laws and regulations may change our effective tax rate and could have a material effect on our financial results.
- The departure of key personnel could disrupt our business.

Refer to “Risk Factors” in Item 1A of Part I of our Annual Report on Form 10-K for the year ended September 30, 2023, which was filed with the SEC on December 6, 2023. We can provide no assurance that the forward-looking statements contained in this report will occur as expected, and actual results may differ materially from those included in this report.

Investors should note that we announce material financial information in SEC filings, press releases and public conference calls. Based on guidance from the SEC, we may use the Investors section of our website to communicate with investors. It is possible that the financial and other information posted there could be deemed to be material information. The information on our website is not part of, and is not incorporated to this Quarterly Report on Form 10-Q.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our Annual Report on Form 10-K for the fiscal year ended September 30, 2023, which was filed with the SEC on December 6, 2023 and is available on the SEC's website at www.sec.gov.

Overview

We develop, design, manufacture and service custom-engineered equipment and systems that distribute, control and monitor the flow of electrical energy and provide protection to motors, transformers and other electrically powered equipment. We are headquartered in Houston, Texas, and serve the oil and gas and petrochemical markets that include onshore and offshore production, hydrogen, carbon capture, liquefied natural gas (LNG) facilities and terminals, pipelines, refineries and petrochemical plants. Additional markets include electric utility, light rail traction power, and commercial and other industrial markets that include end markets such as data centers, mining and metals, and pulp and paper. Revenues and costs are primarily related to custom engineered-to-order equipment and systems and are accounted for under percentage-of-completion accounting, which precludes us from providing detailed price and volume information. Our backlog includes various projects that typically take a number of months to produce.

The markets in which we participate are capital-intensive and cyclical in nature. Cyclicality is predominantly driven by customer demand, global economic and geopolitical conditions and anticipated environmental, safety or regulatory changes that affect the manner in which our customers proceed with capital investments. Our customers analyze various factors, including the demand and price for oil, gas and electrical energy, the overall economic and financial environment, governmental budgets, regulatory actions and environmental concerns. These factors influence the release of new capital projects by our customers, which are traditionally awarded in competitive bid situations. Scheduling of projects is matched to customer requirements, and projects typically take a number of months to produce. Schedules may change during the course of any particular project, and our operating results can, therefore, be impacted by factors outside of our control.

Within the industrial sector, specifically oil, gas and petrochemical, the demand for our electrical distribution solutions is very cyclical and closely correlated to the level of capital expenditures of our end-user customers as well as prevailing global economic conditions. The North American market is responding to increased international demand for LNG and gas-to-chemical processes utilizing low-cost gas feedstocks. As a result, we have been awarded a number of large LNG and petrochemical contracts in Fiscal 2023 that positively impact our backlog in Fiscal 2024.

One element of our strategic focus is to strengthen our project portfolio beyond our core oil, gas and petrochemical end market sectors. Diversification efforts have resulted in growth in our backlog across the electric utility and commercial and other industrial sectors in Fiscal 2023 and continuing throughout the first nine months of Fiscal 2024. As of June 30, 2024, our backlog remained at $1.3 billion.

During the third fiscal quarter, we experienced commodity price volatility, in addition to the ongoing supply chain delays for specific engineered components that have been persistent throughout the first nine months of Fiscal 2024. We are working closely with our suppliers to meet our customer commitments. In response to the increased cost environment and supply chain challenges, we strive to effectively manage our product pricing, delivery schedules and bid validity dates with our customers, as well as improve factory efficiencies and project execution.

During the second week of July 2024, operations across our three facilities located in Houston, Texas, experienced a temporary power outage and subsequent shutdown of our operations resulting from Hurricane Beryl. These facilities resumed limited operations within the same week. We are evaluating the potential financial impact, if any, associated with this event.

Results of Operations

Quarter Ended June 30, 2024 Compared to the Quarter Ended June 30, 2023 (Unaudited)

Revenue and Gross Profit

Revenues increased by 50%, or $95.8 million, to $288.2 million in the third quarter of Fiscal 2024, primarily driven by the increase in project backlog resulting from large contracts awarded in Fiscal 2023 and strong bookings throughout the first nine months of Fiscal 2024. Domestic revenues increased by 59%, or $90.5 million, to $243.7 million in the third quarter of Fiscal 2024. International revenues increased by 14%, or $5.3 million, to $44.4 million in the third quarter of Fiscal 2024. Our international revenues include both revenues generated from our international facilities as well as revenues from export projects generated at our domestic facilities.

In the third quarter of Fiscal 2024, revenue from our core oil and gas market (excluding petrochemical) increased by 56%, or $40.9 million, to $114.3 million; petrochemical market revenue increased by 158%, or $34.8 million, to $56.8 million; revenue from our electric utility market increased by 30%, or $13.2 million, to $57.0 million; commercial and other industrial market revenue increased by 18%, or $6.5 million, to $42.0 million; and revenue from all other markets combined increased by 22%, or $2.2 million, to $12.7 million. These increases in revenue were driven by improved market conditions and increased capital spending in our core oil, gas and petrochemical markets, as well as our strategic effort to diversify our business into electric utility and commercial and other industrial markets. Revenue from our light rail traction power market decreased by 25%, or $1.8 million, to $5.3 million in the third quarter of Fiscal 2024 due to less project volume in this market.

Gross profit increased by 92%, or $39.1 million, to $81.7 million for the third quarter of Fiscal 2024. Gross profit as a percentage of revenues increased to 28% in the third quarter of Fiscal 2024, compared to 22% in the third quarter of Fiscal 2023. This increase in gross profit is attributable to the higher volume levels across all of Powell's manufacturing facilities generating favorable volume leverage, strong project execution, and continuing effort to improve factory efficiencies while also managing product pricing that corresponds to current cost levels.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 12%, or $2.3 million, to $22.0 million in the third quarter of Fiscal 2024, primarily due to higher spending on infrastructure improvements. Selling, general and administrative expenses as a percentage of revenues decreased to 8% during the third quarter of Fiscal 2024 compared to 10% during the third quarter of Fiscal 2023, resulting from higher revenues on our existing cost structure.

Income Tax Provision

We recorded an income tax provision of $15.6 million in the third quarter of Fiscal 2024, compared to an income tax provision of $5.2 million in the third quarter of Fiscal 2023. The effective tax rate for the third quarter of Fiscal 2024 was 25%, compared to an effective tax rate of 22% for the third quarter of Fiscal 2023. For each of the three months ended June 30, 2024 and 2023, the effective tax rate was favorably impacted by the estimated Research and Development Tax Credit (R&D Tax Credit). Additionally, in the third quarter of Fiscal 2023, we recognized a benefit related to the projected utilization of net operating loss carryforwards in the United Kingdom (the U.K.) that had been fully reserved with a valuation allowance. For each of the three months ended June 30, 2024 and 2023, these benefits were offset by an income inclusion related to U.S. global intangible income and certain nondeductible expenses.

Net Income

In the third quarter of Fiscal 2024, we recorded net income of $46.2 million, or $3.79 per diluted share, compared to net income of $18.5 million, or $1.52 per diluted share, in the third quarter of Fiscal 2023. This increase in net income was primarily due to the strength and quality of our backlog at the end of Fiscal 2023, as well as strong bookings throughout the first nine months of Fiscal 2024, which has led to an increase in revenue coupled with improved project margins.

Backlog

The order backlog, which is our remaining unsatisfied performance obligations, represents the estimated transaction price for goods and services for which we have a material right, but work has not been performed. The order backlog at June 30, 2024 was $1.3 billion, consistent with our backlog at both March 31, 2024 and June 30, 2023. Bookings, net of cancellations and scope reductions, decreased by 30% in the third quarter of Fiscal 2024 to $356.3 million, compared to $505.4 million in the third quarter of Fiscal 2023. Despite strong bookings in the third quarter of Fiscal 2024, the decrease in bookings was due to a normalization of the oil and gas sector, with fewer large orders awarded in this sector during Fiscal 2024.

Nine Months Ended June 30, 2024 Compared to Nine Months Ended June 30, 2023 (Unaudited)

Revenue and Gross Profit

Revenues increased by 50%, or $246.6 million, to $737.3 million in the nine months ended June 30, 2024, primarily driven by the increase in project backlog resulting from large contracts awarded throughout Fiscal 2023 and strong bookings throughout the first nine months of Fiscal 2024. Domestic revenues increased by 60%, or $233.0 million, to $620.5 million in the nine months ended June 30, 2024. International revenues increased by 13%, or $13.6 million, to $116.8 million in the nine months ended June 30, 2024. Our international revenues include both revenues generated from our international facilities as well as revenues from export projects generated at our domestic facilities.

In the nine months ended June 30, 2024, revenue from our core oil and gas market (excluding petrochemical) increased by 68%, or $122.2 million, to $301.8 million; petrochemical market revenue increased by 92%, or $64.9 million, to $135.2 million; revenue from our electric utility market increased by 26%, or $30.3 million, to $145.2 million; commercial and other industrial market revenue increased by 36%, or $26.8 million, to $101.6 million; and revenue from all other markets combined increased by 33%, or $9.8 million, to $39.3 million. These increases in revenue were driven by improved market conditions and increased capital spending in our core oil, gas and petrochemical markets, as well as our strategic effort to diversify our business into electric utility and commercial and other industrial markets. Revenue from our light rail traction power market decreased by 34%, or $7.3 million, to $14.2 million in the first nine months of Fiscal 2024 due to less project volume in this market.

Gross profit increased by 102%, or $97.1 million, to $192.7 million for the first nine months of Fiscal 2024. Gross profit as a percentage of revenues increased to 26% in the first nine months of Fiscal 2024, compared to 19% in the first nine months of Fiscal 2023. This increase in gross profit is attributable to the higher volume levels across all of Powell's manufacturing facilities generating favorable volume leverage, strong project execution, and continuing effort to improve factory efficiencies while also managing product pricing that corresponds to current cost levels.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 8%, or $4.9 million, to $63.3 million for the nine months ended June 30, 2024, primarily due to increased compensation expense and higher spending on infrastructure improvements. Selling, general and administrative expenses as a percentage of revenues decreased to 9% during the first nine months of Fiscal 2024 compared to 12% during the first nine months of Fiscal 2023, resulting from higher revenues on our existing cost structure.

Income Tax Provision

We recorded an income tax provision of $31.8 million for the nine months ended June 30, 2024, compared to an income tax provision of $8.1 million for the nine months ended June 30, 2023. The effective tax rate for the nine months ended June 30, 2024 was 23%, compared to an effective tax rate of 22% for the nine months ended June 30, 2023. For each of the nine months ended June 30, 2024 and 2023, the effective tax rate was favorably impacted by the estimated R&D Tax Credit. Additionally, in the nine months ended June 30, 2024, we recognized benefits for discrete items primarily related to the vesting of restricted stock units. In the nine months ended June 30, 2023, we recognized a benefit related to the projected utilization of net operating loss carryforwards in the U.K. that had been fully reserved with a valuation allowance. In both periods, these benefits were offset by an income inclusion related to U.S. global intangible income and certain nondeductible expenses.

Net Income

In the nine months ended June 30, 2024, we recorded net income of $103.8 million, or $8.52 per diluted share, compared to net income of $28.1 million, or $2.32 per diluted share, in the nine months ended June 30, 2023. This increase in net income was primarily due to the strength and quality of our backlog at the end of Fiscal 2023, as well as strong bookings throughout the first nine months of Fiscal 2024, which has led to an increase in revenue coupled with improved project margins.

Backlog

The order backlog, which is our remaining unsatisfied performance obligations, represents the estimated transaction price for goods and services for which we have a material right, but work has not been performed. The order backlog at June 30, 2024 was $1.3 billion, consistent with our backlog at September 30, 2023. Bookings, net of cancellations and scope reductions, decreased by 36% during the nine months ended June 30, 2024 to $789.2 million, compared to $1.2 billion during the nine months ended June 30, 2023. Despite strong bookings in the first nine months of Fiscal 2024, the decrease in bookings was due to a normalization of the oil and gas sector with fewer large orders awarded in this sector during Fiscal 2024.

Outlook

Our order activity in most of our core markets remains active and diversification efforts outside of our core oil, gas and petrochemical markets continue to be a positive catalyst. We believe the fundamentals of the U.S. natural gas market, through abundant supply and low cost, will continue to support investments in LNG, related gas processing, and petrochemical processes. We continue to monitor the Biden administration's efforts to pause or limit LNG exports, which may impact the timing of future project activity. We have achieved strong bookings in electric utility and commercial markets through the first nine months of Fiscal 2024 in the U.S., Canada and the U.K., largely driven by the markets where our operations are based. Our backlog remained at $1.3 billion as of June 30, 2024, of which approximately $841 million is expected to be recognized as revenue within the next twelve months. Although current commercial activity remains active in most of the sectors that we compete in, we remain attentive to the macro environment and geopolitical events that may have an impact on future market activity.

Our operating results are impacted by several factors such as the timing of new order awards, project backlog, changes in project cost estimates, customer approval of final engineering specifications and delays in customer construction schedules, all of which contribute to short-term earnings variability and the timing of project execution. Our operating results also have been, and may continue to be, impacted by the timing and resolution of change orders and the resolution of potential contract claims and liquidated damages, all of which could improve or deteriorate gross margins during the period in which these items are resolved with our customers. Disruptions in the global supply chain have negatively impacted and may continue to negatively impact our business and operating results due to the limited supply of, delays for and uncertainty in the timing of the receipt of key component parts and commodities. We continue to remain focused on the variables that impact our markets as well as cost management, labor availability and supply chain challenges.

We have planned capital spending of approximately $11 million on a facility expansion project at our products factory in Houston. We expect to complete the expansion project by mid-Fiscal 2025. Additionally, on July 1, 2024, we acquired land and buildings in Houston, Texas, for $5.5 million to help further facilitate executing the current backlog as well as planning for modest future volume growth.

Liquidity and Capital Resources

As of June 30, 2024, current assets exceeded current liabilities by 1.8 times.

Cash, cash equivalents and short-term investments increased to $374.0 million at June 30, 2024, compared to $279.0 million at September 30, 2023. This increase in cash, cash equivalents and short-term investments was primarily driven by our improved earnings due to increased project margins and volumes, as well as favorable timing of contract billing milestones on many of our large projects. We typically allocate a significant percentage of the progress billing to the early stages of the contract. We believe that our cash, cash equivalents and short-term investments, as well as available borrowings under the U.S. Revolver, will be sufficient to support our future operating activities, working capital requirements, payment of dividends and capital spending, as well as research and development initiatives for the next twelve months and beyond.

On October 4, 2023, we entered into the Third Amendment to the U.S. Revolver. The Third Amendment added Texas Capital Bank as Syndication Agent and a lender, increased the amount of the revolving line of credit from $125.0 million to $150.0 million, and extended the expiry date to October 4, 2028. The aggregate commitment of $150.0 million consists of $100.0 million committed by Bank of America and $50.0 million committed by Texas Capital Bank. As amended by the Third Amendment, the lesser of (a) $60 million, (b) 60% of available cash, and (c) the aggregate face amount of the issued but undrawn letters of credit that are not cash-secured, shall be deducted from consolidated funded indebtedness, when calculating the consolidated net leverage ratio. We have the option to cash collateralize all or a portion of the letters of credit outstanding, which would favorably impact the consolidated funded indebtedness calculation and the consolidated net leverage ratio. On

June 26, 2024, in connection with the expected discontinuation of the publication of the Canadian Dollar Offered Rate (CDOR), we further amended the U.S. Revolver by entering into a Canadian benchmark replacement conforming changes amendment with Bank of America, N.A. that added and amended certain terms related to the replacement of the CDOR as a benchmark rate with the forward-looking term rate based on the Canadian Overnight Repo Rate Average.

As of June 30, 2024, there were no amounts borrowed under the U.S. Revolver, and letters of credit outstanding were $68.4 million. There was $81.6 million available for the issuance of letters of credit and borrowings under the U.S. Revolver as of June 30, 2024. For further information regarding our debt, see Notes E and F of Notes to Condensed Consolidated Financial Statements.

Approximately $76.1 million of our cash, cash equivalents and short-term investments at June 30, 2024 was held outside of the U.S. for our international operations. It is our intention to indefinitely reinvest all current and future foreign earnings internationally in order to ensure sufficient working capital to support our international operations. In the event that we elect to repatriate some or all of the foreign earnings that were previously deemed to be indefinitely reinvested outside the U.S., we may incur additional tax expense upon such repatriation under current tax laws.

Operating Activities

Operating activities provided net cash of $114.7 million during the nine months ended June 30, 2024 and provided net cash of $105.3 million during the same period in Fiscal 2023. Cash flow from operations is primarily influenced by project volume and margins, as well as the associated working capital requirements, the timing of milestone payments from our customers, and payment terms with our suppliers. This increase in operating cash flow was primarily due to higher net income resulting from increased project volume and improved project margins, partially offset by working capital impact as we allocate capital to the projects in the order book.

Investing Activities

Investing activities used $13.0 million during the nine months ended June 30, 2024 and used $15.4 million during the same period in Fiscal 2023. The decrease in cash used in investing activities was primarily due to net purchases of short-term investments of $9.2 million in the first nine months of Fiscal 2024 compared to net purchases of short-term investments of $11.4 million in the same period of Fiscal 2023. In December 2023, we acquired intellectual property for a total consideration of $0.5 million, of which $250 thousand was paid in cash.

Financing Activities

Net cash used in financing activities was $16.0 million during the nine months ended June 30, 2024 and $9.9 million during the same period in Fiscal 2023. The increase in cash used in financing activities was primarily due to cash payments related to shares withheld in lieu of employee tax withholding, largely driven by the significant increase in our share price in the first nine months of Fiscal 2024 compared to the same period of Fiscal 2023.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of our condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis, based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. There can be no assurance that actual results will be consistent with those estimates.

There have been no material changes to our critical accounting policies as disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023, which was filed with the SEC on December 6, 2023.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

There have been no material changes to our market risks as of and for the three and nine months ended June 30, 2024, as compared to the information previously reported under Part II, Item 7A within our Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

Item 4. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

We have established and maintain a system of disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports filed with the SEC pursuant to the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosures.

Management, with the participation of our CEO and CFO, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, our CEO and CFO have each concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 of the Exchange Act that occurred during the third quarter of Fiscal 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. *Legal Proceedings*

We are involved in various legal proceedings, claims and other disputes arising from our commercial operations, projects, employees and other matters which, in general, are subject to uncertainties and for which the outcomes are not predictable. Although we can give no assurances about the resolution of pending claims, litigation or other disputes, and the effect such outcomes may have on us, management believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided or covered by insurance, will not have a material adverse effect on our consolidated financial position or results of operations or liquidity.

Item 1A. *Risk Factors*

There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

Item 5. *Other Information*

Insider Adoption or Termination of Trading Arrangements

During the third fiscal quarter, none of our directors or officers adopted or terminated any "Rule 10b5-1 trading arrangements" or "non-Rule 10b5-1 trading arrangements," as those terms are defined in Regulation S-K, Item 408.

Item 6. *Exhibits*

Number		Description of Exhibits
3.1	—	Certificate of Incorporation of Powell Industries, Inc. filed with the Secretary of State of the State of Delaware on February 11, 2004 (filed as Exhibit 3.1 to our Form 8-A/A filed November 1, 2004, and incorporated herein by reference).
3.2	—	Amended and Restated Bylaws of Powell Industries, Inc. (filed as Exhibit 3.1 to our Form 8-K filed October 12, 2012, and incorporated herein by reference).
3.3	—	Amendment No. 1 to Amended and Restated Bylaws of Powell Industries, Inc. (filed as Exhibit 3.1 to our Form 8-K filed February 26, 2021, and incorporated herein by reference).
*10.1	—	Canadian Benchmark Replacement Conforming Changes Amendment, dated June 26, 2024, by and between the Company, as Borrower, and Bank of America, N.A., as Administrative Agent.
*31.1	—	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).
*31.2	—	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).
**32.1	—	Certification of Chief Executive Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	—	Certification of Chief Financial Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101	—	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets (Unaudited); (ii) Condensed Consolidated Statements of Operations (Unaudited); (iii) Condensed Consolidated Statements of Comprehensive Income (Unaudited); (iv) Condensed Consolidated Statements of Stockholders' Equity (Unaudited); (v) Condensed Consolidated Statements of Cash Flows (Unaudited); and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited), tagged as blocks of text and including detailed tags.
*104	—	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL (included as Exhibit 101).

* Filed herewith
** Furnished herewith

SIGNATURES

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.

POWELL INDUSTRIES, INC.
(Registrant)

Date: July 31, 2024	By:	/s/ Brett A. Cope
		Brett A. Cope President and Chief Executive Officer (Principal Executive Officer)
Date: July 31, 2024	By:	/s/ Michael W. Metcalf
		Michael W. Metcalf Executive Vice President Chief Financial Officer (Principal Financial Officer)

CANADIAN BENCHMARK REPLACEMENT CONFORMING CHANGES AMENDMENT

THIS CANADIAN BENCHMARK REPLACEMENT CONFORMING CHANGES AMENDMENT (this "Agreement"), dated as of June 26, 2024, is entered into among POWELL INDUSTRIES, INC., a Delaware corporation (the "Borrower"), and BANK OF AMERICA, N.A., as administrative agent (the "Administrative Agent").

RECITALS

WHEREAS, the Borrower, the lenders from time to time party thereto (the "Lenders"), and Bank of America, N.A., as Administrative Agent, inter alios, have entered into that certain Amended and Restated Credit Agreement dated as of September 27, 2019 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement");

WHEREAS, certain loans and/or other extensions of credit (the "Alternative Currency Term Rate Loans") under the Credit Agreement denominated in Canadian Dollars incur or are permitted to incur interest, fees, commissions or other amounts based on the Canadian Dollar Offered Rate ("CDOR") in accordance with the terms of the Credit Agreement; and

WHEREAS, CDOR has been or will be replaced with the benchmark set forth in Appendix A in accordance with the Credit Agreement and, in connection therewith, the Administrative Agent is exercising its right to make certain conforming changes in connection with the implementation of the applicable benchmark replacement as set forth herein.

NOW, THEREFORE, in accordance with the terms of the Credit Agreement, this Agreement is entered into by the Administrative Agent and the Borrower:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein (including on any Appendix attached hereto) shall have the meanings provided to such terms in the Credit Agreement, as amended by this Agreement.

2. Agreement. Notwithstanding any provision of the Credit Agreement or any other document related thereto (the "Loan Documents") to the contrary, the terms set forth on Appendix A shall apply to the Alternative Currency Term Rate Loans. For the avoidance of doubt, to the extent provisions in the Credit Agreement apply to Alternative Currency Term Rate Loans and such provisions are not specifically addressed by Appendix A, the provisions in the Credit Agreement shall continue to apply to such Alternative Currency Term Rate Loans.

4. Conflict with Loan Documents. In the event of any conflict between the terms of this Agreement and the terms of the Credit Agreement or the other Loan Documents, the terms hereof shall control.

5. Conditions Precedent. This Agreement shall become effective on the earlier of (i) the date that all Available Tenors of CDOR have either permanently or indefinitely ceased to be provided by RBSL or (ii) June 28, 2024 (such date, the "Amendment Effective Date"), upon proper execution by the Administrative Agent and the Borrower of a counterpart of this Agreement.

6. Notice. As of the Amendment Effective Date, the Administrative Agent hereby notifies the Borrower and the Lenders of (i) the implementation of the Canadian Benchmark Replacement and (ii) the effectiveness of the Canadian Benchmark Replacement Conforming Changes, in each case, pursuant

to this Agreement. To the extent the Credit Agreement requires the Administrative Agent to provide notice that any of the foregoing events has occurred, this Agreement constitutes such notice.

7. Payment of Expenses. The Borrower agrees to reimburse the Administrative Agent for all reasonable fees, charges and disbursements of the Administrative Agent in connection with the preparation, execution and delivery of this Agreement, including all reasonable fees, charges and disbursements of counsel to the Administrative Agent (paid directly to such counsel if requested by the Administrative Agent).

8. Miscellaneous.

(a) The Loan Documents, and the obligations of the Borrower under the Loan Documents, are hereby ratified and confirmed and shall remain in full force and effect according to their terms. This Agreement is a Loan Document.

(b) The Borrower (i) acknowledges and consents to all of the terms and conditions of this Agreement, (ii) affirms all of its obligations under the Loan Documents, (iii) agrees that this Agreement and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Loan Documents, (iv) agrees that the Collateral Documents continue to be in full force and effect and are not impaired or adversely affected in any manner whatsoever, (v) confirms its grant of security interests pursuant to the Collateral Documents to which it is a party as Collateral for the Obligations, and (vi) acknowledges that all Liens granted (or purported to be granted) pursuant to the Collateral Documents remain and continue in full force and effect in respect of, and to secure, the Obligations.

(c) The Borrower represents and warrants that:

(i) The execution, delivery and performance by such Person of this Agreement is within such Person's organizational powers and has been duly authorized by all necessary organizational, partnership, member or other action, as applicable, as may be necessary or required.

(ii) This Agreement has been duly executed and delivered by such Person, and constitutes a valid and binding obligation of such Person, enforceable against it in accordance with the terms hereof, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(iii) The execution and delivery by such Person of this Agreement and performance by such Person of this Agreement have been duly authorized by all necessary corporate or other organizational action, and do not and will not (i) contravene the terms of its certificate or articles of incorporation or organization or other applicable constitutive documents, (ii) conflict with or result in any breach or contravention of, or the creation of any lien under, or require any payment to be made under (x) any contractual obligation to which such Person is a party or affecting such Person or the properties of such Person or any subsidiary thereof or (y) any order, injunction, writ or decree of any governmental authority or any arbitral award to which such Person or any subsidiary thereof or its property is subject or (c) violate any law.

(iv) Before and after giving effect to this Agreement, (A) all representations and warranties of such Person set forth in the Loan Documents are true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality (after giving effect to such materiality qualification)) on and as of the Amendment Effective Date (except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality (after giving effect to such materiality qualification)) as of such earlier date), and (B) no Event of Default exists.

(d) This Agreement may be in the form of an electronic record (in ".pdf" form or otherwise) and may be executed using electronic signatures, which shall be considered as originals and shall have the same legal effect, validity and enforceability as a paper record. This Agreement may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts shall be one and the same Agreement. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent of a manually signed Agreement which has been converted into electronic form (such as scanned into ".pdf" format), or an electronically signed Agreement converted into another format, for transmission, delivery and/or retention.

(e) Any provision of this Agreement held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(f) The terms of the Credit Agreement with respect to governing law, submission to jurisdiction, waiver of venue and waiver of jury trial are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

[remainder of page intentionally left blank]

The Administrative Agent has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

ADMINISTRATIVE AGENT: BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Melanie Brichant
Name: Melanie Brichant
Title: Assistant Vice President

BORROWER: POWELL INDUSTRIES, INC.,
a Delaware corporation

By: /s/ Michael W. Metcalf
Name: Michael W. Metcalf
Title: Executive Vice President and Chief Financial Officer

Appendix A

TERMS APPLICABLE TO ALTERNATIVE CURRENCY TERM RATE LOANS

1. Defined Terms. The following terms shall have the meanings set forth below:

"Administrative Agent's Office" means, with respect to any currency, the Administrative Agent's address and, as appropriate, account specified in the Credit Agreement with respect to such currency, or such other address or account with respect to such currency as the Administrative Agent may from time to time notify the Borrower and the Lenders.

"Alternative Currency Term Rate" means, for any Interest Period, with respect to any extension of credit under the Credit Agreement denominated in Canadian Dollars, the rate per annum equal to the forward-looking term rate based on CORRA ("Term CORRA"), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (in such case, the "Term CORRA Rate") on the Rate Determination Date with a term equivalent to such Interest Period plus the Term CORRA Adjustment for such Interest Period; provided, that, if any Alternative Currency Term Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

"Alternative Currency Term Rate Loan" means a Loan that bears interest at a rate based on the definition of "Alternative Currency Term Rate." All Alternative Currency Term Rate Loans must be denominated in Canadian Dollars.

"Applicable Rate" means the Applicable Rate, Applicable Margin or any similar or analogous definition in the Credit Agreement.

"Base Rate" means the Base Rate, Alternative Base Rate, ABR, Prime Rate or any similar or analogous definition in the Credit Agreement.

"Base Rate Loans" means a Loan that bears interest at a rate based on the Base Rate.

"Borrowing" means a Committed Borrowing, Borrowing, or any similar or analogous definition in the Credit Agreement.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the state where the Administrative Agent's Office is located; provided that:

(a) if such day relates to any interest rate settings as to an Alternative Currency Term Rate Loan, means any such day on which dealings in deposits in Canadian Dollars are conducted by and between banks in the applicable offshore interbank market for such currency; and

(b) if such day relates to any fundings, disbursements, settlements and payments in Canadian Dollars in respect of an Alternative Currency Term Rate Loan, or any other dealings in Canadian Dollars to be carried out pursuant to this Agreement in respect of any such Alternative Currency Term Rate Loan (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

"Canadian Benchmark Replacement" means the Canadian Benchmark Replacement or any similar or analogous definition in the Credit Agreement.

"Canadian Benchmark Replacement Conforming Changes" means, with respect to any Canadian Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Business Day", the definition of "Interest Period", the definition of "Alternative Currency Daily Rate", the definition of "Alternative Currency Term Rate", timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the day basis for calculating interest for Alternative Currency Term Rate Loans, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Canadian Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Canadian Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Canadian Benchmark Transition Event" means the Canadian Benchmark Replacement Transition Event or any similar or analogous definition in the Credit Agreement.

"CDOR Rate" means CDOR, CDOR Rate or any similar or analogous definition in the Credit Agreement.

"CDOR Rate Loans" means a Loan that bears interest at a rate based on the CDOR Rate.

"Committed Loan Notice" means a Committed Loan Notice, Loan Notice, Borrowing Notice, Continuation/Conversion Notice, or any similar or analogous definition in the Credit Agreement, and such term shall be deemed to include the Committed Loan Notice attached hereto as Exhibit A.

"CORRA" means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

"Dollar" and "$" mean lawful money of the United States.

"Dollar Equivalent" means the Dollar Equivalent or any similar or analogous definition in the Credit Agreement.

"Interest Payment Date" means, as to any Alternative Currency Term Rate Loan, the last day of each Interest Period applicable to such Loan and the applicable maturity date set forth in the Credit Agreement; provided, however, that if any Interest Period for an Alternative Currency Term Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates.

"Interest Period" means as to each Alternative Currency Term Rate Loan, the period commencing on the date such Alternative Currency Term Rate Loan is disbursed or converted to or continued as an Alternative Currency Term Rate Loan and ending on the date one or three months thereafter, as selected by the Borrower in its Committed Loan Notice (in the case of each requested Interest Period, subject to availability); provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of an Alternative Currency Term Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period pertaining to an Alternative Currency Term Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the applicable maturity date set forth in the Credit Agreement.

"Rate Determination Date" means two (2) Business Days prior to the commencement of such Interest Period (or such other day as is generally treated as the rate fixing day by market practice in such interbank market, as determined by the Administrative Agent; provided that, to the extent such market practice is not administratively feasible for the Administrative Agent, then "Rate Determination Date" means such other day as otherwise reasonably determined by the Administrative Agent).

"Required Lenders" means the Required Lenders, Requisite Lenders, Majority Lenders or any similar or analogous definition in the Credit Agreement.

"Revaluation Date" means, with respect to any Loan, each of the following: (a) each date of a Borrowing of an Alternative Currency Term Rate Loan, (b) each date of a continuation of an Alternative Currency Term Rate Loan pursuant to the terms of the Credit Agreement, and (c) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require.

"Term CORRA Adjustment" means (i) 0.29547% (29.547 basis points) for an Interest Period of one-month's duration and 0.32138% (32.138 basis points) for an Interest Period of three-months' duration.

"Type" means, with respect to a Loan, its character as an Alternative Currency Term Rate Loan.

2. Terms Applicable to Alternative Currency Term Rate Loans. From and after the Amendment Effective Date, the parties hereto agree as follows, solely with respect to Alternative Currency Term Rate Loans:

(a) Alternative Currencies. (i) Canadian Dollars shall not be considered a currency for which there is a published CDOR Rate, and (ii) any request for a new Loan denominated in Canadian Dollars, or to continue an existing Loan denominated in Canadian Dollars, shall be deemed to be a request for a new Loan bearing interest at the Alternative Currency Term Rate; provided, that, to the extent any Loan bearing interest at the CDOR Rate is outstanding on the

Amendment Effective Date, such Loan shall continue to bear interest at the CDOR Rate until the end of the current Interest Period or payment period applicable to such Loan.

(b) References to CDOR Rate and CDOR Rate Loans in the Credit Agreement and Loan Documents.

(i) References to the CDOR Rate and CDOR Rate Loans in provisions of the Credit Agreement and the other Loan Documents that are not specifically addressed herein (other than the definitions of CDOR Rate and CDOR Rate Loan) shall be deemed to include the Alternative Currency Term Rate, and Alternative Currency Term Rate Loans, as applicable.

(ii) For purposes of any requirement for the Borrower to compensate Lenders for losses in the Credit Agreement resulting from any continuation, conversion, payment or prepayment of any Alternative Currency Term Rate Loan on a day other than the last day of any Interest Period (as defined in the Credit Agreement), references to the Interest Period (as defined in the Credit Agreement) shall be deemed to include any relevant interest payment date or payment period for an Alternative Currency Term Rate Loan.

(c) Borrowings and Continuations of Alternative Currency Term Rate Loans. In addition to any other borrowing requirements set forth in the Credit Agreement:

(i) Alternative Currency Term Rate Loans. Each Borrowing of Alternative Currency Term Rate Loans, and each continuation of a Alternative Currency Term Rate Loan shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by (A) telephone or (B) a Committed Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to the Administrative Agent of a Committed Loan Notice. Each such Committed Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. (Eastern time) three Business Days prior to the requested date of any Borrowing of or any continuation of Alternative Currency Term Rate Loans. Each Borrowing of or continuation of Alternative Currency Term Rate Loans shall be in a principal amount of the Dollar Equivalent of $500,000 or a whole multiple of the Dollar Equivalent of $100,000 in excess thereof. Each Committed Loan Notice shall specify (i) whether the Borrower is requesting a Borrowing or a continuation of Alternative Currency Term Rate Loans, (ii) the requested date of the Borrowing or continuation, as the case may be (which shall be a Business Day), (iii) the currency and principal amount of Loans to be borrowed or continued, (iv) the Type of Loans to be borrowed, (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a currency in a Committed Loan Notice requesting a Borrowing, then the Loans so requested shall be made in Dollars. If the Borrower fails to specify a Type of Loan in a Committed Loan Notice or if such Borrower fails to give a timely notice requesting a continuation, then the applicable Loans shall be made as Base Rate Loans denominated in Dollars; provided, however, that in the case of a failure to timely request a continuation of Alternative Currency Term Rate Loans, such Loans shall be continued as Alternative Currency Term Rate Loans in their original currency with an Interest Period of one (1) month. If the Borrower requests a Borrowing of or continuation of Alternative Currency Term Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. Except as otherwise specified in the Credit Agreement, no Alternative Currency Term Rate Loan may be converted into or continued as a Loan denominated in a different currency, but instead must be repaid in the original currency of such Alternative Currency Term Rate Loan and reborrowed in the other currency.

(ii) Committed Loan Notice. For purposes of a Borrowing of Alternative Currency Term Rate Loans, or a continuation of and Alternative Currency Term Rate Loan, the Borrower shall use the Committed Loan Notice attached hereto as Exhibit A.

(d) Interest.

(i) Subject to the provisions of the Credit Agreement with respect to default interest, each Alternative Currency Term Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Alternative Currency Term Rate for such Interest Period plus the Applicable Rate.

(ii) Interest on each Alternative Currency Term Rate Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified in the Credit Agreement; provided, that any prepayment of any Alternative Currency Term Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any debtor relief law.

(e) Canadian Benchmark Replacements. The provisions in the Credit Agreement addressing the replacement of a current Canadian Benchmark and Canadian Benchmark Transition Events shall be deemed to apply to Alternative Currency Term Rate Loans and Term CORRA, as applicable.

Exhibit A

FORM OF LOAN NOTICE
(Alternative Currency Term Rate Loans)

Date: June 26,2024[1]

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement dated as of September 27, 2019 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement;" the terms defined therein being used herein as therein defined), among POWELL INDUSTRIES, INC., a Delaware corporation (the "Borrower"), the Guarantors party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The undersigned hereby requests (select one)[2]:

[Revolving Facility]

Indicate: Borrowing, Conversion or Continuation	**Indicate**: Borrower Name	**Indicate**: Requested Amount	**Indicate**: Currency	**Indicate**: Term CORRA Loan	**For Term CORRA Loans Indicate:** Interest Period (e.g., 1 or 3 month interest period)

The Borrowing, if any, requested herein complies with the requirements set forth in the Credit Agreement.

POWELL INDUSTRIES, INC.,
a Delaware corporation

By: ____________
Name: Michael W. Metcalf
Title: Executive Vice President and Chief Financial Officer

[1] Note to Borrower. All requests submitted under a single Committed Loan Notice must be effective on the same date. If multiple effective dates are needed, multiple Committed Loan Notices will need to be prepared and signed.
[2] Note to Borrower. For multiple borrowings, conversions and/or continuations for a particular facility, fill out a new row for each borrowing/conversion and/or continuation.

EXHIBIT 31.1

CERTIFICATION

I, Brett A. Cope, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Powell Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Brett A. Cope
Brett A. Cope
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 31, 2024

EXHIBIT 31.2

CERTIFICATION

I, Michael W. Metcalf, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Powell Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael W. Metcalf
Michael W. Metcalf
Executive Vice President
Chief Financial Officer
(Principal Financial Officer)

Date: July 31, 2024

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report (the “Report”) on Form 10-Q of Powell Industries, Inc. (the “Company”) for the quarter ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof, I, Brett A. Cope, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brett A. Cope
Brett A. Cope
President and Chief Executive Officer

Date: July 31, 2024

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report (the “Report”) on Form 10-Q of Powell Industries, Inc. (the “Company”) for the quarter ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof, I, Michael W. Metcalf, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael W. Metcalf
Michael W. Metcalf
Executive Vice President
Chief Financial Officer

Date: July 31, 2024