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

Form 10-K

(Mark One)

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

For the fiscal year ended September 30, 2026

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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

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

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately $4.5 billion as of March 31, 2026, based upon the closing price on the NASDAQ Global Market on that date. The registrant, solely for the purpose of the calculation above, had deemed its board of directors, executive officers, and beneficial owners of 10% or more of the voting shares of its common stock to be affiliates, and deducted their stockholdings in determining the aggregate market value.

At November 16, 2026, there were 36,458,474 outstanding shares of the registrant's common stock, par value $0.01 per share.

Documents Incorporated By Reference

Portions of the registrant's definitive proxy statement for the 2026 annual meeting of stockholders to be filed not later than 120 days after September 30, 2026, are incorporated by reference into Part III of this Form 10-K.

POWELL INDUSTRIES, INC.
TABLE OF CONTENTS

		Page
	Cautionary Statement Regarding Forward-Looking Statements	3
	PART I	
Item 1.	Business	4
Item 1A.	Risk Factors	9
Item 1B.	Unresolved Staff Comments	22
Item 1C.	Cybersecurity	22
Item 2.	Properties	23
Item 3.	Legal Proceedings	23
Item 4.	Mine Safety Disclosures	24
	Information About Our Executive Officers	24
	PART II	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	25
Item 6.	[Reserved]	27
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	27
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	35
Item 8.	Financial Statements and Supplementary Data	36
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	70
Item 9A.	Controls and Procedures	70
Item 9B.	Other Information	70
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	71
	PART III	
Item 10.	Directors, Executive Officers and Corporate Governance	72
Item 11.	Executive Compensation	72
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	72
Item 13.	Certain Relationships and Related Transactions, and Director Independence	72
Item 14.	Principal Accountant Fees and Services	72
	PART IV	
Item 15.	Exhibits and Financial Statement Schedules	73
Item 16.	Form 10-K Summary	75
Signatures		76

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Unless otherwise indicated, all references to "we," "us," "our," "Powell" or "the Company" include Powell Industries, Inc. and its consolidated subsidiaries.

This Annual Report on Form 10-K (Annual Report) 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 of the timing and success of specific projects and our future backlog (including our characterization of new orders as "large" or "mega," which is used herein to indicate orders ranging from $10 million to $50 million or larger than $50 million, respectively), revenues, income, acquisitions, liquidity and capital expenditures, the effect of tariffs, and expectations with respect to, or the impacts of, data center projects becoming a larger component of our backlog and revenues, 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. 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 include, but are not limited to, the potential failure to adequately predict costs (including in connection with our fixed-price contracts) and prevent cost overruns, including the impacts of inflation, the effect of tariffs, potentially disruptive or unanticipated changes in suppliers, the availability of cash on hand and other sources of liquidity to fund our operating expenses and capital expenditures, the impacts of future legislative and regulatory initiatives, including with respect to data centers, the potential effects of ongoing military disputes (including current conflicts in Ukraine and Iran), electronic, cyber or physical security breaches, and other factors detailed herein and in our other Securities and Exchange Commission (SEC) filings. Additional important risks, uncertainties and other factors are described in "Risk Factors" in Part I. Item 1A of this Annual Report. 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 into, this Annual Report on Form 10-K.

PART I

Item 1. *Business*

Overview

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

We are headquartered in Houston, Texas, and primarily serve the oil and gas and petrochemical markets, the electric utility market, and commercial and other industrial markets. Beyond these major markets, we also provide products and services to the light rail traction power market and other markets that include universities and government entities. We are continuously developing new channels to electrical markets through original equipment manufacturers and distribution market channels.

Our website is powellind.com. We make available, free of charge on or through our website, electronic copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as is reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Additionally, all of our reports filed with the SEC are available via its website at sec.gov.

References to Fiscal 2026, Fiscal 2025 and Fiscal 2024 used throughout this Annual Report relate to our fiscal years ended September 30, 2026, 2025 and 2024, respectively.

Recent Developments

Common Stock Split

On March 31, 2026, the Company's Board of Directors adopted an amendment to the Company's Amended and Restated Certificate of Incorporation to proportionately increase the number of shares of the Company's authorized common stock from 30,000,000 to 90,000,000 in connection with a forward stock split.

On April 2, 2026, the Company effected a three-for-one forward split of its common stock and proportionately increased the number of shares of authorized common stock from 30,000,000 to 90,000,000 (the Stock Split). Each shareholder of record as of the close of trading on March 20, 2026 (the Record Date) received, after the close of trading on April 2, 2026, two additional shares for every one share held on the Record Date. The shares of common stock retain a par value of $0.01 per share. Accordingly, an amount equal to the par value of the increased shares due to the Stock Split was reclassified from additional paid-in capital to common stock in the third quarter of Fiscal 2026. Trading began on a split-adjusted basis at market open on April 6, 2026.

Share and per share amounts included in the accompanying consolidated financial statements and applicable disclosures throughout this Annual Report on Form 10-K have been retroactively adjusted to reflect the Stock Split.

Production Capacity Expansion at Jacintoport Manufacturing Facility

Following fiscal year-end 2026, we substantially completed the production capacity expansion project at our Jacintoport manufacturing facility in Houston, Texas. The investment adds an incremental 335,000 square feet of productive capacity for power control room laydown area, a 62% increase from the prior yard capacity. The investment also nearly doubles the length of the existing shoreline bulkhead to 1,150 feet to support increased schedule flexibility and multiple ship lanes for the varied needs and project timelines of our customers. More recently, we decided to further expand the facility by adding approximately 80,000 square feet of additional production capacity.

Other Expansion Projects

In Fiscal 2026, we expanded our operational footprint by leasing approximately 50,000 square feet of additional space in the Houston area and approximately 60,000 square feet in Ohio, as well as additional office and warehouse space in Canada.

During Fiscal 2025 and Fiscal 2026, we opened two satellite engineering offices in the Houston metropolitan area to support the recruitment and retention of specialized engineering talent and enhance our engineering capabilities.

In addition, our Board of Directors recently authorized the lease of a new manufacturing facility comprising approximately 275,000 square feet in the Houston area.

Products and Services

Our principal products include integrated power control room substations (PCRs®), custom-engineered modules, electrical houses (E-Houses), 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 are designed for application voltages ranging from 480 volts to 38,000 volts. Our product scope includes designs tested to meet both United States (U.S.) and international standards, under both the American National Standards Institute (ANSI) and the International Electrotechnical Commission (IEC). We also provide spare parts, retrofit and retrofill components for existing systems, and replacement circuit breakers for obsolete switchgear no longer produced by the original manufacturer. Our principal services include field service inspection, installation, commissioning, modification, and repair services.

Products and services are principally sold directly to the end user or to an engineering, procurement and construction (EPC) firm on behalf of the end user. Each project is specifically engineered and manufactured to meet the exact specifications and requirements of the individual customer. Powell's expertise is in the design, engineering, manufacturing, project management and integration of assorted systems into a single, custom-engineered deliverable. We market and sell our products and services, which are typically awarded in competitive bid situations, to a wide variety of customers and governmental agencies spanning diverse markets and geographic regions.

Occasionally, our contracts may operate under a consortium or teaming arrangement. Typically, we enter into these arrangements with reputable companies with whom we have previously conducted business. These arrangements are generally made to leverage competitive positioning, or where scale or size dictates the use of such arrangements.

We seek to establish long-term relationships with the end users of our systems as well as EPC firms contracted by those end users. We believe that fostering a culture of safety and focusing on customer satisfaction, along with our strong balance sheet, allow us to capitalize on opportunities in the industries we serve.

Due to the nature and timing of large and mega projects, as well as fluctuations in overall project volume, a significant portion of our revenues in a given period may be generated from a limited number of contracts, customers, or projects. Contracts often represent large-scale and complex projects with individual customers and are generally non-recurring in nature. As a result, multiple or continuous projects of similar magnitude with the same customer are not predictable. In addition, changes in the volume of other projects may also contribute to variability in our revenues and gross profits. The timing of project awards, whether for large and mega projects or a higher volume of projects overall, may cause material fluctuations in our financial results. Additionally, a reduction in business volume from a particular industry or the loss of a major customer could adversely affect our business. From time to time, an individual manufacturing facility may generate significant revenue from a particular customer that is material to that facility. If such a customer were to experience financial distress, a decline in business, or other circumstances requiring the cancellation or delay of projects with us, our revenues could be adversely impacted. In both Fiscal 2026 and Fiscal 2025, no single customer accounted for more than 10% of our consolidated revenues.

Research, Development and Intellectual Property

Research and development activities are critical to Powell's sustained growth and are focused on both the development of new products and applications and enhancement of our existing product offerings. For example, Powell's expertise in vacuum circuit breaker engineering is internationally recognized, and leveraging this expertise in the development of new products will help us expand into a broader range of application spaces and industry sectors. We are committed to continuous product improvement that will positively impact operational safety and reliability across the markets we serve.

From time to time, we apply for patents on new inventions and designs, but we believe that the growth of our business will depend primarily upon the quality of our products and our relationships with our customers, rather than the extent of our patent protection.

Additionally, we may acquire from time to time intellectual property to expand our product offerings and applications. For example, in August 2025, we acquired Remsdaq Limited (Remsdaq), which included approximately $3 million of acquired technology. Intellectual property not covered by patents (or patent applications) includes trade secrets and other technological know-how that is not patentable or for which we have elected not to seek patent protection, including intellectual property relating to our manufacturing processes and engineering designs. Such unpatented technology, including research, development and engineering technical skills and know-how, as well as unpatented software, is important to our overall business and to the operations of our business. While our intellectual property assets taken together are important, we do not believe our business would be materially affected by the expiration of any particular intellectual property right or termination of any particular intellectual property patent license agreement.

Markets

While we provide products and services to a wide range of markets where customers need to manage, monitor and control large amounts of electrical energy, demand for our products and services is driven predominantly by the oil and gas, petrochemical, electric utility, and commercial and other industrial markets. The majority of our business is in support of capital investment projects that are highly complex and competitively bid. Our customized systems are designed to meet the specifications of our customers. Each system is designed, engineered and manufactured to the specific requirements of the particular application. We consider our engineering, project management, systems integration and technical support capabilities vital to the success of our business. We strive to develop strong and lasting relationships with our customers and are recognized by many as a preferred service provider to solve our customers' complex electrical distribution needs.

The following table presents our revenue for each market sector by percentage of total revenue for the years ended September 30, 2026, 2025 and 2024:

	2026	2025	2024
Oil and gas (excludes petrochemical)	36%	37%	41%
Electric utility	27%	25%	19%
Commercial and other industrial	23%	16%	15%
Petrochemical	7%	14%	18%
Light rail traction power	3%	4%	2%
All others	4%	4%	5%
Total	100%	100%	100%

In the oil and gas markets, we serve customers across upstream, midstream and downstream operations, including the following end markets: onshore and offshore production, liquefied natural gas (LNG) export facilities and terminals, pipelines, gas processing plants and refineries. Continued demand for LNG and investments in natural gas infrastructure support the commercial activity across these end markets. In addition to traditional crude oil refining and downstream operations, we have expanded our end markets into hydrogen production, carbon capture and alternative fuels, such as biofuels and sustainable aviation fuel, reflecting growing demand for cleaner energy solutions.

Within the petrochemical market, our primary customers utilize hydrocarbon and natural gas feedstocks to produce a broad range of petrochemical and gas-to-chemical products, including polyethylene, polypropylene, fertilizer, methanol and other related petrochemical applications. We support projects throughout the petrochemical value chain, including facilities that leverage abundant and cost-competitive natural gas feedstocks.

In the electric utility market, we serve both the power generation and distribution end markets. Increasing global electricity demand, driven by economic growth, electrification and expanding digital infrastructure, among other factors, continues to support investment in power generation, transmission and distribution assets. Aligned with our strategy of end-market diversification, we continue to focus on growth in electrical distribution substations, while also supporting increased investment in power generation infrastructure.

In the commercial and other industrial markets, we provide products and services to customers engaged in commercial construction, data centers, metals and mining, pulp and paper, as well as other industrial applications. Demand in this market continues to be supported by investments in data center infrastructure, cloud computing and artificial intelligence, as well as ongoing activity across a broad range of other industrial end markets.

Beyond these major markets, we also provide products and services to the light rail traction power market and other markets that include universities and government entities. We are continuously developing new channels to electrical markets through original equipment manufacturers and distribution market channels.

Competition

We compete with a small number of multinational competitors that sell to a broad industrial and geographic market, as well as smaller, regional competitors that typically have limited capabilities and scope of supply. We believe that our products and services, integration capabilities, technical and project management acumen, application engineering expertise and specialty contracting experience, together with our financial strength and responsiveness to the needs of our customers, give us a sustainable competitive position in our markets. Some of our competitors are significantly larger and have substantially greater

global resources such as engineering, manufacturing and marketing. Our principal competitors include ABB, Eaton, Schneider Electric, and Siemens Industries, Inc. The competitive factors used during bid evaluation by our customers vary from project to project and may include technical support and application expertise, engineering and manufacturing capabilities, equipment rating, delivered value, scheduling and price. While projects are typically non-recurring, a significant portion of our business is from repeat customers and often involves third-party EPC firms hired by the end user and with whom we often have long, established relationships. Ultimately, our competitive position is dependent upon our ability to provide quality custom-engineered products, services and systems on a timely basis at a competitive price.

Backlog

Backlog represents management's estimate of the remaining unsatisfied performance obligation from work to be performed on our firm orders under uncompleted contracts and customer purchase orders, including approved change orders as well as new contractual agreements on which work has not begun. Our backlog will be recognized as revenue as we complete the remaining performance obligations. Our backlog does not include service and maintenance-type contracts for which we have the right to invoice as services are performed. Our contracts may have an early termination for convenience clause at the discretion of our customers; however, most of these contracts typically provide for the reimbursement of our costs incurred and a reasonable margin in the event of such early termination. Our methodology for determining backlog may not be comparable to the methodology used by other companies.

Our backlog increased by $1.3 billion to $2.7 billion at September 30, 2026, compared to $1.4 billion at September 30, 2025. We anticipate that approximately $1.3 billion of Fiscal 2026 ending backlog will be recognized as revenue during our fiscal year ending September 30, 2027. Backlog may not be indicative of future operating results as orders may be canceled or modified by our customers and may not be indicative of continuing revenue performance over future fiscal quarters.

Raw Materials

The principal raw materials used in our operations include steel, copper and aluminum, as well as various engineered electrical components. Material costs represented 45% of revenues in both Fiscal 2026 and Fiscal 2025, and 47% of revenues in Fiscal 2024. Unanticipated changes in material requirements, market conditions and disruptions in the supply chain or price increases could impact production costs and affect our consolidated results of operations.

The equipment and materials that we use in our business are subject to availability and price fluctuations due to customer demand, producer capacity and market conditions. Uncertainty and fluctuating global demand have led to significant volatility across commodity markets. We have occasionally experienced supply chain disruptions driven predominantly by availability and cost volatility across our raw materials, engineered components and labor force. As our procurement function seeks to address specific supply chain challenges, we are working closely with our suppliers to meet our customer commitments. While we have experienced, and may continue to experience, issues related to increased lead times for the purchase and delivery of key raw materials or components, we continue to monitor the availability (including transportation) and price of components and raw materials on a regular basis, as well as any potential impact on our operations. 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. While the cost outlook for commodities used in the production of our products is not certain, we believe we can manage this volatility through contract pricing adjustments, material-cost predictive estimating, hedging and by active pursuit of internal cost reduction efforts.

Our supply base for certain key components and raw materials is limited. Many of our products require raw materials and components supplied by a limited number of suppliers, and in some instances, a single supplier. Changes in our design to accommodate similar components from other suppliers could be implemented to resolve a supply problem related to a sole-sourced component. Supply problems could result in delays in our ability to meet commitments to our customers and potentially result in liquidated damages assessed by our customers. We believe that sources of supply for raw materials and components are generally sufficient, and we do not believe a temporary shortage of materials will cause any significant adverse impact to our business and results of operations in the future.

Human Capital

At September 30, 2026, we had 3,311 full-time employees located primarily in the United States, Canada and the United Kingdom (U.K.). Our employees are not represented by unions, and we believe that our relationship with our employees is good. Periodically, we find it challenging to source qualified personnel in certain geographic areas due to increased construction or economic activity. We continue to monitor our demand for skilled and unskilled labor and provide training and competitive compensation packages in an effort to attract and retain skilled employees. A decline in our employee relations, labor shortages

or increased labor costs could impair our ability to maintain our business, meet customer commitments or grow our revenues, and may adversely impact our business and results of operations.

Our top human capital priorities include the well-being, health and safety, and retention of our employees, as well as enhanced learning and leadership training opportunities, workplace safety, internal promotion and key employee retention. Powell emphasizes a culture of safety that runs throughout the Company. We establish annual safety goals and monthly operating metrics that have resulted in a safety experience modification rate (EMR) of 0.87, which is below the industry average of 1.0, according to the National Council on Compensation Insurance (NCCI). We believe that the seven-year average tenure of our employees is a reflection of our inclusive and supportive culture, and focused efforts on internal promotion, key employee retention and succession planning. Our Organizational Capabilities Review is focused on succession planning within our organization and is reviewed annually by our Board of Directors. We measure our success based on the percentage of internal promotions to key positions and our ability to attract and retain key employees.

Seasonality

Our operations are not generally affected by seasonality. However, weather and natural phenomena can temporarily impact the performance of our operations. Furthermore, quarterly operating results may fluctuate in our first fiscal quarter due to the reduction in the number of workdays related to the number of holidays and paid time off that is taken in that fiscal quarter.

Government Regulations

We are subject to various government regulations in the U.S. as well as various international locations where we operate. These regulations cover diverse areas including environmental compliance, import and export controls, economic sanctions, data and privacy protection, transfer pricing rules, anti-bribery, anti-trafficking and anti-trust provisions. Our policies mandate compliance with applicable laws and regulations administered by various state, federal and international agencies, and are designed to promote and encourage ethical practices in our everyday operations. We have established a multi-faceted compliance program that includes educating employees and leadership, performing risk-based due diligence and evaluating our supplier and customer base. We believe that the compliance cost associated with these governmental regulations will not have a material impact on our capital expenditures, results of operations or competitive position.

Item 1A. ***Risk Factors***

Our business is subject to a variety of risks and uncertainties, including, but not limited to, the risks and uncertainties described below. If any of the following risks occur, our financial condition, cash flows, liquidity and results of operations may be negatively impacted, and we may not be able to achieve our quarterly, annual or long-range plans. Additional risks and uncertainties not known to us or not described below may also negatively impact our business and results of operations. This Annual Report also includes statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 and should be read in conjunction with the discussion under "Cautionary Statement Regarding Forward-Looking Statements" above.

Risk Factors Related to Our Business and Industry

Our business is subject to the cyclical nature of certain end markets that we serve. This cyclicality has had, and may continue to have, an adverse effect on our operating results.

Certain end markets that we serve have historically been cyclical and will continue to be vulnerable to general downturns, which in turn could materially and adversely affect the demand for our products and services. 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 customer projects, budgets for capital expenditures and the need for our services have in the past, and may in the future, be adversely affected by, among other things, the demand and price for oil, gas and electrical energy, the overall economic and financial environment, governmental budgets, commodity prices, political uncertainties, cost of capital, currency fluctuations, regulatory actions and environmental concerns. These variables may impact the number or the amount of new awards, delays in the timing of awards or potential cancellation of projects. Changes in product mix or services can have a significant impact on our gross margins on a quarterly and annual basis. The uncertainty of our contract award timing is outside of our control and can also present difficulties in matching workforce size with contract requirements. In some cases, we bear and maintain the cost of a ready workforce that may be larger than necessary in anticipation of future workforce needs. If an expected contract is delayed or not received, we may incur additional costs in staff or facility redundancy that could have an adverse impact on our business, financial condition and results of operations. While increased exposure to the data center end market has reduced the cyclicality of our business, we may in the future experience increased cyclicality as a result of, among other factors, developments at the federal, state and local levels in legislative, regulatory and community initiatives with respect to data centers or a slowdown, reprioritization, or technological shift in artificial intelligence (AI)-related capital spending.

Our industry is highly competitive.

Some of our competitors are significantly larger and have substantially greater global resources such as engineering, manufacturing and marketing resources, and at various times, may be our customer or supplier on any given project. Competition in the industry depends on a number of factors, including the number of projects available, technical ability, production capacity, production lead times, location and the ability to win projects we bid on. Certain of our competitors may have lower cost structures or a more favorable geographic footprint and may, therefore, be able to provide their products or services at lower prices. Similarly, we cannot be certain that we will be able to maintain or enhance our competitive position within our industry, maintain our customer base at current levels, increase our customer base or continue to provide technologically superior products at a competitive price. New companies may enter the markets in which we compete, or industry consolidation may occur, further increasing competition in our markets. Our failure to compete effectively and secure projects could adversely affect future revenues and could have an adverse impact on our business and results of operations.

Our backlog is subject to unexpected adjustments, cancellations and scope reductions and, therefore, may not be a reliable indicator of our future earnings.

We have a backlog of uncompleted contracts. Backlog represents management's best estimate of the remaining performance obligation from work to be performed on our firm orders under uncompleted contracts and customer purchase orders, including approved change orders as well as new contractual agreements on which work has not begun. From time to time, projects are canceled, delayed or modified due to customer, industry or macroeconomic conditions. While we may be reimbursed for certain costs, we may not have a contractual right to the total revenue reflected in our backlog. The ultimate realization of the future revenue in our backlog is based upon our ability to complete the contracted projects, and we cannot control all of the various factors that might impact the timely delivery of our projects to our customers. We may be unable to recover certain costs or achieve our anticipated margin, and canceled or suspended projects may also result in additional unrecoverable costs due to the underutilization of our assets and personnel. Accordingly, our inability to realize the full amount of our contract backlog may have an adverse impact on our business and results of operations.

Failure to place competitive bids and adequately project future costs may result in losses on our fixed-price contracts with customers.

Our products and services are typically awarded in competitive bid situations. When placing bids, we may fail to adequately project costs for our customers' projects, which may lead to us winning a bid that does not adequately compensate us for our costs. Such failure could adversely impact our results of operations. Factors that could impact our ability to adequately project costs for our bids include, but are not limited to: the impacts of inflation; labor shortages; increased raw material costs; tariff increases; supplier failures to deliver the quality or quantity required; and unanticipated technical problems, including design or engineering issues. Additionally, we bear the risk of cost overruns and delays in most of our contracts and, as a result, if we fail to adequately manage such cost overruns or delays, our results of operations and our business may be adversely impacted.

Supplier concentration and limited supplier capacity may adversely impact our business and results of operations.

We rely on a limited number of suppliers for certain of our components and raw materials and, in some instances, a single supplier. Switching suppliers can be costly and disruptive to business operations. If one or more of our suppliers or subcontractors experiences difficulties that result in a reduction, delay or interruption in supply to us, or they fail to meet our manufacturing requirements, our business could be adversely impacted, and we may incur liquidated damages until we are able to secure alternative sources. Our suppliers may experience, and some of our suppliers have experienced, financial difficulties, delivery delays and other performance problems, which may cause us to incur additional costs or be unable to meet commitments to our customers. The time and effort associated with the selection and qualification of a new supplier and changes in our design and testing to accommodate similar components from other suppliers could be significant. In any such event, we may not be able to contract for and receive suitable alternative supply with the required manufacturing abilities in a timely manner for our customers, if at all, which may impair our ability to meet scheduled deliveries of our products to customers and adversely impact our business and results of operations.

The increasing significance of data center projects to our business could have a material adverse impact thereon.

As data center projects become a larger component of our backlog and revenues: (i) our product mix may shift, as such projects will likely require less custom engineered-to-order equipment and systems than other end markets; (ii) we have become, and will continue to become, subject to additional risks related to that end market, including fluctuations in demand for data centers and developments at the federal, state and local levels in legislative, regulatory or community initiatives with respect thereto; and (iii) our operating results may be impacted by the aforementioned factors and risks, among others related to the data center end market, including the potential for a slowdown, reprioritization or technological shift in AI-related capital spending, which spending is currently driving demand for data centers. Although AI-related capital spending has recently increased, initiatives to prohibit or delay data center developments and operations have also increased, including the following initiatives, among others: federal, state and local legislation, rule-making and siting standards that specifically restrict or delay zoning, siting or operation; community opposition driven by concerns about land use, water consumption, generation emissions, noise and traffic; and litigation resulting therefrom.

Our business requires skilled and unskilled labor, and we may be unable to attract and retain qualified employees.

Our ability to maintain our productivity at competitive levels may be limited by our ability to employ, compensate, train and retain personnel necessary to meet our requirements. We face competition within and outside of our markets for qualified personnel across all of our workforce. We may experience shortages of qualified personnel such as engineers, project managers, supervisors, office personnel and select skilled trades. We cannot be certain that we will be able to maintain an adequate skilled or unskilled labor force or key technical personnel necessary to operate efficiently and to support our growth strategy and operations. We cannot be certain that our labor costs will not increase as a result of a shortage in the supply of skilled, unskilled and technical personnel or any governmental regulations. Labor shortages or increased labor costs could impair our ability to maintain our business, meet customer commitments or grow our revenues, and could adversely impact our business and results of operations.

Revenues recognized over time from our fixed-price contracts could result in volatility in our results of operations.

As discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates" and in the Notes to Consolidated Financial Statements included elsewhere in this Annual Report, the majority of our revenues are recognized over time. Since revenue is recognized as work is performed and as costs are incurred, the determination of the revenue recognized requires the use of estimates of costs to be incurred for the performance of the contract. Estimates of revenue and of costs to complete are adjusted based on ongoing reviews of estimated contract performance, and previously recorded estimates of revenues and costs are adjusted as the project progresses and circumstances change. The timing of the costs incurred may lead to fluctuations in revenue recognized on a quarterly and annual basis, which could have an adverse impact on our business and our results of operations. While the cost estimation process is based upon the professional knowledge and experience of our management teams, engineers, project managers and financial professionals, we may fail to adequately estimate our costs or revenue, or adequately adjust previously recorded estimates of revenue and costs. Such failure could result in additional changes to our revenue and cost estimates, which could have an adverse impact on our results of operations.

We are exposed to risks relating to the use of subcontractors.

We hire subcontractors to perform work on some projects and may depend on third-party labor suppliers to provide the personnel necessary to engineer, manufacture and ship our products. If our subcontractors do not perform as expected for any reason, we may experience delays in completing our projects or incur additional costs. In addition, we may have disputes with these independent subcontractors arising from, among other things, the price, quality or timeliness of the work performed. Some of the third parties we engage in support of our operations operate internationally, and thus we may be impacted by the economic, political and labor conditions in those regions as well as uncertainty caused by international relations issues between the United States and those countries. Any of these factors could adversely impact our business and results of operations.

Technological innovations may make existing products and production methods obsolete. The development or use of AI by our competitors or other third parties may impair our ability to compete effectively and adversely affect our business, financial condition and results of operations.

All of the products that we manufacture and sell depend upon optimizing available technology for success in the marketplace. The industries in which we operate are characterized by intense competition and are highly sensitive to technological innovation and customer requirements. Our competitors may develop products or production methods that are superior in price or quality, or incorporate AI into their products that will make current products or services offered by us obsolete. Our future success will depend, in part, on our ability to anticipate and offer products that meet changing industry and customer specifications, including by funding our research and development costs. For example, customer demand for further automation is changing the markets in which we operate. Failure to successfully develop new products, or to enhance existing products, could result in the loss of existing customers to competitors, the inability to attract new business or an overall reduction of our competitive position, any of which could adversely affect our business and results of operations. Our competitors or other third parties may incorporate AI, including machine learning, data science and similar technologies, into their product development, product enhancement or product offerings more quickly or more successfully than we can, which could impair our ability to compete effectively and adversely affect our business, financial condition and results of operations.

We may not be successful in our AI initiatives, which could adversely affect our business, reputation, and results of operations.

The algorithms and models utilized in generative AI systems may have limitations, including biases, errors, or inability to handle certain data types or scenarios. Furthermore, there is a risk of system failures, disruptions, or vulnerabilities that could compromise the integrity, security, or privacy of the generated content. These limitations or failures could result in reputational damage, legal liabilities, or loss of customer/user confidence. Cybersecurity threats and the techniques used in cyberattacks change, develop and evolve rapidly, including from emerging technologies, such as advanced forms of AI and quantum computing. Because AI technology is highly complex and rapidly developing, it is not possible to predict all of the legal, operational or technological risks that may arise relating to our use of AI.

The regulatory landscape for AI is rapidly evolving worldwide. In the U.S. for example, various states have enacted or are considering laws governing AI, including requirements related to risk assessments, transparency and human oversight. Differences, inconsistencies or conflicts among AI standards and laws could increase our compliance costs, restrict our use of AI technologies, require changes to our AI initiatives or result in fines, sanctions or other liabilities. In addition, the complex and rapidly evolving landscape around AI could expose us to claims, inquiries and proceedings by third parties and global regulatory authorities and subject us to legal liability as well as reputational harm.

Unforeseen difficulties with expansions, relocations, or consolidations of existing facilities could adversely affect our operations.

From time to time, we may decide to enter new markets, build or lease additional facilities, expand our existing facilities, relocate or consolidate one or more of our operations or exit a facility we may own or lease. Increased costs and production delays arising from the staffing, relocation, sublease, expansion or consolidation of our facilities could adversely affect our business and results of operations.

Quality problems with our products could harm our reputation and erode our competitive position.

The success of our business depends upon the quality of our products and our relationships with customers. In the event that our products fail to meet our customers' standards or safety requirements or fail to operate effectively, our reputation could be harmed, which would adversely affect our marketing and sales efforts. We provide warranties to our customers for our products and services, and the cost to satisfy customer warranty claims, which may include, among other things, costs for the repair or replacement of products, could adversely impact our business and results of operations.

Many of our contracts contain performance obligations that may subject us to penalties or additional liabilities.

Many of our customer contracts have schedule and performance obligation clauses that, if we fail to meet, could subject us to penalty provisions, liquidated damages or claims against us, or our outstanding letters of credit or performance bonds. In addition, some customer contracts stipulate protection against our gross negligence or willful misconduct. Each individual contract seeks to define the conditions under which the customer may make a claim against us. Due to the growth in our backlog, our manufacturing and fabrication capacity as well as our ability to recruit and retain qualified labor are challenged, resulting in an increased risk of failing to meet delivery dates and other contract performance obligations. It is possible that adjustments arising from such claims, or our failure to manage our contract risk, may not be covered by insurance and could have an adverse impact on our results of operations.

Growth and product diversification through strategic acquisitions involve a number of risks.

Our strategy includes the pursuit of growth and product diversification through the acquisition of companies or assets and entering into joint ventures that could enable us to expand our geographic coverage and product and service offerings. We periodically review potential acquisitions; however, we may be unable to successfully implement this strategy. Acquisitions involve certain risks, including distraction of management, possible disruption to ongoing business, difficulties in the integration of operations and systems, failure to realize cost savings and achieve anticipated synergies, complications arising from merging differing cultures, systems, or technologies, the termination of relationships by key personnel and customers of the acquired company and a failure to retain or add additional employees to handle the increased volume of business. Additionally, financial and accounting challenges and complexities in areas such as valuation, tax planning, treasury management, systems integration and financial reporting from our acquisitions may impact our operating results. Due diligence may not be adequate or reveal all risks and challenges associated with our acquisitions. Companies that we acquire may not achieve revenues, profitability or cash flows that we expect, or that ultimately justify the investment. It is possible that impairment charges resulting from the overpayment for an acquisition may negatively impact our results of operations. Financing for acquisitions may require us to obtain additional equity or debt financing, which may not be available on attractive terms, if at all, or which may be restricted under the terms of our credit facility or other financing arrangements. Any failure to successfully complete or successfully integrate acquisitions could have a material adverse effect on our business and results of operations.

Misconduct by our employees or subcontractors, or a failure to comply with applicable laws or regulations, could harm our reputation, damage our relationships with customers and subject us to criminal and civil enforcement actions.

Misconduct, fraud, non-compliance with applicable laws and regulations or other improper activities by one or more of our employees or subcontractors could have a significant negative impact on our business and reputation. While we take precautions to prevent and detect these activities, such precautions may not be effective and are subject to inherent limitations, including human error and fraud. Acts of misconduct, or our failure to comply with applicable laws or regulations, could subject us to fines and penalties, harm our reputation, or damage our relationships with customers and could adversely impact our business and results of operations.

Unsatisfactory safety performance may subject us to penalties, negatively impact customer relationships, result in higher operating costs, and negatively impact employee morale and turnover.

We have both indoor and outdoor manufacturing and fabrication facilities that are susceptible to numerous industrial safety risks that can lead to personal injury, loss of life, damage to property or equipment, and potential environmental damage. While we take precautions to avoid incidents, we have experienced accidents in the past and may again in the future, which can negatively affect our safety record. A poor safety record can harm our reputation with existing and potential customers, jeopardize our relationship with employees, increase our insurance and operating costs, and adversely impact our business and results of operations.

Risk Factors Related to Our Financial Condition and Markets

Global economic uncertainty and financial market conditions may impact our customer base, suppliers and backlog.

Various factors drive demand for our products and services, including the price and demand for oil, gas and electrical energy, capital expenditures, AI-related capital spending and legislation, regulations and other initiatives relating to data centers, economic forecasts, global political environments (including the continuing conflicts between Russia and Ukraine and in the Middle East, as well as other acts of war and terrorism), anticipated environmental, safety or regulatory changes and the cost of capital. Unanticipated increases in raw material and component requirements or prices, the imposition of tariffs, and changes in supplier availability or supplier consolidation could increase production costs and adversely affect profitability. Uncertainty regarding these factors could impact our customers and severely impact the demand for projects and orders for our products and services. Additionally, the loss of significant volume from one particular customer at one of our facilities could adversely impact the operating results of that facility. Our ability to maintain or expand our business would be limited in the future if we are unable to maintain or increase our bonding capacity or our bank credit facility on favorable terms or at all. Similarly, disruptions in the capital markets or increased interest rates may also adversely impact our customers' ability to finance projects, which could result in contract cancellations or delays. These disruptions could lead to reduced demand for our products and services and cancellation of existing projects, and could have an adverse impact on our business, financial condition and results of operations.

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.

Our material costs equaled approximately 45% of our consolidated revenues for Fiscal 2026. Unanticipated shortages in raw material and components, rising prices due to overall inflationary pressure, the imposition of tariffs, or delays in production or transportation could increase production costs or lead times and adversely affect profitability as fixed-price contracts may prohibit our ability to charge the customer for the increase in raw material prices.

While we typically mitigate our inventory risks by increasing the levels of inventory for certain key components and raw materials and entering into commodity hedges when appropriate, such increased inventory levels may not be adequate to meet future demand and may increase the potential for excess and obsolete inventories, which could have an adverse impact on our business and results of operations.

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.

We are often required to provide our customers security for the performance of their projects in the form of surety bonds, letters of credit or other financial assurances. Our continued ability to obtain surety bonds, letters of credit or other financial assurances will depend on our capitalization, working capital and financial performance. Our ability to issue letters of credit is dependent upon the availability of adequate credit issued by our banks and could be negatively impacted by our compliance with our financial covenants. Future compliance with such financial covenants may be affected by factors beyond our control, including general or industry-specific economic downturns. We are also dependent on the overall bonding capacity, pricing and terms available in the surety markets. As such, we cannot guarantee our ability to maintain a sufficient level of bonding capacity in the future. The restriction, reduction or termination of our surety bond agreements could limit our ability to bid on new opportunities and would require us to issue letters of credit under our bank facilities in lieu of surety bonds, thereby reducing availability under our credit facility, which could have an adverse impact on our liquidity, business and results of operations.

Failure to remain in compliance with covenants or obtain waivers or amendments under our credit agreement could adversely impact our business.

Our credit agreement contains various financial covenants and restrictions, which include maintaining a consolidated net leverage ratio of less than 3.0 to 1.0 and a consolidated interest coverage ratio of at least 3.0 to 1.0. For more information on our credit agreement and the restrictions thereunder, see Note G. Long-Term Debt of the Notes to Consolidated Financial Statements. Our ability to remain in compliance with such financial covenants and restrictions may be affected by factors beyond our control, including general or industry-specific economic downturns. If we fail to remain in compliance with such covenants and restrictions, absent an amendment or waiver, this could result in an event of default under the credit agreement. Among other things, the occurrence of an event of default could limit our ability to pay dividends, issue letters of credit, obtain additional financing or result in acceleration of outstanding amounts under the credit agreement or a termination of the agreement, any of which could have an adverse impact on our liquidity, business and results of operations.

We extend credit to customers in conjunction with our performance under fixed-price contracts, which subjects us to potential credit risks.

We typically agree to allow our customers to defer payment on projects until certain performance milestones have been met or until the projects are substantially completed, and customers often withhold some portion of amounts due to us as retainage. Our payment arrangements subject us to potential credit risk related to changes in business, financial markets and economic factors affecting our customers, including material changes in our customers' revenues or cash flows. If we are unable to collect amounts owed to us, or ultimately retain amounts previously paid to us, our cash flows would be adversely impacted, and we could experience losses if those amounts exceed current allowances. Any of these factors could adversely impact our business and results of operations.

A significant portion of our revenues may be concentrated among a small number of customers and may be subject to the risks of particular industries.

Due to the nature and timing of large and mega projects, as well as fluctuations in overall project volume, a significant portion of our revenues in a given period may be generated from a limited number of contracts, customers or projects. Contracts often represent large-scale and complex projects with individual customers and are generally non-recurring in nature. As a result, multiple or continuous projects of similar magnitude with the same customer are not predictable. In addition, changes in the volume of other projects may also contribute to variability in our revenues and gross profits. The timing of project awards, whether for large and mega projects or a higher volume of projects overall, may cause material fluctuations in our financial results. Additionally, a reduction in business volume from a particular industry or the loss of a major customer could adversely affect our business. From time to time, an individual manufacturing facility may generate significant revenue from a particular customer that is material to that facility. If such a customer were to experience financial distress, a decline in business, or other circumstances requiring the cancellation or delay of projects with us, our revenues could be adversely impacted.

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.

Revenues associated with projects located outside of the United States accounted for approximately 18% of our consolidated revenues in Fiscal 2026. While our manufacturing facilities are located in developed countries with historically stable operating and fiscal environments, our business and results of operations could be adversely affected by a number of factors, including political and economic instability; social unrest, acts of terrorism, force majeure, war or other armed conflict (such as the continuing conflicts between Russia and Ukraine and in the Middle East); inflation; changes in tax laws; the application of foreign labor regulations; currency fluctuations, devaluations and conversion restrictions or governmental activities that limit or disrupt markets, restrict payments or limit the movement of funds and trade restrictions or economic embargoes imposed by the United States or other countries. Additionally, compliance with foreign and domestic import and export regulations, including laws and regulations of the U.S. Treasury Department's Office of Foreign Assets Control, and anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act or the U.K. Bribery Act 2010, and similar laws of other jurisdictions outside the United States, could adversely impact our ability to compete for contracts in the applicable governing jurisdiction. Moreover, the violation of such laws or regulations, by us or our representatives, could result in severe penalties including monetary fines, criminal proceedings and suspension of export privileges.

Additionally, fluctuating foreign currency exchange rates may impact our financial results. The functional currency of our foreign operations is typically the currency of the country in which the foreign operation is located. Accordingly, our financial performance is subject to fluctuations due to changes in foreign currency exchange rates relative to the U.S. dollar, and such fluctuations could adversely impact our financial position and results of operations.

Our ability to access credit and capital markets may be limited, which could adversely affect our liquidity, operations, and growth strategy.

We may be unable to obtain financing when needed or on favorable terms, particularly during periods of market volatility or reduced liquidity. Unstable market conditions, changes in our financial performance, or factors affecting our industry could increase borrowing costs or restrict access to debt and equity financing. In addition, fluctuations in our common stock price, driven by market conditions or events beyond our control, could limit our ability to raise funds through equity markets.

Risk Factors Related to Our Corporate Structure and Our Common Stock

Provisions of our charter documents or Delaware law could delay or prevent a change in control of our company, even if that change would be beneficial to our shareholders.

The existence of some provisions in our corporate documents and certain aspects of Delaware law could delay or prevent a change in control of our company, even if that change would be beneficial to our shareholders. Provisions of our certificate of incorporation and our bylaws include provisions related to the classification, nomination and removal of directors and the ability of our shareholders to bring matters for action at our annual meetings, among other provisions. Provisions of Delaware law include certain restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

Such provisions may discourage, delay or prevent a merger, acquisition or other change in control that shareholders might otherwise consider favorable, including transactions in which shareholders might otherwise receive a premium for their shares, and may frustrate or prevent any attempt by our shareholders to replace or remove our current management by making it more difficult to replace or remove our Board of Directors.

The personal liability of our directors and officers for monetary damages for breach of their fiduciary duty of care is limited by the Delaware General Corporation Law and by our certificate of incorporation.

The Delaware General Corporation Law allows corporations to limit available relief for the breach of directors' or officers' duty of care to equitable remedies such as injunction or rescission. Our certificate of incorporation limits the liability of our directors and officers to the fullest extent permitted by Delaware law. Specifically, our directors and officers will not be personally liable for monetary damages for any breach of their fiduciary duty, except for liability:

- for any breach of their duty of loyalty to the Company or our stockholders;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- for any transaction from which the director or officer derived an improper personal benefit;
- solely with respect to directors, under provisions relating to unlawful payments of dividends or unlawful stock repurchases or redemptions; and
- solely with respect to officers, for any action by or in the right of the Company.

This limitation may have the effect of reducing the likelihood of derivative litigation against directors or officers and may discourage or deter stockholders (or, with respect to directors, management) from bringing a lawsuit against directors or officers, as applicable, for breach of their duty of care, even though such an action, if successful, might otherwise have benefited our stockholders.

The exclusive-forum provision contained in our bylaws could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of us, (2) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or stockholder of Powell to Powell or our stockholders, including a claim for breach of fiduciary duty, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our bylaws or certificate of incorporation or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware or (4) any action asserting a claim governed by the internal affairs doctrine or asserting an "internal corporate claim" shall, to the fullest extent permitted by law, be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another state court located within the State of Delaware or, if no court located within the State of Delaware has jurisdiction, the federal district court for the State of Delaware).

To the fullest extent permitted by applicable law, this exclusive-forum provision applies to state and federal law claims, including claims under the federal securities laws, including the Securities Act of 1933, as amended, and the Exchange Act, although our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. This exclusive-forum provision may limit the ability of a stockholder to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against

us and our directors, officers and other employees. Alternatively, if a court were to find this exclusive-forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition. In addition, stockholders who do bring a claim in a state or federal court located within the State of Delaware could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. Furthermore, the court located in the State of Delaware may reach different judgments or results than would other courts, including courts where a stockholder would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders.

Our stock price could decline or fluctuate significantly due to unforeseen circumstances that may be outside of our control. These fluctuations may cause our stockholders to incur losses.

Our stock price could fluctuate or decline due to a variety of factors, including, but not limited to, the risk factors described herein, declines in the overall financial and economic outlook, timing and cancellation of projects, declines in new orders or backlog, changes in our estimated costs to complete projects, investors' opinions of the sectors and markets in which we operate or failure of our operating results to meet the expectations of securities analysts or investors, which could reduce investor confidence. These factors could adversely affect our business, and the trading price of our common stock could decline significantly.

Additionally, the concentration of ownership of our common stock among a limited number of institutional and individual investors may contribute to increased volatility in the market price of our common stock, regardless of our operating results or financial condition. Significant purchases or sales of our common stock by these investors, or the perception that such transactions may occur, could cause substantial fluctuations in our stock price. Such volatility could adversely affect investors and may impair our ability to raise additional capital through future issuances of common stock on favorable terms, or at all.

There can be no assurance that we will declare or pay future dividends on our common stock.

Our Board of Directors has approved a regular quarterly dividend since our fiscal year ended September 30, 2014. The declaration, amount and timing of future dividends are subject to capital availability and determinations by our Board of Directors that cash dividends are in the best interest of our stockholders and in compliance with all applicable laws and agreements. Our ability to declare, increase or pay dividends will depend upon, among other factors, our financial condition, results of operations, cash flows, current and anticipated expansion plans, requirements under Delaware law and other factors that our Board of Directors may deem relevant. A reduction in or elimination of our dividend payments could have a material negative effect on our stock price.

We may issue preferred stock on terms that could adversely affect the voting power or value of our common stock.

Our certificate of incorporation authorizes us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such preferences, powers and relative, participating, optional and other rights, including preferences over our common stock respecting dividends and distributions, as our Board of Directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the common stock.

Risk Factors Related to Legal and Regulatory Matters

Our operations could be adversely impacted by the effects of government regulations.

We are subject to various government regulations in the United States and various international locations where we operate. These regulations cover several areas including environmental compliance, climate-related disclosure requirements, import and export controls, economic sanctions, data and privacy protection, transfer pricing rules, anti-bribery, anti-trafficking and anti-trust provisions. These laws and regulations are administered by various state, federal and international agencies. Changes in laws or regulations, or policy goals, including those affecting oil and gas exploration and development activities or climate change matters and the resulting decisions by customers of ours and other industry participants, could reduce demand for our products and services or for those of our customers, which would have a negative impact on our operations. For example, the Inflation Reduction Act contains tax inducements and other provisions that incentivize investment, development and deployment of alternative energy sources and technologies, and at the United Nations Climate Change Conference in the United Arab Emirates in 2023, more than 190 governments reached a non-binding agreement to transition away from fossil fuels and encourage the growth and expansion of renewable energy. In addition, regulations may limit or prohibit the use of a class of chemicals known as per- and polyfluoroalkyl substances (PFAS), which are found in parts, components, and other materials used in products we manufacture or utilize. Such chemicals are critical to the manufacturing and functioning of many products, and there are limited technically and commercially feasible alternatives to them. These restrictions could adversely impact our business and results of operations by increasing our expenses or requiring us to alter manufacturing and assembly processes. Increased regulations and reporting requirements around the world may adversely affect the operators in the markets we serve. We cannot predict future changes in any country in which we operate or do business and how those changes may affect our ability to perform projects in those regions.

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires disclosure of use of "conflict" minerals mined from the Democratic Republic of the Congo and adjoining countries and our efforts to prevent the use of such minerals. In our industry, conflict minerals are most commonly found in metals. As there may be only a limited number of suppliers offering "conflict-free" metals, we cannot be sure that we will be able to obtain necessary metals in sufficient quantities or at competitive prices. Also, we may face challenges with our customers and suppliers if we are unable to sufficiently verify that the metals used in our products are "conflict-free."

Actual and potential claims, lawsuits and proceedings could ultimately reduce our profitability and liquidity and weaken our financial condition.

We are currently involved or may be involved in legal, regulatory and other proceedings. These proceedings may include, without limitation, product liability matters, intellectual property matters, contract disputes or claims, pending or threatened litigation, governmental investigations, as well as employment, tax, environmental, or other matters. We could be named as a defendant in legal proceedings that claim damages in connection with the operation of our business. Most of the actions against us arise out of the normal course of our performing services or manufacturing equipment. These proceedings could lead to law enforcement actions, adverse changes to our business practices, fines and penalties, business remedies, or the assertion of private litigation claims or damages that could be material, and which could adversely impact our business and results of operations. Even if the proceedings we face or may face in the future are decided in our favor, or are unfounded, we may incur material expenses and such matters may require significant management attention, and may harm our reputation with customers, employees or investors.

When appropriate, we establish estimated provisions against certain legal exposures, and we adjust such provisions from time to time according to ongoing developments related to each exposure, as well as any potential recovery from our insurance, if applicable. If, in the future, our assumptions and estimates related to such exposures prove to be inadequate or wrong, or our insurance coverage is insufficient, our business and results of operations could be adversely affected. In addition, claims, lawsuits and proceedings may harm our reputation or divert management resources away from operating our business. Losses arising from such events may or may not be fully covered by our various insurance policies or may be subject to deductibles or exceed coverage limits.

Changes in tax laws and regulations may change our effective tax rate and could have a material effect on our financial results.

We are subject to income taxes in the United States and numerous foreign jurisdictions. A change in tax laws, deductions or credits, treaties or regulations, or their interpretation, in the countries in which we operate, could result in a higher tax rate on our pre-tax income, which could have a material impact on our net income. For example, several jurisdictions have implemented, or are expected to implement in the future, the Organization for Economic Co-operation and Development (OECD) Pillar 2, which is aimed at preventing base erosion and profit shifting, ensuring income is subject to a minimum level of taxation, and preventing treaty misuse. The application of these provisions is not always certain, and jurisdictions are still developing their rules and interpretations with regard to the same. Additionally, the United States has entered into a "side-by-side" arrangement with the OECD exempting U.S. parented groups from certain aspects of Pillar 2. We are evaluating and monitoring these rules, but we currently do not expect Pillar 2 to have a material impact on our effective tax rate or our cash flow. The One Big Beautiful Bill Act (OBBBA) was signed into law in 2025 and includes a broad range of tax reform provisions affecting businesses. The OBBBA extends and modifies certain key 2017 Tax Cuts and Jobs Act (TCJA) provisions (both domestic and international) and revamps some of the TCJA's provisions on the taxation of corporations' foreign income. The OBBBA also expands certain Inflation Reduction Act incentives while accelerating the phase-out of others. We are regularly under audit by tax authorities, and our tax estimates and tax positions could be materially affected by many factors, including the final outcome of tax audits and related litigation, the introduction of new tax accounting standards, legislation, regulations and related interpretations, our global mix of earnings, the extent to which deferred tax assets are realized and changes in uncertain tax positions. A significant increase in our statutory tax rates or loss of our ability to claim research and development tax credits could have a material impact on our net income or loss and cash flow.

Failure to develop, obtain, enforce, and protect intellectual property rights or third-party claims that we are infringing on their intellectual property could harm our business.

We hold various patents, trademarks, servicemarks, copyrights and licenses. Our success depends in part on our ability to develop technologies and inventions and other intellectual property, and obtain intellectual property rights and enforce such intellectual property rights worldwide. We cannot be certain we will be able to obtain patents or other intellectual property rights in our new technologies and inventions, or if we do, the scope of such rights may not be sufficiently broad to afford us any significant commercial advantage over our competitors. The technologies and inventions developed by us in the future may not be considered valuable by customers or provide us with a competitive advantage, or competitors may develop similar or identical technologies and inventions independently of us and before we do.

Effective protection of intellectual property rights is expensive and difficult to maintain, both in terms of application and maintenance costs, as well as the costs of defending and enforcing those rights. Competitors and other third parties may also challenge the ownership, validity, or enforceability of our patents or other intellectual property rights. Moreover, the laws of certain foreign jurisdictions do not recognize intellectual property rights or protect them to the same extent as do the laws of the United States. To the extent we do assert our intellectual property rights against third parties, we may not be successful and adequate remedies may not be available in the event of infringement or unauthorized use of our intellectual property rights, or disclosure of our trade secrets.

Third parties may in the future assert that we have infringed, misappropriated, or otherwise violated their intellectual property rights. We cannot assure that our current or future technologies are not infringing or violating intellectual property rights of third parties. In the event we face claims of infringement or misappropriation, we may face expensive litigation or indemnification obligations, be required to enter into licenses, and may be prevented from selling existing products and pursuing product development or commercialization. Even if such claims are without merit, we may be required to expend significant time and resources on the defense of such claims. If we are unable to sufficiently protect our patent and other proprietary rights or if we infringe on or misappropriate proprietary rights of others, our business, financial condition, results of operations, and cash flows could be adversely impacted.

Significant developments arising from tariffs and other economic proposals could adversely impact our business.

There is uncertainty about the future relationship between the U.S. and various other countries with respect to trade policies and tariffs. There is also uncertainty as to whether trade between the U.S. and other countries, including countries in which we operate and countries where our customers or suppliers operate, may be impacted by these policy developments. Additional restrictions or economic disincentives on United States or international trade such as significant increases in tariffs on goods could adversely impact our business. Moreover, announced changes and proposed changes to U.S. global trade policy, along with potential international retaliatory measures, have caused high volatility in global markets and uncertainty around short- and long-term economic impacts in the U.S., including concerns over inflation, recession and slowing growth. We continue to evaluate and monitor the potential impacts of these changes and measures, including the imposition of tariffs and ongoing legal challenges to such tariffs, on our business and operations, including increased costs of raw materials and engineered components as well as negative impacts on our margins; however, it is not possible to predict the impact, if any, of any changes or proposed changes to the U.S. global trade policy, or any international retaliatory measures, on our business and operations. Changes in United States or international social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently develop and sell our products, and any negative sentiment toward the United States as a result of such changes, could adversely impact our business and results of 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 or on a timely basis.

We are required to comply with Section 404 of the Sarbanes-Oxley Act of 2002, which requires, among other things, an assessment by our management of our internal control over financial reporting. Preparing our financial statements involves a number of complex processes, many of which are performed manually and dependent upon individual data input or review. We seek to maintain and strengthen our internal controls over operational and financial reporting. However, any system of controls has limitations, including the possibility of human error, the availability of qualified personnel, circumvention or overriding of controls or fraud. Our failure to maintain effective internal controls over financial reporting could adversely affect our ability to report our financial results on a timely and accurate basis, which could result in a loss of investor confidence in our financial reports or a decline in our stock price, or have an adverse impact on our business and results of operations.

General Risk Factors

We carry insurance against many potential liabilities, but our management of risk may leave us exposed to unidentified or unanticipated risks.

Although we maintain insurance policies with respect to our estimated exposures, including certain casualty, property, professional, employee liability, business interruption, cybersecurity and self-insured medical programs, these policies contain deductibles, self-insured retentions and limits of coverage. In addition, we may not be able to continue to obtain insurance at commercially reasonable rates, or at the policy limits we may require, or we may be faced with liabilities not covered by insurance, such as, but not limited to, cybersecurity, environmental contamination, acts of war or terrorist attacks. We estimate our liabilities for known claims and unpaid claims and expenses based on information available as well as projections for claims incurred but not reported. However, insurance liabilities, some of which are self-insured, are difficult to estimate due to various factors. If any of our insurance policies, coverage limits or programs are not effective in mitigating our risks, we may incur losses that are not covered by our insurance policies, that are subject to deductibles or that exceed our estimated accruals or our insurance policy limits, which could adversely impact our business and results of operations.

Catastrophic events, including natural disasters, health epidemics, acts of war and terrorism, climate change, among others, could disrupt our business.

The occurrence of catastrophic events, ranging from natural disasters and extreme weather conditions to health epidemics, to acts of war and terrorism (such as the continuing conflicts between Russia and Ukraine and in the Middle East), among others, could increase operating costs or disrupt or delay our ability to operate our business and complete projects for our customers and could potentially expose us to third-party liability claims or liquidated damages under our contracts. A significant portion of our operations is located near the Texas Gulf Coast; as a result, our operations have been and are subject to the potential impacts of weather-related events, including but not limited to hurricanes and flooding. Future weather events could cause significant damage to our property and equipment or customer projects and adversely impact our operations. In addition, global climate change may result in significant natural disasters occurring more frequently or with greater intensity, such as drought, wildfires, storms, sea-level rise, changing precipitation and flooding. Such events may adversely impact critical infrastructure, have the potential to disrupt our business, our third-party suppliers or the business of our customers, and may cause us to

experience higher attrition, losses and additional costs to maintain or resume operations. We may declare the existence of a force majeure event under our contracts in certain situations; however, a customer may dispute our force majeure claim, which may result in additional liabilities. Losses or delays arising from such events may or may not be fully covered by our various insurance policies or may be subject to deductibles or exceed coverage limits. In addition, such events could result in temporary or long-term delays of existing projects as well as cancellations of orders for raw materials from our suppliers that could impact our project execution. These situations or other disruptions are outside of our control and may adversely impact our business and results of operations.

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.

We rely on information and operational technology systems, networks and infrastructure in managing our day-to-day operations. In the event of systems failure or interruption, including those related to force majeure, telecommunications failures, criminal acts, such as hardware/software break-ins, extortion attempts, ransomware attacks, viruses, or other cybersecurity incidents, we may have limited ability to affect the timing and success of systems restoration, and any resulting interruption in our ability to manage or operate our business could have a material adverse effect on our operating results and reputation. Although we have experienced cybersecurity incidents in the ordinary course of business, to date such incidents have not resulted in any material adverse effect on our business, financial condition, results of operations, or reputation.

Increased global information technology cybersecurity threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks, and the confidentiality, availability and integrity of our data and communications. Advances in AI may enable threat actors to develop more sophisticated social engineering attacks and other AI-enabled cyber threats that could exploit vulnerabilities or reverse-engineer security protections. If AI systems used in our operations are not designed with appropriate safeguards, they could create additional exposure to cyber attacks, system manipulation, or data loss. While we attempt to mitigate these risks by employing a number of measures, including employee education, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks and products remain potentially vulnerable to advanced persistent threats. Depending on their nature and scope, such threats could potentially lead to the compromise of confidential information and communications, improper use of our systems and networks, manipulation and destruction of data, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures and our products could be harmed. We could lose potential projects and existing customers, our ability to operate our business could be impaired, we may incur significant liabilities, we could suffer harm to our reputation and competitive position, and our operating results could be negatively impacted.

Our insurance coverage may not be sufficient to compensate for all liability relating to any actual or potential disruption or other security breach or incident. We cannot be certain that our coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

Any significant disruption or failure of our business systems or cybersecurity infrastructure could damage our reputation and have a material adverse effect on our business and results of operations.

Data privacy, data protection, and information security may require significant resources and present certain risks.

We collect, store, and otherwise process certain confidential or sensitive data, including personal data and other information that is subject to laws, regulations, customer-imposed controls, or other actual or asserted obligations. The laws, regulations, standards, and other actual and asserted obligations relating to privacy and information security to which we may be subject, in the United States and globally, are evolving. For example, in the European Union, the General Data Protection Regulation imposes stringent requirements applicable to processing personal data and provides for substantial penalties for noncompliance, and in the United States, California and numerous other states have adopted comprehensive privacy laws, with other states considering such laws. Many jurisdictions around the world have passed or are considering laws and regulations relating to privacy, data protection, and cybersecurity, including laws that impose cross-border data transfer restrictions and require certain personal data to be maintained on local servers.

Any actual or perceived failure to comply with applicable laws, regulations, or contractual or other actual or asserted obligations to which we are or are alleged to be subject relating to privacy, data protection, or cybersecurity could result in claims, litigation, and regulatory investigations and other proceedings, as well as damage to our reputation. These could result in substantial costs, diversion of resources, fines, penalties, and other damages and liabilities, and harm to our customer relationships, our market position, and our ability to attract new customer engagements. Any of these could harm our business, financial condition, results of operations, and cash flows, potentially in a material manner.

Changes in and compliance with Environmental, Social, and Governance (ESG) initiatives could adversely impact our business.

ESG matters have been a focus of consumers and investors, as well as governmental and non-governmental organizations. For example, organizations that provide ESG information to investors have developed ratings processes for evaluating a business entity's approach to ESG matters. Although currently no universal rating standards exist, certain investors use these scores to benchmark businesses against their peers and, if a business entity is perceived as lagging, these investors may engage with the entity to demand improved ESG disclosure or performance. Consequently, a low sustainability score could result in exclusion of our securities from consideration by certain investment funds, engagement by investors seeking to improve such scores and a negative perception of our operations by certain investors. To the extent that our ESG initiatives are deemed to be insufficient by stakeholders, this could adversely impact our business, results of operations, stock price or competitive position.

Private lawsuits or enforcement actions by federal, state, provincial or foreign regulatory agencies may materially increase our costs. Certain environmental laws may make us potentially liable for the remediation of contamination at or emanating from our properties or facilities. Although we seek to obtain indemnities against liabilities relating to historical contamination at the facilities we own or operate, we cannot provide any assurance that we will not incur liabilities relating to the remediation of potential contamination, including contamination we did not cause. These potential environmental liabilities may or may not be fully covered by our various insurance policies and may adversely affect our business and results of operations.

Climate change regulations could require us or our customers to incur additional expenditures to either purchase new equipment or modify existing equipment or processes. These laws and regulations may also increase the cost of raw materials from our suppliers. The potential for future ESG and climate risk reporting requirements may result in additional costs to monitor, track and report sustainability measures. For example, the State of California has published evolving new rules that would require companies doing business in California to provide significantly expanded climate-related disclosures in their periodic reporting. New and proposed regulatory requirements may require us to incur significant additional costs to monitor and comply and may also include additional internal control processes and procedures.

Additionally, increased attention to climate change, conservation measures, energy transition, negative attitudes toward oil and natural gas production and consumer demand for alternatives to hydrocarbons could reduce the demand for oil and gas applications. This, in turn, could adversely impact the demand for the products produced by our customers and, therefore, reduce demand for our products, which could adversely impact our business and results of operations.

The departure of key personnel could disrupt our business.

We depend on the continued efforts of our executive officers, senior management and other key personnel. We cannot be certain that any individual will continue in such capacity for any particular period of time. The loss of key personnel, or the inability to hire, train and retain qualified employees, could negatively impact our ability to perform and manage our business.

Item 1B. ***Unresolved Staff Comments***

None.

Item 1C. ***Cybersecurity***

Cybersecurity Risk Management and Strategy

Cybersecurity represents an important component of our overall approach to enterprise risk management. Our cybersecurity policies and processes are fully integrated into our Enterprise Risk Management program and are based on the National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity (the NIST Cybersecurity Framework), a toolkit for organizations to manage cybersecurity risk in its assessment of cybersecurity capabilities and in developing cybersecurity priorities. In addition to internal assessments, our cybersecurity strategy and capabilities are evaluated and audited against the NIST Cybersecurity Framework and industry best practices by independent third-party specialists in cybersecurity. We strive to create a culture of cybersecurity resilience and awareness. This tone is set from the top and continuously reinforced with our employees through education and regular testing. We continue to improve our programs and invest in the security of our systems, operations, people, infrastructure, and cloud environments. Our cybersecurity strategy seeks to follow industry best practices designed to ensure compliance with applicable global privacy and regulatory requirements. To protect our customers, we administer physical, technological and administrative controls on data privacy and security. We regularly validate our security controls by performing penetration testing and compliance audits, as well as proactive security testing to ensure our systems and controls are secure. The Board of Directors is briefed on our strategy and roadmap in alignment with the NIST Cybersecurity Framework. The Board receives annual updates on program maturity, cybersecurity risks, threat landscape and overall program progress.

Our cybersecurity risk management program is focused on the following key areas:

Education and Awareness

We provide required security awareness education and training to our employees and contractors with system access that focuses on various aspects of the cybersecurity world. Users of Powell's internal systems are required to complete an annual cybersecurity awareness training and are tested for awareness on a regular basis. We also provide tailored training courses to functional technology employees and employees who process personal or sensitive information.

Threat Management, Incident Response, and Recovery Planning

We have established and maintain a comprehensive incident response and recovery plan designed to identify, contain and eradicate cybersecurity threats, with recovery from an incident as rapidly as possible. As part of our ongoing threat management program, we monitor and evaluate emerging cybersecurity threats, including threats enhanced by AI and other advanced technologies. Our information security team utilizes threat identification and analysis technologies and vendors to monitor and respond to security threats via a 24/7/365 Security Operations Center. Although we have experienced cybersecurity incidents in the ordinary course of business, to date such incidents have not resulted in any material adverse effect on our business, financial condition, results of operations, or reputation. In the event of a security incident, a defined procedure outlines containment, response and immediate recovery actions. The incident response plan is tested, evaluated and updated at least annually.

Data Privacy and Protection

Our data and consumer privacy program monitors, adapts to and works diligently to comply with changes in global privacy legislation. We have implemented technical, procedural and organizational measures designed to protect personal and sensitive information and comply with applicable data protection and consumer privacy laws. We conduct external benchmarking, as well as privacy compliance audits, to stay abreast of developing privacy laws and understand emerging risks, best practices and industry trends.

Third-Party Risk Management

We recognize the risks associated with the use of vendors, service providers, and other third parties that provide information system services to us, process information on our behalf, or have access to our information systems. The Company has processes in place to oversee and manage these risks. We have an information risk management program that includes a vendor risk assessment process, whereby we systematically oversee and identify risks from cybersecurity threats related to our use of key third-party service providers.

Cybersecurity Governance

Our executive management team and Board of Directors oversee our policies with respect to risk assessment and the management of those risks that may be material to us, including cybersecurity risks. Our Board of Directors has delegated responsibility to the Audit Committee for the oversight of cybersecurity risks. While cybersecurity resilience is the responsibility of every employee and contractor, the cybersecurity program is led by the Chief Information Security Officer, who reports to the Chief Financial Officer. Our Chief Information Security Officer has extensive experience in network engineering and cybersecurity operations from both a practical and management standpoint. He leads global teams in cybersecurity and infrastructure operations and regularly attends training in cybersecurity and risk mitigation. The Information Technology (IT) Cybersecurity Risk Management Committee, comprising senior IT leaders, meets quarterly and reviews trending risks and remediation efforts, and reports to the Audit Committee. When necessary, we assign resources to mitigate and evaluate risks at the enterprise level as part of our Enterprise Risk Management program.

The Audit Committee receives a comprehensive annual report of cybersecurity risks, threat landscape, and overall program status. On an annual basis, the Chief Information Security Officer reports to the Audit Committee on various metrics on threat management, incident response and recovery planning, along with industry benchmarks. The Audit Committee reports on these matters to our Board of Directors as needed. In addition, the Chief Information Security Officer periodically presents directly to our Board of Directors on our cybersecurity program.

We have experienced cybersecurity incidents in the ordinary course of business. However, we believe that the risks from cybersecurity threats thus far, including any previous cybersecurity incidents, have not had a material impact on our business, financial condition, results of operations or reputation. Future cybersecurity incidents could have a material impact on our business, financial condition, results of operations or reputation. For additional information about cybersecurity risks, see Part I, Item 1A. "*Risk Factors*".

Item 2. *Properties*

We own our principal manufacturing and fabrication facilities and periodically lease smaller facilities throughout the United States, Canada and the U.K. Our facilities are generally located in areas that are readily accessible to materials and labor pools and are maintained in good condition. These facilities are expected to meet our needs for the foreseeable future.

We own 100% of the offices and facilities in the following principal locations as of September 30, 2026:

Location	Description	Acres	Approximate Square Footage
Houston, TX	Corporate office and manufacturing facility	21.4	428,515
Houston, TX	Office and manufacturing facility	53.4	346,554
Houston, TX	Office, fabrication facility, bulkhead and yard [(1)]	62.4	950,065
Houston, TX	Office and warehouse facility	9.3	37,200
North Canton, OH	Office and manufacturing facility	8.0	115,200
Northlake, IL	Office and manufacturing facility	10.0	103,500
Bradford, U.K.	Office and manufacturing facility	7.9	129,200
Deeside, U.K.	Office and manufacturing facility	4.3	42,329
Acheson, Alberta, Canada	Office and manufacturing facility	20.1	330,168

[(1)] The Jacintoport facility square footage was remeasured during Fiscal 2026 to include production yard, fabrication facility, and related operational areas. The previously reported 82,320 square feet did not include all such areas. The remeasured existing facility comprises approximately 615,000 square feet, excluding the recently completed 335,000-square-foot expansion.

Item 3. *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 in 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 for or covered by insurance, will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

Item 4. ***Mine Safety Disclosures***

Not applicable.

Information About Our Executive Officers

The current executive officers of Powell are as follows:

Name	Age*	Current Position with Powell
Brett A. Cope	58	President and Chief Executive Officer, Chairman of the Board
Michael W. Metcalf	59	Executive Vice President, Chief Financial and Principal Accounting Officer
Davide Tuninetti	51	Vice President, Chief Human Resources Officer

*As of November 17, 2026.

There are no family relationships among any of the executive officers named above or any member of our Board of Directors. The Board of Directors annually appoints the executive officers to serve.

Brett A. Cope has served as Powell's President and Chief Executive Officer since October 2016 and as the Chairman of the Board of Directors since 2019.

Michael W. Metcalf has served as Powell's Executive Vice President, Chief Financial and Principal Accounting Officer since February 2024, and as Powell's Executive Vice President, Chief Financial Officer from December 2018 to February 2024.

Davide Tuninetti has served as Powell's Vice President, Chief Human Resources Officer since February 2025. Mr. Tuninetti previously served as the Vice President Human Resources, Americas of GKN Powder Metallurgy from March 2019 to January 2025.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information

Our common stock trades on the NASDAQ Global Market (NASDAQ) under the symbol "POWL."

Holders

As of November 16, 2026, there were 201 stockholders of record of our common stock.

Dividend Policy

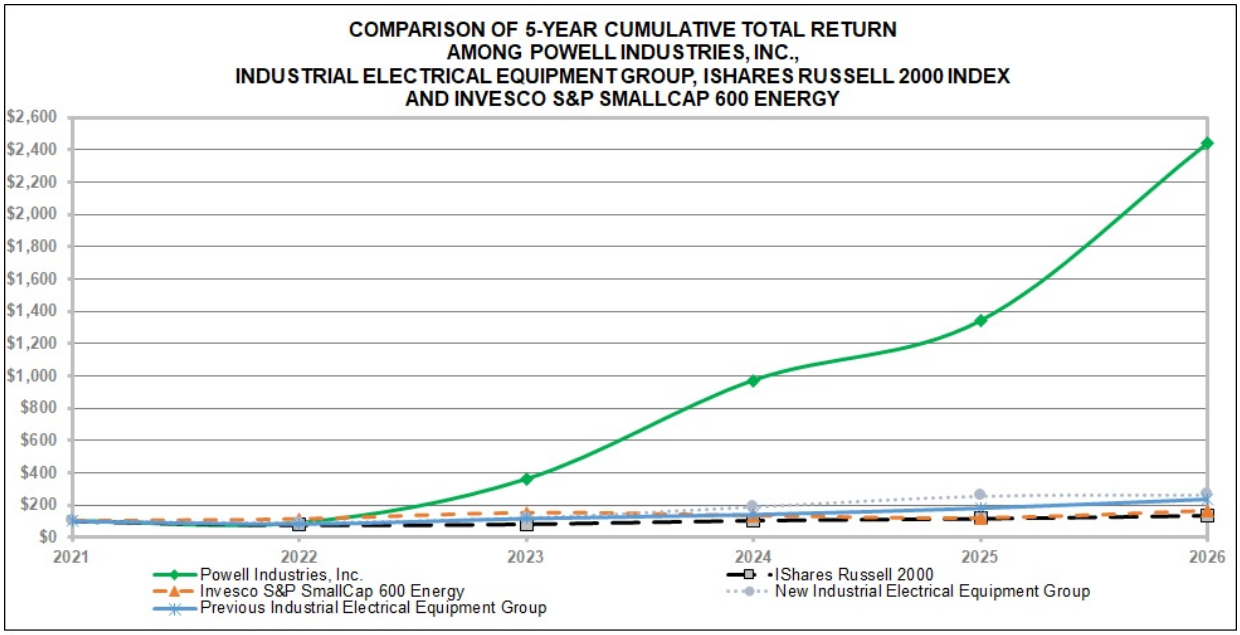
We paid cash dividends to our common stockholders in each quarter of Fiscal 2026 and expect comparable cash dividend payments in the future. However, future cash dividend payments will depend on future earnings, capital requirements, financial condition and debt covenants.

Performance Graph

The following Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

In our Form 10-K for the fiscal year ended September 30, 2025, the performance graph included a peer index (the "Previous Industrial Electrical Equipment Group") composed of Ameresco, Inc.; Belden Inc.; CECO Environmental Corp.; Daktronics Inc.; EnerSys; Franklin Electric Co., Inc.; Gibraltar Industries, Inc.; Littelfuse Inc.; LSI Industries Inc.; Matthews International Corporation; Preformed Line Products Company; Sterling Infrastructure, Inc.; Thermon Group Holdings Inc. and Woodward, Inc. As a continuing effort to align our peer group with companies of similar size, end markets and growth characteristics, we have removed Belden Inc.; Daktronics Inc.; EnerSys; Franklin Electric Co., Inc.; Gibraltar Industries, Inc.; Littelfuse Inc.; LSI Industries Inc.; Matthews International Corporation; Preformed Line Products Company and Thermon Group Holdings Inc. from our peer group, and added AAON, Inc.; AeroVironment, Inc.; Argan, Inc.; Babcock & Wilcox Enterprises, Inc.; ESCO Technologies Inc.; Itron, Inc.; Kadant Inc.; Modine Manufacturing Company; NWPX Infrastructure, Inc.; Ormat Technologies, Inc. and OSI Systems, Inc. Accordingly, the New Industrial Electrical Equipment Group is composed of AAON, Inc.; AeroVironment, Inc.; Ameresco, Inc.; Argan, Inc.; Babcock & Wilcox Enterprises, Inc.; CECO Environmental Corp.; ESCO Technologies Inc.; Itron, Inc.; Kadant Inc.; Modine Manufacturing Company; NWPX Infrastructure, Inc.; Ormat Technologies, Inc.; OSI Systems, Inc.; Sterling Infrastructure, Inc. and Woodward, Inc. (collectively, the "New Industrial Electrical Equipment Group").

The following graph compares, for the period from October 1, 2021, to September 30, 2026, the cumulative total stockholder return on our common stock with the cumulative total return on the iShares Russell 2000, the Invesco S&P SmallCap 600 Energy, the New Industrial Electrical Equipment Group and the Previous Industrial Electrical Equipment Group. The comparison assumes that $100 was invested on October 1, 2021, in our common stock, the iShares Russell 2000, the Invesco S&P SmallCap 600 Energy, the New Industrial Electrical Equipment Group and the Previous Industrial Electrical Equipment Group, and that all dividends were re-invested. The stock price performance reflected on the following graph is not necessarily indicative of future stock price performance.



Item 6. ***[Reserved]***

Item 7. ***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 for the twelve months ended September 30, 2026 compared to the twelve months ended September 30, 2025, should be read in conjunction with the accompanying consolidated financial statements and related notes included in this Annual Report. For discussion and analysis of our financial condition and results of operations for Fiscal 2025 as compared to Fiscal 2024, please refer to Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Form 10-K for the fiscal year ended September 30, 2025, filed with the SEC on November 19, 2025. Any forward-looking statements made by or on our behalf are made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that such forward-looking statements involve risks and uncertainties, and the actual results may differ materially from those projected in the forward-looking statements. For a description of the risks and uncertainties, please see "Cautionary Statement Regarding Forward-Looking Statements" and Part I, Item 1A. "Risk Factors" included elsewhere in this Annual Report.

Executive 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 primarily serve the oil and gas and petrochemical markets, the electric utility market, and commercial and other industrial markets. Beyond these major markets, we also provide products and services to the light rail traction power market and other markets that include universities and government entities. We are continuously developing new channels to electrical markets through original equipment manufacturers and distribution market channels. For additional information on the markets we serve, see "Markets" in Part I, Item 1 of this Annual Report.

In Fiscal 2026, we reported revenue of $1.3 billion, net income of $221.0 million, and we generated $433.7 million in cash from operating activities. As of September 30, 2026, we had total assets of $1.7 billion.

On April 2, 2026, we effected a three-for-one forward split of our common stock and proportionately increased the number of shares of authorized common stock from 30,000,000 to 90,000,000 (the Stock Split). Each shareholder of record as of the close of trading on March 20, 2026 (the Record Date) received, after the close of trading on April 2, 2026, two additional shares for every one share held on the Record Date. Trading began on a split-adjusted basis at market open on April 6, 2026.

Market Overview

Our backlog increased to $2.7 billion as of September 30, 2026, with approximately $1.3 billion expected to be recognized as revenue during our fiscal year ending September 30, 2027. During Fiscal 2026, commercial activity remained favorable across most of our end markets, with particularly strong demand in the commercial and other industrial, oil and gas (excluding petrochemical), and electric utility markets.

The diversification of our business over the past several years, including expansion into secular growth markets such as electric utility and data centers, has reduced the cyclicality of our business. This diversification allows us to see beyond the current cycle and invest alongside our customers with greater visibility. Customer relationships in these markets are increasingly strategic and consultative, with opportunities ranging from discrete project engagements to broader infrastructure planning arrangements.

During Fiscal 2026, bookings totaled $2.6 billion, including nine mega orders across diverse end markets, demonstrating continued customer investment and strong market activity. We remain encouraged by the outlook for both the data center and electric utility end markets and the durability of the current investment cycles. Notwithstanding this momentum, we continue to monitor macroeconomic conditions and geopolitical developments that could affect customer spending behavior or the timing of project awards. While current demand indicators remain positive, these external factors could influence future levels of market activity.

Oil and gas and petrochemical markets. North American oil and gas end markets continue to exhibit strong commercial activity driven by rising global demand for liquefied natural gas (LNG) and gas-to-chemical processes that leverage low-cost natural gas feedstocks. We believe the fundamentals of the U.S. natural gas market, including its abundant supply and competitive cost structure, continue to support investments in LNG export facilities and related gas processing infrastructure. Commercial activity in the petrochemical market has remained subdued over the past several quarters. However, we are cautiously

optimistic that the petrochemical market is entering the early stages of a cyclical recovery following an extended period of reduced capital investment activity. As a result of these dynamics, order activity remained strong throughout Fiscal 2026, with total bookings of nearly $1.0 billion, including three mega LNG orders and one mega petrochemical project. Beyond traditional crude oil refining and other oil and gas downstream operations, we have broadened our participation in end markets supporting the energy transition, including hydrogen production, carbon capture, and alternative fuels, such as biofuels and sustainable aviation fuel, reflecting growing demand for cleaner energy solutions.

Electric utility market. Aligned with our strategy of end-market diversification, we continue to focus on growth in electrical distribution substations while also supporting increased investment in power generation infrastructure. During Fiscal 2026, we secured total bookings of over $400 million, with a mega order of approximately $75 million awarded in the second fiscal quarter, reflecting continued customer investment in grid modernization, electrification and expanding digital infrastructure, transmission and distribution infrastructure, and generation capacity expansion.

Commercial and other industrial markets. We continue to experience strong growth across commercial and industrial end-markets, primarily driven by the rapid expansion of data centers to meet increasing demand for cloud computing and artificial intelligence applications. During Fiscal 2026, we were awarded over $900 million in data center infrastructure projects, including a mega order valued at greater than $400 million secured during the third fiscal quarter and three additional mega orders secured in Fiscal 2026, each exceeding $75 million in contract value. Commercial activity in this market sector during Fiscal 2026 reflects the continued investment in data center infrastructure, cloud computing and artificial intelligence, and we are also observing increased activity across other industrial end markets.

Business Environment

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. As data center projects become a larger component of our backlog and revenues: (i) our product mix may shift, as such projects will likely require less custom, engineered-to-order equipment and systems than other end markets; (ii) we have become, and will continue to become, subject to additional risks related to that end market, including fluctuations in demand for data centers and developments in legislative or regulatory initiatives with respect thereto; and (iii) our operating results may be impacted by the aforementioned factors and risks, among others related to the data center end market.

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 remain focused on the variables that impact our markets as well as cost management, labor availability and supply chain challenges.

We are subject to inflation, which can cause increases in our costs of labor, indirect expenses and raw materials, primarily copper, aluminum and steel. Fixed-price contracts can limit our ability to pass these increases to our customers, thus negatively impacting our earnings and operations in future periods.

During Fiscal 2026, we continued experiencing high volatility in commodity prices, and ongoing supply chain delays for specific engineered components remained a persistent challenge for us. Moreover, ongoing and recently proposed changes to U.S. global trade policy (including legal challenges thereto), along with potential international retaliatory measures, and concerns over inflation, recession and slowing growth have continued to cause high volatility in global markets and uncertainty around short- and long-term economic impacts in the United States and other markets we serve. We continue to evaluate and monitor the potential impacts of these changes and measures, including the imposition of tariffs, on our business and operations. We could potentially face the challenge of increased costs of raw materials and engineered components as well as negative impacts on our margins; however, it is not possible to predict the impact, if any, of any changes or proposed changes to the U.S. global trade policy, or any international retaliatory measures, on our business and operations. In response to the rising cost environment and persistent supply chain challenges, we are taking strategic measures to effectively manage our product pricing, refine delivery schedules, and manage bid validity dates with our customers. Our supplier engagement includes improving forecasting and negotiating favorable terms that allow us to meet or exceed customer timelines. Additionally, we remain focused on enhancing factory efficiencies and improving project execution to mitigate risks and maintain customer satisfaction.

Results of Operations

Twelve Months Ended September 30, 2026 Compared to Twelve Months Ended September 30, 2025

Revenue and Gross Profit

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.

Revenue increased 14%, or $151.9 million, to $1.3 billion in Fiscal 2026. Domestic revenue increased by 17%, or $146.0 million, to $1,026.2 million, while international revenue increased 3%, or $5.9 million, to $230.0 million in Fiscal 2026. The increase in international revenue was primarily driven by increased activity in the Middle East and Africa region, as well as the Asia/Pacific and Europe regions, partially offset by decreased activity in Canada. International revenue includes both revenue generated at our international facilities and export project revenue produced at our domestic facilities.

Revenue growth during Fiscal 2026 was led by strength in the commercial and other industrial, electric utility and oil and gas (excluding petrochemical) markets. Revenue from the commercial and other industrial market increased 65%, or $116.1 million, to $294.3 million, while revenue from the electric utility market increased 21%, or $59.7 million, to $338.7 million. Revenue from the oil and gas market (excluding petrochemical) increased 10%, or $39.5 million, to $446.0 million. These increases were primarily driven by our strategic initiatives to expand our presence in the commercial and other industrial and electric utility markets, as well as strong market activity across these end markets. Partially offsetting these increases, revenue from the petrochemical market decreased 42%, or $63.0 million, to $88.2 million, while revenue from the light rail traction power market decreased 11%, or $4.6 million, to $36.7 million in Fiscal 2026. These declines were primarily attributable to lower backlog levels, including the impact of completing a large petrochemical order secured in Fiscal 2023. Revenue from all other markets combined increased 9%, or $4.3 million, to $52.4 million in Fiscal 2026. For additional information on the markets we serve, see “Markets” in Part I, Item 1 and “Market Overview” in Part II, Item 7 of this Annual Report.

Gross profit increased 21%, or $68.6 million, to $393.0 million in Fiscal 2026. Gross profit as a percentage of revenue increased to 31% in Fiscal 2026, as compared to 29% in Fiscal 2025. The increase in gross profit was primarily driven by higher revenues, as well as improved gross profit margin resulting from favorable volume leverage and product mix, as well as strong project execution in a stable pricing environment.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 17%, or $16.2 million, to $111.6 million in Fiscal 2026, primarily due to higher compensation expenses, including the impact of the Remsdaq acquisition completed in August 2025, increased infrastructure spending, and higher legal expenses. As a percentage of revenue, selling, general and administrative expenses remained flat at 9% during both Fiscal 2026 and Fiscal 2025.

Research and Development (R&D) Expenses

Research and development expenses increased by 41%, or $4.5 million, to $15.5 million in Fiscal 2026, driven by increased R&D initiatives, including the impact of the Remsdaq acquisition completed in August 2025.

Other Income

During Fiscal 2026, we recorded other income of $1.5 million related to death benefits from company-owned insurance policies for two retired employees.

Income Tax Provision

We recorded an income tax provision of $65.6 million and $52.8 million in Fiscal 2026 and 2025, respectively, resulting in an effective tax rate of 23%. For both Fiscal 2026 and 2025, the effective tax rates were favorably impacted by discrete items related to the vesting of restricted stock units and the estimated Research and Development Tax Credit, which were offset by the tax expense related to certain non-deductible items. For additional information regarding our income taxes, see Note I. Income Taxes of the Notes to Consolidated Financial Statements.

Net Income

In Fiscal 2026, we recorded net income of $221.0 million, or $6.04 per diluted share, compared to net income of $180.7 million, or $4.95 per diluted share, in Fiscal 2025. The increase in net income was primarily driven by higher gross profit, partially offset by higher selling, general and administrative expenses and research and development expenses.

Backlog

Order backlog, which represents our remaining unsatisfied performance obligations, reflects the estimated transaction price for goods and services for which we have a material right but for which work has not yet been performed. Order backlog at September 30, 2026 totaled $2.7 billion, representing a 96% increase from $1.4 billion backlog at September 30, 2025. This increase was mainly driven by strong growth in the commercial and other industrial, oil and gas, petrochemical, and electric utility markets. As of September 30, 2026, the commercial and other industrial market represented 35% of total backlog, while the oil and gas market accounted for 32% and the electric utility market accounted for 23%.

Bookings, net of cancellations and scope reductions, increased 124% to $2.6 billion in Fiscal 2026, compared to $1.2 billion in Fiscal 2025. The increase was primarily attributable to strong growth in the commercial and other industrial and oil and gas markets, a recovery in the petrochemical market, and continued growth in the electric utility market.

Liquidity and Capital Resources

As of September 30, 2026, current assets exceeded current liabilities by 1.9 times.

Cash, cash equivalents and short-term investments increased to $860.8 million at September 30, 2026, compared to $475.5 million at September 30, 2025. The increase was primarily driven by improved earnings and favorable working capital changes resulting from strong order activity, partially offset by cash payments related to shares withheld in lieu of employee tax withholding, capital expenditures and dividend payments. We invest our cash, cash equivalents and short-term investments in accordance with the Company's investment policy approved by the Board of Directors. We believe that our cash, cash equivalents and short-term investments, together with available borrowings under our U.S. credit facility, will be sufficient to support our ongoing operating activities, dividend payments and future organic and inorganic business growth, as well as research and development initiatives for the next twelve months and beyond.

As we evaluate our capital allocation framework relative to our strategic objectives, we intend to continue deploying capital toward both organic and inorganic initiatives while maintaining a disciplined approach to other capital allocation strategies aimed at enhancing shareholder value. We regularly reassess our capital allocation priorities, which currently include funding working capital requirements, research and development, capital expenditures, and other organic growth opportunities, while also returning capital to shareholders and selectively pursuing strategic inorganic growth opportunities. Our capital allocation decisions are influenced by a number of factors, including market conditions, our financial position and capital requirements, competing uses of cash, and other relevant considerations.

Approximately $124.7 million of our cash, cash equivalents and short-term investments at September 30, 2026 was held outside of the U.S. to support our international operations. We intend to indefinitely reinvest all current and future foreign earnings internationally to ensure adequate liquidity and working capital for our international business. 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.

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, which 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) $60.0 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. On September 24, 2024, in connection with the expected discontinuation of the publication of the Bloomberg Short-Term Bank Yield Index Rate as administered by the Bloomberg Index Service Limited (BSBY), we further amended the U.S. Revolver by entering into a conforming changes amendment with Bank of America, N.A. that added and amended certain terms related to the replacement of the BSBY as a benchmark rate with the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York. On September 30, 2025, we entered into a fourth amendment to the U.S. Revolver associated with a reorganization of holding companies of our foreign subsidiaries, replacing the prior share pledge on 65% of the equity interests of Powell Industries International B.V., with the share pledge on 65% of the equity interests of Powell Industries International Limited.

As of September 30, 2026, there were no amounts borrowed under the U.S. Revolver, and letters of credit outstanding were $103.1 million. There was $46.9 million available for the issuance of letters of credit and borrowings under the U.S. Revolver as of September 30, 2026. For further information regarding our debt, see Notes G. Long-Term Debt and H. Commitments and Contingencies of Notes to Consolidated Financial Statements.

On November 10, 2026, we entered into the Commitment Increase Agreement (as defined herein) in order to, among other things, increase the amount of the revolving line of credit extended to the Company under the U.S. Revolver from $150 million to $200 million. See Item 9B. Other Information for additional information.

Cash Flows

Operating Activities

Operating activities provided net cash of $433.7 million during Fiscal 2026 and provided net cash of $167.9 million during Fiscal 2025. Cash flow from operations is primarily influenced by project volume and margins, working capital requirements, the timing of milestone payments from customers, and payment terms with suppliers. The increase in operating cash flow was primarily driven by improved earnings and favorable working capital changes resulting from strong order activity.

Investing Activities

Investing activities provided $6.4 million of cash during Fiscal 2026 and used $8.3 million of cash in Fiscal 2025. Cash provided by investing activities during Fiscal 2026 was primarily due to maturities of short-term investments, partially offset by capital expenditures. Fiscal 2026 capital expenditures included approximately $10 million related to the production capacity expansion at our Jacintoport manufacturing facility in Houston, Texas.

During Fiscal 2025, cash used in investing activities was primarily attributable to capital expenditures related to facility expansion and improvement projects at our electrical products facility in Houston, Texas, and the acquisition of Remsdaq for total cash consideration of $11.5 million. These uses of cash were partially offset by net maturities of short-term investments.

Financing Activities

Net cash used in financing activities was $27.8 million during Fiscal 2026 compared to $25.1 million used during Fiscal 2025. The increase in cash used in financing activities was primarily due to higher cash payments related to shares withheld in lieu of employee tax withholding, driven by the increase in our share price during Fiscal 2026 compared to Fiscal 2025.

Planned Capital Spending

During Fiscal 2027, planned capital expenditures are expected to primarily support capacity expansion initiatives and anticipated business growth.

Other Commercial Commitments

We are contingently liable for letters of credit and bank guarantees totaling $109.2 million as of September 30, 2026, with the following potential cash outflows in the event that we are unable to perform under our contracts (in thousands):

Payments Due by Period:	Letters of Credit/ Bank Guarantees
Less than 1 year	$ 44,681
1 to 3 years	50,677
More than 3 years	13,851
Total commercial commitments	$ 109,209

We also had surety bonds totaling $543.6 million that were outstanding at September 30, 2026. Surety bonds are primarily used to guarantee our contract performance to our customers.

In addition, we had operating lease obligations. See Note M. Leases, of the Notes to Consolidated Financial Statements for disclosures related to our lease obligations and timing of our expected lease payments.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements during the periods presented.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) 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 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.

We believe the following accounting estimates to be critical in the preparation and reporting of our consolidated financial statements.

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 that 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 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 toward 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 this method faithfully depicts the transfer of control of goods and services to the customer because it measures progress toward satisfaction of the performance obligation as costs are incurred. 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.

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 separate performance obligations, 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.

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 on 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. See Note E. Revenue of the Notes to Consolidated Financial Statements for disclosures related to changes in contract estimates.

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.

Impairment of Long-Lived Assets

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if recording an impairment of such asset is necessary. This requires us to make long-term forecasts of the future revenues and costs related to the assets subject to review. Forecasts require assumptions about demand for our products and future market conditions. Estimating future cash flows requires significant judgment, and our projections may vary from cash flows eventually realized. Future events and unanticipated changes to assumptions could require a provision for impairment in a future period. The effect of any impairment would be reflected in operating income in the Consolidated Statements of Operations. In addition, we estimate the useful lives of our long-lived assets and other intangibles, and periodically review these estimates to determine whether these lives are appropriate.

Accruals for Contingent Liabilities

From time to time, contingencies such as insurance-related claims, liquidated damages and legal claims arise in the normal course of business. Pursuant to applicable accounting standards, we must evaluate such contingencies to subjectively determine the likelihood that an asset has been impaired or a liability has been incurred at the date of the financial statements, as well as evaluate whether the amount of the loss can be reasonably estimated. If the likelihood is determined to be probable, and it can be reasonably estimated, the estimated loss is recorded. The amounts we record for contingent liabilities require judgments regarding the amount of expenses that will ultimately be incurred. We use past experience and history, as well as the specific circumstances surrounding each contingent liability, including estimated legal costs, in evaluating the amount of liability that should be recorded. Actual results could differ from our estimates.

Warranty Costs

Estimated costs of warranties are accrued based on historical warranty claim costs in relation to current revenues. In addition, specific provisions are made when product failures are projected outside historical experience. Our standard terms and conditions of sale include a warranty for parts and service for one year. Occasionally, we provide service-type warranties that will extend the warranty period. Actual results could differ from our estimate.

Projects may require, on occasion, warranty terms that are longer than our standard terms due to the nature of the project. Extended warranty terms may be negotiated and included in our contracts. The allocated revenue associated with the extended warranty is deferred and recorded as a contract liability and recognized as revenue over the extended warranty period.

Accounting for Income Taxes

We account for income taxes under the asset and liability method, based on the income tax laws and rates in the countries in which operations are conducted and income is earned. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Developing our provision for income taxes requires significant judgment and expertise in federal, international and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and, if necessary, any valuation allowances that may be required for deferred tax assets. In assessing the extent to which net deferred tax assets may be realized, we consider whether it is more likely than not that some portion or all of the net deferred tax assets may not be realized. The ultimate realization of net deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible. Estimates may change as new events occur, estimates of future taxable income during the carryforward period are reduced or increased, additional information becomes available, or operating environments change, which may result in a full or partial reversal of the valuation allowance. We will continue to assess the adequacy of the valuation allowance on a quarterly basis. Our judgments and tax strategies are subject to audit by various taxing authorities.

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity’s financial statements or tax returns. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Accounting literature also provides guidance on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. Judgment is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact our financial position and results of operations.

See Note I. Income Taxes of the Notes to Consolidated Financial Statements for disclosures related to the valuation allowance recorded in relation to deferred taxes.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

We are exposed to certain market risks arising from transactions we have entered into in the normal course of business. These risks primarily relate to fluctuations in commodity prices, foreign currency transactions and interest rates.

Commodity Price Risk

We are subject to market risk from fluctuating market prices of certain raw materials used in our products. While such materials are typically available from numerous suppliers, commodity raw materials are subject to price fluctuations. We attempt to pass along such commodity price increases to our customers on a contract-by-contract basis to avoid a negative effect on our gross margin. We enter into derivative contracts to hedge a portion of our exposure to commodity price risk. These contracts were immaterial to our earnings and cash flows for Fiscal 2026, 2025 and 2024. In the future, we may enter into additional derivative contracts to further hedge our exposure to commodity price risk. Even though we continue to experience price volatility with some of our key raw materials and components, with the consideration of our hedging strategy, we believe our exposure to commodity price risk is minimal.

Foreign Currency Transaction Risk

We have foreign operations that expose us to foreign currency exchange rate risk in the British pound sterling, the Canadian dollar and to a lesser extent the Singapore dollar and the euro, among others. Amounts invested in our foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. The resulting translation adjustments are recorded as accumulated other comprehensive loss, a component of stockholders' equity in our Consolidated Balance Sheets. We believe the exposure to the effects that fluctuating foreign currencies have on our consolidated results of operations is limited because the foreign operations primarily invoice customers and collect payments in their respective local currencies or U.S. dollars. Additionally, expenses associated with these transactions are generally contracted and paid for in the same local currencies. Our realized foreign exchange gain was less than $0.1 million in Fiscal 2026, compared to a loss of $0.3 million in Fiscal 2025. These amounts were included in selling, general and administrative expenses in our Consolidated Statements of Operations. From time to time, our foreign subsidiaries may enter into foreign exchange forward contracts to hedge their foreign currency exposures, if any. These contracts were insignificant to our earnings and cash flows for Fiscal 2026, 2025 and 2024. We do not typically hedge our exposure to potential foreign currency translation adjustments.

Our accumulated other comprehensive loss, which is included as a component of stockholders' equity, was $31.1 million as of September 30, 2026, an increase of $4.1 million compared to September 30, 2025. This increase in comprehensive loss was primarily a result of fluctuations in the currency exchange rates for the Canadian dollar and British pound sterling as we re-measured the foreign operations of those divisions.

Interest Rate Risk

If we borrow under our U.S. Revolver, we will be subject to market risk resulting from changes in interest rates related to our floating rate bank credit facility. Because we did not have any outstanding borrowings under our U.S. Revolver as of both September 30, 2026 and 2025, we have not experienced any significant interest rate risk for each of the periods presented in our Consolidated Statements of Operations.

Item 8. ***Financial Statements and Supplementary Data***

Index to Consolidated Financial Statements	Page
Financial Statements:	
Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	37
Consolidated Balance Sheets as of September 30, 2026 and 2025	40
Consolidated Statements of Operations for the Years Ended September 30, 2026, 2025 and 2024	41
Consolidated Statements of Comprehensive Income for the Years Ended September 30, 2026, 2025 and 2024	42
Consolidated Statements of Stockholders' Equity for the Years Ended September 30, 2026, 2025 and 2024	43
Consolidated Statements of Cash Flows for the Years Ended September 30, 2026, 2025 and 2024	44
Notes to Consolidated Financial Statements	45

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Powell Industries Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Powell Industries Inc. and its subsidiaries (the "Company") as of September 30, 2026 and 2025, and the related consolidated statements of operations, of comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended September 30, 2026, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of September 30, 2026, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2026 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2026, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition - Long-term fixed price contracts

As described in Notes B and E to the consolidated financial statements, approximately 96% of the Company's total revenue of $1,256 million for the year ended September 30, 2026 was generated from the manufacturing of custom-engineered products and systems under long-term fixed-price contracts. Revenue from these contracts is generally recognized over time utilizing the cost-to-cost method to measure the extent of progress toward the completion of the performance obligation and the recognition of revenue over time. Management believes that this method is the most accurate representation of performance, because it directly measures the value of the services transferred to the customer over time as costs are incurred on the 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. 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. Due to the nature of the 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. Management estimates the amount of variable consideration based on the expected value method, which is the sum of the probability-weighted amount, or the most likely amount method which uses various factors including experience with similar transactions and assessment of anticipated performance.

The principal considerations for our determination that performing procedures relating to revenue recognized over time utilizing the cost-to-cost method is a critical audit matter are the significant judgment by management when determining the estimated total cost and revenue, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and in evaluating management's judgment about assumptions related to the estimates of costs to complete and liquidated damages.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the determination of total estimated costs at completion of the performance obligation and determination of total contract price. These procedures also included, among others, evaluating and testing management's process for determining the estimated total cost and revenue for a sample of contracts, which included (i) obtaining executed purchase orders and agreements, (ii) evaluating the appropriateness of the method to measure estimated total cost and revenue, (iii) testing the completeness and accuracy of the underlying data used by management, and (iv) evaluating the reasonableness of significant assumptions related to the total estimated costs at completion and liquidated damages used by management and considering the factors that can affect the accuracy of those estimates. Evaluating the reasonableness of significant assumptions related to estimated total cost involved assessing management's ability to reasonably estimate total costs to complete and liquidated damages by testing management's process to evaluate the remaining costs related to the performance obligation and evaluating the timely identification of circumstances which may warrant a modification to the total estimated costs or liquidated damages.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
November 17, 2026

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	September 30,	
	2026	2025
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 860,825	$ 450,739
Short-term investments	—	24,788
Accounts receivable, less allowance for credit losses of $480 and $368, respectively	351,370	217,065
Contract assets	132,968	136,679
Inventories	116,690	84,719
Prepaid expenses	11,183	10,591
Other current assets	11,644	7,135
Total Current Assets	1,484,680	931,716
Property, plant and equipment, net	121,971	111,049
Operating lease assets, net	2,566	1,664
Goodwill	6,056	6,125
Intangible assets, net	5,191	6,138
Deferred income tax assets	19,207	33,440
Other assets	18,880	18,852
Total Assets	$ 1,658,551	$ 1,108,984
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 110,370	$ 67,080
Contract liabilities	578,717	297,949
Accrued compensation and benefits	41,485	39,184
Accrued product warranty	7,093	6,356
Current operating lease liabilities	1,077	882
Income taxes payable	8,940	11,028
Other accrued taxes	29,180	10,162
Other current liabilities	19,089	13,746
Total Current Liabilities	795,951	446,387
Deferred compensation (Note J)	16,727	13,707
Long-term operating lease liabilities	1,489	782
Deferred income tax liabilities	5,134	5,297
Other long-term liabilities	2,337	2,041
Total Liabilities	821,638	468,214
Commitments and Contingencies (Note H)		
Stockholders' Equity:		
Preferred stock, par value $0.01; 5,000,000 shares authorized; none issued	—	—
Common stock, par value $0.01; 90,000,000 shares authorized; Shares issued: 38,850,618 and 38,628,588, respectively Shares outstanding: 36,432,564 and 36,210,534, respectively	388	129
Additional paid-in capital	55,024	62,834
Retained earnings	837,649	629,848
Treasury stock, 2,418,054 shares at cost	(24,999)	(24,999)
Accumulated other comprehensive loss	(31,149)	(27,042)
Total Stockholders' Equity	836,913	640,770
Total Liabilities and Stockholders' Equity	$ 1,658,551	$ 1,108,984

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Year Ended September 30,		
	2026	**2025**	**2024**
Revenues	$ 1,256,246	$ 1,104,318	$ 1,012,356
Cost of goods sold	863,264	779,937	739,268
Gross profit	392,982	324,381	273,088
Selling, general and administrative expenses	111,575	95,401	84,888
Research and development expenses	15,537	11,008	9,427
Amortization of intangible assets	882	112	—
Operating income	264,988	217,860	178,773
Other expenses (income):			
Other income	(1,499)	—	—
Interest income, net	(20,050)	(15,690)	(17,315)
Income before income taxes	286,537	233,550	196,088
Income tax provision	65,552	52,803	46,240
Net income	$ 220,985	$ 180,747	$ 149,848
Earnings per share:			
Basic	$ 6.07	$ 4.99	$ 4.17
Diluted	$ 6.04	$ 4.95	$ 4.10
Weighted average shares:			
Basic	36,405	36,186	35,947
Diluted	36,581	36,502	36,563
Dividends per share	$ 0.3592	$ 0.3558	$ 0.3525

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended September 30,		
	2026	2025	2024
Net income	$ 220,985	$ 180,747	$ 149,848
Foreign currency translation adjustments	(3,957)	(2,598)	2,561
Postretirement benefit adjustment, net of tax	(150)	(83)	(13)
Comprehensive income	$ 216,878	$ 178,066	$ 152,396

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income/(Loss)	Total
	Shares	Amount			Shares	Amount		
Balance, September 30, 2023	38,004	$ 127	$ 71,526	$ 325,281	(2,418)	$ (24,999)	$ (26,909)	$ 345,026
Net income	—	—	—	149,848	—	—	—	149,848
Foreign currency translation adjustments	—	—	—	—	—	—	2,561	2,561
Stock-based compensation	382	1	4,746	—	—	—	—	4,747
Shares withheld in lieu of employee tax withholding	—	—	(6,599)	—	—	—	—	(6,599)
Dividends	—	—	438	(12,935)	—	—	—	(12,497)
Postretirement benefit adjustment, net of tax of $4	—	—	—	—	—	—	(13)	(13)
Balance, September 30, 2024	38,386	$ 128	$ 70,111	$ 462,194	(2,418)	$ (24,999)	$ (24,361)	$ 483,073
Net income	—	—	—	180,747	—	—	—	180,747
Foreign currency translation adjustments	—	—	—	—	—	—	(2,598)	(2,598)
Stock-based compensation	243	1	4,634	—	—	—	—	4,635
Shares withheld in lieu of employee tax withholding	—	—	(12,248)	—	—	—	—	(12,248)
Dividends	—	—	337	(13,093)	—	—	—	(12,756)
Postretirement benefit adjustment, net of tax of $22	—	—	—	—	—	—	(83)	(83)
Balance, September 30, 2025	38,629	$ 129	$ 62,834	$ 629,848	(2,418)	$ (24,999)	$ (27,042)	$ 640,770
Net income	—	—	—	220,985	—	—	—	220,985
Foreign currency translation adjustments	—	—	—	—	—	—	(3,957)	(3,957)
Stock-based compensation	222	—	6,790	—	—	—	—	6,790
Issuance of common stock related to Stock Split	—	259	(259)	—	—	—	—	—
Shares withheld in lieu of employee tax withholding	—	—	(14,698)	—	—	—	—	(14,698)
Dividends	—	—	357	(13,184)	—	—	—	(12,827)
Postretirement benefit adjustment, net of tax of $40	—	—	—	—	—	—	(150)	(150)
Balance, September 30, 2026	38,851	$ 388	$ 55,024	$ 837,649	(2,418)	$ (24,999)	$ (31,149)	$ 836,913

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended September 30,		
	2026	**2025**	**2024**
Operating Activities:			
Net income	$ 220,985	$ 180,747	$ 149,848
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,692	7,265	6,871
Stock-based compensation	6,790	4,635	4,747
Unrealized mark-to-market (gain) loss on derivative contracts	(321)	(234)	(326)
Bad debt expense (recovery), net	153	(3)	278
Deferred income taxes	13,992	(4,868)	(7,474)
Gain on death benefits from company-owned life insurance	(1,499)	—	—
Changes in operating assets and liabilities:			
Accounts receivable, net	(135,387)	(2,435)	(7,309)
Contract assets and liabilities, net	284,199	(23,495)	(34,714)
Inventories	(32,358)	2,976	(21,818)
Income taxes	(2,305)	1,178	2,515
Prepaid expenses and other current assets	(7,440)	(1,677)	(3,090)
Accounts payable	42,187	(7,491)	16,346
Accrued liabilities	27,696	9,733	5,011
Other, net	8,306	1,606	(2,224)
Net cash provided by operating activities	433,690	167,937	108,661
Investing Activities:			
Purchases of short-term investments	—	(37,262)	(42,855)
Maturities of short-term investments	24,857	53,537	33,107
Cash paid for business acquisition, net of cash acquired	—	(11,488)	—
Purchases of property, plant and equipment	(18,461)	(13,149)	(11,983)
Proceeds from sale of property, plant and equipment	17	20	107
Purchase of intangible assets	—	—	(250)
Net cash provided by (used in) investing activities	6,413	(8,342)	(21,874)
Financing Activities:			
Shares withheld in lieu of employee tax withholding	(14,698)	(12,248)	(6,599)
Dividends paid	(13,071)	(12,869)	(12,653)
Net cash used in financing activities	(27,769)	(25,117)	(19,252)
Net increase in cash and cash equivalents	412,334	134,478	67,535
Effect of exchange rate changes on cash and cash equivalents	(2,248)	930	1,921
Cash and cash equivalents at beginning of period	450,739	315,331	245,875
Cash and cash equivalents at end of period	$ 860,825	$ 450,739	$ 315,331

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

A. Business and Organization

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 Canada Inc.; Powell (UK) Limited; and Powell Industries International Limited.

We are headquartered in Houston, Texas, and primarily serve the oil and gas and petrochemical markets, the electric utility market, and commercial and other industrial markets. Beyond these major markets, we also provide products and services to the light rail traction power market and other markets that include universities and government entities. We are continuously developing new channels to electrical markets through original equipment manufacturers and distribution market channels.

Our principal products include integrated power control room substations (PCRs®), custom-engineered modules, electrical houses (E-Houses), 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 are designed for application voltages ranging from 480 volts to 38,000 volts. Our product scope includes designs tested to meet both United States (U.S.) and international standards, under both the American National Standards Institute (ANSI) and the International Electrotechnical Commission (IEC). We also provide spare parts, retrofit and retrofill components for existing systems, and replacement circuit breakers for obsolete switchgear no longer produced by the original manufacturer. Our principal services include field service inspection, installation, commissioning, modification and repair services. We seek to establish long-term relationships with the end users of our systems as well as design and construction engineering firms contracted by those end users. We believe that our culture of safety and focus on customer satisfaction, along with our financial strength, allow us to continue to capitalize on opportunities in the industries we serve.

References to Fiscal 2026, Fiscal 2025 and Fiscal 2024 used throughout these Notes to Consolidated Financial Statements relate to our fiscal years ended September 30, 2026, 2025 and 2024, respectively.

B. Summary of Significant Accounting Policies

Principles of Consolidation

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying footnotes. The most significant estimates used in our 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, intangible assets and goodwill (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.

Cash and Investments

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 Consolidated Balance Sheets.

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

Supplemental Disclosures of Cash Flow Information (in thousands):

	Year Ended September 30,		
	2026	2025	2024
Cash paid (received) during the period for:			
Interest received, net of interest expense	$ (19,850)	$ (14,542)	$ (15,641)
Income taxes paid, net of refunds	52,811	56,133	50,919
Non-cash capital expenditures	1,561	186	361

Fair Value of Financial Instruments

Financial instruments include cash, cash equivalents, short-term investments, receivables, deferred compensation, contingent future payments related to business acquisitions, payables and debt obligations. Except as described below, due to the short-term nature of accounts receivable and accounts payable, their book values are representative of their fair values.

Accounts Receivable

Accounts receivable are stated net of allowances for credit losses. We maintain and continually assess the adequacy of the allowance for credit losses representing our estimate for losses resulting from the inability of our customers to pay amounts due to us. This estimated allowance is based on historical experience of uncollected accounts, the level of past due accounts, the overall level of outstanding accounts receivable, information about specific customers with respect to their inability to make payments and expectations of future conditions that could impact the collectability of accounts receivable. Future changes in our customers' operating performance and cash flows, or in general economic conditions, could have an impact on their ability to fully pay these amounts, which could have a material impact on our operating results. In most cases, receivables are not collateralized. However, we utilize letters of credit to secure payment on projects when possible. Retention amounts are in accordance with applicable provisions of contracts and become due upon completion of contractual requirements. As of September 30, 2026 and 2025, we had retention amounts of $6.4 million and $8.1 million, respectively.

Of the retained amount at September 30, 2026, $6.2 million is expected to be collected in the next twelve months and is recorded in accounts receivable. The remaining $0.2 million is recorded in other assets.

Contract Balances

The timing of revenue recognition, billings and cash collections affects accounts receivable, contract assets and contract liabilities in our 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 on 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.

Inventories

Inventories are stated at the lower of cost or net realizable value using weighted-average methods and include the cost of materials, labor and manufacturing overhead. We use estimates in determining the level of reserves required to state inventory at the lower of cost or net realizable value. Our estimates are based on market activity levels, production requirements, the physical condition of products and technological innovation. Changes in any of these factors may result in adjustments to the carrying value of inventory.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense when incurred. Expenditures for major renewals and improvements, which extend the useful lives of existing equipment, are capitalized and depreciated. Upon retirement or disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the Consolidated Statements of Operations.

We review property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if recording an impairment of such asset is necessary. If an impairment is indicated, we record an impairment loss equal to the difference between the carrying value and the fair value of the long-lived asset. This requires us to make long-term forecasts of the future revenues and the costs related to the assets subject to review. Forecasts require assumptions about demand for our products and future market conditions. Estimating future cash flows requires significant judgment, and our projections may vary from cash flows eventually realized. Future events and unanticipated changes to assumptions could require a provision for impairment in a future period. The effect of any impairment would be reflected in operating income in the Consolidated Statements of Operations. In addition, we estimate the useful lives of our property, plant and equipment and periodically review these estimates to determine whether these lives are appropriate.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets generally result from acquired businesses. We account for business acquisitions by allocating the purchase price to tangible and intangible assets acquired and liabilities assumed at their fair values at the acquisition date; the excess of the purchase price over the allocated amount is recorded as goodwill. Goodwill is not amortized but is evaluated for impairment at least annually. Additional impairment assessments may be performed on an interim basis if we encounter events or changes in circumstances that would indicate, more likely than not, the carrying value of goodwill has been impaired.

In the evaluation of goodwill for impairment, we have the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value is less than its carrying value. If, after completing such assessment, we determine it is more likely than not that the fair value is greater than its carrying value, no further testing is required. If we conclude otherwise, or if we elect to perform a quantitative assessment, we then calculate the fair value and compare it to the carrying value. In performing the fair value assessment, management makes various judgments, estimates and assumptions, the most significant of which include the estimated future cash flows and discount rates. If the carrying value exceeds the fair value, an impairment loss, not to exceed the carrying amount of goodwill, is recorded in the Consolidated Statements of Operations.

Other intangible assets include customer relationships, trademarks, purchased technology and order backlog, all of which are subject to amortization over their estimated remaining useful lives. We evaluate other intangible assets for impairment when impairment indicators are present. If the carrying value exceeds the fair value, an impairment loss is recorded in the Consolidated Statements of Operations.

Income Taxes

We account for income taxes under the asset and liability method, based on the income tax laws and rates in the countries in which operations are conducted, and income is earned. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Developing our provision for income taxes requires significant judgment and expertise in federal, international and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and, if necessary, any valuation allowances that may be required for deferred tax assets. In assessing the extent to which net deferred tax assets may be realized, we consider whether it is more likely than not that some portion or all of the net deferred tax assets may not be realized. The ultimate realization of net deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible. Estimates may change as new events occur, estimates of future taxable income during the carryforward period are reduced or increased, additional information becomes available or operating environments change, which may result in a full or partial reversal of the valuation allowance. We will continue to assess the adequacy of the valuation allowance on a quarterly basis. Our judgments and tax strategies are subject to audit by various taxing authorities.

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax

benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Accounting literature also provides guidance on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. Judgment is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact our financial statements.

Revenue Recognition

Our revenues are primarily generated from the manufacturing of custom-engineered products and systems under long-term fixed-price contracts that may last from one month to several years, depending on the contract. 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 toward 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.

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.

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.

Warranty Costs

Estimated costs of warranties are accrued based on historical warranty claim costs in relation to current revenues. In addition, specific provisions are made when product failures are projected outside historical experience. Our standard terms and conditions of sale include a warranty for parts and service for one year. Occasionally, we provide service-type warranties that will extend the warranty period. Actual results could differ from our estimate.

Projects may require, on occasion, warranty terms that are longer than our standard terms due to the nature of the project. Extended warranty terms may be negotiated and included in our contracts. The allocated revenue associated with the extended warranty is deferred and recorded as a contract liability and recognized as revenue over the extended warranty period.

Research and Development Expense

Research and development activities are directed toward the development of new products and processes as well as improvements in existing products and processes. These costs, which primarily include salaries, contract services and supplies, are expensed as incurred. Such amounts were $15.5 million, $11.0 million and $9.4 million in Fiscal 2026, 2025 and 2024, respectively.

Foreign Currency Translation

The functional currency for our foreign subsidiaries is the local currency of the country in which the entity is located. The financial statements of all subsidiaries with a functional currency other than the U.S. dollar have been translated into U.S. dollars. All assets and liabilities of foreign operations are translated into U.S. dollars using period-end exchange rates, and all revenues and expenses are translated at average rates during the respective period. The U.S. dollar results that arise from such translation, as well as exchange gains and losses on intercompany balances of a long-term investment nature, are included in the cumulative currency translation adjustments in accumulated other comprehensive loss in stockholders' equity.

Stock-Based Compensation

We measure stock-based compensation cost at the grant date based on the fair value of the award. Compensation expense is recognized over the period during which the recipient is required to provide service in exchange for the awards, typically the vesting period. Excess income tax benefits related to stock-based compensation expense are recognized as income tax expense or benefit in the Consolidated Statements of Operations. Cash paid when directly withholding shares on an employee's behalf for tax withholding purposes is classified as a financing activity. We account for forfeitures as they occur, rather than estimate expected forfeitures.

Common Stock Split

On March 31, 2026, the Company's Board of Directors adopted an amendment to the Company's Amended and Restated Certificate of Incorporation to proportionately increase the number of shares of the Company's authorized common stock from 30,000,000 to 90,000,000 in connection with a forward stock split.

On April 2, 2026, the Company effected a three-for-one forward split of its common stock and proportionately increased the number of shares of authorized common stock from 30,000,000 to 90,000,000 (the Stock Split). Each shareholder of record as of the close of trading on March 20, 2026 (the Record Date) received, after the close of trading on April 2, 2026, two additional shares for every one share held on the Record Date. The shares of common stock retain a par value of $0.01 per share. Accordingly, an amount equal to the par value of the increased shares due to the Stock Split was reclassified from additional paid-in capital to common stock in the third quarter of Fiscal 2026. Trading began on a split-adjusted basis at market open on April 6, 2026.

Share and per share amounts included in the accompanying consolidated financial statements and applicable disclosures throughout this Annual Report on Form 10-K have been retroactively adjusted to reflect the Stock Split.

Recently Adopted Accounting Standards Update

In Fiscal 2026, the Company adopted Accounting Standards Update (ASU) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, on a prospective basis. This ASU requires greater disaggregation of information in the tax rate reconciliation and income taxes paid disaggregated by jurisdiction, which enhances the transparency of income tax disclosures. The adoption of ASU 2023-09 resulted in expanded income tax disclosures but did not have a material impact on the Company's consolidated financial statements.

Accounting Standards Updates Issued but Not Yet Adopted

In November 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-03, Income Statement — *Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40)*, which requires additional qualitative and quantitative information about specific expense categories in the notes to financial statements for both interim and annual reporting periods. In January 2025, the FASB further clarified the effective date for interim reporting periods. This ASU is effective for fiscal years beginning after December 15, 2026 and interim periods within those fiscal years beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impacts of the new standard.

C. 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. Potential common shares excluded from the computation of diluted earnings per share because their effect would have been antidilutive were immaterial for all periods presented.

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

	Year Ended September 30,		
	2026	2025	2024
Numerator:			
Net income	$ 220,985	$ 180,747	$ 149,848
Denominator:			
Weighted average basic shares	36,405	36,186	35,947
Dilutive effect of restricted stock and restricted stock units	176	316	616
Weighted average diluted shares	36,581	36,502	36,563
Earnings per share:			
Basic	$ 6.07	$ 4.99	$ 4.17
Diluted	$ 6.04	$ 4.95	$ 4.10

D. Detail of Selected Balance Sheet Accounts

Inventories

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

	September 30,	
	2026	2025
Raw materials, parts and sub-assemblies	$ 122,111	$ 90,743
Work-in-progress	4,260	2,222
Provision for excess and obsolete inventories	(9,681)	(8,246)
Total inventories	$ 116,690	$ 84,719

Property, Plant and Equipment

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

	September 30,		Range of
	2026	2025	Asset Lives
Land	$ 24,306	$ 24,436	—
Buildings and improvements	132,790	133,455	3 – 39 Years
Machinery and equipment	94,488	99,840	3 – 15 Years
Furniture and fixtures	3,513	3,056	3 – 10 Years
Construction in process	16,838	2,110	—
	$ 271,935	$ 262,897	
Less: Accumulated depreciation	(149,964)	(151,848)	
Total property, plant and equipment, net	$ 121,971	$ 111,049	

There were no assets under finance lease as of September 30, 2026 or September 30, 2025. Depreciation expense was $7.8 million, $7.2 million and $6.9 million for Fiscal 2026, 2025, and 2024, respectively.

As of September 30, 2026, the production capacity expansion project at our Jacintoport manufacturing facility was included in construction in process.

In Fiscal 2025, the expansion and improvement project at our electrical products facility in Houston, Texas, was completed and the incremental capacity has been placed into service. Additionally, on August 15, 2025, we acquired land and buildings of $2.8 million related to the acquisition of Remsdaq Limited (Remsdaq).

Accrued Product Warranty

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

	September 30,	
	2026	2025
Balance at beginning of period	$ 6,356	$ 5,822
Increase to warranty expense	6,673	5,714
Deduction for warranty charges	(5,914)	(5,169)
Change due to foreign currency translation	(22)	(11)
Balance at end of period	$ 7,093	$ 6,356

E. 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 that 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 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 toward 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 this method faithfully depicts the transfer of control of goods and services to the customer because it measures progress toward satisfaction of the performance obligation as costs are incurred. 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% of revenues for both the years ended September 30, 2026 and September 30, 2025.

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% of revenues for both the years ended September 30, 2026 and September 30, 2025.

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 September 30, 2026, we had backlog of $2.7 billion, of which approximately $1.3 billion 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 canceled 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 on 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 years ended September 30, 2026 and 2025, our operating results were positively impacted by $26.0 million and $19.2 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. Gross unfavorable changes in contract estimates were immaterial for the years ended September 30, 2026 and 2025.

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 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 on 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 September 30, 2026 and September 30, 2025 are summarized below (in thousands):

	September 30,	
	2026	2025
Contract assets	$ 132,968	$ 136,679
Contract liabilities	(578,717)	(297,949)
Net contract liability	$ (445,749)	$ (161,270)

Our net contract billing position remained a net liability at both September 30, 2026 and September 30, 2025, primarily due to strong bookings and 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 year ended September 30, 2026, we recognized revenue of $262.6 million that was related to contract liabilities outstanding at September 30, 2025.

The timing of our invoice process is typically dependent on the completion of certain milestones and contract terms and is 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 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 September 30, 2026 and September 30, 2025, we had retention amounts of $6.4 million and $8.1 million, respectively. Of the retained amount at September 30, 2026, $6.2 million is expected to be collected in the next twelve months and is recorded in accounts receivable. The remaining $0.2 million is recorded in other assets.

Disaggregation of Revenue

The following tables present our disaggregated revenue by geographic destination and market sector for the years ended September 30, 2026, 2025 and 2024 (in thousands):

	2026	2025	2024
United States	$ 1,026,211	$ 880,222	$ 846,526
Canada	113,593	157,191	106,521
Middle East and Africa	51,261	27,440	13,440
Europe	33,907	25,072	31,388
Asia/Pacific	29,196	9,283	6,850
Mexico, Central and South America	2,078	5,110	7,631
Total revenues by geographic destination	$ 1,256,246	$ 1,104,318	$ 1,012,356

	2026	2025	2024
Oil and gas (excludes petrochemical)	$ 446,023	$ 406,565	$ 417,170
Electric utility	338,707	278,988	186,547
Commercial and other industrial	294,310	178,222	149,899
Petrochemical	88,164	151,166	185,606
Light rail traction power	36,656	41,264	22,019
All others	52,386	48,113	51,115
Total revenues by market sector	$ 1,256,246	$ 1,104,318	$ 1,012,356

F. Goodwill and Other Intangible Assets

Our intangible assets include goodwill of $6.1 million, which is not being amortized, and other intangible assets of $5.2 million being amortized over their estimated useful lives. No impairment expense has been recorded for the last three fiscal years.

Goodwill

The changes in the carrying amount of goodwill for our single reporting segment are as follows (in thousands):

	Total
Balance at September 30, 2024	$ 1,003
Goodwill related to Remsdaq acquisition[(1)]	5,143
Foreign currency translation adjustment	(21)
Balance at September 30, 2025	6,125
Foreign currency translation adjustment	(69)
Balance at September 30, 2026	$ 6,056

[(1)] See Note P. Business Acquisition for additional information.

Other Intangible Assets

Intangible asset balances, subject to amortization, at September 30, 2026 and 2025 consisted of the following (in thousands):

	September 30, 2026			
	Weighted Average Remaining Useful Lives in Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	11	$ 2,172	$ (204)	$ 1,968
Technologies	4	3,477	(670)	2,807
Trademarks	9	468	(52)	416
Order backlog	0	54	(54)	—
Total intangible assets		$ 6,171	$ (980)	$ 5,191

	September 30, 2025			
	Weighted Average Remaining Useful Lives in Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	12	$ 2,202	$ (23)	$ 2,179
Technologies	5	3,518	(76)	3,442
Trademarks	10	475	(6)	469
Order backlog	1	55	(7)	48
Total intangible assets		$ 6,250	$ (112)	$ 6,138

The amortization expense for all amortized intangible assets was $0.9 million and $0.1 million in Fiscal 2026 and Fiscal 2025, respectively.

Net carrying value of intangible assets attributable to the Remsdaq acquisition was $4.7 million and $5.6 million at September 30, 2026 and 2025, respectively, consisting of customer relationships, technologies, trademarks and order backlog.

We have an additional technology intangible asset of $0.5 million associated with an intellectual property acquired in December 2023 that has not yet been subject to amortization.

As of September 30, 2026, the estimated future amortization expense of intangible assets is as follows (in thousands):

Year Ending September 30:	
2027	$ 923
2028	923
2029	923
2030	849
2031	328
Thereafter	1,245
Total	$ 5,191

G. 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, which 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, N.A. and $50.0 million committed by Texas Capital Bank. As amended by the Third Amendment, the lesser of (a) $60.0 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. On September 24, 2024, in connection with the expected discontinuation of the publication of the Bloomberg Short-Term Bank Yield Index Rate as administered by the Bloomberg Index Service Limited (BSBY), we further amended the U.S. Revolver by entering into a conforming changes amendment with Bank of America, N.A. that added and amended certain terms related to the replacement of the BSBY as a benchmark rate with the Secured Overnight Financing Rate (SOFR) as administered by the Federal Reserve Bank of New York. On September 30, 2025, we entered into a fourth amendment to the U.S. Revolver associated with a reorganization of holding companies of our foreign subsidiaries, replacing the prior share pledge on 65% of the equity interests of Powell Industries International B.V., with the share pledge on 65% of the equity interests of Powell Industries International Limited.

As of September 30, 2026, there were no amounts borrowed under the U.S. Revolver, and letters of credit outstanding were $103.1 million. There was $46.9 million available for the issuance of letters of credit and borrowings under the U.S. Revolver as of September 30, 2026.

We are required to maintain certain financial covenants, the most significant of which are a consolidated net leverage ratio of less than 3.0 to 1.0 and a consolidated interest coverage ratio of at least 3.0 to 1.0. Our most restrictive covenant, the consolidated net leverage ratio, is the ratio of funded indebtedness to earnings before interest, taxes, depreciation, amortization and stock-based compensation (EBITDAS). An increase in indebtedness, which includes letters of credit, or a decrease in EBITDAS could restrict our ability to issue letters of credit or borrow under the U.S. Revolver. Additionally, we must maintain a consolidated cash balance of $60.0 million at all times, which can be deducted from the letters of credit outstanding as noted above. The U.S. Revolver also contains a “material adverse effect” clause, which is a material change in our operations, business, properties, liabilities or condition (financial or otherwise) or a material impairment of our ability to perform our obligations under the U.S. Revolver. As of September 30, 2026, we were in compliance with all of the financial covenants of the U.S. Revolver.

The U.S. Revolver allows the Company to elect that any borrowing under the facility bears an interest rate based on either the base rate or the eurocurrency rate, in each case, plus the applicable rate. The base rate is generally the highest of (a) the federal funds rate plus 0.50%, (b) the Bank of America prime rate or (c) the SOFR rate plus 1.00%. The applicable rate is generally a range from 0% to 2% depending on the type of loan and the Company’s consolidated net leverage ratio.

The U.S. Revolver is collateralized by a pledge of 100% of the voting capital stock of each of our domestic subsidiaries and 65% of the voting capital stock of each non-domestic subsidiary. The U.S. Revolver provides for customary events of default and carries cross-default provisions with other existing debt agreements. If an event of default (as defined in the U.S. Revolver) occurs and is continuing, on the terms and subject to the conditions set forth in the U.S. Revolver, amounts and letters of credit outstanding under the U.S. Revolver may be accelerated and may become immediately due and payable.

On November 10, 2026, we entered into the Commitment Increase Agreement (as defined herein) in order to, among other things, increase the amount of the revolving line of credit extended to the Company under the U.S. Revolver from $150 million to $200 million. See Item 9B. Other Information for additional information.

H. 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 $103.1 million as of September 30, 2026. We also had outstanding surety bonds totaling $543.6 million, with additional bonding capacity of $656.4 million available, at September 30, 2026. 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 $19.9 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 September 30, 2026, we had outstanding guarantees totaling $6.1 million, with an additional capacity of $13.8

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 September 30, 2026, 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 in 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 for or covered by insurance, will not have a material adverse effect on our consolidated financial position, 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 September 30, 2026, certain contracts had a probable exposure to liquidated damage claims of $5.5 million, which could possibly increase to $6.6 million under certain circumstances. Based on our actual or projected failure to meet these various contractual commitments, $4.9 million has been recorded as a reduction to revenue. We will attempt to obtain change orders or contract extensions, or to accelerate project completion, which may resolve the potential for any unrecorded liquidated damage 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.

I. Income Taxes

The components of the income tax provision were as follows (in thousands):

	Year Ended September 30,		
	2026	2025	2024
Current:			
Federal	$ 31,796	$ 40,543	$ 45,271
State	8,283	9,052	8,101
Foreign	11,481	8,076	342
	51,560	57,671	53,714
Deferred:			
Federal	13,107	(5,083)	(11,872)
State	1,125	(1,144)	(1,620)
Foreign	(240)	1,359	6,018
	13,992	(4,868)	(7,474)
Total income tax provision	$ 65,552	$ 52,803	$ 46,240

Income before income taxes was as follows (in thousands):

	Year Ended September 30,		
	2026	2025	2024
U.S.	$ 240,138	$ 193,656	$ 167,887
Foreign	46,399	39,894	28,201
Income before income taxes	$ 286,537	$ 233,550	$ 196,088

A reconciliation of the statutory U.S. income tax rate and the effective income tax rate, as computed on earnings before income tax provision (benefit) for the year ended September 30, 2026 was as follows (in thousands, except percentages):

	Year Ended September 30, 2026	
	Amount	Percentage of Pre-Tax Income
U.S. federal statutory rate	$ 60,170	21 %
State income taxes, net of federal benefit [1]	7,398	3
Foreign tax effects	1,704	1
Effect of cross border tax laws	(248)	—
Tax credits:		
Research and development credit	(2,172)	(1)
Nontaxable or nondeductible items:		
Nondeductible compensation	6,616	2
Stock-based compensation	(7,249)	(3)
Other nondeductible items	(488)	—
Changes in unrecognized tax benefits	(179)	—
Effective tax rate	$ 65,552	23 %

[1] State income taxes in Louisiana, New York, Michigan, Wisconsin and Illinois made up the majority (greater than 50 percent) of the tax effect in this category.

A reconciliation of the statutory U.S. income tax rate and the effective income tax rate for the years ended September 30, 2025 and 2024 was as follows:

	Year Ended September 30,	
	2025	2024
Statutory rate	21 %	21 %
State income taxes, net of federal benefit	3	3
Research and development credit	(1)	(1)
Foreign rate differential	1	—
Non-deductible expenses	2	1
Impact of U.S. global intangible taxes and benefits	—	1
Stock-based compensation	(3)	(1)
Effective rate	23 %	24 %

Income taxes paid (net of refunds) by jurisdiction for the year ended September 30, 2026 were as follows (in thousands):

U.S. federal	$ 26,500
U.S. state and local	8,861
Foreign jurisdictions:	
Canada	13,430
United Kingdom	3,658
Other jurisdictions	362
Total foreign jurisdictions	17,450
Income taxes paid, net of refunds	$ 52,811

Our income tax provision reflects an effective tax rate on pre-tax results of 23% in Fiscal 2026 compared to 23% and 24% in Fiscal 2025 and 2024, respectively. The income tax provision for Fiscal 2026 and 2025 was favorably impacted by benefits related to the vesting of restricted stock units and the estimated Research and Development (R&D) Tax Credit. These items were offset by state income tax expense and the tax expense related to certain nondeductible expenses.

The income tax provision for Fiscal 2024 was favorably impacted by the estimated R&D Tax Credit and benefits related to the vesting of restricted stock units. These items were offset by state income tax expense, the tax expense related to certain nondeductible expenses and an income inclusion related to U.S. global intangible income.

We record and maintain valuation allowances against the deferred tax assets of various foreign jurisdictions until sufficient evidence is available to demonstrate that it is more likely than not that the net deferred tax assets will be recognized. As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. During Fiscal 2024, management determined that there was sufficient positive evidence to conclude that certain Canadian tax credits in the amount of $0.5 million were realizable. The determination was based on the operating results of the past three years and the anticipated future taxable income from our Canadian operations. The release of the valuation allowance resulted in a $0.5 million tax benefit and a corresponding increase in the deferred tax assets.

We have not recorded deferred income taxes on $90.8 million of undistributed earnings of our foreign subsidiaries because of management's intent to indefinitely reinvest such earnings. Upon distribution of these earnings in the form of dividends or otherwise, we may be subject to U.S. income taxes and foreign withholding taxes. It is not practical, however, to estimate the amount of taxes that may be payable on the eventual remittance of these earnings.

We are subject to income tax in the U.S., multiple state jurisdictions and certain international jurisdictions, primarily the U.K. and Canada. The significant jurisdictions that remain open to examination are as follows: Canada 2019-2025, U.K. 2025 and U.S. federal and state 2022-2025. As of September 30, 2026, Powell's U.S. federal income tax return for the period ended September 30, 2024 is under examination by the IRS. The timing and outcome of the audit cannot be predicted with certainty, and any resolution resolved in a manner not consistent with management's expectations could result in a material impact on our financial position or results of operations.

The tax effect of temporary differences between U.S. GAAP accounting and federal income tax accounting, creating deferred income tax assets and liabilities, was as follows (in thousands):

	September 30,	
	2026	2025
Deferred Tax Assets:		
Long-term contracts	$ 7,868	$ 6,801
Deferred compensation	4,029	3,306
Uniform capitalization and inventory	2,541	2,016
Warranty accrual	1,619	1,447
Stock-based compensation	1,387	1,367
Reserve for accrued employee benefits	1,373	1,189
Net operating loss	1,056	1,086
Research and experimental expenditures	699	18,406
Credit carryforwards	694	797
Accrued legal and other	1,297	671
Deferred tax assets	$ 22,563	$ 37,086
Deferred Tax Liabilities:		
Depreciation and amortization	$ (5,659)	$ (5,687)
Retention and other	(1,195)	(1,597)
Deferred tax liabilities	$ (6,854)	$ (7,284)
Less: valuation allowance	(1,636)	(1,659)
Net deferred tax asset	$ 14,073	$ 28,143

We have deferred tax assets related to international net operating loss carryforwards of $0.1 million that are not reserved with a valuation allowance available to offset future tax liabilities in the respective jurisdictions. The majority of these net operating loss carryforwards are related to our U.K. operations and have an indefinite carryforward period. As of September 30, 2026, the majority of our tax credit carryforwards are fully reserved with a valuation allowance.

The net change in the total valuation allowance during the year was less than $0.1 million. In assessing the realizability of net deferred tax assets, we consider whether it is more likely than not that some portion or all of the net deferred tax assets may not be realized. The ultimate realization of net deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible.

A reconciliation of the beginning and ending amount of the unrecognized tax benefits follows (in thousands):

	Year Ended September 30,		
	2026	2025	2024
Balance at beginning of period	$ 2,148	$ 1,739	$ 1,889
Increases related to tax positions taken during the current period	500	540	460
Increases related to tax positions taken during a prior period	173	185	70
Decreases related to expiration of statute of limitations	(352)	(316)	(680)
Decreases related to settlement with taxing authorities	—	—	—
Balance at end of period	$ 2,469	$ 2,148	$ 1,739

Included in the balance of unrecognized tax benefits at the end of Fiscal 2026, 2025, and 2024 are $2.2 million, $1.9 million, and $1.5 million, respectively, of tax benefits that, if recognized, would affect the effective tax rate. Our policy is to recognize interest and penalties related to income tax matters as tax expense. The amount of interest and penalty expense recorded for the year ended September 30, 2026 was not material.

Management believes that, within the next twelve months, it is reasonably possible that the unrecognized tax benefits will decrease by approximately $0.5 million due to the expiration of certain federal statutes of limitations. We are unable to make reasonably reliable estimates regarding the timing of future cash outflows, if any, associated with the remaining unrecognized tax benefits for the open periods of fiscal years ended September 30, 2023-2026.

Management believes that an adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in our tax audits are resolved in a manner not consistent with management's expectations, we could be required to adjust our provision for income tax in the period such resolution occurs.

J. Employee Benefit Plans

Retirement Plans

We have defined employee contribution plans for substantially all of our U.S. employees (401k plan) and our Canadian employees (Registered Retirement Savings Plan). We recognized expenses under these plans primarily related to matching contributions of $6.5 million, $5.3 million and $4.4 million in Fiscal 2026, 2025 and 2024, respectively.

Deferred Compensation

We offer a non-qualified deferred compensation plan to a select group of highly compensated individuals (as defined). The plan permits the deferral of up to 50% of a participant's base salary and 90% of a participant's annual incentive. The deferrals are held in a separate irrevocable rabbi trust (the Rabbi Trust), which has been established to administer the plan. The Rabbi Trust is intended to be used as a source of funds to match respective funding obligations to participants. The assets of the trust are subject to the claims of our creditors in the event that we become insolvent. Consequently, the Rabbi Trust qualifies as a grantor trust for income tax purposes. We make periodic payments into the Rabbi Trust to fund the expected obligations arising under this plan. Changes in the deferred compensation balance are recorded to compensation expense and reflected within the selling, general and administrative expenses line in the Consolidated Statements of Operations. The plan is not qualified under Section 401 of the Internal Revenue Code. We recorded net compensation expense adjustments of $0.5 million related to this plan in Fiscal 2026 and $0.2 million in Fiscal 2025. At September 30, 2026, assets held in the Rabbi Trust totaled $16.7 million and were recorded in other assets, with a corresponding liability of $16.7 million recorded in deferred compensation in our

Consolidated Balance Sheets. The $16.7 million of assets held in the Rabbi Trust is invested in mutual funds and company-owned life insurance policies.

Retiree Medical Plan

We have an unfunded plan that extends health benefits to retirees that are also available to active employees under our existing health plans. The current plan provides coverage for employees with at least 10 years of service who are age 55 or older but less than 65. Effective January 1, 2023, eligibility for postretirement medical benefits changed to age 60 with 10 years of continuous service. Employees who are under age 50 as of January 1, 2023, or who are hired after January 1, 2023 are no longer eligible for postretirement medical benefits. The retiree is required to pay the COBRA rate, less a subsidy provided by us based on years of service at the time of retirement. The unfunded liability is recorded in other long-term liabilities and was $0.3 million as of September 30, 2026 and $0.2 million as of September 30, 2025. Our net periodic postretirement costs were immaterial for all periods presented in the Consolidated Statements of Operations. Due to the immateriality of the costs and liabilities of this plan, no further disclosure is being presented.

K. Stock-Based Compensation

We have the following stock-based compensation plans:

Restricted Stock Units

In February 2014, our stockholders approved and adopted at the Annual Meeting of Stockholders the 2014 Equity Incentive Plan (the 2014 Plan), which replaced our 2006 Equity Compensation Plan (2006 Plan). Persons eligible to receive awards under the 2014 Plan include our officers and employees. The 2014 Plan authorizes stock options, stock appreciation rights, restricted stock, restricted stock units (RSUs) and performance-based awards, as well as certain other awards. In February 2023, our stockholders approved an amendment to the 2014 Plan that extended the term of the 2014 Plan by five years and increased the number of shares of common stock that may be issued under the plan by 1,800,000 shares for a total of 4,050,000 shares.

In accordance with the 2014 Plan, the Compensation and Human Capital Committee has authorized grants of 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 during a specified period prior to the grant dates. These awards generally vest over a three-year period from the date of issuance and consist of time-based and, for certain officers, performance-based RSUs. RSUs granted to key employees are time-based and generally vest over a three-year period, subject to continued employment, in accordance with the vesting schedule specified in the applicable award.

For certain officers, grants made prior to October 1, 2026, consist of 50% time-based and 50% performance-based RSUs. The time-based RSUs generally vest ratably over a three-year period on each anniversary of the grant date, subject to continued employment. The performance-based RSUs are earned based on the Company's earnings performance, safety metrics and revenue growth over the three-year performance period following the grant date. Effective October 1, 2026, the composition of these awards changed to 40% time-based and 60% performance-based RSUs. The time-based RSUs continue to vest ratably over a three-year period, subject to continued employment, while the performance-based RSUs are earned based on the Company's earnings performance and revenue growth over the three-year performance period following the grant date.

In July 2026, the Compensation and Human Capital Committee and the Board of Directors approved a special one-time retention award of 36,000 RSUs to the Company's President and Chief Executive Officer. Subject to continued service and the terms of the award agreement, 25% of the award vests on each of July 1, 2027 and July 1, 2028, and the remaining 50% vests on July 1, 2029. Retirement prior to an applicable vesting date does not, by itself, result in the acceleration or continued vesting of the unvested portion of the award.

At September 30, 2026, there were 201,803 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 past fiscal year is summarized below:

	Number of Restricted Stock Units	Weighted Average Grant Value Per Share
Outstanding at September 30, 2025	350,658	$ 21.60
Granted	96,590	163.32
Vested	(245,130)	13.00
Forfeited/canceled	(315)	95.73
Outstanding at September 30, 2026	201,803	$ 99.75

Restricted Stock

In February 2022, our stockholders approved an amendment to the 2014 Non-Employee Director Equity Incentive Plan (the 2014 Director Plan) that extended the term of the 2014 Director Plan by ten years and increased the number of shares of common stock that may be issued under the 2014 Director Plan by 600,000 shares for a total of 1,050,000 shares. The plan is administered by the Compensation and Human Capital Committee. Eligibility to participate in the plan is limited to those individuals who are members of the Board of Directors of the Company and who are not employees of the Company or any affiliate of the Company.

Under the terms of the 2014 Director Plan, the maximum number of shares that may be granted during any calendar year to any individual is 36,000 shares. The total number of shares that may be issued for awards to any single participant during a calendar year for other stock-based awards (excluding stock options and stock appreciation rights) is 12,000 shares. 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 7,200 restricted shares of the Company's common stock annually. 50% of the restricted stock granted to each of our non-employee directors was vested immediately, while the remaining 50% vested on the anniversary of the grant date. Compensation expense was recognized immediately for the first 50% of the restricted stock granted, while compensation expense for the remaining 50% 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.

Under this 2014 Director Plan, in February 2026, 4,200 shares of restricted stock were issued to our non-employee directors at a price of $184.83 per share. In February 2025, we issued 10,500 shares of restricted stock to our non-employee directors at a price of $66.67 per share. In August 2025, an additional 690 shares of restricted stock were issued to one of our non-employee directors at a price of $74.08 per share. The total number of shares of common stock available for future awards under the 2014 Director Plan was 542,550 shares as of September 30, 2026. At September 30, 2026 and 2025, there were 4,200 shares and 11,190 shares, respectively, of unvested restricted stock outstanding.

Compensation Expense

Total compensation expense related to restricted stock grants under all plans was $0.8 million, $0.7 million and $0.6 million for the years ended September 30, 2026, 2025 and 2024, respectively. Total compensation expense related to RSUs under all plans was $6.0 million, $3.9 million and $4.2 million for the years ended September 30, 2026, 2025 and 2024, respectively.

We record the amortization of non-vested restricted stock and restricted stock units as an increase to additional paid-in capital. As of September 30, 2026 and 2025, amounts of deferred compensation expense not yet recognized related to non-vested stock and RSUs totaled $12.2 million and $2.4 million, respectively. As of September 30, 2026, the total weighted average remaining contractual life of our non-vested restricted stock and RSUs is approximately five months and 1.62 years, respectively.

L. 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 that 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.

Recurring Fair Value Measurements

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, 2026 (in thousands):

	Fair Value Measurements at September 30, 2026			
	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, 2026
Assets:				
Cash and cash equivalents	$ 860,825	$ —	$ —	$ 860,825
Short-term investments	—	—	—	—
Rabbi trust assets	—	16,652	—	16,652
Liabilities:				
Deferred compensation	—	16,727	—	16,727
Contingent future payments related to the acquisition of Remsdaq	—	—	2,431	2,431

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, 2025 (in thousands):

	Fair Value Measurements at September 30, 2025			
	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, 2025
Assets:				
Cash and cash equivalents	$ 450,739	$ —	$ —	$ 450,739
Short-term investments	24,788	—	—	24,788
Rabbi trust assets	—	13,931	—	13,931
Liabilities:				
Deferred compensation	—	13,707	—	13,707
Contingent future payments related to the acquisition of Remsdaq	—	—	2,344	2,344

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 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 consist of mutual funds and company-owned life insurance policies and are included in other assets in the accompanying 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.

Contingent future payments related to the acquisition of Remsdaq – The contingent future payments were calculated using a probability outcome model based on internally developed assumptions; accordingly, they are categorized as Level 3 in the fair value measurement hierarchy.

There were no transfers between levels within the fair value measurement hierarchy during the year ended September 30, 2026.

Non-recurring Fair Value Measurements

We had non-recurring fair value measurements associated with our acquisition of Remsdaq. See Note P. Business Acquisition, for additional information on non-recurring fair value measurements.

M. Leases

Our leases consist primarily of office, warehouse and manufacturing space, as well as 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 years ended September 30, 2026, 2025 and 2024, respectively (in thousands):

Lease Cost	2026	2025	2024
Operating lease cost	$ 1,294	$ 932	$ 920
Variable lease cost[1]	267	188	108
Short-term lease cost[2]	2,444	2,422	2,476
Total lease cost	$ 4,005	$ 3,542	$ 3,504

[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 Consolidated Balance Sheets. The following table provides a summary of the operating lease assets and operating lease liabilities included in our Consolidated Balance Sheets as of September 30, 2026 and 2025, respectively (in thousands):

	September 30,	
Operating Leases	**2026**	**2025**
Assets:		
Operating lease assets, net	$ 2,566	$ 1,664
Liabilities:		
Current operating lease liabilities	1,077	882
Long-term operating lease liabilities	1,489	782
Total lease liabilities	$ 2,566	$ 1,664

The following table provides the maturities of our operating lease liabilities as of September 30, 2026, as well as our executed operating leases with future commencement dates (in thousands):

	Operating Leases		
	Leases Signed	**Less: Leases Not Yet Commenced[1]**	**Leases in Effect**
2027	$ 3,015	$ 1,781	$ 1,234
2028	3,947	3,069	878
2029	3,458	3,069	389
2030	3,284	3,069	215
2031	2,718	2,575	143
Thereafter	3,863	3,863	—
Total future minimum lease payments	$ 20,285	$ 17,426	$ 2,859
Less: present value discount (imputed interest)	(293)	—	(293)
Present value of lease liabilities	$ 19,992	$ 17,426	$ 2,566

[1] In Fiscal 2026, we executed two operating leases, one in Canada for additional office and warehouse space and the other adjacent to our Houston manufacturing facility for additional manufacturing and warehouse space. In October 2026, we executed the lease of a new manufacturing facility encompassing approximately 275,000 square feet in the Houston area. These leases are expected to commence in Fiscal 2027.

The weighted average discount rates as of September 30, 2026 and 2025 were 7.74% and 7.13%, respectively. The weighted average remaining lease term was 2.79 years and 2.06 years, respectively, at September 30, 2026 and 2025.

N. Segment Information

We manage our business as one reportable, operating segment and our revenues are primarily generated from the development, design, manufacturing and servicing of custom-engineered equipment and systems for the distribution, control and monitoring of electrical energy.

Our chief operating decision maker (CODM) is our chief executive officer. The CODM manages and allocates resources on a total consolidated basis by assessing performance of revenues and earnings before interest and taxes (EBIT) using actual-to-actual, actual-to-plan and actual-to-forecast variance analysis. The measure of segment profit and loss regularly provided to the CODM that is most consistent with GAAP is consolidated net income, as presented in our Consolidated Statements of Operations. The CODM does not manage cost components by product, customer type or service type, nor does the CODM regularly receive disaggregated information at this level.

For the years ended September 30, 2026, 2025 and 2024, the summary of segment net income, including segment expenses, for our single reportable segment was as follows (in thousands):

	Year Ended September 30,		
	2026	2025	2024
Revenues	$ 1,256,246	$ 1,104,318	$ 1,012,356
Segment operating expenses:			
Cost of goods sold	863,264	779,937	739,268
General and administrative expenses	76,907	65,569	57,037
Sales and marketing expenses	34,696	29,551	27,063
Research and development expenses	15,537	11,008	9,427
Amortization	882	112	—
Realized currency (gain) loss	(28)	281	788
Total segment operating expenses	991,258	886,458	833,583
Operating income / EBIT	264,988	217,860	178,773
Other income	(1,499)	—	—
Interest income, net	(20,050)	(15,690)	(17,315)
Income tax provision	65,552	52,803	46,240
Segment net income	$ 220,985	$ 180,747	$ 149,848
Gross profit	392,982	324,381	273,088

Revenues by country represent sales to unaffiliated customers as determined by the ultimate destination of our products and services, summarized for the last three fiscal years by region in the table below (in thousands):

	Year Ended September 30,		
	2026	2025	2024
United States	$ 1,026,211	$ 880,222	$ 846,526
Canada	113,593	157,191	106,521
Middle East and Africa	51,261	27,440	13,440
Europe	33,907	25,072	31,388
Asia/Pacific	29,196	9,283	6,850
Mexico, Central and South America	2,078	5,110	7,631
Total revenues	$ 1,256,246	$ 1,104,318	$ 1,012,356

Long-lived assets by country consist of property, plant and equipment, net of accumulated depreciation, and are determined based on the location of the tangible assets, summarized for the last two fiscal years in the table below (in thousands):

	September 30,	
	2026	2025
Long-lived assets:		
United States	$ 83,081	$ 70,699
Canada	31,913	32,744
United Kingdom	6,977	7,606
Total	$ 121,971	$ 111,049

O. Quarterly Information

The table below sets forth the unaudited consolidated operating results by fiscal quarter for the years ended September 30, 2026 and 2025 (in thousands, except per share data):

	2026 Quarters				
	First[1]	Second	Third[2]	Fourth[3]	2026
Revenues	$ 251,184	$ 296,615	$ 311,740	$ 396,707	$ 1,256,246
Gross profit	71,418	87,936	95,299	138,329	392,982
Net income	41,390	45,887	52,160	81,548	220,985
Earnings per share:					
Basic	$ 1.14	$ 1.26	$ 1.43	$ 2.24	$ 6.07
Diluted	$ 1.13	$ 1.25	$ 1.42	$ 2.23	$ 6.04

[1] The results for the first quarter of Fiscal 2026 demonstrated normal seasonality and were negatively impacted by holidays and work schedules compared to other quarterly periods.

[2] The results for the third quarter of Fiscal 2026 include other income of $0.1 million related to death benefits from company-owned insurance policies for a retired employee.

[3] The results for the fourth quarter of Fiscal 2026 include other income of $1.4 million related to death benefits from company-owned insurance policies for a retired employee.

	2025 Quarters				
	First[1]	Second[2]	Third[3]	Fourth[4]	2025
Revenues	$ 241,431	$ 278,631	$ 286,273	$ 297,983	$ 1,104,318
Gross profit	59,524	83,432	87,899	93,526	324,381
Net income	34,763	46,330	48,234	51,420	180,747
Earnings per share:					
Basic	$ 0.96	$ 1.28	$ 1.33	$ 1.42	$ 4.99
Diluted	$ 0.95	$ 1.27	$ 1.32	$ 1.41	$ 4.95

[1] The results for the first quarter of Fiscal 2025 demonstrated normal seasonality and were negatively impacted by holidays and work schedules compared to other quarterly periods.

[2] The results for the second quarter of Fiscal 2025 were positively impacted by project cancellations of $1.8 million.

[3] The results for the third quarter of Fiscal 2025 were positively impacted by project cancellations of $2.3 million.

[4] The results for the fourth quarter of Fiscal 2025 were positively impacted by project cancellations of $0.5 million.

The sum of the individual earnings per share amounts may not agree with year-to-date earnings per share as each period's computation is based on the weighted-average number of shares outstanding during the period.

P. Business Acquisition

On August 15, 2025, Powell UK Limited, a wholly owned subsidiary of Powell Industries, Inc. completed the previously announced business acquisition of all outstanding equity interests in Remsdaq, a U.K.-based manufacturer of supervisory control and data acquisition (SCADA) remote terminal units (RTUs) for electrical substation control and automation in generation, transmission and distribution, for a total consideration of $18.4 million including cash acquired of $4.6 million. Cash payment of $15.2 million, including cash acquired of $4.6 million, was made on the acquisition date and deferred payments of $3.2 million are contingent upon Remsdaq meeting certain technical and financial milestones. We recorded assets acquired and liabilities assumed in connection with this acquisition based on their estimated fair values as of the acquisition date of August 15, 2025. In September 2025, Remsdaq achieved its financial milestone and accordingly, we made cash payments of $0.9 million and reduced the fair value of the deferred payments to $2.3 million. We incurred total acquisition-related costs of approximately $1.4 million, including legal, accounting, valuation, and other professional fees. These costs were expensed as incurred and included within selling, general and administrative expenses in the Consolidated Statements of Operations.

The aggregate purchase price allocation at the acquisition date was as follows (in thousands):

	Purchase Price Allocation
Fair value of assets acquired	
Cash and cash equivalents	$ 4,565
Receivables	1,095
Inventory	2,176
Intangible assets	5,773
Goodwill	5,143
All other assets	3,644
Total assets recognized	22,396
Fair value of liabilities assumed	
Liabilities assumed	(2,542)
Deferred tax liabilities associated with intangible assets recognized related to acquisition	(1,443)
Fair value of net assets	$ 18,411

	Purchase Consideration
Cash consideration	$ 15,175
Fair value of contingent consideration	3,236
Total purchase consideration	$ 18,411

The fair values of the assets acquired and liabilities assumed were finalized with no subsequent changes after the acquisition date.

Goodwill is non-deductible for income tax purposes and calculated as the excess of the consideration transferred over the net assets recognized and represents the anticipated synergies of acquiring Remsdaq. Other intangible assets of approximately $5.8 million include customer relationships, technology, trademarks and order backlog, as follows (in thousands) at the acquisition date:

Intangible Assets Identified	Fair Value	Useful Life
Customer relationships	$ 2,211	12
Technology	3,030	5
Trademarks	477	10
Order backlog	55	1
Total	$ 5,773	

We engaged an independent third-party valuation specialist to assist with the fair value measurement of the intangible assets acquired through the acquisition of Remsdaq, and the calculation of goodwill. The intangible assets were valued using the income approach, specifically the multi-period excess earnings method and the relief from royalty method. The inputs include forecasted future revenues, future margins, and revenues attributable to existing customers, obsolescence factor, royalty rate, customer attrition rate, contributory asset charges and discount rates, which are unobservable inputs that are based on our own and Remsdaq's assumptions. Accordingly, the fair values of goodwill and other intangible assets are considered Level 3 measurements under the U.S. GAAP fair value hierarchy.

The purchase price includes up to $3.2 million in contingent consideration, of which approximately $0.9 million was earned and paid in September 2025 after Remsdaq achieved its financial target. The remaining contingent consideration was calculated based on a probability outcome model to measure the fair value of the contingent consideration, which is considered a Level 3 measurement under the U.S. GAAP fair value measurement hierarchy. As of September 30, 2026, we determined the fair value of the contingent consideration was $2.4 million.

Q. Subsequent Events

Quarterly Dividend Declared

On November 3, 2026, our Board of Directors declared a quarterly cash dividend on our common stock in the amount of $0.09 per share. The dividend is payable on December 16, 2026 to shareholders of record at the close of business on November 18, 2026.

Commitment Increase and Reallocation Agreement

On November 10, 2026, we entered into the Commitment Increase Agreement (as defined herein) in order to, among other things, increase the amount of the revolving line of credit extended to the Company under the U.S. Revolver from $150 million to $200 million. See Item 9B. Other Information for additional information.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

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 Securities Exchange Act of 1934, as amended (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.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a–15(f) under the Exchange Act. Our system of internal control was designed using a top-down risk-based approach to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become ineffective due to changes in conditions or deterioration in the degree of compliance with the policies or procedures.

Management of the Company has assessed the effectiveness of our internal control over financial reporting as of September 30, 2026. Management evaluated the effectiveness of our internal control over financial reporting based on the criteria in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on management's evaluation, management has concluded that our internal control over financial reporting was effective at the reasonable assurance level as of September 30, 2026, based on criteria in Internal Control – Integrated Framework (2013) issued by the COSO.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited and issued their attestation report on the effectiveness of our internal control over financial reporting as of September 30, 2026, which appears in their report on the financial statements included herein.

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 fourth quarter of Fiscal 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information***

Insider Adoption or Termination of Trading Arrangements

On August 21, 2026, Brett A. Cope, President and Chief Executive Officer, adopted a "Rule 10b5-1 trading arrangement," as the term is defined in Item 408(a) of Regulation S-K, for the sale of up to 84,780 shares of the Company's common stock, subject to certain conditions, from December 10, 2026 through May 13, 2027.

On August 11, 2026, Michael W. Metcalf, Executive Vice President, Chief Financial and Principal Accounting Officer, adopted a "Rule 10b5-1 trading arrangement," as the term is defined in Item 408(a) of Regulation S-K, for the sale of up to 20,000 shares of the Company's common stock, subject to certain conditions, from December 18, 2026 through August 11, 2027.

Commitment Increase and Reallocation Agreement

On November 10, 2026, in connection with the U.S. Revolver, the Company, together with certain of its direct subsidiaries, as guarantors, entered into a Commitment Increase and Reallocation Agreement with the U.S. Revolver lenders party thereto and Bank of America, N.A., as administrative agent (the Commitment Increase Agreement).

The Commitment Increase Agreement, among other things, increased the amount of the revolving line of credit extended to the Company under the U.S. Revolver from $150 million to $200 million.

The foregoing description of the terms of the Commitment Increase Agreement does not purport to be complete and is qualified in its entirety by the full text of the Commitment Increase Agreement, a copy of which is filed herewith as Exhibit 10.23.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not applicable.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information required by this item is incorporated in this Annual Report by reference to our definitive proxy statement pursuant to Regulation 14A, to be filed with the SEC not later than 120 days after the close of our fiscal year ended September 30, 2026.

We have adopted a Code of Business Conduct and Ethics that applies to all employees, including our executive officers and directors. A copy of our Code of Business Conduct and Ethics may be obtained at the Investor Relations section of our website, www.powellind.com, or by written request addressed to the Secretary, Powell Industries, Inc., 8550 Mosley Road, Houston, Texas 77075. We will satisfy the requirements under Item 5.05 of Form 8-K regarding disclosure of amendments to, or waivers from, provisions of our code of ethics that apply to the chief executive officer, chief financial officer or controller by posting such information on our website.

Item 11. ***Executive Compensation***

The information required by this item is incorporated in this Annual Report by reference to our definitive proxy statement pursuant to Regulation 14A, to be filed with the SEC not later than 120 days after the close of our fiscal year ended September 30, 2026.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this item is incorporated in this Annual Report by reference to our definitive proxy statement pursuant to Regulation 14A, to be filed with the SEC not later than 120 days after the close of our fiscal year ended September 30, 2026.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required by this item is incorporated in this Annual Report by reference to our definitive proxy statement pursuant to Regulation 14A, to be filed with the SEC not later than 120 days after the close of our fiscal year ended September 30, 2026.

Item 14. ***Principal Accountant Fees and Services***

The information required by this item is incorporated in this Annual Report by reference to our definitive proxy statement pursuant to Regulation 14A, to be filed with the SEC not later than 120 days after the close of our fiscal year ended September 30, 2026.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

1. *Financial Statements.* Reference is made to the Index to Consolidated Financial Statements at Item 8 of this Annual Report.

2. *Financial Statement Schedule.* All financial statement schedules are omitted because they are not applicable, or the required information is shown in the Consolidated Financial Statements or the Notes to Consolidated Financial Statements included elsewhere in this Annual Report.

3. *Exhibits.*

Number		Description of Exhibits
3.1	—	Amended and Restated Certificate of Incorporation of Powell Industries, Inc. filed with the Secretary of State of the State of Delaware on February 19, 2025 (filed as Exhibit 3.1 to our Form 8-K filed February 19, 2025, and incorporated herein by reference).
3.2	—	Second Amended and Restated By-laws of Powell Industries, Inc. (filed as Exhibit 3.1 to our Form 8-K filed February 24, 2025, and incorporated herein by reference).
3.3	—	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Powell Industries, Inc. filed with the Secretary of the State of Delaware on March 31, 2026 (filed as Exhibit 3.1 to our Form 8-K filed March 31, 2026, and incorporated herein by reference).
**4	—	Description of Powell Industries, Inc.'s Common Stock
†10.1	—	Powell Industries, Inc. Deferred Compensation Plan (filed as Exhibit 10.9 to our Form 10-K for the fiscal year ended October 31, 2002, and incorporated herein by reference).
†10.2	—	2014 Equity Incentive Plan (filed as Exhibit 10.2 to our Form 10-Q filed May 7, 2014 and incorporated herein by reference).
†10.3	—	Form of Restricted Stock Award Agreement under 2014 Equity Incentive Plan (filed as Exhibit 10.3 to our Form 10-Q filed May 7, 2014 and incorporated herein by reference).
†10.4	—	Form of Stock Option Award Agreement under 2014 Equity Incentive Plan (filed as Exhibit 10.6 to our Form 10-Q filed May 7, 2014 and incorporated herein by reference).
†10.5	—	Form of Stock Appreciation Right Award Agreement under 2014 Equity Incentive Plan (filed as Exhibit 10.7 to our Form 10-Q filed May 7, 2014 and incorporated herein by reference).
†10.6	—	2014 Non-Employee Director Equity Incentive Plan (filed as Exhibit 10.8 to our Form 10-Q filed May 7, 2014 and incorporated herein by reference).
†10.7	—	Form of Restricted Stock Award Agreement under 2014 Non-Employee Director Equity Incentive Plan (filed as Exhibit 10.9 to our Form 10-Q filed May 7, 2014 and incorporated herein by reference).
†10.8	—	Employment Agreement dated September 29, 2016, between the Company and Brett A. Cope (filed as Exhibit 10.1 to our Form 8-K filed September 30, 2016 and incorporated herein by reference).
†10.9	—	Employment Agreement effective November 5, 2018 by and between the Company and Michael W. Metcalf (filed as Exhibit 10.1 to our Form 8-K filed November 1, 2018 and incorporated herein by reference).
10.10	—	Amended and Restated Credit Agreement, dated September 27, 2019, by and between the Company, as Borrower, certain subsidiaries of the Company identified therein, as Guarantors, Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer, the Lenders party thereto and BofA Securities, Inc., as Sole Lead Arranger and Sole Bookrunner (filed as Exhibit 10.25 to our Form 10-K filed December 5, 2019 and incorporated herein by reference).
10.11	—	First Amendment to Credit Agreement dated March 12, 2021 (filed as Exhibit 10.1 to our Form 8-K filed March 16, 2021 and incorporated herein by reference).
10.12	—	LIBOR Transition Amendment, dated December 31, 2021, by and between the Company, as Borrower, certain subsidiaries of the Company identified therein, as Guarantors, the Lenders party thereto and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.1 to our Form 10-Q filed February 9, 2022 and incorporated herein by reference).

Number		Description of Exhibits
10.13	—	LIBOR Transition Amendment, dated November 10, 2022, by and between the Company, as Borrower, certain subsidiaries of the Company identified therein, as Guarantors, the Lenders party thereto and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.1 to our Form 10-Q filed February 1, 2023 and incorporated herein by reference).
10.14	—	Second Amendment to Credit Agreement, dated March 31, 2023 (filed as Exhibit 10.1 to our Form 8-K filed April 6, 2023 and incorporated herein by reference).
†10.15	—	First Amendment to Powell Industries, Inc. 2014 Non-Employee Director Equity Incentive Plan (filed as Exhibit 10.2 to our Form S-8 filed February 9, 2023 and incorporated herein by reference).
†10.16	—	First Amendment to Powell Industries, Inc. 2014 Equity Incentive Plan (filed as Exhibit 10.1 to our Form 8-K filed February 16, 2023 and incorporated herein by reference).
10.17	—	Third Amendment to Credit Agreement, dated October 4, 2023 (filed as Exhibit 10.29 to our Form 10-K filed December 6, 2023 and incorporated herein by reference).
10.18	—	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 (filed as Exhibit 10.1 to our Form 10-Q filed July 31, 2024, and incorporated herein by reference).
10.19	—	Conforming Changes Amendment, dated September 24, 2024, by and between the Company, as Borrower, and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.21 to our Form 10-K filed November 20, 2024, and incorporated herein by reference).
10.20	—	Consent and Fourth Amendment to Amended and Restated Credit Agreement, dated September 30, 2025, by and between the Company, as Borrower, certain Subsidiaries of Borrower, as Guarantors, the Lenders, and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.22 to our Form 10-K filed November 19, 2025, and incorporated herein by reference).
†10.21	—	Amended Form of Restricted Stock Unit Award Agreement under 2014 Equity Incentive Plan (filed as Exhibit 10.1 to our Form 10-Q filed February 4, 2026, and incorporated herein by reference).
†10.22	—	Amended Form of Performance Unit Award Agreement under 2014 Equity Incentive Plan (filed as Exhibit 10.2 to our Form 10-Q filed February 4, 2026, and incorporated herein by reference).
**10.23	—	Commitment Increase and Reallocation Agreement, dated November 10, 2026, by and between the Company, as Borrower, certain subsidiaries of the Company identified therein, as Guarantors, Bank of America, N.A., as Administrative Agent, and the Lenders party thereto.
19	—	Insider Trading Policy effective June 1, 2025 (filed as Exhibit 19 to our Form 10-K filed November 19, 2025, and incorporated herein by reference).
**21.1	—	Subsidiaries of Powell Industries, Inc.
**23.1	—	Consent of PricewaterhouseCoopers LLP.
**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 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 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	—	Executive Recoupment Policy effective September 20, 2023 (filed as Exhibit 97 to our Form 10-K filed December 6, 2023 and incorporated herein by reference).

Number		Description of Exhibits
**101	—	The following financial statements from the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2026, formatted in Inline XBRL: (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Stockholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
**104	—	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2026, formatted in Inline XBRL (included as Exhibit 101).

† Management contracts and compensatory plans or arrangements.

** Filed herewith.

*** Furnished herewith.

Item 16. ***Form 10-K Summary***

None.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated:

Signature	Title
/s/ Brett A. Cope Brett A. Cope	Chairman of the Board President and Chief Executive Officer (Principal Executive Officer)
/s/ Michael W. Metcalf Michael W. Metcalf	Executive Vice President Chief Financial and Principal Accounting Officer (Principal Financial and Principal Accounting Officer)
/s/Alaina K. Brooks Alaina K. Brooks	Director
/s/ Katheryn B. Curtis Katheryn B. Curtis	Director
/s/ James W. McGill James W. McGill	Director
/s/ Mohit Singh Mohit Singh	Director
/s/ Mark W. Smith Mark W. Smith	Director
/s/ John G. Stacey John G. Stacey	Director
/s/ Richard E. Williams Richard E. Williams	Director

Date: November 17, 2026

Description of Powell Industries, Inc.'s Securities
Registered under Section 12 of the Securities Exchange Act of 1934

We have one class of securities, our common stock, registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our common stock is listed for trading on the Nasdaq Global Market under the symbol "POWL." Our authorized capital stock consists of 90,000,000 shares of common stock, par value $0.01 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share. The following description of our capital stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by our amended and restated certificate of incorporation (as may be further amended or restated from time to time, "Certificate of Incorporation") and amended and restated bylaws (as may be further amended or restated from time to time, "Bylaws"), each of which is filed as an exhibit to our Annual Report on Form 10-K. We encourage you to read the complete text of our Certificate of Incorporation and Bylaws. Unless otherwise indicated, all references to "we," "us," "our," or "the Company" are to Powell Industries, Inc.

Common Stock

Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders, may not cumulate votes in the election of directors and have no preemptive rights. Our Bylaws provide that: in all matters other than the election of directors, the affirmative vote of the holders of a majority in voting power of shares present in person or represented by proxy and entitled to vote on the subject matter at a meeting at which a quorum is present shall be the act of the stockholders, unless a different or minimum vote is required by the Certificate of Incorporation, the Bylaws, or any rule, law, or regulation applicable to the Company, its securities or the matter to be voted upon, in which case such different or minimum vote shall be the required vote for such matter; and directors shall be elected by a plurality of the votes of the shares present or represented by proxy at a meeting at which a quorum is present and entitled to vote on the election of directors.

Our common stock is neither redeemable nor convertible into other securities; and there are no sinking fund provisions or subscription rights in respect thereof.

Subject to all rights of the holders of our preferred stock or any series thereof, the holders of our common stock are entitled to receive, when, as and if declared by our board of directors (the "Board"), out of funds legally available therefor, dividends payable in cash, stock or otherwise.

Upon any liquidation of the Company, and after holders of our preferred stock of each series have been paid in full the amounts to which they respectively are entitled or a sum sufficient for such payment in full has been set aside, the remaining net assets of the Company shall be distributed pro rata to the holders of our common stock, to the exclusion of holders of our preferred stock.

Preferred Stock

The Board is authorized to issue up to 5,000,000 shares of preferred stock in one or more series and to fix by resolution or resolutions providing for the issuance of each such series the voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of such series. No holders of any series of our preferred stock will be entitled to receive any dividends thereon other than those specifically provided for by our Certificate of Incorporation or the resolution or resolutions of the Board providing for the issuance of such series of our preferred stock. Upon any liquidation of the Company, whether voluntary or involuntary, the holders of our preferred stock of each series will be entitled to receive only such amount or amounts as will have been fixed by our Certificate of Incorporation or by the resolution or resolutions of the Board providing for the issuance of such series. The issuance of preferred stock may have the

effect of delaying, deferring or preventing a change in control of the Company without any vote or action by stockholders and may adversely affect the voting and other rights of the holders of shares of our common stock.

Limitation on Liability of Directors and Officers; Indemnification of Officers and Directors

Our Certificate of Incorporation provides that no director of the Company shall be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, which such limitation shall not eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to the Company or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the General Corporation Law of the State of Delaware (the "DGCL") or (d) for any transaction from which the director derived an improper personal benefit. Our Certificate of Incorporation provides that no officer of the Company shall be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as an officer, which such limitation shall not eliminate the liability of an officer (w) for any breach of the officer's duty of loyalty to the Company or its stockholders, (x) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (y) for any transaction from which the officer derived an improper personal benefit or (z) for any action by or in the right of the Company. These limitations may have the effect of reducing the likelihood of derivative litigation against directors and officers and may discourage or deter stockholders or management from bringing a lawsuit against directors and officers for breach of their duty of care, even though such an action, if successful, might otherwise have benefited our stockholders.

Our Bylaws provide for indemnification of our officers and directors and other specified persons with respect to their conduct in various capacities. In addition, we maintain directors' and officers' liability insurance.

Effects of Certain Provisions of Our Certificate of Incorporation and Bylaws and Delaware Law

General. Certain provisions of our Certificate of Incorporation and Bylaws and Delaware law could have the effect of delaying, deferring or preventing a change in control or the removal of existing management, of deterring potential acquirors from making an offer to stockholders and of limiting any opportunity to realize premiums over prevailing market prices for our common stock in connection therewith. This could be the case notwithstanding that a majority of stockholders might benefit from such a change in control or offer.

Board of Directors. Our Bylaws divide the members of the Board into three classes, serving three-year staggered terms. No decrease in number of directors shall shorten the term of any incumbent director. The classification of directors makes it more difficult for stockholders to change the composition of the Board: at least two annual meetings of stockholders may be required for stockholders to change a majority of the directors, whether or not a plurality of stockholders favors such a change.

Stockholders may remove directors from office only for cause by the affirmative vote of stockholders holding a majority in voting power of the shares entitled to vote at an election of directors. Vacancies on the Board or newly created directorships resulting from an increase in the number of directors on the Board may be filled only by the vote of a majority of the remaining directors, although less than a quorum, or by a sole remaining director. The number of directors may be fixed by resolution of the Board but must be no less than three nor more than eleven.

Advance Notice of Stockholder Proposals and Director Nominations. Our Bylaws contain provisions requiring that advance notice be delivered to us of any business to be brought by a stockholder before an annual meeting of stockholders and providing for certain procedures to be followed by stockholders in nominating persons for election to the Board. Generally, the advance notice provisions provide that the stockholder must give written notice to our Secretary, (i) if such meeting is to be held on a date that is not more than 30 days in advance of the anniversary of the previous year's annual meeting and not later than 60 days after the anniversary of the previous year's annual meeting, not less than 90 days nor more than 150 days prior to the anniversary date of the immediately preceding annual meeting of stockholders or (ii) for any other annual meeting of stockholders, including in the event

that no annual meeting was held in the immediately preceding year, not earlier than the close of business on the 120th day prior to the annual meeting and not later than the close of business on the later of the 90th day prior to the annual meeting and the 10th day following the earlier of the day on which the notice of such meeting was mailed to
our stockholders or the day on which such public announcement was made. The notice must set forth specific information regarding that stockholder and that business or director nominee, as described in our Bylaws.

Special Meetings of Stockholders. Our Bylaws allow only the chair of the Board, the chief executive officer, the president or a majority of the directors to call a special meeting of the stockholders. Only business within the purpose or purposes described in the notice of the special meeting of the stockholders may be conducted at the meeting.

Amendment of Bylaws. Our Bylaws may be adopted, amended or repealed if approved by at least seventy-five percent (75%) of the Board. Our Bylaws may also be adopted, amended or repealed by stockholders entitled to vote; provided that any proposal by a stockholder to amend the Bylaws will be subject to the provisions of Article 2 of the Bylaws except as otherwise required by law.

Delaware Anti-Takeover Statute. As a Delaware corporation, we are subject to Section 203 of the DGCL. In general, Section 203 prevents us from engaging in a business combination with an "interested stockholder" (generally, a person owning 15% or more of our outstanding voting stock) for three years following the time that person becomes a 15% stockholder unless either:

- before that person became a 15% stockholder, the Board approved the transaction in which the stockholder became a 15% stockholder or approved the business combination;

- upon completion of the transaction that resulted in the stockholder's becoming a 15% stockholder, the stockholder owns at least 85% of our voting stock outstanding at the time the transaction began (excluding stock held by directors who are also officers and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or

- after the transaction in which that person became a 15% stockholder, the business combination is approved by the Board and authorized at a stockholder meeting by at least two-thirds of the outstanding voting stock not owned by the 15% stockholder.

Under Section 203, these restrictions also do not apply to certain business combinations proposed by a 15% stockholder following the disclosure of an extraordinary transaction with a person who was not a 15% stockholder during the previous three years or who became a 15% stockholder with the approval of a majority of our directors. This exception applies only if the extraordinary transaction is approved or not opposed by a majority of our directors who were directors before any person became a 15% stockholder in the previous three years, or the successors of these directors.

Exclusive Forum for Adjudication of Disputes. Our Bylaws provide that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or stockholder of the Company, (c) any action asserting a claim arising pursuant to any provision of the DGCL, the Certificate of Incorporation, or the Bylaws (as either may be amended from time to time), or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (d) any action asserting a claim governed by the internal affairs doctrine or asserting an "internal corporate claim" (as that term is defined in Section 115 of the DGCL). In addition, unless we consent in writing to the selection of an alternative forum, the Federal District Courts

of the United States of America shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the "Securities Act").

Under the Securities Act, federal and state courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. The exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Although we believe these provisions are beneficial by providing increased consistency in the application of Delaware law or U.S. securities laws in the types of lawsuits to which they apply, the provisions may have the effect of discouraging lawsuits against our directors and officers or against us. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and have consented to the provisions of our Bylaws related to choice of forum. The enforceability of similar exclusive forum provisions in other companies' organizational documents has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that this provision in our Bylaws is inapplicable or unenforceable.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Equiniti Trust Company, LLC.

COMMITMENT INCREASE AND REALLOCATION AGREEMENT

THIS COMMITMENT INCREASE AND REALLOCATION AGREEMENT (this "***Agreement***") is dated as of November 10, 2026, by and among Bank of America, N.A., as administrative agent for the lenders (in such capacity, "***Administrative Agent***"), Powell Industries, Inc., a Delaware corporation ("***Borrower***"), and the Lenders party hereto, being Bank of America, N.A. and Texas Capital Bank (each, an "***Increasing Lender***" and collectively, the "***Increasing Lenders***"). Reference is made to the Amended and Restated Credit Agreement, dated as of September 27, 2019, among Borrower, the Subsidiaries of Borrower from time to time party thereto as Guarantors, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer (as amended by the First Amendment to Credit Agreement dated as of March 12, 2021, the Consent to Credit Agreement dated as of July 28, 2022, the LIBOR Transition Amendment dated as of November 10, 2022, the Second Amendment to Credit Agreement dated as of March 31, 2023, the Third Amendment to Credit Agreement dated as of October 4, 2023, the Conforming Changes Amendment dated as of September 24, 2024, the Consent to Amended and Restated Credit Agreement dated as of July 25, 2025, and the Consent and Fourth Amendment to Amended and Restated Credit Agreement dated as of September 30, 2025, and as further amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "***Credit Agreement***"). Terms defined in the Credit Agreement and not otherwise defined herein are used herein as therein defined.

W I T N E S S E T H

WHEREAS, pursuant to *Section 2.16(a)* of the Credit Agreement, Borrower has requested an increase in the Revolving Facility by $50,000,000 (the "***Incremental Facility***"), increasing the aggregate Revolving Commitments from $150,000,000 to $200,000,000;

WHEREAS, each Increasing Lender has elected pursuant to *Section 2.16(b)* of the Credit Agreement to increase its Revolving Commitment; and

WHEREAS, Administrative Agent and Borrower have determined the final allocation of the Incremental Facility and that the date hereof is the Revolving Increase Effective Date pursuant to *Section 2.16(d)* of the Credit Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Increase; Commitment Schedule; Reallocations**. Subject to the terms and conditions set forth herein, effective on the date hereof, (a) the Revolving Commitment of each Increasing Lender is hereby increased to the amount set forth opposite its name on ***Schedule 1.01(b)*** attached hereto, and (b) *Schedule 1.01(b)* of the Credit Agreement is hereby replaced with ***Schedule 1.01(b)*** attached hereto. Upon the effectiveness of this Agreement, and as required by the last sentence of ***Section 2.16(e)*** of the Credit Agreement, Borrower shall prepay any Revolving Loans outstanding on the date hereof, and Borrower, Administrative Agent and the Lenders shall make such reallocations, sales, assignments and other relevant actions in respect of each Lender's Revolving Loans, in each case to the extent necessary to keep the outstanding Revolving Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Revolving Commitments, in order that each Lender's Revolving Loans reflect such Lender's Applicable Percentage of the Revolving Facility on the date hereof, and (unless otherwise waived by a Lender in its sole discretion) Borrower agrees to compensate each Lender for any loss, cost or expense incurred by such Lender in connection with the prepayment and reallocation described above, in each case on the terms and in the manner set forth in ***Section 3.05*** of the Credit Agreement. Pursuant to ***Section 2.16(g)*** of the Credit Agreement, the Incremental Facility shall be on terms identical to those applicable to the Revolving Facility. The increased Revolving Commitment of each Increasing Lender shall constitute part of such Increasing Lender's Revolving Commitment for all purposes of the Loan Documents.

2. **Representations and Warranties**. Borrower hereby represents and warrants that:

(a) Borrower has the power to execute and deliver this Agreement and to perform its obligations hereunder; and Borrower has duly authorized such execution, delivery and performance.

(b) This Agreement constitutes a legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as limited by Debtor Relief Laws and the application of general principles of equity (regardless of whether such enforceability is considered in proceedings in equity or at law).

(c) The representations and warranties contained in ***Article V*** of the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof, both before and after giving effect to this Agreement, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this paragraph, the representations and warranties contained in ***clauses (a)*** and ***(b)*** of ***Section 5.05*** of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to ***clauses (a)*** and ***(b)***, respectively, of ***Section 6.01*** of the Credit Agreement.

(d) No Default exists before or after giving effect to this Agreement and the Incremental Facility.

(e) The conditions set forth in ***Section 2.16*** of the Credit Agreement have been satisfied as of the date hereof.

(f) The information included in any Beneficial Ownership Certification is true and correct in all respects.

3. **Conditions Precedent**. The effectiveness of this Agreement is subject to satisfaction of the following conditions precedent:

(a) Administrative Agent shall have received counterparts of this Agreement, duly executed and delivered by Administrative Agent, each Increasing Lender, Borrower and each Guarantor;

(b) Administrative Agent shall have received a certificate of each Loan Party dated as of the date hereof (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (i) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to this Agreement and the Incremental Facility, and (ii) in the case of Borrower, certifying that, before and after giving effect to the Incremental Facility, (A) the representations and warranties contained in ***Article V*** of the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this paragraph, the representations and warranties contained in ***clauses (a)*** and ***(b)*** of ***Section 5.05*** of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to ***clauses (a)*** and ***(b)***, respectively, of ***Section 6.01*** of the Credit Agreement, and (B) no Default exists before or after giving effect to the Incremental Facility, in each case as required by ***Section 2.16(e)*** of the Credit Agreement;

(c) (x) upon the reasonable request of any Lender made at least fifteen (15) days prior to the date hereof, Borrower shall have provided to such Lender, and such Lender shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the PATRIOT Act, in each case at least ten (10) days prior to the date hereof and (y) at least ten (10) days prior to the date hereof, any Loan Party that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall have delivered, to each Lender that so requests, a Beneficial Ownership Certification in relation to such Loan Party;

(d) the representations and warranties set forth herein shall be true and correct;

(e) no Default shall exist before or after giving effect to this Agreement and the Incremental Facility;

(f) payment by Borrower of all fees and other amounts due and payable on or prior to the date hereof, including, without limitation, any applicable fees set forth in any Fee Letter or any separate fee letter relating to the Incremental Facility, and reimbursement or payment of all costs and expenses required to be reimbursed or paid by Borrower hereunder or under ***Section 11.04*** of the Credit Agreement, including all fees, charges and disbursements of counsel to Administrative Agent (directly to such counsel if requested by Administrative Agent);

(g) receipt by Administrative Agent of such other documents or instruments as Administrative Agent may reasonably require to evidence the ratification of each Loan Party's continuing Obligations.

4. **Miscellaneous**.

(a) The Loan Documents are hereby ratified and affirmed by Borrower and each Guarantor and shall remain in full force and effect. Each Loan Party hereby reaffirms that its Guaranty under ***Article X*** of the Credit Agreement remains in full force and effect and that the Liens granted under the Collateral Documents continue to secure the Obligations, including the Obligations in respect of the Incremental Facility.

(b) This Agreement shall constitute one of the Loan Documents.

(c) This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Agreement may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas. This Agreement, together with the Credit Agreement and the other Loan Documents, embodies the entire agreement and understanding relating to the subject matter hereof.

(d) This Agreement may be in the form of an Electronic Record (and may be delivered by e-mail or facsimile) and may be executed using Electronic Signatures (including, without limitation, facsimile and .pdf) and shall be considered an original, 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 are one and the same agreement. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by Administrative Agent of a manually signed paper Communication which has been converted into electronic form (such as scanned into pdf format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention.

(e) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[*Signature Pages Follow*.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first stated above.

INCREASING LENDER: BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Katherine Osele
Katherine Osele
Senior Vice President

INCREASING LENDER: TEXAS CAPITAL BANK,
as a Lender

By: /s/ Nathan Pieper
Name: Nathan Pieper
Title: Executive Director

Accepted and agreed as of the date first stated above:

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as Administrative Agent

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

Accepted and agreed as of the date first stated above:

BORROWER:

POWELL INDUSTRIES, INC., a Delaware corporation

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

To induce Administrative Agent and the Lenders to enter into this Agreement, each of the undersigned hereby (a) consents and agrees to its execution and delivery and the terms and conditions thereof, (b) agrees that this document in no way releases, diminishes, impairs, reduces, or otherwise adversely affects any guaranties, assurances, or other obligations or undertakings of any of the undersigned under any Loan Documents, (c) confirms and ratifies its continuing unconditional obligations as a Guarantor under the Guaranty set forth in Article X of the Credit Agreement with respect to all of the Secured Obligations, (d) confirms that the Liens granted under the Collateral Documents continue to secure the Obligations as increased hereby, and (e) waives notice of acceptance of this Agreement, which Agreement binds each of the undersigned and their respective successors and permitted assigns and inures to the benefit of Administrative Agent, the L/C Issuer and the Lenders and their respective successors and permitted assigns.

GUARANTORS:

POWELL ELECTRICAL SYSTEMS, INC., a Delaware corporation

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

POWELL INDUSTRIES INTERNATIONAL, INC., a Delaware corporation

By: /s/ Michael W. Metcalf
Name: Michael W. Metcalf
Title: President, Secretary and Treasurer

SCHEDULE 1.01(b)

COMMITMENTS AND APPLICABLE PERCENTAGES

Lender	Commitment	Applicable Percentage
Bank of America, N.A.	$133,333,333.33	66.666666667%
Texas Capital Bank	$66,666,666.67	33.333333333%
Total	**$200,000,000.00**	**100.000000000%**

SUBSIDIARIES OF POWELL INDUSTRIES, INC.

Name of Subsidiary	Incorporated
Powell Industries, Inc.	Delaware
Powell Electrical Systems, Inc.	Delaware
Powell Industries International, Inc.	Delaware
Powell Industries International Limited	United Kingdom
Powell (UK) Limited	United Kingdom
Remsdaq Limited	United Kingdom
Powell Industries Asia, Pte, Ltd.	Singapore
Powell Canada Inc.	Canada
Powell Infinity Corporation	Alberta
Powell Industries International B.V.	Netherlands
Powell (Middle East) B.V.	Netherlands
Powell Equipment (Mexico) SA de CV	Mexico
Powell Trading (Mexico) SA de CV	Mexico

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-196171, 333-269662 and 333-272089) of Powell Industries, Inc. of our report dated November 17, 2026, relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
November 17, 2026

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Brett A. Cope, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: November 17, 2026

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Michael W. Metcalf, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 and Principal Accounting Officer
(Principal Financial and Principal Accounting Officer)

Date: November 17, 2026

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 Annual Report (the "Report") on Form 10-K of Powell Industries, Inc. (the "Company") for the year ended September 30, 2026, 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: November 17, 2026

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 Annual Report (the "Report") on Form 10-K of Powell Industries, Inc. (the "Company") for the year ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof, I, Michael W. Metcalf, Executive Vice President and Chief Financial and Principal Accounting 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 and Principal Accounting Officer
(Principal Financial and Principal Accounting Officer)

Date: November 17, 2026