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

Form 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2025

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

(State or other jurisdiction of
incorporation or organization)

8550 Mosley Road

Houston

Texas

(Address of principal executive offices)

88-0106100

(I.R.S. Employer
Identification No.)

77075-1180

(Zip Code)

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

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

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

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

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

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

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

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

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

At February 2, 2026, there were 12,142,283 outstanding shares of the registrant's common stock, par value \$0.01 per share.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
TABLE OF CONTENTS

	<u>Page</u>
<u>Part I — Financial Information</u>	<u>3</u>
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Statements of Operations (Unaudited)</u>	<u>4</u>
<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited)</u>	<u>5</u>
<u>Condensed Consolidated Statements of Stockholders' Equity (Unaudited)</u>	<u>6</u>
<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	<u>7</u>
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>8</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>25</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>29</u>
<u>Item 4. Controls and Procedures</u>	<u>29</u>
<u>Part II — Other Information</u>	<u>30</u>
<u>Item 1. Legal Proceedings</u>	<u>30</u>
<u>Item 1A. Risk Factors</u>	<u>30</u>
<u>Item 5. Other Information</u>	<u>30</u>
<u>Item 6. Exhibits</u>	<u>30</u>
<u>Signatures</u>	<u>32</u>

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	December 31, 2025	September 30, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 490,631	\$ 450,739
Short-term investments	10,212	24,788
Accounts receivable, less allowance for credit losses of \$456 and \$368, respectively	189,571	217,065
Contract assets	121,543	136,679
Inventories	84,959	84,719
Prepaid expenses	14,771	10,591
Other current assets	8,399	7,135
Total Current Assets	920,086	931,716
Property, plant and equipment, net	111,832	111,049
Operating lease assets, net	1,458	1,664
Goodwill	6,130	6,125
Intangible assets, net	5,921	6,138
Deferred income tax assets	29,912	33,440
Other assets	19,029	18,852
Total Assets	\$ 1,094,368	\$ 1,108,984
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 48,213	\$ 67,080
Contract liabilities	302,143	297,949
Accrued compensation and benefits	14,083	39,184
Accrued product warranty	6,676	6,356
Current operating lease liabilities	796	882
Income taxes payable	4,770	11,028
Other current liabilities	24,945	23,908
Total Current Liabilities	401,626	446,387
Deferred compensation	15,394	13,707
Long-term operating lease liabilities	662	782
Deferred income tax liabilities	5,354	5,297
Other long-term liabilities	2,446	2,041
Total Liabilities	425,482	468,214
Commitments and Contingencies (Note G)		
Stockholders' Equity:		
Preferred stock, par value \$0.01; 5,000,000 shares authorized; none issued	—	—
Common stock, par value \$0.01; 30,000,000 shares authorized; Shares issued: 12,946,501 and 12,876,196, respectively Shares outstanding: 12,140,483 and 12,070,178, respectively	129	129
Additional paid-in capital	50,721	62,834
Retained earnings	667,941	629,848
Treasury stock, 806,018 shares at cost	(24,999)	(24,999)
Accumulated other comprehensive loss	(24,906)	(27,042)
Total Stockholders' Equity	668,886	640,770
Total Liabilities and Stockholders' Equity	\$ 1,094,368	\$ 1,108,984

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

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

	Three months ended December 31,	
	2025	2024
Revenues	\$ 251,184	\$ 241,431
Cost of goods sold	179,766	181,907
Gross profit	71,418	59,524
Selling, general and administrative expenses	25,158	21,476
Research and development expenses	3,267	2,476
Amortization of intangible assets	222	—
Operating income	42,771	35,572
Other expenses (income):		
Interest income, net	(4,265)	(3,865)
Income before income taxes	47,036	39,437
Income tax provision	5,646	4,674
Net income	\$ 41,390	\$ 34,763
Earnings per share:		
Basic	\$ 3.42	\$ 2.89
Diluted	\$ 3.40	\$ 2.86
Weighted average shares:		
Basic	12,109	12,037
Diluted	12,163	12,152
Dividends per share	\$ 0.2675	\$ 0.2650

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

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

	Three months ended December 31,	
	2025	2024
Net income	\$ 41,390	\$ 34,763
Foreign currency translation adjustments	2,136	(8,069)
Comprehensive income	<u>\$ 43,526</u>	<u>\$ 26,694</u>

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

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income/(Loss)	Totals
	Shares	Amount			Shares	Amount		
Balance, September 30, 2025	12,876	\$ 129	\$ 62,834	\$ 629,848	(806)	\$ (24,999)	\$ (27,042)	\$ 640,770
Net income	—	—	—	41,390	—	—	—	41,390
Foreign currency translation adjustments	—	—	—	—	—	—	2,136	2,136
Stock-based compensation	70	—	1,572	—	—	—	—	1,572
Shares withheld in lieu of employee tax withholding	—	—	(14,036)	—	—	—	—	(14,036)
Dividends	—	—	351	(3,297)	—	—	—	(2,946)
Balance, December 31, 2025	12,946	\$ 129	\$ 50,721	\$ 667,941	(806)	\$ (24,999)	\$ (24,906)	\$ 668,886

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income/(Loss)	Totals
	Shares	Amount			Shares	Amount		
Balance, September 30, 2024	12,795	\$ 128	\$ 70,111	\$ 462,194	(806)	\$ (24,999)	\$ (24,361)	\$ 483,073
Net income	—	—	—	34,763	—	—	—	34,763
Foreign currency translation adjustments	—	—	—	—	—	—	(8,069)	(8,069)
Stock-based compensation	76	1	1,512	—	—	—	—	1,513
Shares withheld in lieu of employee tax withholding	—	—	(11,995)	—	—	—	—	(11,995)
Dividends	—	—	331	(3,284)	—	—	—	(2,953)
Balance, December 31, 2024	12,871	\$ 129	\$ 59,959	\$ 493,673	(806)	\$ (24,999)	\$ (32,430)	\$ 496,332

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

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

	Three months ended December 31,	
	2025	2024
Operating Activities:		
Net income	\$ 41,390	\$ 34,763
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,149	1,755
Stock-based compensation	1,572	1,513
Unrealized mark-to-market loss (gain) on derivative contracts	—	194
Bad debt expense (recovery), net	127	(90)
Deferred income taxes	3,585	13
Changes in operating assets and liabilities:		
Accounts receivable, net	28,025	19,042
Contract assets and liabilities, net	19,513	5,942
Inventories	9	(3,143)
Income taxes	(6,635)	3,377
Prepaid expenses and other current assets	(5,154)	(6)
Accounts payable	(19,226)	(8,162)
Accrued liabilities	(24,155)	(20,797)
Other, net	2,438	2,671
Net cash provided by operating activities	43,638	37,072
Investing Activities:		
Purchases of short-term investments	—	(19,828)
Maturities of short-term investments	14,953	12,523
Purchases of property, plant and equipment	(2,029)	(2,189)
Net cash provided by (used in) investing activities	12,924	(9,494)
Financing Activities:		
Shares withheld in lieu of employee tax withholding	(14,036)	(11,995)
Dividends paid	(3,235)	(3,185)
Net cash used in financing activities	(17,271)	(15,180)
Net increase in cash and cash equivalents	39,291	12,398
Effect of exchange rate changes on cash and cash equivalents	601	(2,131)
Cash and cash equivalents at beginning of period	450,739	315,331
Cash and cash equivalents at end of period	\$ 490,631	\$ 325,598

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

A. Overview and Summary of Significant Accounting Policies

Overview

Powell Industries, Inc. (we, us, our, Powell or the Company) is a Delaware corporation founded by William E. Powell in 1947. 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.

Basis of Presentation

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

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

The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of Powell and its subsidiaries included in Powell's Annual Report on Form 10-K for the year ended September 30, 2025, which was filed with the Securities and Exchange Commission (SEC) on November 19, 2025.

References to Fiscal 2026 and Fiscal 2025 used throughout this report shall mean the current fiscal year ending September 30, 2026 and the prior fiscal year ended September 30, 2025, respectively.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying footnotes. The most significant estimates used in our condensed consolidated financial statements affect revenue recognition and estimated cost recognition on our customer contracts, allowance for credit losses, provision for excess and obsolete inventory, warranty accruals and income taxes. The amounts recorded for warranties, legal, income taxes, impairment of long-lived assets, 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.

Recently Adopted Accounting Standards Update

The Company adopted the Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, effective October 1, 2024, on a retrospective basis. This standard requires expanded annual and interim segment disclosures, including significant segment expenses regularly reviewed by the chief operating decision maker (CODM), along with disclosure of the CODM's title and how segment information is used in evaluating performance and allocating resources. It also clarifies that entities with a single reportable segment must provide all required Topic 280 disclosures. Adoption of the standard did not have a material impact on the unaudited condensed consolidated financial statements. Additional details are included in Note K. Segment Information.

Accounting Standards Updates Issued but Not Yet Adopted

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

In November 2024, the FASB issued ASU No. 2024-03, *Reporting Comprehensive Income – Expense Disaggregation Disclosures*, 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.

B. Earnings Per Share

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

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

	Three months ended December 31,	
	2025	2024
Numerator:		
Net income	\$ 41,390	\$ 34,763
Denominator:		
Weighted average basic shares	12,109	12,037
Dilutive effect of restricted stock and restricted stock units	54	115
Weighted average diluted shares	12,163	12,152
Earnings per share:		
Basic	\$ 3.42	\$ 2.89
Diluted	\$ 3.40	\$ 2.86

C. Detail of Selected Balance Sheet Accounts

Inventories

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

	December 31, 2025	September 30, 2025
Raw materials, parts and sub-assemblies	\$ 91,038	\$ 90,743
Work-in-progress	2,093	2,222
Provision for excess and obsolete inventories	(8,172)	(8,246)
Total inventories	\$ 84,959	\$ 84,719

Property, Plant and Equipment

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

	December 31, 2025	September 30, 2025
Land	\$ 24,510	\$ 24,436
Buildings and improvements	133,759	133,455
Machinery and equipment	100,412	99,840
Furniture and fixtures	3,284	3,056
Construction in process	4,041	2,110
	\$ 266,006	\$ 262,897
Less: Accumulated depreciation	(154,174)	(151,848)
Total property, plant and equipment, net	\$ 111,832	\$ 111,049

There were no assets under finance lease as of December 31, 2025 or September 30, 2025.

Accrued Product Warranty

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

	Three months ended December 31,	
	2025	2024
Balance at beginning of period	\$ 6,356	\$ 5,822
Increase to warranty expense	1,970	1,497
Deduction for warranty charges	(1,666)	(1,149)
Change due to foreign currency translation	16	(64)
Balance at end of period	\$ 6,676	\$ 6,106

D. Revenue

Revenue Recognition

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

Revenue from these contracts is generally recognized over time utilizing the cost-to-cost method. Under the cost-to-cost method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated

costs at completion of the performance obligation. We believe that this method is the most accurate representation of our performance because it directly measures the value of the services transferred to the customer over time as we incur costs on our contracts. Contract costs include all direct materials, labor and indirect costs related to contract performance, which may include indirect labor, supplies, tools, repairs and depreciation costs.

We also have contracts to provide field service inspection, installation, commissioning, modification, and repair services, as well as retrofit and retrofill components for existing systems. If the service contract terms give us the right to invoice the customer for an amount that corresponds directly with the value of our performance completed to date (i.e., a service contract in which we bill a fixed amount for each hour of service provided), then we recognize revenue over time in each reporting period corresponding to the amount that we have the right to invoice. Our performance obligations are satisfied as the work progresses. Revenues from our custom-engineered products and value-added services transferred to customers over time accounted for approximately 94% and 97% of revenues for the three months ended December 31, 2025 and December 31, 2024, respectively.

We also have sales orders for spare parts and replacement circuit breakers for switchgear that are obsolete or that are no longer produced by the original manufacturer. Revenues from these sales orders are recognized at the time we fulfill our performance obligation to the customer, which is typically upon shipment and represented approximately 6% and 3% of revenues for the three months ended December 31, 2025 and December 31, 2024, respectively.

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

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

Performance Obligations

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

Remaining unsatisfied performance obligations, which we refer to as backlog, represent the estimated transaction price for goods and services for which we have a material right, but work has not been performed. As of December 31, 2025, we had backlog of \$1.6 billion, of which approximately \$933 million is expected to be recognized as revenue within the next twelve months. Backlog may not be indicative of future operating results as orders may be cancelled or modified by our customers. Our backlog does not include service and maintenance-type contracts for which we have the right to invoice as services are performed.

Contract Estimates

Actual revenues and project costs may vary from previous estimates due to changes in a variety of factors. The cost estimation process is based 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 three months ended December 31, 2025 and 2024, our operating results were positively impacted by \$10.5 million and \$2.4 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 both the three months ended December 31, 2025 and 2024.

Variable Consideration

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

Contract Modifications

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

Contract Balances

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

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

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

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

Contract assets and liabilities as of December 31, 2025 and September 30, 2025 are summarized below (in thousands):

	December 31, 2025	September 30, 2025
Contract assets	\$ 121,543	\$ 136,679
Contract liabilities	(302,143)	(297,949)
Net contract liability	<u>\$ (180,600)</u>	<u>\$ (161,270)</u>

Our net contract billing position remained a net liability at both December 31, 2025 and September 30, 2025, primarily due to favorable contract billing milestones. We typically allocate a significant percentage of the progress billing to the early stages of the contract. To determine the amount of revenue recognized during the period from contract liabilities, we first allocate revenue to the individual contract liability balance outstanding at the beginning of the period until the revenue exceeds that balance. During the three months ended December 31, 2025, we recognized revenue of \$120.3 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 Condensed Consolidated Balance Sheets. Certain contracts allow customers to withhold a small percentage of billings pursuant to retainage provisions, and such amounts are generally due upon completion of the contract and acceptance of

the project by the customer. Based on our experience in recent years, the majority of these retainage balances are expected to be collected within approximately twelve months. As of December 31, 2025 and September 30, 2025, we had retention amounts of \$7.2 million and \$8.1 million, respectively. Of the retained amount at December 31, 2025, \$7.0 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 three months ended December 31, 2025 and 2024 (in thousands):

	Three months ended December 31,	
	2025	2024
United States	\$ 194,878	\$ 197,772
Canada	32,459	31,694
Middle East and Africa	9,872	4,558
Europe	8,226	5,528
Asia/Pacific	5,303	1,580
Mexico, Central and South America	446	299
Total revenues by geographic destination	\$ 251,184	\$ 241,431

	Three months ended December 31,	
	2025	2024
Oil and gas (excludes petrochemical)	\$ 97,889	\$ 95,679
Electric utility	69,273	51,240
Commercial and other industrial	40,625	44,300
Petrochemical	22,778	33,183
Light rail traction power	8,614	8,228
All others	12,005	8,801
Total revenues by market sector	\$ 251,184	\$ 241,431

E. Goodwill and Other Intangible Assets

Our intangible assets include goodwill of \$6.1 million, which is not being amortized, and other intangible assets of \$5.9 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 the three months ended December 31, 2025 for our single reporting segment are as follows (in thousands):

	Total
Balance as of September 30, 2025	\$ 6,125
Foreign currency translation adjustment	5
Balance as of December 31, 2025	<u>\$ 6,130</u>

Other Intangible Assets

Intangible asset balances, subject to amortization, at December 31, 2025 and September 30, 2025 consisted of the following (in thousands):

	December 31, 2025			
	Weighted Average Remaining Useful Lives in Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	12	\$ 2,204	\$ (69)	\$ 2,135
Technologies	5	3,521	(227)	3,294
Trademarks	10	475	(18)	457
Order backlog	1	55	(20)	35
Total intangible assets		<u>\$ 6,255</u>	<u>\$ (334)</u>	<u>\$ 5,921</u>

	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		<u>\$ 6,250</u>	<u>\$ (112)</u>	<u>\$ 6,138</u>

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

As of December 31, 2025, the estimated future amortization expense of intangible assets is as follows (in thousands):

Remainder of 2026	\$	662
2027		935
2028		935
2029		935
2030		860
Thereafter		1,594
Total	\$	<u>5,921</u>

F. Long-Term Debt

U.S. Revolver

We have a credit agreement with Bank of America, N.A. and Texas Capital Bank with an aggregate commitment of \$150.0 million, consisting of \$100.0 million committed by Bank of America and \$50.0 million committed by Texas Capital Bank (the U.S. Revolver). The U.S. Revolver has an expiration date of October 4, 2028.

As of December 31, 2025, there were no amounts borrowed under the U.S. Revolver, and letters of credit outstanding were \$65.1 million. There was \$84.9 million available for the issuance of letters of credit and borrowings under the U.S. Revolver as of December 31, 2025.

As of December 31, 2025, we were in compliance with all of the financial covenants of the U.S. Revolver.

G. 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 \$65.1 million as of December 31, 2025. We also had surety bonds totaling \$433.8 million that were outstanding, with additional bonding capacity of \$766.2 million available, at December 31, 2025. 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 \$20.2 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 December 31, 2025, we had outstanding guarantees totaling \$7.6 million, with an additional capacity of \$12.6 million available under this Facility Agreement. The Facility Agreement provides for customary events of default and carries cross-default provisions with the U.S. Revolver. If an event of default (as defined in the Facility Agreement) occurs and is continuing, per the terms and subject to the conditions set forth therein, obligations outstanding under the Facility Agreement may be accelerated and declared immediately due and payable. Additionally, we are required to maintain cash collateral for guarantees greater than two years. As of December 31, 2025, 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 or covered by insurance, will not have a material adverse effect on our consolidated financial position, or results of operations or liquidity.

Liquidated Damages

Certain of our customer contracts have schedule and performance obligation clauses that, if we fail to meet them, could require us to pay liquidated damages. Each individual contract defines the conditions under which the customer may make a claim against us. As of December 31, 2025, certain contracts had a probable exposure to liquidated damages claims of \$4.0 million, which could possibly increase to \$4.5 million under certain circumstances. Based on our actual or projected failure to meet these various contractual commitments, \$3.1 million has been recorded as a reduction to revenue. We will attempt to obtain change orders, contract extensions or accelerate project completion, which may resolve the potential for any unrecorded liquidated damages claims. Should we fail to achieve relief on some or all of these contractual obligations, we could be required to pay additional liquidated damages, which could negatively impact our future operating results.

H. Stock-Based Compensation

Refer to our Annual Report on Form 10-K for the fiscal year ended September 30, 2025 for a full description of our existing stock-based compensation plans.

Restricted Stock Units

We issue restricted stock units (RSUs) to certain officers and key employees of the Company. The fair value of the RSUs is based on the price of our common stock as reported on the NASDAQ Global Market during a specified period prior to the grant dates. Typically, these grants vest over a three-year period from the date of issuance and are a blend of time-based and performance-based shares. The portion of the grant that is time-based typically vests over a three-year period on each anniversary of the grant date, based on continued employment. The performance-based shares vest based on the three-year revenue growth, earnings and safety performance of the Company following the grant date. At December 31, 2025, there were 54,504 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 three months ended December 31, 2025 is summarized below:

	Number of Restricted Stock Units	Weighted Average Grant Value Per Share
Outstanding at September 30, 2025	116,886	\$ 64.79
Granted	15,495	287.28
Vested	(77,877)	32.67
Forfeited/canceled	—	—
Outstanding at December 31, 2025	<u>54,504</u>	<u>\$ 173.93</u>

During the three months ended December 31, 2025 and 2024, we recorded compensation expense of \$1.4 million and \$1.3 million, respectively, related to the RSUs.

Restricted Stock

Each year, every non-employee director receives restricted shares of the Company's common stock with a grant-date value of \$0.1 million. 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. During both the three months ended December 31, 2025 and 2024, we recorded compensation expense of \$0.2 million related to restricted stock.

I. Fair Value Measurements

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

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

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

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

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

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 December 31, 2025 (in thousands):

	Fair Value Measurements at December 31, 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 December 31, 2025
Assets:				
Cash and cash equivalents	\$ 490,631	\$ —	\$ —	\$ 490,631
Short-term investments	10,212	—	—	10,212
Rabbi trust assets	—	14,160	—	14,160
Liabilities:				
Deferred compensation	—	15,394	—	15,394
Contingent future payments related to the acquisition of Remsdaq	—	—	2,344	2,344

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 Condensed Consolidated Balance Sheets.

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

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

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 quarter ended December 31, 2025.

J. Leases

Our leases consist primarily of office and warehouse space and construction equipment. All of our future lease obligations are related to non-cancelable operating leases. The following table provides a summary of lease cost components for the three months ended December 31, 2025 and 2024, respectively (in thousands):

Lease Cost	Three months ended December 31,	
	2025	2024
Operating lease cost	\$ 284	\$ 198
Variable lease cost ⁽¹⁾	43	34
Short-term lease cost ⁽²⁾	591	639
Total lease cost	<u>\$ 918</u>	<u>\$ 871</u>

⁽¹⁾ Variable lease cost represents common area maintenance charges related to our Canadian office space lease.

⁽²⁾ Short-term lease cost includes leases and rentals with initial terms of one year or less.

We recognize operating lease assets and operating lease liabilities representing the present value of the remaining lease payments for leases with initial terms greater than twelve months. Leases with initial terms of twelve months or less are not recorded in our Condensed Consolidated Balance Sheets. The following table provides a summary of the operating lease assets and operating lease liabilities included in our Condensed Consolidated Balance Sheets as of December 31, 2025 and September 30, 2025, respectively (in thousands):

Operating Leases	December 31, 2025	September 30, 2025
Assets:		
Operating lease assets, net	\$ 1,458	\$ 1,664
Liabilities:		
Current operating lease liabilities	796	882
Long-term operating lease liabilities	662	782
Total lease liabilities	\$ 1,458	\$ 1,664

The following table provides the maturities of our operating lease liabilities as of December 31, 2025 (in thousands):

	Operating Leases
Remainder of 2026	\$ 700
2027	614
2028	215
2029	29
2030	—
Thereafter	—
Total future minimum lease payments	\$ 1,558
Less: present value discount (imputed interest)	(100)
Present value of lease liabilities	\$ 1,458

The weighted average discount rate as of December 31, 2025 and 2024 were 7.15% and 6.13%, respectively. The weighted average remaining lease term was 1.92 years and 2.46 years, respectively, at December 31, 2025 and 2024.

K. 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 three months ended December 31, 2025 and 2024, the summary of segment net income, including segment expenses, for our single reportable segment were as follows (in thousands):

	Three months ended December 31,	
	2025	2024
Revenues	\$ 251,184	\$ 241,431
Segment operating expenses:		
Cost of goods sold	179,766	181,907
General and administrative expenses	17,292	14,851
Sales and marketing expenses	7,745	6,731
Research and development expenses	3,267	2,476
Other expense (income) ⁽¹⁾	343	(106)
Total segment operating expenses	208,413	205,859
Operating income / EBIT	42,771	35,572
Interest income, net	(4,265)	(3,865)
Income tax provision	5,646	4,674
Segment net income	\$ 41,390	\$ 34,763
Gross profit	71,418	59,524

⁽¹⁾ Other expense includes realized currency loss (gain) of \$0.1 million and \$(0.1) million, respectively.

Revenues by country represent sales to unaffiliated customers as determined by the ultimate destination of our products and services, summarized for the three months ended December 31, 2025 and 2024 (in thousands):

	Three months ended December 31,	
	2025	2024
United States	\$ 194,878	\$ 197,772
Canada	32,459	31,694
Middle East and Africa	9,872	4,558
Europe	8,226	5,528
Asia/Pacific	5,303	1,580
Mexico, Central and South America	446	299
Total revenues	\$ 251,184	\$ 241,431

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 below (in thousands):

	December 31, 2025	September 30, 2025
Long-lived assets:		
United States	\$ 71,437	\$ 70,699
Canada	32,931	32,744
United Kingdom	7,464	7,606
Total	\$ 111,832	\$ 111,049

L. Income Taxes

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

	Three months ended December 31,	
	2025	2024
Income before income taxes	\$ 47,036	\$ 39,437
Income tax provision	5,646	4,674
Net income	<u>\$ 41,390</u>	<u>\$ 34,763</u>
Effective tax rate	12 %	12 %

Our income tax provision reflects an effective tax rate on pre-tax income of 12% for both the three months ended December 31, 2025 and 2024. The effective tax rates for the first quarters of Fiscal 2026 and Fiscal 2025 were favorably impacted by discrete items related to the vesting of RSUs and the estimated Research and Development (R&D) Tax Credit, which were partially offset by the tax expense related to certain nondeductible items.

M. Subsequent Events

Quarterly Dividend Declared

On February 3, 2026, our Board of Directors approved an increase to the quarterly cash dividend on our common stock to \$0.27 per share, equating to an annualized dividend of \$1.08 per share from the current amount of \$1.07 per share. The dividend is payable on March 18, 2026 to shareholders of record at the close of business on February 18, 2026.

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 Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements, other than statements of historical fact, included in this report are forward-looking statements. Such forward-looking statements include, but are not limited to, projections and estimates of the timing and success of specific projects and our future backlog, revenues, income, acquisitions, liquidity and capital expenditures, the effect of tariffs, 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, the potential effects of ongoing military disputes, electronic, cyber or physical security breaches, and other factors detailed herein and in our other SEC filings. Additional important risks, uncertainties and other factors are detailed below.

Risk Factors Related to our Business and Industry

- Our business is subject to the cyclical nature of the end markets that we serve. This cyclical nature has had, and may continue to have, an adverse effect on our operating results.
- Our industry is highly competitive.
- Our backlog is subject to unexpected adjustments, cancellations and scope reductions and, therefore, may not be a reliable indicator of our future earnings.
- Failure to place competitive bids and adequately project future costs may result in losses on our fixed-price contracts with customers.
- Supplier concentration and limited supplier capacity may adversely impact our business and results of operations.
- Our business requires skilled and unskilled labor, and we may be unable to attract and retain qualified employees.
- Revenues recognized over time from our fixed-price contracts could result in volatility in our results of operations.
- We are exposed to risks relating to the use of subcontractors.
- Technological innovations may make existing products and production methods obsolete. The development or use of Artificial Intelligence (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.
- We may not be successful in our AI initiatives, which could adversely affect our business, reputation, and results of operations.
- Unforeseen difficulties with expansions, relocations, or consolidations of existing facilities could adversely affect our operations.
- Quality problems with our products could harm our reputation and erode our competitive position.
- Many of our contracts contain performance obligations that may subject us to penalties or additional liabilities.
- Growth and product diversification through strategic acquisitions involve a number of risks.
- 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.

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

Risk Factors Related to our Financial Condition and Markets

- Global economic uncertainty and financial market conditions may impact our customer base, suppliers and backlog.
- Fluctuations in the price and supply of materials used to manufacture our products may reduce our profits and could adversely impact our ability to meet commitments to our customers.
- Obtaining surety bonds, letters of credit, bank guarantees, or other financial assurances, may be necessary for us to successfully bid on and obtain certain contracts.
- Failure to remain in compliance with covenants or obtain waivers or amendments under our credit agreement could adversely impact our business.
- We extend credit to customers in conjunction with our performance under fixed-price contracts which subjects us to potential credit risks.
- A significant portion of our revenues may be concentrated among a small number of customers and may be subject to the risks of particular industries.
- 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.
- Our ability to access credit and capital markets may be limited, which could adversely affect our liquidity, operations, and growth strategy.

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 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 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 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.
- There can be no assurance that we will declare or pay future dividends on our common stock.
- We may issue preferred stock on terms that could adversely affect the voting power or value of our common stock.

Risk Factors Related to Legal and Regulatory Matters

- Our operations could be adversely impacted by the effects of government regulations.
- Actual and potential claims, lawsuits and proceedings could ultimately reduce our profitability and liquidity and weaken our financial condition.
- Changes in tax laws and regulations may change our effective tax rate and could have a material effect on our financial results.
- 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.
- Significant developments arising from tariffs and other economic proposals could adversely impact our business.
- 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.

General Risk Factors

- We carry insurance against many potential liabilities, but our management of risk may leave us exposed to unidentified or unanticipated risks.
- Catastrophic events, including natural disasters, health epidemics, acts of war and terrorism, climate change, among others, could disrupt our business.

- 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.
- Data privacy, data protection, and information security may require significant resources and present certain risks.
- Changes in and compliance with Environmental, Social, and Governance (ESG) initiatives could adversely impact our business.
- The departure of key personnel could disrupt our business.

Refer to “Risk Factors” in Part I. Item 1A of our Annual Report on Form 10-K for the year ended September 30, 2025, which was filed with the SEC on November 19, 2025. We can provide no assurance that the forward-looking statements contained in this report will occur as expected, and actual results may differ materially from those included in this report.

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

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q and with our Annual Report on Form 10-K for the fiscal year ended September 30, 2025, which was filed with the SEC on November 19, 2025 and is available on the SEC's website at www.sec.gov.

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.

In the first quarter of Fiscal 2026, we reported revenues of \$251.2 million, net income of \$41.4 million, and generated \$43.6 million in cash from operating activities. As of December 31, 2025, we had total assets of \$1.1 billion.

Market Outlook

Our backlog increased to \$1.6 billion as of December 31, 2025, of which approximately \$933 million is expected to be recognized as revenue within the next twelve months. Commercial activity remained favorable during the first quarter of Fiscal 2026 across most of our key markets, with particularly strong demand across the Commercial and Other Industrial and Oil and Gas markets. During the quarter, we secured a large data center project in addition to a major Liquefied Natural Gas (LNG) project, underscoring continued investment and robust customer activity in these end markets. Despite this momentum, we continue to closely monitor macroeconomic conditions and ongoing geopolitical developments that may influence customer spending patterns or the timing of project awards. Although current demand indicators remain stable, these external factors could affect future levels of market activity.

Oil and gas and petrochemical markets. The North American oil and gas end markets continue to exhibit strong commercial activity levels in response to rising global demand for LNG and gas-to-chemical processes that leverage low-cost natural gas feedstocks. We believe the fundamentals of the U.S. natural gas market, through abundant supply and competitive cost, continue to support investments in LNG facilities and related gas processing infrastructure. As a result, these market dynamics have sustained our order activity, which includes a large LNG project award during the first fiscal quarter. Other oil and gas end markets related to production and downstream operations, and to a lesser extent, the Petrochemical market remain steady. Beyond traditional crude oil refining and other oil and gas downstream operations, we have broadened our end markets into hydrogen production, carbon capture as well as alternative fuels, such as biofuels and sustainable aviation fuel, aligned with growing demand for cleaner energy solutions.

Electric utility market. Aligned with our strategy of end-market diversification, we seek to continue our focus and growth in electrical distribution substations, while also addressing a resurgence of power generation investment in this market.

Commercial and other industrial markets. As a result of a mix of factors, we are experiencing strong growth in commercial facilities that provide for the production of various consumer goods and the expansion of data centers that support cloud computing and increasing investments in artificial intelligence. During the first quarter of Fiscal 2026, we were awarded projects in excess of \$100 million attributable to data center infrastructure, of which one project had an order value of approximately \$75 million. The commercial activity in this sector reflects the continued investment in this end market. We are also experiencing increased activity in 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.

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

We 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 the first quarter of 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 changes 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

Quarter Ended December 31, 2025 Compared to the Quarter Ended December 31, 2024 (Unaudited)

Revenue and Gross Profit

Revenues increased by 4%, or \$9.8 million, to \$251.2 million in the first quarter of Fiscal 2026. Domestic revenues decreased by 1%, or \$2.9 million, to \$194.9 million in the first quarter of Fiscal 2026. International revenues increased by 29%, or \$12.6 million, to \$56.3 million in the first quarter of Fiscal 2026, primarily driven by increased activities in the Middle East and Africa region and the Asia/Pacific and Europe regions. Our international revenues include both revenues generated from our international facilities as well as revenues from export projects generated at our domestic facilities.

In the first quarter of Fiscal 2026, revenue from our electric utility market increased by 35%, or \$18.0 million, to \$69.3 million; revenue from our oil and gas market (excluding petrochemical) increased by 2%, or \$2.2 million, to \$97.9 million; and revenue from our light rail traction power market increased by 5%, or \$0.4 million, to \$8.6 million. These increases in revenue were primarily driven by our strategic effort to expand our business into electric utility and the improved market conditions in this end market. Revenue from our petrochemical market decreased by 31%, or \$10.4 million, to \$22.8 million; and commercial and other industrial market revenue decreased by 8%, or \$3.7 million, to \$40.6 million in the first quarter of Fiscal 2026. These decreases in revenue were primarily driven by the reduction in backlog within the petrochemical market as the business nears completion of the large petrochemical order secured in Fiscal 2023 and less booking activity in this market. Revenue from all other markets combined increased by 36%, or \$3.2 million, to \$12.0 million in the first quarter of Fiscal 2026.

Gross profit increased by 20%, or \$11.9 million, to \$71.4 million for the first quarter of Fiscal 2026. Gross profit as a percentage of revenues increased to 28% in the first quarter of Fiscal 2026, as compared to 25% in the first quarter of Fiscal 2025. The increase in gross profit was primarily driven by higher revenues and improved gross profit margin due to favorable volume leverage and strong project execution in a stable pricing environment.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 17%, or \$3.7 million, to \$25.2 million in the first quarter of Fiscal 2026, primarily due to higher compensation costs and increased infrastructure expenses. Selling, general and administrative expenses as a percentage of revenues increased to 10% during the first quarter of Fiscal 2026, compared to 9% during the first quarter of Fiscal 2025.

Income Tax Provision

We recorded an income tax provision of \$5.6 million in the first quarter of Fiscal 2026, compared to an income tax provision of \$4.7 million in the first quarter of Fiscal 2025 resulting in an effective tax rate of 12% for the first quarters of Fiscal 2026 and Fiscal 2025. For each of the three months ended December 31, 2025 and 2024, the effective tax rates were favorably impacted by discrete items related to the vesting of restricted stock units (RSUs) and the estimated Research and Development (R&D) Tax Credit. The decreased effective tax rates were primarily driven by the higher stock prices associated with the vested RSUs. For further information regarding our income taxes, see Note L. Income Taxes of Notes to Condensed Consolidated Financial Statements.

Net Income

In the first quarter of Fiscal 2026, we recorded net income of \$41.4 million, or \$3.40 per diluted share, compared to net income of \$34.8 million, or \$2.86 per diluted share, in the first quarter of Fiscal 2025. The increase in net income was primarily driven by increased revenues and higher gross profit margin in the first quarter of Fiscal 2026.

Backlog

The order backlog, which is our remaining unsatisfied performance obligations, represents the estimated transaction price for goods and services for which we have a material right, but work has not been performed. The order backlog at December 31, 2025 was \$1.6 billion, a 14% increase from our \$1.4 billion backlog at September 30, 2025. This increase was mainly driven by commercial and other industrial as well as oil and gas markets. As of December 31, 2025, the oil and gas (excluding petrochemical) market accounted for 32% of our backlog, the electric utility market accounted for 30% of our backlog, and the commercial and other industrial market accounted for 22% of our backlog.

Bookings, net of cancellations and scope reductions, increased by 63% in the first quarter of Fiscal 2026 to \$438.8 million, compared to \$268.6 million in the first quarter of Fiscal 2025. This increase was primarily driven by improved bookings in the commercial and other industrial market.

Liquidity and Capital Resources

As of December 31, 2025, current assets exceeded current liabilities by 2.3 times.

Cash, cash equivalents and short-term investments increased to \$500.8 million at December 31, 2025, compared to \$475.5 million at September 30, 2025. The increase in cash, cash equivalents and short-term investments was primarily driven by our strong earnings, partially offset by cash payments related to shares withheld in lieu of employee tax withholding and payments of dividends. 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, as well as 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 assess our capital allocation framework relative to our strategic objectives, we will continue to deploy capital to both organic and inorganic initiatives, as well as maintain a prudent approach to other methods that improve shareholder value. We regularly assess our capital allocation framework. Our current intention is to prioritize our working capital needs, fund research and development, capital expenditures and other organic growth opportunities, while also returning capital to shareholders and evaluating strategic inorganic opportunities as they arise. Our capital allocation plan depends upon a number of factors,

including market conditions, our financial position and capital requirements, financial conditions, competing uses for cash, and other factors.

Approximately \$92.7 million of our cash, cash equivalents and short-term investments at December 31, 2025 was held outside of the U.S. for our international operations. It is our intention to indefinitely reinvest all current and future foreign earnings internationally in order to ensure sufficient working capital to support our international operations. In the event that we elect to repatriate some or all of the foreign earnings that were previously deemed to be indefinitely reinvested outside the U.S., we may incur additional tax expense upon such repatriation under current tax laws.

U.S. Revolver

We have a credit agreement with Bank of America, N.A. and Texas Capital Bank with an aggregate commitment of \$150.0 million, consisting of \$100.0 million committed by Bank of America and \$50.0 million committed by Texas Capital Bank (the U.S. Revolver). The U.S. Revolver has an expiration date of October 4, 2028.

As of December 31, 2025, there were no amounts borrowed under the U.S. Revolver, and letters of credit outstanding were \$65.1 million. There was \$84.9 million available for the issuance of letters of credit and borrowings under the U.S. Revolver as of December 31, 2025. For further information regarding our debt, see Notes F. Long-Term Debt and G. Commitments and Contingencies of Notes to Condensed Consolidated Financial Statements.

Cash Flows

Operating Activities

Operating activities provided net cash of \$43.6 million during the three months ended December 31, 2025 and provided net cash of \$37.1 million during the same period in Fiscal 2025. Cash flow from operations is primarily influenced by project volume and margins, as well as working capital requirements, the timing of milestone payments from our customers, and payment terms with our suppliers. The increase in operating cash flow was primarily driven by improved earnings.

Investing Activities

Investing activities provided \$12.9 million of cash during the three months ended December 31, 2025 and used \$9.5 million of cash during the same period in Fiscal 2025. Cash provided by investing activities in the first three months of Fiscal 2026 was primarily due to maturities of short-term investments, partially offset by capital spending.

Financing Activities

Net cash used in financing activities was \$17.3 million during the three months ended December 31, 2025 compared to \$15.2 million used during the same period in Fiscal 2025. The increase in cash used in financing activities was primarily due to cash payments related to shares withheld in lieu of employee tax withholding, largely driven by the increase of our share price in the first quarter of Fiscal 2026 compared to the same period of Fiscal 2025.

Critical Accounting Policies and Estimates

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

There have been no material changes to our critical accounting policies as disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025, which was filed with the SEC on November 19, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our market risks as of and for the three months ended December 31, 2025, as compared to the information previously reported under Part II, Item 7A within our Annual Report on Form 10-K for the fiscal year ended September 30, 2025.

Item 4. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

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

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

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 of the Exchange Act that occurred during the first quarter of Fiscal 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. *Legal Proceedings*

We are involved in various legal proceedings, claims and other disputes arising from our commercial operations, projects, employees and other matters which, in general, are subject to uncertainties and 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 or covered by insurance, will not have a material adverse effect on our consolidated financial position or results of operations or liquidity.

Item 1A. *Risk Factors*

There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2025.

Item 5. *Other Information*

Insider Adoption or Termination of Trading Arrangements

On November 26, 2025, 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 8,900 shares of the Company's common stock, subject to certain conditions, from March 12, 2026 through December 31, 2026.

On December 2, 2025, 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 4,500 shares of the Company's common stock, subject to certain conditions, from March 31, 2026 through December 31, 2026.

Item 6. 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 Bylaws of Powell Industries, Inc. (filed as Exhibit 3.1 to our Form 8-K filed February 24, 2025, and incorporated herein by reference).
*31.1	— Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).
*31.2	— Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).
**32.1	— Certification of Chief Executive Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	— Certification of Chief Financial Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*§10.1	— Amended Form of Restricted Stock Unit Award Agreement under 2014 Equity Incentive Plan.
*§10.2	— Amended Form of Performance Unit Award Agreement under 2014 Equity Incentive Plan.
*101	— The following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2025, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets (Unaudited); (ii) Condensed Consolidated Statements of Operations (Unaudited); (iii) Condensed Consolidated Statements of Comprehensive Income (Unaudited); (iv) Condensed Consolidated Statements of Stockholders’ Equity (Unaudited); (v) Condensed Consolidated Statements of Cash Flows (Unaudited); and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited), tagged as blocks of text and including detailed tags.
*104	— The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2025, formatted in Inline XBRL (included as Exhibit 101).

§ Management contracts and compensatory plans or arrangements

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

POWELL INDUSTRIES, INC.
(Registrant)

Date: February 4, 2026

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

Date: February 4, 2026

By: /s/ Michael W. Metcalf
Michael W. Metcalf
Executive Vice President
Chief Financial and Principal Accounting Officer
(Principal Financial and Principal Accounting Officer)

**POWELL INDUSTRIES, INC.
2014 EQUITY INCENTIVE PLAN**

**AMENDED NOTICE OF RESTRICTED STOCK UNIT AWARD
(TIME-VESTING)**

Subject to the terms and conditions of this Notice of Restricted Stock Unit Award (this "Notice"), the Restricted Stock Unit Award Agreement attached hereto (the "Award Agreement"), and the Powell Industries, Inc. 2014 Equity Incentive Plan (the "Plan"), the below individual (the "Participant") is hereby granted the below number of Restricted Stock Units (the "RSUs") in Powell Industries, Inc. (the "Company"). Unless otherwise specifically indicated, all terms used in this Notice shall have the meaning as set forth in the Award Agreement or the Plan.

Identifying Information:

Participant Name: _____
Address: _____

Date of Grant: _____
Number of RSUs: _____
Vesting Commencement Date: _____

Vesting Schedule:

Subject to the Participant's Continuous Service with the Company or an Affiliate, and the terms of the Plan and the Agreement, the Covered Shares shall vest over a three-year period in accordance with the following schedule (the "Vesting Schedule"):

[INSERT VESTING SCHEDULE]

Notwithstanding the above, the Number of RSUs shall automatically become fully vested upon the earlier of: (i) the Participant's Disability; (ii) the Participant's Death; and (iii) immediately prior to the closing of a Change of Control of the Company.

[SIGNATURES ON NEXT PAGE]

By your signature and the signature of the Company's representative below, the Participant and the Company agree that the RSUs granted are governed by the terms and conditions of this Notice, the Award Agreement and the Plan.

POWELL INDUSTRIES, INC.

Signature:___

Print Name:_____

Its:_____

Dated:_____

PARTICIPANT ACKNOWLEDGMENT

The Participant acknowledges receipt of a copy of this Notice, the Award Agreement and the Plan, and represents that he or she is familiar with the provisions thereof, and hereby accepts the RSUs subject to all of the terms and provisions hereof and thereof. The Participant has reviewed this Notice, the Award Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of legal counsel prior to executing this Notice, the Award Agreement, and fully understands all provisions of this Notice, the Award Agreement and the Plan. The Participant hereby agrees that all questions of interpretation and administration relating to this Notice, the Award Agreement and the Plan shall be resolved by the Committee.

The Participant hereby acknowledges that he or she has had the opportunity to review with his or her own tax advisors the tax consequences of receiving this Notice, the Award Agreement and the Plan, and the transactions contemplated thereby, including any U.S. federal, state and local tax laws, and any other applicable taxing jurisdiction, prior to executing this Notice. The Participant attests that he or she is relying solely on such advisors and not on any statements or representations of the Company or any of its agents or affiliates. Further, the Participant hereby acknowledges and understands that he or she (and not the Company) shall be solely responsible for his or her tax liability that may arise as a result of receiving this Notice and the Award Agreement.

PARTICIPANT:

Signature:___

Print Name:_____

Date:___

RESTRICTED STOCK UNIT AWARD AGREEMENT (TIME-VESTING)

Subject to the terms and conditions of the Notice of Restricted Stock Unit Award (the "Notice"), this Restricted Stock Unit Award Agreement (the "Award Agreement"), and the Powell Industries, Inc. 2014 Equity Incentive Plan (the "Plan"), the individual set forth in the Notice (the "Participant") is hereby granted Restricted Stock Units (the "RSUs") in Powell Industries, Inc. (the "Company"). Unless otherwise specifically indicated, all terms used in this Award Agreement shall have the meaning as set forth in the Notice or the Plan.

1. Vesting Schedule and Risk of Forfeiture.

(a) Vesting Schedule. Subject to the Participant's continuous service with the Company as a Service Provider, the RSUs shall vest in accordance with the Vesting Schedule provided in the Notice.

(b) Risk of Forfeiture. The RSUs shall be subject to a risk of forfeiture until such time the risk of forfeiture lapses in accordance with the above Vesting Schedule. All or any portion of the RSUs subject to a risk of forfeiture shall automatically be forfeited and immediately returned to the Company if Participant's continuous status as a Service Provider is interrupted or terminated for any reason other than as permitted under the Plan. Additionally, and notwithstanding anything in the Notice or this Award Agreement to the contrary, the vested and unvested RSUs shall be forfeited if the Participant's continuous service as a Service Provider is terminated for Cause or if the Participant breaches (as determined by the Board) any provisions of the Notice, this Award Agreement or the Plan. The Company shall implement any forfeiture under this Section 1 in a unilateral manner, without Participant's consent, and with no payment to Participant, cash or otherwise, for the forfeited RSUs.

2. Conversion; Settlement of RSUs into Shares. Subject to the terms of this Award Agreement, on the Vesting Date, the portion of the RSUs that became vested shall automatically and immediately be converted into [one Share (or cash equivalent)] of the Company's Common Stock and immediately thereafter shall be granted to Participant.

3. Dividends: A dividend equivalent shall be credited to the account of Participant in an amount equal to the value of dividends paid (payable date) on one Share of common stock for each RSU represented by this Award, settled pro-rata in accordance with Section 2.

4. Taxes. The Participant hereby acknowledges and understands that he or she may suffer adverse tax consequences as a result of the Participant's receipt of, vesting in, or disposition of, the RSUs.

(a) Representations. The Participant has reviewed with his or her own tax advisors the tax consequences of this Award Agreement and the RSUs granted hereunder, including any U.S. federal, state and local tax laws, and any other applicable

taxing jurisdiction. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant hereby acknowledges and understands that he or she (and not the Company) shall be responsible for his or her own tax liability that may arise as a result of his or her receiving this Award Agreement and the RSUs granted hereunder.

(b) Payment of Withholding Taxes. The Participant shall make appropriate arrangements with the Company for the satisfaction of all U.S. Federal, state, local and non-U.S. income and employment tax withholding requirements applicable to any RSUs that settle in Shares of Common Stock in accordance with Section 2. The Committee shall have the sole authority to determine whether a "net withholding" may be permitted or is required for purposes of Participant satisfying his or her obligations under this Section 4(b). Participant hereby acknowledges his or her understanding that the Company's obligations under this Award Agreement are fully contingent on Participant first satisfying this Section 4(b). Therefore, a failure of Participant to reasonably satisfy this Section 3 in accordance with the Committee's sole and absolute discretion shall result in the automatic termination and expiration of this Award Agreement and the Company's obligations hereunder. Participant hereby agrees that a breach of this Section 3(b) shall be deemed to be a material breach of this Award Agreement.

(c) No Application of Section 409A. The RSUs and this Award Agreement are intended to avoid the application of Section 409A of the Code ("Section 409A") because there is no deferral arrangement. Notwithstanding any other provision in the Plan or this Award Agreement to the contrary, the Committee shall have the right, in its sole discretion, to adopt such amendments to the Plan or this Award Agreement or take such other actions (including amendments and actions with retroactive effect) as the Committee determines are necessary or appropriate for the RSUs to comply with Section 409A.

5. Transferability of RSUs. The RSUs may not be transferred in any manner other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, Participant may designate one or more beneficiaries of Participant's RSUs in the event of Participant's death on a beneficiary designation form provided by the Committee. The terms of this Award Agreement shall be binding upon the executors, administrators, heirs, successors and transferees of Participant.

6. Rights as a Shareholder of the Company. Participant's receipt of the grant of RSUs pursuant to this Award Agreement shall provide and confer no rights to or status as a shareholder or equity holder of the Company. Without limiting the foregoing, the holding of RSUs shall NOT confer any right to: (i) vote; (ii) bring derivative actions; (iii) inspect books and records of the Company; (iv) receive dividends or other distributions except as provided in Section 2; or (v) have any other rights accorded owners of the Company's shareholders or equity holders.

7. Legality of Initial Issuance. No Shares of Common Stock shall be issued in accordance with Section 2 of this Award Agreement unless and until the Committee has

determined that: (i) the Company and Participant have taken all actions required to register the Shares of Common Stock under the Securities Act or to perfect an exemption from the registration requirements thereof, if applicable; (ii) all applicable listing requirements of any stock exchange or other securities market on which the Shares of Common Stock are listed has been satisfied; and (iii) any other applicable provision of state or U.S. federal law or other applicable law has been satisfied.

8. Notice. Any notice required by the terms of this Award Agreement shall be given in writing and shall be deemed effective upon personal delivery or upon deposit with the U.S. Postal Service, by registered or certified mail, with postage and fees prepaid. Notice shall be addressed to the Company at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

9. Spousal Consent. To the extent Participant is married, Participant agrees to (i) provide Participant's spouse with a copy of this Award Agreement prior to its execution by Participant and (ii) obtain such spouse's consent to this Award Agreement as evidenced by such spouse's execution of the Spousal Consent attached hereto as **EXHIBIT A**.

10. Successors and Assigns. Except as provided herein to the contrary, this Award Agreement shall be binding upon and inure to the benefit of the parties to this Award Agreement, their respective successors and permitted assigns.

11. No Assignment. Except as otherwise provided in this Award Agreement, Participant shall not assign any of his rights under this Award Agreement without the prior written consent of the Company, which consent may be withheld in its sole discretion. The Company shall be permitted to assign its rights or obligations under this Award Agreement, but no such assignment shall release the Company of any obligations pursuant to this Award Agreement.

12. Severability. The validity, legality or enforceability of the remainder of this Award Agreement shall not be affected even if one or more of the provisions of this Award Agreement shall be held to be invalid, illegal or unenforceable in any respect.

13. Amendment. Any provision of this Award Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument signed by the parties hereto.

14. Administration and Interpretation. Any determination by the Committee in connection with any question or issue arising under the Plan or this Award Agreement shall be final, conclusive and binding on Participant, the Company and all other persons. Any question or dispute regarding the interpretation of this Award Agreement or the receipt of the RSUs hereunder shall be submitted by Participant to the Committee. The resolution of such a dispute by the Committee shall be final and binding on all parties.

15. Headings. The section headings in this Award Agreement are inserted only as a matter of convenience, and in no way define, limit or interpret the scope of this Award Agreement or of any particular section.

16. Counterparts. The Notice may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any counterpart or other signature delivered by facsimile shall be deemed for all purposes as being a good and valid execution and delivery of the Notice by that party.

17. Entire Agreement; Governing Law. Except as otherwise provided herein, this Award Agreement, together with the Notice and the Plan, constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings, representation and agreements of the Company and Participant (whether oral or written, and whether express or implied) with respect to the subject matter hereof. This Award Agreement, together with the Notice and the Plan, are to be construed in accordance with and governed by the federal laws of the United States of America and by the internal laws of the State of Texas without giving effect to any choice of law rule that would cause the application of the laws of any other jurisdiction.

18. Venue. The Company and Participant agree that any suit, action or proceeding arising out of or related to the Notice or this Award Agreement shall be brought in the United States District Court for the Southern District of Texas (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Texas state court in Harris County), and that all parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 18 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

19. No Guarantee of Service Provider Status. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF RSUs PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUOUS SERVICE AS A SERVICE PROVIDER AND AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED RSUs OR ACQUIRING COMMON STOCK HEREUNDER). PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE RIGHT GRANTED HEREUNDER, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH IN THIS AWARD AGREEMENT DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE COMPANY'S/AFFILIATE'S RIGHT TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

20. Unsecured General Creditor. Participant shall have no legal or equitable rights, interests or claims in any property or assets of the Company due to the Notice, this Award Agreement and the grant of RSUs hereunder. For purposes of the payment of benefits under the Notice and this Award Agreement, Participant shall have no more rights than those of a general creditor of the Company. The Company's obligation under the Notice and this Award Agreement shall be that of a conditional unfunded and unsecured promise to pay money or property in the future.

21. Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times.

* * * * *

RESTRICTED STOCK UNIT AWARD AGREEMENT

SPOUSAL CONSENT

I, the undersigned, hereby certify that:

1. I am the spouse of .
2. Each of the undersigned and the undersigned's spouse is a resident of _____.
(County or Province)
3. I have read the Powell Industries, Inc. 2014 Equity Incentive Plan (the "Plan") and the Restricted Stock Unit Award Agreement (the "Award Agreement"), by and between Powell Industries, Inc. (the "Company"), and my spouse. I have had the opportunity to consult independent legal counsel regarding the contents of the Award Agreement and the Plan.
4. I understand the terms and conditions of the Award Agreement and the Plan.
5. I hereby consent to the terms of the Award Agreement and the Plan and to their application to and binding effect upon any community property or other interest I may have in the RSUs (it being understood that this Spousal Consent shall in no way be construed to create any such interest). I agree that I will take no action at any time to hinder the operation of the transactions contemplated in and by the Award Agreement and the Plan.

IN WITNESS WHEREOF, this Spousal Consent has been executed as of _____, ..

SPOUSE:

Signature:___

Print Name:___

**POWELL INDUSTRIES, INC.
2014 EQUITY INCENTIVE PLAN**

**AMENDED NOTICE OF PERFORMANCE UNITS AWARD
(PERFORMANCE-VESTING)**

Subject to the terms and conditions of this Notice of Performance Unit Award (this "Notice"), the Performance Unit Award Agreement attached hereto (the "Award Agreement"), and the Powell Industries, Inc. 2014 Equity Incentive Plan (the "Plan"), the below individual (the "Participant") is hereby granted the below number of Performance Units (the "Performance Units") in Powell Industries, Inc. (the "Company"). Unless otherwise specifically indicated, all terms used in this Notice shall have the meaning as set forth in the Award Agreement or the Plan.

Identifying Information:

Participant Name: _____

Date of Grant: _____

Address: _____

Target Performance Units: _____

1. Vesting Schedule.

Subject to the Participant's continuous status as a Service Provider, and the terms of the Plan and this Award Agreement, the Performance Units shall vest on September 30, 2028, with the number of Performance Units vesting, if any, in accordance with the attainment of the performance goals (the "Performance Goal(s)") as follows (the "Vesting Schedule").

Number of Performance Units Vesting. The number of Performance Units that vest shall be based upon the percentage of the Target Performance Units corresponding to the percentage of the Performance Goal(s) achieved, as well as the corresponding quartile for the Safety metric as set forth in the tables below, rounded down to the next whole share in each such case.

<u>Percentage of Performance Goal(s) Achieved For EBITDA %</u>	<u>Percentage of Target Performance Units Vesting</u>
Company achieves maximum or greater than maximum Performance Goal(s)	200%
Company achieves target Performance Goal(s)	100%
Company achieves threshold Performance Goal(s)	50%
Company achieves less than threshold Performance Goal(s)	0%

EMR Rating	LTIC PAYOUT PERCENT
Top Quartile	200%
2 nd Quartile	150%
3 rd Quartile	100%
	0%

The percentage of the Target Performance Units that vest upon the achievement of more than threshold of the Performance Goal(s) shall be determined by the Committee using a 1:1 ratio of actual performance to percentage of the Target Performance Units which will be vested.

2. Performance Goals.

Performance Goal	Performance Target	Weighting	Performance Period
Revenue CAGR% ^(B)	CAGR % Target	40%	Three fiscal years
EBITDA % ^(A)	EBITDA % Target	40%	Three fiscal years
Safety Performance ^(C)	Safety (EMR) Rating	20%	Three fiscal years

Notes: (A) EBITDA % means reported EBITDA less Restructuring and Other, as a percentage of Revenue as disclosed in the Company's Form 10-K for each fiscal year during the Performance Period.

(B) Revenue CAGR% means a three (3) year compounded annual growth rate on reported Revenues as disclosed in the Company's Form 10-K over the three year performance period.

(C) Safety Performance means reported Safety (EMR) rating. The most recent 12-month rating is weighted at 60%, the second 12-month rating is weighted at 30% and the third 12-month rating is weighted at 10% to generate cumulative three (3) year weighted result.

3. Change in Control. Notwithstanding the above, the Target Performance Units shall automatically become fully vested immediately prior to the closing of a Change in Control of the Company.

4. Retirement, Disability, Death, and Involuntary Termination. If the Participant terminates service with the Company and its Affiliates before the end of the Performance Period as a result of the Participant's Retirement, Disability, or death, or if the Participant experiences an involuntary termination of service, other than for Cause, then, at the end of the Performance Period, the Participant shall vest in and have a non-forfeitable right to a pro-rated portion of that percentage of the Target Performance Units corresponding to the percentage of the Performance Goal(s) achieved, as provided in Section 1, determined as of the end of the Performance Period, that the Participant would have been entitled to receive had the Participant remained

employed with the Company and its Affiliates until the end of the Performance Period. The pro-rated portion of the Target Performance Units to which the Participant will be entitled shall be determined by multiplying the percentage of the Target Performance Units corresponding to the percentage of the Performance Goal(s) achieved, as provided in Section 1, by a fraction the numerator of which is the number of days the Participant was employed with the Company or an Affiliate during the Performance Period and the denominator of which is the total number of days in the Performance Period. Notwithstanding the foregoing, the Committee may, in its sole and absolute discretion, provide that the Participant shall vest in 100% of that percentage of the Target Performance Units corresponding to the percentage of the Performance Goal(s) achieved, as provided in Section 1 for the Performance Period, as if the Participant had remained employed with the Company or an Affiliate for the entire Performance Period.

[SIGNATURES ON NEXT PAGE]

By your signature and the signature of the Company's representative below, the Participant and the Company agree that the Performance Units granted are governed by the terms and conditions of this Notice, the Award Agreement and the Plan.

POWELL INDUSTRIES, INC.

Signature:___

Print Name:_____

Its:_____

Dated:___

PARTICIPANT ACKNOWLEDGMENT

The Participant acknowledges receipt of a copy of this Notice, the Award Agreement and the Plan, and represents that he or she is familiar with the provisions thereof, and hereby accepts the Performance Units subject to all of the terms and provisions hereof and thereof. The Participant has reviewed this Notice, the Award Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of legal counsel prior to executing this Notice, the Award Agreement, and fully understands all provisions of this Notice, the Award Agreement and the Plan. The Participant hereby agrees that all questions of interpretation and administration relating to this Notice, the Award Agreement and the Plan shall be resolved by the Committee.

The Participant hereby acknowledges that he or she has had the opportunity to review with his or her own tax advisors the tax consequences of receiving this Notice, the Award Agreement and the Plan, and the transactions contemplated thereby, including any U.S. federal, state and local tax laws, and any other applicable taxing jurisdiction, prior to executing this Notice. The Participant attests that he or she is relying solely on such advisors and not on any statements or representations of the Company or any of its agents or affiliates. Further, the Participant hereby acknowledges and understands that he or she (and not the Company) shall be solely responsible for his or her tax liability that may arise as a result of receiving this Notice and the Award Agreement.

PARTICIPANT:

Signature:___

Print Name:_____

Dated:___

**PERFORMANCE UNIT AWARD AGREEMENT
(PERFORMANCE-VESTING)**

Subject to the terms and conditions of the Notice of Performance Unit Award (the "Notice"), this Performance Unit Award Agreement (the "Award Agreement"), and the Powell Industries, Inc. 2014 Equity Incentive Plan (the "Plan"), the individual set forth in the Notice (the "Participant") is hereby granted Performance Units (the "Performance Units") in Powell Industries, Inc. (the "Company"). Unless otherwise specifically indicated, all terms used in this Award Agreement shall have the meaning as set forth in the Notice or the Plan.

1. Vesting Schedule and Risk of Forfeiture.

(a) Vesting Schedule. Subject to the Participant's continuous service with the Company as a Service Provider, the Performance Units shall vest in accordance with the Vesting Schedule provided in the Notice.

(b) Risk of Forfeiture. The Performance Units shall be subject to a risk of forfeiture until such time the risk of forfeiture lapses in accordance with the above Vesting Schedule. All or any portion of the Performance Units subject to a risk of forfeiture shall automatically be forfeited and immediately returned to the Company if Participant's continuous status as a Service Provider is interrupted or terminated for any reason other than as permitted under the Plan. Additionally, and notwithstanding anything in the Notice or this Award Agreement to the contrary, the vested and unvested Performance Units shall be forfeited if the Participant's continuous service as a Service Provider is terminated for Cause or if the Participant breaches (as determined by the Board) any provisions of the Notice, this Award Agreement or the Plan. The Company shall implement any forfeiture under this Section 1 in a unilateral manner, without Participant's consent, and with no payment to Participant, cash or otherwise, for the forfeited Performance Units.

(c) Committee Certification of Performance Goals. Except in connection with vesting upon a Change in Control, in no event shall any Performance Units vest as according to the Vesting Schedule unless the Committee has certified that the Performance Goals set forth in the Notice have been achieved.

2. Conversion: Settlement of Performance Units. Subject to the terms of this Award Agreement, on the date all or any portion of the Performance Units become nonforfeitable pursuant to the Vesting Schedule, each Performance Unit that becomes nonforfeitable shall immediately and automatically be converted into [one Share or cash equivalent] of the Company's Common Stock and immediately thereafter shall be granted to the Participant.

3. Dividends: A dividend equivalent shall be credited to the account of Participant in an amount equal to the value of dividends paid (payable date) on one

Share of common stock for each Performance Unit represented by this Award, settled pro-rata in accordance with Section 2.

4. Taxes. The Participant hereby acknowledges and understands that he or she may suffer adverse tax consequences as a result of the Participant's receipt of, vesting in, or disposition of, the Performance Units.

(a) Representations. The Participant has reviewed with his or her own tax advisors the tax consequences of this Award Agreement and the Performance Units granted hereunder, including any U.S. federal, state and local tax laws, and any other applicable taxing jurisdiction. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant hereby acknowledges and understands that he or she (and not the Company) shall be responsible for his or her own tax liability that may arise as a result of his or her receiving this Award Agreement and the Performance Units granted hereunder.

(b) Payment of Withholding Taxes. The Participant shall make appropriate arrangements with the Company for the satisfaction of all U.S. Federal, state, local and non-U.S. income and employment tax withholding requirements applicable to any Performance Units that settle in Shares of Common Stock in accordance with Section 2. The Committee shall have the sole authority to determine whether a "net withholding" may be permitted or is required for purposes of Participant satisfying his or her obligations under this Section 4(b). Participant hereby acknowledges his or her understanding that the Company's obligations under this Award Agreement are fully contingent on Participant first satisfying this Section 4(b). Therefore, a failure of Participant to reasonably satisfy this Section 3 in accordance with the Committee's sole and absolute discretion shall result in the automatic termination and expiration of this Award Agreement and the Company's obligations hereunder. Participant hereby agrees that a breach of this Section 3(b) shall be deemed to be a material breach of this Award Agreement.

(c) No Application of Section 409A. The Performance Units and this Award Agreement are intended to avoid the application of Section 409A of the Code ("Section 409A") because there is no deferral arrangement. Notwithstanding any other provision in the Plan or this Award Agreement to the contrary, the Committee shall have the right, in its sole discretion, to adopt such amendments to the Plan or this Award Agreement or take such other actions (including amendments and actions with retroactive effect) as the Committee determines are necessary or appropriate for the Performance Units to comply with Section 409A.

5. Transferability of Performance Units. The Performance Units may not be transferred in any manner other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, Participant may designate one or more beneficiaries of Participant's Performance Units in the event of Participant's death on a beneficiary designation form provided by the Committee. The terms of this Award Agreement shall

be binding upon the executors, administrators, heirs, successors and transferees of the Participant.

6. Rights as a Shareholder of the Company. Participant's receipt of the grant of Performance Units pursuant to this Award Agreement shall provide and confer no rights to or status as a shareholder or equity holder of the Company. Without limiting the foregoing, the holding of Performance Units shall NOT confer any right to: (i) vote; (ii) bring derivative actions; (iii) inspect books and records of the Company; (iv) receive dividends or other distributions except as provided in Section 2; or (v) have any other rights accorded owners of the Company's shareholders or equity holders.

7. Legality of Initial Issuance. No Shares of Common Stock shall be issued in accordance with Section 2 of this Award Agreement unless and until the Committee has determined that: (i) the Company and Participant have taken all actions required to register the Shares of Common Stock under the Securities Act or to perfect an exemption from the registration requirements thereof, if applicable; (ii) all applicable listing requirements of any stock exchange or other securities market on which the Shares of Common Stock are listed has been satisfied; and (iii) any other applicable provision of state or U.S. federal law or other applicable law has been satisfied.

8. Notice. Any notice required by the terms of this Award Agreement shall be given in writing and shall be deemed effective upon personal delivery or upon deposit with the U.S. Postal Service, by registered or certified mail, with postage and fees prepaid. Notice shall be addressed to the Company at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

9. Spousal Consent. To the extent Participant is married, Participant agrees to (i) provide Participant's spouse with a copy of this Award Agreement prior to its execution by Participant and (ii) obtain such spouse's consent to this Award Agreement as evidenced by such spouse's execution of the Spousal Consent attached hereto as **EXHIBIT A**.

10. Successors and Assigns. Except as provided herein to the contrary, this Award Agreement shall be binding upon and inure to the benefit of the parties to this Award Agreement, their respective successors and permitted assigns.

11. No Assignment. Except as otherwise provided in this Award Agreement, Participant shall not assign any of his rights under this Award Agreement without the prior written consent of the Company, which consent may be withheld in its sole discretion. The Company shall be permitted to assign its rights or obligations under this Award Agreement, but no such assignment shall release the Company of any obligations pursuant to this Award Agreement.

12. Severability. The validity, legality or enforceability of the remainder of this Award Agreement shall not be affected even if one or more of the provisions of this Award Agreement shall be held to be invalid, illegal or unenforceable in any respect.

13. Amendment. Any provision of this Award Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument signed by the parties hereto.

14. Administration and Interpretation. Any determination by the Committee in connection with any question or issue arising under the Plan or this Award Agreement shall be final, conclusive and binding on Participant, the Company and all other persons. Any question or dispute regarding the interpretation of this Award Agreement or the receipt of the Performance Units hereunder shall be submitted by Participant to the Committee. The resolution of such a dispute by the Committee shall be final and binding on all parties.

15. Headings. The section headings in this Award Agreement are inserted only as a matter of convenience, and in no way define, limit or interpret the scope of this Award Agreement or of any particular section.

16. Counterparts. This Award Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any counterpart or other signature delivered by facsimile shall be deemed for all purposes as being a good and valid execution and delivery of this Award Agreement by that party.

17. Entire Agreement; Governing Law. Except as otherwise provided herein, this Award Agreement, together with the Notice and the Plan, constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings, representation and agreements of the Company and Participant (whether oral or written, and whether express or implied) with respect to the subject matter hereof. This Award Agreement, together with the Notice and the Plan, are to be construed in accordance with and governed by the federal laws of the United States of America and by the internal laws of the State of Texas without giving effect to any choice of law rule that would cause the application of the laws of any other jurisdiction.

18. Venue. The Company and Participant agree that any suit, action or proceeding arising out of or related to the Notice or this Award Agreement shall be brought in the United States District Court for the Southern District of Texas (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Texas state court in Harris County), and that all parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 18 shall for any reason be held

invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

19. No Guarantee of Service Provider Status. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF PERFORMANCE UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUOUS SERVICE AS A SERVICE PROVIDER AND AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED PERFORMANCE UNITS OR ACQUIRING COMMON STOCK HEREUNDER). PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE RIGHT GRANTED HEREUNDER, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH IN THIS AWARD AGREEMENT DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE COMPANY'S/AFFILIATE'S RIGHT TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

20. Unsecured General Creditor. Participant shall have no legal or equitable rights, interests or claims in any property or assets of the Company due to the Notice, this Award Agreement and the grant of Performance Units hereunder. For purposes of the payment of benefits under the Notice and this Award Agreement, Participant shall have no more rights than those of a general creditor of the Company. The Company's obligation under the Notice and this Award Agreement shall be that of a conditional unfunded and unsecured promise to pay money or property in the future.

21. Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times.

* * * * *

**PERFORMANCE UNIT AWARD AGREEMENT
SPOUSAL CONSENT**

I, the undersigned, hereby certify that:

1. I am the spouse of _____.
2. Each of the undersigned and the undersigned's spouse is a resident of _____.
3. I have read the Powell Industries, Inc., 2014 Equity Incentive Plan (the "Plan") and the Performance Unit Award Agreement (the "Award Agreement"), by and between Powell Industries, Inc. (the "Company"), and my spouse. I have had the opportunity to consult independent legal counsel regarding the contents of the Award Agreement and the Plan.
4. I understand the terms and conditions of the Award Agreement and the Plan.
5. I hereby consent to the terms of the Award Agreement and the Plan and to their application to and binding effect upon any community property or other interest I may have in the Performance Units (it being understood that this Spousal Consent shall in no way be construed to create any such interest). I agree that I will take no action at any time to hinder the operation of the transactions contemplated in and by the Award Agreement and the Plan.

IN WITNESS WHEREOF, this Spousal Consent has been executed as of __, __.

SPOUSE

Signature:___

Print Name:___

**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 Quarterly Report on Form 10-Q of Powell Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

Date: February 4, 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 Quarterly Report on Form 10-Q of Powell Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

Date: February 4, 2026

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

In connection with this Quarterly Report (the "Report") on Form 10-Q of Powell Industries, Inc. (the "Company") for the quarter ended December 31, 2025, 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: February 4, 2026

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

In connection with this Quarterly Report (the "Report") on Form 10-Q of Powell Industries, Inc. (the "Company") for the quarter ended December 31, 2025, 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: February 4, 2026