

# Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines



## **Westell Technologies, Inc.**

750 North Commons Drive  
Aurora, IL 60504

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(630) 898-2500  
www.westell.com  
info@westell.com  
SIC Code: 3661

### **Quarterly Report** **For the Period Ending: December 31, 2021** (the "Reporting Period")

As of December 31, 2021 (the current reporting period), the number of shares outstanding of our Class A Common Stock was: 7,703,250 and the number of shares outstanding of our Class B Common Stock was: 3,484,287.

As of September 30, 2021, (the previous reporting period), the number of shares outstanding of our Class A Common Stock was: 7,679,091 and the number of shares outstanding of our Class B Common Stock was: 3,484,287.

As of March 31, 2021, (the most recent completed fiscal year end date), the number of shares outstanding of our Class A Common Stock was: 7,521,271 and the number of shares outstanding of our Class B Common Stock was: 3,484,287.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes:  No:

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Westell Technologies, Inc. (Formerly known as Electronic Information Technologies, Inc. Name changed on 10/12/1995.)

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Issuer is a Corporation incorporated in the State of Delaware on 10/29/1980. Current standing: Active.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None.

The address(es) of the issuer's principal executive office:

750 North Commons Drive, Aurora, IL 60504

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes:  No:

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

None.

**2) Security Information**

Trading symbol: WSTL  
Exact title and class of securities outstanding: Class A Common Stock  
CUSIP: 957541303  
Par or stated value: par value: \$0.01 per share

Total shares authorized: 109,000,000 as of date: December 31, 2021  
Total shares outstanding: 7,703,250 as of date: December 31, 2021  
Number of shares in the Public Float<sup>2</sup>: 6,885,987 as of date: December 31, 2021  
Total number of shareholders of record: 76 for Class A Common Stock as of date: December 31, 2021 and 4 for Class B Common Stock as of date: December 31, 2021

*All additional class(es) of publicly traded securities (if any):*

*The Company does not have any additional classes of publicly traded securities, but we do have the following additional classes of securities that are not publicly traded:*

<sup>2</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Trading symbol: N/A  
Exact title and class of securities outstanding: Class B Common Stock<sup>(1)</sup>  
CUSIP: N/A  
Par or stated value: par value: \$0.01 per share  
Total shares authorized: 25,000,000 as of date: December 31, 2021  
Total shares outstanding: 3,484,287 as of date: December 31, 2021

(1) Class A Common Stock is freely transferable. Class B Common Stock is transferable only to certain transferees but is convertible into Class A Common Stock on a share-for-share basis. Holders of Class A Common Stock have one vote per share and holders of Class B Common Stock have four votes per share.

Trading symbol: N/A  
Exact title and class of securities outstanding: Preferred Stock  
CUSIP: N/A  
Par or stated value: par value: \$0.01 per share  
Total shares authorized: 1,000,000 as of date: December 31, 2021  
Total shares outstanding: None as of date: December 31, 2021

#### Transfer Agent

Name: Broadridge Corporate Issuer Solutions, Inc.  
Phone: (855) 449-0975  
Email: Shareholder@broadridge.com  
Address: 1155 Long Island Avenue, Englewood, NY 11717

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes:  No:

### **3) Issuance History**

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### **A. Changes to the Number of Outstanding Shares**

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

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<sup>3</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>03/31/2019</u> Class A Common: <u>11,909,979</u> Class B Common: <u>3,484,287</u> Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>4/1/2019</u>	<u>New issuance</u>	<u>19,792</u>	<u>Class A</u>	<u>\$2.16</u>	<u>No</u>	<u>Thomas P. Minichiello</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2019</u>	<u>Shares returned to Treasury</u>	<u>(6,847)</u>	<u>Class A</u>	<u>\$2.16</u>	<u>No</u>	<u>Thomas P. Minichiello</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2019</u>	<u>New issuance</u>	<u>3,750</u>	<u>Class A</u>	<u>\$2.16</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2019</u>	<u>Shares returned to Treasury</u>	<u>(1,297)</u>	<u>Class A</u>	<u>\$2.16</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2019</u>	<u>New issuance</u>	<u>6,667</u>	<u>Class A</u>	<u>\$2.16</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2019</u>	<u>Shares returned to Treasury</u>	<u>(2,306)</u>	<u>Class A</u>	<u>\$2.16</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2019</u>	<u>New issuance</u>	<u>87,734</u>	<u>Class A</u>	<u>\$2.16</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2019</u>	<u>Shares returned to Treasury</u>	<u>(29,788)</u>	<u>Class A</u>	<u>\$2.16</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2019</u>	<u>New issuance</u>	<u>4,000</u>	<u>Class A</u>	<u>\$2.20</u>	<u>No</u>	<u>Thomas P. Minichiello</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2019</u>	<u>Shares returned to Treasury</u>	<u>(1,384)</u>	<u>Class A</u>	<u>\$2.20</u>	<u>No</u>	<u>Thomas P. Minichiello</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2019</u>	<u>New issuance</u>	<u>3,833</u>	<u>Class A</u>	<u>\$2.20</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2019</u>	<u>Shares returned to Treasury</u>	<u>(1,326)</u>	<u>Class A</u>	<u>\$2.20</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2019</u>	<u>New issuance</u>	<u>8,333</u>	<u>Class A</u>	<u>\$2.20</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>4/2/2019</u>	<u>Shares returned to Treasury</u>	<u>(2,883)</u>	<u>Class A</u>	<u>\$2.20</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2019</u>	<u>New issuance</u>	<u>54,651</u>	<u>Class A</u>	<u>\$2.20</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2019</u>	<u>Shares returned to Treasury</u>	<u>(18,802)</u>	<u>Class A</u>	<u>\$2.20</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/23/2019</u>	<u>New issuance</u>	<u>16,666</u>	<u>Class A</u>	<u>\$2.12</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/23/2019</u>	<u>Shares returned to Treasury</u>	<u>(5,766)</u>	<u>Class A</u>	<u>\$2.12</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>5/1/2019</u>	<u>New issuance</u>	<u>9,375</u>	<u>Class A</u>	<u>\$2.14</u>	<u>No</u>	<u>Thomas P. Minichiello</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>5/1/2019</u>	<u>Shares returned to Treasury</u>	<u>(2,662)</u>	<u>Class A</u>	<u>\$2.14</u>	<u>No</u>	<u>Thomas P. Minichiello</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>5/21/2019</u>	<u>New issuance</u>	<u>16,666</u>	<u>Class A</u>	<u>\$2.10</u>	<u>No</u>	<u>Alfred S. John</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>5/21/2019</u>	<u>Shares returned to Treasury</u>	<u>(4,733)</u>	<u>Class A</u>	<u>\$2.10</u>	<u>No</u>	<u>Alfred S. John</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>5/31/2019</u>	<u>New issuance</u>	<u>5,000</u>	<u>Class A</u>	<u>\$1.77</u>	<u>No</u>	<u>Alfred S. John</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>5/31/2019</u>	<u>Shares returned to Treasury</u>	<u>(1,420)</u>	<u>Class A</u>	<u>\$1.77</u>	<u>No</u>	<u>Alfred S. John</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>6/18/2019</u>	<u>New issuance</u>	<u>2,500</u>	<u>Class A</u>	<u>\$1.72</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>6/26/2019</u>	<u>New issuance</u>	<u>5,000</u>	<u>Class A</u>	<u>\$1.77</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>6/26/2019</u>	<u>Shares returned to Treasury</u>	<u>(1,722)</u>	<u>Class A</u>	<u>\$1.77</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>7/17/2019</u>	<u>New issuance</u>	<u>2,333</u>	<u>Class A</u>	<u>\$1.83</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>7/17/2019</u>	<u>Shares returned to Treasury</u>	<u>(807)</u>	<u>Class A</u>	<u>\$1.83</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>7/30/2019</u>	<u>New issuance</u>	<u>8,333</u>	<u>Class A</u>	<u>\$1.83</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>7/30/2019</u>	<u>Shares returned to Treasury</u>	<u>(2,948)</u>	<u>Class A</u>	<u>\$1.83</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>8/18/2019</u>	<u>New issuance</u>	<u>6,250</u>	<u>Class A</u>	<u>\$1.46</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>8/18/2019</u>	<u>Shares returned to Treasury</u>	<u>(2,100)</u>	<u>Class A</u>	<u>\$1.46</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>8/18/2019</u>	<u>New issuance</u>	<u>4,167</u>	<u>Class A</u>	<u>\$1.46</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>8/18/2019</u>	<u>Shares returned to Treasury</u>	<u>(1,400)</u>	<u>Class A</u>	<u>\$1.46</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/6/2019</u>	<u>New issuance</u>	<u>8,334</u>	<u>Class A</u>	<u>\$1.43</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/6/2019</u>	<u>Shares returned to Treasury</u>	<u>(2,366)</u>	<u>Class A</u>	<u>\$1.43</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/17/2019</u>	<u>New issuance</u>	<u>21,014</u>	<u>Class A</u>	<u>\$1.38</u>	<u>No</u>	<u>Kirk R. Brannock</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/17/2019</u>	<u>New issuance</u>	<u>21,014</u>	<u>Class A</u>	<u>\$1.38</u>	<u>No</u>	<u>Scott C. Chandler</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/17/2019</u>	<u>New issuance</u>	<u>21,014</u>	<u>Class A</u>	<u>\$1.38</u>	<u>No</u>	<u>Robert W. Foskett</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/17/2019</u>	<u>New issuance</u>	<u>21,014</u>	<u>Class A</u>	<u>\$1.38</u>	<u>No</u>	<u>Robert C. Penny III</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/17/2019</u>	<u>New issuance</u>	<u>21,014</u>	<u>Class A</u>	<u>\$1.38</u>	<u>No</u>	<u>Cary B. Wood</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/17/2019</u>	<u>New issuance</u>	<u>21,014</u>	<u>Class A</u>	<u>\$1.38</u>	<u>No</u>	<u>Mark A. Zorko</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>12/19/2019</u>	<u>New issuance</u>	<u>5,542</u>	<u>Class A</u>	<u>\$0.88</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>12/19/2019</u>	<u>Shares returned to Treasury</u>	<u>(1,626)</u>	<u>Class A</u>	<u>\$0.88</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>2/1/2020</u>	<u>New issuance</u>	<u>2,500</u>	<u>Class A</u>	<u>\$1.03</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>2/1/2020</u>	<u>Shares returned to Treasury</u>	<u>(856)</u>	<u>Class A</u>	<u>\$1.03</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2020</u>	<u>New issuance</u>	<u>8,334</u>	<u>Class A</u>	<u>\$0.78</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2020</u>	<u>Shares returned to Treasury</u>	<u>(2,883)</u>	<u>Class A</u>	<u>\$0.78</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2020</u>	<u>New issuance</u>	<u>11,667</u>	<u>Class A</u>	<u>\$0.78</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2020</u>	<u>Shares returned to Treasury</u>	<u>(4,036)</u>	<u>Class A</u>	<u>\$0.78</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2020</u>	<u>New issuance</u>	<u>72,426</u>	<u>Class A</u>	<u>\$0.78</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/1/2020</u>	<u>Shares returned to Treasury</u>	<u>(24,857)</u>	<u>Class A</u>	<u>\$0.78</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2020</u>	<u>New issuance</u>	<u>3,833</u>	<u>Class A</u>	<u>\$0.73</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2020</u>	<u>Shares returned to Treasury</u>	<u>(1,326)</u>	<u>Class A</u>	<u>\$0.73</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2020</u>	<u>New issuance</u>	<u>8,333</u>	<u>Class A</u>	<u>\$0.73</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2020</u>	<u>Shares returned to Treasury</u>	<u>(2,883)</u>	<u>Class A</u>	<u>\$0.73</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2020</u>	<u>New issuance</u>	<u>48,338</u>	<u>Class A</u>	<u>\$0.73</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>4/2/2020</u>	<u>Shares returned to Treasury</u>	<u>(16,621)</u>	<u>Class A</u>	<u>\$0.73</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>6/26/2020</u>	<u>New issuance</u>	<u>7,666</u>	<u>Class A</u>	<u>\$0.78</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>6/26/2020</u>	<u>Shares returned to Treasury</u>	<u>(2,561)</u>	<u>Class A</u>	<u>\$0.78</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>7/17/2020</u>	<u>New issuance</u>	<u>2,334</u>	<u>Class A</u>	<u>\$1.18</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>7/17/2020</u>	<u>Shares returned to Treasury</u>	<u>(807)</u>	<u>Class A</u>	<u>\$1.18</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>7/30/2020</u>	<u>New issuance</u>	<u>8,333</u>	<u>Class A</u>	<u>\$1.10</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>7/30/2020</u>	<u>Shares returned to Treasury</u>	<u>(2,948)</u>	<u>Class A</u>	<u>\$1.10</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>8/26/2020</u>	<u>New issuance</u>	<u>15,000</u>	<u>Class A</u>	<u>\$1.08</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>8/26/2020</u>	<u>Shares returned to Treasury</u>	<u>(4,340)</u>	<u>Class A</u>	<u>\$1.08</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/1/2020</u>	<u>New issuance</u>	<u>33,333</u>	<u>Class A</u>	<u>\$1.06</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/17/2020</u>	<u>New issuance</u>	<u>4,999</u>	<u>Class A</u>	<u>\$1.10</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/17/2020</u>	<u>Shares returned to Treasury</u>	<u>(1,481)</u>	<u>Class A</u>	<u>\$1.10</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/29/2020</u>	<u>New issuance</u>	<u>4,032</u>	<u>Class A</u>	<u>\$1.24</u>	<u>No</u>	<u>Kirk R. Brannock</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/29/2020</u>	<u>New issuance</u>	<u>4,032</u>	<u>Class A</u>	<u>\$1.24</u>	<u>No</u>	<u>Scott C. Chandler</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/29/2020</u>	<u>New issuance</u>	<u>4,032</u>	<u>Class A</u>	<u>\$1.24</u>	<u>No</u>	<u>Robert W. Foskett</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/29/2020</u>	<u>New issuance</u>	<u>4,032</u>	<u>Class A</u>	<u>\$1.24</u>	<u>No</u>	<u>Robert C. Penny III</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>9/29/2020</u>	<u>New issuance</u>	<u>4,032</u>	<u>Class A</u>	<u>\$1.24</u>	<u>No</u>	<u>Cary B. Wood</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>



Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>9/29/2020</u>	<u>New issuance</u>	<u>4,032</u>	<u>Class A</u>	<u>\$1.24</u>	<u>No</u>	<u>Mark A. Zorko</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>10/1/2020</u>	<u>Shares returned to Treasury</u>	<u>(4,884,780)</u>	<u>Class A</u>	<u>\$1.48</u>	<u>No</u>	<u>Cashed out Shareholders</u>	<u>Share Buyback</u>	<u>Unrestricted</u>	<u>S-8</u>
<u>12/11/2020</u>	<u>Shares returned to Treasury</u>	<u>(4,032)</u>	<u>Class A</u>	<u>\$1.24</u>	<u>No</u>	<u>Scott C. Chandler</u>	<u>Forfeiture due to departure from the Board prior to vesting</u>	<u>Unrestricted</u>	<u>Forfeited</u>
<u>12/19/2020</u>	<u>New issuance</u>	<u>2,333</u>	<u>Class A</u>	<u>\$0.79</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>12/19/2020</u>	<u>Shares returned to Treasury</u>	<u>(745)</u>	<u>Class A</u>	<u>\$0.79</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/1/2021</u>	<u>New issuance</u>	<u>34,013</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/1/2021</u>	<u>New issuance</u>	<u>21,666</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/1/2021</u>	<u>Shares returned to Treasury</u>	<u>(7,496)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/1/2021</u>	<u>New issuance</u>	<u>15,000</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/1/2021</u>	<u>Shares returned to Treasury</u>	<u>(5,190)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/1/2021</u>	<u>New issuance</u>	<u>29,700</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/1/2021</u>	<u>Shares returned to Treasury</u>	<u>(10,341)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/2/2021</u>	<u>New issuance</u>	<u>3,834</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/2/2021</u>	<u>Shares returned to Treasury</u>	<u>(1,326)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/2/2021</u>	<u>New issuance</u>	<u>8,334</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>4/2/2021</u>	<u>Shares returned to Treasury</u>	<u>(2,883)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/2/2021</u>	<u>New issuance</u>	<u>45,007</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/2/2021</u>	<u>Shares returned to Treasury</u>	<u>(15,591)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/26/2021</u>	<u>New issuance</u>	<u>5,000</u>	<u>Class A</u>	<u>\$0.76</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/26/2021</u>	<u>Shares returned to Treasury</u>	<u>(1,963)</u>	<u>Class A</u>	<u>\$0.76</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>7/30/2021</u>	<u>New issuance</u>	<u>5,000</u>	<u>Class A</u>	<u>\$0.79</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>7/30/2021</u>	<u>Shares returned to Treasury</u>	<u>(1,795)</u>	<u>Class A</u>	<u>\$0.79</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>9/1/2021</u>	<u>New issuance</u>	<u>33,333</u>	<u>Class A</u>	<u>\$0.90</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>9/17/2021</u>	<u>New issuance</u>	<u>5,000</u>	<u>Class A</u>	<u>\$1.05</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>9/17/2021</u>	<u>Shares returned to Treasury</u>	<u>(1,482)</u>	<u>Class A</u>	<u>\$1.05</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>10/28/2021</u>	<u>New issuance</u>	<u>4,514</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Kirk R. Brannock</u>	<u>Board Compensation</u>	<u>Restricted</u>	<u>(2)</u>
<u>10/28/2021</u>	<u>New issuance</u>	<u>4,514</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Robert W. Foskett</u>	<u>Board Compensation</u>	<u>Restricted</u>	<u>(2)</u>
<u>10/28/2021</u>	<u>New issuance</u>	<u>4,514</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Robert C. Penny III</u>	<u>Board Compensation</u>	<u>Restricted</u>	<u>(2)</u>
<u>10/28/2021</u>	<u>New issuance</u>	<u>4,514</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Cary B. Wood</u>	<u>Board Compensation</u>	<u>Restricted</u>	<u>(2)</u>
<u>10/28/2021</u>	<u>New issuance</u>	<u>4,514</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Mark A. Zorko</u>	<u>Board Compensation</u>	<u>Restricted</u>	<u>(2)</u>
<u>12/19/2021</u>	<u>New issuance</u>	<u>2,334</u>	<u>Class A</u>	<u>\$1.25</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>12/19/2021</u>	<u>Shares returned to Treasury</u>	<u>(745)</u>	<u>Class A</u>	<u>\$1.25</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>

Shares Outstanding on Date of This Report:	
<u>Ending Balance:</u>	
Date <u>December 31, 2021</u>	
Class A Common: <u>7,703,250</u>	
Class B Common: <u>3,484,287</u>	
Preferred: <u>0</u>	

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2019 through June 30, 2021 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

- (1) Stock price or value at the date of grant was equal to the market price as of the date of grant. See Notes 8 and 14 in the attached Financial Statements for additional information regarding stock-based compensation and share repurchases, respectively.
- (2) Issued pursuant to an exemption from the registration requirements of the Securities Act, as provided by Rule 701, Regulation D and/or Section 4(a)(2) of the Securities Act, as applicable.

## B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)

Use the space below to provide any additional details, including footnotes to the table above:

## 4) Financial Statements

A. The following financial statements were prepared in accordance with:

- U.S. GAAP  
 IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: Jeniffer L. Jaynes  
Title: Chief Financial Officer  
Relationship to Issuer: Officer of the Issuer

**Please see Financial Statements after Section 10 of this document.**

## 5) Issuer's Business, Products and Services

<sup>4</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Westell Technologies, Inc., (the "Company") was incorporated in Delaware in 1980 and is headquartered at 750 North Commons Drive, Aurora, Illinois 60504. The Company is a leading provider of high-performance network infrastructure solutions focused on innovation and differentiation at the edge of communication networks where end users connect. The Company's portfolio of products and solutions enable service providers and network operators to improve performance and reduce operating expenses. With millions of products successfully deployed worldwide, the Company is a trusted partner for transforming networks into high-quality reliable systems.

B. Please list any subsidiaries, parents, or affiliated companies.

Westell Technologies, Inc. (the "Company") is a holding company. Its wholly owned subsidiary, Westell, Inc., designs and distributes telecommunications products, which are sold primarily to major telephone companies.

The Company has a 50% equity ownership in AccessTel Kentrox Australia PTY LTD ("AKA"). AKA distributes network management solutions provided by the Company and the other 50% owner to one customer.

C. Describe the issuers' principal products or services.

The Company has three reportable operating segments: In-Building Wireless ("IBW"), Intelligent Site Management ("ISM"), and Communications Network Solutions ("CNS").

*IBW Segment*

IBW segment solutions enable cellular and public safety coverage in stadiums, arenas, malls, buildings, and other indoor areas not served well or at all by the existing "macro" outdoor cellular network. For cellular service, solutions include indoor distributed antenna systems ("DAS"), DAS conditioners and digital repeaters. For the public safety market, solutions include Class A repeaters, Class B repeaters, Class A/B Fiber DAS systems, and battery backup units. IBW also offers ancillary products that consist of passive system components and antennas for both the cellular service and public safety markets.

*ISM Segment*

ISM segment solutions include a suite of remote units, which provide machine-to-machine ("M2M") communications that enable operators to remotely monitor, manage, and control physical site infrastructure and support systems. Remote units can be combined with the Company's Optima management software system. ISM also offers support services (i.e., maintenance agreements) and deployment services (i.e., installation).

*CNS Segment*

CNS segment solutions include a broad range of hardened network infrastructure offerings suitable for both indoor and outdoor use. The offerings consist of integrated cabinets, power distribution products, copper and fiber network connectivity products, fiber access products and T1 network interface units ("NIUs").

## 6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have

complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company leases the following real property:

Location	Purpose	Square footage	Termination calendar year	Segment
Aurora, IL	Corporate headquarters, office, manufacturing and distribution	83,000	2025	
Dublin, OH	Engineering design center	5,798	2025	ISM
Manchester, NH	IBW engineering test facility	2,287	2022	IBW

During fiscal year 2021, the Company executed a 62 month lease extension for approximately 83,000 square feet for our Aurora, Illinois headquarters facility. The Aurora lease expires November 30, 2025.

During fiscal year 2020, the Company executed a 63 month lease for approximately 5,800 square feet for the ISM engineering design center in Ohio. The Dublin lease expires on February 28, 2025.

During fiscal year 2021, the Company executed a two year lease extension for approximately 2,300 square feet for our Manchester, New Hampshire IBW engineering test facility. The Manchester lease expires August 31, 2022.

## 7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% of more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class A Outstanding	Ownership Percentage of Class B Outstanding	Note
Kirk R. Brannock	Chairman of the Board	<u>Bloomfield Hills, MI</u>	<u>208,900</u>	<u>Class A Common Stock</u>	<u>2.7%</u>	—	(1), (2), and (3)
Robert W. Foscett	Director	<u>Boulder, CO</u>	<u>73,180</u>	<u>Class A Common Stock</u>	<u>0.9%</u>	—	(1), (2), and (6)
Robert W. Foscett	Director	<u>Boulder, CO</u>	<u>3,484,287</u>	<u>Class B Common Stock</u>	—	<u>100%</u>	(1), (2), (4), (5), and (6).
Robert C. Penny III	Director	<u>Versailles, MO</u>	<u>64,430</u>	<u>Class A Common Stock</u>	<u>0.8%</u>	—	(1), (2), and (6)

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class A Outstanding	Ownership Percentage of Class B Outstanding	Note
Robert C. Penny III	Director	<u>Versailles, MO</u>	<u>3,237,878</u>	<u>Class B Common Stock</u>	—	<u>92.9%</u>	(1), (2), (5), and (6)
Cary B. Wood	Director	<u>Hinsdale, IL</u>	<u>54,430</u>	<u>Class A Common Stock</u>	<u>0.7%</u>	—	(1), (2)
Mark A. Zorko	Director	<u>Raleigh, NC</u>	<u>54,430</u>	<u>Class A Common Stock</u>	<u>0.7%</u>	—	(1), (2)
Timothy L. Duitsman	President, CEO and Director	<u>Naperville, IL</u>	<u>230,865</u>	<u>Class A Common Stock</u>	<u>3.0%</u>	—	(1), (2)
Jeniffer L. Jaynes	CFO, Treasurer and Secretary	<u>Aurora, IL</u>	<u>57,588</u>	<u>Class A Common Stock</u>	<u>0.7%</u>	—	(1), (2)
Jesse Swartwood	SVP, Worldwide Sales	<u>Saint Charles, IL</u>	<u>73,440</u>	<u>Class A Common Stock</u>	<u>1.0%</u>	—	(1), (2)
David C. Hoeft	5% Class A Common Stockholder	<u>San Francisco, CA</u>	<u>509,033</u>	<u>Class A Common Stock</u>	<u>6.6%</u>	—	(1), (2), and (7)

- (1) Percentage of beneficial ownership is based on 7,703,250 shares of Class A Common Stock and 3,484,287 shares of Class B Common Stock outstanding as of December 31, 2021.
- (2) Class A Common Stock is freely transferable and Class B Common Stock is transferable only to certain transferees but is convertible into Class A Common Stock on a share-for-share basis. Holders of Class A Common Stock have one vote per share and holders of Class B Common Stock have four votes per share.
- (3) 179,340 shares are held by Revocable Trust.
- (4) Includes 246,409 shares held in trust for the benefit of Mr. Penny’s children for which Mr. Foskett is trustee and has sole voting and dispositive power. Mr. Foskett disclaims beneficial ownership of these shares.
- (5) Includes 3,237,878 shares of Class B Common Stock held in the Voting Trust Agreement dated February 23, 1994, as amended (the “Voting Trust”), among Robert C. Penny III and certain members of the Penny family. Mr. Penny, Mr. Foskett, and Mr. Patrick J. McDonough, Jr. are co-trustees and have joint voting and dispositive power over all shares in the Voting Trust. Messrs. Penny, Foskett and McDonough each disclaim beneficial ownership with respect to all shares held in the Voting Trust in which they do not have a pecuniary interest. For additional information on the Voting Trust, see the Schedule 13D/A filed with the SEC on May 5, 2015. The Voting Trust contains 953,208 shares held for the benefit of Mr. Penny and 120,656 shares held for the benefit of Mr. Foskett. The address for Messrs. Penny, Foskett and McDonough is Robert W. Foskett, 1035 Pearl St. #400, Boulder, Colorado 80302
- (6) As of December 31, 2021, Robert C. Penny III, Robert W. Foskett and Patrick J. McDonough, Jr., as trustees of the Voting Trust containing common stock held for the benefit of the Penny family, have the exclusive power to vote over 59.9% of the votes entitled to be cast by the holders of the Company’s common stock. Certain Penny family members also own, or are beneficiaries of, trusts that own shares outside of the Voting Trust. Messrs. Penny, Foskett and McDonough, as trustees of the Voting Trust and other trusts, control 65.0% of the voting power of the Company’s outstanding stock and therefore effectively control the Company.
- (7) Based upon the most current information contained in Schedules 13D or 13G filings with the SEC, unless more recent information was obtained.

## 8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

To the knowledge of Westell Technologies, Inc., none of the foregoing officers, directors or control persons has been the subject of any such proceeding in the past 10 years.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

To the knowledge of Westell Technologies, Inc., none of the foregoing officers, directors or control persons has been the subject of any such proceeding in the past 10 years.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

To the knowledge of Westell Technologies, Inc., none of the foregoing officers, directors or control persons has been the subject of any such proceeding in the past 10 years.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

To the knowledge of Westell Technologies, Inc., none of the foregoing officers, directors or control persons has been the subject of any such proceeding in the past 10 years.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

The Company and its subsidiaries are involved in various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that may be incorporated in the Company's products, which are being handled and defended in the ordinary course of business. These matters are in various stages of investigation and litigation. Although the Company does not expect that the outcome in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations, litigation is inherently unpredictable. Therefore, judgments could be rendered, or settlements entered, that could adversely affect the Company's operating results or cash flows in a particular period. The Company routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability, and it records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

In January 2022, a former stockholder of the Company filed a complaint on behalf of a putative class of former stockholders against the Company, its directors, a former director, and the Voting Trust concerning the October 1, 2020, Reverse/Forward Stock Split Transaction (See Note 14). The complaint asserts that the \$1.48 per share price paid in the Transaction was unfair and seeks, among other things, damages for the class. The complaint also asserts a state law claim for purported insider trading in connection with an officer's purchase of Company shares in August 2020. The Company and other defendants to the lawsuit intend to vigorously defend the claims and the Company is seeking coverage under an existing Directors and Officers insurance policy. The Company has not set a reserve for this matter as of December 31, 2021.

A significant customer is a defendant in an ongoing patent infringement claim and is asserting possible indemnity rights under contracts with the Company. The customer initially won summary judgment for all claims, which was subsequently reversed on appeal. After the reversal, the customer filed another motion for summary judgment for non-infringement on all claims, which was recently granted by the District Court. Prior to issuance of the most recent summary judgment order, the customer informed the Company that the customer intends to seek to recover from the Company a share of the settlement and defense costs. We have a release as to all defense costs incurred prior to June 2019. At this time, the Company does not have a specific estimate regarding the potential range of the related costs, or a lower limit of the range, with any degree of certainty for the claim, and therefore, we can only

disclose the recent notice of intent to seek costs. The Company is seeking additional information to fully evaluate the facts in order to determine potential exposure, which will vary depending upon, among other things, the Company's contribution ratio, whether the plaintiff in the underlying case appeals the summary judgment order, and the resolution of that appeal. This claim relates to a business that was previously sold and therefore any future expense would be presented as discontinued operations in the financial statements.

## 9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

### Securities Counsel

Name: Walter J. Skipper  
Firm: Quarles & Brady LLP  
Address 1: 411 East Wisconsin Avenue, Suite 2400  
Address 2: Milwaukee, WI 53202-4428  
Phone: (414) 277-5119  
Email: walter.skipper@quarles.com

### Accountant or Auditor

Name: Michael Schamberger  
Firm: Grant Thornton LLP  
Address 1: 171 North Clark, Suite 200  
Address 2: Chicago, IL 60601  
Phone: (312) 856-0200  
Email: Michael.Schamberger@us.gt.com

### Investor Relations

Name: Timothy L. Duitsman  
Firm: Westell Technologies, Inc.  
Address 1: 750 North Commons Drive  
Address 2: Aurora, IL 60504  
Phone: (630) 898-2500  
Email: tduitsman@westell.com

Other Service Providers Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement.** This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

NONE



## 10) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Timothy L. Duitsman certify that:

1. I have reviewed this quarterly disclosure statement of Westell Technologies, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

February 11, 2022

/s/ Timothy L. Duitsman

Chief Executive Officer

*Principal Financial Officer:*

I, Jeniffer L. Jaynes certify that:

1. I have reviewed this quarterly disclosure statement of Westell Technologies, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

February 11, 2022

/s/ Jeniffer L. Jaynes

Chief Financial Officer

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per shares amounts)

	(unaudited) December 31, 2021	March 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 16,011	\$ 16,884
Accounts receivable (net of allowance of \$100 at both December 31, 2021 and March 31, 2021)	6,493	4,492
Inventories	8,703	4,939
Prepaid expenses and other current assets	2,300	1,352
Total current assets	<u>33,507</u>	<u>27,667</u>
Non-current assets:		
Land, property and equipment, gross	7,001	7,694
Less accumulated depreciation and amortization	(6,838)	(6,779)
Land, property and equipment, net	<u>163</u>	<u>915</u>
Intangible assets, net	568	1,142
Right-of-use assets on operating leases, net	2,066	2,448
Other non-current assets	83	80
Total assets	<u>\$ 36,387</u>	<u>\$ 32,252</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 3,900	\$ 1,920
Accrued expenses	3,896	3,365
Deferred revenue	180	874
Total current liabilities	<u>7,976</u>	<u>6,159</u>
Note payable - non-current	—	1,637
Deferred revenue non-current	145	105
Lease liabilities non-current	1,515	1,896
Other non-current liabilities	125	296
Total liabilities	<u>9,761</u>	<u>10,093</u>
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Class A common stock, par \$0.01, Authorized – 109,000,000 shares, Outstanding – 7,703,250 and 7,521,271 shares at December 31, 2021 and March 31, 2021, respectively	77	75
Class B common stock, par \$0.01, Authorized – 25,000,000 shares Issued and outstanding – 3,484,287 shares at both December 31, 2021 and March 31, 2021	35	35
Preferred stock, par \$0.01, Authorized – 1,000,000 shares Issued and outstanding – none	—	—
Additional paid-in capital	420,496	420,142
Treasury stock at cost – 10,218,565 and 10,169,753 shares at December 31, 2021 and March 31, 2021, respectively	(44,599)	(44,559)
Accumulated deficit	(349,383)	(353,534)
Total stockholders' equity	<u>26,626</u>	<u>22,159</u>
Total liabilities and stockholders' equity	<u>\$ 36,387</u>	<u>\$ 32,252</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share amounts)  
(Unaudited)

(in thousands, except share and per share amounts)	Three months ended		Nine months ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Revenue	\$ 11,203	\$ 7,649	\$ 28,457	\$23,319
Cost of revenue	7,352	5,443	18,074	15,480
Gross profit	3,851	2,206	10,383	7,839
<b>Operating expenses:</b>				
Research and development	924	1,006	2,748	2,865
Sales and marketing	1,355	1,200	4,019	4,024
General and administrative	832	863	2,476	3,175
Intangible amortization	191	226	574	677
Total operating expenses	3,302	3,295	9,817	10,741
<b>Operating income (loss)</b>	549	(1,089)	566	(2,902)
Gain of forgiveness of second draw PPP loan	1,637	—	1,637	—
Employee retention credit (Note 5)	—	—	1,373	—
Other income (expense), net	12	178	308	223
<b>Income (loss) before income taxes</b>	2,198	(911)	3,884	(2,679)
Income tax (expense) benefit	(6)	(23)	(14)	35
Net income (loss) from continuing operations	2,192	(934)	3,870	(2,644)
Discontinued operations (Note 1)				
Income from discontinued operations, net of tax expense of \$0 in all periods presented	—	—	281	—
<b>Net income (loss) <sup>(1)</sup></b>	<u>\$ 2,192</u>	<u>\$ (934)</u>	<u>\$ 4,151</u>	<u>\$ (2,644)</u>
<b>Basic net income (loss) per share:</b>				
Basic net income (loss) per share from continuing operations	\$ 0.20	\$ (0.09)	\$ 0.35	\$ (0.19)
Basic net income (loss) per share from discontinued operations	—	—	0.03	—
<i>Basic net income (loss) per share <sup>(2)</sup></i>	<u>\$ 0.20</u>	<u>\$ (0.09)</u>	<u>\$ 0.37</u>	<u>\$ (0.19)</u>
<b>Diluted net income (loss) per share:</b>				
Diluted net income (loss) per share from continuing operations	\$ 0.19	\$ (0.09)	\$ 0.34	\$ (0.19)
Diluted net income (loss) per share from discontinued operations	—	—	0.02	—
<i>Diluted net income (loss) per share <sup>(2)</sup></i>	<u>\$ 0.19</u>	<u>\$ (0.09)</u>	<u>\$ 0.37</u>	<u>\$ (0.19)</u>
<b>Weighted-average number of shares outstanding:</b>				
Basic	11,163	10,984	11,120	14,125
Effect of dilutive securities: restricted stock, restricted stock units, performance stock units and stock options <sup>(3)</sup>	464	—	227	—
Diluted	<u>11,627</u>	<u>10,984</u>	<u>11,347</u>	<u>14,125</u>

<sup>(1)</sup> Net income (loss) and comprehensive income (loss) are the same for the periods reported.

<sup>(2)</sup> Per share may not sum to totals because of rounding.

<sup>(3)</sup> The Company has 0.2 million shares represented by common stock equivalents for both the three and nine months ended December 31, 2021, and 0.7 million and 0.8 million shares represented by common stock equivalents for the three and nine months ended December 31, 2020, respectively, which were not included in the computation of average dilutive shares outstanding because they were anti-dilutive. In periods with a net loss from continuing operations, the basic loss per share equals the diluted loss per share as all common stock equivalents are excluded from the per share calculation because they are anti-dilutive.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In thousands)  
(Unaudited)

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
<b>Balance, March 31, 2021</b>	<b>\$ 75</b>	<b>\$ 35</b>	<b>\$ 420,142</b>	<b>\$ (44,559)</b>	<b>\$ (353,534)</b>	<b>\$ 22,159</b>
Net income (loss)	—	—	—	—	386	386
Common stock issued	2	—	(2)	—	—	—
Purchase of treasury stock	(1)	—	—	(36)	—	(37)
Stock-based compensation	—	—	64	—	—	64
<b>Balance, June 30, 2021</b>	<b>76</b>	<b>35</b>	<b>420,204</b>	<b>(44,595)</b>	<b>(353,148)</b>	<b>22,572</b>
Net income (loss)	—	—	—	—	1,573	1,573
Common stock issued	1	—	(1)	—	—	—
Purchase of treasury stock	—	—	—	(3)	—	(3)
Stock-based compensation	—	—	139	—	—	139
<b>Balance, September 30, 2021</b>	<b>77</b>	<b>35</b>	<b>420,342</b>	<b>(44,598)</b>	<b>(351,575)</b>	<b>24,281</b>
Net income (loss)	—	—	—	—	2,192	2,192
Common stock issued	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	(1)	—	(1)
Stock-based compensation	—	—	154	—	—	154
<b>Balance, December 31, 2021</b>	<b>\$ 77</b>	<b>\$ 35</b>	<b>\$ 420,496</b>	<b>\$ (44,599)</b>	<b>\$ (349,383)</b>	<b>\$ 26,626</b>
	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
<b>Balance, March 31, 2020</b>	<b>\$ 122</b>	<b>\$ 35</b>	<b>\$ 419,630</b>	<b>\$ (37,326)</b>	<b>\$ (350,800)</b>	<b>\$ 31,661</b>
Net income (loss)	—	—	—	—	(825)	(825)
Common stock issued	2	—	(2)	—	—	—
Purchase of treasury stock	(1)	—	—	(41)	—	(42)
Stock-based compensation	—	—	162	—	—	162
<b>Balance, June 30, 2020</b>	<b>123</b>	<b>35</b>	<b>419,790</b>	<b>(37,367)</b>	<b>(351,625)</b>	<b>30,956</b>
Net income (loss)	—	—	—	—	(885)	(885)
Common stock issued	1	—	(1)	—	—	—
Purchase of treasury stock	—	—	—	(11)	—	(11)
Stock-based compensation	—	—	148	—	—	148
<b>Balance, September 30, 2020</b>	<b>124</b>	<b>35</b>	<b>419,937</b>	<b>(37,378)</b>	<b>(352,510)</b>	<b>30,208</b>
Net income (loss)	—	—	—	—	(934)	(934)
Common stock issued	—	—	—	—	—	—
Purchase of treasury stock	(49)	—	—	(7,181)	—	(7,230)
Stock-based compensation	—	—	100	—	—	100
<b>Balance, December 31, 2020</b>	<b>\$ 75</b>	<b>\$ 35</b>	<b>\$ 420,037</b>	<b>\$ (44,559)</b>	<b>\$ (353,444)</b>	<b>\$ 22,144</b>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	Nine months ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income (loss)	\$ 4,151	\$ (2,644)
Reconciliation of net loss to net cash used in operating activities:		
Gain on forgiveness of second draw PPP loan	(1,637)	—
Depreciation and amortization	702	986
Stock-based compensation	357	410
Gain on sale of land	(35)	—
Gain on settlement receivable for inventory and equipment damaged in fire	(259)	—
Exchange rate loss (gain)	11	(18)
Changes in assets and liabilities:		
Accounts receivable	(2,012)	(858)
Inventories	(3,764)	1,065
Prepaid expenses and other current assets	(689)	337
Other assets	379	(1,951)
Deferred revenue	(654)	(102)
Accounts payable and accrued expenses	1,962	2,381
Net cash provided by (used in) operating activities	<u>(1,488)</u>	<u>(394)</u>
Cash flows from investing activities:		
Proceeds from sale of land	704	—
Purchases of property and equipment	(48)	(73)
Net cash provided by (used in) investing activities	<u>656</u>	<u>(73)</u>
Cash flows from financing activities:		
Proceeds from note payable to bank, SBA PPP loan	—	1,637
Purchases of treasury stock	(41)	(7,283)
Net cash provided by (used in) financing activities	<u>(41)</u>	<u>(5,646)</u>
Net increase (decrease) in cash and cash equivalents	(873)	(6,113)
Cash and cash equivalents, beginning of period	16,884	20,869
Cash and cash equivalents, end of period	<u>\$ 16,011</u>	<u>\$ 14,756</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1. Basis of Presentation**

*Description of Business*

Westell Technologies, Inc. (the Company) is a holding company. Its wholly owned subsidiary, Westell, Inc., designs, manufactures and distributes telecommunications products, which are sold primarily to major telephone companies.

*Risks and Uncertainties*

In March 2020, the World Health Organization declared the spread of a new strain of coronavirus (“COVID-19”) a pandemic. This outbreak continues to spread throughout the U.S. and around the world as new strains emerge. The COVID-19 pandemic continues to negatively impact the global economy, disrupt global supply chains and work force participation while creating significant disruption and volatility of financial markets. The COVID-19 pandemic has impacted and may continue to impact the Company’s sales, supply chain availability, unpredictable shipment delays, increased transit times, sourcing costs, our workforce and operations, as well as, those of our customers, contract manufacturers and other supply chain partners. Increases in freight, component, assembly, and raw material costs due to the pandemic or subsequent shortages may decrease gross margins if these costs cannot be passed along to customers.

Because of the impact that COVID-19 had on our operations, in April 2020, the Company received \$1.6 million pursuant to a loan from JPMorgan Chase Bank, N.A. (“JPM”) under the Paycheck Protection Program (the “PPP”) of the 2020 Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) as administered by the U.S. Small Business Association (the “SBA”). On March 16, 2021, JPM notified the Company that 100% of the initial PPP loan was forgiven as authorized by the SBA. On March 22, 2021, the Company received an additional \$1.6 million second draw PPP loan (the “PPP2”) pursuant to a loan from St. Charles Bank & Trust Company, N.A. (“Wintrust”) under the Consolidated Appropriations Act, 2021 (the “CAA”) that was signed into law in December 2020. On November 16, 2021, the SBA and Wintrust provided forgiveness for the full amount of the PPP2 Loan, plus all related accrued interest. The gain associated with the forgiveness is presented on the Statements of Operations as Gain on forgiveness of second draw PPP loan for the three and nine months ended December 31, 2021. See Note 4 for additional information on the PPP2 loan.

In March 2021, the Internal Revenue Service (“IRS”) released Notice 2021-20, which clarified that the CAA amended the CARES Act by removing the restriction to prevent companies who received a PPP loan from qualifying for the Employee Retention Credit (“ERC”), which is a refundable tax credit against certain employment taxes. In August 2021, the IRS release Notice 2021-33, which provides a safe harbor permitting the exclusion of PPP forgiveness from gross receipts solely for determining eligibility for the ERC. See Note 5 for additional information on ERC.

*Contract Manufacturing Facility Fire Update*

In February 2021, a small fire at a subcontractor destroyed inventory that was being used to produce some of Westell’s IBW and ISM products. Insurance policies or an indemnification agreement were expected to cover the replacement value of the assets that incurred losses or damages. In accordance with ASC 450, as of March 31, 2021, the Company recorded an economic loss recovery receivable of \$382,000, which is presented in Prepaid expenses and other assets in the Condensed Consolidated Balance Sheet, to cover the net book value of the inventory and fixed assets damaged in the fire. In June 2021, the Company agreed to a settlement with our contract manufacturer that exceeded the book value of the loss. The Company recorded an additional receivable and non-operating income of \$259,000 during the quarter ended June 30, 2021. The gain on the settlement is presented on the Condensed Consolidated Statements of Operations for the nine months ended December 31, 2021, in Other income (expense), net. Payment for the entire settlement amount was received in July 2021.

*Basis of Presentation and Reporting*

The accompanying Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. The Condensed Consolidated Financial Statements have been prepared using generally accepted accounting principles (GAAP) in the United States for interim financial reporting, and, accordingly, they do not include all of the information and footnotes required in the annual consolidated financial statements and accompanying footnotes. The Condensed Consolidated Financial

Statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended March 31, 2021. All intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the unaudited interim financial statements included herein reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company's condensed consolidated financial position and the results of operations, comprehensive income (loss) and cash flows at December 31, 2021, and for all periods presented. The results of operations for the periods presented are not necessarily indicative of the results that may be expected for fiscal year 2022.

#### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and that affect revenue and expenses during the periods reported. Estimates are used when accounting for the allowance for uncollectible accounts receivable, net realizable value of inventory, product warranty accrued, relative selling prices, stock-based compensation, intangible assets fair value, depreciation, income taxes, right-of-use lease assets and related lease liabilities, and contingencies, among other things. Actual results could differ from those estimates.

#### *Discontinued Operations*

During the nine months ended December 31, 2021, the Company received settlement payments of \$281,000 for a class-action settlement associated with a business which was previously sold and therefore the gains are presented as discontinued operations. The Condensed Consolidated Statements of Cash Flows include discontinued operations.

#### *Reclassification*

The \$83,000 settlement payment for the class-actions settlement mentioned above was presented in Other income (expense), net on the June 30, 2021 Condensed Consolidated Statement of Operations. This amount has been reclassified to discontinued operations in the nine months ended December 31, 2021, to conform to the current period presentation. Previously reported amounts in the Condensed Consolidated Statement of Operations have been restated for the effects of the discontinued operations. The reclassifications related to discontinued operations had no impact on total assets, total liabilities, total stockholders' equity or net income as previously reported in the quarter ended June 30, 2021.

#### *Recently Issued Accounting Pronouncements Not Yet Adopted*

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832) Disclosures by Business Entities about Government Assistance* ("ASU 2021-10"). ASU 2021-10 was issued to increase transparency and improve consistency around disclosures concerning forms of government assistance. ASU 2021-10 required disclosures include: a description of the nature of the transaction, the accounting policies used to account for the transactions, the balance sheet and income statement lines that are affected and the amount applicable to each line item, and any significant terms and conditions of the transactions. For the Company, ASU 2021-10 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Application of the amendments is either (1) prospectively to all transactions within the scope of the amendments that are reflected in the financial statements at the date of initial application and new transactions that are entered into after the date of initial application or (2) retrospectively to those transactions. The Company is currently evaluating the impact of ASU 2021-10 on the Company's Condensed Consolidated Financial Statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASU 2016-13"). ASU 2016-13 will replace the current incurred loss approach with a new expected credit loss impairment model for trade receivables, loans, and other financial instruments. Under the new model, the estimate of expected credit losses will be based on historical experience, current conditions and reasonable and supportable forecasts. For the Company, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Early adoption is permitted. Application of the amendments is through a cumulative-effect adjustment to retained earnings as of the effective date. The Company is currently evaluating the impact of ASU 2016-13 on the Company's Condensed Consolidated Financial Statements.

#### *Subsequent Events*

The Company evaluates subsequent events occurring between the most recent balance sheet date and the date that the financial statements are available to be issued in order to determine whether the subsequent events are to be recorded and/or disclosed in the

Company's financial statements and footnotes. The financial statements are considered to be available to be issued at the time that they are filed with the OTC.

In January 2022, a former stockholder of the Company filed a complaint on behalf of a putative class of former stockholders against the Company, its directors, a former director and the Voting Trust concerning the October 1, 2020, Reverse/Forward Stock Split Transaction (See Notes 12 and 14). The complaint asserts that the \$1.48 per share price paid in the Transaction was unfair and seeks, among other things, damages for the class. The complaint also asserts a state law claim for purported insider trading in connection with an officer's purchase of Company shares in August 2020. The Company and other defendants to the lawsuit intend to vigorously defend the claims and the Company is seeking coverage under an existing Directors and Officers insurance policy. The Company has not set a reserve for this matter as of December 31, 2021.

## Note 2. Leases

The Company accounts for leases under ASC 842. Leases with an initial term of 12 months or less are not recorded on the Condensed Consolidated Balance Sheets. The Company also made the accounting policy election to account for each separate lease component and non-lease component associated with that lease component as a single lease component, thus causing all fixed payments to be capitalized. The Company determines lease terms based on whether or not it is reasonably certain to exercise the lease extensions. The Company determines at inception whether an arrangement is a lease.

Right-of-use ("ROU") assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the net present value of remaining fixed lease payments over the lease term. Lease terms used to calculate the present value of the lease payments include any options to extend, renew, or terminate the lease, when it is reasonably certain that these options will be exercised. ROU assets also include any advance lease payments made and exclude any lease incentives. As the implicit interest rate for our leases is not readily determinable, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Lease expense is recognized on a straight-line basis over the lease term. The Company has lease arrangements with non-lease components that are not in-substance fixed and considered variable, which were not included in the carrying balances of the ROU asset and lease liability. The Company does not have any finance leases. No leases require residual value guarantees.

The Company reviews the impairment ROU assets consistent with the approach applied to other long-lived assets. ROU assets are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value.

The Company's operating leases primarily include building leases for the corporate headquarters in Aurora, IL, an engineering and service center in Dublin, OH, and engineering test facility in Manchester, NH.

Future minimum lease payments as of December 31, 2021, consisted of the following (in thousands):

Fiscal Year	Operating Leases
2022 <sup>(1)</sup>	\$ 100
2023	587
2024	593
2025	604
2026	276
Thereafter	—
Total lease payments	2,160
Less: imputed interest	(181)
Total operating lease liabilities	<u>\$ 1,979</u>

<sup>(1)</sup> Represents the future minimum operating lease payments expected to be made over the remaining balance of the fiscal year.



As of December 31, 2021, the weighted-average remaining lease term was 3.8 years and the weighted-average discount rate was 4.5%.

Our building leases include variable lease payments that are not included in the lease liability balances as they are based on the expenses which can vary during the term of each lease.

Lease expenses are included in Cost of revenue, Sales and marketing, Research and development, and General and administrative in the Company's Condensed Consolidated Statements of Operations. The components of lease expense are as follows:

(in thousands)	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Operating lease expense	\$ 152	\$ 150	\$ 456	\$ 448
Variable lease expense <sup>(1)</sup>	50	64	153	103
<b>Total lease expense <sup>(2)</sup></b>	<b>\$ 202</b>	<b>\$ 214</b>	<b>\$ 609</b>	<b>\$ 551</b>

<sup>(1)</sup> Variable lease expense is related to our leased real estate and primarily includes labor and operational costs as well as taxes and insurance.

<sup>(2)</sup> Short-term lease expense is immaterial.

Cash paid for operating leases included in the measurement of lease liabilities was \$0.2 million in the three months ended December 31, 2021 and December 31, 2020. Cash paid for operating leases included in the measurement of lease liabilities was \$0.6 million for the nine months ended December 31, 2021 and December 31, 2020. All of these payments are presented in Operating activities cash flows on the Condensed Consolidated Statements of Cash Flows.

The following table summarizes the classification of ROU assets and lease liabilities as of December 31, 2021 and March 31, 2021:

(in thousands)	December 31, 2021	March 31, 2021	Balance Sheet Classification
<b>Assets:</b>			
ROU assets	\$ 2,066	\$ 2,448	Right-of-use assets on operating leases, net
<b>Liabilities:</b>			
Current operating lease liability	464	450	Accrued expenses
Non-current operating lease liabilities	1,515	1,896	Lease liabilities non-current
<b>Total lease liabilities</b>	<b>\$ 1,979</b>	<b>\$ 2,346</b>	

### Note 3. Revenue Recognition and Deferred Revenue

The Company records revenue based on a five-step model in accordance with ASC Topic 606, *Revenue From Contracts With Customers* ("ASC 606"). The Company's revenue is derived from the sale of products, software, and services identified in contracts. A contract exists when both parties have an approved agreement that creates enforceable rights and obligations, identifies performance obligations and payment terms and has commercial substance. The Company records revenue from these contracts when control of the products or services transfer to the customer. The amount of revenue to be recognized is based upon the consideration, including the impact of any variable consideration that the Company expects to be entitled to receive in exchange for these products and services.

#### Disaggregation of revenue

The following table disaggregates our revenue by major source:

(in thousands)	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
<b>Revenue:</b>				
Products	\$ 10,053	\$ 6,227	\$ 24,583	\$ 19,386
Software	57	15	225	179
Services	1,093	1,407	3,649	3,754
<b>Total revenue</b>	<b>\$ 11,203</b>	<b>\$ 7,649</b>	<b>\$ 28,457</b>	<b>\$ 23,319</b>

The following is the expected future revenue recognition timing of deferred revenue as of December 31, 2021:

(in thousands)	< 1 year	1-2 years	> 2 years
Deferred Revenue	\$ 180	\$ 61	\$ 84

During each of the three months ended December 31, 2021, and December 31, 2020, the Company recognized \$0.2 million, respectively, of revenue related to contract liabilities at the beginning of the periods. During the nine months ended December 31, 2021, and December 31, 2020, the Company recognized \$0.8 million and \$1.0 million, respectively, of revenue related to contract liabilities at the beginning of the periods.

The Company allows certain customers to return unused product under specified terms and conditions. The Company estimates product returns based on historical sales and return trends and records a corresponding refund liability. The refund liability is included within Accrued expenses on the accompanying Condensed Consolidated Balance Sheets. Additionally, the Company records an asset based on historical experience for the amount of product we expect to return to inventory as a result of the return, which is recorded in Prepaid and other current assets in the Condensed Consolidated Balance Sheets. The gross product return asset was \$0.1 million at both December 31, 2021, and March 31, 2021.

**Note 4. Long-term Debt and Note Payable to Bank**

The Company accounts for debt under ASC 470, *Debt*. On March 22, 2021, the Company received funds pursuant to an unsecured second draw Paycheck Protection Program (“PPP”) loan through St. Charles Bank & Trust Company, N.A. (“Wintrust”) in the amount of \$1.6 million (the “PPP2 Loan”). The PPP2 Loan was made through the United States Small Business Administration (“SBA”) pursuant to the CAA. As of March 31, 2021, the PPP2 Loan is presented on the Consolidated Balance Sheets as Note Payable - non-current. On November 16, 2021, the SBA and Wintrust provided forgiveness for the full amount of the PPP2 Loan, plus all related accrued interest. The gain associated with the forgiveness is presented on the Statements of Operations as Gain on forgiveness of second draw PPP loan for the three and nine months ended December 31, 2021.

**Note 5. Employee Retention Credit**

In March 2021, the Internal Revenue Service (“IRS”) released Notice 2021-20, which clarified that the CAA amended the CARES Act by removing the restriction to prevent companies who received a PPP loan from qualifying for the Employee Retention Credit (“ERC”), which is a refundable tax credit against certain employment taxes. In calendar year 2021, quarterly qualified wages exclude PPP2 and FFCRA wages and are capped at \$10,000 per quarter. The ERC credit is calculated at 70% of qualified wages. In August 2021, the IRS released Notice 2021-33, which provides a safe harbor that permits the exclusion of PPP forgiveness from gross receipts solely for determining eligibility for the ERC. As a result of this clarification, the Company has determined it is an eligible company to participate in the program for the quarters ended March 31, 2021 and June 30, 2021, due to the over 20% decline in gross receipts for the quarter ended March 31, 2021, compared to the same quarter in 2019. Pursuant to ASC 958-605, *Not-for Profit Entities: Revenue Recognition* (“ASC 958-605”), in the quarter ended September 30, 2021, the Company recorded an ERC receivable of \$1.4 million to record the tax credits receivable. In the quarter ended December 31, 2021, our third-party payroll provider filed a 941-X to claim the tax credit for each of the impacted quarters. The ERC receivable is presented in Prepaid expenses and other current assets on the Condensed Consolidated Balance Sheet as of December 31, 2021.

**Note 6. Interim Segment Information**

Segment information is presented in accordance with a “management approach”, which designates the internal reporting used by the chief operating decision-maker (“CODM”) for making decisions and assessing performance as the source of the Company's reportable segments. Westell’s Chief Executive Officer is the CODM. The CODM continues to define segment profit as gross profit less research and development expenses. The accounting policies of the segments are the same as those for Westell Technologies, Inc. described in the summary of significant accounting policies included in the Company's Annual Report on Form 10-K for year ended March 31, 2021, and as updated in this filing.

The Company's three reportable segments are as follows:

*In-Building Wireless ("IBW") Segment*

IBW segment solutions enable cellular and public safety coverage in stadiums, arenas, malls, buildings, and other indoor areas not served well or at all by the existing "macro" outdoor cellular network. For cellular service, solutions include indoor distributed antenna systems ("DAS"), DAS conditioners and digital repeaters. For the public safety market, solutions include Class A repeaters, Class B repeaters, Class A/B Fiber DAS systems, and battery backup units. IBW also offers ancillary products that consist of passive system components and antennas for both the cellular service and public safety markets.

*Intelligent Site Management ("ISM") Segment*

ISM segment solutions include a suite of remote units, which provide machine-to-machine ("M2M") communications that enable operators to remotely monitor, manage, and control physical site infrastructure and support systems. Remote units can be combined with the Company's Optima management software system. ISM also offers support services (i.e., maintenance agreements) and deployment services (i.e., installation).

*Communications Network Solutions ("CNS") Segment*

CNS segment solutions include a broad range of hardened network infrastructure offerings suitable for both indoor and outdoor use. The offerings consist of integrated cabinets, power distribution products, copper and fiber network connectivity panels, fiber access products and T1 network interface units ("NIUs").

Segment information for the three and nine months ended December 30, 2021, and 2020, is set forth below:

(in thousands)	Three months ended December 31, 2021			
	IBW	ISM	CNS	Total
Revenue	\$ 3,502	\$ 5,251	\$ 2,450	\$ 11,203
Cost of revenue	2,436	3,094	1,822	7,352
Gross profit	1,066	2,157	628	3,851
Gross margin	30.4%	41.1%	25.6%	34.4%
Research and development	360	411	153	924
Segment profit	<u>\$ 706</u>	<u>\$ 1,746</u>	<u>\$ 475</u>	2,927
Operating expenses:				
Sales and marketing				1,355
General and administrative				832
Intangible amortization				191
Operating profit (loss)				549
Gain of forgiveness of second draw PPP loan				1,637
Other income (expense), net				12
Income tax benefit (expense)				(6)
Net income (loss) from continuing operations				<u>\$ 2,192</u>

(in thousands)	Three months ended December 31, 2020			
	IBW	ISM	CNS	Total
Revenue	\$ 1,648	\$ 2,677	\$ 3,324	\$ 7,649
Cost of revenue	1,564	1,242	2,637	5,443
Gross profit	84	1,435	687	2,206
Gross margin	5.1%	53.6%	20.7%	28.8%
Research and development	404	409	193	1,006
Segment profit (loss)	<u>\$ (320)</u>	<u>\$ 1,026</u>	<u>\$ 494</u>	1,200
Operating expenses:				
Sales and marketing				1,200
General and administrative				863
Intangible amortization				226
Operating profit (loss)				(1,089)
Other income, net				178
Income tax benefit (expense)				(23)
Net income (loss) from continuing operations				<u>\$ (934)</u>

**Nine months ended December 31, 2021**

(in thousands)	<b>IBW</b>	<b>ISM</b>	<b>CNS</b>	<b>Total</b>
Revenue	\$ 9,798	\$ 11,838	\$ 6,821	\$ 28,457
Cost of revenue	6,624	6,295	5,155	18,074
Gross profit	3,174	5,543	1,666	10,383
Gross margin	32.4%	46.8%	24.4%	36.5%
Research and development	965	1,290	493	2,748
Segment profit	<u>\$ 2,209</u>	<u>\$ 4,253</u>	<u>\$ 1,173</u>	7,635
Operating expenses:				
Sales and marketing				4,019
General and administrative				2,476
Intangible amortization				574
Operating profit (loss)				566
Gain of forgiveness of second draw PPP loan				1,637
Employee retention credit (Note 5)				1,373
Other income, net				308
Income tax benefit (expense)				(14)
Net income (loss) from continuing operations				<u>\$ 3,870</u>

**Nine months ended December 31, 2020**

(in thousands)	<b>IBW</b>	<b>ISM</b>	<b>CNS</b>	<b>Total</b>
Revenue	\$ 7,618	\$ 6,632	\$ 9,069	\$ 23,319
Cost of revenue	5,300	3,017	7,163	15,480
Gross profit	2,318	3,615	1,906	7,839
Gross margin	30.4%	54.5%	21.0%	33.6%
Research and development	1,068	1,195	602	2,865
Segment profit	<u>\$ 1,250</u>	<u>\$ 2,420</u>	<u>\$ 1,304</u>	4,974
Operating expenses:				
Sales and marketing				4,024
General and administrative				3,175
Intangible amortization				677
Operating profit (loss)				(2,902)
Other income, net				223
Income tax benefit (expense)				35
Net income (loss) from continuing operations				<u>\$ (2,644)</u>

Segment asset information is not reported to or used by the CODM.

## Note 7. Inventories

Inventories are stated at the lower of cost, on a first-in, first-out basis, or net realizable value. The components of net inventories are as follows:

(in thousands)	December 31, 2021	March 31, 2021
Raw materials	\$ 3,695	\$ 1,497
Finished goods	5,008	3,442
Total inventories	\$ 8,703	\$ 4,939

The Company records provisions against inventory for excess and obsolete inventory, which are determined based on the Company's best estimates of future demand, product lifecycle status and product development plans. These provisions reduce the inventory cost basis. The Company believes the estimates and assumptions underlying its provisions are reasonable. However, there is risk that additional charges may be necessary if future demand is less than current forecasts due to rapid technological changes, uncertain customer requirements, or other factors.

## Note 8. Stock-Based Compensation

The Westell Technologies, Inc. 2019 Omnibus Incentive Compensation Plan (the "2019 Plan") was approved at the annual meeting of stockholders on September 17, 2019. The 2019 Plan replaced the Westell Technologies, Inc. 2015 Omnibus Incentive Compensation Plan (the "2015 Plan"). If any award granted under the 2019 Plan or the 2015 Plan is canceled, terminates, expires, or lapses for any reason, any Shares subject to such award shall again be available for the grant of an award under the 2019 Plan. Shares subject to an award shall not again be made available for issuance under the Plan if such Shares are: (a) delivered to or withheld by the Company to pay the grant or purchase price of an award, or (b) delivered to or withheld by the Company to pay the withholding taxes related to an award. Any awards or portions thereof that are settled in cash and not in Shares shall not be counted against the foregoing Share limit.

The stock options, restricted stock awards, and restricted stock units ("RSUs") awarded under the 2019 Plan generally vest in equal annual installments over 3 years for employees and 1 year for non-employee directors. Performance stock units ("PSUs") earned vest over the performance period. Certain awards provide for accelerated vesting if there is a change in control (as defined in the 2019 Plan), or when provided within individual employment contracts. The Company accounts for forfeitures as they occur. The Company issues new shares for stock awards under the 2019 Plan.

The following table is a summary of total stock-based compensation expense resulting from stock options, restricted stock, RSUs and PSUs, during the three and nine months ended December 31, 2021, and 2020:

(in thousands)	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Stock-based compensation expense	\$ 154	\$ 100	\$ 357	\$ 410
Income tax benefit	—	—	—	—
Total stock-based compensation expense, after taxes	\$ 154	\$ 100	\$ 357	\$ 410

## Stock Options

Stock option activity for the nine months ended December 31, 2021, is as follows:

	Weighted-Average Exercise		Weighted-Average Remaining	Aggregate Intrinsic Value	
	Shares	Price Per	Contractual Term (in years)	(in thousands)	
Outstanding on March 31, 2021	216,562	\$ 1.80	4.5	\$ —	
Granted	—	—			
Exercised	—	—			
Forfeited	—	—			
Expired	—	—			
Outstanding on December 31, 2021	<u>216,562</u>	\$ 1.80	3.7	\$ 8	

<sup>(1)</sup> The intrinsic value for the stock options is calculated based on the difference between the exercise price of the underlying awards and the Westell Technologies' closing stock price as of the respective reporting date.

## Restricted Stock

The following table sets forth restricted stock activity for the nine months ended December 31, 2021:

	Shares	Weighted-Average	Grant Date Fair Value
Non-vested as of March 31, 2021	20,160	\$	1.24
Granted	22,570		1.11
Vested	(20,160)		1.24
Forfeited	—		—
Non-vested as of December 31, 2021	<u>22,570</u>	\$	1.11

## RSUs

The following table sets forth the RSU activity for the nine months ended December 31, 2021:

	Shares	Weighted-Average	Grant Date Fair Value
Non-vested as of March 31, 2021	473,985	\$	1.35
Granted	331,232		0.78
Vested	(208,221)		1.75
Forfeited	(8,068)		1.99
Non-vested as of December 31, 2021	<u>588,928</u>	\$	0.88

## PSUs

PSUs will be earned primarily based upon achievement of performance goals tied to growing revenue, new product development revenue, and to non-GAAP profitability targets for fiscal year 2022. Upon vesting, the PSUs convert into shares of Class A Common Stock of the Company on a one-for-one basis.

The following table sets forth the PSU activity for the nine months ended December 31, 2021:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2021 (at target)	—	\$ —
Granted, at target	347,315	0.78
Vested	—	—
Forfeited	—	—
Non-vested as of December 31, 2021 (at target)	<u>347,315</u>	\$ 0.78

#### Note 9. Product Warranties

The Company's products carry a limited warranty ranging from one to five years for the products within the IBW segment, typically one year for products within the ISM segment, and one to seven years for products within the CNS segment. The specific terms and conditions of those warranties vary depending upon the customer and the products sold. Factors that affect the estimate of the Company's warranty reserve include: the number of units shipped, anticipated rates of warranty claims, and cost per claim. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the reserve as necessary. The current portions of the warranty reserve are \$134,000 and \$73,000 as of December 31, 2021, and March 31, 2021, respectively, and are presented on the Condensed Consolidated Balance Sheets in Accrued expenses. The non-current portions of the warranty reserves are \$61,000 and \$52,000 as of December 31, 2021, and March 31, 2021, respectively, and are presented on the Condensed Consolidated Balance Sheets in Other non-current liabilities.

The following table presents the changes in the Company's product warranty reserve:

(in thousands)	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Total product warranty reserve at the beginning of the period	\$ 165	\$ 130	\$ 125	\$ 160
Warranty expense to cost of revenue	58	11	141	90
Utilization	(28)	(11)	(71)	(120)
Total product warranty reserve at the end of the period	<u>\$ 195</u>	<u>\$ 130</u>	<u>\$ 195</u>	<u>\$ 130</u>

#### Note 10. Variable Interest Entity and Guarantee

The Company has a 50% equity ownership in AccessTel Kentrox Australia PTY LTD (AKA). AKA distributes network management solutions provided by the Company and the other 50% owner to one customer. The Company holds equal voting control with the other owner. All actions of AKA are decided at the board level by majority vote. The Company evaluated ASC 810, *Consolidations*, and concluded that AKA is a variable interest entity (VIE) and the Company has a variable interest in the VIE. The Company has concluded that it is not the primary beneficiary of AKA and, therefore, consolidation is not required. The carrying amount of the Company's investment in AKA was approximately \$0.1 million as of both December 31, 2021, and March 31, 2021, which is presented on the Condensed Consolidated Balance Sheets within Other non-current assets.

The Company's revenue from sales to AKA for the three months ended December 31, 2021, and December 31, 2020, was \$0.7 million and \$0.3 million, respectively. The Company's revenue from sales to AKA for the nine months ended December 31, 2021, and December 31, 2020, was \$1.4 million and \$0.9 million, respectively. Accounts receivable from AKA was \$0.7 million as of December 31, 2021, and \$0.2 million as of March 31, 2021. AKA deferred revenue, which primarily relates to maintenance contracts, was \$0.3 million and \$0.2 million as of December 31, 2021, and March 31, 2021, respectively. The Company also has provided an unlimited guarantee for the performance of the other 50% owner in AKA, which primarily provides support and engineering services to the customer. This guarantee was put in place at the request of the AKA customer. The guarantee, which is estimated to have a maximum potential future payment of \$0.7 million, will stay in place as long as the contract between AKA and the customer is in place. The Company would have recourse against the other 50% owner in AKA in the event the guarantee is triggered. The Company determined that it could perform on the obligation it guaranteed at a positive rate of return and, therefore, did not assign value to the guarantee. The Company's exposure to loss as a result of its involvement with AKA, exclusive of lost profits, is limited to the items noted above.



## **Note 11. *Income Taxes***

At the end of each interim period, the Company makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year and uses that rate to provide for income taxes on a current year-to-date basis before discrete items. If a reliable estimate cannot be made, the Company may make a reasonable estimate of the annual effective tax rate, including use of the actual effective rate for the year-to-date. The impact of discrete items is recorded in the quarter in which they occur. The Company utilizes the liability method of accounting for income taxes and deferred taxes, which are determined based on the differences between the financial statements and tax basis of assets and liabilities given the enacted tax laws. The Company evaluates the need for valuation allowances on the net deferred tax assets under the rules of ASC 740, *Income Taxes*. In assessing the realizability of the Company's deferred tax assets, the Company considers whether it is more likely than not that some or all of the deferred tax assets will be realized through the generation of future taxable income. In making this determination, the Company assessed all of the evidence available at the time, including recent earnings, forecasted income projections and historical performance. The Company determined that the negative evidence outweighed the objectively verifiable positive evidence and previously recorded a full valuation allowance against deferred tax assets. The Company will continue to reassess realizability going forward.

As of December 31, 2021, the Company had net deferred tax assets of approximately \$40.6 million before a valuation allowance of \$40.6 million. The utilization of these attributes may be limited if certain ownership changes by 5% stockholders (as defined in Treasury regulations pursuant to Section 382) and the effects of stock issuances by the Company during any three-year period result in a cumulative change of more than 50% in the beneficial ownership of the Company. If an ownership change occurs under these rules, the Company would generally be subject to an annual limitation on the use of pre-ownership change NOL carryforwards and certain other losses and/or credits. In addition, certain future transactions regarding the Company's equity, including the cumulative effects of small transactions as well as transactions beyond the Company's control, could cause an ownership change and therefore a potential limitation on the annual utilization of the deferred tax assets.

The Company recorded \$6,000 and \$14,000 of income tax expense in the three and nine months ended December 31, 2021, using an effective rate of 0.14% plus discrete items. The Company recorded \$23,000 of income tax expense and \$35,000 of income tax benefit in the three and nine months ended December 31, 2020, using an effective income tax rate of (0.30)% plus discrete items. The effective income tax rate in both periods is impacted by the intraperiod allocation as a result of income or loss from continuing operations, and states which base tax on gross margin and not pretax income.

## **Note 12. *Commitments and Contingencies***

### *Litigation and Contingency Reserves*

The Company and its subsidiaries are involved in various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that may be incorporated in the Company's products, which are being handled and defended in the ordinary course of business. These matters are in various stages of investigation and litigation. Although the Company does not expect that the outcome in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations, litigation is inherently unpredictable. Therefore, judgments could be rendered, or settlements entered, that could adversely affect the Company's operating results or cash flows in a particular period. The Company routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability, and it records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

In January 2022, a former stockholder of the Company filed a complaint on behalf of a putative class of former stockholders against the Company, its directors, a former director and the Voting Trust concerning the October 1, 2020, Reverse/Forward Stock Split Transaction (See Note 14). The complaint asserts that the \$1.48 per share price paid in the Transaction was unfair and seeks, among other things, damages for the class. The complaint also asserts a state law claim for purported insider trading in connection with an officer's purchase of Company shares in August 2020. The Company and other defendants to the lawsuit intend to vigorously defend the claims and the Company is seeking coverage under an existing Directors and Officers insurance policy. The Company has not set a reserve for this matter as of December 31, 2021.

In the ordinary course of operations, the Company receives claims where the Company believes an unfavorable outcome is possible and/or for which is probable and no estimate of possible losses can currently be made. A significant customer is a defendant in an ongoing patent infringement claim and is asserting possible indemnity rights under contracts with the Company. The customer initially won summary judgment for all claims, which was subsequently reversed on appeal. After the reversal, the customer filed another motion for summary judgment for non-infringement on all claims, which was recently granted by the District Court. Prior to issuance

of the most recent summary judgment order, the customer informed the Company that the customer intends to seek to recover from the Company a share of the settlement and defense costs. The Company has a release as to all defense costs incurred prior to June 2019. At this time, the Company does not have a specific estimate regarding the potential range of the related costs, or a lower limit of the range, with any degree of certainty for the claim, and therefore, we can only disclose the recent notice of intent to seek costs. The Company is seeking additional information to fully evaluate the facts in order to determine potential exposure, which will vary depending upon, among other things, the Company's contribution ratio, whether the plaintiff in the underlying case appeals the summary judgment order, and the resolution of that appeal. This claim relates to a business that was previously sold and therefore any future expense would be presented as discontinued operations in the financial statements. As of December 31, 2021, and March 31, 2021, the Company has not recorded any contingent liability attributable to existing litigation.

### *Lease Obligations*

The Company currently occupies office space under operating leases, with various expiration dates through November 2025. The Company's office leases provide for rental payments on a graduated scale. Lease expense is recognized on a straight-line basis over the lease term. For further details, refer to Note 2. *Leases*.

### **Note 13. Fair Value Measurements**

Fair value is defined by ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), as the price that would be received upon selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company's money market funds are measured using Level 1 inputs. The following table presents available-for-sale securities measured at fair value on a recurring basis as of December 31, 2021:

(in thousands)	Total Fair Value of Asset or Liability	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
<b>Assets:</b>					
Money market funds	\$ 12,944	\$ 12,944	—	—	Cash and cash equivalents

The following table presents available-for-sale securities measured at fair value on a recurring basis as of March 31, 2021:

(in thousands)	Total Fair Value of Asset or Liability	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
<b>Assets:</b>					
Money market funds	\$ 11,442	\$ 11,442	—	—	Cash and cash equivalents

The fair value of the money market funds approximates their carrying amounts due to the short-term nature of these financial instruments.

## 14. Share Repurchases

### Reverse/Forward Stock Split

On September 29, 2020, the Company filed amendments to the Company's amended and restated certificate of incorporation to effect a 1-for-1,000 reverse stock split of the Company's Class A and Class B Common Stock, followed immediately by a 1,000-for-1 forward stock split (the "Transaction"). The Company's stockholders approved the Transaction at the Annual Meeting of Stockholders held on September 29, 2020. The effective date of the Transaction was October 1, 2020. As a result of the Transaction, the Company paid \$7.2 million to repurchase approximately 4.9 million shares of the Class A Common Stock at a purchase price of \$1.48 per share.

### Share Repurchase Programs

In May 2017, the Board of Directors authorized a share repurchase program whereby the Company may repurchase up to an aggregate of \$2.0 million of its outstanding Class A Common Stock (the "2017 authorization"). The 2017 authorization is in addition to the \$0.1 million that was remaining from the August 2011 \$20.0 million authorization (the "2011 authorization"). There were no shares repurchased under the 2017 authorization during the nine months ended December 31, 2021, or December 31, 2020. As of December 31, 2021, there was approximately \$0.7 million remaining for additional share repurchases under the 2017 authorization.

Additionally, in the nine months ended December 31, 2021, and December 31, 2020, the Company repurchased 48,812 and 65,488 shares of Class A Common Stock, respectively, from certain employees that were surrendered to satisfy the minimum statutory tax withholding obligations on the vesting of restricted stock, RSUs. These repurchases were not included in the authorized share repurchase programs and had a weighted-average purchase price of \$0.82 and \$0.81 per share, respectively.

## Note 15. Intangible Assets

Intangible assets include customer relationships, trade names, developed technology, product licensing rights, and other intangibles. Intangible assets with determinable lives are amortized over their estimated useful lives. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value.

During the quarter ended September 30, 2020, the Company determined there were indications of impairment on the intangible assets primarily due to the duration of the COVID-19, which had delayed construction projects impacting the amount and timing of revenue. The Company performed the recoverability test described above and concluded the carrying amounts were recoverable. There was no intangible asset impairment during the nine months ended December 31, 2021, or the nine months ended December 31, 2020.

The summary of amortization expense in the condensed consolidated statement of operations is as follows:

(in thousands)	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Cost of revenue	\$ —	\$ 39	\$ —	\$ 118
Operating expense	191	226	574	677
Total	\$ 191	\$ 265	\$ 574	\$ 795

The following table presents details of the Company's intangibles from historical acquisitions and the Agreement:

(in thousands)	December 31, 2021			March 31, 2021		
	Gross Carrying Amount	Accumulated Amortization and Impairment	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization and Impairment	Net Carrying Amount
Backlog	\$ 1,530	\$ (1,530)	\$ —	\$ 1,530	\$ (1,530)	\$ —
Customer relationships	23,260	(22,770)	490	23,260	(22,428)	832
Licensing agreement	1,950	(1,950)	—	1,950	(1,950)	—
Product technology	45,195	(45,117)	78	45,195	(44,885)	310
Non-compete	510	(510)	—	510	(510)	—
Trade name and trademark	1,473	(1,473)	—	1,473	(1,473)	—
Total finite-lived intangible assets, net	\$ 73,918	\$ (73,350)	\$ 568	\$ 73,918	\$ (72,776)	\$ 1,142

The following is the expected future amortization by fiscal year:

(in thousands)	2022 <sup>(1)</sup>	2023	2024	2025	2026	Thereafter
Intangible amortization expense	\$ 192	\$ 376	\$ —	\$ —	\$ —	\$ —

<sup>(1)</sup> Represents the future intangible amortization expense expected to be made over the remaining balance of the fiscal year.

#### Note 16. Accrued Expenses

The components of accrued expenses are as follows:

(in thousands)	December 31, 2021	March 31, 2021
Accrued compensation	\$ 1,175	\$ 941
Accrued contractual obligation	1,445	1,445
Current operating lease liability	464	450
Other accrued expenses	812	529
Total accrued expenses	\$ 3,896	\$ 3,365

#### Note 17. Land, Property, and Equipment

Long-lived assets consist of land, property and equipment. Long-lived assets that are held and used should be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the long-lived assets might not be recoverable. There was no long-lived asset impairment during the nine months ended December 30, 2021, or December 31, 2020.

During the quarter ended June 30, 2021, the Company entered into an agreement and sold the remaining 12 acres of land for \$750,000. This sale resulted in a net gain of approximately \$35,000 after commissions and other fees. The gain on the sale of the land is presented on the Condensed Consolidated Statements of Operations within Other income (expense), net for the nine months ended December 31, 2021.

The components of fixed assets are as follows:

(in thousands)	December 31, 2021	March 31, 2021
Land	\$ —	\$ 672
Machinery and equipment	1,362	1,430
Office, computer and research equipment	4,846	4,804
Leasehold improvements	793	788
Land, property and equipment, gross	7,001	7,694
Less accumulated depreciation and amortization	(6,838)	(6,779)
Land, property and equipment, net	\$ 163	\$ 915