

# 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: June 30, 2022 (the "Reporting Period")

As of June 30, 2022 (the current reporting period), the number of shares outstanding of our Class A Common Stock was: 8,000,259 and the number of shares outstanding of our Class B Common Stock was: 3,484,287.

As of March 31, 2022, (the previous reporting period), the number of shares outstanding of our Class A Common Stock was: 7,705,826 and the number of shares outstanding of our Class B Common Stock was: 3,484,287.

As of March 31, 2022, (the most recent completed fiscal year end date), the number of shares outstanding of our Class A Common Stock was: 7,705,826 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 in October 1995 and previously formally known as R-COM, INC. – Name changed in November 1992.)

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: June 30, 2022  
Total shares outstanding: 8,000,259 as of date: June 30, 2022  
Number of shares in the Public Float<sup>2</sup>: 6,922,139 as of date: June 30, 2022  
Total number of shareholders of record: 79 for Class A Common Stock as of date: June 30, 2022 and 4 for Class B Common Stock as of date: June 30, 2022

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

<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.

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:

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: June 30, 2022  
Total shares outstanding: 3,484,287 as of date: June 30, 2022

(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: June 30, 2022  
Total shares outstanding: None as of date: June 30, 2022

#### 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:<br>Opening Balance<br>Date <u>03/31/2020</u> Class A Common: <u>12,224,450</u><br>Class B Common: <u>3,484,287</u><br>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>4/1/2020</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>                      |
| <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>                      |

| 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>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>                      |

| 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>12/19/2021</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>                      |
| <u>01/19/2022</u>   | <u>New issuance</u>                                                             | <u>10,000</u>                          | <u>Class A</u>      | <u>\$1.36</u>                                         | <u>No</u>                                                                              | <u>Employee(s)</u>                                                                                                   | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>01/19/2022</u>   | <u>Shares returned to Treasury</u>                                              | <u>(3,460)</u>                         | <u>Class A</u>      | <u>\$1.36</u>                                         | <u>No</u>                                                                              | <u>Employee(s)</u>                                                                                                   | <u>Repurchase for tax withholdings</u>                                                        | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>March 2022</u>   | <u>Shares returned to Treasury</u>                                              | <u>(3,964)</u>                         | <u>Class A</u>      | <u>\$1.33</u>                                         | <u>No</u>                                                                              | <u>Open Market Class A Purchase</u>                                                                                  | <u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>                                | <u>Unrestricted</u>                           | <u>(3) (4)</u>                  |
| <u>4/1/2022</u>     | <u>New issuance</u>                                                             | <u>34,013</u>                          | <u>Class A</u>      | <u>\$1.30</u>                                         | <u>No</u>                                                                              | <u>Timothy L. Duitsman</u>                                                                                           | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>4/1/2022</u>     | <u>New issuance</u>                                                             | <u>21,667</u>                          | <u>Class A</u>      | <u>\$1.30</u>                                         | <u>No</u>                                                                              | <u>Jeniffer L. Jaynes</u>                                                                                            | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>4/1/2022</u>     | <u>Shares returned to Treasury</u>                                              | <u>(7,496)</u>                         | <u>Class A</u>      | <u>\$1.30</u>                                         | <u>No</u>                                                                              | <u>Jeniffer L. Jaynes</u>                                                                                            | <u>Repurchase for tax withholdings</u>                                                        | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>4/1/2022</u>     | <u>New issuance</u>                                                             | <u>15,000</u>                          | <u>Class A</u>      | <u>\$1.30</u>                                         | <u>No</u>                                                                              | <u>Jesse Swartwood</u>                                                                                               | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>4/1/2022</u>     | <u>Shares returned to Treasury</u>                                              | <u>(5,190)</u>                         | <u>Class A</u>      | <u>\$1.30</u>                                         | <u>No</u>                                                                              | <u>Jesse Swartwood</u>                                                                                               | <u>Repurchase for tax withholdings</u>                                                        | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>4/1/2022</u>     | <u>New issuance</u>                                                             | <u>29,000</u>                          | <u>Class A</u>      | <u>\$1.30</u>                                         | <u>No</u>                                                                              | <u>Employee(s)</u>                                                                                                   | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>4/1/2022</u>     | <u>Shares returned to Treasury</u>                                              | <u>(10,099)</u>                        | <u>Class A</u>      | <u>\$1.30</u>                                         | <u>No</u>                                                                              | <u>Employee(s)</u>                                                                                                   | <u>Repurchase for tax withholdings</u>                                                        | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>April 2022</u>   | <u>Shares returned to Treasury</u>                                              | <u>(21,324)</u>                        | <u>Class A</u>      | <u>\$1.26</u>                                         | <u>No</u>                                                                              | <u>Open Market Class A Purchase</u>                                                                                  | <u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>                                | <u>Unrestricted</u>                           | <u>(3) (5)</u>                  |
| <u>May 2022</u>     | <u>Shares returned to Treasury</u>                                              | <u>(11,953)</u>                        | <u>Class A</u>      | <u>\$1.24</u>                                         | <u>No</u>                                                                              | <u>Open Market Class A Purchase</u>                                                                                  | <u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>                                | <u>Unrestricted</u>                           | <u>(3) (6)</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>6/1/2022</u>     | <u>New issuance</u>                                                             | <u>34,364</u>                          | <u>Class A</u>      | <u>\$1.18</u>                                         | <u>No</u>                                                                              | <u>Timothy L. Duitsman</u>                                                                                           | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/1/2022</u>     | <u>New issuance</u>                                                             | <u>21,477</u>                          | <u>Class A</u>      | <u>\$1.18</u>                                         | <u>No</u>                                                                              | <u>Jeniffer L. Jaynes</u>                                                                                            | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/1/2022</u>     | <u>Shares returned to Treasury</u>                                              | <u>(6,835)</u>                         | <u>Class A</u>      | <u>\$1.18</u>                                         | <u>No</u>                                                                              | <u>Jeniffer L. Jaynes</u>                                                                                            | <u>Repurchase for tax withholdings</u>                                                        | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/1/2022</u>     | <u>New issuance</u>                                                             | <u>12,886</u>                          | <u>Class A</u>      | <u>\$1.18</u>                                         | <u>No</u>                                                                              | <u>Jesse Swartwood</u>                                                                                               | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/1/2022</u>     | <u>Shares returned to Treasury</u>                                              | <u>(4,458)</u>                         | <u>Class A</u>      | <u>\$1.18</u>                                         | <u>No</u>                                                                              | <u>Jesse Swartwood</u>                                                                                               | <u>Repurchase for tax withholdings</u>                                                        | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/1/2022</u>     | <u>New issuance</u>                                                             | <u>36,681</u>                          | <u>Class A</u>      | <u>\$1.18</u>                                         | <u>No</u>                                                                              | <u>Employee(s)</u>                                                                                                   | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/1/2022</u>     | <u>Shares returned to Treasury</u>                                              | <u>(12,470)</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>(2)</u>                      |
| <u>6/10/2022</u>    | <u>New issuance</u>                                                             | <u>81,881</u>                          | <u>Class A</u>      | <u>\$1.22</u>                                         | <u>No</u>                                                                              | <u>Timothy L. Duitsman</u>                                                                                           | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/10/2022</u>    | <u>New issuance</u>                                                             | <u>33,434</u>                          | <u>Class A</u>      | <u>\$1.22</u>                                         | <u>No</u>                                                                              | <u>Jeniffer L. Jaynes</u>                                                                                            | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/10/2022</u>    | <u>Shares returned to Treasury</u>                                              | <u>(9,560)</u>                         | <u>Class A</u>      | <u>\$1.22</u>                                         | <u>No</u>                                                                              | <u>Jeniffer L. Jaynes</u>                                                                                            | <u>Repurchase for tax withholdings</u>                                                        | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/10/2022</u>    | <u>New issuance</u>                                                             | <u>56,292</u>                          | <u>Class A</u>      | <u>\$1.22</u>                                         | <u>No</u>                                                                              | <u>Jesse Swartwood</u>                                                                                               | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/10/2022</u>    | <u>Shares returned to Treasury</u>                                              | <u>(16,618)</u>                        | <u>Class A</u>      | <u>\$1.22</u>                                         | <u>No</u>                                                                              | <u>Jesse Swartwood</u>                                                                                               | <u>Repurchase for tax withholdings</u>                                                        | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/10/2022</u>    | <u>New issuance</u>                                                             | <u>64,437</u>                          | <u>Class A</u>      | <u>\$1.22</u>                                         | <u>No</u>                                                                              | <u>Employee(s)</u>                                                                                                   | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/10/2022</u>    | <u>Shares returned to Treasury</u>                                              | <u>(22,386)</u>                        | <u>Class A</u>      | <u>\$1.22</u>                                         | <u>No</u>                                                                              | <u>Employee(s)</u>                                                                                                   | <u>Repurchase for tax withholdings</u>                                                        | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/26/2022</u>    | <u>New issuance</u>                                                             | <u>5,000</u>                           | <u>Class A</u>      | <u>\$1.12</u>                                         | <u>No</u>                                                                              | <u>Employee(s)</u>                                                                                                   | <u>Employee Compensation</u>                                                                  | <u>Unrestricted</u>                           | <u>(2)</u>                      |
| <u>6/26/2022</u>    | <u>Shares returned to Treasury</u>                                              | <u>(1,757)</u>                         | <u>Class A</u>      | <u>\$1.12</u>                                         | <u>No</u>                                                                              | <u>Employee(s)</u>                                                                                                   | <u>Repurchase for tax withholdings</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. |
|--------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------|---------------------|-------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------------------|
| June 2022                                  | Shares returned to Treasury                                                     | (21,553)                               | Class A             | \$1.11                                                | No                                                                                     | Open Market Class A Purchase                                                                                         | Repurchase pursuant to the rule 10b5-1(c) purchase plan                                       | Unrestricted                                  | (3) (7)                         |
| Shares Outstanding on Date of This Report: |                                                                                 |                                        |                     |                                                       |                                                                                        |                                                                                                                      |                                                                                               |                                               |                                 |
| <u>Ending Balance:</u>                     |                                                                                 |                                        |                     |                                                       |                                                                                        |                                                                                                                      |                                                                                               |                                               |                                 |
| Date <u>June 30, 2022</u>                  |                                                                                 |                                        |                     |                                                       |                                                                                        |                                                                                                                      |                                                                                               |                                               |                                 |
| Class A Common: <u>8,000,259</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 the date of grant. See Notes 7 and 13 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.
- (3) In May 2017, the Board of Directors authorized a share repurchase program whereby the Company could repurchase up to an additional aggregate of \$2.0 million of its outstanding Class A Common Stock. There was approximately \$0.6 million remaining under the May 2017 authorization as of June 30, 2022. These shares were purchased pursuant to the rule 10b5-1(c) purchase plan.
- (4) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from \$1.2982 to \$1.3704 per share. Upon request of the OTC staff, the issuer or a stockholder, the reporting entity will provide full information regarding the number of shares purchased at each separate price.
- (5) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from \$1.1995 to \$1.3933 per share. Upon request of the OTC staff, the issuer or a stockholder, the reporting entity will provide full information regarding the number of shares purchased at each separate price.
- (6) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from \$1.2100 to \$1.2840 per share. Upon request of the OTC staff, the issuer or a stockholder, the reporting entity will provide full information regarding the number of shares purchased at each separate price.
- (7) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from \$1.0500 to \$1.2740 per share. Upon request of the OTC staff, the issuer or a stockholder, the reporting entity will provide full information regarding the number of shares purchased at each separate price.

## 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

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.

<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.

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 public safety and cellular coverage in stadiums, arenas, malls, buildings, and other indoor areas not served well by the existing outdoor radio network. For the public safety market, solutions include Class A repeaters, Class B repeaters, VHF/UHF repeaters, distributed antenna systems ("DAS"), and battery backup units. For cellular service, solutions include indoor and outdoor DAS systems. IBW also offers passive signal distribution, attenuation solutions, protection products, and antennas for both the public safety and cellular 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 panels, and fiber access products.

**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 | 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          | 2024        | IBW     |

During fiscal year 2022, 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, 2024.

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.

## 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>2.6%</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>381,123</u>         | <u>Class A Common Stock</u> | <u>4.8%</u>                                 | —                                           | (1), (2)               |
| Jeniffer L. Jaynes                         | CFO, Treasurer and Secretary                                                  | <u>Aurora, IL</u>                       | <u>110,275</u>         | <u>Class A Common Stock</u> | <u>1.4%</u>                                 | —                                           | (1), (2)               |
| Jesse Swartwood                            | SVP, Worldwide Sales                                                          | <u>Saint Charles, IL</u>                | <u>131,352</u>         | <u>Class A Common Stock</u> | <u>1.6%</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>6.4%</u>                                 | —                                           | (1), (2), and (7)      |

- (1) Percentage of beneficial ownership is based on 8,000,259 shares of Class A Common Stock and 3,484,287 shares of Class B Common Stock outstanding as of June 30, 2022.
- (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. Foscett is trustee and has sole voting and dispositive power. Mr. Foscett 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. Foscett, 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, Foscett 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. Foscett. The address for Messrs. Penny, Foscett and McDonough is Robert W. Foscett, 1035 Pearl St. #400, Boulder, Colorado 80302.
- (6) As of June 30, 2022, Robert C. Penny III, Robert W. Foscett 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 59.0% 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, Foscett and McDonough, as trustees of the Voting Trust and other trusts, control 64.2% 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 (the "Transaction"). 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. In April 2022, a second complaint was filed on behalf of two putative classes against the same parties concerning the Transaction. In May 2022, the plaintiffs in the second suit filed a motion to consolidate the two actions. The Company and other defendants to the lawsuits 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 these matters as of June 30, 2022.

A significant customer is a defendant in a 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 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 timeframe for appeal of denial of the second summary judgement motion has lapsed, and accordingly, the litigation has concluded. The Company has recently received notice from the customer that they intend to seek \$273,000 as the Company's share of litigation defense costs from June 2019 to the conclusion of litigation. (The Company has a release as to all defense costs incurred prior to June 2019.) The Company is seeking additional information to fully evaluate the merits of the claim in order to determine potential exposure, which will vary from a high of the asked-for amount to some lower figure, which we cannot determine with certainty at this point. The merits of the claim depend on the Company's contribution ratio and the reasonableness of the defense costs allegedly incurred by the customer. 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 (No Third Party Provider)

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.

August 12, 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.

August 12, 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)   |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|
|                                                                                                                                                                   | June 30, 2022 | March 31, 2022 |
| <b>Assets</b>                                                                                                                                                     |               |                |
| Current assets:                                                                                                                                                   |               |                |
| Cash and cash equivalents                                                                                                                                         | \$ 5,725      | \$ 14,961      |
| Short-term investments                                                                                                                                            | 5,938         | —              |
| Accounts receivable (net of allowance of \$100 at both June 30, 2022, and March 31, 2022)                                                                         | 7,701         | 6,547          |
| Inventories                                                                                                                                                       | 13,250        | 11,799         |
| Prepaid expenses and other current assets                                                                                                                         | 2,141         | 1,985          |
| Total current assets                                                                                                                                              | 34,755        | 35,292         |
| Non-current assets:                                                                                                                                               |               |                |
| Land, property and equipment, net                                                                                                                                 | 119           | 129            |
| Intangible assets, net                                                                                                                                            | 282           | 376            |
| Right-of-use assets on operating leases, net                                                                                                                      | 1,858         | 1,989          |
| Other non-current assets                                                                                                                                          | 85            | 86             |
| Total assets                                                                                                                                                      | \$ 37,099     | \$ 37,872      |
| <b>Liabilities and Stockholders' Equity</b>                                                                                                                       |               |                |
| Current liabilities:                                                                                                                                              |               |                |
| Accounts payable                                                                                                                                                  | \$ 4,435      | \$ 4,839       |
| Accrued expenses                                                                                                                                                  | 2,049         | 3,977          |
| Deferred revenue                                                                                                                                                  | 752           | 921            |
| Total current liabilities                                                                                                                                         | 7,236         | 9,737          |
| Non-current liabilities:                                                                                                                                          |               |                |
| Deferred revenue non-current                                                                                                                                      | 166           | 142            |
| Lease liabilities non-current                                                                                                                                     | 1,285         | 1,422          |
| Other non-current liabilities                                                                                                                                     | 138           | 141            |
| Total liabilities                                                                                                                                                 | 8,825         | 11,442         |
| Commitments and contingencies (see Note 11)                                                                                                                       |               |                |
| Stockholders' equity:                                                                                                                                             |               |                |
| Class A common stock, par \$0.01, Authorized – 109,000,000 shares Outstanding – 8,000,259 and 7,705,826 shares at June 30, 2022, and March 31, 2022, respectively | 80            | 77             |
| Class B common stock, par \$0.01, Authorized – 25,000,000 shares Issued and outstanding – 3,484,287 shares at both June 30, 2022, and March 31, 2022              | 35            | 35             |
| Preferred stock, par \$0.01, Authorized – 1,000,000 shares Issued and outstanding – none                                                                          | —             | —              |
| Additional paid-in capital                                                                                                                                        | 420,704       | 420,587        |
| Treasury stock at cost – 10,377,688 and 10,225,989 shares at June 30, 2022, and March 31, 2022, respectively                                                      | (44,792)      | (44,608)       |
| Accumulated deficit                                                                                                                                               | (347,753)     | (349,661)      |
| Total stockholders' equity                                                                                                                                        | 28,274        | 26,430         |
| Total liabilities and stockholders' equity                                                                                                                        | \$ 37,099     | \$ 37,872      |

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)

|                                                                                                                                   | <b>Three Months Ended June 30,</b> |               |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------|
|                                                                                                                                   | <b>2022</b>                        | <b>2021</b>   |
| Revenue                                                                                                                           | \$ 11,090                          | \$ 8,136      |
| Cost of revenue                                                                                                                   | 7,110                              | 4,899         |
| Gross profit                                                                                                                      | 3,980                              | 3,237         |
| <b>Operating expenses</b>                                                                                                         |                                    |               |
| Research and development                                                                                                          | 1,024                              | 957           |
| Sales and marketing                                                                                                               | 1,409                              | 1,251         |
| General and administrative                                                                                                        | 948                                | 831           |
| Intangibles amortization                                                                                                          | 94                                 | 191           |
| Total operating expenses                                                                                                          | 3,475                              | 3,230         |
| <b>Operating income</b>                                                                                                           | <b>505</b>                         | <b>7</b>      |
| Other income (expense), net                                                                                                       | 1,456                              | 301           |
| <b>Income before income taxes</b>                                                                                                 | <b>1,961</b>                       | <b>308</b>    |
| Income tax (expense) benefit                                                                                                      | (53)                               | (3)           |
| Net income from continuing operations                                                                                             | 1,908                              | 305           |
| Discontinued operations (Note 1)                                                                                                  |                                    |               |
| Income from discontinued operations, net of tax expense of \$2 in the three months ended June 30, 2021                            | —                                  | 81            |
| <b>Net income <sup>(1)</sup></b>                                                                                                  | <b>\$ 1,908</b>                    | <b>\$ 386</b> |
| <b>Basic net income per share:</b>                                                                                                |                                    |               |
| Basic net income per share from continuing operations                                                                             | \$ 0.17                            | \$ 0.03       |
| Basic net income per share from discontinued operations                                                                           | —                                  | —             |
| Basic net income per share                                                                                                        | \$ 0.17                            | \$ 0.03       |
| <b>Diluted net income per share:</b>                                                                                              |                                    |               |
| Diluted net income per share from continuing operations                                                                           | \$ 0.16                            | \$ 0.03       |
| Diluted net income per share from discontinued operations                                                                         | —                                  | —             |
| Diluted net income per share                                                                                                      | \$ 0.16                            | \$ 0.03       |
| <b>Weighted-average number of shares outstanding:</b>                                                                             |                                    |               |
| Basic                                                                                                                             | 11,249                             | 11,081        |
| Effect of dilutive securities: restricted stock, restricted stock units, performance stock units and stock options <sup>(2)</sup> | 408                                | 27            |
| Diluted                                                                                                                           | 11,657                             | 11,108        |

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

<sup>(2)</sup> The Company has 0.4 million shares represented by common stock equivalents for both the three months ended June 30, 2022, and 2021, which were not included in the computation of average dilutive shares outstanding because they were 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<br>Stock<br>Class A | Common<br>Stock<br>Class B | Additional<br>Paid-in<br>Capital | Treasury<br>Stock  | Accumulated<br>Deficit | Total<br>Stockholders'<br>Equity |
|--------------------------------|----------------------------|----------------------------|----------------------------------|--------------------|------------------------|----------------------------------|
| <b>Balance, March 31, 2022</b> | <b>\$ 77</b>               | <b>\$ 35</b>               | <b>\$ 420,587</b>                | <b>\$ (44,608)</b> | <b>\$ (349,661)</b>    | <b>\$ 26,430</b>                 |
| Net income                     | —                          | —                          | —                                | —                  | 1,908                  | 1,908                            |
| Common stock issued            | 4                          | —                          | (4)                              | —                  | —                      | —                                |
| Purchase of treasury stock     | (1)                        | —                          | —                                | (184)              | —                      | (185)                            |
| Stock-based compensation       | —                          | —                          | 121                              | —                  | —                      | 121                              |
| <b>Balance, June 30, 2022</b>  | <b>80</b>                  | <b>35</b>                  | <b>420,704</b>                   | <b>(44,792)</b>    | <b>(347,753)</b>       | <b>28,274</b>                    |
|                                | Common<br>Stock<br>Class A | Common<br>Stock<br>Class B | Additional<br>Paid-in<br>Capital | Treasury<br>Stock  | Accumulated<br>Deficit | Total<br>Stockholders'<br>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                     | —                          | —                          | —                                | —                  | 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>                    |

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)

|                                                                           | Three months ended June 30, |                  |
|---------------------------------------------------------------------------|-----------------------------|------------------|
|                                                                           | 2022                        | 2021             |
| Cash flows from operating activities:                                     |                             |                  |
| Net income                                                                | \$ 1,908                    | \$ 386           |
| Reconciliation of net loss to net cash used in operating activities:      |                             |                  |
| Depreciation and amortization                                             | 125                         | 232              |
| Stock-based compensation                                                  | 121                         | 64               |
| Gain on sale of land                                                      | —                           | (35)             |
| Gain on settlement receivable for inventory and equipment damaged in fire | —                           | (259)            |
| Non-cash gain reversal of accrued contractual obligation                  | (1,445)                     | —                |
| Exchange rate loss (gain)                                                 | 3                           | 2                |
| Changes in assets and liabilities:                                        |                             |                  |
| Accounts receivable                                                       | (1,157)                     | (458)            |
| Inventories                                                               | (1,451)                     | 255              |
| Prepaid expenses and other current assets                                 | (156)                       | 130              |
| Other assets                                                              | 132                         | 127              |
| Deferred revenue                                                          | (145)                       | (237)            |
| Accounts payable and accrued expenses                                     | (1,027)                     | (265)            |
| Net cash provided by (used in) operating activities                       | <u>(3,092)</u>              | <u>(58)</u>      |
| Cash flows from investing activities:                                     |                             |                  |
| Purchases of held-to-maturity short-term debt securities                  | (5,938)                     | —                |
| Proceeds from sale of land                                                | —                           | 704              |
| Purchases of property and equipment                                       | (21)                        | (19)             |
| Net cash provided by (used in) investing activities                       | <u>(5,959)</u>              | <u>685</u>       |
| Cash flows from financing activities:                                     |                             |                  |
| Purchases of treasury stock                                               | (185)                       | (37)             |
| Net cash provided by (used in) financing activities                       | <u>(185)</u>                | <u>(37)</u>      |
| Net increase (decrease) in cash and cash equivalents                      | (9,236)                     | 590              |
| Cash and cash equivalents, beginning of period                            | 14,961                      | 16,884           |
| Cash and cash equivalents, end of period                                  | <u>\$ 5,725</u>             | <u>\$ 17,474</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 variants 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.

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 4 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 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 for the year ended March 31, 2022. 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 June 30, 2022, 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 2023.

### **Short-term investments**

Investments with an original maturity greater than three months, but less than one year are carried at cost and reported as Short-term investments on the Condensed Consolidated Balance Sheets. The Company invests in debt instruments consisting of U.S. treasury bonds. The treasury bonds are classified as held-to-maturity and are carried at amortized cost. Short-term investments were \$5.9 million as of June 30, 2022. There were no short-term investments as of March 31, 2022. The fair value of short-term investments approximates their carrying amounts due to the short-term nature of these financial assets and therefore there are no unrecognized gains or losses. The Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases.

### *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 three months ended June 30, 2021, the Company received settlement payments of \$83,000 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 reported on the Quarterly Report that was filed on August 5, 2021. This amount and the associated tax impact have been reclassified to discontinued operations in the current Quarterly report to conform with the presentation in the March 31, 2022 audited financial statements. 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 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.

## 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 June 30, 2022, consisted of the following (in thousands):

| <b>Fiscal Year</b>                | <b>Operating Leases</b> |
|-----------------------------------|-------------------------|
| 2023 <sup>(1)</sup>               | \$ 406                  |
| 2024                              | 621                     |
| 2025                              | 615                     |
| 2026                              | 276                     |
| 2027                              | —                       |
| Thereafter                        | —                       |
| Total lease payments              | 1,918                   |
| Less: imputed interest            | (141)                   |
| Total operating lease liabilities | <u>\$ 1,777</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 June 30, 2022, the weighted-average remaining lease term was 3.3 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 June 30, 2022 |            | Three months ended June 30, 2021 |            |
|-------------------------------------------|----------------------------------|------------|----------------------------------|------------|
| Operating lease expense                   | \$                               | 152        | \$                               | 152        |
| Variable lease expense <sup>(1)</sup>     |                                  | 56         |                                  | 52         |
| <b>Total lease expense <sup>(2)</sup></b> | <b>\$</b>                        | <b>208</b> | <b>\$</b>                        | <b>204</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.

For each of the three months ended June 30, 2022, and June 30, 2021, cash paid for operating leases included in the measurement of lease liabilities was \$0.2 million. 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 June 30, 2022, and March 31, 2022:

| (in thousands)                          | June 30, 2022 |              | March 31, 2022 |              | Balance Sheet Classification                 |
|-----------------------------------------|---------------|--------------|----------------|--------------|----------------------------------------------|
| <b>Assets:</b>                          |               |              |                |              |                                              |
| ROU assets                              | \$            | 1,858        | \$             | 1,989        | Right-of-use assets on operating leases, net |
| <b>Liabilities:</b>                     |               |              |                |              |                                              |
| Current operating lease liability       |               | 492          |                | 484          | Accrued expenses                             |
| Non-current operating lease liabilities |               | 1,285        |                | 1,422        | Lease liabilities non-current                |
| <b>Total lease liabilities</b>          | <b>\$</b>     | <b>1,777</b> | <b>\$</b>      | <b>1,906</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 June 30, |               |           |              |
|----------------------|-----------------------------|---------------|-----------|--------------|
|                      | 2022                        |               | 2021      |              |
| <b>Revenue:</b>      |                             |               |           |              |
| Products             | \$                          | 9,540         | \$        | 6,867        |
| Software             |                             | 170           |           | 3            |
| Services             |                             | 1,380         |           | 1,266        |
| <b>Total revenue</b> | <b>\$</b>                   | <b>11,090</b> | <b>\$</b> | <b>8,136</b> |

The following is the expected future revenue recognition timing of deferred revenue as of June 30, 2022:

| (in thousands)   | Deferred Revenue |           |           |
|------------------|------------------|-----------|-----------|
|                  | < 1 year         | 1-2 years | > 2 years |
| Deferred Revenue | \$ 752           | \$ 63     | \$ 103    |

During each of the three months ended June 30, 2022, and June 30, 2021, the Company recognized \$0.4 million 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 approximately \$0.1 million at both June 30, 2022, and March 31, 2022. The products return liability was \$0.1 million and \$0.2 million at June 30, 2022, and March 31, 2022, respectively.

#### **Note 4. *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 Families First Coronavirus Response Act (“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 Sheets as of June 30, 2022 and March 31, 2022.

#### **Note 5. *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 for year ended March 31, 2022, and as updated in this filing.

The Company’s three reportable segments are as follows:

##### *In-Building Wireless (“IBW”) Segment*

IBW segment solutions enable public safety and cellular coverage in stadiums, arenas, malls, buildings, and other indoor areas not served well by the existing outdoor radio network. For the public safety market, solutions include Class A repeaters, Class B repeaters, VHF/UHF repeaters, distributed antenna systems (“DAS”), and battery backup units. For cellular service, solutions include indoor and outdoor DAS systems. IBW also offers passive signal distribution, attenuation solutions, protection products, and antennas for both the public safety and cellular 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, and fiber access products.

Segment information for the three months ended June 30, 2022, and 2021, is set forth below:

| (in thousands)                        | Three months ended June 30, 2022 |          |          |           |
|---------------------------------------|----------------------------------|----------|----------|-----------|
|                                       | IBW                              | ISM      | CNS      | Total     |
| Revenue                               | \$ 2,132                         | \$ 5,155 | \$ 3,803 | \$ 11,090 |
| Cost of revenue                       | 1,494                            | 2,803    | 2,813    | 7,110     |
| Gross profit                          | 638                              | 2,352    | 990      | 3,980     |
| Gross margin                          | 29.9%                            | 45.6%    | 26.0%    | 35.9%     |
| Research and development              | 289                              | 494      | 241      | 1,024     |
| Segment profit                        | \$ 349                           | \$ 1,858 | \$ 749   | 2,956     |
| Operating expenses:                   |                                  |          |          |           |
| Sales and marketing                   |                                  |          |          | 1,409     |
| General and administrative            |                                  |          |          | 948       |
| Intangible amortization               |                                  |          |          | 94        |
| Operating profit                      |                                  |          |          | 505       |
| Other income (expense), net           |                                  |          |          | 1,456     |
| Income tax benefit (expense)          |                                  |          |          | (53)      |
| Net income from continuing operations |                                  |          |          | \$ 1,908  |

| (in thousands)                        | Three months ended June 30, 2021 |          |          |          |
|---------------------------------------|----------------------------------|----------|----------|----------|
|                                       | IBW                              | ISM      | CNS      | Total    |
| Revenue                               | \$ 2,756                         | \$ 3,496 | \$ 1,884 | \$ 8,136 |
| Cost of revenue                       | 1,837                            | 1,599    | 1,463    | 4,899    |
| Gross profit                          | 919                              | 1,897    | 421      | 3,237    |
| Gross margin                          | 33.3%                            | 54.3%    | 22.3%    | 39.8%    |
| Research and development              | 326                              | 459      | 172      | 957      |
| Segment profit                        | \$ 593                           | \$ 1,438 | \$ 249   | 2,280    |
| Operating expenses:                   |                                  |          |          |          |
| Sales and marketing                   |                                  |          |          | 1,251    |
| General and administrative            |                                  |          |          | 831      |
| Intangible amortization               |                                  |          |          | 191      |
| Operating profit                      |                                  |          |          | 7        |
| Other income (expense), net           |                                  |          |          | 301      |
| Income tax benefit (expense)          |                                  |          |          | (3)      |
| Net income from continuing operations |                                  |          |          | \$ 305   |

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

## Note 6. 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)    | June 30, 2022 |        | March 31, 2022 |        |
|-------------------|---------------|--------|----------------|--------|
| Raw materials     | \$            | 5,737  | \$             | 4,165  |
| Finished goods    |               | 7,513  |                | 7,634  |
| Total inventories | \$            | 13,250 | \$             | 11,799 |

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 7. 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 months ended June 30, 2022, and 2021:

| (in thousands)                                      | Three months ended June 30, |       |
|-----------------------------------------------------|-----------------------------|-------|
|                                                     | 2022                        | 2021  |
| Stock-based compensation expense                    | \$ 121                      | \$ 64 |
| Income tax benefit                                  | —                           | —     |
| Total stock-based compensation expense, after taxes | \$ 121                      | \$ 64 |

## Stock Options

Stock option activity for the three months ended June 30, 2022, is as follows:

|                               | Shares         | Weighted-Average Exercise Price Per | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (in thousands) |
|-------------------------------|----------------|-------------------------------------|--------------------------------------------------------|------------------------------------------|
| Outstanding on March 31, 2022 | 216,562        | \$ 1.80                             | 3.5                                                    | \$ —                                     |
| Granted                       | —              | —                                   |                                                        |                                          |
| Exercised                     | —              | —                                   |                                                        |                                          |
| Forfeited                     | —              | —                                   |                                                        |                                          |
| Expired                       | —              | —                                   |                                                        |                                          |
| Outstanding on June 30, 2022  | <u>216,562</u> | \$ 1.80                             | 3.2                                                    | \$ —                                     |

<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 three months ended June 30, 2022:

|                                 | Shares        | Weighted-Average Grant Date Fair Value |
|---------------------------------|---------------|----------------------------------------|
| Non-vested as of March 31, 2022 | 22,570        | \$ 1.11                                |
| Granted                         | —             | —                                      |
| Vested                          | —             | —                                      |
| Forfeited                       | —             | —                                      |
| Non-vested as of June 30, 2022  | <u>22,570</u> | \$ 1.11                                |

## RSUs

The following table sets forth the RSU activity for the three months ended June 30, 2022:

|                                 | Shares         | Weighted-Average Grant Date Fair Value |
|---------------------------------|----------------|----------------------------------------|
| Non-vested as of March 31, 2022 | 578,928        | \$ 0.87                                |
| Granted                         | 176,920        | 1.30                                   |
| Vested                          | (210,088)      | 0.91                                   |
| Forfeited                       | —              | —                                      |
| Non-vested as of June 30, 2022  | <u>545,760</u> | \$ 1.00                                |

## PSUs

During the quarter ended June 30, 2022, the continued employment provision of the PSUs lapsed. Therefore the PSUs that were earned based upon achievement of performance goals tied to growing revenue, new product development revenue, and to non-GAAP profitability targets for fiscal year 2022 vested. Upon vesting, the PSUs converted 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 three months ended June 30, 2022:

|                                 | Shares    | Weighted-Average Grant Date Fair Value |
|---------------------------------|-----------|----------------------------------------|
| Non-vested as of March 31, 2022 | 236,044   | \$ 0.78                                |
| Granted                         | —         | —                                      |
| Vested                          | (236,044) | 0.78                                   |
| Forfeited                       | —         | —                                      |
| Non-vested as of June 30, 2022  | —         | \$ —                                   |

#### Note 8. 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 \$105,000 and \$104,000 as of June 30, 2022, and March 31, 2022, respectively, and are presented on the Condensed Consolidated Balance Sheets in Accrued expenses. The non-current portions of the warranty reserves are \$80,000 and \$81,000 as of June 30, 2022, and March 31, 2022, 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 June 30, |        |
|---------------------------------------------------------------|-----------------------------|--------|
|                                                               | 2022                        | 2021   |
| Total product warranty reserve at the beginning of the period | \$ 185                      | \$ 125 |
| Warranty expense to cost of revenue                           | 21                          | 37     |
| Utilization                                                   | (21)                        | (27)   |
| Total product warranty reserve at the end of the period       | \$ 185                      | \$ 135 |

#### Note 9. 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 June 30, 2022, and March 31, 2022, 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 June 30, 2022, and June 30, 2021, was \$0.4 million and \$0.3 million, respectively. Accounts receivable from AKA was \$0.4 million and \$0.2 million as of June 30, 2022, and March 31, 2022, respectively. AKA deferred revenue, which primarily relates to maintenance contracts, was \$0.2 million as of both June 30, 2022, and March 31, 2022. 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 10. *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 June 30, 2022, the Company had net deferred tax assets of approximately \$34.4 million before a valuation allowance of \$34.4 million.

The Company recorded \$53,000 of income tax expense from continuing operations in the three months ended June 30, 2022, using an effective rate of 2.6% plus discrete items. The Company recorded \$3,000 of income tax expense from continuing operations in the three months ended June 30, 2021, using an effective rate of 1.25% plus discrete items. The effective income tax rate in both periods is impacted by the intraperiod allocation as a result of income from continuing operations, and states which base tax on gross margin and not pretax income.

## **Note 11. *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 (the "Transaction"). 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. In April 2022, a second complaint was filed on behalf of two putative classes against the same parties concerning the Transaction. In May 2022, the plaintiffs in the second suit filed a motion to consolidate the two actions. The Company and other defendants to the lawsuits 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 these matters as of June 30, 2022.

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 a 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 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 timeframe for appeal of denial of the second summary judgment motion has lapsed, and accordingly, the litigation has concluded. The Company has recently received notice from the customer that they intend to seek \$273,000 as the Company's share of litigation defense costs from June 2019 to the conclusion of litigation. (The Company has a release as to all defense costs incurred prior to June 2019.) The Company is seeking additional information to fully evaluate the merits of the claim in order to determine potential exposure, which will vary from a high of the asked-for amount to some lower figure, which we cannot determine with certainty at this point. The merits of the claim depend on the Company's contribution ratio and the reasonableness of the defense costs allegedly incurred by the customer. 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 June 30, 2022, and March 31, 2022, 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 12. 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 June 30, 2022:

| (in thousands)     | Total Fair Value<br>of Asset or<br>Liability | Quoted Prices in<br>Active Markets<br>for Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance Sheet<br>Classification |
|--------------------|----------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|---------------------------------|
| <b>Assets:</b>     |                                              |                                                                         |                                                     |                                                    |                                 |
| Money market funds | \$ 1,015                                     | \$ 1,015                                                                | —                                                   | —                                                  | Cash and cash equivalents       |

The following table presents available-for-sale securities measured at fair value on a recurring basis as of March 31, 2022:

| (in thousands)     | Total Fair Value<br>of Asset or<br>Liability | Quoted Prices in<br>Active Markets<br>for Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance Sheet<br>Classification |
|--------------------|----------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|---------------------------------|
| <b>Assets:</b>     |                                              |                                                                         |                                                     |                                                    |                                 |
| Money market funds | \$ 12,945                                    | \$ 12,945                                                               | —                                                   | —                                                  | 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.

Please see Note 1 for additional information about the Company's short-term investments that are classified as held-to-maturity.



### Note 13. Share Repurchases

#### 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”). The Company repurchased 54,830 shares under the 2017 authorization under a 10b5-1(c) purchase plan during the three months ended June 30, 2022, at a weighted-average purchase price of \$1.20 per share. There were no shares repurchased under the 2017 authorization during the three months ended June 30, 2021. As of June 30, 2022, there was approximately \$0.6 million remaining for additional share repurchases under the 2017 authorization.

Additionally, in the three months ended June 30, 2022, and June 30, 2021, the Company repurchased 96,869 and 44,790 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 \$1.23 and \$0.81 per share, respectively.

### Note 14. 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.

There was no intangible asset impairment during the three months ended June 30, 2022, or the three months ended June 30, 2021. For the three months ended June 30, 2022, and June 30, 2021, amortization expense was approximately \$94,000 and \$191,000, respectively.

The following table presents details of the Company’s intangibles from historical acquisitions and a product licensing agreement:

| (in thousands)                            | June 30, 2022         |                                         |                     | March 31, 2022        |                                         |                     |
|-------------------------------------------|-----------------------|-----------------------------------------|---------------------|-----------------------|-----------------------------------------|---------------------|
|                                           | 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                | (22,978)                                | 282                 | 23,260                | (22,884)                                | 376                 |
| Licensing agreement                       | 1,950                 | (1,950)                                 | —                   | 1,950                 | (1,950)                                 | —                   |
| Product technology                        | 45,195                | (45,195)                                | —                   | 45,195                | (45,195)                                | —                   |
| 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             | \$ (73,636)                             | \$ 282              | \$ 73,918             | \$ (73,542)                             | \$ 376              |

The following is the expected future amortization by fiscal year:

| (in thousands)                  | 2023 <sup>(1)</sup> | 2024 | 2025 | 2026 | 2027 | Thereafter |
|---------------------------------|---------------------|------|------|------|------|------------|
| Intangible amortization expense | \$ 282              | \$ — | \$ — | \$ — | \$ — | \$ —       |

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

**Note 15. Accrued Expenses**

The components of accrued expenses are as follows:

| (in thousands)                    | June 30, 2022   | March 31, 2022  |
|-----------------------------------|-----------------|-----------------|
| Accrued compensation              | \$ 778          | \$ 1,084        |
| Accrued contractual obligation    | —               | 1,445           |
| Current operating lease liability | 492             | 484             |
| Other accrued expenses            | 779             | 964             |
| Total accrued expenses            | <u>\$ 2,049</u> | <u>\$ 3,977</u> |

During the quarter ended June 30, 2022, the statute of limitation to bring a claim for the accrued contractual obligation expired. As a result, the Company reversed the estimated accrual of \$1.4 million and recorded the non-cash gain in Other income (expense), net on the Condensed Consolidated Statement of Operations.

**Note 16. 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 three months ended June 30, 2022, or June 30, 2021.

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.

The components of fixed assets are as follows:

| (in thousands)                                 | June 30, 2022 | March 31, 2022 |
|------------------------------------------------|---------------|----------------|
| Machinery and equipment                        | 1,368         | 1,362          |
| Office, computer and research equipment        | 4,690         | 4,675          |
| Leasehold improvements                         | 793           | 793            |
| Land, property and equipment, gross            | 6,851         | 6,830          |
| Less accumulated depreciation and amortization | (6,732)       | (6,701)        |
| Land, property and equipment, net              | <u>\$ 119</u> | <u>\$ 129</u>  |