Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Westell Technologies, Inc.

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Aurora, IL 60504

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SIC Code: 3661

Annual Report
For the Period Ending: March 31, 2022
(the "Reporting Period")

As of March 31, 2022 (the current 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 December 31, 2021, (the previous reporting period), the number of shares outstanding of our Class A Common Stock was: 7,703,250 and the number of shares outstanding of our Class B Common Stock was: 3,484,287.

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

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

Yes: ☐ No: ☒

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

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control[1] of the company has occurred over this reporting period:

Yes: ☐ No: ☒

[1] "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: March 31, 2022
Total shares outstanding:	7,705,826	as of date: March 31, 2022
Number of shares in the Public Float[2]:	6,888,563	as of date: March 31, 2022
Total number of shareholders of record:	77 for Class A Common Stock as of date: March 31, 2022 and 4 for Class B Common Stock as of date: March 31, 2022	

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

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

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

Trading symbol: N/A
Exact title and class of securities outstanding: Class B Common Stock(1)
CUSIP: N/A
Par or stated value: par value: $0.01 per share
Total shares authorized: 25,000,000 as of date: March 31, 2022
Total shares outstanding: 3,484,287 as of date: March 31, 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: March 31, 2022
Total shares outstanding: None as of date: March 31, 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?[3] 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: ☐

[3] 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: Opening Balance Date 03/31/2020 Class A Common: 12,224,450 Class B Common: 3,484,287 Preferred: 0	*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.**
4/1/2020	New issuance	8,334	Class A	$0.78	No	Jeniffer L. Jaynes	Employee Compensation	Unrestricted	S-8
4/1/2020	Shares returned to Treasury	(2,883)	Class A	$0.78	No	Jeniffer L. Jaynes	Repurchase for tax withholdings	Unrestricted	S-8
4/1/2020	New issuance	11,667	Class A	$0.78	No	Jesse Swartwood	Employee Compensation	Unrestricted	S-8
4/1/2020	Shares returned to Treasury	(4,036)	Class A	$0.78	No	Jesse Swartwood	Repurchase for tax withholdings	Unrestricted	S-8
4/1/2020	New issuance	72,426	Class A	$0.78	No	Employee(s)	Employee Compensation	Unrestricted	S-8
4/1/2020	Shares returned to Treasury	(24,857)	Class A	$0.78	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	S-8
4/2/2020	New issuance	3,833	Class A	$0.73	No	Jeniffer L. Jaynes	Employee Compensation	Unrestricted	S-8
4/2/2020	Shares returned to Treasury	(1,326)	Class A	$0.73	No	Jeniffer L. Jaynes	Repurchase for tax withholdings	Unrestricted	S-8
4/2/2020	New issuance	8,333	Class A	$0.73	No	Jesse Swartwood	Employee Compensation	Unrestricted	S-8
4/2/2020	Shares returned to Treasury	(2,883)	Class A	$0.73	No	Jesse Swartwood	Repurchase for tax withholdings	Unrestricted	S-8
4/2/2020	New issuance	48,338	Class A	$0.73	No	Employee(s)	Employee Compensation	Unrestricted	S-8
4/2/2020	Shares returned to Treasury	(16,621)	Class A	$0.73	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	S-8
6/26/2020	New issuance	7,666	Class A	$0.78	No	Employee(s)	Employee Compensation	Unrestricted	S-8

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.
6/26/2020	Shares returned to Treasury	(2,561)	Class A	$0.78	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	S-8
7/17/2020	New issuance	2,334	Class A	$1.18	No	Employee(s)	Employee Compensation	Unrestricted	S-8
7/17/2020	Shares returned to Treasury	(807)	Class A	$1.18	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	S-8
7/30/2020	New issuance	8,333	Class A	$1.10	No	Employee(s)	Employee Compensation	Unrestricted	S-8
7/30/2020	Shares returned to Treasury	(2,948)	Class A	$1.10	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	S-8
8/26/2020	New issuance	15,000	Class A	$1.08	No	Jeniffer L. Jaynes	Employee Compensation	Unrestricted	S-8
8/26/2020	Shares returned to Treasury	(4,340)	Class A	$1.08	No	Jeniffer L. Jaynes	Repurchase for tax withholdings	Unrestricted	S-8
9/1/2020	New issuance	33,333	Class A	$1.06	No	Timothy L. Duitsman	Employee Compensation	Unrestricted	S-8
9/17/2020	New issuance	4,999	Class A	$1.10	No	Employee(s)	Employee Compensation	Unrestricted	S-8
9/17/2020	Shares returned to Treasury	(1,481)	Class A	$1.10	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	S-8
9/29/2020	New issuance	4,032	Class A	$1.24	No	Kirk R. Brannock	Board Compensation	Unrestricted	S-8
9/29/2020	New issuance	4,032	Class A	$1.24	No	Scott C. Chandler	Board Compensation	Unrestricted	S-8
9/29/2020	New issuance	4,032	Class A	$1.24	No	Robert W. Foskett	Board Compensation	Unrestricted	S-8
9/29/2020	New issuance	4,032	Class A	$1.24	No	Robert C. Penny III	Board Compensation	Unrestricted	S-8
9/29/2020	New issuance	4,032	Class A	$1.24	No	Cary B. Wood	Board Compensation	Unrestricted	S-8

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.
9/29/2020	New issuance	4,032	Class A	$1.24	No	Mark A. Zorko	Board Compensation	Unrestricted	S-8
10/1/2020	Shares returned to Treasury	(4,884,780)	Class A	$1.48	No	Cashed out Shareholders	Share Buyback	Unrestricted	S-8
12/11/2020	Shares returned to Treasury	(4,032)	Class A	$1.24	No	Scott C. Chandler	Forfeiture due to departure from the Board prior to vesting	Unrestricted	Forfeited
12/19/2020	New issuance	2,333	Class A	$0.79	No	Employee(s)	Employee Compensation	Unrestricted	(2)
12/19/2020	Shares returned to Treasury	(745)	Class A	$0.79	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
4/1/2021	New issuance	34,013	Class A	$0.81	No	Timothy L. Duitsman	Employee Compensation	Unrestricted	(2)
4/1/2021	New issuance	21,666	Class A	$0.81	No	Jeniffer L. Jaynes	Employee Compensation	Unrestricted	(2)
4/1/2021	Shares returned to Treasury	(7,496)	Class A	$0.81	No	Jeniffer L. Jaynes	Repurchase for tax withholdings	Unrestricted	(2)
4/1/2021	New issuance	15,000	Class A	$0.81	No	Jesse Swartwood	Employee Compensation	Unrestricted	(2)
4/1/2021	Shares returned to Treasury	(5,190)	Class A	$0.81	No	Jesse Swartwood	Repurchase for tax withholdings	Unrestricted	(2)
4/1/2021	New issuance	29,700	Class A	$0.81	No	Employee(s)	Employee Compensation	Unrestricted	(2)
4/1/2021	Shares returned to Treasury	(10,341)	Class A	$0.81	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
4/2/2021	New issuance	3,834	Class A	$0.81	No	Jeniffer L. Jaynes	Employee Compensation	Unrestricted	(2)
4/2/2021	Shares returned to Treasury	(1,326)	Class A	$0.81	No	Jeniffer L. Jaynes	Repurchase for tax withholdings	Unrestricted	(2)
4/2/2021	New issuance	8,334	Class A	$0.81	No	Jesse Swartwood	Employee Compensation	Unrestricted	(2)

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.
4/2/2021	Shares returned to Treasury	(2,883)	Class A	$0.81	No	Jesse Swartwood	Repurchase for tax withholdings	Unrestricted	(2)
4/2/2021	New issuance	45,007	Class A	$0.81	No	Employee(s)	Employee Compensation	Unrestricted	(2)
4/2/2021	Shares returned to Treasury	(15,591)	Class A	$0.81	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
6/26/2021	New issuance	5,000	Class A	$0.76	No	Employee(s)	Employee Compensation	Unrestricted	(2)
6/26/2021	Shares returned to Treasury	(1,963)	Class A	$0.76	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
7/30/2021	New issuance	5,000	Class A	$0.79	No	Employee(s)	Employee Compensation	Unrestricted	(2)
7/30/2021	Shares returned to Treasury	(1,795)	Class A	$0.79	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
9/1/2021	New issuance	33,333	Class A	$0.90	No	Timothy L. Duitsman	Employee Compensation	Unrestricted	(2)
9/17/2021	New issuance	5,000	Class A	$1.05	No	Employee(s)	Employee Compensation	Unrestricted	(2)
9/17/2021	Shares returned to Treasury	(1,482)	Class A	$1.05	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
10/28/2021	New issuance	4,514	Class A	$1.11	No	Kirk R. Brannock	Board Compensation	Restricted	(2)
10/28/2021	New issuance	4,514	Class A	$1.11	No	Robert W. Foskett	Board Compensation	Restricted	(2)
10/28/2021	New issuance	4,514	Class A	$1.11	No	Robert C. Penny III	Board Compensation	Restricted	(2)
10/28/2021	New issuance	4,514	Class A	$1.11	No	Cary B. Wood	Board Compensation	Restricted	(2)
10/28/2021	New issuance	4,514	Class A	$1.11	No	Mark A. Zorko	Board Compensation	Restricted	(2)
12/19/2021	New issuance	2,334	Class A	$1.25	No	Employee(s)	Employee Compensation	Unrestricted	(2)
12/19/2021	Shares returned to Treasury	(745)	Class A	$1.25	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)

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.
01/19/2022	New issuance	10,000	Class A	$1.36	No	Employee(s)	Employee Compensation	Unrestricted	(2)
01/19/2022	Shares returned to Treasury	(3,460)	Class A	$1.36	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
March 2022	Shares returned to Treasury	(3,964)	Class A	$1.33	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (4)
Shares Outstanding on Date of This Report: Ending Balance: Date March 31, 2022 Class A Common: 7,705,826 Class B Common: 3,484,287 Preferred: 0									

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

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

(1) Stock price or value at the date of grant was equal to the market price as of the date of grant. See Notes 8 and 14 in the attached Financial Statements for additional information regarding stock-based compensation and share repurchases, respectively.

(2) Issued pursuant to an exemption from the registration requirements of the Securities Act, as provided by Rule 701, Regulation D and/or Section 4(a)(2) of the Securities Act, as applicable.

(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 $0.7 million remaining under the May 2017 authorization as of March 31, 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 transaction 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.

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)[4]:

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.

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

ISM Segment

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

CNS Segment

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

6) Issuer's Facilities

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

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

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

The Company leases the following real property:

Location	Purpose	Square footage	Termination calendar year	Segment
Aurora, IL	Corporate headquarters, office, manufacturing and distribution	83,000	2025	
Dublin, OH	Engineering design center	5,798	2025	ISM
Manchester, NH	IBW engineering test facility	2,287	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	Bloomfield Hills, MI	208,900	Class A Common Stock	2.7%	—	(1), (2), and (3) .
Robert W. Foskett	Director	Boulder, CO	73,180	Class A Common Stock	0.9%	—	(1), (2), and (6)
Robert W. Foskett	Director	Boulder, CO	3,484,287	Class B Common Stock	—	100%	(1), (2), (4), (5), and (6).
Robert C. Penny III	Director	Versailles, MO	64,430	Class A Common Stock	0.8%	—	(1), (2), and (6)
Robert C. Penny III	Director	Versailles, MO	3,237,878	Class B Common Stock	—	92.9%	(1), (2), (5), and (6)
Cary B. Wood	Director	Hinsdale, IL	54,430	Class A Common Stock	0.7%	—	(1), (2)
Mark A. Zorko	Director	Raleigh, NC	54,430	Class A Common Stock	0.7%	—	(1), (2)
Timothy L. Duitsman	President, CEO and Director	Naperville, IL	230,865	Class A Common Stock	3.0%	—	(1), (2)
Jeniffer L. Jaynes	CFO, Treasurer and Secretary	Aurora, IL	57,588	Class A Common Stock	0.7%	—	(1), (2)

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
Jesse Swartwood	SVP, Worldwide Sales	Saint Charles, IL	73,440	Class A Common Stock	1.0%	—	(1), (2)
David C. Hoeft	5% Class A Common Stockholder	San Francisco, CA	509,033	Class A Common Stock	6.6%	—	(1), (2), and (7)

(1) Percentage of beneficial ownership is based on 7,705,826 shares of Class A Common Stock and 3,484,287 shares of Class B Common Stock outstanding as of March 31, 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. Foskett is trustee and has sole voting and dispositive power. Mr. Foskett disclaims beneficial ownership of these shares.
(5) Includes 3,237,878 shares of Class B Common Stock held in the Voting Trust Agreement dated February 23, 1994, as amended (the "Voting Trust"), among Robert C. Penny III and certain members of the Penny family. Mr. Penny, Mr. Foskett, and Mr. Patrick J. McDonough, Jr. are co-trustees and have joint voting and dispositive power over all shares in the Voting Trust. Messrs. Penny, Foskett and McDonough each disclaim beneficial ownership with respect to all shares held in the Voting Trust in which they do not have a pecuniary interest. For additional information on the Voting Trust, see the Schedule 13D/A filed with the SEC on May 5, 2015. The Voting Trust contains 953,208 shares held for the benefit of Mr. Penny and 120,656 shares held for the benefit of Mr. Foskett. The address for Messrs. Penny, Foskett and McDonough is Robert W. Foskett, 1035 Pearl St. #400, Boulder, Colorado 80302
(6) As of March 31, 2022, Robert C. Penny III, Robert W. Foskett and Patrick J. McDonough, Jr., as trustees of the Voting Trust containing common stock held for the benefit of the Penny family, have the exclusive power to vote over 59.9% of the votes entitled to be cast by the holders of the Company's common stock. Certain Penny family members also own, or are beneficiaries of, trusts that own shares outside of the Voting Trust. Messrs. Penny, Foskett and McDonough, as trustees of the Voting Trust and other trusts, control 65.0% of the voting power of the Company's outstanding stock and therefore effectively control the Company.
(7) Based upon the most current information contained in Schedules 13D or 13G filings with the SEC, unless more recent information was obtained.

8) Legal/Disciplinary History

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

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

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

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

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

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

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

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

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

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

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

In January 2022, a former stockholder of the Company filed a complaint on behalf of a putative class of former stockholders against the Company, its directors, a former director, and the Voting Trust concerning the October 1, 2020, Reverse/Forward Stock Split Transaction (the "Transaction")(See Note 14). The complaint asserts that the $1.48 per share price paid in the Transaction was unfair and seeks, among other things, damages for the class. The complaint also asserts a state law claim for purported insider trading in connection with an officer's purchase of Company shares in August 2020. 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 March 31, 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

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 annual 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.

June 10, 2022

/s/ Timothy L. Duitsman

Chief Executive Officer

Principal Financial Officer:

I, Jeniffer L. Jaynes certify that:

1. I have reviewed this annual 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.

June 10, 2022

/s/ Jeniffer L. Jaynes

Chief Financial Officer

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEARS ENDED MARCH 31, 2022 AND 2021

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEARS ENDED MARCH 31, 2022 AND 2021
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Shareholders
Westell Technologies, Inc. and Subsidiaries

Opinion
We have audited the consolidated financial statements of Westell Technologies, Inc. (a Delaware corporation) and subsidiaries (the “Company”), which comprise the consolidated balance sheet as of March 31, 2022, and the related consolidated statements of operations, stockholders’ equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter
We also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended March 31, 2021, and our report dated May 21, 2021 expressed an unqualified opinion on those 2021 financial statements.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Chicago, Illinois
June 10, 2022

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per shares amounts)	**March 31, 2022**	**March 31, 2021**
Assets		
Current assets:		
Cash and cash equivalents	$ 14,961	$ 16,884
Accounts receivable (net of allowance of $100 at both March 31, 2022 and March 31, 2021)	6,547	4,492
Inventories	11,799	4,939
Prepaid expenses and other current assets	1,985	1,352
Total current assets	35,292	27,667
Non-current assets:		
Land, property and equipment, net	129	915
Intangible assets, net	376	1,142
Right-of-use assets on operating leases, net	1,989	2,448
Other non-current assets	86	80
Total assets	$ 37,872	$ 32,252
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 4,839	$ 1,920
Accrued expenses	3,977	3,365
Deferred revenue	921	874
Total current liabilities	9,737	6,159
Non-current liabilities:		
Note payable - non-current	—	1,637
Deferred revenue non-current	142	105
Lease liabilities non-current	1,422	1,896
Other non-current liabilities	141	296
Total liabilities	11,442	10,093
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Class A common stock, par $0.01, Authorized – 109,000,000 shares, Outstanding – 7,705,826 and 7,521,271 shares at March 31, 2022 and March 31, 2021, respectively	77	75
Class B common stock, par $0.01, Authorized – 25,000,000 shares, Issued and outstanding – 3,484,287 shares at both March 31, 2022	35	35
Preferred stock, par $0.01, Authorized – 1,000,000 shares, Issued and outstanding – none	—	—
Additional paid-in capital	420,587	420,142
Class A treasury stock at cost – 10,225,989 and 10,169,753 shares at March 31, 2022 and March 31, 2021, respectively	(44,608)	(44,559)
Accumulated deficit	(349,661)	(353,534)
Total stockholders' equity	26,430	22,159
Total liabilities and stockholders' equity	$ 37,872	$ 32,252

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)	Fiscal Year Ended March 31, 2022		Fiscal Year Ended March 31, 2021	
Revenue	$	37,986	$	29,947
Cost of revenue		24,353		19,875
Gross profit		13,633		10,072
Operating expenses				
Research and development		3,779		4,032
Sales and marketing		5,393		5,207
General and administrative		3,325		4,086
Intangibles amortization		766		903
Long-lived assets impairment		—		525
Total operating expenses		13,263		14,753
Operating income (loss)		370		(4,681)
Gain on forgiveness of second and first draw PPP loans		1,637		1,637
Employee retention credit (Note 6)		1,373		—
Other income (expense), net		317		288
Income (loss) from continuing operations before income taxes		3,697		(2,756)
Income tax (expense) benefit		(97)		22
Net income (loss) from continuing operations		3,600		(2,734)
Discontinued operations (Note 1)				
Income from discontinued operations, net of tax expense of $8		273		—
Net income (loss)[1]	$	3,873	$	(2,734)
Basic net income (loss) per share:				
Basic net income (loss) per share from continuing operations	$	0.32	$	(0.20)
Basic net income (loss) per share from discontinued operations		0.02		—
Basic net income (loss) per share [2]	$	0.35	$	(0.20)
Diluted net income (loss) per share:				
Diluted net income (loss) per share from continuing operations	$	0.32	$	(0.20)
Diluted net income (loss) per share from discontinued operations		0.02		—
Diluted net income (loss) per share	$	0.34	$	(0.20)
Weighted-average number of shares outstanding:				
Basic		11,132		13,340
Effect of dilutive securities: restricted stock, restricted stock units, performance stock units and stock options[3]		269		—
Diluted		11,401		13,340

[1] Net income (loss) and comprehensive income (loss) are the same for the periods reported.

[2] Per share may not sum to totals because of rounding.

[3] The Company has 0.2 million and 0.8 million shares represented by common stock equivalents for the twelve months ended March 31, 2022 and 2021, respectively, which were not included in the computation of average dilutive shares outstanding because they were anti-dilutive. In periods with a net loss from continuing operations, the basic loss per share equals the diluted loss per share as all common stock equivalents are excluded from the per share calculation because they are anti-dilutive.

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
Balance, March 31, 2020	**$ 122**	**$ 35**	**$ 419,630**	**$ (37,326)**	**$ (350,800)**	**$ 31,661**
Net income (loss)	—	—	—	—	(2,734)	(2,734)
Common stock issued	3	—	(3)	—	—	—
Purchase of treasury stock	(50)	—	—	(7,233)	—	(7,283)
Stock-based compensation	—	—	515	—	—	515
Balance, March 31, 2021	**75**	**35**	**420,142**	**(44,559)**	**(353,534)**	**22,159**
Net income (loss)	—	—	—	—	3,873	3,873
Common stock issued	3	—	(3)	—	—	—
Purchase of treasury stock	(1)	—	—	(49)	—	(50)
Stock-based compensation	—	—	448	—	—	448
Balance, March 31, 2022	**$ 77**	**$ 35**	**$ 420,587**	**$ (44,608)**	**$ (349,661)**	**$ 26,430**

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Fiscal Year ended March 31, 2022	2021
Cash flows from operating activities:		
Net income (loss)	$ 3,873	$ (2,734)
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:		
Gain on forgiveness of second and first draw PPP loans	(1,637)	(1,637)
Depreciation and amortization	928	1,294
Long-lived asset impairment	—	525
Stock-based compensation	448	515
Gain on sale of land	(35)	—
Gain on settlement receivable for inventory and equipment damaged in fire	(259)	—
Exchange rate loss (gain)	2	(15)
Changes in assets and liabilities:		
Accounts receivable	(2,057)	(431)
Inventories	(6,860)	1,868
Prepaid expenses and other current assets	(374)	(54)
Other assets	453	(1,827)
Deferred revenue	84	(341)
Accounts payable and accrued expenses	2,905	2,932
Net cash provided by (used in) operating activities	(2,529)	95
Cash flows from investing activities:		
Proceeds from sale of land	704	—
Purchases of property and equipment	(48)	(72)
Net cash provided by (used in) investing activities	656	(72)
Cash flows from financing activities:		
Proceeds from note payable to bank, for first and second draw PPP loans	—	3,275
Purchases of treasury stock	(50)	(7,283)
Net cash provided by (used in) financing activities	(50)	(4,008)
Net increase (decrease) in cash and cash equivalents	(1,923)	(3,985)
Cash and cash equivalents, beginning of period	16,884	20,869
Cash and cash equivalents, end of period	$ 14,961	$ 16,884
Supplemental disclosures of cash flow information:		
Cash paid (refunded) for income taxes, net	6	(337)

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

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.

Because of the impact that COVID-19 had on our operations, in April 2020, the Company received $1.6 million pursuant to a loan from JPMorgan Chase Bank, N.A. ("JPM") under the Paycheck Protection Program (the "PPP") of the 2020 Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") as administered by the U.S. Small Business Association (the "SBA"). On March 16, 2021, JPM notified the Company that 100% of the initial PPP loan was forgiven as authorized by the SBA. On March 22, 2021, the Company received an additional $1.6 million second draw PPP loan (the "PPP2") pursuant to a loan from St. Charles Bank & Trust Company, N.A. ("Wintrust") under the Consolidated Appropriations Act, 2021 (the "CAA") that was signed into law in December 2020. On November 16, 2021, the SBA and Wintrust provided forgiveness for the full amount of the PPP2 Loan, plus all related accrued interest. The gains associated with the forgiveness are presented on the Consolidated Statements of Operations as Gain on forgiveness of second and first draw PPP loans for the fiscal years ended March 31, 2022, and March 31, 2021, respectively. See Note 5 for additional information on the PPP loans.

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 6 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 current assets in the Consolidated Balance Sheets, 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 Consolidated Statements of Operations for the fiscal year ended March 31, 2022, in Other income (expense), net. Payment for the entire settlement amount was received in July 2021.

Basis of Presentation and Reporting

The accompanying Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. The Consolidated Financial Statements have been prepared using accounting principles generally accepted in the United States (GAAP). All intercompany accounts and transactions have been eliminated in consolidation.

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 stand-alone 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 fiscal year ended March 31, 2022, the Company received settlement payments of $281,000 for a class-action settlement associated with a business which was previously sold in fiscal year 2012 and therefore the gains are presented as discontinued operations. The Consolidated Statements of Cash Flows include discontinued operations.

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. ***Summary of Significant Accounting Policies***

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less when purchased and include bank deposits and money market funds. Money market funds are accounted for as available-for-sale securities.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount less payment discounts and estimated allowance for doubtful accounts. The Company provides allowances for doubtful accounts related to accounts receivable for estimated losses resulting from the inability of its customers to make required payments. The Company takes into consideration the overall quality of the receivable portfolio along with specifically identified customer risks. In circumstances where the Company is aware of a specific customer’s inability to meet its financial obligations to the Company, the Company provides allowances for bad debts against amounts due to reduce the net realized receivable to the amount it reasonably believes will be collected.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and trade receivables. As of March 31, 2022, the Company invested its excess cash in government money market funds. Currently, the Company invests its excess cash in government money market funds and government bonds with less than a one year duration. The cash in the Company’s U.S. bank is insured by the Federal Deposit Insurance Corporation up to $3.75 million as our bank deposits funds across a group of 15 affiliated community banks, 15 banks times the usual $250,000 level of FDIC insurable limit.

Income (Loss) per Share

The computation of basic net income (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share includes the number of additional common shares that would have been outstanding if the dilutive potential shares had been issued. In periods with a net loss, all common stock equivalents are excluded from the per share calculation; therefore, the basic loss per share equals the diluted loss per share.

Inventories and Inventory Valuation

Inventories are stated at the lower of first-in, first-out (“FIFO”) cost or net realizable value. Net realizable value is based upon an estimated average selling price reduced by estimated costs of disposal. Should actual market conditions differ from the Company’s estimates, the Company’s future results of operations could be materially affected. Reductions in inventory valuation are included in Cost of revenue in the accompanying Consolidated Statements of Operations. The Company reviews inventory for excess quantities and obsolescence based on its best estimates of future demand, product lifecycle status and product development plans. The Company uses historical information along with these future estimates to reduce the inventory cost basis. Subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis. Prices anticipated for future inventory demand are compared to current and committed inventory values.

The components of net inventories are as follows:

(in thousands)	March 31, 2022	March 31, 2021
Raw materials	$ 4,165	$ 1,497
Finished goods	7,634	3,442
Total inventories	$ 11,799	$ 4,939

Inventories increased during the year due to multiple factors: 1) Increases to support additional revenue, 2) Pre-purchased long lead-time piece parts to fulfill later customer orders, 3) Increased piece part and finished goods safety stock to cover supply chain interruptions, 4) New product inventory such as Protectlink Public Safety 700/800, Fiber DAS, and UHF/VHF systems to support sales of the new products.

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 recorded provision for excess and obsolete inventory with a charge of $0.5 million and $0.6 million in fiscal year 2022 and 2021, respectively. The fiscal year 2021 provision includes $0.3 million related to the fourth fiscal quarter decision to discontinue future production of products under the license agreement in the IBW segment (see Note 15). 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, long lead-times or other factors.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets generally consist of prepaid maintenance agreements and prepaid insurance, which are amortized as expense generally over the term of the underlying contract. For fiscal year 2022, Prepaid expenses and other current assets also includes the ERC receivable. See Note 6 for additional information on the ERC receivable. For fiscal year 2021, it also includes the economic loss recovery receivable described in Note 1 above.

Land, Property and Equipment, net

Land, property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, or for leasehold improvements, the shorter of the remaining lease term or the estimated useful life. The estimated useful lives for machinery and equipment range from 5 to 7 years and for office, computer and research equipment from 2 to 5 years. Expenditures for major renewals and improvements that extend the useful life of property and equipment are capitalized.

Depreciation and amortization expense was $0.2 million for both fiscal years 2022 and 2021. In accordance with ASC Topic 360, Property, Plant and Equipment (“ASC 360”), the Company assesses all of its long-lived assets, including intangibles, for impairment when impairment indicators are identified. If the carrying value of an asset exceeds its undiscounted cash flows, an impairment loss may be necessary. An impairment loss is calculated as the difference between the carrying value and the fair value of the asset. There was no long-lived asset impairment during the fiscal years ended March 31, 2022, or March 31, 2021.

The Company acquired 16 acres of land with a prior acquisition and sold 4 acres in April 2015 for $264,000. 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 Consolidated Statements of Operations within Other income (expense), net for the fiscal year ended March 31, 2022. As of March 31, 2021 the land is classified held and used.

The components of Land, property, and equipment, net are as follows:

(in thousands)	March 31, 2022	March 31, 2021
Land	$ —	$ 672
Machinery and equipment	1,362	1,430
Office, computer and research equipment	4,675	4,804
Leasehold improvements	793	788
Land, property and equipment, gross	6,830	7,694
Less accumulated depreciation and amortization	(6,701)	(6,779)
Land, property and equipment, net	$ 129	$ 915

Intangible Assets

Intangible assets with determinable lives are amortized over the useful lives of the assets. If the Company were to determine that a change to the remaining estimated useful life of an intangible asset was necessary, then the remaining carrying amount of the intangible asset would be amortized prospectively over that revised remaining useful life. On an ongoing basis, intangible assets and other long-lived 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.

See Note 15, Intangible Assets for further discussion of intangible assets impairment evaluations.

Accrued Expenses

The components of accrued expenses are as follows:

(in thousands)	March 31, 2022	March 31, 2021
Accrued compensation	$ 1,084	$ 941
Accrued contractual obligation	1,445	1,445
Current operating lease liability	484	450
Other accrued expenses	964	529
Total accrued expenses	$ 3,977	$ 3,365

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.

The majority of the Company's revenue is recorded at a point in time from the sale of tangible products. Revenue is recorded when control of the products passes to the customer, dependent upon the terms of the underlying contract. For right-to-use software, revenue is recognized at the point in time the customer has the right to use and can substantially benefit from use of the software. Products regularly include warranties that include bug fixes and minor updates so that the products continue to function as promised in a dynamic environment, and phone support. These standard warranties are assurance type warranties that do not offer any services beyond the assurance that the product will continue working as specified. Therefore, warranties are not considered separate performance obligations. Instead, the Company accrues the expected cost of warranty. Extended warranties are sold separately with a post-contract support ("PCS") agreement. PCS revenue is recognized over time during the support period. Revenue from installation services is recognized when the services have been completed or transferred as this is when the customer has obtained control.

The Company has contracts with multiple performance obligations. When the sales agreement involves multiple performance obligations, each obligation is separately identified and the transaction price is allocated based on the amount of consideration the

Company expects to be entitled to in exchange for transferring the promised good or service to the customer. In most cases, the Company allocates the consideration to each performance obligation based on the relative stand-alone selling price ("RSP") of the distinct performance obligation. In circumstances where RSP is not observable, the Company allocates the consideration for the performance obligations by utilizing the residual approach.

For performance obligations that the Company satisfies over time, revenue is recognized by consistently applying a method of measuring progress toward complete satisfaction of that performance obligation. The Company utilizes the method that most accurately depicts the progress toward completion of the performance obligation. If the measure of remaining rights exceeds the measure of the remaining performance obligations, the Company records a contract asset. Conversely, if the measure of the remaining performance obligations exceeds the measure of the remaining rights, the Company records a contract liability. Contract assets and liabilities related to product returns will be recorded as contract assets and liabilities and presented on the Consolidated Balance Sheets in Prepaid expenses and other current assets and Deferred revenue, respectively.

Customer billings for services not yet rendered are deferred and recognized as revenue as the services are rendered. The associated deferred revenue is included in Deferred revenue or Deferred revenue non-current, as appropriate, in the Consolidated Balance Sheets.

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 Consolidated Balance Sheets. Additionally, the Company records an asset based on historical experience for the amount of product the Company expects to return to inventory as a result of the return, which is recorded in Prepaid and other current assets in the Consolidated Balance Sheets.

Sales Taxes

The Company records revenue net of sales taxes.

Shipping and Handling

Shipping and handling billed to customers is recorded as revenue. The Company classifies shipping and handling costs associated with both inbound freight and the distribution of finished product to our customers as cost of revenue.

Contract Costs

The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that otherwise would have been recognized is one year or less. These costs are included in sales and marketing and general and administrative expenses. If the incremental direct costs of obtaining a contract, which consist of sales commissions, relate to a service recognized over a period longer than one year, costs are deferred and amortized in line with the related services over the period of benefit. As of March 31, 2022 and 2021, there were no deferred contract costs.

Financing

The Company forgoes adjusting contract consideration for the effects of any financing component if payments for goods and services are expected to be received one year or less from when control of the goods or services has transferred to the customer. Payment terms vary by customer. Generally, the time between invoicing and when payment is due is not significant. Occasionally, the Company requires customers to make a payment before delivery of the products or services to the customer.

Product Warranties

Most of the Company's products carry a limited warranty of up to seven years. The Company accrues for estimated warranty costs as products are shipped based on historical sales and cost of repair or replacement trends relative to sales.

Research and Development Costs

Engineering and product research and development costs are charged to expense as incurred.

Stock-based Compensation

The Company recognizes stock-based compensation expense for all employee stock-based payments based upon the fair value on the awards grant date over the requisite service period. If the awards are performance based, the Company must estimate future performance attainment to determine the number of awards expected to vest. Determining the fair value of equity-based options requires the Company to estimate the expected volatility of its stock, the risk-free interest rate, expected option term, and expected dividend yield. The Company accounts for forfeitures as they occur.

See Note 8 for further discussion of the Company's stock-based compensation plans.

Fair Value Measurements

The Company accounts for the fair value of assets and liabilities in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value and establishes a framework for measuring fair value as required by other accounting pronouncements. See Note 13 for further discussion of the Company's fair value measurements.

Foreign Currency

The Company's primary foreign currency exposure is subject to fluctuations in exchange rates for the U.S. dollar versus the Australian and Canadian dollars and the related effects on receivables and investments denominated in those currencies. The Company records transaction gains (losses) for fluctuations on foreign currency rates as a component of other income (expense), net on the Consolidated Statements of Operations.

Income Taxes

The Company accounts for income taxes under the provisions of ASC Topic 740, *Income Taxes* ("ASC 740"). ASC 740 requires an asset and liability based approach in accounting for income taxes. Deferred income tax assets, including net operating loss ("NOL") and certain tax credit carryovers and liabilities, are recorded based on the differences between the financial statement and tax bases of assets and liabilities, applying enacted statutory tax rates in effect for the year in which the tax differences are expected to reverse. Valuation allowances are provided against deferred tax assets, which are assessed as not likely to be realized. On a quarterly basis, management evaluates the recoverability of deferred tax assets and the need for a valuation allowance. This evaluation requires the use of estimates and assumptions and considers all positive and negative evidence and factors, such as the scheduled reversal of temporary differences, the mix of earnings in the jurisdictions in which the Company operates, and prudent and feasible tax planning strategies. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the dates of enactment. The Company accounts for unrecognized tax benefits based upon its assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. The Company reports a liability for unrecognized tax benefits resulting from unrecognized tax benefits taken or expected to be taken in a tax return and recognizes interest and penalties, if any, related to its unrecognized tax benefits in income tax expense. See Note 11 for further discussion of the Company's income taxes.

Recently Adopted Accounting Pronouncements

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832) Disclosures by Business Entities about Government Assistance ("ASU 2021-10"). ASU 2021-10 was issued to increase transparency and improve consistency around disclosures concerning forms of government assistance. ASU 2021-10 required disclosures include: a description of the nature of the transaction, the accounting policies used to account for the transactions, the balance sheet and income statement lines that are affected and the amount applicable to each line item, and any significant terms and conditions of the transactions. For the Company, ASU 2021-10 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Application of the amendments is either (1) prospectively to all transactions within the scope of the amendments that are reflected in the financial statements at the date of initial application and new transactions that are entered into after the date of initial application or (2) retrospectively to those transactions. The Company early adopted ASU 2021-10 prospectively effective January 1, 2022, with no immediate impact to the Company's Consolidated Financial Statements.

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 Consolidated Financial Statements.

Note 3. ***Leases***

The Company accounts for leases under ASC 842. Leases with an initial term of 12 months or less are not recorded on the 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 March 31, 2022, consisted of the following (in thousands):

Fiscal Year	Operating Leases
2023	$ 555
2024	621
2025	615
2026	276
2027	—
Thereafter	—
Total lease payments	2,067
Less: imputed interest	(161)
Total operating lease liabilities	$ 1,906

As of March 31, 2022, the weighted-average remaining lease term was 3.6 years and the weighted-average discount rate was 4.5%.

During the fourth quarter of fiscal year 2022, the Company executed a lease extension for the Manchester, New Hampshire facility with the lease term extended to August 31, 2024 with an option to further extend the lease for one additional term of two years.

During the first quarter of fiscal year 2021, the Company executed a lease extension for the Aurora, IL facility that extended the lease to November 30, 2025 with an option to extend the lease for one additional term of five years (the "IL extension"). The IL extension required a deposit, which is expected to be applied to the final two lease payments and is included in the calculation of the total lease liability. Prior to the extension, additional rent payments covering the Company's portion of operating expenses and taxes were fixed and included in the lease liability balance. The amendment to extend the lease changed these fixed additional rent payments to variable payments with adjustments made based on actual operating expenses and taxes and, as such, would no longer be included in the lease liability balances beginning October 1, 2020.

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 Consolidated Statements of Operations. The components of lease expense are as follows:

	Twelve months ended March 31,	
(in thousands)	2022	2021
Operating lease expense	$ 608	$ 600
Variable lease expense [1]	206	141
Total lease expense [2]	$ 814	$ 741

[1] Variable lease expense is related to our leased real estate and primarily includes labor and operational costs as well as taxes and insurance.

[2] Short-term lease expense is immaterial.

For both fiscal year ended March 31, 2022, and March 31, 2021, cash paid for operating leases included in the measurement of lease liabilities was $0.8 million. All of these payments are presented in Operating activities cash flows on the Consolidated Statements of Cash Flows. In addition, the Company obtained approximately $0.1 million and $2.4 million of ROU assets in exchange for related operating lease liabilities during the fiscal years ended March 31, 2022, and March 31, 2021, respectively.

The following table summarizes the classification of ROU assets and lease liabilities as of March 31, 2022 and March 31, 2021:

(in thousands)	March 31, 2022	March 31, 2021	Balance Sheet Classification
Assets:			
ROU assets	$ 1,989	$ 2,448	Right-of-use assets on operating leases, net
Liabilities:			
Current operating lease liability	484	450	Accrued expenses
Non-current operating lease liabilities	1,422	1,896	Lease liabilities non-current
Total lease liabilities	$ 1,906	$ 2,346	

Note 4. ***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:

	Twelve months ended March 31,	
(in thousands)	2022	2021
Revenue:		
Products	$ 32,892	$24,793
Software	252	188
Services	4,842	4,966
Total revenue	$ 37,986	$ 29,947

The following is the expected future revenue recognition timing of deferred revenue as of March 31, 2022:

(in thousands)	< 1 year	1-2 years	> 2 years
Deferred Revenue	$ 921	$ 58	$ 84

During the twelve months ended March 31, 2022, and March 31, 2021, the Company recognized $0.9 million and $1.1 million, respectively, of revenue related to contract liabilities at the beginning of the periods.

The Company allows certain customers to return unused product under specified terms and conditions. The Company estimates product returns based on historical sales and return trends and records a corresponding refund liability. The refund liability is included within Accrued expenses on the accompanying 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 Consolidated Balance Sheets. The gross product return asset was $0.1 million at both March 31, 2022, and March 31, 2021. The products return liability was $0.2 million and $0.1 million at March 31, 2022, and March 31, 2021, respectively.

Note 5. ***Long-term Debt and Note Payable to Bank***

The Company accounts for debt under ASC 470, *Debt*.

PPP2 Loan

On March 22, 2021, the Company received funds pursuant to an unsecured second draw Paycheck Protection Program ("PPP") loan through St. Charles Bank & Trust Company, N.A. ("Wintrust") in the amount of $1.6 million (the "PPP2 Loan"). The PPP2 Loan was made through the United States Small Business Administration ("SBA") pursuant to Consolidated Appropriations Act, 2021 (the "CAA"). As of March 31, 2021, the PPP2 Loan is presented on the Consolidated Balance Sheets as Note Payable - non-current. On November 16, 2021, the SBA and Wintrust provided forgiveness for the full amount of the PPP2 Loan, plus all related accrued interest. The gain associated with the forgiveness is presented on the Statements of Operations as Gain on forgiveness of second draw PPP loan for the twelve months ended March 31, 2022.

PPP Loan

On April 14, 2020, the Company obtained an unsecured first draw PPP loan through JPMorgan Chase Bank, N.A. ("JPM") in the amount of $1.6 million (the "PPP Loan"). The PPP Loan was made through the United States Small Business Administration (the "SBA") as part of the PPP under the 2020 Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). On March 16, 2021, the SBA and JPM provided forgiveness for the full amount of the PPP Loan, plus all related accrued interest. The gain associated with the forgiveness is presented on the Statements of Operations as Gain on forgiveness of first draw PPP loan for the twelve months ended March 31, 2021.

Note 6. ***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 Consolidated Balance Sheets as of March 31, 2022.

Note 7. *Segment and Related 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.

The Company’s three reportable segments are as follows:

In-Building Wireless (“IBW”) Segment

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

Intelligent Site Management (“ISM”) Segment

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

Communications Network Solutions (“CNS”) Segment

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

Segment information for the fiscal years ended March 31, 2022, and 2021, is set forth below:

	Fiscal Year Ended March 31, 2022			
(in thousands)	IBW	ISM	CNS	Total
Revenue	$ 11,924	$ 16,166	$ 9,896	$ 37,986
Cost of revenue	8,092	8,831	7,430	24,353
Gross profit	3,832	7,335	2,466	13,633
Gross margin	32.1%	45.4%	24.9%	35.9%
Research and development	1,376	1,736	667	3,779
Segment profit	$ 2,456	$ 5,599	$ 1,799	9,854
Operating expenses:				
Sales and marketing				5,393
General and administrative				3,325
Intangible amortization				766
Operating profit (loss)				370
Gain of forgiveness of second draw PPP loan				1,637
Employee retention credit (Note 6)				1,373
Other income, net				317
Income tax benefit (expense)				(97)
Net income (loss) from continuing operations				$ 3,600

	Fiscal Year Ended March 31, 2021			
(in thousands)	IBW	ISM	CNS	Total
Revenue	$ 9,683	$ 9,352	$ 10,912	$ 29,947
Cost of revenue	7,159	4,108	8,608	19,875
Gross profit	2,524	5,244	2,304	10,072
Gross margin	26.1%	56.1%	21.1%	33.6%%
Research and development	1,596	1,623	813	4,032
Segment profit	$ 928	$ 3,621	$ 1,491	6,040
Operating expenses:				
Sales and marketing				5,207
General and administrative				4,086
Intangible amortization				903
Long-lived assets impairment				525
Operating profit (loss)				(4,681)
Gain of forgiveness of first draw PPP loan				1,637
Other income, net				288
Income tax benefit (expense)				22
Net income (loss) from continuing operations				$ (2,734)

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

Enterprise-wide and Geographic Information

More than 90% of the Company’s revenues were generated in the United States in fiscal years 2022 and 2021. More than 90% of the Company's long-lived assets are located in the United States.

Significant Customers and Concentration of Credit

The Company is dependent on certain major companies operating in telecommunications markets.

Revenue from major customers that exceeded 10% of total revenue are as follows:

	Fiscal Year Ended March 31,	
	2022	**2021**
Customer 1	17.0 %	7.7 %
Customer 2	10.5 %	7.5 %

Receivables from major customers that exceeded 10% of total accounts receivable balance are as follows:

	As of March 31,	
	2022	**2021**
Customer 1	26.9 %	10.8 %
Customer 2	13.8 %	5.5 %
Customer 3	7.3 %	11.0 %
Customer 4	2.8 %	11.7 %

Customers 1 and 4 are customers of all reporting segments. Customers 2 and 3 are primarily customers of the ISM reporting segments.

Note 8. ***Stock-Based Compensation***

Employee Stock Incentive Plans

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. There are a total of 664,608 shares available for issuance under the 2019 Plan as of March 31, 2022.

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.

Stock-Based Compensation

Total stock-based compensation expense is reflected in the Consolidated Statements of Operations as follows:

	Fiscal Year Ended March 31,	
(in thousands)	2022	2021
Cost (benefit) of revenue	$ 32	$ 43
Sales and marketing	144	135
Research and development	21	59
General and administrative	251	278
Stock-based compensation	448	515
Income tax benefit	—	—
Total stock-based compensation expense, after taxes	$ 448	$ 515

Stock Options

Stock options that have been granted by the Company have an exercise price that is equal to the reported value of the Company's stock on the grant date. The Company's options have a contractual term of 7 years. Compensation expense is recognized on a straight-line basis over the vesting period for the award.

The Company uses the Black-Scholes model to estimate the fair value of employee stock options on the date of grant. That model employs parameters for which the Company has made estimates according to the assumptions noted below. Expected volatilities were based on historical volatilities of the Company's stock. The expected option lives represent the period of time that options granted are expected to be outstanding based on historical trends. The risk-free interest rates were based on the United States Treasury yield curve for the expected term at the time of grant. The dividend yield was based on expected dividends at the time of grant, which has always been zero.

The Company recorded expense of $31,000 in both the fiscal years ended March 31, 2022 and 2021, related to stock options. There were no options granted or exercised in fiscal years 2022 and 2021.

Stock option activity for the fiscal year ended March 31, 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, 2021	216,562	$ 1.80	4.5	$ –
Granted	–	–		
Exercised	–	–		
Forfeited	–	–		
Expired	–	–		
Outstanding on March 31, 2022	216,562	$ 1.80	3.5	$ –
Exercisable on March 31, 2022	166,562	1.94	3.2	$ –

(1) 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.

As of March 31, 2022, there was $13,000 of pre-tax stock option compensation expense related to non-vested awards not yet recognized, which is expected to be recognized over a weighted-average period of 0.4 years.

Restricted Stock

Vesting of restricted stock is subject to continued employment with the Company. During fiscal years 2022 and 2021, non-employee directors received grants of 22,570 and 24,192 shares with a weighted-average grant date fair value of $1.11 and $1.24, respectively. The Company recognizes compensation expense restricted stock on a straight-line basis over the vesting periods for the award based on the market value of Westell Technologies stock on the date of grant.

The Company recorded $23,000 and $94,000 of expense in the fiscal years ended March 31, 2022 and 2021, respectively, related to restricted stock. As of March 31, 2022, there was $14,000 of pre-tax unrecognized compensation expense, related to non-vested restricted stock, which is expected to be recognized over a weighted-average period of 0.6 years. The total intrinsic fair value of shares vested was $23,000 and $141,000 during fiscal years 2022 and 2021, respectively.

The following table sets forth restricted stock activity for the fiscal year ended March 31, 2022:

	Shares		Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2021	20,160	$	1.24
Granted	22,570		1.11
Vested	(20,160)		1.24
Forfeited	–		–
Non-vested as of March 31, 2022	22,570	$	1.11

RSUs

In fiscal years 2022 and 2021, there were 331,232 and 301,140 shares with a weighted-average grant date fair value of $0.78 and $0.80, respectively, of RSUs awarded to certain key employees. These awards convert into shares of Class A Common Stock on a one-for-one basis upon vesting. The Company recognizes compensation expense on a straight-line basis over the vesting for the award based on the market value of Westell Technologies stock on the date of grant.

The Company recorded stock-based compensation expense of $243,000 and $390,000 for RSUs in fiscal years 2022 and 2021, respectively. As of March 31, 2022, there was approximately $295,000 of pre-tax unrecognized compensation expense related to the RSUs, which is expected to be recognized over a weighted-average period of 1.8 years. The total intrinsic fair value of RSUs vested was $187,000 and $193,000 during fiscal years 2022 and 2021, respectively.

The following table sets forth the RSU activity for the fiscal year ended March 31, 2022:

	Shares		Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2021	473,985	$	1.35
Granted	331,232		0.78
Vested	(218,221)		1.72
Forfeited	(8,068)		1.99
Non-vested as of March 31, 2022	578,928	$	0.87

PSUs

A total of 347,315 and 229,303 PSUs were granted during fiscal years 2022 and 2021 with a weighted-average grant date fair value of $0.78 and $0.80, respectively. PSUs were earned based upon achievement of performance goals tied to growing revenue, new product development and to non-GAAP profitability targets for the respective fiscal year, but have a continued employment provision and will vest when all of the following have occurred: one year from the grant date and the Company's audited financial statements are public. Upon vesting, the PSUs convert into shares of Class A Common Stock of the Company on a one-for-one basis. As of March 31, 2022, for the fiscal year 2022, 111,271 PSUs were forfeited prior to vesting. For the fiscal year 2021, all PSUs were forfeited prior to vesting.

The Company recorded $151,000 and $0 stock-based compensation expense for PSUs in fiscal years 2022 and 2021, respectively. As of March 31, 2022, there was approximately $31,000 of pre-tax unrecognized compensation expense related to the PSUs, which is expected to be recognized over a weighted-average period of 0.2 years.

The following table sets forth the PSU activity for the fiscal year ended March 31, 2022:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2021	–	$ –
Granted, at target	347,315	0.78
Vested	–	–
Forfeited	(111,271)	0.78
Non-vested as of March 31, 2022	236,044	$ 0.78

Note 9. *Product Warranties*

The Company's products carry a limited warranty ranging from one to five years for the products within the IBW segment, typically one year for products within the ISM segment, and one to seven years for products within the CNS segment. The specific terms and conditions of those warranties vary depending upon the customer and the products sold. Factors that affect the estimate of the Company's warranty reserve include: the number of units shipped, anticipated rates of warranty claims, and cost per claim. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the reserve as necessary. The current portions of the warranty reserve are $104,000 and $73,000 as of March 31, 2022, and March 31, 2021, respectively, and are presented on the Consolidated Balance Sheets in Accrued expenses. The non-current portions of the warranty reserves are $81,000 and $52,000 as of March 31, 2022, and March 31, 2021, respectively, and are presented on the Consolidated Balance Sheets in Other non-current liabilities.

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

	Fiscal Year Ended March 31,	
(in thousands)	2022	2021
Total product warranty reserve at the beginning of the period	$ 125	$ 160
Warranty expense to cost of revenue	141	72
Utilization	(81)	(107)
Total product warranty reserve at the end of the period	$ 185	$ 125

Note 10. *Variable Interest Entity and Guarantee*

The Company has a 50% equity ownership in AccessTel Kentrox Australia PTY LTD (AKA). AKA distributes network management solutions provided by the Company and the other 50% owner to one customer. The Company holds equal voting control with the other owner. All actions of AKA are decided at the board level by majority vote. The Company evaluated ASC 810, *Consolidations*, and concluded that AKA is a variable interest entity (VIE) and the Company has a variable interest in the VIE. The Company has concluded that it is not the primary beneficiary of AKA and, therefore, consolidation is not required. The carrying amount of the Company's investment in AKA was approximately $0.1 million as of both March 31, 2022, and March 31, 2021, which is presented on the Consolidated Balance Sheets within Other non-current assets.

The Company's revenue to AKA for fiscal years 2022 and 2021 was $1.6 million and $1.2 million, respectively. Accounts receivable from AKA is $0.2 million at both March 31, 2022 and 2021. Deferred revenue relating to maintenance contracts is $0.1 million and $0.2 million as of March 31, 2022 and 2021, respectively. The Company also has an unlimited guarantee for the performance of the other 50% owner in AKA, who primarily provides support and engineering services to the customer. This guarantee was put in place at the request of the AKA customer. The guarantee, which is estimated to have a maximum potential future payment of $0.7 million, will stay in place as long as the contract between AKA and the customer is in place. The Company would have recourse against the other 50% owner in AKA in the event the guarantee is triggered. The Company determined that it could perform on the obligation it guaranteed at a positive rate of return and, therefore, did not assign value to the guarantee. The Company's exposure to loss as a result of its involvement with AKA, exclusive of lost profits, is limited to the items noted above.

Note 11. *Income Taxes*

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 bases of assets and liabilities given the provisions of the enacted tax laws. In assessing the realizability of the deferred tax assets, the Company considered whether it is more likely than not that some portion or all of the deferred tax assets will not 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 financial performance. The Company has fully reserved deferred tax assets as a result of this assessment.

The income tax (benefit) expense from continuing operations is summarized as follows:

(in thousands)	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021
Federal:		
Current	$ —	$ 6
Deferred	—	—
	—	6
State:		
Current	66	(46)
Deferred	—	—
	66	(46)
Foreign:		
Current	31	18
Deferred	—	—
	31	18
Total	$ 97	$ (22)

The statutory federal income tax rate is reconciled to the Company's effective income tax rates from continuing operations as follows:

	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021
Statutory federal income tax rate	21.0 %	21.0 %
PPP loan forgiveness	(9.2)	12.5
Meals and entertainment	—	—
State income tax, net of federal tax effect	46.9	(35.7)
Expiration of tax attributes	104.0	—
Valuation allowance	(165.4)	9.2
Tax reserve assessment	—	36.6
Expiration of tax attribute	—	(36.6)
Foreign taxes	0.8	(1.9)
Equity compensation	1.2	(3.9)
Provision to return true-up	3.3	—
Other	—	(0.4)
Effective income tax rate from continuing operations	2.6 %	0.8 %

Components of the net deferred income tax assets are as follows:

	March 31,	
(in thousands)	2022	2021
Deferred income tax assets:		
Allowance for doubtful accounts	$ 25	$ 26
Foreign tax credit carryforward	355	759
Depreciation	119	159
Deferred revenue	265	251
Accrued compensation	297	189
Inventory reserves	661	710
Accrued warranty	46	32
Net operating loss carryforward	31,030	36,858
Intangibles and goodwill	823	875
Other	734	727
Gross deferred tax assets	34,355	40,586
Valuation allowance	(34,355)	(40,586)
Net deferred income tax assets	—	—

In fiscal years 2022 and 2021, the Company continued to maintain a full valuation allowance on deferred tax assets. The valuation allowance decreased by $6.2 million in fiscal year 2022. The Company's ability to utilize NOL carryforwards and other tax attributes to reduce future federal taxable income is subject to potential limitations under Internal Revenue Code Section 382 ("Section 382") and its related tax regulations. The utilization of these attributes may be limited if certain ownership changes by 5% stockholders (as defined in Treasury regulations pursuant to Section 382) and the effects of stock issuances by the Company during any three-year period result in a cumulative change of more than 50% in the beneficial ownership of the Company. The Company completed the Section 382 analysis for fiscal year 2022 and has concluded there were no ownership changes during the fiscal year 2022 that triggered a Section 382 limitation. If it is determined that an ownership change has occurred under these rules, the Company would generally be subject to an annual limitation on the use of pre-ownership change NOL carryforwards and certain other losses and/or credits. In addition, certain future transactions regarding the Company's equity, including the cumulative effects of small transactions as well as transactions beyond the Company's control, could cause an ownership change and therefore a potential limitation on the annual utilization of the deferred tax assets.

Under the CARES Act, the Company is deferring the employer portion of social security taxes. As of March 31, 2022 and March 31, 2021, the Company has deferred $0.2 million and $0.4 million of payroll taxes, respectively. The Company repaid the portion due by December 31, 2021 and the remaining payroll taxes will be deferred until the December 31, 2022 due date. The Company records a deferred tax asset for the payroll tax liability that is not deductible in fiscal year 2021 for income tax purposes. Also under the CARES Act, the PPP was established to provide loans to eligible businesses. Under the terms of the PPP, certain amounts of the loan may be forgiven if used for qualifying expenses, as described in the CARES Act. For each fiscal year 2022 and 2021, the Company is excluding $1,637,000 of income related to the loan forgiveness from taxable income. The Company recorded an income tax expense from continuing operations of $97,000 and income tax benefit of $22,000 in fiscal years 2022 and 2021, respectively.

The Company has, on a tax-effected basis, approximately $0.4 million in tax credit carryforwards and $25.6 million of federal net operating loss carryforwards that are available to offset taxable income in the future. The tax credit carryforwards will begin to expire in fiscal year 2023. The federal net operating loss ("NOL") carryforwards begin to expire in fiscal year 2023. The Company's net operating losses and credits have a finite life primarily based on the 20-year carryforward rule for federal NOLs generated through March 31, 2018. On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). Under rules enacted by the Tax Act, tax losses incurred in fiscal year 2019 and future periods will not expire, thereby extending the period by which the Company's deferred tax assets can be realized. However, federal NOLs generated after fiscal year 2018 are subject to a limitation of 80% of the current taxable income. In fiscal year 2022, $3.9 million of federal net operating loss and federal tax credits expired. State tax credit carryforwards and net operating loss carryforwards, on a tax effected basis and net of federal tax benefits, are $0.1 million and $5.4 million, respectively. The remaining state tax credit carryforwards and state net operating loss carry forwards begin to expire in fiscal year 2023. In fiscal year 2022, $1.6 million of state net operating loss carryforwards expired.

The Company accounts for uncertainty in income taxes under ASC 740, which prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

A reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits for fiscal years 2021 and 2022 is as follows:

	(in thousands)
Unrecognized tax benefits at March 31, 2020	$ 1,805
Additions based on positions related to fiscal year 2021	—
Reductions as a result of expirations of applicable statutes of limitations	(1,050)
Unrecognized tax benefits at March 31, 2021	755
Additions based on positions related to fiscal year 2022	—
Reductions as a result of expirations of applicable statutes of limitations	(252)
Unrecognized tax benefits at March 31, 2022	$ 503

If the unrecognized tax benefit balances at March 31, 2022 and 2021, were recognized, it would affect the effective tax rate.

The Company recognized interest and (benefit)/penalties of $0 and $(20,400) as a component of income tax expense in fiscal year 2022 and 2021, respectively. There was no accrued interest and penalties as of March 31, 2022 and March 31, 2021.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates.

With few exceptions, the major jurisdictions subject to examination by the relevant taxable authorities, and open tax years, stated as the Company's fiscal years, are as follows:

Jurisdiction	Open Tax Years
U.S. Federal	2018 - 2021
U.S. States	2017 - 2021
Foreign	2017 - 2018

Since net operating loss carryovers are subject to audit based on the year in which they are utilized, all of the Company’s net operating losses generated in the past are open to adjustment by the Internal Revenue Service or state tax authorities (some states have shorter carryover periods).

Note 12. *Commitments and Contingencies*

Litigation and Contingency Reserves

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

In January 2022, a former stockholder of the Company filed a complaint on behalf of a putative class of former stockholders against the Company, its directors, a former director, and the Voting Trust concerning the October 1, 2020, Reverse/Forward Stock Split Transaction (the “Transaction”)(See Note 14). The complaint asserts that the $1.48 per share price paid in the Transaction was unfair and seeks, among other things, damages for the class. The complaint also asserts a state law claim for purported insider trading in connection with an officer’s purchase of Company shares in August 2020. 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 March 31, 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 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.

As of March 31, 2022, and March 31, 2021, the Company has not recorded any contingent liability attributable to existing litigation.

Lease Obligations

The Company currently occupies office space under operating leases, with various expiration dates through November 2025. The Company's office leases provide for rental payments on a graduated scale. Lease expense is recognized on a straight-line basis over the lease term. For further details, refer to Note 3. *Leases*.

Note 13. *Fair Value Measurements*

Fair value is defined by 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.

Assets Measured at Fair Value on a Recurring Basis

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 March 31, 2022:

(in thousands)	Total Fair Value of Asset or Liability	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
Assets:					
Money market funds	$ 12,945	$ 12,945	—	—	Cash and cash equivalents

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

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

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

Note 14. *Capital Stock and Stock Restriction Agreements*

Reverse/Forward Stock Split

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

Capital Stock Activity

The Board of Directors has the authority to issue up to 1,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, without any further vote or action by stockholders.

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 3,964 shares under the 2017 authorization under a 10b5-1(c) purchase plan during the fiscal years ended March 31, 2022 at a weighted-average purchase price of $1.33 per share. There were no shares repurchased under the 2017 authorization during the fiscal year ended March 31, 2021. As of March 31, 2022, there was approximately $0.7 million remaining for additional share repurchases under the 2017 authorization.

Additionally, in fiscal years ended March 31, 2022, and March 31, 2021, the Company repurchased 52,272 and 69,520 shares of Class A Common Stock, respectively, from certain employees that were surrendered to satisfy the minimum statutory tax withholding obligations on the vesting of restricted stock, RSUs. These repurchases were not included in the authorized share repurchase programs and had a weighted-average purchase price of $0.86 and $0.81 per share, respectively.

Voting Rights

The Company's Common Stock is divided into two classes. Class A Common Stock is entitled to one vote per share, while Class B Common Stock is entitled to four votes per share. As of March 31, 2022, Robert C. Penny III, Robert W. Foskett and Patrick J. McDonough, Jr., as trustees of the Voting Trust containing common stock held for the benefit of the Penny family, have the exclusive power to vote over 59.8% of the votes entitled to be cast by the holders of the Company's common stock. Certain Penny family members also own, or are beneficiaries of, trusts that own shares outside of the Voting Trust. Messrs. Penny, Foskett and McDonough, as trustees of the Voting Trust and other trusts, control 65.0% of the voting power of the Company's outstanding stock and therefore effectively control the Company.

Stock Restriction Agreements

The members of the Penny family (principal stockholders) have a Stock Transfer Restriction Agreement that prohibits, with limited exceptions, such members from transferring their Class B Common Stock acquired prior to November 30, 1995, without first offering such stock to the other members of the Penny family. If converted, Class B stock converts on a one-for-one basis into shares of Class A Common Stock upon a transfer. As of March 31, 2022, a total of 3,484,287 shares of Class B Common Stock are subject to this Stock Transfer Restriction Agreement.

Shares Issued and Outstanding

The following table summarizes Common Stock transactions for fiscal years 2021 and 2022:

	Common Shares Issued		
	Class A	Class B	Class A Treasury
Total shares outstanding, March 31, 2020	12,224,450	3,484,287	(5,215,453)
Purchases of Treasury Stock	(4,954,300)	—	(4,954,300)
Restricted stock grants, including conversion of certain RSUs and PSUs, net of forfeitures	251,121	—	—
Total shares outstanding, March 31, 2021	7,521,271	3,484,287	(10,169,753)
Purchases of Treasury Stock	(56,236)	—	(56,236)
Restricted stock grants, including conversion of certain RSUs and PSUs, net of forfeitures	240,791	—	—
Total shares outstanding, March 31, 2022	7,705,826	3,484,287	(10,225,989)

In April 2022, the Compensation Committee granted 176,920 restricted stock units (RSUs) to executives pursuant to the Westell Technologies, Inc. 2015 Omnibus Incentive Compensation Plan (see Note 8).

Note 15. *Intangible Assets*

The Company has recorded intangible assets, such as trademark, developed technology, non-compete agreements, backlog, customer relationships, and licensing agreements, and accounts for these in accordance with ASC 350.

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.

Product Licensing Rights

On July 31, 2019, the Company entered into a five year License and Service Agreement (the "Agreement") with a public safety manufacturing company pursuant to which the Company obtained worldwide product licensing rights for existing products to be manufactured at our contract manufacturer for our IBW segment. Under the terms of the Agreement, the Company made an up-front payment of $1.0 million, in connection with the execution of the Agreement and was required to pay an additional $1.0 million, upon the achievement of certain milestones, as well as royalties on future sales. The acquired product licensing rights will be amortized straight-line over the term of the Agreement. The amortization related to this intangible asset was $158,000 during fiscal year 2021, and is presented in Cost of revenue on the Consolidated Statements of Operations.

During the quarter ended September 30, 2020, the Company determined there were indications of impairment on the IBW intangible asset primarily due to the duration of the COVID-19 pandemic, which delayed construction projects impacting the amount and timing of revenue. The Company performed the recoverability test described above and concluded the carrying amounts were recoverable. The Company concluded it was not necessary to perform a recoverability test for the IBW intangible asset during the quarter ended December 31, 2020. In February 2021, a small fire at a subcontractor destroyed inventory that was being used to produce product under the Agreement as previously defined above. Due to long lead times, increased costs and new minimum order quantities on replacement components, the Company made a decision to accelerate engineering efforts to develop a new replacement product and abandon the production of product under the Agreement. As a result, during the quarter ended March 31, 2021, the Company recorded a non-cash impairment loss of $525,000 to fully impair the product licensing right intangible asset. The impairment loss is presented on the Statements of Operations as Long-lived assets impairment.

Acquisition-related Intangible Assets

As of March 31, 2022, the ISM reporting unit is the only remaining reporting unit that has unamortized acquisition-related intangible assets. There was no intangible asset impairment during fiscal years 2022 or 2021 for the ISM reporting unit for acquisition-related intangible assets.

The summary of amortization expense in the Consolidated Statement of Operations is as follows:

	Fiscal Year Ended March 31,	
(in thousands)	**2022**	**2021**
Cost of revenue	$ —	$ 158
Operating expense	766	903
Total	$ 766	$1,061

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

	March 31, 2022			March 31, 2021		
(in thousands)	**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	(22,884)	376	23,260	(22,428)	832
Licensing agreement	1,950	(1,950)	—	1,950	(1,950)	—
Product technology	45,195	(45,195)	—	45,195	(44,885)	310
Non-compete	510	(510)	—	510	(510)	—
Trade name and trademark	1,473	(1,473)	—	1,473	(1,473)	—
Total finite-lived intangible assets, net	$ 73,918	$ (73,542)	$ 376	$ 73,918	$ (72,776)	$ 1,142

The following is the expected future amortization by fiscal year:

(in thousands)	**2023**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Intangible amortization expense	$ 376	$ —	$ —	$ —	$ —	$ —