Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Westell Technologies, Inc.

750 North Commons Drive
Aurora, IL 60504

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

Annual Report

For the period ending March 31, 2023 (the "Reporting Period")

Outstanding Shares
The number of shares outstanding of our Class A Common Stock was:

7,989,671 as of March 31, 2023 (current reporting period date or more recent date)

7,705,826 as of March 31, 2022 (most recent completed fiscal year end)

The number of shares outstanding of our Class B Common Stock was:

3,484,287 as of March 31, 2023 (current reporting period date or more recent date)

3,484,287 as of March 31, 2022 (most recent completed fiscal year end)

Shell Status
Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 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: ☒

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

Yes: ☐ No: ☒

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.

<u>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.)</u>

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):

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

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

<u>None.</u>

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

<u>None.</u>

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

<u>750 North Commons Drive, Aurora, IL 60504</u>

The address(es) of the issuer's principal place of business:
☒ *Check 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?

No: ☒ Yes: ☐ If Yes, provide additional details below:

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[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.

2) Security Information

Transfer Agent

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

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

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, 2023
Total shares outstanding:	7,989,671	as of date: March 31, 2023
Total number of shareholders of record:	80	as of date: March 31, 2023

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

None:

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of securities outstanding:	Class B Common Stock(1)	
CUSIP (if applicable):	N/A	
Par or stated value:	par value: $0.01 per share	
Total shares authorized:	25,000,000	as of date: March 31, 2023
Total shares outstanding (if applicable):	3,484,287	as of date: March 31, 2023
Total number of shareholders of record (if applicable):	4	as of date: March 31, 2023

(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.

Exact title and class of the security:	Preferred Stock	
CUSIP (if applicable):	N/A	
Par or stated value:	par value: $0.01 per share	
Total shares authorized:	1,000,000	as of date: March 31, 2023
Total shares outstanding (if applicable):	None	as of date: March 31, 2023
Total number of shareholders of record (if applicable):	N/A	as of date: March 31, 2023

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. **For common equity, describe any dividend, voting and preemption rights.**

Class A Common Stock is freely transferable. Class B Common Stock is transferable only to certain permitted transferees (generally tied to the Penny family (the Company's principal stockholders)) 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. No other dividend or preemptive rights.

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

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.

3. **Describe any other material rights of common or preferred stockholders.**

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.

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any 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

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: Opening Balance Date 03/31/2021 Class A Common: 7,521,271 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.**
4/1/2021	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)
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)

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.
6/26/2021	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	Unrestricted	(2)
10/28/2021	New issuance	4,514	Class A	$1.11	No	Robert W. Foskett	Board Compensation	Unrestricted	(2)
10/28/2021	New issuance	4,514	Class A	$1.11	No	Robert C. Penny III	Board Compensation	Unrestricted	(2)
10/28/2021	New issuance	4,514	Class A	$1.11	No	Cary B. Wood	Board Compensation	Unrestricted	(2)
10/28/2021	New issuance	4,514	Class A	$1.11	No	Mark A. Zorko	Board Compensation	Unrestricted	(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)
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)

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.
4/1/2022	New issuance	34,013	Class A	$1.30	No	Timothy L. Duitsman	Employee Compensation	Unrestricted	(2)
4/1/2022	New issuance	21,667	Class A	$1.30	No	Jeniffer L. Jaynes	Employee Compensation	Unrestricted	(2)
4/1/2022	Shares returned to Treasury	(7,496)	Class A	$1.30	No	Jeniffer L. Jaynes	Repurchase for tax withholdings	Unrestricted	(2)
4/1/2022	New issuance	15,000	Class A	$1.30	No	Jesse Swartwood	Employee Compensation	Unrestricted	(2)
4/1/2022	Shares returned to Treasury	(5,190)	Class A	$1.30	No	Jesse Swartwood	Repurchase for tax withholdings	Unrestricted	(2)
4/1/2022	New issuance	29,000	Class A	$1.30	No	Employee(s)	Employee Compensation	Unrestricted	(2)
4/1/2022	Shares returned to Treasury	(10,099)	Class A	$1.30	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
April 2022	Shares returned to Treasury	(21,324)	Class A	$1.26	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (5)
May 2022	Shares returned to Treasury	(11,953)	Class A	$1.24	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (6)
6/1/2022	New issuance	34,364	Class A	$1.18	No	Timothy L. Duitsman	Employee Compensation	Unrestricted	(2)
6/1/2022	New issuance	21,477	Class A	$1.18	No	Jeniffer L. Jaynes	Employee Compensation	Unrestricted	(2)
6/1/2022	Shares returned to Treasury	(6,835)	Class A	$1.18	No	Jeniffer L. Jaynes	Repurchase for tax withholdings	Unrestricted	(2)
6/1/2022	New issuance	12,886	Class A	$1.18	No	Jesse Swartwood	Employee Compensation	Unrestricted	(2)
6/1/2022	Shares returned to Treasury	(4,458)	Class A	$1.18	No	Jesse Swartwood	Repurchase for tax withholdings	Unrestricted	(2)
6/1/2022	New issuance	36,681	Class A	$1.18	No	Employee(s)	Employee Compensation	Unrestricted	(2)
6/1/2022	Shares returned to Treasury	(12,470)	Class A	$1.18	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.
6/10/2022	New issuance	81,881	Class A	$1.22	No	Timothy L. Duitsman	Employee Compensation	Unrestricted	(2)
6/10/2022	New issuance	33,434	Class A	$1.22	No	Jeniffer L. Jaynes	Employee Compensation	Unrestricted	(2)
6/10/2022	Shares returned to Treasury	(9,560)	Class A	$1.22	No	Jeniffer L. Jaynes	Repurchase for tax withholdings	Unrestricted	(2)
6/10/2022	New issuance	56,292	Class A	$1.22	No	Jesse Swartwood	Employee Compensation	Unrestricted	(2)
6/10/2022	Shares returned to Treasury	(16,618)	Class A	$1.22	No	Jesse Swartwood	Repurchase for tax withholdings	Unrestricted	(2)
6/10/2022	New issuance	64,437	Class A	$1.22	No	Employee(s)	Employee Compensation	Unrestricted	(2)
6/10/2022	Shares returned to Treasury	(22,386)	Class A	$1.22	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
6/26/2022	New issuance	5,000	Class A	$1.12	No	Employee(s)	Employee Compensation	Unrestricted	(2)
6/26/2022	Shares returned to Treasury	(1,757)	Class A	$1.12	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
June 2022	Shares returned to Treasury	(21,553)	Class A	$1.11	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (7)
July 2022	Shares returned to Treasury	(15,757)	Class A	$1.13	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (8)
August 2022	Shares returned to Treasury	(2,242)	Class A	$1.28	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (9)
9/01/2022	New issuance	33,334	Class A	$1.32	No	Timothy L. Duitsman	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.
9/01/2022	New issuance	5,000	Class A	$1.32	No	Employee(s)	Employee Compensation	Unrestricted	(2)
9/01/2022	Shares returned to Treasury	(1,172)	Class A	$1.32	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
9/17/2022	New issuance	5,001	Class A	$1.29	No	Employee(s)	Employee Compensation	Unrestricted	(2)
9/17/2022	Shares returned to Treasury	(1,482)	Class A	$1.29	No	Employee(s)	Repurchase for tax withholdings	Unrestricted	(2)
September 2022	Shares returned to Treasury	(7,400)	Class A	$1.25	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (10)
October 2022	Shares returned to Treasury	(13,757)	Class A	$1.16	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (11)
11/08/2022	New issuance	4,166	Class A	$1.20	No	Kirk R. Brannock	Board Compensation	Restricted	(2)
11/08/2022	New issuance	4,166	Class A	$1.20	No	Robert W. Foskett	Board Compensation	Restricted	(2)
11/08/2022	New issuance	4,166	Class A	$1.20	No	Robert C. Penny III	Board Compensation	Restricted	(2)
11/08/2022	New issuance	6,666	Class A	$1.20	No	Walter J. Skipper	Board Compensation	Restricted	(2)
11/08/2022	New issuance	4,166	Class A	$1.20	No	Cary B. Wood	Board Compensation	Restricted	(2)
11/08/2022	New issuance	4,166	Class A	$1.20	No	Mark A. Zorko	Board Compensation	Restricted	(2)
November 2022	Shares returned to Treasury	(5,088)	Class A	$1.20	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (12)
December 2022	Shares returned to Treasury	(13,900)	Class A	$1.22	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (13)

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.
January 2023	Shares returned to Treasury	(15,922)	Class A	$1.26	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (14)
February 2023	Shares returned to Treasury	(2,604)	Class A	$1.37	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (15)
March 2023	Shares returned to Treasury	(2,095)	Class A	$1.61	No	Open Market Class A Purchase	Repurchase pursuant to the rule 10b5-1(c) purchase plan	Unrestricted	(3) (16)
Shares Outstanding on Date of This Report: Ending Balance: Date March 31, 2023 Class A Common: 7,989,671 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 September 30, 2022, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2020 through September 30, 2022 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 on the grant date. 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 $0.5 million remaining under the May 2017 authorization as of March 31, 2023. These shares were purchased pursuant to the rule 10b5-1(c) purchase plan.
(4) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.2982 to $1.3704 per share. Upon request of the OTC staff, the issuer or a stockholder, the reporting entity will provide full information regarding the number of shares purchased at each separate price.
(5) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.1995 to $1.3933 per share. Upon request of the OTC staff, the issuer or a stockholder, the reporting entity will provide full information regarding the number of shares purchased at each separate price.
(6) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.2100 to $1.2840 per share. Upon request of the OTC staff, the issuer or a stockholder, the reporting entity will provide full information regarding the number of shares purchased at each separate price.
(7) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.0500 to $1.2740 per share. Upon request of the OTC staff, the issuer or a stockholder, the reporting entity will provide full information regarding the number of shares purchased at each separate price.
(8) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.0487 to $1.2600 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.

(9) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.2743 to $1.2771 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.
(10) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.2200 to $1.2500 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.
(11) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.1300 to $1.1800 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.
(12) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.1600 to $1.2300 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.
(13) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.1200 to $1.2500 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.
(14) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.2000 to $1.2900 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.
(15) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.3500 to $1.3900 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.
(16) The price represents the weighted-average purchase price for the multiple transactions reported on this line. The prices of the transactions range from $1.6000 to $1.6400 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. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer’s equity securities:

No: ☒ Yes: ☐ (If yes, you must complete the table below)

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.** ***You must disclose the control person(s) for any entities listed.**	**Reason for Issuance (e.g. Loan, Services, etc.)**
______	______	______	______	______	______	______	______

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

_____

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
(Please ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com).

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 holding company that primarily conducts business through its wholly owned subsidiary, Westell, Inc. ("Westell"). Westell 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. Westell's portfolio of products and solutions enable service providers and network operators to improve performance and reduce operating expenses.

B. List any subsidiaries, parent company, or affiliated companies.

Westell Technologies, Inc. (the "Company") is a holding company. Its wholly owned subsidiary, Westell, Inc., ("Westell") designs and distributes high-performance network infrastructure solutions, which are sold primarily to telecommunication companies.

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

C. Describe the issuers' principal products or services.

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

IBW Segment

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

ISM Segment

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

CNS Segment

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

5) 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 ended March 31, 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 ended March 31, 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 ended March 31, 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.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more that 5% of any class of the issuers securities, 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.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

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.

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	213,066	Class A Common Stock	2.7%	—	(1), (2), and (3) .
Robert W. Foskett	Director	Boulder, CO	77,346	Class A Common Stock	1.0%	—	(1), (2), and (6)

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class A Outstanding	Ownership Percentage of Class B Outstanding	Note
Robert 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	68,596	Class A Common Stock	0.9%	—	(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)
Walter J. Skipper	Director	Elm Grove, WI	6,666	Class A Common Stock	**	—	(1), (2)
Cary B. Wood	Director	Hinsdale, IL	58,596	Class A Common Stock	0.7%	—	(1), (2)
Mark A. Zorko	Director	Raleigh, NC	58,596	Class A Common Stock	0.7%	—	(1), (2)
Timothy L. Duitsman	President, CEO and Director	Naperville, IL	414,457	Class A Common Stock	5.2%	—	(1), (2)
Jeniffer L. Jaynes	CFO, Treasurer and Secretary	Aurora, IL	110,275	Class A Common Stock	1.4%	—	(1), (2)
Jesse Swartwood	SVP, Worldwide Sales	Saint Charles, IL	131,352	Class A Common Stock	1.6%	—	(1), (2)
David C. Hoeft	5% Class A Common Stockholder	San Francisco, CA	509,033	Class A Common Stock	6.4%	—	(1), (2), and (7)

** less than 0.1%

(1) Percentage of beneficial ownership is based on 7,989,671 shares of Class A Common Stock and 3,484,287 shares of Class B Common Stock outstanding as of March 31, 2023.
(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, 2023, 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 59.1% 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 64.2% of the voting power of the Company's outstanding stock and therefore effectively control the Company.

(7) Based upon the most current information contained in Schedules 13D or 13G filings with the SEC, unless more recent information was obtained.

7) Legal/Disciplinary History

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

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

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

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

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

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

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

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

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

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

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

In January 2022, a former stockholder of the Company filed a complaint on behalf of a putative class of former stockholders against the Company, its directors, a former director, and the Voting Trust concerning the October 1, 2020, Reverse/Forward Stock Split Transaction (the “Transaction”). The complaint asserts that the $1.48 per share price paid in the Transaction was unfair and seeks, among other things, damages for the class. The complaint also asserts a state law claim for purported insider trading in connection with an officer’s purchase of Company shares in August 2020. In April 2022, a second complaint was filed on behalf of two putative classes against the same parties concerning the Transaction. In May 2022, the plaintiffs in the second suit filed a motion to consolidate the two actions. A hearing was held on December 2, 2022, for the Company’s motion to partially dismiss the second suit, the motion to consolidate the two suits, and the plaintiffs’ selection of lead counsel. In March 2023, the Court granted the Company’s motion to partially dismiss the second suit, consolidated the two suits and appointed counsel of the first complaint as the plaintiffs’ lead counsel. A trial is currently scheduled for April 2024. 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, 2023.

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 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.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name:	Ryan P. Morrison
Firm:	Quarles & Brady LLP
Address 1:	411 East Wisconsin Avenue, Suite 2400
Address 2:	Milwaukee, WI 53202-4428
Phone:	(414) 277-5401
Email:	ryan.morrison@quarles.com

Accountant or Auditor

Name:	Adam Grinde
Firm:	Baker Tilly US, LLP
Address 1:	205 North Michigan Avenue, 28th Floor
Address 2:	Chicago, IL 60601-5927
Phone:	(312) 729-8000
Email:	Adam.Grinde@bakertilly.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

All other means of Investor Communication:

Twitter: https://twitter.com/westelltech
Discord: N/A
LinkedIn https://www.linkedin.com/company/westell/
Facebook: https://www.facebook.com/WestellTech
[Other] https://www.youtube.com/@westelltech

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), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

NONE.

9) Financial Statements

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

☐ IFRS
☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)[2]:

Name: **Jeniffer L Jaynes**
Title: **Chief Financial Officer**
Relationship to Issuer: **Officer of the Issuer**
Describe the qualifications of the person or persons who prepared the financial statements: Jeniffer L. Jaynes has served as the Company's Chief Financial Officer, Treasurer and Secretary since November 2020. Prior to assuming the role of the CFO, she served as interim CFO since August 2019 and the Vice President and Corporate Controller since July 2018. She previously served as the Company's Assistant Vice President of Financial Reporting from 2016 until 2018, and as Director of SEC Reporting from 2007 to 2016. Ms. Jaynes initially joined the Company in 1996 and held various accounting positions with the Company through 2000. Prior to rejoining the Company in 2007, Ms. Jaynes served as the Director of SEC Reporting at Infinity Property and Casualty Corporation (Nasdaq: IPCC), and as the Manager of Financial Reporting at Pemco Aviation Group, Inc. (subsequently known as Alabama Aircraft Industries, Inc. (Nasdaq: AAII)). Ms. Jaynes is a Certified Public Accountant and began her career as an auditor with Arthur Andersen LLP.

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

a. Audit letter, if audited;
b. Balance Sheet;
c. Statement of Income;
d. Statement of Cash Flows;
e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
f. Financial Notes

[2] The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Please see Financial Statements after Section 10 of this document.
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 Disclosure Statement for 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.

May 25, 2023 [Date]

/s/ Timothy L. Duitsman [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Jeniffer L. Jaynes certify that:

1. I have reviewed this Disclosure Statement for 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.

May 25, 2023 [Date]

/s/ Jeniffer L. Jaynes [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEARS ENDED MARCH 31, 2023 AND 2022

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEARS ENDED MARCH 31, 2023 AND 2022
TABLE OF CONTENTS

Independent Auditors' Report

To the Stockholders and Board of Directors of
Westell Technologies, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Westell Technologies, Inc. and Subsidiaries (the Company), which comprise the consolidated balance sheet as of March 31, 2023, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 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 (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The consolidated financial statements of Westell Technologies, Inc. and Subsidiaries as of March 31, 2022 and for the year then ended were audited by other auditors whose report dated June 10, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, 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 within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 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 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 consolidated 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.

Baker Tilly US, LLP

Chicago, Illinois
May 23, 2023

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per shares amounts)	March 31, 2023	March 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 10,314	$ 14,961
Short-term investments	2,950	—
Accounts receivable (net of allowance of $100 at both March 31, 2023 and 2022)	6,940	6,547
Inventories	13,139	11,799
Prepaid expenses and other current assets	904	1,985
Total current assets	34,247	35,292
Non-current assets:		
Property and equipment, net	233	129
Intangible assets, net	—	376
Right-of-use assets on operating leases, net	1,459	1,989
Other non-current assets	86	86
Total assets	$ 36,025	$ 37,872
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,685	$ 4,839
Accrued expenses	2,567	3,977
Deferred revenue	338	921
Total current liabilities	4,590	9,737
Non-current liabilities:		
Deferred revenue non-current	171	142
Lease liabilities non-current	854	1,422
Other non-current liabilities	135	141
Total liabilities	5,750	11,442
Commitments and contingencies (see Note 12)		
Stockholders' equity:		
Class A common stock, par $0.01, Authorized – 109,000,000 shares, Outstanding – 7,989,671 and 7,705,826 shares at March 31, 2023 and 2022, respectively	80	77
Class B common stock, par $0.01, Authorized – 25,000,000 shares, Issued and outstanding – 3,484,287 shares at both March 31, 2023 and 2022	35	35
Preferred stock, par $0.01, Authorized – 1,000,000 shares, Issued and outstanding – none	—	—
Additional paid-in capital	420,896	420,587
Treasury stock at cost – 10,459,107 and 10,225,989 shares at March 31, 2023 and 2022, respectively	(44,891)	(44,608)
Accumulated deficit	(345,845)	(349,661)
Total stockholders' equity	30,275	26,430
Total liabilities and stockholders' equity	$ 36,025	$ 37,872

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, 2023	2022
Revenue	$ 47,260	$ 37,986
Cost of revenue	30,721	24,353
Gross profit	16,539	13,633
Operating expenses		
Research and development	4,174	3,779
Sales and marketing	5,695	5,393
General and administrative	4,021	3,325
Intangibles amortization	376	766
Total operating expenses	14,266	13,263
Operating income	2,273	370
Gain on forgiveness of second draw PPP loan	—	1,637
Employee retention credit	—	1,373
Other income (expense), net	1,644	317
Income from continuing operations before income taxes	3,917	3,697
Income tax expense	(101)	(97)
Net income from continuing operations	3,816	3,600
Discontinued operations		
Income from discontinued operations, net of tax expense of $8 for March 31, 2022	—	273
Net income[1]	$ 3,816	$ 3,873
Basic net income per share:		
Basic net income per share from continuing operations	$ 0.33	$ 0.32
Basic net income per share from discontinued operations	—	0.02
Basic net income per share [2]	$ 0.33	$ 0.35
Diluted net income per share:		
Diluted net income per share from continuing operations	$ 0.33	$ 0.32
Diluted net income per share from discontinued operations	—	0.02
Diluted net income per share	$ 0.33	$ 0.34
Weighted-average number of shares outstanding:		
Basic	11,408	11,132
Effect of dilutive securities: restricted stock, restricted stock units, performance stock units and stock options[3]	272	269
Diluted	11,680	11,401

(1) Net income and comprehensive income 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 shares represented by common stock equivalents for both the twelve months ended March 31, 2023 and 2022, which were not included in the computation of average dilutive shares outstanding because they were anti-dilutive.

The accompanying notes are an integral part of these 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, 2021	**$ 75**	**$ 35**	**$ 420,142**	**$ (44,559)**	**$ (353,534)**	**$ 22,159**
Net income	—	—	—	—	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**
Net income	—	—	—	—	3,816	3,816
Common stock issued	5	—	(5)	—	—	—
Purchase of treasury stock	(2)	—	—	(283)	—	(285)
Stock-based compensation	—	—	314	—	—	314
Balance, March 31, 2023	**$ 80**	**$ 35**	**$ 420,896**	**$ (44,891)**	**$ (345,845)**	**$ 30,275**

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, 2023	Fiscal Year ended March 31, 2022
Cash flows from operating activities:		
Net income	$ 3,816	$ 3,873
Reconciliation of net income to net cash used in operating activities:		
Depreciation and amortization	514	928
Gain on forgiveness of second draw PPP loan	—	(1,637)
Stock-based compensation	314	448
Gain on sale of land, property and equipment	(3)	(35)
Gain on settlement receivable for inventory and equipment damaged in fire	—	(259)
Recovery of assumed contractual obligation	(1,445)	—
Exchange rate loss (gain)	7	2
Changes in assets and liabilities:		
Accounts receivable	(400)	(2,057)
Inventories	(1,340)	(6,860)
Prepaid expenses and other current assets	1,081	(374)
Other assets	530	453
Deferred revenue	(554)	84
Accounts payable and accrued expenses	(3,693)	2,905
Net cash provided by (used in) operating activities	(1,173)	(2,529)
Cash flows from investing activities:		
Maturities of held-to-maturity short-term debt securities	4,000	—
Purchases of held-to-maturity short-term debt securities	(6,950)	—
Proceeds from sale of land, property and equipment	3	704
Purchases of property and equipment	(242)	(48)
Net cash provided by (used in) investing activities	(3,189)	656
Cash flows from financing activities:		
Purchases of treasury stock	(285)	(50)
Net cash provided by (used in) financing activities	(285)	(50)
Net increase (decrease) in cash and cash equivalents	(4,647)	(1,923)
Cash and cash equivalents, beginning of period	14,961	16,884
Cash and cash equivalents, end of period (1)	$ 10,314	$ 14,961
Supplemental disclosures of cash flow information:		
Cash paid for income taxes, net	$ 265	$ 6

(1) As of March 31, 2023, the Company had approximately $3.0 million of short-term investments in addition to the $10.3 million of cash and cash equivalents.

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO 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. ("Westell"), designs, manufactures and distributes telecommunications solutions, 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 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, on March 22, 2021, the Company received a $1.6 million second draw PPP loan (the "PPP2") pursuant to a loan from St. Charles Bank & Trust Company, N.A. ("Wintrust") under the Consolidated Appropriations Act, 2021 (the "CAA") that was signed into law in December 2020. On November 16, 2021, the SBA and Wintrust provided forgiveness for the full amount of the PPP2 Loan, plus all related accrued interest. The gain associated with the forgiveness is presented on the Statements of Operations as Gain on forgiveness of second draw PPP loan for the three and nine months ended December 31, 2021.

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 released Notice 2021-33, which provides a safe harbor permitting the exclusion of PPP forgiveness from gross receipts solely for determining eligibility for the ERC. In January 2023, the Company received payment of the entire balance of the ERC receivable from the IRS. See Note 6 for additional information on the 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 In-Building Wireless ("IBW") and Intelligent Site Management ("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 Accounting Standards Codification ("ASC") Topic 450, *Contingencies*, as of March 31, 2021, the Company recorded an economic loss recovery receivable of $382,000, which is presented in Prepaid expenses and other assets in the 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 ended March 31, 2012, and therefore the gains are presented on the Consolidated Statement of Operations as discontinued operations net of tax. 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 consolidated 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. Management considers the consolidated financial statements 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, debt instruments consisting of U.S. treasury bonds and money market funds. Money market funds are accounted for as available-for-sale securities.

Short-term investments

Investments with an original maturity greater than three months, but less than one year are carried at cost and reported as Short-term investments on the Consolidated Balance Sheets. The Company invests in debt instruments consisting of U.S. treasury bonds. The treasury bonds are classified as held-to-maturity and are carried at amortized cost. Short-term investments were $3.0 million as of March 31, 2023. There were no short-term investments as of March 31, 2022. The fair value of short-term investments approximates their carrying amounts due to the short-term nature of these financial assets and therefore there are no unrecognized gains or losses. The Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases.

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, 2023, the Company invested its excess cash in a U.S. bank savings account which is insured by the Federal Deposit Insurance Corporation ("FDIC") up to the $250,000 insurable limit, government money market funds and government bonds with less than a one year duration. The cash in the Company's U.S. bank operating account is insured by the FDIC up to $3.75 million as the Company's bank deposits are spread across a group of 15 affiliated community banks, with each bank insuring up to the $250,000 FDIC insurable limit.

Income per Share

The computation of basic net income 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.

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, 2023	March 31, 2022
Raw materials	$ 3,970	$ 4,165
Finished goods	9,169	7,634
Total inventories	$ 13,139	$ 11,799

The Company records provisions against inventory for excess and obsolescence, 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 $1.0 million and $0.5 million in fiscal years ended March 31, 2023 and 2022, respectively. 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 over the term of the underlying contract. For fiscal year ended March 31, 2022. Prepaid expenses and other current assets included the ERC receivable. See Note 6 for additional information on the ERC receivable.

Property and Equipment, net

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 five to seven years and for office, computer and research equipment from two to five years. Expenditures for major renewals and improvements that extend the useful life of property and equipment are capitalized.

Depreciation expense was $0.1 million and $0.2 million for fiscal years ended March 31, 2023 and 2022, respectively. 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, 2023, or March 31, 2022.

The Company acquired 16 acres of land with a prior acquisition and sold four 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.

The components of Property and equipment are as follows:

(in thousands)	March 31, 2023		March 31, 2022	
Machinery and equipment	$	1,494	$	1,362
Office, computer and research equipment		4,689		4,675
Leasehold improvements		793		793
Property and equipment, gross		6,976		6,830
Less accumulated depreciation and amortization		(6,743)		(6,701)
Property and equipment, net	$	233	$	129

Accrued Expenses

The components of accrued expenses are as follows:

(in thousands)	March 31, 2023		March 31, 2022	
Accrued compensation	$	1,195	$	1,084
Accrued contractual obligation		—		1,445
Current operating lease liability		525		484
Other accrued expenses		847		964
Total accrued expenses	$	2,567	$	3,977

During the quarter ended June 30, 2022, the statute of limitation to bring a claim for the accrued contractual obligation expired. As a result, the Company reversed the estimated accrual of $1.4 million and recorded the non-cash gain in Other income (expense), net on the Consolidated Statement of Operations in the fiscal year ended March 31, 2023.

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 the seller and the buyer 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.

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 of the distinct performance obligation. In circumstances where the stand along selling price 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, 2023 and 2022, 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 those based on 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 Issued Accounting Pronouncements Not Yet Adopted as of March 31, 2023

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“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. Effective April 1, 2023, the Company adopted ASU 2016-13 with no impact on the Company's Consolidated Financial Statements.

Note 3. *Long-term Debt, Note Payable to Bank and Revolving Credit Agreement*

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"). 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 Consolidated Statements of Operations as Gain on forgiveness of second draw PPP loan for the fiscal year ended March 31, 2022.

Revolving Credit Agreement

The Company entered into a credit agreement dated as of December 15, 2022 (the "Credit Agreement") with Wintrust. The Credit Agreement is a one-year revolving credit facility in an amount up to $5.0 million, with availability under the line of credit subject to a borrowing base calculated as a percentage of eligible accounts receivable. The line of credit is secured by a blanket lien on all tangible and intangible assets of the Company and its domestic subsidiary. Borrowings under the Credit Agreement will bear interest at SOFR plus 300 basis points. The line of credit is to be repaid in monthly payments of interest only and is renewable at maturity. The Credit Agreement contains certain restrictive covenants customary for transactions of this type. The Credit Agreement contains one financial covenant requiring the Borrower to maintain a minimum fixed charge coverage ratio of 1.2x, measured semi-annually. There were no borrowings and $5.0 million available under this facility at March 31, 2023.

Note 4. ***Leases***

The Company accounts for leases under ASC Topic 842, *Leases*. 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. 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 lease requires residual value guarantees.

The Company reviews the impairment of 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, 2023, consisted of the following (in thousands):

Fiscal Year Ending March 31,	Operating Leases	
2024	$	571
2025		615
2026		276
Thereafter		—
Total lease payments		1,462
Less: imputed interest		(83)
Total operating lease liabilities	$	1,379

As of March 31, 2023, the weighted-average remaining lease term was 2.6 years and the weighted-average discount rate was 4.5%.

During the fourth quarter of fiscal year ended March 31, 2022, the Company executed a lease extension for the Manchester, NH 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.

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

	Fiscal Year Ended March 31,	
(in thousands)	2023	2022
Operating lease expense	$ 608	$ 608
Variable lease expense [1]	209	206
Total lease expense [2]	$ 817	$ 814

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[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 fiscal years ended March 31, 2023 and 2022, cash paid for operating leases included in the measurement of lease liabilities was $0.6 million and $0.8 million, respectively. 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 of ROU assets in exchange for related operating lease liabilities during the fiscal year ended March 31, 2022. There were no new leases in fiscal year ended March 31, 2023.

The following table summarizes the classification of ROU assets and lease liabilities as of March 31, 2023 and 2022:

(in thousands)	March 31, 2023		March 31, 2022		Balance Sheet Classification
Assets:					
ROU assets	$	1,459	$	1,989	Right-of-use assets on operating leases, net
Liabilities:					
Current operating lease liability		525		484	Accrued expenses
Non-current operating lease liabilities		854		1,422	Lease liabilities non-current
Total lease liabilities	$	1,379	$	1,906	

Note 5. ***Revenue Recognition and Deferred Revenue***

Disaggregation of revenue

The following table disaggregates our revenue by major source:

	Fiscal Year Ended March 31,	
(in thousands)	2023	2022
Revenue:		
Products	$ 41,498	$ 32,892
Software	276	252
Services	5,486	4,842
Total revenue	$ 47,260	$ 37,986

The following is the expected future revenue recognition timing of deferred revenue as of March 31, 2023:

(in thousands)	< 1 year	1-2 years	> 2 years
Deferred Revenue	$ 338	$ 67	$ 104

During the fiscal years ended March 31, 2023, and 2022, the Company recognized $0.9 million of revenue related to contract liabilities at the beginning of the periods.

The Company allows certain customers to return unused product under specified terms and conditions. The Company estimates product returns based on historical sales and return trends and records a corresponding refund liability. The refund liability, which is recorded in Accrued expenses on the accompanying Consolidated Balance Sheets, was $0.2 million at both March 31, 2023, and 2022. The gross product return asset, which is recorded in Prepaid and other current assets in the Consolidated Balance Sheets, was $0.2 million and $0.1 million at March 31, 2023 and 2022, respectively.

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 ERC, which is a refundable tax credit against certain employment taxes. For 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 eligible to participate in the program for the quarters ended March 31, 2021 and June 30, 2021, due to the decline in gross receipts over 20% 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. In January 2023, the Company received the entire balance from the IRS.

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. The Company's CODM is the Chief Executive Officer. The CODM continues to define segment profit as gross profit less research and development expenses. The accounting policies of the segments are the same as those for Westell Technologies, Inc. described in the summary of significant accounting policies.

The Company’s three reportable segments are as follows:

In-Building Wireless (“IBW”) Segment

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

Intelligent Site Management (“ISM”) Segment

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

Communications Network Solutions (“CNS”) Segment

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

Segment information for the fiscal years ended March 31, 2023, and 2022, is set forth below:

(in thousands)	Fiscal Year Ended March 31, 2023 IBW	ISM	CNS	Total
Revenue	$ 10,004	$ 23,153	$ 14,103	$ 47,260
Cost of revenue	6,827	13,572	10,322	30,721
Gross profit	3,177	9,581	3,781	16,539
Gross margin	31.8%	41.4%	26.8%	35.0%
Research and development	1,237	2,058	879	4,174
Segment profit	$ 1,940	$ 7,523	$ 2,902	12,365
Operating expenses:				
Sales and marketing				5,695
General and administrative				4,021
Intangible amortization				376
Operating profit				2,273
Other income (expense), net				1,644
Income tax expense				(101)
Net income from continuing operations				$ 3,816

(in thousands)	Fiscal Year Ended March 31, 2022 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				370
Gain of forgiveness of second draw PPP loan				1,637
Employee retention credit				1,373
Other income (expense), net				317
Income tax expense				(97)
Net income from continuing operations				$ 3,600

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 ended March 31, 2023 and 2022. 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,	
	2023	2022
Customer 1	35.9 %	17.0 %
Customer 2	2.5 %	10.5 %

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

	March 31, 2023	March 31, 2022
Customer 1	33.1 %	26.9 %
Customer 2	1.7 %	13.8 %

Customer 1 is a customer of all reporting segments. Customer 2 is primarily a customer of the ISM reporting segment.

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 413,965 shares available for issuance under the 2019 Plan as of March 31, 2023.

The stock options, restricted stock awards ("RSAs"), 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)	2023	2022
Cost (benefit) of revenue	$ 5	$ 32
Sales and marketing	83	144
Research and development	10	21
General and administrative	216	251
Stock-based compensation	314	448
Income tax benefit	—	—
Total stock-based compensation expense, after taxes	$ 314	$ 448

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 $13,000 and $31,000 in the fiscal years ended March 31, 2023 and 2022, respectively, related to stock options. There were no options granted or exercised in fiscal years ended March 31, 2023 and 2022. As of March 31, 2023, all outstanding options were fully vested.

Stock option activity for the fiscal year ended March 31, 2023, is as follows:

	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value [(1)] (in thousands)
Outstanding on March 31, 2022	216,562	$ 1.80	3.5	$ –
Granted	–	–		
Exercised	–	–		
Forfeited	–	–		
Expired	(6,875)	4.70		
Outstanding on March 31, 2023	209,687	$ 1.71	2.6	$ 45
Exercisable on March 31, 2023	209,687	1.71	2.6	$ 45

[(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.

RSAs

Vesting of RSAs is subject to continued employment with the Company. During fiscal years ended March 31, 2023 and 2022, non-employee directors received grants of 27,496 and 22,570 shares with a weighted-average grant date fair value of $1.20 and $1.11, 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 $27,000 and $23,000 of expense in the fiscal years ended March 31, 2023 and 2022, respectively, related to restricted stock. As of March 31, 2023, there is $20,000 of 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 $26,000 and $23,000 during fiscal years ended March 31, 2023 and 2022, respectively.

The following table sets forth restricted stock activity for the fiscal year ended March 31, 2023:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2022	22,570	$ 1.11
Granted	27,496	1.20
Vested	(22,570)	1.11
Forfeited	–	–
Non-vested as of March 31, 2023	27,496	$ 1.20

RSUs

In fiscal years ended March 31, 2023 and 2022, there were 338,871 and 331,232 shares with a weighted-average grant date fair value of $1.42 and $0.78, 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 period 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 $239,000 and $243,000 for RSUs in fiscal years ended March 31, 2023 and 2022, respectively. As of March 31, 2023, there is approximately $418,000 of unrecognized compensation expense related to the RSUs, which is expected to be recognized over a weighted-average period of 2.2 years. The total intrinsic fair value of RSUs vested was $316,000 and $187,000 during fiscal years ended March 31, 2023 and 2022, respectively.

The following table sets forth the RSU activity for the fiscal year ended March 31, 2023:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2022	578,928	$ 0.87
Granted	338,871	1.42
Vested	(253,423)	0.98
Forfeited	(108,849)	1.09
Non-vested as of March 31, 2023	555,527	$ 1.11

PSUs

A total of 347,315 PSUs were granted during fiscal year ended March 31, 2022 with a weighted-average grant date fair value of $0.78. PSUs were earned based upon achievement of fiscal year ended March 31, 2022 performance goals tied to growing revenue, new product development and to non-GAAP profitability targets, 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. During the quarter ended June 30, 2022, the continued employment provision lapsed and the PSUs convert into shares of Class A Common Stock of the Company on a one-for-one basis. 111,271 of the fiscal year ended March 31, 2022 PSUs were forfeited prior to vesting. There were no PSU grants during fiscal year ended March 31, 2023.

The Company recorded $35,000 and $151,000 stock-based compensation expense for PSUs in fiscal years ended March 31, 2023 and 2022, respectively. As of March 31, 2023, there were no outstanding PSUs.

The following table sets forth the PSU activity for the fiscal year ended March 31, 2023:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2022	236,044	$ 0.78
Granted, at target	–	–
Vested	(236,044)	0.78
Forfeited	–	–
Non-vested as of March 31, 2023	–	$ –

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 $128,000 and $104,000 as of March 31, 2023 and 2022, respectively, and are presented on the Consolidated Balance Sheets in Accrued expenses. The non-current portions of the warranty reserves are $77,000 and $81,000 as of March 31, 2023 and 2022, 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)	**2023**	**2022**
Total product warranty reserve at the beginning of the period	$ 185	$ 125
Warranty expense to cost of revenue	121	141
Utilization	(101)	(81)
Total product warranty reserve at the end of the period	$ 205	$ 185

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 owner of the remaining 50% equity 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, 2023 and 2022, which is presented on the Consolidated Balance Sheets within Other non-current assets.

The Company's revenue from sales to AKA for fiscal years ended March 31, 2023 and 2022 was $1.2 million and $1.6 million, respectively. Accounts receivable from AKA is $0.2 million at both March 31, 2023 and 2022. Deferred revenue relating to AKA maintenance contracts is $0.2 million and $0.1 million as of March 31, 2023 and 2022, respectively. The Company also has an unlimited guarantee for the performance of the other 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 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 asset and 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 expense from continuing operations is summarized as follows:

(in thousands)	Fiscal Year Ended March 31, 2023	Fiscal Year Ended March 31, 2022
Federal:		
Current	$ —	$ —
Deferred	—	—
	—	—
State:		
Current	80	66
Deferred	—	—
	80	66
Foreign:		
Current	21	31
Deferred	—	—
	21	31
Total	$ 101	$ 97

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, 2023	Fiscal Year Ended March 31, 2022
Statutory federal income tax rate	21.0 %	21.0 %
PPP loan forgiveness	—	(9.2)
State income tax, net of federal tax effect	17.6	46.9
Expiration of tax attributes	64.3	104.0
Valuation allowance	(110.2)	(165.4)
Foreign taxes	0.5	0.8
Equity compensation	(0.9)	1.2
Provision to return true-up	10.2	3.3
Effective income tax rate from continuing operations	2.5 %	2.6 %

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

(in thousands)	March 31, 2023	March 31, 2022
Deferred income tax assets:		
Allowance for doubtful accounts	$ 24	$ 25
Foreign tax credit carryforward	82	355
Depreciation	106	119
Deferred revenue	122	265
Accrued compensation	295	297
Inventory reserves	758	661
Accrued warranty	49	46
Net operating loss and capital carryforwards	26,655	31,030
Intangibles and goodwill	714	823
Research and experimental costs	877	—
Other	245	734
Gross deferred tax assets	29,927	34,355
Valuation allowance	(29,927)	(34,355)
Net deferred income tax assets	$ —	$ —

In fiscal years ended March 31, 2023 and 2022, the Company continued to maintain a full valuation allowance on deferred tax assets. The valuation allowance decreased by $4.4 million in fiscal year ended March 31, 2023. 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 ended March 31, 2023 and has concluded there were no ownership changes during the fiscal year ended March 31, 2023 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.

As permitted under the CARES Act, the Company deferred the employer portion of social security taxes. As of March 31, 2022, the Company has deferred $0.2 million of payroll taxes, which is presented on the Consolidated Balance Sheets within Accrued Expenses. There is no such deferral as of March 31, 2023 as the Company paid the deferral in full by December 31, 2022. Also under the CARES Act, the PPP was established to provide loans to eligible businesses. Under the terms of the PPP2, certain amounts of the loan may be forgiven if used for qualifying expenses, as described in the CARES Act. For fiscal year ended March 31, 2022, 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 $101,000 and $97,000 in fiscal years ended March 31, 2023 and 2022, respectively.

The Company has, on a tax-effected basis, approximately $0.1 million in tax credit carryforwards and $22.2 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 ended March 31, 2024. The federal NOL carryforwards begin to expire in fiscal year ended March 31, 2024. 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. Under rules enacted by the Tax Act, tax losses incurred in fiscal year ended March 31, 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 ended March 31, 2018 are subject to a limitation of 80% of the current taxable income. In fiscal year ended March 31, 2023, $2.6 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 $4.4

million, respectively. The remaining state tax credit carryforwards and state net operating loss carry forwards begin to expire in fiscal year ended March 31, 2024. In fiscal year ended March 31, 2023, $0.4 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 ended March 31, 2022 and 2023 is as follows:

	(in thousands)
Unrecognized tax benefits at March 31, 2021	$ 755
Additions based on positions related to fiscal year ended March 31, 2022	—
Reductions as a result of expirations of applicable statutes of limitations	(252)
Unrecognized tax benefits at March 31, 2022	503
Additions based on positions related to fiscal year ended March 31, 2023	—
Reductions as a result of expirations of applicable statutes of limitations	(109)
Unrecognized tax benefits at March 31, 2023	$ 394

If the unrecognized tax benefit balances at March 31, 2023 and 2022 were recognized, it would affect the effective tax rate.

The Company recognized interest and (benefit)/penalties of approximately $3,000 and $0 as a component of income tax expense in fiscal years ended March 31, 2023 and 2022, respectively. There was no accrued interest and penalties as of March 31, 2023 and 2022.

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	2019 - 2022
U.S. States	2018 - 2022
Foreign	2018

Since NOL 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"). 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. A hearing was held on December 2, 2022, for the Company's motion to partially dismiss the second suit, the motion to consolidate the two suits, and the plaintiffs' selection of lead counsel. In March 2023, the Court granted the Company's motion to partially dismiss the second suit, consolidated the two suits and appointed counsel of the first complaint as the plaintiffs' lead counsel. A trial is currently scheduled for April 2024. 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, 2023.

In the ordinary course of operations, the Company receives claims where the Company believes an unfavorable outcome is possible or probable but 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 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, 2023 and 2022, the Company has not recorded any contingent liability attributable to existing litigation.

Lease Obligations

The Company currently occupies office space under operating leases, with various expiration dates through November 2025. The Company's office leases provide for rental payments on a graduated scale. Lease expense is recognized on a straight-line basis over the lease term. For further details, refer to Note 4. *Leases*.

Note 13. *Fair Value Measurements*

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

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

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, 2023:

(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	$ 2,333	$ 2,333	—	—	Cash and cash equivalents

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

(in thousands)	Total Fair Value 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 fair value of the money market funds approximates their carrying amounts due to the short-term nature of these financial instruments.

Please see Note 2 for additional information about the Company's short-term investments that are classified as held-to-maturity.

Note 14. *Capital Stock and Stock Restriction Agreements*

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 133,595 and 3,964 shares under the 2017 authorization under a 10b5-1(c) purchase plan during the fiscal years ended March 31, 2023 and 2022, respectively, at a weighted-average purchase price of $1.21 and $1.33 per share, respectively. As of March 31, 2023, there was approximately $0.5 million remaining for additional share repurchases under the 2017 authorization.

Additionally, in fiscal years ended March 31, 2023 and 2022, the Company repurchased 99,523 and 52,272 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 units. These repurchases were not included in the authorized share repurchase programs and had a weighted-average purchase price of $1.23 and $0.86 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, 2023, 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 59.1% 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 64.2% 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 such a transfer. As of March 31, 2023, 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 ended March 31, 2023 and 2022:

	Common Shares Issued		
	Class A	**Class B**	**Class A Treasury**
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)
Purchases of Treasury Stock	(233,118)	—	(233,118)
Restricted stock grants, including conversion of certain RSUs and PSUs, net of forfeitures	516,963	—	—
Total shares outstanding, March 31, 2023	7,989,671	3,484,287	(10,459,107)

In April 2023, the Compensation Committee granted 187,877 restricted stock units (RSUs) to executives pursuant to the Westell Technologies, Inc. 2019 Omnibus Incentive Compensation Plan (see Note 8).

Note 15. *Intangible Assets*

The Company has recorded intangible assets and accounts for them in accordance with ASC 350, *Intangibles — Goodwill and Other*.

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.

As of March 31, 2023, all intangible assets were fully amortized. There was no intangible asset impairments during fiscal years ended March 31, 2023 or 2022. For the fiscal years ended March 31, 2023 and 2022, amortization expense was approximately $376,000 and $766,000, respectively.

The following table presents details of the Company's intangible assets:

(in thousands)	March 31, 2023 Gross Carrying Amount	March 31, 2023 Accumulated Amortization and Impairment	March 31, 2023 Net Carrying Amount	March 31, 2022 Gross Carrying Amount	March 31, 2022 Accumulated Amortization and Impairment	March 31, 2022 Net Carrying Amount
Backlog	$ 1,530	$ (1,530)	$ —	$ 1,530	$ (1,530)	$ —
Customer relationships	23,260	(23,260)	—	23,260	(22,884)	376
Licensing agreement	1,950	(1,950)	—	1,950	(1,950)	—
Product technology	45,195	(45,195)	—	45,195	(45,195)	—
Non-compete	510	(510)	—	510	(510)	—
Trade name and trademark	1,473	(1,473)	—	1,473	(1,473)	—
Total finite-lived intangible assets, net	$ 73,918	$ (73,918)	$ —	$ 73,918	$ (73,542)	$ 376