



**Westell Technologies, Inc.**

750 North Commons Drive  
Aurora, IL 60504

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(630) 898-2500  
www.westell.com  
info@westell.com

**Quarterly Report**

**For the period ending December 31, 2023 (the “Reporting Period”)**

**Outstanding Shares**

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

8,023,718 as of December 31, 2023 (Current Reporting Period Date or More Recent Date)

7,989,671 as of March 31, 2023 (Most Recent Completed Fiscal Year End)

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

3,484,287 as of December 31, 2023 (Current Reporting Period Date or More Recent Date)

3,484,287 as of March 31, 2023 (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:

**Change in Control**

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

Yes:  No:

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

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

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

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

Westell Technologies, Inc. (Formerly known as Electronic Information Technologies, Inc. – Name changed in October 1995 and previously formally known as R-COM, INC. – Name changed in November 1992.)

Current State and Date of Incorporation or Registration: Delaware on 10/29/1980

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

N/A

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

None.

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

None.

Address of the issuer's principal executive office:

750 North Commons Drive, Aurora, IL 60504

Address 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:

**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:	<u>WSTL</u>
Exact title and class of securities outstanding:	<u>Class A Common Stock</u>
CUSIP:	<u>957541303</u>
Par or stated value:	<u>par value: \$0.01 per share</u>
Total shares authorized:	<u>109,000,000</u> as of date: <u>December 31, 2023</u>
Total shares outstanding:	<u>8,023,718</u> as of date: <u>December 31, 2023</u>
Total number of shareholders of record:	<u>77</u> as of date: <u>December 31, 2023</u>

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.  
None

**Other classes of authorized or outstanding equity securities that do not have a trading symbol:**

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 that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of security:	<u>Class B Common Stock<sup>(1)</sup></u>
Par or stated value:	<u>par value: \$0.01 per share</u>
Total shares authorized:	<u>25,000,000</u> as of date: <u>December 31, 2023</u>
Total shares outstanding:	<u>3,484,287</u> as of date: <u>December 31, 2023</u>
Total number of shareholders of record:	<u>4</u> as of date: <u>December 31, 2023</u>

(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:	<u>Preferred Stock</u>
Par or stated value:	<u>par value: \$0.01 per share</u>
Total shares authorized:	<u>1,000,000</u> as of date: <u>December 31, 2023</u>
Total shares outstanding:	<u>None</u> as of date: <u>December 31, 2023</u>
Total number of shareholders of record:	<u>N/A</u> as of date: <u>December 31, 2023</u>

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

None

**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 for the two most recently completed fiscal years and any subsequent period.

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 <u>Opening Balance:</u> Date <u>03/31/2021</u> Class A Common: <u>7,521,271</u> Class B Common: <u>3,484,287</u> Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to.  ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion)  -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>4/1/2021</u>	<u>New issuance</u>	<u>34,013</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2021</u>	<u>New issuance</u>	<u>21,666</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2021</u>	<u>Shares returned to Treasury</u>	<u>(7,496)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2021</u>	<u>New issuance</u>	<u>15,000</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2021</u>	<u>Shares returned to Treasury</u>	<u>(5,190)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2021</u>	<u>New issuance</u>	<u>29,700</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/1/2021</u>	<u>Shares returned to Treasury</u>	<u>(10,341)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/2/2021</u>	<u>New issuance</u>	<u>3,834</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/2/2021</u>	<u>Shares returned to Treasury</u>	<u>(1,326)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/2/2021</u>	<u>New issuance</u>	<u>8,334</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>4/2/2021</u>	Shares returned to Treasury	<u>(2,883)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/2/2021</u>	New issuance	<u>45,007</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/2/2021</u>	Shares returned to Treasury	<u>(15,591)</u>	<u>Class A</u>	<u>\$0.81</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/26/2021</u>	New issuance	<u>5,000</u>	<u>Class A</u>	<u>\$0.76</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/26/2021</u>	Shares returned to Treasury	<u>(1,963)</u>	<u>Class A</u>	<u>\$0.76</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>7/30/2021</u>	New issuance	<u>5,000</u>	<u>Class A</u>	<u>\$0.79</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>7/30/2021</u>	Shares returned to Treasury	<u>(1,795)</u>	<u>Class A</u>	<u>\$0.79</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>9/1/2021</u>	New issuance	<u>33,333</u>	<u>Class A</u>	<u>\$0.90</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>9/17/2021</u>	New issuance	<u>5,000</u>	<u>Class A</u>	<u>\$1.05</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>9/17/2021</u>	Shares returned to Treasury	<u>(1,482)</u>	<u>Class A</u>	<u>\$1.05</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>10/28/2021</u>	New issuance	<u>4,514</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Kirk R. Brannock</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>10/28/2021</u>	New issuance	<u>4,514</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Robert W. Foskett</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>10/28/2021</u>	New issuance	<u>4,514</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Robert C. Penny III</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>10/28/2021</u>	New issuance	<u>4,514</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Cary B. Wood</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>10/28/2021</u>	New issuance	<u>4,514</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Mark A. Zorko</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>12/19/2021</u>	New issuance	<u>2,334</u>	<u>Class A</u>	<u>\$1.25</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>12/19/2021</u>	Shares returned to Treasury	<u>(745)</u>	<u>Class A</u>	<u>\$1.25</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>01/19/2022</u>	New issuance	<u>10,000</u>	<u>Class A</u>	<u>\$1.36</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>01/19/2022</u>	Shares returned to Treasury	<u>(3,460)</u>	<u>Class A</u>	<u>\$1.36</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>March 2022</u>	<u>Shares returned to Treasury</u>	<u>(3,964)</u>	<u>Class A</u>	<u>\$1.33</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (4)</u>
<u>4/1/2022</u>	<u>New issuance</u>	<u>34,013</u>	<u>Class A</u>	<u>\$1.30</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2022</u>	<u>New issuance</u>	<u>21,667</u>	<u>Class A</u>	<u>\$1.30</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2022</u>	<u>Shares returned to Treasury</u>	<u>(7,496)</u>	<u>Class A</u>	<u>\$1.30</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2022</u>	<u>New issuance</u>	<u>15,000</u>	<u>Class A</u>	<u>\$1.30</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2022</u>	<u>Shares returned to Treasury</u>	<u>(5,190)</u>	<u>Class A</u>	<u>\$1.30</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2022</u>	<u>New issuance</u>	<u>29,000</u>	<u>Class A</u>	<u>\$1.30</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/1/2022</u>	<u>Shares returned to Treasury</u>	<u>(10,099)</u>	<u>Class A</u>	<u>\$1.30</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>April 2022</u>	<u>Shares returned to Treasury</u>	<u>(21,324)</u>	<u>Class A</u>	<u>\$1.26</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (5)</u>
<u>May 2022</u>	<u>Shares returned to Treasury</u>	<u>(11,953)</u>	<u>Class A</u>	<u>\$1.24</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (6)</u>
<u>6/1/2022</u>	<u>New issuance</u>	<u>34,364</u>	<u>Class A</u>	<u>\$1.18</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/1/2022</u>	<u>New issuance</u>	<u>21,477</u>	<u>Class A</u>	<u>\$1.18</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/1/2022</u>	<u>Shares returned to Treasury</u>	<u>(6,835)</u>	<u>Class A</u>	<u>\$1.18</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/1/2022</u>	<u>New issuance</u>	<u>12,886</u>	<u>Class A</u>	<u>\$1.18</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/1/2022</u>	<u>Shares returned to Treasury</u>	<u>(4,458)</u>	<u>Class A</u>	<u>\$1.18</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/1/2022</u>	<u>New issuance</u>	<u>36,681</u>	<u>Class A</u>	<u>\$1.18</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>6/1/2022</u>	Shares returned to Treasury	<u>(12,470)</u>	<u>Class A</u>	<u>\$1.18</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/10/2022</u>	New issuance	<u>81,881</u>	<u>Class A</u>	<u>\$1.22</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/10/2022</u>	New issuance	<u>33,434</u>	<u>Class A</u>	<u>\$1.22</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/10/2022</u>	Shares returned to Treasury	<u>(9,560)</u>	<u>Class A</u>	<u>\$1.22</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/10/2022</u>	New issuance	<u>56,292</u>	<u>Class A</u>	<u>\$1.22</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/10/2022</u>	Shares returned to Treasury	<u>(16,618)</u>	<u>Class A</u>	<u>\$1.22</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/10/2022</u>	New issuance	<u>64,437</u>	<u>Class A</u>	<u>\$1.22</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/10/2022</u>	Shares returned to Treasury	<u>(22,386)</u>	<u>Class A</u>	<u>\$1.22</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/26/2022</u>	New issuance	<u>5,000</u>	<u>Class A</u>	<u>\$1.12</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/26/2022</u>	Shares returned to Treasury	<u>(1,757)</u>	<u>Class A</u>	<u>\$1.12</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>June 2022</u>	Shares returned to Treasury	<u>(21,553)</u>	<u>Class A</u>	<u>\$1.11</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (7)</u>
<u>July 2022</u>	Shares returned to Treasury	<u>(15,757)</u>	<u>Class A</u>	<u>\$1.13</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (8)</u>
<u>August 2022</u>	Shares returned to Treasury	<u>(2,242)</u>	<u>Class A</u>	<u>\$1.28</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (9)</u>
<u>9/01/2022</u>	New issuance	<u>33,334</u>	<u>Class A</u>	<u>\$1.32</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>9/01/2022</u>	New issuance	<u>5,000</u>	<u>Class A</u>	<u>\$1.32</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>9/01/2022</u>	Shares returned to Treasury	<u>(1,172)</u>	<u>Class A</u>	<u>\$1.32</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>9/17/2022</u>	New issuance	<u>5,001</u>	<u>Class A</u>	<u>\$1.29</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>9/17/2022</u>	<u>Shares returned to Treasury</u>	<u>(1,482)</u>	<u>Class A</u>	<u>\$1.29</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>September 2022</u>	<u>Shares returned to Treasury</u>	<u>(7,400)</u>	<u>Class A</u>	<u>\$1.25</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (10)</u>
<u>October 2022</u>	<u>Shares returned to Treasury</u>	<u>(13,757)</u>	<u>Class A</u>	<u>\$1.16</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (11)</u>
<u>11/08/2022</u>	<u>New issuance</u>	<u>4,166</u>	<u>Class A</u>	<u>\$1.20</u>	<u>No</u>	<u>Kirk R. Brannock</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>11/08/2022</u>	<u>New issuance</u>	<u>4,166</u>	<u>Class A</u>	<u>\$1.20</u>	<u>No</u>	<u>Robert W. Foskett</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>11/08/2022</u>	<u>New issuance</u>	<u>4,166</u>	<u>Class A</u>	<u>\$1.20</u>	<u>No</u>	<u>Robert C. Penny III</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (12) (27)</u>
<u>11/08/2022</u>	<u>New issuance</u>	<u>6,666</u>	<u>Class A</u>	<u>\$1.20</u>	<u>No</u>	<u>Walter J. Skipper</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>11/08/2022</u>	<u>New issuance</u>	<u>4,166</u>	<u>Class A</u>	<u>\$1.20</u>	<u>No</u>	<u>Cary B. Wood</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>11/08/2022</u>	<u>New issuance</u>	<u>4,166</u>	<u>Class A</u>	<u>\$1.20</u>	<u>No</u>	<u>Mark A. Zorko</u>	<u>Board Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>November 2022</u>	<u>Shares returned to Treasury</u>	<u>(5,088)</u>	<u>Class A</u>	<u>\$1.20</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (13)</u>
<u>December 2022</u>	<u>Shares returned to Treasury</u>	<u>(13,900)</u>	<u>Class A</u>	<u>\$1.22</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (14)</u>
<u>January 2023</u>	<u>Shares returned to Treasury</u>	<u>(15,922)</u>	<u>Class A</u>	<u>\$1.26</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (15)</u>
<u>February 2023</u>	<u>Shares returned to Treasury</u>	<u>(2,604)</u>	<u>Class A</u>	<u>\$1.37</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (16)</u>
<u>March 2023</u>	<u>Shares returned to Treasury</u>	<u>(2,095)</u>	<u>Class A</u>	<u>\$1.61</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (17)</u>
<u>4/1/2023</u>	<u>New issuance</u>	<u>64,783</u>	<u>Class A</u>	<u>\$1.65</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>



Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>4/1/2023</u>	<u>Shares returned to Treasury</u>	<u>(19,803)</u>	<u>Class A</u>	<u>\$1.65</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2023</u>	<u>New issuance</u>	<u>29,487</u>	<u>Class A</u>	<u>\$1.65</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2023</u>	<u>Shares returned to Treasury</u>	<u>(10,201)</u>	<u>Class A</u>	<u>\$1.65</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2023</u>	<u>New issuance</u>	<u>17,692</u>	<u>Class A</u>	<u>\$1.65</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2023</u>	<u>Shares returned to Treasury</u>	<u>(6,121)</u>	<u>Class A</u>	<u>\$1.65</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>4/1/2023</u>	<u>New issuance</u>	<u>19,000</u>	<u>Class A</u>	<u>\$1.65</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>4/1/2023</u>	<u>Shares returned to Treasury</u>	<u>(6,612)</u>	<u>Class A</u>	<u>\$1.65</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>April 2023</u>	<u>Shares returned to Treasury</u>	<u>(5,649)</u>	<u>Class A</u>	<u>\$1.69</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (18)</u>
<u>May 2023</u>	<u>Shares returned to Treasury</u>	<u>(14,722)</u>	<u>Class A</u>	<u>\$1.69</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (19)</u>
<u>6/1/2023</u>	<u>New issuance</u>	<u>34,364</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/1/2023</u>	<u>Shares returned to Treasury</u>	<u>(10,068)</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Timothy L. Duitsman</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/1/2023</u>	<u>New issuance</u>	<u>21,478</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/1/2023</u>	<u>Shares returned to Treasury</u>	<u>(6,146)</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Jeniffer L. Jaynes</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/1/2023</u>	<u>New issuance</u>	<u>12,886</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2) (27)</u>
<u>6/1/2023</u>	<u>Shares returned to Treasury</u>	<u>(4,015)</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Jesse Swartwood</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2) (27)</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>6/1/2023</u>	<u>New issuance</u>	<u>23,795</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/1/2023</u>	<u>Shares returned to Treasury</u>	<u>(8,012)</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/26/2023</u>	<u>New issuance</u>	<u>5,000</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>6/26/2023</u>	<u>Shares returned to Treasury</u>	<u>(1,770)</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>June 2023</u>	<u>Shares returned to Treasury</u>	<u>(13,850)</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (20)</u>
<u>7/21/2023</u>	<u>Shares returned to Treasury</u>	<u>(4,166)</u>	<u>Class A</u>	<u>\$1.20</u>	<u>No</u>	<u>Robert C. Penny III</u>	<u>Forfeiture due to departure from the Board prior to vesting</u>	<u>Restricted</u>	<u>Forfeited (27)</u>
<u>July 2023</u>	<u>Shares returned to Treasury</u>	<u>(17,042)</u>	<u>Class A</u>	<u>\$1.71</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (21)</u>
<u>August 2023</u>	<u>Shares returned to Treasury</u>	<u>(40,031)</u>	<u>Class A</u>	<u>\$1.79</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (22)</u>
<u>9/1/2023</u>	<u>New issuance</u>	<u>5,000</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Employee(s)</u>	<u>Employee Compensation</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>9/1/2023</u>	<u>Shares returned to Treasury</u>	<u>(1,172)</u>	<u>Class A</u>	<u>\$1.70</u>	<u>No</u>	<u>Employee(s)</u>	<u>Repurchase for tax withholdings</u>	<u>Unrestricted</u>	<u>(2)</u>
<u>September 2023</u>	<u>Shares returned to Treasury</u>	<u>(28,114)</u>	<u>Class A</u>	<u>\$1.73</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (23)</u>
<u>October 2023</u>	<u>Shares returned to Treasury</u>	<u>(10,047)</u>	<u>Class A</u>	<u>\$1.62</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (24)</u>
<u>11/07/2023</u>	<u>New issuance</u>	<u>3,205</u>	<u>Class A</u>	<u>\$1.56</u>	<u>No</u>	<u>Kirk R. Brannock</u>	<u>Board Compensation</u>	<u>Restricted</u>	<u>(2) (27)</u>
<u>11/07/2023</u>	<u>New issuance</u>	<u>3,205</u>	<u>Class A</u>	<u>\$1.56</u>	<u>No</u>	<u>Robert W. Foskett</u>	<u>Board Compensation</u>	<u>Restricted</u>	<u>(2) (27)</u>
<u>11/07/2023</u>	<u>New issuance</u>	<u>3,205</u>	<u>Class A</u>	<u>\$1.56</u>	<u>No</u>	<u>Walter J. Skipper</u>	<u>Board Compensation</u>	<u>Restricted</u>	<u>(2) (27)</u>
<u>11/07/2023</u>	<u>New issuance</u>	<u>3,205</u>	<u>Class A</u>	<u>\$1.56</u>	<u>No</u>	<u>Cary B. Wood</u>	<u>Board Compensation</u>	<u>Restricted</u>	<u>(2) (27)</u>

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance (1)	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>11/07/2023</u>	<u>New issuance</u>	<u>3,205</u>	<u>Class A</u>	<u>\$1.56</u>	<u>No</u>	<u>Mark A. Zorko</u>	<u>Board Compensation</u>	<u>Restricted</u>	<u>(2) (27)</u>
<u>November 2023</u>	<u>Shares returned to Treasury</u>	<u>(1,200)</u>	<u>Class A</u>	<u>\$1.55</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (25)</u>
<u>December 2023</u>	<u>Shares returned to Treasury</u>	<u>(6,722)</u>	<u>Class A</u>	<u>\$1.62</u>	<u>No</u>	<u>Open Market Class A Purchase</u>	<u>Repurchase pursuant to the rule 10b5-1(c) purchase plan</u>	<u>Unrestricted</u>	<u>(3) (26)</u>
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date: <u>December 31, 2023</u>									
Class A Common: <u>8,023,718</u>									
Class B Common: <u>3,484,287</u>									
Preferred: <u>0</u>									

**Example:** A company with a fiscal year end of December 31<sup>st</sup> 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

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 7 and 13 in the attached Financial Statements for additional information regarding stock-based compensation and share repurchases, respectively.
- (2) Issued pursuant to an exemption from the registration requirements of the Securities Act, as provided by Rule 701, Regulation D and/or Section 4(a)(2) of the Securities Act, as applicable.
- (3) In May 2017, the Board of Directors authorized a share repurchase program whereby the Company could repurchase up to an additional aggregate of \$2.0 million of its outstanding Class A Common Stock. There was approximately \$0.3 million remaining under the May 2017 authorization as of December 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.



## 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.)
_____	_____	_____	_____	_____	_____	_____	_____

\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.

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. Ensure that these descriptions are updated on the Company's Profile on [www.OTCMarkets.com](http://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 investors 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. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

<u>Location</u>	<u>Purpose</u>	<u>Square footage</u>	<u>Termination calendar year</u>	<u>Segment</u>
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	2,225	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 “Original NH Lease”). During the quarter ended December 31, 2023, at the landlord’s request, the Company terminated the Original NH Lease and executed a replacement lease for 2,225 square feet at a new Manchester, New Hampshire location (the “Replacement NH Lease”). The Replacement NH Lease expires August 31, 2024, the expiration date that was in the Original NH Lease.

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) All Officers, Directors, and Control Persons of the Company**

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer’s securities.

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. 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 investors 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 owners.*

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class A Outstanding	Ownership Percentage of Class B Outstanding	Names of control person(s) if a corporate entity	Note
Kirk R. Brannock	Chairman of the Board	<u>Bloomfield Hills, MI</u>	<u>216,271</u>	<u>Class A Common Stock</u>	<u>2.7%</u>	—	N/A	(1), (2), and (3)
Robert W. Foskett	Director	<u>Boulder, CO</u>	<u>80,551</u>	<u>Class A Common Stock</u>	<u>1.0%</u>	—	N/A	(1), (2), and (6)
Robert W. Foskett	Director	<u>Boulder, CO</u>	<u>3,484,287</u>	<u>Class B Common Stock</u>	—	<u>100%</u>	N/A	(1), (2), (4), (5), and (6)
Walter J. Skipper	Director	<u>Elm Grove, WI</u>	<u>9,871</u>	<u>Class A Common Stock</u>	<u>0.1%</u>	—	N/A	(1), (2)
Cary B. Wood	Director	<u>Hinsdale, IL</u>	<u>61,801</u>	<u>Class A Common Stock</u>	<u>0.8%</u>	—	N/A	(1), (2)
Mark A. Zorko	Director	<u>Raleigh, NC</u>	<u>61,801</u>	<u>Class A Common Stock</u>	<u>0.8%</u>	—	N/A	(1), (2)
Timothy L. Duitsman	President, CEO and Director	<u>Naperville, IL</u>	<u>483,733</u>	<u>Class A Common Stock</u>	<u>6.0%</u>	—	N/A	(1), (2), (7)
Jeniffer L. Jaynes	CFO, Treasurer and Secretary	<u>Aurora, IL</u>	<u>144,893</u>	<u>Class A Common Stock</u>	<u>1.8%</u>	—	N/A	(1), (2)
Jesse Swartwood	SVP, Worldwide Sales	<u>Saint Charles, IL</u>	<u>151,794</u>	<u>Class A Common Stock</u>	<u>1.9%</u>	—	N/A	(1), (2)
David C. Hoeft	5% Class A Common Stockholder	<u>San Francisco, CA</u>	<u>509,033</u>	<u>Class A Common Stock</u>	<u>6.3%</u>	—	N/A	(1), (2), and (8)

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

- (1) Percentage of beneficial ownership is based on 8,023,718 shares of Class A Common Stock and 3,484,287 shares of Class B Common Stock outstanding as of December 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. 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. 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 120,656 shares held for the benefit of Mr. Foskett. The address for Messrs. Foskett and McDonough is Robert W. Foskett, 1035 Pearl St. #400, Boulder, Colorado 80302.

- (6) As of December 31, 2023, 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 59.0% of the votes entitled to be cast by the holders of the Company's common stock. Certain Penny family members also own, or are beneficiaries of, trusts that own shares outside of the Voting Trust. Messrs. Foskett and McDonough, as trustees of the Voting Trust and other trusts, control 64.1% of the voting power of the Company's outstanding stock and therefore effectively control the Company.
- (7) 35,833 shares are held in a Trust titled "TIMOTHY L. DUTSMAN TRUST DATED AUGUST 1, 2022".
- (8) 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 and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

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. Been the subject of 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, financial- or investment-related, insurance 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. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

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. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; 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.

5. Been the subject 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.

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

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 to 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 in the Delaware Court of Chancery (the "Court") 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 March 2023, the Court granted the Company's motion to partially dismiss the second suit, consolidated the two suits, and appointed the plaintiff that filed the first complaint and his counsel as the lead plaintiff and lead counsel for representation of the class. In February 2024, the parties reached agreement on formal settlement to resolve this shareholder class action lawsuit, captioned *In re Westell Technologies, Inc. Stockholder Litigation*, C.A. No. 2022-0090-NAC (Del. Ch.). The settlement contains no admission of wrongdoing, fault, liability or damage by the Company or any defendant. The settlement provides for consideration of a gross payment of \$2.2 million in cash, plus payment of up to \$49,000 in expense for notice to the class, which amounts will be funded fully by proceeds of existing Directors and Officers insurance. The settlement will resolve this matter against all defendants, releasing them from all claims by the plaintiffs and the class. The settlement is contingent upon various conditions, including, but not limited to final approval by the Court. There can be no assurance that the settlement will be approved by the Court. The Company has not set a reserve for these matters as of December 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.

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

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:	<a href="mailto:ryan.morrison@quarles.com">ryan.morrison@quarles.com</a>

### Accountant or Auditor

Name: Adam Grinde  
Firm: Baker Tilly US, LLP  
Address 1: 205 North Michigan Avenue, 28<sup>th</sup> 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:*

X (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) Disclosure & Financial Information**

A. This Disclosure Statement was prepared by (name of individual):

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

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

- IFRS  
 U.S. GAAP

C. The following financial statements were prepared by (name of individual)<sup>2</sup>:

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

<sup>2</sup> 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.

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: AAIL)). Ms. Jaynes is a Certified Public Accountant and began her career as an auditor with Arthur Andersen LLP.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

**Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995

Certain statements contained herein that are not historical facts or that contain the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “may,” “will,” “plan,” “should,” or derivatives thereof and other words of similar meaning are forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those expressed in or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the product demand and market acceptance risks, customer spending patterns, need for financing and capital, economic weakness in the United States (“U.S.”) economy and telecommunications market, the effect of international economic conditions and trade, legal, social and economic risks (such as import, licensing and trade restrictions), the impact of competitive products or technologies, competitive pricing pressures, customer product selection decisions, product cost increases, component supply shortages, new product development, excess and obsolete inventory, commercialization and technological delays or difficulties (including delays or difficulties in developing, producing, testing and selling new products and technologies), the ability to successfully consolidate and rationalize operations, the ability to successfully identify, acquire and integrate acquisitions, the effects of the Company's accounting policies, retention of key personnel, the effects and consequences of pandemics. The Company undertakes no obligation to publicly update these forward-looking statements to reflect current events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events, or otherwise.

Due to macroeconomic uncertainty and higher interest rates, Westell’s customers are significantly reducing their inventories and capital purchases. This change in customer spending will negatively affect future revenue and net income for the next few quarters and maybe longer until the demand increases. Westell implemented cost saving efforts to improve profitability during this challenging market. The Company continues to develop new products and pursue new customers for revenue growth in future years.

**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.

February 14, 2024 [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.

February 14, 2024 [Date]

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

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

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share and per shares amounts)

	(unaudited)	
	December 31, 2023	March 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 19,513	\$ 10,314
Short-term investments	—	2,950
Accounts receivable (net of allowance of \$100 at both December 31, 2023 and March 31, 2023)	5,310	6,940
Inventories	9,243	13,139
Prepaid expenses and other current assets	1,246	904
Total current assets	35,312	34,247
Non-current assets:		
Property and equipment, net	224	233
Right-of-use assets on operating leases, net	1,024	1,459
Other non-current assets	120	86
<b>Total assets</b>	\$ 36,680	\$ 36,025
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,167	\$ 1,685
Accrued expenses	2,226	2,567
Deferred revenue	328	338
Total current liabilities	3,721	4,590
Non-current liabilities:		
Deferred revenue non-current	283	171
Lease liabilities non-current	411	854
Other non-current liabilities	140	135
Total liabilities	4,555	5,750
Commitments and contingencies (see Note 11)		
Stockholders' equity:		
Class A common stock, par \$0.01, Authorized – 109,000,000 shares, Outstanding – 8,023,718 and 7,989,671 shares at December 31, 2023 and March 31, 2023, respectively	80	80
Class B common stock, par \$0.01, Authorized – 25,000,000 shares, Issued and outstanding – 3,484,287 shares at both December 31, 2023 and March 31, 2023	35	35
Preferred stock, par \$0.01, Authorized – 1,000,000 shares, Issued and outstanding – none	—	—
Additional paid-in capital	421,095	420,896
Treasury stock at cost – 10,674,570 and 10,459,107 shares at December 31, 2023 and March 31, 2023, respectively	(45,251)	(44,891)
Accumulated deficit	(343,834)	(345,845)
Total stockholders' equity	32,125	30,275
<b>Total liabilities and stockholders' equity</b>	\$ 36,680	\$ 36,025

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

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**

(In thousands, except per share amounts)

(Unaudited)

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Revenue	\$ 6,851	\$14,298	\$ 28,076	\$ 36,470
Cost of revenue	4,040	9,744	17,216	23,910
Gross profit	2,811	4,554	10,860	12,560
<b>Operating expenses:</b>				
Research and development	866	939	2,863	3,075
Sales and marketing	1,018	1,286	3,762	4,068
General and administrative	791	1,064	2,769	3,039
Intangible amortization	—	94	—	282
Total operating expenses	2,675	3,383	9,394	10,464
<b>Operating income</b>	136	1,171	1,466	2,096
Other income (expense), net	239	38	602	1,525
<b>Income before income taxes</b>	375	1,209	2,068	3,621
Income tax expense	(7)	(75)	(57)	(191)
<b>Net income <sup>(1)</sup></b>	<u>\$ 368</u>	<u>\$ 1,134</u>	<u>\$ 2,011</u>	<u>\$ 3,430</u>
<b>Basic net income per share:</b>	\$ 0.03	\$ 0.10	\$ 0.17	\$ 0.30
<b>Diluted net income per share:</b>	\$ 0.03	\$ 0.10	\$ 0.17	\$ 0.29
<b>Weighted-average number of shares outstanding:</b>				
Basic	11,480	11,480	11,509	11,394
Effect of dilutive securities: restricted stock, restricted stock units (RSUs), performance-based RSUs, and stock options <sup>(2)</sup>	176	186	201	263
Diluted	<u>11,656</u>	<u>11,666</u>	<u>11,710</u>	<u>11,657</u>

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

<sup>(2)</sup> The Company has approximately 0.1 million shares represented by common stock equivalents for both the three and nine months ended December 31, 2023, and approximately 0.2 million shares represented by common stock equivalents for the three and nine months ended December 31, 2022, respectively, which were not included in the computation of average dilutive shares outstanding because they were anti-dilutive.

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

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

(In thousands)

(Unaudited)

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
<b>Balance, March 31, 2023</b>	<b>\$ 80</b>	<b>\$ 35</b>	<b>\$ 420,896</b>	<b>\$ (44,891)</b>	<b>\$ (345,845)</b>	<b>\$ 30,275</b>
Net income	—	—	—	—	847	847
Common stock issued	2	—	(2)	—	—	—
Purchase of treasury stock	(1)	—	—	(179)	—	(180)
Stock-based compensation	—	—	87	—	—	87
<b>Balance, June 30, 2023</b>	<b>\$ 81</b>	<b>\$ 35</b>	<b>\$ 420,981</b>	<b>\$ (45,070)</b>	<b>\$ (344,998)</b>	<b>\$ 31,029</b>
Net income	—	—	—	—	796	796
Common stock issued	—	—	—	—	—	—
Purchase of treasury stock	(1)	—	—	(152)	—	(153)
Stock-based compensation	—	—	43	—	—	43
<b>Balance, September 30, 2023</b>	<b>\$ 80</b>	<b>\$ 35</b>	<b>\$ 421,024</b>	<b>\$ (45,222)</b>	<b>\$ (344,202)</b>	<b>\$ 31,715</b>
Net income	—	—	—	—	368	368
Common stock issued	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	(29)	—	(29)
Stock-based compensation	—	—	71	—	—	71
<b>Balance, December 31, 2023</b>	<b>\$ 80</b>	<b>\$ 35</b>	<b>\$ 421,095</b>	<b>\$ (45,251)</b>	<b>\$ (343,834)</b>	<b>\$ 32,125</b>

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
<b>Balance, March 31, 2022</b>	<b>\$ 77</b>	<b>\$ 35</b>	<b>\$ 420,587</b>	<b>\$ (44,608)</b>	<b>\$ (349,661)</b>	<b>\$ 26,430</b>
Net income	—	—	—	—	1,908	1,908
Common stock issued	4	—	(4)	—	—	—
Purchase of treasury stock	(1)	—	—	(184)	—	(185)
Stock-based compensation	—	—	121	—	—	121
<b>Balance, June 30, 2022</b>	<b>\$ 80</b>	<b>\$ 35</b>	<b>\$ 420,704</b>	<b>\$ (44,792)</b>	<b>\$ (347,753)</b>	<b>\$ 28,274</b>
Net income	—	—	—	—	388	388
Common stock issued	1	—	(1)	—	—	—
Purchase of treasury stock	(1)	—	—	(33)	—	(34)
Stock-based compensation	—	—	67	—	—	67
<b>Balance, September 30, 2022</b>	<b>\$ 80</b>	<b>\$ 35</b>	<b>\$ 420,770</b>	<b>\$ (44,825)</b>	<b>\$ (347,365)</b>	<b>\$ 28,695</b>
Net income	—	—	—	—	1,134	1,134
Common stock issued	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	(39)	—	(39)
Stock-based compensation	—	—	63	—	—	63
<b>Balance, December 31, 2022</b>	<b>\$ 80</b>	<b>\$ 35</b>	<b>\$ 420,833</b>	<b>\$ (44,864)</b>	<b>\$ (346,231)</b>	<b>\$ 29,853</b>

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

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

	Nine months ended December 31,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,011	\$ 3,430
Reconciliation of net income to net cash used in operating activities:		
Depreciation and amortization	104	380
Stock-based compensation	201	251
Non-cash gain reversal of accrued contractual obligation	—	(1,445)
Exchange rate loss (gain)	(4)	8
Changes in assets and liabilities:		
Accounts receivable	1,634	(5,436)
Inventories	3,896	(1,952)
Prepaid expenses and other current assets	(342)	(127)
Other assets	401	400
Deferred revenue	102	(764)
Accounts payable and accrued expenses	(1,297)	(1,844)
Net cash provided by (used in) operating activities	<u>6,706</u>	<u>(7,099)</u>
<b>Cash flows from investing activities:</b>		
Purchases of held-to-maturity short-term debt securities	—	(6,939)
Maturities of held-to-maturity short-term debt securities	2,950	3,000
Purchases of property and equipment	(95)	(148)
Net cash provided by (used in) investing activities	<u>2,855</u>	<u>(4,087)</u>
<b>Cash flows from financing activities:</b>		
Purchases of treasury stock	(362)	(258)
Net cash provided by (used in) financing activities	<u>(362)</u>	<u>(258)</u>
Net increase (decrease) in cash and cash equivalents	9,199	(11,444)
Cash and cash equivalents, beginning of period <sup>(1)</sup>	<u>10,314</u>	<u>14,961</u>
<b>Cash and cash equivalents, end of period <sup>(2)</sup></b>	<u>\$ 19,513</u>	<u>\$ 3,517</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> As of December 31, 2022, the Company had approximately \$3.9 million of short-term investments in addition to the \$3.5 million of cash and cash equivalents.

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



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

**Note 1. Basis of Presentation**

***Description of Business***

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

***Basis of Presentation and Reporting***

The accompanying Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. The Condensed Consolidated Financial Statements have been prepared using generally accepted accounting principles (“GAAP”) in the United States for interim financial reporting, and, accordingly, they do not include all of the information and footnotes required in the annual consolidated financial statements and accompanying footnotes. The Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in the Company’s Annual Report for the year ended March 31, 2023. All intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the unaudited interim financial statements included herein reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company’s condensed consolidated financial position and the results of operations, comprehensive income and cash flows at December 31, 2023, and for all periods presented. The results of operations for the periods presented are not necessarily indicative of the results that may be expected for fiscal year 2024.

***Use of Estimates***

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

***Accounting Standards Updates Issued but Not Yet Adopted***

In December 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures* (“ASU 2023-09”). ASU 2023-09 is intended to address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the effective tax rate reconciliation as well as additional income taxes paid information. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, and should be applied prospectively. Retrospective application is permitted. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2023-09 on the Company's Condensed Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). ASU 2023-07 is intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses in annual and interim periods. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2023-07 on the Company's Condensed Consolidated Financial Statements.

### ***Recently Adopted Accounting Pronouncements***

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)* (“ASU 2016-13”). ASU 2016-13 replaces 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. 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 Condensed Consolidated Financial Statements.

### ***Subsequent Events***

The Company evaluates subsequent events occurring between the most recent balance sheet date and the date that the condensed 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. The financial statements are considered to be available to be issued at the time that they are filed with the OTC.

In February 2024, the parties reached agreement on formal settlement to resolve this shareholder class action lawsuit, captioned *In re Westell Technologies, Inc. Stockholder Litigation*, C.A. No. 2022-0090-NAC (Del. Ch.). See Note 11. *Commitments and Contingencies*.

### **Note 2. 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 Condensed Consolidated Balance Sheets. The Company also made the accounting policy election to account for each separate lease component and non-lease component associated with that lease component as a single lease component. The Company determines lease terms based on whether or not it is reasonably certain to exercise the lease extensions. The Company determines at inception whether an arrangement is a lease.

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

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

The Company's operating leases primarily include building leases for the corporate headquarters in Aurora, IL, an engineering and service center in Dublin, OH, and through the quarter ended September 30, 2023 an engineering test facility in Manchester, NH. During the quarter ended December 31, 2023, at the request of the landlord, the Company terminated its existing lease for the engineering test facility in Manchester, NH and entered into a new lease that expires August 31, 2024. Leases with an initial term of 12 months or less are not recorded on the Condensed Consolidated Balance Sheets.

Future minimum lease payments as of December 31, 2023, consisted of the following (in thousands):

Fiscal Year Ending March 31,	Operating Leases
2024 <sup>(1)</sup>	\$ 101
2025	604
2026	276
Thereafter	—
<b>Total lease payments</b>	<b>981</b>
Less: imputed interest	(43)
<b>Total operating lease liabilities</b>	<b>\$ 938</b>

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

As of December 31, 2023, the weighted-average remaining lease term was 1.9 years and the weighted-average discount rate was 4.5%.

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

Lease expenses are included in Cost of revenue, Sales and marketing, Research and development, and General and administrative in the Company's Condensed Consolidated Income Statements.

The components of lease expense are as follows:

(in thousands)	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Operating lease expense	\$ 145	\$ 153	\$ 449	\$ 457
Variable lease expense <sup>(1)</sup>	51	51	157	161
<b>Total lease expense <sup>(2)</sup></b>	<b>\$ 196</b>	<b>\$ 204</b>	<b>\$ 606</b>	<b>\$ 618</b>

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

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

For both the three months ended December 31, 2023 and December 31, 2022, cash paid for operating leases included in the measurement of lease liabilities was \$0.2 million. For both the nine months ended December 31, 2023 and December 31, 2022, cash paid for operating leases included in the measurement of lease liabilities was \$0.5 million. All of these payments are presented in Operating activities cash flows on the Condensed Consolidated Statements of Cash Flows.

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

(in thousands)	December 31, 2023	March 31, 2023	Balance Sheet Classification
<b>Assets:</b>			
ROU assets	\$ 1,024	\$ 1,459	Right-of-use assets on operating leases, net
<b>Liabilities:</b>			
Current operating lease liability	527	525	Accrued expenses
Non-current operating lease	411	854	Lease liabilities non-current
<b>Total lease liabilities</b>	<b>\$ 938</b>	<b>\$ 1,379</b>	

### Note 3. Revenue Recognition and Deferred Revenue

The Company records revenue based on a five-step model in accordance with ASC Topic 606, *Revenue From Contracts With Customers* ("ASC 606"). The Company's revenue is derived from the sale of products, software, and services identified in contracts. A contract exists when both parties have an approved agreement that creates enforceable rights and obligations, identifies performance

obligations and payment terms and has commercial substance. The Company records revenue from these contracts when control of the products or services transfer to the customer. The amount of revenue to be recognized is based upon the consideration, including the impact of any variable consideration that the Company expects to be entitled to receive in exchange for these products and services.

### ***Disaggregation of revenue***

The following table disaggregates our revenue by major source:

(in thousands)	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
<b>Revenue:</b>				
Products	\$ 5,522	\$12,614	\$ 24,412	\$ 31,599
Software	189	23	396	211
Services	1,140	1,661	3,268	4,660
<b>Total revenue</b>	<b>\$ 6,851</b>	<b>\$ 14,298</b>	<b>\$ 28,076</b>	<b>\$ 36,470</b>

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

(in thousands)	< 1 year	1-2 years	> 2 years
Deferred Revenue	\$ 328	\$ 118	\$ 165

During the three months ended December 31, 2023, and December 31, 2022, the Company recognized \$0.1 million and \$0.2 million of revenue related to contract liabilities at the beginning of the periods, respectively. During the nine months ended December 31, 2023, and December 31, 2022, the Company recognized \$0.3 million and \$0.9 million of revenue related to contract liabilities at the beginning of the periods, respectively.

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 presented within Accrued expenses on the accompanying Condensed Consolidated Balance Sheets, was \$0.1 million and \$0.2 million at December 31, 2023, and March 31, 2023, respectively. The gross product return asset, which is presented within Prepaid and other current assets in the Condensed Consolidated Balance Sheets, was approximately \$0.1 million and \$0.2 million at December 31, 2023, and March 31, 2023, respectively.

### **Note 4. Revolving Credit Agreement**

Effective December 15, 2023, the Company executed an amendment (the “Amendment”) to its credit agreement dated as of December 15, 2022 (the “Credit Agreement”) with St. Charles Bank & Trust Company, N.A. The Amendment extends the maturity on the revolving credit facility in an amount up to \$5.0 million to December 15, 2024, with availability under the line of credit subject to a borrowing base calculated as a percentage of eligible accounts receivable (the “Borrowing Base Calculation”). 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. Prior to the Amendment, the Credit Agreement contained one financial covenant requiring the Borrower to maintain a minimum fixed charge coverage ratio of 1.2x, measured semi-annually. The Company maintained compliance with this covenant, which was eliminated with Amendment. There were no borrowings and approximately \$4.0 million available under this facility at December 31, 2023 based upon the Borrowing Base Calculation.

### **Note 5. Interim Segment Information**

Segment information is presented in accordance with a “management approach”, which designates the internal reporting used by the chief operating decision-maker (“CODM”) for making decisions and assessing performance as the source of the Company’s reportable segments. 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 included in the Company's Annual Report for year ended March 31, 2023, and as updated in this filing.

The Company's three reportable segments are as follows:

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

IBW segment solutions enable public safety and cellular coverage in stadiums, arenas, malls, buildings, and other indoor areas not served well by the existing outdoor radio network. For the public safety market, solutions include Class A repeaters, Class B repeaters, VHF/UHF repeaters, 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 three and nine months ended December 31, 2023, and 2022, is set forth below:

<b>Three months ended December 31, 2023</b>				
(in thousands)	<b>IBW</b>	<b>ISM</b>	<b>CNS</b>	<b>Total</b>
Revenue	\$ 1,992	\$ 3,219	\$ 1,640	\$ 6,851
Cost of revenue	1,303	1,484	1,253	4,040
Gross profit	689	1,735	387	2,811
Gross margin	34.6%	53.9%	23.6%	41.0%
Research and development	293	371	202	866
Segment profit	<u>\$ 396</u>	<u>\$ 1,364</u>	<u>\$ 185</u>	<u>1,945</u>
Operating expenses:				
Sales and marketing				1,018
General and administrative				791
Intangible amortization				—
Operating income				<u>136</u>
Other income (expense), net				239
Income tax benefit (expense)				(7)
Net income				<u>\$ 368</u>

<b>Three months ended December 31, 2022</b>				
(in thousands)	<b>IBW</b>	<b>ISM</b>	<b>CNS</b>	<b>Total</b>
Revenue	\$ 2,034	\$ 9,655	\$ 2,609	\$ 14,298
Cost of revenue	1,485	6,106	2,153	9,744
Gross profit	549	3,549	456	4,554
Gross margin	27.0%	36.8%	17.5%	31.9%
Research and development	303	434	202	939
Segment profit	<u>\$ 246</u>	<u>\$ 3,115</u>	<u>\$ 254</u>	<u>3,615</u>
Operating expenses:				
Sales and marketing				1,286
General and administrative				1,064
Intangible amortization				94
Operating income				<u>1,171</u>
Other income (expense), net				38
Income tax benefit (expense)				(75)
Net income				<u>\$ 1,134</u>

**Nine months ended December 31, 2023**

(in thousands)	IBW	ISM	CNS	Total
Revenue	\$ 6,949	\$ 12,187	\$ 8,940	\$ 28,076
Cost of revenue	4,842	5,857	6,517	17,216
Gross profit	2,107	6,330	2,423	10,860
Gross margin	30.3%	51.9%	27.1%	38.7%
Research and development	1,024	1,199	640	2,863
Segment profit	<u>\$ 1,083</u>	<u>\$ 5,131</u>	<u>\$ 1,783</u>	7,997
Operating expenses:				
Sales and marketing				3,762
General and administrative				2,769
Intangible amortization				—
Operating income				1,466
Other income (expense), net				602
Income tax benefit (expense)				(57)
Net income				<u>\$ 2,011</u>

**Nine months ended December 31, 2022**

(in thousands)	IBW	ISM	CNS	Total
Revenue	\$ 7,401	\$ 19,639	\$ 9,430	\$ 36,470
Cost of revenue	4,971	11,854	7,085	23,910
Gross profit	2,430	7,785	2,345	12,560
Gross margin	32.8%	39.6%	24.9%	34.4%
Research and development	909	1,534	632	3,075
Segment profit	<u>\$ 1,521</u>	<u>\$ 6,251</u>	<u>\$ 1,713</u>	9,485
Operating expenses:				
Sales and marketing				4,068
General and administrative				3,039
Intangible amortization				282
Operating income				2,906
Other income (expense), net				1,525
Income tax benefit (expense)				(191)
Net income				<u>\$ 3,430</u>

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

## Note 6. Inventories

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

(in thousands)	December 31, 2023	March 31, 2023
Raw materials	\$ 2,922	\$ 3,970
Finished goods	6,321	9,169
Total inventories	\$ 9,243	\$ 13,139

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

## Note 7. Stock-Based Compensation

The Westell Technologies, Inc. 2023 Omnibus Incentive Compensation Plan (the "2023 Plan") was approved at the annual meeting of stockholders on November 7, 2023. The 2023 Plan replaces the Westell Technologies, Inc. 2019 Omnibus Incentive Compensation Plan (the "2019 Plan"). The 2023 Plan includes a total of 500,000 shares of Class A Common Stock (Shares) plus the number of Shares reserved for issuance under the 2019 Plan that have not been granted or reserved for issuance under an outstanding award that may be issued under the 2023 Omnibus Plan. If any award granted under the 2023 Plan or the 2019 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 2023 Plan. Shares subject to an award shall not again be made available for issuance under the Plan if such Shares are: (a) delivered to or withheld by the Company to pay the grant or purchase price of an award, or (b) delivered to or withheld by the Company to pay the withholding taxes related to an award. Any awards or portions thereof that are settled in cash and not in Shares shall not be counted against the foregoing Share limit.

The stock options, restricted stock awards, and restricted stock units ("RSUs") awarded under both the 2023 Plan and the 2019 Plan generally vest in equal annual installments over 3 years for employees and 1 year for non-employee directors. PSUs earned generally vest over the performance period, as described below. Certain awards provide for accelerated vesting if there is a change in control (as defined in the 2023 Plan and 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 2023 Plan and the 2019 Plan.

The following table is a summary of total stock-based compensation expense resulting from stock options, restricted stock, RSUs, and PSUs during the three and nine months ended December, 2023, and 2022:

(in thousands)	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Stock-based compensation expense	\$ 71	\$ 63	\$ 201	\$ 251
Income tax benefit	—	—	—	—
Total stock-based compensation expense, after taxes	\$ 71	\$ 63	\$ 201	\$ 251



### ***Stock Options***

Stock option activity for the nine months ended December 31, 2023, is as follows:

	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value <sup>(1)</sup> (in thousands)
Outstanding on March 31, 2023	209,687	\$ 1.71	2.6	\$ 45
Granted	–	–		
Exercised	–	–		
Forfeited	–	–		
Expired	(59,687)	2.61		
Outstanding on December 31, 2023	<u>150,000</u>	\$ 1.35	2.7	\$ 30

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

### ***Restricted Stock***

The following table sets forth restricted stock activity for the nine months ended December 31, 2023:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2023	27,496	\$ 1.20
Granted	16,025	1.56
Vested	(23,330)	1.20
Forfeited	(4,166)	1.20
Non-vested as of December 31, 2023	<u>16,025</u>	\$ 1.56

### ***RSUs***

The following table sets forth the RSU activity for the nine months ended December 31, 2023:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2023	555,527	\$ 1.11
Granted	187,877	1.65
Vested	(233,485)	0.90
Forfeited	(121,951)	1.64
Non-vested as of December 31, 2023	<u>387,968</u>	\$ 1.34

## PSUs

PSUs will be earned primarily based upon achievement of a performance goal tied to growing a specific revenue target for fiscal year 2024, but have a continued employment provision and will vest in equal annual installments over 3 years based on actual attainment. Actual attainment could range from 0% to 150% depending on actual results. Upon vesting, the PSUs convert into shares of Class A Common Stock of the Company on a one-for-one basis.

The following table sets forth the PSU activity for the nine months ended December 31, 2023:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2023	–	\$ –
Granted (at target)	29,411	1.70
Vested	–	–
Forfeited	–	–
Non-vested as of December 31, 2023	<u>29,411</u>	<u>\$ 1.70</u>

## Note 8. Product Warranties

The Company's products carry a limited warranty ranging from one to five years for the products within the IBW segment, typically one year for products within the ISM segment, and one to seven years for products within the CNS segment. The specific terms and conditions of those warranties vary depending upon the customer and the products sold. Factors that affect the estimate of the Company's warranty reserve include: the number of units shipped, anticipated rates of warranty claims, and cost per claim. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the reserve as necessary. The current portions of the warranty reserve are \$134,000 and \$128,000 as of December 31, 2023, and March 31, 2023, respectively, and are presented on the Condensed Consolidated Balance Sheets in Accrued expenses. The non-current portions of the warranty reserves are \$81,000 and \$77,000 as of December 31, 2023, and March 31, 2023, respectively, and are presented on the Condensed Consolidated Balance Sheets in Other non-current liabilities.

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

(in thousands)	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Total product warranty reserve at the beginning of the period	\$ 215	\$ 195	\$ 205	\$ 185
Warranty expense to cost of revenue	34	28	94	81
Utilization	(34)	(13)	(84)	(56)
Total product warranty reserve at the end of the period	<u>\$ 215</u>	<u>\$ 210</u>	<u>\$ 215</u>	<u>\$ 210</u>

## Note 9. Variable Interest Entity and Guarantee

The Company has a 50% equity ownership in AccessTel Kentrox Australia PTY LTD ("AKA"). AKA distributes network management solutions provided by the Company and the 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 Topic 810, *Consolidations*, and concluded that AKA is a variable interest entity ("VIE") and the Company has a variable interest in the VIE. The Company has concluded that it is not the primary beneficiary of AKA and, therefore, consolidation is not required. The carrying amount of the Company's investment in AKA was approximately \$0.1 million as of both December 31, 2023, and March 31, 2023, which is presented on the Condensed Consolidated Balance Sheets within Other non-current assets.

The Company's revenue from sales to AKA for the three months ended December 31, 2023, and December 31, 2022, was \$0.4 million and \$0.2 million, respectively. The Company's revenue from sales to AKA for the nine months ended December 31, 2023 and December 31, 2022 was \$1.4 million and \$0.9 million, respectively. Accounts receivable from AKA was \$0.4 million and \$0.2 million as of December 31, 2023, and March 31, 2023, respectively. AKA deferred revenue, which primarily relates to maintenance contracts, was \$0.2 million as of both December 31, 2023, and March 31, 2023. The Company also has provided an unlimited guarantee for the performance of the other owner in AKA, which primarily provides support and engineering services to the customer.

This guarantee was put in place at the request of the AKA customer. The guarantee, which is estimated to have a maximum potential future payment of \$0.7 million, will stay in place as long as the contract between AKA and the customer is in place. The Company would have recourse against the other owner in AKA in the event the guarantee is triggered. The Company determined that it could perform on the obligation it guaranteed at a positive rate of return and, therefore, did not assign value to the guarantee. The Company's exposure to loss as a result of its involvement with AKA, exclusive of lost profits, is limited to the items noted above.

#### **Note 10. *Income Taxes***

At the end of each interim period, the Company makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year and uses that rate to provide for income taxes on a current year-to-date basis before discrete items. If a reliable estimate cannot be made, the Company may make a reasonable estimate of the annual effective tax rate, including use of the actual effective rate for the year-to-date. The impact of discrete items is recorded in the quarter in which they occur. The Company utilizes the liability method of accounting for income taxes and deferred taxes, which are determined based on the differences between the financial statements and tax basis of assets and liabilities given the enacted tax laws.

The Company evaluates the need for valuation allowances on the net deferred tax assets under the rules of ASC Topic 740, *Income Taxes*. In assessing the realizability of the Company's deferred tax assets, the Company considers whether it is more likely than not that some or all of the deferred tax assets will be realized through the generation of future taxable income. This evaluation involves the application of significant judgement and objectively verifiable data. Due to the sensitivity of the analysis, changes to the assumptions in subsequent periods could have a material effect on the valuation allowance. In making this determination, the Company assessed all of the evidence available at the time, including recent earnings, forecasted income projections, historical performance, project-based revenue, and macroeconomic conditions. The Company determined that the negative evidence outweighed the objectively verifiable positive evidence and previously recorded a full valuation allowance against deferred tax assets. The Company will continue to reassess realizability going forward. In the event the Company changes its determination as to the amount of deferred tax assets that can be realized, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such a determination is made.

As of December 31, 2023, the Company had net deferred tax assets of approximately \$30.0 million before a valuation allowance of \$30.0 million and is subject to review and future assessment.

The Company recorded \$7,000 and \$57,000 of income tax expense from continuing operations in the three and nine months ended December 31, 2023, using an effective rate of 2.6% plus discrete items. The Company recorded \$75,000 and \$191,000 of income tax expense from continuing operations in the three and nine months ended December 31, 2022, using an effective rate of 4.6% plus discrete items. The effective income tax rate in both periods is impacted by the intraperiod allocation as a result of income from continuing operations, and states which base tax on gross margin and not pretax income.

#### **Note 11. *Commitments and Contingencies***

##### ***Litigation and Contingency Reserves***

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

In January 2022, a former stockholder of the Company filed a complaint in the Delaware Court of Chancery (the "Court") 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 March 2023, the Court granted the Company's motion to partially dismiss the second suit, consolidated the two suits, and appointed the plaintiff that filed the first complaint and his counsel as the lead plaintiff and lead counsel for representation of the class. In February 2024, the parties reached agreement on formal settlement to resolve this shareholder class action lawsuit, captioned *In re Westell Technologies, Inc. Stockholder Litigation*, C.A. No. 2022-0090-NAC (Del. Ch.). The settlement contains no admission of wrongdoing, fault, liability or damage by the Company or any defendant. The settlement provides for consideration of a gross payment of \$2.2 million in cash, plus payment of up to \$49,000 in expense for notice to the class, which amounts will be funded fully by proceeds of existing Directors and Officers insurance. The settlement will resolve this matter against all defendants, releasing them from all claims by the plaintiffs and the class. The settlement is contingent upon various conditions, including, but not limited to final approval by the Court. There can be no assurance that the settlement will be approved by the Court. The Company has not set a reserve for these matters as of December 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 judgment 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 December 31, 2023, and March 31, 2023, the Company has not recorded any contingent liability attributable to existing litigation.

### ***Lease Obligations***

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

### **Note 12. Fair Value Measurements**

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

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

The Company's money market funds are measured using Level 1 inputs. The following table presents available-for-sale securities measured at fair value on a recurring basis as of December 31, 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
<b>Assets:</b>					
Money market funds	\$ 2,527	\$ 2,527	—	—	Cash and cash equivalents

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
<b>Assets:</b>					
Money market funds	\$ 2,333	\$ 2,333	—	—	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.

Additionally, 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. Investments with an original maturity up to three months are carried at cost and reported as Cash and cash equivalents on the Condensed Consolidated Balance Sheets. The Company had \$14.1 million and \$2.0 million of U.S. treasury bonds presented in Cash and cash equivalents as of December 31, 2023 and March 31, 2023, respectively. Investments with an original maturity greater than three months, but less than one year are carried at cost and reported as Short-term investments on the Condensed Consolidated Balance Sheets. Short-term investments were \$3.0 million as of March 31, 2023. 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 basis.

### **Note 13. Share Repurchases**

#### ***Share Repurchase Programs***

In May 2017, the Board of Directors authorized a share repurchase program whereby the Company may repurchase up to an aggregate of \$2.0 million of its outstanding Class A Common Stock (the “2017 authorization”). The 2017 authorization is in addition to the \$0.1 million that was remaining from the August 2011 \$20.0 million authorization (the “2011 authorization”). The Company repurchased 17,969 and 137,377 shares under the 2017 authorization under a 10b5-1(c) purchase plan during the three months and nine months ended December 31, 2023, at a weighted-average purchase price of \$1.62 per share and \$1.72 per share, respectively. The Company repurchased 32,745 and 112,974 shares under the 2017 authorization under a 10b5-1(c) purchase plan during the three and nine months ended December 31, 2022, at a weighted-average purchase price of \$1.19 per share for both periods. As of December 31, 2023, there was approximately \$0.3 million remaining for additional share repurchases under the 2017 authorization.

Additionally, in the nine months ended December 31, 2023, and December 31, 2022, the Company repurchased 73,920 and 99,523 shares of Class A Common Stock, respectively, from certain employees that were surrendered to satisfy the minimum statutory tax withholding obligations on the vesting of restricted stock, RSUs. These repurchases were not included in the authorized share repurchase programs and had a weighted-average purchase price of \$1.67 and \$1.23 per share, respectively.

**Note 14. Accrued Expenses**

The components of accrued expenses are as follows:

(in thousands)	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accrued compensation	\$ 1,007	\$ 1,195
Current operating lease liability	527	525
Other accrued expenses	692	847
Total accrued expenses	<u>\$ 2,226</u>	<u>\$ 2,567</u>

**Note 15. Property and Equipment, net**

Long-lived assets consist of property and equipment. Long-lived assets that are held and used should be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the long-lived assets might not be recoverable. There was no long-lived asset impairment during the nine months ended December 31, 2023, or December 31, 2022.

The components of Property and equipment are as follows:

(in thousands)	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Machinery and equipment	\$ 1,514	\$ 1,494
Office, computer and research equipment	4,756	4,689
Leasehold improvements	788	793
Property and equipment, gross	7,058	6,976
Less accumulated depreciation and amortization	(6,834)	(6,743)
Property and equipment, net	<u>\$ 224</u>	<u>\$ 233</u>