

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 5, 2020

WESTELL TECHNOLOGIES, INC.

(Exact name of registrant as specified in charter)

Delaware
(State of other jurisdiction
of incorporation)

0-27266
(Commission
File Number)

36-3154957
(IRS Employer
Identification No.)

750 North Commons Drive, Aurora, Illinois
(Address of principal executive offices)

60504
(Zip Code)

Registrant's telephone number, including area code (630) 898-2500

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock, \$.01 par value	WSTL	NASDAQ Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 5, 2020, Westell Technologies, Inc. (the Company or Westell) issued a press release setting forth the financial results for its fiscal year 2020 third quarter ended December 31, 2019. A copy of the press release is attached hereto as Exhibit 99.1.

Item 7.01 REGULATION FD DISCLOSURE

Effective February 5, 2020, the management team of the Company will begin using the materials included in Exhibit 99.2 to this report (the "Investor Presentation") for presentations to investors and others. A copy of the Investor Presentation is attached hereto as Exhibit 99.2 and will also be available on the Company's website at www.westell.com.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

- 99.1 [Press release announcing financial results for the fiscal year 2020 third quarter ended December 31, 2019](#)
- 99.2 [Westell Technologies, Inc., Investor Presentation to be used beginning February 5, 2020](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

WESTELL TECHNOLOGIES, INC.

Date: February 5, 2020

By: /s/ Jeniffer L. Jaynes

Jeniffer L. Jaynes

Interim Chief Financial Officer



NEWS RELEASE

Westell Reports Fiscal 2020 Third Quarter Results

AURORA, IL, February 5, 2020 – Westell Technologies, Inc. (NASDAQ: WSTL), a leading provider of high-performance network infrastructure solutions, today announced results for its fiscal 2020 third quarter ended December 31, 2019 (FY20 3Q). Management will host a conference call to discuss financial and business results tomorrow, Thursday, February 6, 2020, at 9:30 AM Eastern Time.

Cash increased to \$22.0 million at December 31, 2019, compared to \$21.7 million at September 30, 2019, driven by improved working capital. Revenue was \$7.2 million, compared with \$7.6 million in the prior quarter. Net loss in FY20 3Q was \$1.5 million, an improvement from a net loss of \$3.6 million in the prior quarter. Prior quarter loss included charges for excess and obsolete inventory of \$1.3 million. Excess and obsolete expense was insignificant in FY20 3Q.

“Our third quarter results exceeded our expectations and showed some early traction with our turn-around plans,” said Tim Duitsman, Westell’s President and CEO. “While revenue remained soft, we made progress with some of our new products. We reset our cost base to help preserve our cash and facilitate our expected return to profitability in fiscal 2021. In addition, we continue to drive our product development strategy, with a sharp focus on public safety, fiber connectivity solutions and remote monitoring, to support a return to profitable revenue growth.”

<u>Consolidated Results</u>	FY20 3Q 3 months ended 12/31/19	FY20 2Q 3 months ended 9/30/19	+ increase / - decrease
Revenue	\$7.2M	\$7.6M	-\$0.4M
Gross Margin	38.8%	20.9%	+17.9%
Operating Expenses	\$4.4M	\$5.3M	-\$0.9M
Net Income (Loss)	(\$1.5M)	(\$3.6M)	+\$2.1M
Earnings (Loss) Per Share	(\$0.10)	(\$0.23)	+\$0.13
Non-GAAP Operating Expenses ⁽¹⁾	\$3.7M	\$4.8M	-\$1.1M
Non-GAAP Net Income (Loss) ⁽¹⁾	(\$0.9M)	(\$3.1M)	+\$2.2M
Non-GAAP Earnings (Loss) Per Share ⁽¹⁾	(\$0.05)	(\$0.20)	+\$0.15
Ending Cash	\$22.0M	\$21.7M	+\$0.3M
⁽¹⁾ Please refer to the schedule at the end of this press release for a complete GAAP to non-GAAP reconciliation and other information related to non-GAAP financial measures.			

In-Building Wireless (IBW) Segment

IBW revenue from public safety products, which are a strategic focus, continued to grow during FY20 3Q. Sales of commercial repeaters also increased, while lower sales of DAS conditioners offset the increases. Segment gross margin and profit improved primarily as a result of much lower charges for excess and obsolete inventory compared to the prior quarter.

(\$ in thousands)	FY20 3Q 3 months ended 12/31/19	FY20 2Q 3 months ended 9/30/19	+ increase / - decrease
IBW Segment Revenue	\$2,466	\$2,618	-\$152
IBW Segment Gross Margin	32.8%	15.8%	+17.0%
IBW Segment R&D Expense	\$470	\$403	\$67
IBW Segment Profit	\$339	\$10	+\$329

Intelligent Site Management (ISM) Segment

ISM revenue decreased, reflecting lower sales of remote units. Segment gross margin improved based on much lower charges for excess and obsolete inventory and other cost reductions. These effects, combined with lower R&D expense, improved profitability for the quarter.

(\$ in thousands)	FY20 3Q 3 months ended 12/31/19	FY20 2Q 3 months ended 9/30/19	+ increase / - decrease
ISM Segment Revenue	\$2,456	\$2,646	-\$190
ISM Segment Gross Margin	59.6%	39.4%	+20.2%
ISM Segment R&D Expense	\$505	\$619	-\$114
ISM Segment Profit	\$960	\$423	\$537

Communication Network Solutions (CNS) Segment

Growth in revenue from fiber connectivity products, a strategic focus, was more than offset by lower sales across most other CNS product lines. The turnaround in CNS segment profit was driven primarily by lower charges for excess and obsolete inventory and lower R&D expense.

(\$ in thousands)	FY20 3Q 3 months ended 12/31/19	FY20 2Q 3 months ended 9/30/19	+ increase / - decrease
CNS Segment Revenue	\$2,237	\$2,305	-\$68
CNS Segment Gross Margin	22.6%	5.4%	+17.2%
CNS Segment R&D Expense	\$247	\$427	-\$180
CNS Segment Profit (Loss)	\$259	\$(303)	\$562

Conference Call Information

Management will discuss financial and business results during the quarterly conference call on Thursday, February 6, 2020, at 9:30 AM Eastern Time. Investors may quickly register online in advance of the call at <https://www.conferenceplus.com/Westell>. After registering, participants receive dial-in numbers, a passcode and a registration ID that is used to uniquely identify their presence and automatically join them into the audio conference. A participant may also register by telephone on February 6, 2020, by calling **(888) 206-4073** and providing the operator confirmation number **49338781**.

This news release and related information that may be discussed on the conference call will be posted on the Investor Relations section of Westell's website: <http://ir.westell.com>. A digital recording of the entire conference will be available for replay on Westell's website by approximately 12:00 PM Eastern Time following the conclusion of the conference.

About Westell Technologies

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. The Company's portfolio of products and solutions enable service providers and network operators to improve performance and reduce operating expenses. With millions of products successfully deployed worldwide, Westell is a trusted partner for transforming networks into high-quality reliable systems. For more information, please visit www.westell.com.

"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, 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 effect of the Company's accounting policies, retention of key personnel and other risks more fully described in the Company's SEC filings, including the Form 10-K for the fiscal year ended March 31, 2019, under Item 1A - Risk Factors. 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.

Westell Technologies, Inc.
Condensed Consolidated Statement of Operations
(Amounts in thousands, except per share amounts)
(Unaudited)

	Three months ended			Nine months ended	
	December 31, 2019	September 30 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenue	\$ 7,159	\$ 7,569	\$ 10,722	\$ 23,730	\$ 33,865
Cost of revenue	4,379	5,990	6,132	16,125	19,147
Gross profit	2,780	1,579	4,590	7,605	14,718
Gross margin	38.8%	20.9%	42.8%	32.0%	43.5%
Operating expenses:					
Research & Development	1,222	1,449	1,736	4,227	5,011
Sales and marketing	1,556	2,259	1,999	6,147	6,012
General and administrative	1,093	1,249	1,738	3,706	4,672
Intangible amortization	308	308	830	924	2,652
Restructuring ⁽¹⁾	234	—	—	234	—
Total operating expenses	4,413	5,265	6,303	15,238	18,347
Operating profit (loss)	(1,633)	(3,686)	(1,713)	(7,633)	(3,629)
Other income, net	109	125	158	398	442
Income (loss) before income taxes	(1,524)	(3,561)	(1,555)	(7,235)	(3,187)
Income tax benefit (expense)	(20)	—	(1)	(27)	(11)
Net income (loss) from continuing operations	(1,544)	(3,561)	(1,556)	(7,262)	(3,198)
Income (loss) from discontinued operations ⁽²⁾	—	—	—	—	(138)
Net income (loss)	\$ (1,544)	\$ (3,561)	\$ (1,556)	\$ (7,262)	\$ (3,336)
<i>Net income (loss) per share:</i>					
Basic net income (loss) from continuing operations	\$ (0.10)	\$ (0.23)	\$ (0.10)	\$ (0.47)	\$ (0.21)
Basic net income (loss) from discontinued operations	—	—	—	—	(0.01)
Basic net income (loss)	\$ (0.10)	\$ (0.23)	\$ (0.10)	\$ (0.47)	\$ (0.21) ⁽³⁾
<i>Diluted net income (loss) per share:</i>					
Diluted net income (loss) from continuing operations	\$ (0.10)	\$ (0.23)	\$ (0.10)	\$ (0.47)	\$ (0.21)
Diluted net income (loss) from discontinued operations	—	—	—	—	(0.01)
Diluted net income (loss)	\$ (0.10)	\$ (0.23)	\$ (0.10)	\$ (0.47)	\$ (0.21) ⁽³⁾
<i>Weighted-average number of common shares outstanding:</i>					
Basic	15,575	15,512	15,524	15,514	15,576
Diluted	15,575	15,512	15,524	15,514	15,576

⁽¹⁾ Restructuring expense for the quarter ended December 31, 2019, related to severance costs for terminated employees.

⁽²⁾ During the quarter ended September 30, 2018, the Company recorded indemnification expense related to probable loss contingencies associated with a major customer contract related to a business which was previously sold and therefore is presented as discontinued operations. On July 24, 2019, the Company signed a settlement agreement related to this matter. The \$345K settlement, which was fully covered by the accrual on March 31, 2019, was paid in the quarter ended December 31, 2019.

⁽³⁾ Per share amounts may not sum to totals due to rounding.

Westell Technologies, Inc.
Condensed Consolidated Balance Sheet
(Amounts in thousands)

	December 31, 2019 (Unaudited)	March 31, 2019
Assets		
Cash and cash equivalents	\$ 21,990	\$ 25,457
Accounts receivable, net	4,933	6,865
Inventories	7,622	9,801
Prepaid expenses and other current assets	1,703	1,706
Total current assets	36,248	43,829
Land, property and equipment, net	1,073	1,298
Intangible assets, net	4,141	3,278
Right-of-use assets on operating leases, net	810	—
Other non-current assets	257	492
Total assets	\$ 42,529	\$ 48,897
Liabilities and Stockholders' Equity		
Accounts payable	\$ 2,821	\$ 2,313
Accrued expenses	3,422	3,567
Deferred revenue	1,314	1,217
Total current liabilities	7,557	7,097
Deferred revenue non-current	268	444
Other non-current liabilities	379	176
Total liabilities	8,204	7,717
Total stockholders' equity	34,325	41,180
Total liabilities and stockholders' equity	\$ 42,529	\$ 48,897

Westell Technologies, Inc.
Condensed Consolidated Statement of Cash Flows
(Amounts in thousands)
(Unaudited)

	Three months ended December 31,	Nine months ended December 30,	
	2019	2019	2018
Cash flows from operating activities:			
Net income (loss)	\$ (1,544)	\$ (7,262)	\$ (3,336)
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	484	1,426	3,092
Stock-based compensation	152	597	889
Loss (gain) on sale of fixed assets	—	(11)	1
Restructuring	234	234	—
Exchange rate loss (gain)	(5)	(2)	3
Changes in assets and liabilities:			
Accounts receivable	105	1,934	1,892
Inventory	696	2,179	(941)
Accounts payable and accrued expenses	(618)	332	494
Deferred revenue	628	(79)	(1,114)
Prepaid expenses and other current assets	125	3	(353)
Other assets	63	(575)	11
Net cash provided by (used in) operating activities	<u>320</u>	<u>(1,224)</u>	<u>638</u>
Cash flows from investing activities:			
Net maturity (purchase) of short-term investments	—	—	2,779
Purchase of product licensing rights ⁽¹⁾	—	(1,950)	—
Purchases of property and equipment, net	(54)	(113)	(273)
Proceeds from sale of fixed assets	11	11	—
Net cash provided by (used in) investing activities	<u>(43)</u>	<u>(2,052)</u>	<u>2,506</u>
Cash flows from financing activities:			
Purchase of treasury stock	(2)	(191)	(1,038)
Net cash provided by (used in) financing activities	<u>(2)</u>	<u>(191)</u>	<u>(1,038)</u>
Gain (loss) of exchange rate changes on cash	<u>(1)</u>	<u>—</u>	<u>(4)</u>
Net increase (decrease) in cash and cash equivalents	<u>274</u>	<u>(3,467)</u>	<u>2,102</u>
Cash and cash equivalents, beginning of period	<u>21,716</u>	<u>25,457</u>	<u>24,963</u> ⁽²⁾
Cash and cash equivalents, end of period	<u>\$ 21,990</u>	<u>\$ 21,990</u>	<u>\$ 27,065</u>

⁽¹⁾ During the quarter ended September 30, 2019, the Company made a partial payment for the purchase of product licensing rights. The remaining \$1.0 million due is recorded in Accounts Payable as of December 31, 2019. The corresponding asset is recorded in intangible assets.

⁽²⁾ As of March 31, 2018, the Company had \$2.8 million of short-term investments in addition to cash and cash equivalents.

Westell Technologies, Inc.
Segment Statement of Operations
(Amounts in thousands)
(Unaudited)

Sequential Quarter Comparison

	Three months ended December 31, 2019				Three months ended September 30, 2019			
	IBW	ISM	CNS	Total	IBW	ISM	CNS	Total
Total revenue	\$ 2,466	\$ 2,456	\$ 2,237	\$ 7,159	\$ 2,618	\$ 2,646	\$ 2,305	\$ 7,569
Gross profit	809	1,465	506	2,780	413	1,042	124	1,579
Gross margin	32.8%	59.6%	22.6%	38.8%	15.8%	39.4%	5.4%	20.9%
R&D expenses	470	505	247	1,222	403	619	427	1,449
Segment profit (loss)	\$ 339	\$ 960	\$ 259	\$ 1,558	\$ 10	\$ 423	\$ (303)	\$ 130

Year-over-Year Quarter Comparison

	Three months ended December 31, 2019				Three months ended December 31, 2018			
	IBW	ISM	CNS	Total	IBW	ISM	CNS	Total
Total revenue	\$ 2,466	\$ 2,456	\$ 2,237	\$ 7,159	\$ 2,794	\$ 5,116	\$ 2,812	\$ 10,722
Gross profit	809	1,465	506	2,780	1,069	2,899	622	4,590
Gross margin	32.8%	59.6%	22.6%	38.8%	38.3%	56.7%	22.1%	42.8%
R&D expenses	470	505	247	1,222	682	570	484	1,736
Segment profit (loss)	\$ 339	\$ 960	\$ 259	\$ 1,558	\$ 387	\$ 2,329	\$ 138	\$ 2,854

Westell Technologies, Inc.
Reconciliation of GAAP to non-GAAP Financial Measures
(Amounts in thousands, except per share amounts)
(Unaudited)

	Three months ended			Nine months ended	
	December 31,	September 30,	December 31,	December 31,	December 31,
	2019	2019	2018	2019	2018
GAAP consolidated operating expenses	\$ 4,413	\$ 5,265	\$ 6,303	\$ 15,238	\$ 18,347
Adjustments:					
Stock-based compensation ⁽¹⁾	(132)	(181)	(291)	(547)	(854)
Amortization of acquisition-related intangibles ⁽²⁾	(308)	(308)	(830)	(924)	(2,652)
Restructuring, separation, and transition ⁽³⁾	(234)	—	—	(234)	—
Total adjustments	(674)	(489)	(1,121)	(1,705)	(3,506)
Non-GAAP consolidated operating expenses	<u>\$ 3,739</u>	<u>\$ 4,776</u>	<u>\$ 5,182</u>	<u>\$ 13,533</u>	<u>\$ 14,841</u>

	Three months ended			Nine months ended	
	December 31,	September 30,	December 31,	December 31,	December 31,
	2019	2019	2018	2019	2018
GAAP consolidated net income (loss)	\$ (1,544)	\$ (3,561)	\$ (1,556)	\$ (7,262)	\$ (3,336)
Less:					
Income tax benefit (expense)	(20)	—	(1)	(27)	(11)
Other income, net	109	125	158	398	442
Discontinued operations ⁽⁴⁾	—	—	—	—	(138)
GAAP consolidated operating profit (loss)	<u>\$ (1,633)</u>	<u>\$ (3,686)</u>	<u>\$ (1,713)</u>	<u>\$ (7,633)</u>	<u>\$ (3,629)</u>
Adjustments:					
Stock-based compensation ⁽¹⁾	152	201	303	597	889
Amortization of acquisition-related intangibles ⁽²⁾	308	308	830	924	2,652
Restructuring, separation, and transition ⁽³⁾	234	—	—	234	—
Total adjustments	694	509	1,133	1,755	3,541
Non-GAAP consolidated operating profit (loss)	<u>\$ (939)</u>	<u>\$ (3,177)</u>	<u>\$ (580)</u>	<u>\$ (5,878)</u>	<u>\$ (88)</u>
Amortization of product licensing rights ⁽⁵⁾	98	65	—	163	—
Depreciation	78	118	149	339	440
Non-GAAP consolidated Adjusted EBITDA ⁽⁶⁾	<u>\$ (763)</u>	<u>\$ (2,994)</u>	<u>\$ (431)</u>	<u>\$ (5,376)</u>	<u>\$ 352</u>

	Three months ended			Nine months ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018
GAAP consolidated net income (loss)	\$ (1,544)	\$ (3,561)	\$ (1,556)	\$ (7,262)	\$ (3,336)
Adjustments:					
Stock-based compensation ⁽¹⁾	152	201	303	597	889
Amortization of acquisition-related intangibles ⁽²⁾	308	308	830	924	2,652
Restructuring, separation, and transition ⁽³⁾	234	—	—	234	—
Discontinued operations ⁽⁴⁾	—	—	—	—	138
Total adjustments	694	509	1,133	1,755	3,679
Non-GAAP consolidated net income (loss)	\$ (850)	\$ (3,052)	\$ (423)	\$ (5,507)	\$ 343
GAAP consolidated net income (loss) per common share:					
Diluted	\$ (0.10)	\$ (0.23)	\$ (0.10)	\$ (0.47)	\$ (0.21)
Non-GAAP consolidated net income (loss) per common share:					
Diluted	\$ (0.05)	\$ (0.20)	\$ (0.03)	\$ (0.35)	\$ 0.02
Average number of common shares outstanding:					
Diluted	15,575	15,512	15,524	15,514	15,663

The Company conforms to U.S. Generally Accepted Accounting Principles (GAAP) in the preparation of its financial statements. The schedules above reconcile the Company's non-GAAP financial measures to the most directly comparable GAAP measure. The adjustments share one or more of the following characteristics: they are unusual and the Company does not expect them to recur in the ordinary course of its business; they do not involve the expenditure of cash; they are unrelated to the ongoing operation of the business in the ordinary course; or their magnitude and timing is largely outside of the Company's control. Management believes that the non-GAAP financial information provides meaningful supplemental information to investors. Management also believes the non-GAAP financial information reflects the Company's core ongoing operating performance and facilitates comparisons across reporting periods. The Company uses these non-GAAP measures when evaluating its financial results. Non-GAAP measures should not be viewed as a substitute for the Company's GAAP results.

Footnotes:

⁽¹⁾ Stock-based compensation is a non-cash expense incurred in accordance with share-based compensation accounting standards.

⁽²⁾ Amortization of acquisition-related intangibles is a non-cash expense arising from intangible assets previously acquired as a result of a business acquisition.

⁽³⁾ Restructuring expense for the quarter ended December 31, 2019, related to severance costs for terminated employees.

⁽⁴⁾ The Company recorded indemnification expense related to probable loss contingencies associated with a major customer contract related to a business which was previously sold and therefore is presented as discontinued operations. On July 24, 2019, the Company signed a settlement agreement related to this matter. The amount to be paid under the settlement agreement is fully covered by the accrual.

⁽⁵⁾ Amortization of the recently acquired product licensing rights are excluded from Adjusted EBITDA, but included in the Non-GAAP consolidated net income (loss), because the amortization is related to the ongoing operation of the business in the ordinary course.

⁽⁶⁾ EBITDA is a non-GAAP measure that represents Earnings Before Interest, Taxes, Depreciation, and Amortization. The Company presents Adjusted EBITDA.

For additional information, contact:

Tim Duitsman
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tduitsman@westell.com

EXHIBIT 99.2



Westell Technologies, Inc.

NASDAQ: WSTL

February 5, 2020

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Safe Harbor Language

Cautionary Statement Regarding Forward-Looking Information

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, product demand and market acceptance risks; need for financing and capital; economic weakness in the United States 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; effects of the Company’s accounting policies; retention of key personnel; and other risks more fully described in the Company’s SEC filings, including Form 10-K for the fiscal year ended March 31, 2019, under Item 1A - Risk Factors. 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.

This presentation contains non-GAAP financial measures because we believe that non-GAAP measures provide meaningful supplemental information to both management and investors. The non-GAAP information reflects the Company’s core performance and facilitates comparisons across reporting periods. Such measures should not be viewed as a substitute for GAAP financial measures. A reconciliation of GAAP to non-GAAP measures is provided in the Appendix.

Westell Technologies, Inc.

Leading provider of high-performance network infrastructure solutions

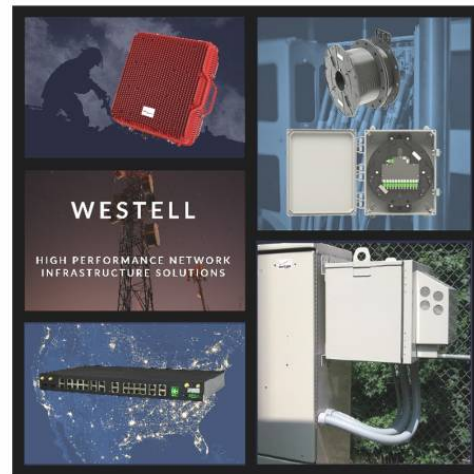
Trusted supplier to service providers, integrators/OEMs, neutral host operators, and distribution channel partners

Three business units where innovative solutions solve customer issues

- In-Building Wireless (IBW)
- Intelligent Site Management (ISM)
- Communication Network Solutions (CNS)

Key Facts:

- Founded in 1980, IPO in 1995
- Headquartered in Aurora, Illinois
- Additional Design Centers
 - Dublin, Ohio
 - Manchester, New Hampshire



Westell Technologies, Inc. (NASDAQ: WSTL)

Revenue for Nine Months Ended 12/31/19	\$23.7 million
Cash at 12/31/19	\$22.0 million
Debt at 12/31/19	\$0.0 million
Tangible Book Value at 12/31/19	\$30.2 million
Tax-effected NOLs at 3/31/19	\$35.0 million
Class A&B Shares Outstanding 1/31/20	15.7 million
Market Capitalization 1/31/20	\$16.2 million
Closing Class A Share Price at 1/31/20	\$1.03

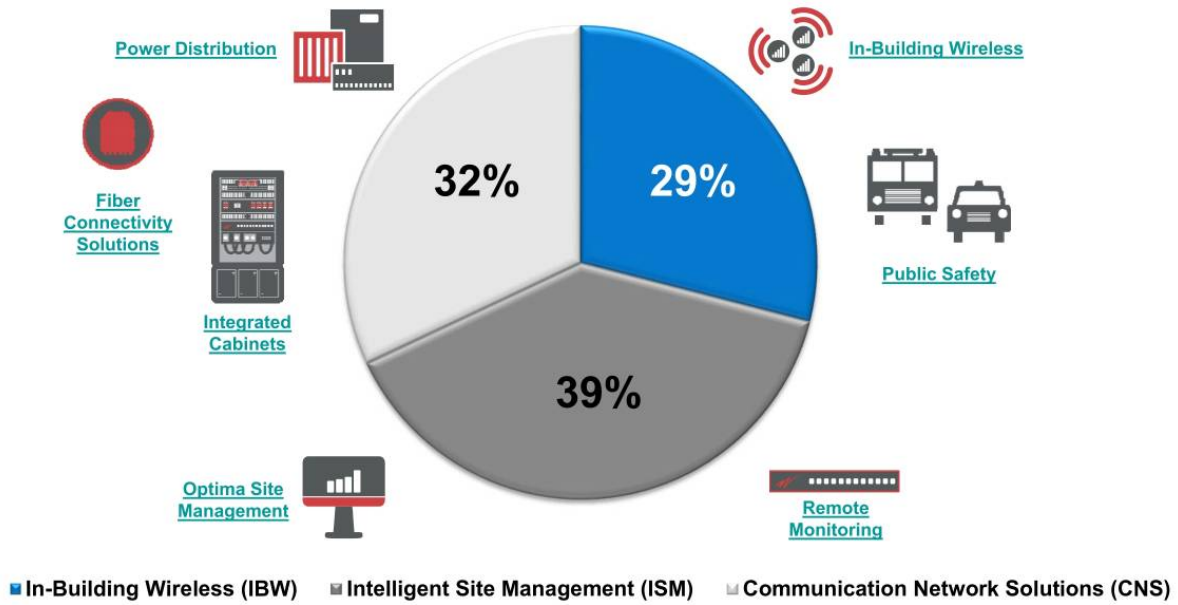


Why Invest in Westell?

- Valuable brand – supplier to Tier 1 carriers since 1980
- High-quality products, great customer service and on-time delivery
- Future revenue growth through new products:
 - 23 years of In-Building Wireless product development and sales experience positions the Company well in the growing Public Safety market
 - Developing new monitoring products to address 5G and remote locations
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Westell Business Units

% of FY19 Revenue



In-Building Wireless (IBW) Products

Critical Solutions for Cellular and Public Safety RF Networks

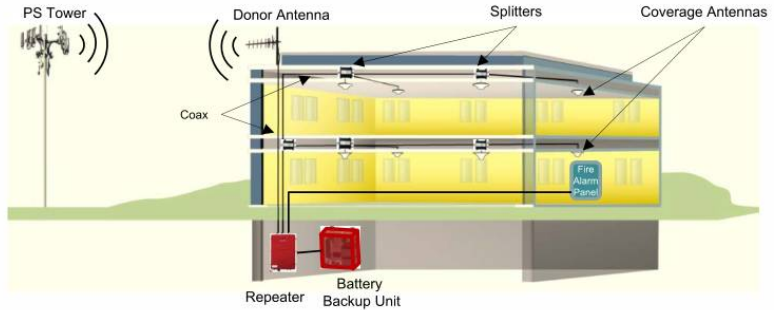
- **Class A & B Public Safety Repeaters**
700/800, UHF/VHF, & Battery Back-Up options for delivering solutions First Responders rely on when it matters most
- **Passive RF Components**
Variety of coverage and donor antennas, splitters, tappers, filters, duplexers, combiners, etc. Frequency ranges from 138MHz through 4200MHz. Coverage from VHF through the CBRS band
- **Cellular Repeaters**
Extends commercial signals into buildings for extended RF coverage
- **Distributed Antenna System (DAS) Conditioners**
Optimizes and manages RF signals driving a DAS network
 - Active Attenuation: UDIT (Universal DAS Interface Trays)
 - Passive Attenuation: Modular and Static DAS Interface Trays



IBW Public Safety Products

- Public Safety frequency bands are distinct from commercial service
- First responders (Fire, Police, EMS) need modern mobile communication
- Local municipalities have jurisdiction to define in-building coverage requirements

Repeaters



Complete Solution

Westell leverages years of IBW experience providing dedicated broadband coverage that is NFPA/UL compliant and FirstNet ready, including:

- **Repeaters** (Class A 700/800, UHF/VHF, Class B ½ Watt, 2 Watt, 5 Watt)
- **Battery Backup Units** (12 and 24 hour run times)
- **Components** (passive devices including couplers, splitters, etc.)
- **Antennas** (donor and coverage)

Intelligent Site Management (ISM) Products



- Remote**
 - Accessibility
 - Visibility
 - Control
- Direct Access**
- Opex Cost Reduction**
- Increased Security**
- Trending & Analysis**
- IoT Enabled**
- Wireless Backhaul**

Power

Environmental

Security

Communication



Energy



Batteries



Generators



HVAC



Toxic Gas



Smoke/Fire



Locks



Motion



DAS Coverage



BTS



Tower Light



Switching



Rectifiers



Fuel



Temperatures



Liquid



Surveillance



Theft



Entry



Microwave



Transport



ISM – Broad and Deep IoT Capabilities

➤ **Flexible IP-centric Connectivity**

- Ethernet, Fiber, CBRS, IPv6, Wi-Fi
- 4G LTE (including bundled service options)

➤ **Powerful Aggregation**

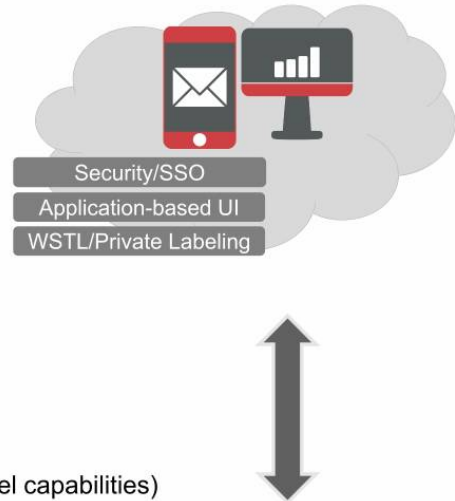
- Extensible protocols, sensors, and equipment
- Modern security, networking, and intelligence

➤ **Reliable Monitoring**

- On-board normalization and storage
- Carrier-grade design

➤ **Scalable Software and User experience**

- Global NOC scalability
- Application-specific user interfaces (including white label capabilities)



Focused IoT and White Label Solutions

Larger Sites and Gateway Applications

Communication Network Solutions (CNS) Products

A wide range of protection and connection solutions for industrial, telecom, wireless, transportation, and utility networks

- **Integrated Cabinets** – Full suite of outside plant assemblies from small to large system-based enclosures
 - Customized System Integration
 - Modular Designs
 - GR-487 Rated
 - Mounting and Battery Enclosure Options
- **Power Distribution Panels** – Complete line of reliable power products at the site for equipment and personnel safety
 - DC Fuse Panels
 - AC and DC Breaker Panels
 - Intelligent DC Products



CNS – Fiber Connectivity Solutions

Market Dynamics

Reinventing Central Offices for Efficiency & Agility

Data Center Combines
NFV & SD

Technology/Topology Coexistence & Densification

5G, GPON, XGSPON, EPON, NGPON2
Technology

Hybrid Edge Reach Extension & Coverage Solutions

Copper, Fiber, Power, Air &
Monitoring

Westell Solutions



Central Office / Data Center

- High-Density Panels
- Patch Only as well as Patch & Splice Cassettes
- Compact
- Modular



OSP Fiber & Copper

- Wireline/Wireless
- Hybrid Network Solutions
- Greenfield/Brownfield



MxU/SFU

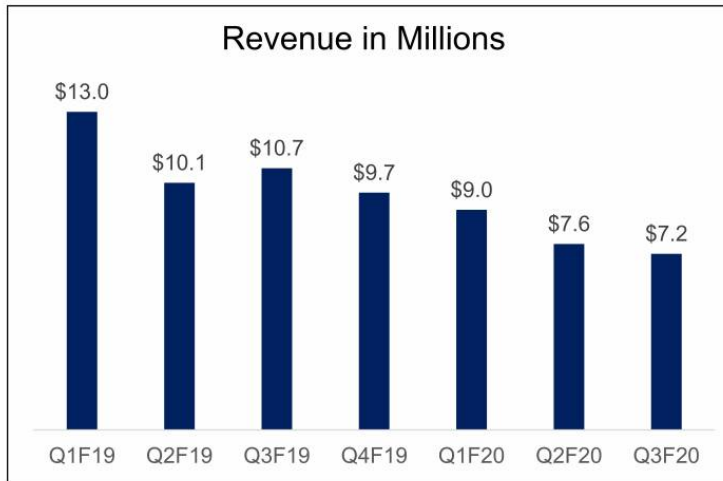
- Premise Distribution
- Rooftop Applications
- Slack Storage



Serving Premier Customers

<p>Service Providers</p>	
<p>Integrators/OEMs</p>	
<p>Neutral Host Operators</p>	
<p>Distributors</p>	

Quarterly Revenue Trend



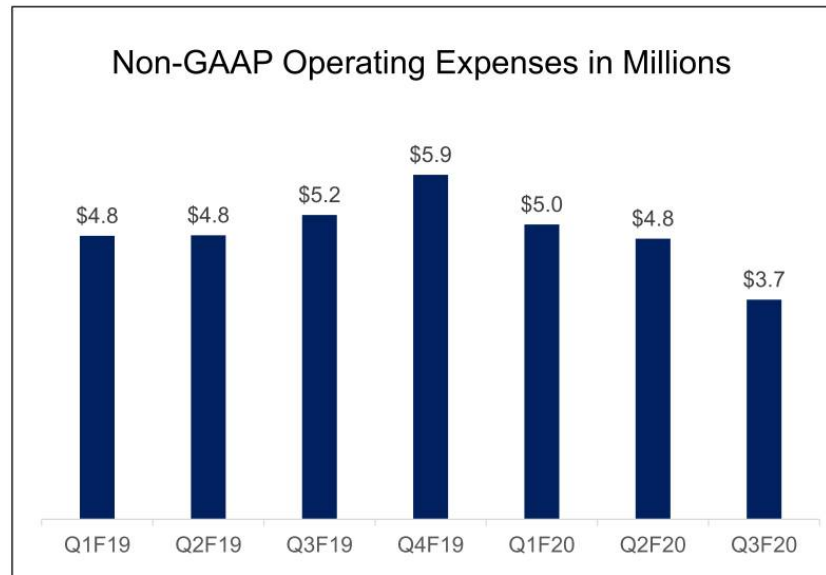
#1 Goal: Increase Revenue

- New Public Safety, Remote Monitoring, and Fiber Connectivity Products
- Expand customer base, particularly in IBW and ISM

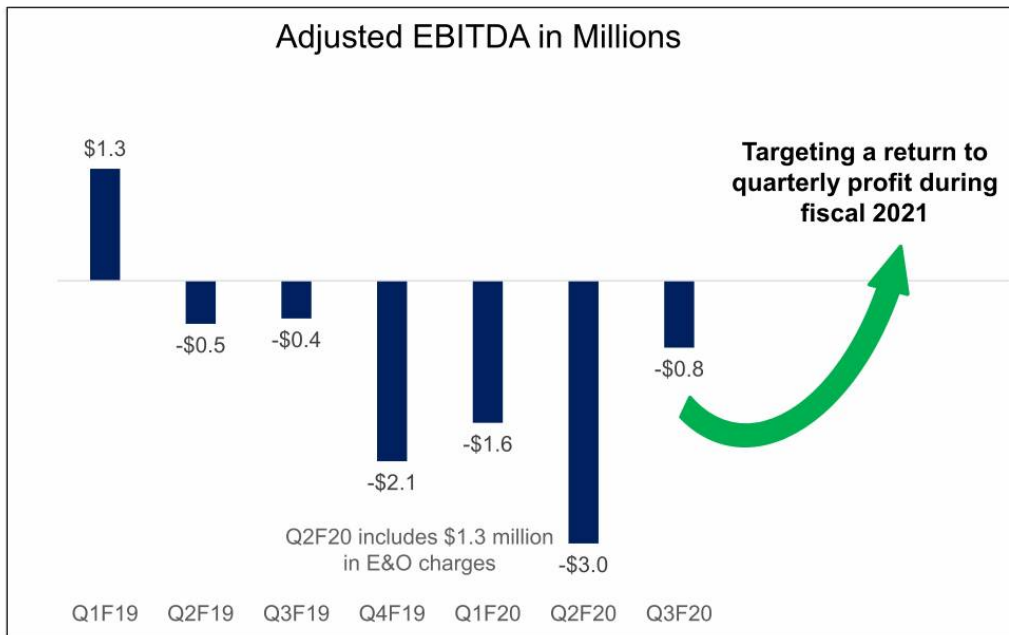
Quarterly Operating Expense Trend

#2 Goal: Manage Expenses

- Rationalize and simplify the entire organization
- Strategically invest in best opportunities



Quarterly Performance Trend



New revenue in Public Safety, Fiber Connectivity, and Remote Monitoring along with expense control can drive a return to profitability

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Executive Leadership



Timothy Duitsman – President and CEO

- Named President and CEO, September 2019
- Appointed to the Westell Board of Directors, June 2019
- Previously Senior Vice President of Product Development, Klein Tools
- Previously served at Westell as Senior Vice President of Product Development and Vice President, General Manager of Telco Access Products



J.J. Swartwood – SVP, Worldwide Sales

- Senior Vice President, Worldwide Sales since 2016
- Previously Vice President, North American Sales and Regional Sales Vice President with responsibility for AT&T
- Served as a Director and Vice President of Sales, HyperEdge



Appendix

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GAAP to Non-GAAP Reconciliation (\$ in thousands)

Three months ended:	Q1F19 6/30/2018	Q2F19 9/30/2018	Q3F19 12/31/2018	Q4F19 3/31/2019	Q1F20 6/30/2019	Q2F20 9/30/2019	Q3F20 12/31/2019
GAAP consolidated operating expenses	\$ 6,093	\$ 5,951	\$ 6,303	\$ 11,641	\$ 5,560	\$ 5,265	\$ 4,413
Adjustments:							
Stock-based compensation ⁽¹⁾	(279)	(284)	(291)	(270)	(234)	(181)	(132)
Amortization of acquisition-related intangibles ⁽²⁾	(990)	(832)	(830)	(783)	(308)	(308)	(308)
Restructuring, separation, and transition ⁽³⁾	-	-	-	-	-	-	(234)
Intangibles asset impairment ⁽⁴⁾	-	-	-	(4,722)	-	-	-
Total adjustments	(1,269)	(1,116)	(1,121)	(5,775)	(542)	(489)	(674)
Non-GAAP consolidated operating expenses	\$ 4,824	\$ 4,835	\$ 5,182	\$ 5,866	\$ 5,018	\$ 4,776	3,739
GAAP consolidated net income (loss)	\$ (39)	\$ (1,741)	\$ (1,556)	\$ (8,046)	\$ (2,157)	\$ (3,561)	(1,544)
less:							
Income tax benefit (expense)	-	(10)	(1)	(28)	(7)	-	(20)
Other income, net	119	165	158	184	164	125	109
Discontinued operations ⁽⁴⁾	-	(138)	-	(207)	-	-	-
GAAP consolidated operating profit (loss)	(158)	(1,758)	(1,713)	(7,995)	(2,314)	(3,686)	(1,633)
Adjustments:							
Stock-based compensation ⁽¹⁾	291	295	303	282	244	201	152
Depreciation	152	139	149	151	143	118	78
Amortization of intangibles ⁽⁶⁾	990	832	830	783	308	373	406
Restructuring, separation, and transition ⁽³⁾	-	-	-	-	-	-	234
Intangibles asset impairment ⁽⁴⁾	-	-	-	4,722	-	-	-
Total adjustments	1,433	1,266	1,282	5,938	695	692	870
Non-GAAP consolidated Adjusted EBITDA ⁽⁷⁾	\$ 1,275	\$ (492)	\$ (431)	\$ (2,057)	\$ (1,619)	\$ (2,994)	\$ (763)

(1) Stock-based compensation is a non-cash expense incurred in accordance with share-based compensation accounting standards.

(2) Amortization of acquisition-related intangibles is a non-cash expense arising from intangible assets previously acquired as a result of a business acquisition.

(3) Restructuring expense for the quarter ended December 31, 2019, related to severance costs for terminated employees.

(4) 4Q19 Non-recurring impairment related to intangible assets associated with the IBW reporting unit.

(5) The Company recorded indemnification expense related to probable loss contingencies associated with a major customer contract related to a business which was previously sold and therefore is presented as discontinued operations. On July 24, 2019, the Company signed a settlement agreement related to this matter. The amount to be paid under the settlement agreement is fully covered by the accrual.

(6) Amortization of intangibles is a non-cash expense arising from intangible assets. Amortization of the recently acquired product licensing rights are excluded from Adjusted EBITDA, but included in the Non-GAAP consolidated operating expenses, because the amortization is related to the ongoing operation of the business in the ordinary course.

(7) EBITDA is a non-GAAP measure that represents Earnings Before Interest, Taxes, Depreciation, and Amortization. The Company presents Adjusted EBITDA.





Contact

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