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

## FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the quarterly period ended September 30, 2017**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number 0-27266**

# Westell Technologies, Inc.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **DELAWARE** | **36-3154957** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification Number)** |
| **750 North Commons Drive, Aurora, IL** | **60504** |
| **(Address of principal executive offices)** | **(Zip Code)** |

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

**Not applicable**
**(Former name, former address and former fiscal year, if changed since last report)**

Indicate by check or mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large Accelerated Filer | ☐ | Accelerated Filer | ☐ |
| Non-Accelerated Filer | ☐ | Smaller Reporting Company | ☒ |
| | | 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. ☐

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of October 23, 2017:

Class A Common Stock, $0.01 Par Value – 12,068,162 shares Class B Common Stock, $0.01 Par Value – 3,484,287 shares

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**
**FORM 10-Q INDEX**



**Cautionary Statement Regarding Forward-Looking Information**

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, effects of the Company’s accounting policies, retention of key personnel and other risks more fully described in the Company's Form 10-K for the fiscal year ended March 31, 2017, 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.

**Trademarks**

The following terms used in this filing are the Company's trademarks: ClearLink®, Kentrox®, Optima Management System®, UDIT®, WESTELL TECHNOLOGIES®, and Westell®. All other trademarks appearing in this filing are the property of their holders.

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

| | (unaudited) September 30, 2017 | March 31, 2017 | |
|---|---|---|---|
| **Assets** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 19,200 | $ 21,778 | |
| Short-term investments | 5,011 | — | |
| Accounts receivable (net of allowance of $90 at September 30, 2017, and March 31, 2017) | 11,038 | 12,075 | |
| Inventories | 9,983 | 12,511 | |
| Prepaid expenses and other current assets | 1,034 | 1,409 | |
| Total current assets | 46,266 | 47,773 | |
| Land, property and equipment, gross | 9,065 | 16,062 | |
| Less accumulated depreciation and amortization | (7,267) | (14,078) | |
| Land, property and equipment, net | 1,798 | 1,984 | |
| Intangible assets, net | 13,529 | 15,624 | |
| Other non-current assets | 87 | 160 | |
| **Total assets** | $ 61,680 | $ 65,541 | |
| | | | |
| **Liabilities and Stockholders' Equity** | | | |
| Current liabilities: | | | |
| Accounts payable | $ 3,210 | $ 4,163 | |
| Accrued expenses | 3,823 | 4,273 | |
| Accrued restructuring | 415 | 1,171 | |
| Deferred revenue | 1,055 | 2,359 | |
| Total current liabilities | 8,503 | 11,966 | |
| Deferred revenue non-current | 929 | 1,102 | |
| Accrued restructuring non-current | — | 63 | |
| Other non-current liabilities | 317 | 236 | |
| Total liabilities | 9,749 | 13,367 | |
| Commitments and contingencies (Note 9) | | | |
| Stockholders' equity: | | | |
| Class A common stock, par $0.01, Authorized – 109,000,000 shares Outstanding – 12,080,445 and 12,015,043[1] shares at September 30, 2017, and March 31, 2017, respectively | 121 | 120 | (1) |
| Class B common stock, par $0.01, Authorized – 25,000,000 shares Issued and outstanding – 3,484,287[1] shares at September 30, 2017, and March 31, 2017 | 35 | 35 | (1) |
| Preferred stock, par $0.01, Authorized – 1,000,000 shares Issued and outstanding – none | — | — | |
| Additional paid-in capital | 417,093 | 416,422 | (1) |
| Treasury stock at cost – 4,593,368 and 4,440,600 [1] shares at September 30, 2017, and March 31, 2017, respectively | (35,790) | (35,335) | |
| Cumulative translation adjustment | — | 608 | |
| Accumulated deficit | (329,528) | (329,676) | |
| Total stockholders' equity | 51,931 | 52,174 | |
| **Total liabilities and stockholders' equity** | $ 61,680 | $ 65,541 | |

[1] All common stock (except authorized shares), equity share, and per share amounts have been retroactively adjusted to reflect a one-for-four reverse stock split, which was effective June 7, 2017.

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

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In thousands, except per share amounts)**
**(Unaudited)**

| | Three months ended September 30, | | Six months ended September 30, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **Revenue** | | | | |
| Products | $ 16,097 | $ 15,881 | $ 31,642 | $ 29,494 |
| Services | 1,135 | 1,899 | 2,164 | 3,102 |
| Total revenue | 17,232 | 17,780 | 33,806 | 32,596 |
| **Cost of revenue** | | | | |
| Products | 9,522 | 10,380 (1) | 18,946 | 19,981 (1) |
| Services | 435 | 1,033 | 818 | 1,683 |
| Total cost of revenue | 9,957 | 11,413 (1) | 19,764 | 21,664 (1) |
| Gross profit | 7,275 | 6,367 (1) | 14,042 | 10,932 (1) |
| **Operating expenses** | | | | |
| Research and development | 2,205 | 3,327 | 4,481 | 7,604 |
| Sales and marketing | 1,992 | 2,896 | 4,328 | 6,277 |
| General and administrative | 1,809 | 2,218 | 3,520 | 4,563 |
| Intangible amortization | 1,048 | 1,201 | 2,095 | 2,401 |
| Restructuring | 165 | 2,601 | 165 | 2,565 |
| Long-lived assets impairment | — | — | — | 1,181 |
| Total operating expenses | 7,219 | 12,243 | 14,589 | 24,591 |
| **Operating profit (loss)** | 56 | (5,876) | (547) | (13,659) |
| Other income, net | 677 (2) | 74 | 720 (2) | 91 |
| **Income (loss) before income taxes** | 733 | (5,802) | 173 | (13,568) |
| Income tax expense | (13) | (8) | (25) | (10) |
| **Net income (loss)** | $ 720 | $ (5,810) | $ 148 | $ (13,578) |
| *Net income (loss) per share:* | | | | |
| Basic | $ 0.05 | $ (0.38) (3) | $ 0.01 | $ (0.89) (3) |
| Diluted | $ 0.05 | $ (0.38) (3) | $ 0.01 | $ (0.89) (3) |
| *Weighted-average number of common shares outstanding:* | | | | |
| Basic | 15,461 | 15,299 (3) | 15,471 | 15,277 (3) |
| Effect of dilutive securities: restricted stock, restricted stock units, performance stock units and stock options (4) | 211 | — | 167 | — |
| Diluted | 15,672 | 15,299 (3) | 15,638 | 15,277 (3) |

(1) The three and six months ended September 30, 2016, includes $0.2 million and $1.6 million of E&O expense for ClearLink DAS inventory and pipeline inventory. See Note 2.

(2) During the quarter ended September 30, 2017, the Company dissolved the NoranTel legal entity, which triggered a one-time foreign currency gain with the reversal of a cumulative translation adjustment. See Note 1.

(3) All common stock (except authorized shares), equity share, and per share amounts have been retroactively adjusted to reflect a one-for-four reverse stock split, which was effective June 7, 2017.

(4) The Company had 0.4 million and 0.5 million shares represented by common stock equivalents for the three and six months ended September 30, 2017 , and 1.3 million and 1.4 million shares represented by common stock equivalents for the three and six months ended September 30, 2016 , which were not included in the computation of average dilutive shares outstanding because they were anti-dilutive. In periods with a net loss from continuing operations, the basic loss per share equals the diluted loss per share as all common stock equivalents are excluded from the per share calculation.

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

**WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
**(In thousands)**
**(Unaudited)**

| | Three months ended September 30, | | Six months ended September 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net income (loss) | $ 720 | $ (5,810) | $ 148 | $ (13,578) |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustment [1] | (608) | — | (608) | — |
| Total comprehensive income (loss) | $ 112 | $ (5,810) | $ (460) | $ (13,578) |

[1] During the quarter ended September 30, 2017, the Company dissolved the NoranTel legal entity, which triggered a one-time foreign currency gain with the reversal of a cumulative translation adjustment. See Note 1.

## 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 | Cumulative Translation Adjustment | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| **Balance, March 31, 2017 [1]** | $ 120 | $ 35 | $ 416,422 | $ (35,335) | $ 608 | $ (329,676) | $ 52,174 |
| Net income (loss) | — | — | — | — | — | 148 | 148 |
| Translation adjustment [2] | — | — | — | — | (608) | — | (608) |
| Common stock issued | 2 | — | (1) | — | — | — | 1 |
| Purchase of treasury stock | (1) | — | — | (455) | — | — | (456) |
| Stock-based compensation | — | — | 672 | — | — | — | 672 |
| **Balance, September 30, 2017** | $ 121 | $ 35 | $ 417,093 | $ (35,790) | $ — | $ (329,528) | $ 51,931 |

[1] All common stock (except authorized shares), equity share, and per share amounts have been retroactively adjusted to reflect a one-for-four reverse stock split, which was effective June 7, 2017.
[2] During the quarter ended September 30, 2017, the Company dissolved the NoranTel legal entity, which triggered a one-time foreign currency gain with the reversal of a cumulative translation adjustment. See Note 1.

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

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

| | Six months ended September 30, | |
|---|---|---|
| | **2017** | **2016** |
| Cash flows from operating activities: | | |
| Net income (loss) | $ 148 | $ (13,578) |
| Reconciliation of net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 2,526 | 3,230 |
| Long-lived assets impairment | — | 1,181 |
| Stock-based compensation | 672 | 1,093 |
| Loss on sale of fixed assets | 8 | 11 |
| Restructuring | 165 | 2,565 |
| Deferred taxes | — | 14 |
| Gain on disposal of foreign operations | (608) | — |
| Exchange rate loss (gain) | (6) | — |
| Changes in assets and liabilities: | | |
| Accounts receivable | 1,025 | 2,722 |
| Inventories | 2,528 | 820 |
| Prepaid expenses and other current assets | 375 | (23) |
| Other assets | 73 | 15 |
| Deferred revenue | (1,477) | (131) |
| Accounts payable and accrued expenses | (2,082) | (4,800) |
| Accrued compensation | (224) | (1,109) |
| Net cash provided by (used in) operating activities | 3,123 | (7,990) |
| Cash flows from investing activities: | | |
| Maturities of held-to-maturity short-term debt securities | — | 12,621 |
| Purchases of held-to-maturity short-term debt securities | — | (2,066) |
| Purchases of other short-term investments | (5,011) | — |
| Purchases of property and equipment | (254) | (498) |
| Net cash provided by (used in) investing activities | (5,265) | 10,057 |
| Cash flows from financing activities: | | |
| Purchases of treasury stock | (456) | (141) |
| Payment of contingent consideration | — | (175) |
| Net cash provided by (used in) financing activities | (456) | (316) |
| Gain (loss) of exchange rate changes on cash | 20 | (3) |
| Net increase (decrease) in cash and cash equivalents | (2,578) | 1,748 |
| Cash and cash equivalents, beginning of period | 21,778 | 19,169 |
| Cash and cash equivalents, end of period [1] | $ 19,200 | $ 20,917 |

[1] As of September 30, 2017, the Company has $5.0 million of short-term investments in addition to cash and cash equivalents. See Note 10.

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 1. *Basis of Presentation***

*Reverse Stock Split*

All common stock, equity, share and per share amounts in the financial statements and notes have been retroactively adjusted to reflect a one-for-four reverse stock split, which was effective June 7, 2017.

*Description of Business*

Westell Technologies, Inc. (the Company) is a holding company. Its wholly owned subsidiary, Westell, Inc., designs and distributes telecommunications products, which are sold primarily to major telephone companies. During the second quarter ended September 30, 2017, the Company dissolved Noran Tel, Inc. (NoranTel) a wholly owned subsidiary of Westell, Inc. NoranTel's operations have been fully incorporated into Westell, Inc. As a result of the wind-up of NoranTel, the Company recognized a one-time $0.6 million foreign currency translation gain, which is presented in Other income, net on the Condensed Consolidated Statements of Operations.

*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 consistent with the instructions of Form 10-Q and Article 10 of Regulation S-X 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 on Form 10-K for the year ended March 31, 2017. All intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the unaudited interim financial statements included herein reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company's condensed consolidated financial position and the results of operations, comprehensive income (loss) and cash flows at September 30, 2017, 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 2018.

*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, and contingencies, among other things. Actual results could differ from those estimates.

*Recently Adopted Accounting Pronouncements*

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory* (ASU 2015-11). The core principle of the guidance is that an entity should measure inventory at the "lower of cost and net realizable value" and options that currently exist for "market value" will be eliminated. The ASU defines net realizable value as the "estimated selling prices in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation." The Company adopted ASU 2015-11 on April 1, 2017. The adoption of this ASU did not have a material impact to the Company's Consolidated Financial Statements or related disclosures.

In the fourth quarter of fiscal year 2017, the Company adopted ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* (ASU 2014-15). ASU 2014-15 provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. For each annual and interim reporting period, management is required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The adoption of ASU 2014-15 had no significant effect on its Consolidated Financial Statements or related disclosures as of September 30, 2017.

*Recently Issued Accounting Pronouncements Not Yet Adopted*

In May 2017, the FASB issued ASU 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting* (ASU 2017-09). ASU 2017-09 clarifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The standard is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the potential impact ASU 2017-09 will have on the Company's Consolidated Financial Statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory* (ASU 2016-16). ASU 2016-16 requires the recognition of current and deferred income taxes for intra-entity asset transfers when the transaction occurs. ASU 2016-16 is effective for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted. ASU 2016-16 is effective for the Company in the first quarter of fiscal 2019, and the Company is currently in the process of evaluating the potential impact of adoption of this updated authoritative guidance on the Company's Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flow (Topic 230)* (ASU 2016-15). This update is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The update provides new guidance regarding the classification of debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies,
distributions received from equity method investments, beneficial interests in securitized transactions, and separately identifiable cash flows and application of the predominance principle. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2017. Early adoption of the standard is permitted. The standard will be applied in a retrospective approach for each period presented. The Company is currently evaluating the potential impact ASU 2016-15 will have on the Company's Consolidated Financial Statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). In September 2017, the FASB issued ASU 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842)* (ASU 2017-13), which provides additional implementation guidance on the previously issued ASU 2016-02. ASU 2016-02 requires lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Company is currently evaluating the impact that ASU 2016-02 will have on the Company's Consolidated Financial Statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. ASU 2014-09 is initially scheduled to become effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period; early adoption is not permitted. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) — Deferral of the Effective Date* (ASU 2015-14), which defers the effective date of ASU 2014-09 for one year and permits early adoption as early as the original effective date of ASU 2014-09. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. In 2016, the FASB issued additional guidance to clarify the implementation guidance (ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations*; ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*; ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients:*and ASU 2016-20 *(Topic 606) Technical Corrections and Improvements to Topic 606, Revenue from Contracts with*

*Customers*. In September 2017, the FASB issued ASU 2017-13. These amendments provide additional clarification and implementation guidance on the previously issued ASU 2014-09.

The Company commenced the assessment of ASU 2014-09 during the first quarter of fiscal year 2018 and developed a project plan to guide the implementation. This project plan includes analyzing the standard's impact on the Company's contract portfolio, comparing historical accounting policies and practices to the requirements of the new standard and identifying potential differences from applying the requirements of the new standard to its contracts. The Company will draft an updated accounting policy, evaluate new disclosure requirements and identify and implement appropriate changes to business processes, systems and controls to support recognition and disclosure under the new standard. The Company expects to adopt this new standard using the modified retrospective method that will result in a cumulative effect adjustment as of the date of adoption. The Company is currently evaluating this guidance and the impact it will have on the Company's Consolidated Financial Statements and related disclosures.

**Note 2. *Restructuring Charges***

In the three and six months ended September 30, 2017, the Company recorded a restructuring expense of $0.2 million related to employee termination costs that spanned all three segments (the 2018 restructuring).

In the second quarter of fiscal year 2017, the Company approved a restructuring plan (the 2017 restructuring), including discontinuing development of the ClearLink Distributed Antenna System (DAS), a general reduction of headcount that spanned all three segments, and consolidation of facilities in Manchester, NH and Aurora, IL. The Company recognized a restructuring expense of $2.6 million in the six months ended September 30, 2016. The 2017 restructuring costs totaled $3.2 million in the twelve months ended March 31, 2017, inclusive of non-cash charges of approximately $1.2 million related to losses on leased facilities, $1.3 million of employee termination costs, and $0.7 million of other associated costs. In the six months ended September 30, 2016, a $1.2 million impairment charge of fixed assets and $1.6 million of E&O expense for ClearLink DAS inventory and pipeline inventory, associated with the IBW segment was recognized. The planned restructuring was substantially completed by March 31, 2017.

As of September 30, 2017, $0.4 million of the restructuring costs, related to employee termination costs from the 2018 restructuring and the office space from the 2017 restructuring, are unpaid and accrued on the Condensed Consolidated Balance Sheets presented in Accrued restructuring. As of March 31, 2017, $1.2 million and $63,000 of the restructuring costs, primarily related to the office space from the 2015 restructuring and 2017 restructuring, are unpaid and accrued on the Condensed Consolidated Balance Sheets presented in Accrued restructuring and Accrued restructuring non-current, respectively. The restructuring costs are expected to be paid in full by the first quarter of fiscal year 2019 concurrent with the termination date of the contractual lease in Manchester, NH.

Total liability for restructuring charges and their utilization for the six months ended September 30, 2017, are summarized as follows:

| | Six months ended September 30, 2017 | | |
|---|---|---|---|
| (in thousands) | Employee-related | Other costs | Total |
| Liability at beginning of period | $ — | $ 1,234 | $ 1,234 |
| Charged | 165 | — | 165 |
| Paid | (19) | (965) | (984) |
| Liability at end of period | $ 146 | $ 269 | $ 415 |

**Note 3. *Interim Segment Information***

Segment information is presented in accordance with a "management approach", which designates the internal reporting used by the chief operating decision-maker (CODM) for making decisions and assessing performance as the source of the Company's reportable segments. Westell's Chief Executive Officer is the CODM. The CODM continues to define segment profit as gross profit less research and development expenses. The accounting policies of the segments are the same as those for Westell Technologies, Inc. described in the summary of significant accounting policies included in the Company's Annual Report on Form 10-K for year ended March 31, 2017.

The Company’s three reportable segments are as follows:

*In-Building Wireless (IBW) Segment*

The IBW segment solutions enable cellular coverage in stadiums, arenas, malls, buildings, and other indoor areas not served well or at all by the existing "macro" outdoor cellular network. For commercial service, the IBW segment solutions include distributed antenna systems (DAS) conditioners and digital repeaters. For the public safety market, the IBW segment solutions include half-watt and two-watt repeaters and a battery backup unit. The Company’s IBW segment also offers ancillary products that consist of passive system components and antennas for both the commercial and public safety markets.

*Intelligent Site Management and Services (ISMS) Segment*

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

*Communications Network Solutions (CNS) Segment*

The CNS segment solutions include a broad range of outdoor network infrastructure offerings consisting of integrated cabinets, power distribution products, copper and fiber connectivity panels, T1 network interface units (NIUs), and tower mounted amplifiers (TMAs).

Segment information for the three and six months ended September 30, 2017, and 2016, is set forth below:

| | Three months ended September 30, 2017 | | | |
|---|---|---|---|---|
| (in thousands) | IBW | ISMS | CNS | Total |
| Revenue | $ 7,919 | $ 4,730 | $ 4,583 | $ 17,232 |
| Cost of revenue | 4,269 | 2,511 | 3,177 | 9,957 |
| Gross profit | 3,650 | 2,219 | 1,406 | 7,275 |
| Gross margin | 46.1% | 46.9% | 30.7% | 42.2% |
| Research and development | 1,443 | 523 | 239 | 2,205 |
| Segment profit | $ 2,207 | $ 1,696 | $ 1,167 | 5,070 |
| Operating expenses: | | | | |
| Sales and marketing | | | | 1,992 |
| General and administrative | | | | 1,809 |
| Intangible amortization | | | | 1,048 |
| Restructuring | | | | 165 |
| Long-lived assets impairment | | | | — |
| Operating profit (loss) | | | | 56 |
| Other income, net | | | | 677 |
| Income tax expense | | | | (13) |
| Net income (loss) | | | | $ 720 |

| | Three months ended September 30, 2016 | | | |
|---|---|---|---|---|
| (in thousands) | IBW | ISMS | CNS | Total |
| Revenue | $ 6,644 | $ 5,109 | $ 6,027 | $ 17,780 |
| Cost of revenue | 4,411 [1] | 2,702 | 4,300 | 11,413 [1] |
| Gross profit | 2,233 [1] | 2,407 | 1,727 | 6,367 [1] |
| Gross margin | 33.6% [1] | 47.1% | 28.7% | 35.8% [1] |
| Research and development | 1,594 | 1,237 | 496 | 3,327 |
| Segment profit | $ 639 | $ 1,170 | $ 1,231 | 3,040 |
| Operating expenses: | | | | |
| Sales and marketing | | | | 2,896 |
| General and administrative | | | | 2,218 |
| Intangible amortization | | | | 1,201 |
| Restructuring | | | | 2,601 |
| Long-lived assets impairment | | | | — |
| Operating profit (loss) | | | | (5,876) |
| Other income, net | | | | 74 |
| Income tax expense | | | | (8) |
| Net income (loss) | | | | $ (5,810) |

[1] The three and six months ended September 30, 2016, includes E&O expense for ClearLink DAS inventory and pipeline inventory. See Note 2, *Restructuring Charges*.

| | Six months ended September 30, 2017 | | | |
|---|---|---|---|---|
| (in thousands) | IBW | ISMS | CNS | Total |
| Revenue | $ 14,875 | $ 8,860 | $ 10,071 | $ 33,806 |
| Cost of revenue | 8,211 | 4,515 | 7,038 | 19,764 |
| Gross profit | 6,664 | 4,345 | 3,033 | 14,042 |
| Gross margin | 44.8% | 49.0% | 30.1% | 41.5% |
| Research and development | 2,906 | 1,088 | 487 | 4,481 |
| Segment profit | $ 3,758 | $ 3,257 | $ 2,546 | 9,561 |
| Operating expenses: | | | | |
| Sales and marketing | | | | 4,328 |
| General and administrative | | | | 3,520 |
| Intangible amortization | | | | 2,095 |
| Restructuring | | | | 165 |
| Long-lived assets impairment | | | | — |
| Operating profit (loss) | | | | (547) |
| Other income, net | | | | 720 |
| Income tax expense | | | | (25) |
| Net income (loss) | | | | $ 148 |

| | Six months ended September 30, 2016 | | | |
|---|---|---|---|---|
| (in thousands) | IBW | ISMS | CNS | Total |
| Revenue | $ 12,765 | $ 9,248 | $ 10,583 | $ 32,596 |
| Cost of revenue | 9,538 [1] | 4,822 | 7,304 | 21,664 [1] |
| Gross profit | 3,227 [1] | 4,426 | 3,279 | 10,932 [1] |
| Gross margin | 25.3% [1] | 47.9% | 31.0% | 33.5% [1] |
| Research and development | 3,958 | 2,531 | 1,115 | 7,604 |
| Segment profit (loss) | $ (731) | $ 1,895 | $ 2,164 | 3,328 |
| Operating expenses: | | | | |
| Sales and marketing | | | | 6,277 |
| General and administrative | | | | 4,563 |
| Intangible amortization | | | | 2,401 |
| Restructuring | | | | 2,565 |
| Long-lived assets impairment | | | | 1,181 |
| Operating profit (loss) | | | | (13,659) |
| Other income, net | | | | 91 |
| Income tax expense | | | | (10) |
| Net income (loss) | | | | $ (13,578) |

[1] The three and six months ended September 30, 2016, includes E&O expense for ClearLink DAS inventory and pipeline inventory. See Note 2, *Restructuring Charges*.

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

**Note 4. *Inventories***

Inventories are stated at the lower of first-in, first-out cost or market value. The components of inventories are as follows:

| (in thousands) | September 30, 2017 | March 31, 2017 |
|---|---|---|
| Raw materials | $ 3,634 | $ 3,871 |
| Work-in-process | — | — |
| Finished goods | 6,349 | 8,640 |
| Total inventories | $ 9,983 | $ 12,511 |

**Note 5. *Stock-Based Compensation***

The Westell Technologies, Inc. 2015 Omnibus Incentive Compensation Plan (the 2015 Plan) was approved at the annual meeting of stockholders on September 16, 2015. The 2015 Plan replaced the Westell Technologies, Inc. 2004 Stock Incentive Plan (the 2004 Plan). If any award granted under the 2015 Plan or the 2004 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 2015 Plan. Shares subject to an award shall not again be made available for issuance under the Plan if such Shares are: (a) shares delivered to or withheld by the Company to pay the grant or purchase price of an award, or (b) shares delivered to or withheld by the Company to pay the withholding taxes related to an award. The stock options, restricted stock awards, and restricted stock units (RSUs) awarded under the 2015 Plan vest in equal annual installments over 3 years for employees and 1 year for independent directors. The stock options, restricted stock awards, and RSUs awarded under the 2004 Plan vest in equal annual installments over 4 years. Performance stock units (PSUs) earned vest over the performance period. Certain awards provide for accelerated vesting if there is a change in control (as defined in the 2015 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 2015 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 six months ended September 30, 2017, and 2016:

| | Three months ended September 30, | | Six months ended September 30, | |
|---|---|---|---|---|
| (in thousands) | 2017 | 2016 | 2017 | 2016 |
| Stock-based compensation expense | $ 342 | $ 687 | $ 672 | $ 1,093 |
| Income tax benefit | — | — | — | — |
| Total stock-based compensation expense, after taxes | $ 342 | $ 687 | $ 672 | $ 1,093 |

*Stock Options*

Stock option activity for the six months ended September 30, 2017, is as follows:

| | Shares | Weighted-Average Exercise Price Per Share | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (1) (in thousands) |
|---|---|---|---|---|
| Outstanding on March 31, 2017 | 362,396 | $ 4.89 | 5.4 | $ 39 |
| Granted | 100,000 | 3.06 | | |
| Exercised | — | — | | |
| Forfeited | (97,399) | 4.38 | | |
| Expired | (30,501) | 6.83 | | |
| Outstanding on September 30, 2017 | 334,496 | $ 4.32 | 5.1 | $ 12 |

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

*Restricted Stock*

The following table sets forth restricted stock activity for the six months ended September 30, 2017:

| | Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Non-vested as of March 31, 2017 | 34,375 | $ 4.11 |
| Granted | 104,636 | 3.01 |
| Vested | (66,250) | 3.30 |
| Forfeited | — | — |
| Non-vested as of September 30, 2017 | 72,761 | $ 3.26 |

*RSUs*

The following table sets forth the RSU activity for the six months ended September 30, 2017:

| | Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Non-vested as of March 31, 2017 | 373,886 | $ 4.48 |
| Granted | 527,000 | 2.84 |
| Vested | (111,954) | 5.27 |
| Forfeited | (189,609) | 3.79 |
| Non-vested as of September 30, 2017 | 599,323 | $ 3.10 |

*PSUs*

The following table sets forth the PSU activity for the six months ended September 30, 2017:

| | Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Non-vested as of March 31, 2017 (at target) | 76,053 | $ 3.56 |
| Granted, at target | 40,000 | 2.63 |
| Vested | (2,343) | 10.22 |
| Forfeited | (18,864) | 2.17 |
| Non-vested as of September 30, 2017 (at target) | 94,846 | $ 3.29 |

**Note 6. *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 ISMS 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 $164,000 and $163,000 as of September 30, 2017, and March 31, 2017, respectively, and are presented on the Condensed Consolidated Balance Sheets in Accrued expenses. The non-current portions of the warranty reserves are $282,000 and $232,000 as of September 30, 2017, and March 31, 2017, 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:

| | Three months ended September 30, | | Six months ended September 30, | |
|---|---|---|---|---|
| (in thousands) | 2017 | 2016 | 2017 | 2016 |
| Total product warranty reserve at the beginning of the period | $ 385 | $ 439 | $ 395 | $ 436 |
| Warranty expense to cost of revenue | 105 | 33 | 118 | 67 |
| Utilization | (44) | (12) | (67) | (43) |
| Total product warranty reserve at the end of the period | $ 446 | $ 460 | $ 446 | $ 460 |

**Note 7.** ***Variable Interest Entity and Guarantee***

The Company has a 50% equity ownership in AccessTel Kentrox Australia PTY LTD (AKA). AKA distributes network management solutions provided by the Company and the other 50% owner to one customer. The Company holds equal voting control with the other owner. All actions of AKA are decided at the board level by majority vote. The Company evaluated ASC 810, *Consolidations*, and concluded that AKA is a variable interest entity (VIE) and the Company has a variable interest in the VIE. The Company has concluded that it is not the primary beneficiary of AKA and, therefore, consolidation is not required. As of September 30, 2017, and March 31, 2017, the carrying amount of the Company's investment in AKA was approximately $56,000 and $111,000, respectively, which is presented on the Condensed Consolidated Balance Sheets within Other non-current assets. The Company received a cash dividend payment of $59,000 from AKA during the three months ended September 30, 2017.

The Company's revenue from sales to AKA for the three months ended September 30, 2017, and 2016, was $0.9 million and $0.6 million, respectively. The Company's revenue from sales to AKA for both the six months ended September 30, 2017 and 2016, was $1.7 million. Accounts receivable from AKA was $0.2 million and $0.5 million as of September 30, 2017, and March 31, 2017, respectively. Deferred revenue, which primarily relates to AKA maintenance contracts, was $1.7 million and $2.8 million as of September 30, 2017, and March 31, 2017, respectively. The Company also has provided an unlimited guarantee for the performance of the other 50% owner in AKA, which primarily provides support and engineering services to the customer. This guarantee was put in place at the request of the AKA customer. The guarantee, which is estimated to have a maximum potential future payment of $0.7 million, will stay in place as long as the contract between AKA and the customer is in place. The Company would have recourse against the other 50% owner in AKA in the event the guarantee is triggered. The Company determined that it could perform on the obligation it guaranteed at a positive rate of return and, therefore, did not assign value to the guarantee. The Company's exposure to loss as a result of its involvement with AKA, exclusive of lost profits, is limited to the items noted above.

**Note 8.** ***Income Taxes***

At the end of each interim period, the Company makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year and uses that rate to provide for income taxes on a current year-to-date basis before discrete items. If a reliable estimate cannot be made, the Company may make a reasonable estimate of the annual effective tax rate, including use of the actual effective rate for the year-to-date. The impact of discrete items is recorded in the quarter in which they occur. The Company utilizes the liability method of accounting for income taxes and deferred taxes, which are determined based on the differences between the financial statements and tax basis of assets and liabilities given the enacted tax laws. The Company evaluates the need for valuation allowances on the net deferred tax assets under the rules of ASC 740, *Income Taxes.* In assessing the realizability of the Company's deferred tax assets, the Company considers whether it is more likely than not that some or all of the deferred tax assets will be realized through the generation of future taxable income. In making this determination, the Company assessed all of the evidence available at the time, including recent earnings, forecasted income projections and historical performance. The Company determined that the negative evidence outweighed the objectively verifiable positive evidence and previously recorded a full valuation allowance against deferred tax assets. The Company will continue to reassess realizability going forward.

The Company recorded $13,000 and $25,000 of income tax expense in the three and six months ended September 30, 2017, respectively, using an effective income tax rate of (1.07)% plus discrete items. The Company recorded $8,000 and $10,000 of income tax expense in the three and six months ended September 30, 2016, respectively, using an effective rate of (0.10)% plus discrete items. The effective rate is impacted by the intraperiod allocation as a result of loss from continuing operations and income from discontinued operations, loss in a foreign jurisdiction with no valuation allowance, and states that base tax on gross margin and not pretax income.

## Note 9. *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, and they are being vigorously defended. 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. As of September 30, 2017, and March 31, 2017, the Company has not recorded any contingent liability attributable to existing litigation.

In the ordinary course of operations, the Company receives claims where the Company believes an unfavorable outcome is possible and/or for which is probable and no estimate of possible losses can currently be made.  A significant customer was a defendant in patent infringement claims and is asserting possible indemnity rights under contracts with the Company.  The customer has settled one matter, which has been dismissed, and won summary judgment of all claims in the other. The customer has informed the Company that the customer intends to seek to recover from the Company a share of the settlement and defense costs.  The Company has not been involved in any settlement discussions nor informed by the customer of any settlement details and therefore management is currently unable to estimate a range of potential loss associated with this claim with any degree of certainty, and the Company is not yet able to calculate the exposure to this claim, which will vary depending upon the settlement reached by the customer and the Company's contribution ratio.

## Note 10. *Short-term Investments*

As of September 30, 2017, the Company owned Certificates of Deposit amounting to $5.0 million held at cost There were no short-term investments as of March 31, 2017.

## Note 11. *Fair Value Measurements*

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

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

The Company's money market funds are measured using Level 1 inputs.

The following table presents available-for-sale securities measured at fair value on a recurring basis as of September 30, 2017:

| (in thousands) | Total Fair Value of Asset or Liability | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance Sheet Classification |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Money market funds | $ 11,960 | $ 11,960 | — | — | Cash and cash equivalents |

The following table presents available-for-sale securities measured at fair value on a recurring basis as of March 31, 2017:

| (in thousands) | Total Fair Value of Asset or Liability | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance Sheet Classification |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Money market funds | $ 17,162 | $ 17,162 | — | — | 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 assets.

**Note 12.** ***Share Repurchases***

In May 2017, the Board of Directors authorized a new 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). There were 113,484 shares repurchased under the 2011 and 2017 authorizations during the six months ended September 30, 2017 at a weighted average purchase price of $2.99 per share. There were no shares repurchased under the 2011 authorization during the six months ended September 30, 2016. There was approximately $1.8 million remaining for additional share repurchases under the 2017 authorization as of September 30, 2017.

Additionally, in the six months ended September 30, 2017, and September 30, 2016, the Company repurchased 39,269 and 41,544 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 and PSUs. These repurchases were not included in the authorized share repurchase programs and had a weighted-average purchase price of $2.91 and $3.40 per share, respectively.

**Note 13.** ***Intangible Assets***

Intangible assets include customer relationships, trade names, developed technology and other intangibles. Intangible assets with determinable lives are amortized over their estimated useful lives. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value. Intangible asset impairment charges are presented in Intangible amortization on the Condensed Consolidated Statements of Operations.

There was no intangible asset impairment during the six months ended September 30, 2017, or September 30, 2016, for the IBW, ISMS and CNS reporting units.

**Note 14.** ***Accrued Expenses***

The components of accrued expenses are as follows:

| (in thousands) | **September 30, 2017** | **March 31, 2017** |
|---|---|---|
| Accrued compensation | $ 1,032 | $ 1,256 |
| Accrued contractual obligation | 1,445 | 1,445 |
| Other accrued expenses | 1,346 | 1,572 |
| Total accrued expenses | $ 3,823 | $ 4,273 |

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

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. Due to a significant adverse change in the business climate connected to the ClearLink DAS development project, the Company determined indicators of impairment were present as of June 30, 2016. The Company determined that equipment related to development and manufacturing of this product was fully impaired and recorded an impairment charge of $1.2 million in the six months ended September 30, 2016. Long-lived asset impairment charges are presented in Long-lived assets impairment on the Condensed Consolidated Statements of Operations. See Note 2 *Restructuring Charges*.

There was no long-lived asset impairment during the six months ended September 30, 2017, or the three months ended September 30, 2016.

The components of fixed assets are as follows:

| (in thousands) | September 30, 2017 | March 31, 2017 |
|---|---|---|
| Land | $ 672 | $ 672 |
| Machinery and equipment | 1,603 | 1,698 |
| Office, computer and research equipment | 5,522 | 6,012 |
| Leasehold improvements | 1,268 | 7,680 |
| Land, property and equipment, gross | $ 9,065 | $ 16,062 |
| Less accumulated depreciation and amortization | (7,267) | (14,078) |
| Land, property and equipment, net | $ 1,798 | $ 1,984 |

The significant decrease in the gross fixed assets and accumulated depreciation is primarily related to the disposals of fully depreciated leasehold improvements associated with a building operating lease that ended on September 30, 2017.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

*The following discussion should be read together with the Condensed Consolidated Financial Statements and the related Notes thereto and other financial information appearing elsewhere in this Form 10-Q. All references herein to the term "fiscal year" shall mean a year ended March 31 of the year specified.*

Westell Technologies, Inc., (the Company) is a leading provider of high-performance wireless 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 performance, reliable systems.

The Company's three reportable segments are as follows:

*In-Building Wireless (IBW) Segment*

The IBW segment solutions enable cellular coverage in stadiums, arenas, malls, buildings, and other indoor areas not served well or at all by the existing "macro" outdoor cellular network. For commercial service, the IBW segment solutions include distributed antenna systems (DAS) conditioners and digital repeaters. For the public safety market, the IBW segment solutions include half-watt and two-watt repeaters and a battery backup unit. The Company's IBW segment also offers ancillary products that consist of passive system components and antennas for both the commercial and public safety markets.

*Intelligent Site Management and Services (ISMS) Segment*

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

*Communications Network Solutions (CNS) Segment*

The CNS segment solutions include a broad range of outdoor network infrastructure offerings consisting of integrated cabinets, power distribution products, copper and fiber connectivity panels, T1 network interface units (NIUs), and tower mounted amplifiers (TMAs).

**Customers**

The Company's customer base for its products includes communications service providers, systems integrators, neutral-host operators, and distributors. Due to the stringent customer quality specifications and regulated environments in which customers operate, the Company must undergo lengthy approval and procurement processes prior to selling most of its products. Accordingly, the Company must make significant up-front investments in product and market development prior to actual commencement of sales of new products. The prices for the Company's products vary based upon volume, customer specifications, and other criteria, and are subject to change for a variety of reasons, including cost and competitive factors.

To remain competitive, the Company must continue to invest in new product development and in targeted sales and marketing efforts to launch new product features and lines. Failure to increase revenues from new products, whether due to lack of market acceptance, competition, technological change, purchasing decisions, meeting technical specifications or otherwise, could have a material adverse effect on the Company's business and results of operations. The Company expects to continue to evaluate new product opportunities and invest in product research and development activities.

In view of the Company's reliance on the communications infrastructure market for revenues, the project nature of the business, the unpredictability of orders, and pricing pressures, the Company believes that period-to-period comparisons of its financial results should not be relied upon as an indication of future performance. The Company has experienced quarterly fluctuations in customer ordering and purchasing activity due primarily to the project-based nature of the business and to budgeting and procurement patterns toward the end of the calendar year or the beginning of a new calendar year. While these factors can result in the greatest fluctuations in the Company's third and fourth fiscal quarters, this is not always consistent and may not always correlate to financial results.

**Other Matters**

During the fourth quarter of fiscal year 2017, the Company executed a new three-year lease beginning in October 2017 for approximately 83,000 square feet, a portion of our current Aurora, Illinois headquarters facility. The reduced footprint is more suitable to our current operation and is expected to generate cash savings of approximately $2.0 million annually compared to the lease which expired on September 30, 2017.

On May 17, 2017, the Company issued a press release announcing that the Company's Board of Directors approved a share repurchase program of up to $2.0 million of its Class A common stock.

Effective June 7, 2017, the Company effected a reverse stock split of its outstanding Class A and Class B Common Stock at a ratio of one-for-four. The reverse stock split is intended to increase the per share trading price of Westell's common stock to satisfy the $1.00 minimum bid price requirement for continued listing on the NASDAQ Capital Market. All common stock, equity, share and per share amounts in the financial statements and notes have been retroactively adjusted to reflect the reverse stock split.

**Results of Operations**

Below is a table that compares revenue for the three and six months ended September 30, 2017, and 2016, by segment.

***Revenue***

| | Three months ended September 30, | | | Six months ended September 30, | | |
|---|---|---|---|---|---|---|
| (in thousands) | 2017 | 2016 | Change | 2017 | 2016 | Change |
| IBW | $ 7,919 | $ 6,644 | $ 1,275 | $ 14,875 | $ 12,765 | $ 2,110 |
| ISMS | 4,730 | 5,109 | (379) | 8,860 | 9,248 | (388) |
| CNS | 4,583 | 6,027 | (1,444) | 10,071 | 10,583 | (512) |
| Consolidated revenue | $ 17,232 | $ 17,780 | $ (548) | $ 33,806 | $ 32,596 | $ 1,210 |

IBW revenue was $7.9 million and $14.9 million in the three and six months ended September 30, 2017, compared to $6.6 million and $12.8 million in the same periods in the prior year. The increases in revenue for both periods were primarily driven by increases in sales of the Company's Universal DAS Interface Tray (UDIT), public safety repeaters, and passive system components. These increases were partly offset by a decrease in sales of commercial repeaters. While the market for UDIT, a stand-alone active DAS conditioner, has remained strong, the market is expected to shift to where the primary function of stand-alone conditioners, attenuating the RF signal, is integrated into larger network elements, such as the DAS head-end. It is also expected that the market for commercial repeaters will either remain flat or continue to decline, as customers continue to shift to other forms of commercial in-building coverage, such as small cells. The IBW public safety market is expected to grow as local municipalities pass and enforce ordinances that define in-building cellular communication coverage for public safety in buildings.

ISMS revenue was $4.7 million and $8.9 million in the three and six months ended September 30, 2017, compared to $5.1 million and $9.2 million in the same periods in the prior year. The decreases in revenue for both periods were primarily driven by lower services revenue, predominately from one large North American service provider. Due to the fact that our ISMS business is project-based, it’s difficult to make a determination on future trends.

CNS revenue was $4.6 million and $10.1 million in the three and six months ended September 30, 2017, compared to $6.0 million and $10.6 million in the same periods in the prior year. The decreases in revenue for both periods were primarily driven by lower sales of T1 NIUs and Tower Mounted Amplifiers (TMAs), partly offset by increases in sales of the Integrated Cabinets. We expect sales of Integrated Cabinets, which are heavily project-based, to remain uneven, while sales of Power Distribution panels are expected to remain steady. We expect T1 NIU and TMA revenue to decrease over time as these products are in declining markets.

***Gross Margin***

| | Three months ended September 30, | | | Six months ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | Change | 2017 | 2016 | Change |
| IBW | 46.1% | 33.6% | 12.5 % | 44.8% | 25.3% | 19.5 % |
| ISMS | 46.9% | 47.1% | (0.2)% | 49.0% | 47.9% | 1.1 % |
| CNS | 30.7% | 28.7% | 2.0 % | 30.1% | 31.0% | (0.9)% |
| Consolidated gross margin | 42.2% | 35.8% | 6.4 % | 41.5% | 33.5% | 8.0 % |

The consolidated gross margins increased in the three and six months ended September 30, 2017 compared to the same periods in the prior year. The increases were driven primarily by the IBW segment margin increases, which were largely due to a one-time charge of $1.4 million for obsolete inventory associated with the Company’s decision to discontinue the ClearLink DAS program in the quarter ended June 30, 2016. The ISMS and CNS segment gross margin changes were attributable to product revenue mix changes within each of those segments as noted above.

***Research and Development***

| | Three months ended September 30, | | | Six months ended September 30, | | |
|---|---|---|---|---|---|---|
| (in thousands) | 2017 | 2016 | Change | 2017 | 2016 | Change |
| IBW | $ 1,443 | $ 1,594 | $ (151) | $ 2,906 | $ 3,958 | $ (1,052) |
| ISMS | 523 | 1,237 | (714) | 1,088 | 2,531 | (1,443) |
| CNS | 239 | 496 | (257) | 487 | 1,115 | (628) |
| Consolidated research and development expense | $ 2,205 | $ 3,327 | $ (1,122) | $ 4,481 | $ 7,604 | $ (3,123) |

Consolidated research and development expenses decreased by $1.1 million and $3.1 million in the three and six months ended September 30, 2017, compared to the same periods in the prior year. The decreases were part of the Company’s resetting of its expense structure, which included R&D expense reductions across all three segments to a level more suitable to current revenues. In the case of the IBW segment, R&D expense reductions associated with the discontinuation of the ClearLink DAS program announced in July 2016, were partly offset by an increase in R&D expense related to current spending to expand the Company’s product offerings in public safety.

***Sales and Marketing***

| | Three months ended September 30, | | | Six months ended September 30, | | |
|---|---|---|---|---|---|---|
| (in thousands) | 2017 | 2016 | Change | 2017 | 2016 | Change |
| Consolidated sales and marketing expense | $ 1,992 | $ 2,896 | $ (904) | $ 4,328 | $ 6,277 | $ (1,949) |

Sales and marketing expense decreased $0.9 million and $1.9 million in the three and six months ended September 30, 2017, compared to same periods in the prior fiscal year. The decrease was part of the Company's recent resetting of its expense structure, including lower payroll and headcount related expenses in our sales and marketing organization.

***General and Administrative***

| | Three months ended September 30, | | | Six months ended September 30, | | |
|---|---|---|---|---|---|---|
| (in thousands) | 2017 | 2016 | Change | 2017 | 2016 | Change |
| Consolidated general and administrative expense | $ 1,809 | $ 2,218 | $ (409) | $ 3,520 | $ 4,563 | $ (1,043) |

Consolidated general and administrative expense decreased $0.4 million and $1.0 million in the three and six months ended September 30, 2017, compared to the same periods in the prior fiscal year. These decreases were part of the Company's recent resetting of its expense structure, including lower payroll and headcount related expenses across the various G&A functions, including information technology, accounting and finance, auditing, human resources, and legal.

***Intangible amortization***

| | Three months ended September 30, | | | Six months ended September 30, | | |
|---|---|---|---|---|---|---|
| (in thousands) | 2017 | 2016 | Change | 2017 | 2016 | Change |
| Consolidated intangible amortization | $ 1,048 | $ 1,201 | $ (153) | $ 2,095 | $ 2,401 | $ (306) |

The intangible assets consist of product technology, customer relationships, trade names, and backlog derived from acquisitions. The decrease in the three and six months ended September 30, 2017, compared to the same periods in the prior fiscal year resulted primarily from repeater product intangibles from the acquisition of Cellular Specialties, Inc. becoming fully amortized.

***Restructuring***

In the three and six months ended September 30, 2017, the Company recorded a restructuring expense of $0.2 million related to employee termination costs that spanned all three segments.

In the second quarter of fiscal year 2017, the Company approved a restructuring plan (the 2017 restructuring) , including discontinuing development of the ClearLink Distributed Antenna System (DAS), a general reduction of headcount that spanned all three segments, and consolidation of facilities in Manchester, NH and Aurora, IL. The Company recognized a restructuring expense of $2.6 million in the three and six months ended September 30, 2016. The 2017 restructuring costs totaled $3.2 million in the twelve months ended March 31, 2017, inclusive of non-cash charges of approximately. $1.2 million related to losses on leased facilities, $1.3 million of employee termination costs, and $0.7 million of other associated costs.

***Long-lived assets impairment***

There were no long-lived assets impaired during the six months ended September 30, 2017 or the three months ended September 30, 2016. Due to a significant adverse change in the business climate connected to the ClearLink DAS development project, the Company determined indicators of impairment were present as of June 30, 2016. The Company determined that equipment related to development and manufacturing of this product was fully impaired and recorded an impairment charge of $1.2 million during the three months ended June 30, 2016.

***Other income, net***

| | Three months ended September 30, | | | Six months ended September 30, | | |
|---|---|---|---|---|---|---|
| (in thousands) | 2017 | 2016 | Change | 2017 | 2016 | Change |
| Consolidated other income (expense) | $ 677 | $ 74 | $ 603 | $ 720 | $ 91 | $ 629 |

Other income, net contains interest income earned on cash and cash equivalents and foreign currency gains and losses. During the three and six months ended September 30, 2017, the Company recorded a non-recurring foreign currency gain of $0.6 million related to the wind-down of the NoranTel legal entity. The remaining foreign currency impacts related primarily to the receivables and cash denominated in Australian and Canadian currencies.

***Income tax expense***

The Company recorded $13,000 and $25,000 of income tax expense in the three and six months ended September 30, 2017, respectively, using an effective income tax rate of (1.07)% plus discrete items. The Company recorded $8,000 and $10,000 of income tax expense in the three and six months ended September 30, 2016, respectively, using an effective rate of (0.10)% plus discrete items. The effective rate in both periods is impacted by the intraperiod allocation as a result of loss from continuing operations, and states which base tax on gross margin and not pretax income.

***Net income (loss)***

Net income was $0.7 million and $0.1 million in the three and six months ended September 30, 2017, respectively. Net loss was $5.8 million and $13.6 million in the three and six months ended September 30, 2016, respectively. The changes were a result of the cumulative effects of the variances identified above.

**Liquidity and Capital Resources**

***Overview***

At September 30, 2017, the Company had $19.2 million in cash and cash equivalents consisting of bank deposits and money market funds that invest only in government securities. As of September 30, 2017, the Company also had $5.0 million in short-term investments which consisted of certificate of deposits.

The Company believes that the existing sources of liquidity and cash from operations will satisfy cash flow requirements for the foreseeable future.

***Cash Flows***

The Company's operating activities generated cash of $3.1 million in the six months ended September 30, 2017, which resulted primarily from $0.1 million in net income, adjusted for non-cash charges of $2.8 million of amortization, depreciation, restructuring, non-recurring foreign currency gain, loss on sale of fixed assets, deferred taxes and stock-based compensation expense and $0.2 million generated from net working capital. The Company's investing activities used cash of $5.3 million, which resulted from investing in short-term investments and capital equipment purchases. In the six months ended September 30, 2017, the Company's financing activities used $0.5 million of cash resulting primarily from the purchase of treasury stock.

As of September 30, 2017, the Company had net deferred tax assets of approximately $52.8 million before a valuation allowance of $52.8 million. Illinois enacted an income tax increase on July 6, 2017, however, due to the Company's full valuation allowance position, this rate change is not expected to have a profit or loss impact in the second quarter or any periods in the foreseeable future. The increase in the Company's net deferred tax assets related to the tax rate increase is $0.8 million, and there is a corresponding increase to the Company's valuation allowance. Also, as of September 30, 2017, the Company had a $3.0 million tax contingency reserve related to uncertain tax positions, which is offset against deferred tax assets. The federal net operating loss carryforward begins to expire in fiscal year 2023. Realization of deferred tax assets associated with the Company's future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration, among other factors. The Company weighed positive and negative evidence to assess the need for a valuation allowance against deferred tax assets and whether a tax benefit should be recorded when taxable losses are incurred. The existence of a valuation allowance does not limit the availability of tax assets to reduce taxes payable when taxable income arises. Management periodically evaluates the recoverability of the deferred tax assets and may adjust the valuation allowance against deferred tax assets accordingly.

**Off-Balance Sheet Arrangements**

The Company has a 50% equity ownership in AccessTel Kentrox Australia PTY LTD (AKA). AKA distributes network management solutions provided by the Company and the other 50% owner to one customer. The Company holds equal voting control with the other owner. All actions of AKA are decided at the board level by majority vote. The Company also has provided an unlimited guarantee for the performance of the other 50% owner in AKA, which primarily provides support and engineering services to the customer. This guarantee was put in place at the request of the AKA customer. The guarantee, which is estimated to have a maximum potential future payment of $0.7 million, will stay in place as long as the contract between AKA and the customer is in place. The Company would have recourse against the other 50% owner in AKA in the event the guarantee is triggered. The Company determined that it could perform on the obligation it guaranteed at a positive rate of return and, therefore, did not assign value to the guarantee. The Company received a cash dividend payment of $59,000 from AKA during the three months ended September 30, 2017.

**Critical Accounting Policies**

A complete description of the Company's significant accounting policies is discussed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017. There have been no material changes in the Company's critical accounting policies from those disclosed in the Annual Report on Form 10-K for the year ended March 31, 2017.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

Not applicable to smaller reporting companies.

## ITEM 4. CONTROLS AND PROCEDURES

***Evaluation of Disclosure Controls and Procedures***

Under the supervision and with the participation of the Company's senior management, including the Company's chief executive officer and chief financial officer, the Company conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this quarterly report (the Evaluation Date). Based on this evaluation, the Company's chief executive officer and chief financial officer concluded as of the Evaluation Date that the Company's disclosure controls and procedures were effective such that the information relating to the Company, including consolidated subsidiaries, required to be disclosed in the Company's Securities and Exchange Commission (SEC) reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including the Company's chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

***Changes in Internal Control Over Financial Reporting***

There have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2017, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

# PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings incidental to the Company's business and its previously owned operations. In the ordinary course of operations, the Company receives claims where the Company believes an unfavorable outcome is possible and/or for which is probable and no estimate of possible losses can currently be made. A significant customer was a defendant in patent infringement claims and is asserting possible indemnity rights under contracts with the Company. The customer has settled one matter, which has been dismissed, and won summary judgment of all claims in the other. The customer has informed the Company that the customer intends to seek to recover from the Company a share of the settlement and defense costs. The Company has not been involved in any settlement discussions nor informed by the customer of any settlement details and therefore management is currently unable to estimate a range of potential loss associated with this claim with any degree of certainty, and the Company is not yet able to calculate the exposure to this claim, which will vary depending upon the settlement reached by the customer and the Company's contribution ratio.

## ITEM 1A. RISK FACTORS

See "Risk Factors" in Part 1 – Item 1A of the Company's Annual Report on Form 10-K for the year ended March 31, 2017, for information about risk factors. There have been no material changes in the Company's risk factors from those disclosed in the Company's Annual Report on Form 10-K for the year ended March 31, 2017.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

*Issuer Purchases of Equity Securities*

The following table provides information about the Company's repurchase activity for its Class A Common Stock during the three months ended September 30, 2017.

| Period | Total Number of Shares Purchased (a) | | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs (b) | | Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Programs (b) |
|---|---|---|---|---|---|---|
| July 1 - 31, 2017 | 5,393 | $ | 3.0594 | — | $ | 1,800,011 |
| August 1 - 31, 2017 | 8,231 | | 3.2000 | — | | 1,800,011 |
| September 1 - 30, 2017 | 13,707 | | 2.8765 | 9,329 | | 1,773,056 |
| Total | 27,331 | $ | 3.0100 | 9,329 | $ | 1,773,056 |

(a) In the three months ended September 30, 2017, the Company repurchased 18,002 shares from employees that were surrendered to satisfy the minimum statutory tax withholding obligations on the vesting of restricted stock, restricted stock units and performance-based restricted stock units. These repurchases were not included in the authorized share repurchase program and had a weighted-average purchase price of $3.07 per share.

(b) In May 2017, the Board of Directors authorized a new share repurchase program whereby the Company may repurchase up to an aggregate of $2.0 million of its outstanding Class A Common Stock in addition to the $0.1 million remaining from the August 2011 authorization. The August 2011 authorization was exhausted during the first quarter of fiscal year 2018 and there was approximately $1.8 million remaining under the May 2017 authorization as of September 30, 2017.

Items 3, 4 and 5 are not applicable and have been omitted.

## ITEM 6. EXHIBITS

| Exhibit Number | Description |
|---|---|
| Exhibit 31.1 | Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| Exhibit 31.2 | Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| Exhibit 32.1 | Certification by the Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| Exhibit 101 | The following financial information from the Quarterly Report on Form 10-Q for the period ended September 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Operations; (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss); (iv) the Condensed Consolidated Statements of Stockholders' Equity (v) the Condensed Consolidated Statements of Cash Flows; and (vi) the Notes to the Condensed Consolidated Financial Statements. |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

| | |
|---|---|
| | WESTELL TECHNOLOGIES, INC. |
| | (Registrant) |
| DATE: November 2, 2017 | By: /s/ Matthew B. Brady |
| | Matthew B. Brady |
| | Chief Executive Officer |
| | By: /s/ Thomas P. Minichiello |
| | Thomas P. Minichiello |
| | Chief Financial Officer |

**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew B. Brady, certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2017 of the Company;

(2) Based on my knowledge, this report 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 report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

(4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

(5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: November 2, 2017

/s/ Matthew B. Brady

Matthew B. Brady
Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas P. Minichiello, certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2017 of the Company;

(2) Based on my knowledge, this report 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 report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

(4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

(5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: November 2, 2017

/s/ Thomas P. Minichiello
Thomas P. Minichiello
Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Westell Technologies, Inc. (the "Company") on Form 10-Q for the fiscal period ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that based on their knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of and for the periods covered in the Report.

/s/ Matthew B. Brady

Matthew B. Brady
Chief Executive Officer

November 2, 2017

/s/ Thomas P. Minichiello

Thomas P. Minichiello
Chief Financial Officer

November 2, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Westell Technologies, Inc. and will be retained by Westell Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.