WINLAND ELECTRONICS, INC.

1950 Excel Drive, Mankato, Minnesota 56001

Interim Report

June 30, 2017

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

Winland Electronics, Inc.

Item 2 **Address of the issuer's principal executive offices:**

1950 Excel Drive
Mankato, MN 56001

Phone:	(507) 625-7231
Fax:	(507) 387-2488
Email:	bdlawrence@winland.com
Website:	www.winland.com

Item 3 **Security Information**

Common Stock

Symbol:	WELX		
CUSIP:	974241101		
Par Value:	$0.01		
Total Shares Authorized:	20,000,000	As of:	June 30, 2017
Total Shares Outstanding:	3,789,522	As of:	June 30, 2017

Transfer Agent

Computershare
250 Royall Street
Canton, MA 02021
781- 575 -2000

Registered under the Exchange Act and regulated by the SEC.

Item 4 **Issuance History**

None

Item 5 FINANCIAL STATEMENTS

WINLAND ELECTRONICS, INC.
CONDENSED BALANCE SHEETS
(In Thousands, Except Share Data)

	June 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 1,467**	$ 1,449
Short-term marketable securities (Note 11)	**33**	$ -
Accounts receivable, less allowance for doubtful accounts of $8 as of both June 30, 2017 and December 31, 2016 (Note 2)	**438**	445
Inventories (Note 4)	**315**	186
Prepaid expenses and other assets	**76**	38
Total current assets	**2,329**	2,118
Property and Equipment, at cost		
Property and equipment	**354**	354
Less accumulated depreciation	**313**	304
Net property and equipment	**41**	50
Equity method investment (Note 9)	**221**	206
Long-term inventories (Note 4)	**25**	25
Total long-term assets	**246**	**231**
Total assets	**$ 2,616**	$ 2,399
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	**$ 322**	$ 263
Accrued liabilities:		
Compensation	**28**	49
Unearned revenue	**72**	27
Other	**23**	38
Total current liabilities	**445**	377
Stockholders' Equity (Note 6)		
Common stock, par value $0.01 per share; authorized 20,000,000 shares; issued and outstanding 3,789,522 as of both June 30, 2017 and December 31, 2016	**38**	38
Additional paid-in capital	**5,116**	5,116
Accumulated deficit	**(2,985)**	(3,132)
Accumulated other comprehensive income	**2**	-
Total stockholders' equity	**2,171**	2,022
Total liabilities and stockholders' equity	**$ 2,616**	$ 2,399

See Notes to Condensed Financial Statements

WINLAND ELECTRONICS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(In Thousands, Except Share and Per Share Data)
(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	**2017**	2016
Net sales (Note 2)	**$ 913**	$ 856	**$ 1,872**	$ 1,799
Cost of sales	**558**	585	**1,173**	1,220
Gross profit	**355**	271	**699**	579
Operating expenses:				
General and administrative	**167**	156	**317**	316
Sales and marketing	**130**	110	**249**	225
Research and development	**1**	5	**3**	14
Total operating expenses	**298**	271	**569**	555
Operating income	**57**	-	**130**	24
Other income (loss)	**17**	(2)	**17**	(2)
Net income (loss)	**$ 74**	**$ (2)**	**$ 147**	**$ 22**
Income per common share data:				
Basic	**$ 0.02**	$ (0.00)	**$ 0.04**	$ 0.01
Diluted	**$ 0.02**	$ (0.00)	**$ 0.04**	$ 0.01
Weighted-average number of common shares outstanding:				
Basic	**3,789,522**	3,789,522	**3,789,522**	3,789,522
Diluted	**3,874,971**	3,904,351	**3,880,978**	3,902,909

See Notes to Financial Statements

Item 5 FINANCIAL STATEMENTS (Continued)

WINLAND ELECTRONICS, INC.
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)
(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	**2017**	2016
Net income (loss)	**$ 74**	$ (2)	**$ 147**	$ 22
Change in unrealized gains/losses on marketable securities				
Change in fair value of marketable securities, net of tax	**(2)**	-	**2**	-
Total change in unrealized gains/losses on marketable securities, net of tax	**(2)**	-	**2**	-
Total other comprehensive income (loss)	**(2)**	-	**2**	-
Total comprehensive income (loss)	**$ 72**	$ (2)	**$ 149**	$ 22

See Notes to Condensed Financial Statements

WINLAND ELECTRONICS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Cash Flows From Operating Activities		
Net income	**$ 147**	$ 22
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**9**	9
Non-cash stock based compensation	**-**	1
Gain (loss) on investment in equity method investment	**(16)**	2
Decrease in allowance for obsolete inventory	**(10)**	-
Changes in assets and liabilities:		
Accounts receivables	**6**	35
Inventories	**(119)**	98
Prepaid expenses	**(37)**	(48)
Accounts payable	**37**	(190)
Unearned revenue	**45**	-
Accrued liabilities	**(13)**	55
Net cash provided by (used in) operating activities	**49**	(16)
Cash Flows From Investing Activities		
Purchases of investments, available for sale	**(31)**	-
Purchases of property and equipment	**-**	(5)
Net cash used in investing activities	**(31)**	**(5)**
Net increase (decrease) in cash and cash equivalents	**18**	(21)
Cash and cash equivalents		
Beginning	**1,449**	1,242
Ending	**$ 1,467**	$ 1,221

See Notes to Condensed Financial Statements

Item 5 FINANCIAL STATEMENTS (Continued)

Note 1. Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared by Winland Electronics, Inc. ("Winland" or the "Company") in accordance with accounting principles generally accepted in the United States of America for the preparation of interim financial information. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Financial results for the six months ended June 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

The condensed balance sheet at December 31, 2016 has been derived from the audited financial statements as of that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statement presentation.

This financial information should be read in conjunction with the financial statements and notes included in the Company's Annual Report for the year ended December 31, 2016.

Management is required to make certain estimates and assumptions which affect the amounts of assets, liabilities, revenue and expenses reported. Actual results could differ materially from these estimates and assumptions.

The Company evaluates events through the date the financial statements are filed for events requiring adjustment to or disclosure in the financial statements.

Note 2. Major Customers

The Company has two customers that accounted for 10 percent (10%) or more of net sales for the three and six months ended June 30, 2017 and 2016 as follows:

	For the Three Months Ended June 30,	
Sales percentage:	2017	2016
Customer A	47%	51%
Customer B	15%	11%

	For the Six Months Ended June 30,	
Sales percentage:	2017	2016
Customer A	50%	53%
Customer B	14%	13%

The Company had net receivables (as a percentage of total receivables) from the above customers as follows:

	June 30,	
Accounts receivable percentage:	2017	2016
Customer A	43%	51%
Customer B	15%	20%

Note 3. Income per Common Share

Income per common share: Basic income per common share is computed by dividing the net income by the weighted-average number of common shares outstanding during the period. Diluted income per common share is computed by dividing the net income by the weighted-average number of common shares outstanding during the period, including potentially dilutive shares such as the options and warrants to purchase shares of common stock at various amounts per share (see Note 6).

Item 5 FINANCIAL STATEMENTS (Continued)

Note 3. Income per Common Share (Continued)

For the three months ended June 30, 2017, the basic income per share was $0.02 based on 3,789,522 shares outstanding. The diluted income per share was $0.02 for the three months ended June 30, 2017, the based on 3,874,971 shares outstanding, including 85,449 of dilutive option shares outstanding. For the three months ended June 30, 2016, the basic income per share was $0.00 based on 3,789,522 shares outstanding. The diluted income per share was $0.00 for the three months ended June 30, 2016, the based on 3,904,351 shares outstanding, including 114,829 of dilutive option shares outstanding.

For the six months ended June 30, 2017, the basic income per share was $0.04 based on 3,789,522 shares outstanding. The diluted income per share was $0.04 for the six months ended June 30, 2017, the based on 3,880,978 shares outstanding, including 91,456 of dilutive option shares outstanding. For the six months ended June 30, 2016, the basic income per share was $0.01 based on 3,789,522 shares outstanding. The diluted income per share was $0.01 for the six months ended June 30, 2016, the based on 3,902,909 shares outstanding, including 113,398 of dilutive option shares outstanding.

Note 4. Inventories

The components of inventories were as follows, net of reserves:

	June 30, 2017	December 31, 2016
Raw materials	$ 31	$ 38
Finished goods	309	173
Total, net	$ 340	$ 211

As of June 30, 2017 and December 31, 2016, $25 represents long-term inventories, net that the Company does not expect to sell within the next twelve months and does not consider these items excess or obsolete.

Note 5. Allowance for Rework and Warranty Costs

Winland provides a limited warranty for its products for a period of one year, which requires Winland to repair or replace defective product at no cost to the customer or refund the purchase price. The reserve reflecting historical experience and potential warranty issues is determined based on specific experience factors including rate of return by item, average weeks outstanding from sale to return, average cost of repair and relation of repair cost to original sales price. Any specific known warranty issues are considered individually. These are analyzed to determine the probability and the amount of financial exposure, and a specific reserve is established. The allowance for rework and warranty costs was $15 at both June 30, 2017 and December 31, 2016, respectively.

Note 6. Stock-Based Awards

At June 30, 2017, there was no unrecognized compensation cost related to share-based payments.

The following table summarizes information about stock options outstanding at June 30, 2017:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
$0.448 - $1.344	142,000	2.6	$ 0.62	142,000	$ 0.62
$1.344 - $1.792	11,000	0.9	1.74	11,000	1.74
$1.792 - $2.240	5,500	0.5	2.23	5,500	2.23
	158,500	2.4	$ 0.75	158,500	$ 0.75

Note 7. Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company records a tax valuation allowance when it is more likely than not that it will not be able to recover the value of its deferred tax assets. The tax effect of the Company's valuation allowance for deferred tax assets is included in the annual effective tax rate. The full valuation allowance for deferred tax assets as of both June 30, 2017 and December 31, 2016 was $2,516.

The Company calculates its income tax expense by estimating the annual effective tax rate and applying that rate to the year-to-date ordinary income (loss) at the end of the period. As of June 30, 2017 and 2016, the Company calculated its estimated annualized effective tax rate at 0% and 0%, respectively as the Company provided a full valuation allowance on deferred tax assets. The Company had no income tax expense on its $147 pre-tax income from continuing operations for the six months ended June 30, 2017. The Company had no income tax expense on its $22 pre-tax income from continuing operations for the six months ended June 30, 2016.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The years 2013 through 2016 remain open for examination by the IRS and other state agencies.

The Company recognizes interest accrued on uncertain tax positions as well as interest received from favorable tax settlements within interest expense. The Company recognizes penalties accrued on unrecognized tax benefits within general and administrative expenses. As of June 30, 2017 and 2016, the Company recognized no interest or penalties related to uncertain tax positions.

At December 31, 2016, the Company had net operating loss carryforwards for federal purposes of $6,423 and $4,583 for state income tax purposes that are available to offset future taxable income and begin to expire in the year 2031 and 2023, respectively. At December 31, 2016, the Company had Minnesota research and development tax credit carryforwards of $12, which begin to expire in the year 2023.

The Company's ability to utilize its net operating losses ("NOLs") to reduce taxable income in future years may be limited for various reasons, including if projected future taxable income is insufficient to recognize the full benefit of such NOLs prior to their expiration. Additionally, the ability to fully utilize these tax assets could also be adversely affected if the Company is deemed to have had an "ownership change" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). An ownership change is generally defined as a greater than 50% increase in equity ownership by "5-percent shareholders" (as that term is defined for purposes of Section 382 of the Code) in any three year testing period. See Note 8 which more fully describes the Section 382 Rights Agreement approved by the Company.

The Company does not anticipate any significant changes to the total amounts of unrecognized tax benefits in the next twelve months.

Note 8. Shareholder Rights Plan

In 2014, the Company entered into a Section 382 Rights Agreement with its transfer agent Registrar and Transfer Company (now owned by Computershare Limited), dated as of February 27, 2014 (the "382 Rights Agreement"). The purpose of the 382 Rights Agreement is to help protect the Company's net operating loss tax asset by deterring certain acquisitions of Company stock by persons or groups beneficially owning 5% or more of the Company's outstanding stock, which could have the effect of limiting the Company's ability to use its built in losses and any resulting net loss carry forwards to reduce potential future federal income tax obligations. The Company's ability to use its net loss carry forwards in the future may be significantly limited if it experiences an "ownership change" for U.S. federal income tax purposes. In general, an ownership change will occur when the percentage of the Company's ownership (by value) of one or more "5 percent shareholders" (as defined in the Internal Revenue Code of 1986, as amended) has increased by more than 50 percent over the lowest percentage owned by such shareholders at any time during the prior three years (calculated on a rolling basis).

Note 8. Shareholder Rights Plan (Continued)

Under the 382 Rights Agreement, from and after the record date of March 10, 2014 (the "Record Date"), each share of Company Common Stock will carry with it one preferred share purchase right (a "Right"). In connection with adoption of the Section 382 Rights Agreement, the Board declared a dividend distribution of the Rights to shareholders of record on the Record Date. Each Right will allow its holder to purchase from the Company one one-thousandth of a share of Series B Junior Participating Preferred Stock for $14.00 (the "Exercise Price"). The Rights will not be exercisable until 10 days after the public announcement that a person or group has become an "Acquiring Person" by obtaining beneficial ownership of 4.99% or more of the Company's outstanding Common Stock, or by the future acquisition of any shares of Company common stock by any person or group who held 4.99% or more of the Company's outstanding common stock as of the date the 382 Rights Agreement was adopted. If a person or group becomes an Acquiring Person, all holders of Rights except the Acquiring Person may, for payment of the Exercise Price, purchase shares of Common Stock with a market value of twice the Exercise Price, based on the market price of the Common Stock as of the acquisition that resulted in such person or group becoming an Acquiring Person. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights. The Rights will expire on March 10, 2019 and are redeemable by the Board for $0.000001 per Right at any time prior to a person or group becoming an Acquiring Person.

The Board has discretion under the 382 Rights Agreement to exempt any person or group from status as an Acquiring Person if the Board determines such person or group's acquisition will not limit the Company's use of its net loss carry forwards. The Company previously had a Shareholder Rights Plan, the rights under which expired on December 9, 2013.

Note 9. Investments

In July 2015, the Company completed an investment of $200 in Northumberland IX LLC ("Northumberland"), a related party through common ownership and an entity formed with another third party to invest a total of $1,200 in EDG-PMA, LLC ("EDG-PMA"), itself an entity formed in cooperation with Exhibits Development Group, LLC ("EDG") to develop, design, construct, market, place, own, and operate a traveling museum exhibition presently known as *The Magical History Tour: A Beatles Memorabilia Exhibition*. Northumberland's investment in EDG-PMA is effectively structured as convertible preferred equity. The convertible preferred equity pays an irregular preferred dividend at a rate of 10% per annum on any outstanding principal balance and is immediately convertible into 30% of EDG-PMA common equity upon repayment of Northumberland's $1,200 principal amount, the timing of such repayment being dependent on the distributable cash flow of EDG-PMA. Until repayment of Northumberland's $1,200 principal amount, the convertible preferred equity is entitled to the entirety of EDG-PMA distributable cash flow. Prior to the repayment of principal, the Company's interest in Northumberland is proportionate to its $200 investment. Following the repayment of principal, the Company's distribution rights in Northumberland shall be 83.33%. The Company has no obligation to provide any further funding to either Northumberland or EDG-PMA.

The Company recognized a gain of $16 and a loss of ($2) for the six months ended June 30, 2017 and 2016, respectively on the investment in Northumberland which is included in other income (loss) on the statement of operations. A summary of the assets, liabilities, and results of operations of Northumberland for the six months ended June 30, 2017 and 2016 is presented below:

	2017	2016
Total assets	$ 1,329	$ 1,289
Total liabilities	$ -	$ -
Retained earnings	$ 35	$ (91)
Net gain (loss)	$ 94	$ 180

Note 10. Significant Accounting Policies

Revenue Recognition: In 2016, the Company began recognizing subscription service revenue derived from agreements Winland has entered into with resellers and direct end-users to provide remote monitoring, alerting and reporting services. With the addition of this new revenue stream, Winland now recognizes revenue from both hardware and subscription services.

Hardware Sales - For all hardware sales, Winland has a binding purchase order from the customer. Revenue is recognized from the sale of products when the product is delivered to a common carrier for shipment and title transfers. Shipping and handling charges billed to customers are included in net sales, and shipping and handling costs incurred by the Company are included in cost of sales.

Subscription service revenue - Revenue from reseller and direct end-user agreements are recognized ratably over the term of the contract, which is typically one year of service. Each group has standard pricing with exceptions handled on a case by case basis which are not believed to materially impact the recognition of service revenue in total. Billing occurs quarterly for one year of service.

Winland does not generally accept returns but does provide a limited warranty. Sales and use taxes are reported on a net basis, excluding them from sales and cost of sales.

Note 11. Financial Instruments

Marketable Securities: The Company's marketable equity securities have been classified and accounted for as available-for-sale. Management determines the appropriate classification of its investments at the time of purchase and reevaluates the classifications at each balance sheet date. The Company's marketable equity securities are carried at fair value, with unrealized gains and losses, net of taxes, reported as a component of accumulated other comprehensive income ("AOCI") in shareholders' equity, with the exception of unrealized losses believed to be other-than-temporary which are reported in earnings in the current period. The cost of securities sold is based upon the specific identification method.

Fair Value Measurements: The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use to price the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The Company's valuation techniques used to measure the fair value of certain marketable equity securities were derived from quoted prices in active markets for identical assets or liabilities.

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has not elected the fair value option for any eligible financial instruments.

Item 5 FINANCIAL STATEMENTS (Continued)

Note 11. Financial Instruments (Continued):

Cash, Cash Equivalents and Marketable Securities: The following table shows the Company's cash and available-for-sale securities' adjusted cost, gross unrealized gains, gross unrealized losses and fair value by significant investment category recorded as cash and cash equivalents or short- or long-term marketable securities for the six months ended June 30, 2017 and 2016, respectively:

WINLAND ELECTRONICS, INC.
CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES
(In Thousands)
(Unaudited)

For the Six Months Ended June 30,

	2017						
	Adjusted Cost	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Cash and Cash Equivalents**	**Short-Term Marketable Securities**	**Long-Term Marketable Securities**
Cash	$ 1,467	$ -	$ -	$ 1,467	$ 1,467	$ -	$ -
Level 1:							
Investments, available for sale	31	2	-	33	-	33	-
Total	$ 1,498	$ 2	$ -	$ 1,500	$ 1,467	$ 33	$ -

	2016						
	Adjusted Cost	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Cash and Cash Equivalents**	**Short-Term Marketable Securities**	**Long-Term Marketable Securities**
Cash	$ 1,221	$ -	$ -	$ 1,221	$ 1,221	$ -	$ -
Total	$ 1,221	$ -	$ -	$ 1,221	$ 1,221	$ -	$ -

Fair values were determined for each individual security in the investment portfolio. When evaluating an investment for other-than-temporary impairment the Company reviews factors such as the length of time and extent to which fair value has been below its cost basis, the financial condition of the issuer and any changes thereto, the Company's intent to sell, or whether it is more likely than not it will be required to sell the investment before recovery of the investment's cost basis. As of June 30, 2017, the Company does not consider any of its investment to be other-than-temporarily impaired.

Item 6 Nature of the Issuer's Business

A. A description of the issuer's business operations;

Winland markets and sells its line of proprietary critical condition monitoring products primarily through an established network of distributors, dealers, security installers and integrators. In most cases, these products are manufactured to protect against loss of assets due to damage from water, excess humidity, extremes of temperature and loss of power. The Company offers a critical-environment monitoring solution that is an automated, cloud-based platform that provides early alerting, reporting and logging, that ensures regulatory compliance. Winland is also exploring various alternatives to enhance shareholder value that utilize the expertise of management and the Board of Directors. Such alternatives may include establishing new ventures, acquiring existing businesses, and other investment opportunities, including investments in marketable securities.

B. Date and State of Incorporation

Issuer is a Corporation incorporated in the State of Minnesota in 1972.

C. The Issuer's Primary SIC Code:

SIC Code	3823
NAICS Code	334513

D. The Issuer's Fiscal Year End Date:

Fiscal year end is December 31st

E. Principal Products or Services, And Their Market:

Through distribution to dealers and integrators, Winland provides a line of proprietary critical condition monitoring products to the security industry. In most cases, these products are manufactured to protect against loss of assets due to damage from water, excess humidity, extremes of temperature and loss of power. Winland's Insight product offers a critical-environment monitoring solution that is an automated, cloud-based platform that provides early alerting, reporting and logging, that ensures regulatory compliance. Winland holds federal trademark registrations for marks used in its business as follows: WATERBUG, TEMP ALERT and ENVIROALERT.

Item 7 Issuer's Facilities

The Company currently occupies 1,924 square feet of office space at 1950 Excel Drive, Mankato, MN which is leased on a month-to-month basis from Nortech Systems, Incorporated.

Item 8 Officers, Directors and Control Persons

A. Names of Officers, Directors and Control Persons.

Name of Director/Nominee	Age	Current Position With Winland Electronics, Inc.	Director Since
Brian D. Lawrence	47	President and Chief Financial Officer	
Lorin E. Krueger	60	Director	1983
Thomas J. Brady	52	Director	2008
Thomas Braziel	33	Director	2013
Matthew D. Houk	36	Director	2013
Murray Stahl	62	Director	2015

Name of Control Person

FRMO Corp., which acquired greater than 5% of the Company's outstanding common stock on November 14, 2014. Murray Stahl, Chairman and Chief Executive Officer and an owner of more than 5% of FRMO Corp., is designated as the control person.

B.E. Capital Management LP and B.E. Capital Partners LLC, which acquired greater than 5% of the Company's outstanding common stock on November 29, 2012. Thomas Braziel is designated as the control person.

Matthew D. Houk, who acquired greater than 5% of the Company's outstanding common stock on October 9, 2012.

David B. Houk, who acquired greater than 5% of the Company's outstanding common stock on December 5, 2013.

B. Legal – Disclaimer History

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other misdemeanor offenses);
None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, the CFTC, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
None.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.
None.

C. Beneficial Shareholders

The following table provides information as of July 17, 2017 concerning the beneficial ownership of our Common Stock by (i) the persons known by us to own more than 5% of our outstanding Common Stock, (ii) each of our directors, and (iii) all current directors as a group. Except as otherwise indicated, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock owned by them. As of July 17, 2017, there were 3,789,522 shares of our Common Stock issued and outstanding.

Name (and Address of 5% Owner) or Identity of Group	Number of Shares Beneficially Owned(1)		Percent of Class (1)
Thomas Braziel	578,874	(2)	15.28%
FRMO Corp.	568,428	(3)	15.00%
Matthew D. Houk	477,799	(4)	12.61%
David B. Houk	195,238	(5)	5.15%
Lorin E. Krueger	137,679	(6)	3.63%
Thomas J. Brady	91,143	(7)	2.41%
All Directors as a Group (5 Individuals)	1,853,923	(8)	48.92%
Total Shares O/S	3,789,522		

(1) Under the rules of the SEC, shares not actually outstanding are deemed to be beneficially owned by an individual if such individual has the right to acquire the shares within 60 days. Pursuant to such SEC Rules, shares deemed beneficially owned by virtue of an individual's right to acquire them are also treated as outstanding when calculating the percent of the class owned by such individual and when determining the percent owned by any group in which the individual is included.

(2) According to Thomas Braziel, as of December 31, 2016, B.E. Capital Management LP, B.E. Capital Partners LLC, Thomas Braziel and David Earls, beneficially own the shares which Mr. Braziel who has sole power to vote or to dispose of such shares. The address for B.E. Capital Partners LLC is 205 East 42nd Street, 14th Floor, New York, NY 10017.
(3) According to a Schedule 13G filed with the Securities and Exchange Commission on November 26, 2014 by FRMO Corp. the shares are beneficially owned by FRMO Corp., which has sole power to vote or to dispose of such shares. Murray Stahl, Chairman and Chief Executive Officer and an owner of more than 5% of FRMO Corp., is designated as the control person. The address for FRMO Corp. is One North Lexington Ave., Suite 12C, White Plains, NY 10601.
(4) According to Matthew D. Houk, as of December 31, 2016, he beneficially owns and has sole power to vote or to dispose of such shares. The address for Matthew D. Houk is c/o Horizon Kinetics LLC, 470 Park Avenue South, 4th Floor, New York, NY 10016.
(5) According to David B. Houk, as of June 30, 2017, he beneficially owns and has sole power to vote or to dispose of such shares. The address for David B. Houk is P.O. Box 22145, Louisville, Kentucky 40252
(6) Includes 46,500 shares which may be purchased by Mr. Krueger upon exercise of currently exercisable options.
(7) Includes 12,000 shares held by Mr. Brady's spouse and 62,000 shares which may be purchased by Mr. Brady upon exercise of currently exercisable options.
(8) Includes 96,000 shares which may be purchased by directors upon exercise of currently exercisable options.

Item 9 Third Party Providers

The name, address, telephone number and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure:

1. Counsel:

Fredrikson & Byron, P.A.
Suite 4000
200 South Sixth Street
Minneapolis, MN 55402-1425
Phone: (612) 492-7000

2. Accountant or Auditor:

Baker Tilly Virchow Krause, LLP
225 South Sixth Street
Suite 2300
Minneapolis, MN 55402-4661
Phone: (612) 876-4802

Item 10 Issuer's Certification

To Whom It May Concern:

I, Brian Lawrence, President and Chief Financial Officer, certify that:

1. I have reviewed this disclosure statement of Winland Electronics, Inc.

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 small business issuer as of, and for, the periods presented in this report;

Dated: August 1, 2017

/s/ Brian D. Lawrence
Brian D. Lawrence
President and Chief Financial Officer