WINLAND HOLDINGS CORPORATION

1950 Excel Drive, Mankato, Minnesota 56001

Annual Report

December 31, 2018

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

Winland Holdings Corporation
(formerly known as 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:	brian.lawrence@winland.com
Website:	www.winland.com

Item 3 **Security Information**

Common Stock

Symbol:	WELX		
CUSIP:	97424Q106		
Par Value:	$0.01		
Total Shares Authorized:	20,000,000	As of:	December 31, 2018
Total Shares Outstanding:	3,789,522	As of:	December 31, 2018

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 CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders, Audit Committee and Board of Directors
Winland Holdings Corporation
Mankato, Minnesota

We have audited the accompanying consolidated financial statements of Winland Holdings Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Winland Holdings Corporation and its subsidiaries as of December 31, 2018 and 2017 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
March 20, 2019

Winland Holdings Corporation
Consolidated Balance Sheets
(In Thousands, Except Share Data)

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 849**	$ 1,596
Short-term marketable securities (Note 12)	**235**	27
Short-term investments (Note 15)	**34**	-
Rights to payment (Note 15)	**322**	-
Accounts receivable, less allowance for doubtful accounts of $8 as of both December 31, 2018 and 2017 (Note 2)	**398**	460
Inventories (Note 3)	**901**	437
Prepaid expenses and other assets	**46**	47
Total current assets	**2,785**	2,567
Property and Equipment, at cost		
Machinery and equipment	**213**	213
Data processing equipment	**124**	118
Office furniture and equipment	**26**	26
Total property and equipment	**363**	357
Less accumulated depreciation	**338**	322
Net property and equipment	**25**	35
Equity method investment (Note 10)	**149**	205
Long-term marketable securities (Note 12)	**5**	-
Total long-term assets	**154**	205
Total assets	**$ 2,964**	$ 2,807
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	**$ 571**	$ 450
Accrued liabilities:		
Compensation	**59**	53
Unearned revenue	**51**	42
Other	**15**	16
Total current liabilities	**696**	561
Stockholders' Equity (Note 4)		
Common stock, par value $0.01 per share; authorized 20,000,000 shares; issued and outstanding 3,789,522 as of both December 31, 2018 and 2017	**38**	38
Additional paid-in capital	**5,111**	5,111
Accumulated deficit	**(2,881)**	(2,900)
Accumulated other comprehensive loss (Note 1)	**-**	(3)
Total stockholders' equity	**2,268**	2,246
Total liabilities and stockholders' equity	**$ 2,964**	$ 2,807

See Notes to Consolidated Financial Statements

Winland Holdings Corporation
Consolidated Statements of Operations
For the Years Ended December 31,
(In Thousands, Except Share and Per Share Data)

	2018	2017
Net sales (Note 2)	**$ 3,765**	$ 3,576
Cost of sales	**2,594**	2,243
Gross profit	**1,171**	1,333
Operating expenses:		
General and administrative	**621**	625
Sales and marketing	**479**	479
Research and development	**110**	8
Total operating expenses	**1,210**	1,112
Operating income (loss)	**(39)**	221
Other income	**61**	11
Income before income taxes	**22**	232
Income tax expense (Note 5)	**-**	-
Net income	**$ 22**	$ 232
Income per common share data:		
Basic	**$ 0.01**	$ 0.06
Diluted	**$ 0.01**	$ 0.06
Weighted-average number of common shares outstanding:		
Basic	**3,789,522**	3,789,522
Diluted	**3,835,558**	3,860,864

See Notes to Consolidated Financial Statements

Winland Holdings Corporation
Consolidated Statements of Comprehensive Income
For the Years Ended December 31,
(In Thousands)

	2018	2017
Net income	**$ 22**	**$ 232**
Change in unrealized gains/losses on marketable securities		
Change in fair value of marketable securities, net of tax	**-**	(3)
Total change in unrealized gains/losses on marketable securities, net of tax	**-**	(3)
Total other comprehensive loss (Note 1)	**-**	**(3)**
Total comprehensive income	**$ 22**	$ 229

See Notes to Consolidated Financial Statements

Winland Holdings Corporation
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2018 and 2017
(In Thousands, Except Share Data)

	Common Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Deficit	Loss	Total
Balance on December 31, 2016	**3,789,522**	**$ 38**	**$ 5,116**	**$ (3,132)**	**$ -**	**$ 2,022**
Redemption of options	-	-	(5)	-	-	(5)
Other comprehensive loss	-	-	-	-	(3)	(3)
Net income	-	-	-	232	-	232
Balance on December 31, 2017	**3,789,522**	**38**	**5,111**	**(2,900)**	**(3)**	**2,246**
Impact of adoption of ASU 2016-01	-	-	-	(3)	3	-
Net income	-	-	-	22	-	22
Balance on December 31, 2018	**3,789,522**	**$ 38**	**$ 5,111**	**$ (2,881)**	**$ -**	**$ 2,268**

See Notes to Consolidated Financial Statements

Winland Holdings Corporation
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017
(In Thousands)

	2018	2017
Cash Flows From Operating Activities		
Net income	$ 22	$ 232
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	**16**	18
Stock-based compensation	**-**	4
Loss on investment in equity method investment	**56**	1
Net realized gain from marketable securities	**(35)**	-
Net unrealized gain from marketable securities	**(73)**	-
Decrease in allowance for obsolete inventory	**(15)**	(47)
Changes in assets and liabilities:		
Accounts receivable	**62**	(15)
Inventories	**(449)**	(179)
Prepaid expenses and other assets	**1**	(9)
Accounts payable	**121**	187
Unearned revenue	**9**	15
Accrued liabilities	**5**	(18)
Net cash provided by (used in) operating activities	**(280)**	189
Cash Flows From Investing Activities		
Purchases of marketable securities	**(150)**	(30)
Sale of marketable securities	**45**	-
Purchases of rights to payment	**(354)**	-
Proceeds from rights to payment	**32**	-
Purchases of investments	**(42)**	-
Repayments from investments	**8**	-
Purchases of property and equipment	**(6)**	(3)
Net cash used in investing activities	**(467)**	(33)
Cash Flows From Financing Activities		
Cash paid for redemption of stock options	**-**	(9)
Net cash used in financing activities	**-**	(9)
Net increase (decrease) in cash and cash equivalents	**(747)**	147
Cash and cash equivalents		
Beginning of year	**1,596**	1,449
End of year	**$ 849**	$ 1,596

See Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business:

Winland Holdings Corporation ("Winland" or the "Company") is the holding company for Winland Electronics, Inc. ("Winland Electronics") and Winland Capital Corporation ("Winland Capital Corp."), both wholly-owned subsidiaries of the Company.

Winland Electronics markets and sells its line of proprietary critical condition monitoring hardware and subscription service products primarily through an established network of distributors, dealers, security installers and integrators. In most cases, the hardware products are manufactured to protect against loss of assets due to damage from water, excess humidity, extremes of temperature, and loss of power. Winland Electronics also offers a critical-environment monitoring solution that is an automated, cloud-based platform providing early alerting, reporting, and logging services designed to ensure regulatory compliance. Winland Electronics' branded, and trademarked hardware products accounted for 95% and 96% of Winland Electronics' revenue in 2018 and 2017, respectively. Winland Electronics' critical-environment monitoring solution product accounted for 5% and 4% of Winland Electronics' revenue in 2018 and 2017, respectively.

Winland Capital Corp. is the holding company for the Company's investment operations and includes wholly-owned subsidiaries Winland Credit Partners LLC ("Winland Credit") and Winland Capital Management LLC ("Winland Capital").

The footnotes related to dollars are in thousands unless noted.

A summary of Winland's significant accounting policies follows:

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include allowances for obsolete inventories, rework and warranties, valuation of long-lived assets and doubtful accounts. Winland cannot assure that actual results will not differ from those estimates.

Revenue Recognition: The Company recognizes revenue from both hardware and subscription services. Subscription service revenue is derived from agreements Winland has entered into with resellers and direct end-users to provide remote monitoring, alerting and reporting services.

Hardware revenue is recognized from the sale of products and out of warranty repairs when the product is delivered to a common carrier for shipment and title transfers. Winland does not generally accept returns but does provide a limited warranty as outlined below under Allowance for Rework and Warranty Costs. Sales and use taxes are reported on a net basis, excluding them from sales and cost of sales.

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 is recognized over the term of the contract, which is generally one year of service.

Cash and Cash Equivalents: Cash and cash equivalents include money market mutual funds and other highly liquid investments defined as maturities of three months or less from date of purchase. Winland maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Winland has not experienced any losses in such accounts.

Allowance for Doubtful Accounts: The Company generally requires no collateral from its customer with respect to trade accounts receivable. Invoices are generally due 30 days after presentation. Accounts receivable over 30 days are considered past due. No interest is charged on past due accounts. Winland evaluates its allowance for uncollectible accounts on a quarterly basis and reviews any significant customers with delinquent balances to determine future collectability. Winland bases its determinations on legal issues, past history, current financial and credit agency reports, and experience. Winland reserves for accounts deemed to be uncollectible in the year in which the determination is made. Management believes these values are estimates and may differ from

Note 1. Nature of Business and Significant Accounting Policies (Continued)

actual results. Winland believes that, based on past history and credit policies, the net accounts receivable are of good quality. The Company writes off accounts receivable when they are deemed uncollectible and records recoveries of trade receivables previously written off when collected. The allowance for doubtful accounts was $8 as of both December 31, 2018 and 2017.

Inventory Valuation: Raw component and finished goods inventories are stated at the lower of cost, using the first-in, first-out (FIFO) method, or net realizable value. Winland estimates excess, slow moving and obsolete reserves for inventory on a quarterly basis based upon order demand and production requirements for its major customers and annual reviews for other customers. Management's estimated reserve for slow moving and obsolete finished goods inventories was $63 and $78 as of December 31, 2018 and 2017, respectively.

Depreciation: Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets, as follows:

	Years
Machinery and equipment	5 – 7
Data processing equipment	3 – 7
Office furniture and equipment	3 – 7

Equity Method Investment: Winland accounts for its equity method investment using the equity method of accounting in accordance with Account Standard Codification (ASC) 323, Investments – Equity Method and Joint Ventures ("ASC 323"). The equity method of accounting requires the investment to be initially recorded at cost and subsequently adjusted for the Company's share of equity in the affiliates' earnings and distributions. The Company evaluates the carrying amount of the investments for impairment in accordance with ASC 323. The Company's equity method investment is reviewed for potential impairment if the carrying amount of the investment exceeds its fair value. An impairment charge is recorded when an impairment is deemed to be other-than-temporary. To determine whether impairment is other-than-temporary, Winland considers whether the Company has the ability and intent to hold the investment until the carrying amount is fully recovered. The evaluation of an investment in an affiliate for potential impairment can require the Company management to exercise significant judgments. No impairment losses were recorded related to the equity method investment as of December 31, 2018 and 2017, respectively.

Long-Lived Assets: Considerable management judgment is necessary in estimating future cash flows and other factors affecting the valuation of long-lived assets including the operating and macroeconomic factors that may affect them. The Company uses historical financial information, internal plans and projections, and industry information in making such estimates. While the Company currently believes the expected cash flows from these long-lived assets exceeds the carrying amount, materially different assumptions regarding future performance and discount rates could result in future impairment losses. Such impairment would adversely affect earnings. No impairment losses were recognized in 2018 or 2017.

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. Reserves are established based on historical experience and analysis for specific known and potential warranty issues. The reserve reflecting historical experience and potential warranty issues is determined based on experience factors including rate of return by item, average weeks outstanding from production 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 as of both December 31, 2018 and 2017. The product warranty liability reflects management's best estimate of probable liability under Winland's product warranties and may differ from actual results.

Income Taxes: Income taxes are accounted for in accordance with Financial Accounting Standards Board (FASB) ASC Topic 740 Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income

Note 1. Nature of Business and Significant Accounting Policies (Continued)

in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

In assessing the realizability of deferred income tax assets, Winland considers whether it is "more likely than not," according to the criteria, that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

In accordance with FASB ASC 740-10-25-5, Winland 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 consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

Fair Value of Financial Instruments: The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these instruments.

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 4).

For the year ended December 31, 2018, 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 year ended December 31, 2018 based on 3,835,558 shares outstanding, including 46,036 of dilutive options outstanding. No warrant shares were outstanding at December 31, 2018.

For the year ended December 31, 2017, the basic income per share was $0.06 based on 3,789,522 shares outstanding. The diluted income per share was $0.06 for the year ended December 31, 2017 based on 3,860,864 shares outstanding, including 71,342 of dilutive options outstanding. No warrant shares were outstanding at December 31, 2017.

Employee Stock-Based Compensation Plans: At December 31, 2018, Winland had stock-based compensation plans, which are described more fully in Note 4. Winland accounts for these plans under FASB ASC Topic 718, Stock Compensation.

Advertising Expense: Advertising is expensed as incurred and was $42 and $48 for the years ended December 31, 2018 and 2017, respectively.

Research and Development Expense: The Company expenses research and development costs as incurred. Research and development expenses of $110 and $8 were charged to operations during the years ended December 31, 2018 and 2017, respectively.

Recent Accounting Pronouncements: During February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, “Leases.” ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing all lease transactions (with terms in excess of 12 months) on the balance sheet as a lease liability and a right-of-use asset (as defined). ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019, with earlier application permitted. In August 2018, the FASB issued ASU 2018-11, Targeted Improvements to ASU 2016-02, which includes an option to not restate comparative periods in transition and instead to elect to use the effective date of ASC 842, Leases, as the date of initial application of transition. The Company is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

During May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers.” ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. During August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company is currently assessing the effect that ASU Nos. 2014-09 and 2015-14 will have on its results of operations, financial position and cash flows.

During June 2016, the FASB issued ASU No. 2016-13, “Measurement of Credit Losses on Financial Instruments.” ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. During November 2018, the FASB also issued ASU No. 2018-19, “Codification Improvements to Topic 326, Financial Instruments – Credit Losses”, which clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20. ASU No. 2016-13 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2020. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Company is currently assessing the effect that ASU No. 2016-13 will have on its results of operations, financial position and cash flows.

During August 2018, the FASB issued ASU No. 2018-13, “Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement.” ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in Topic 820, Fair Value Measurement. The amendments are based on the concepts in the FASB Concepts Statement, Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements, which the Board finalized on August 28, 2018. ASU No. 2018-13 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is currently assessing the effect that ASU No. 2018-13 will have on its results of operation, financial position and cash flows.

On January 5, 2016, the FASB issued ASU No. 2016-01, Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 requires equity investments that are not accounted for under the equity method of accounting or that do not result in consolidation of the investee to be measured at fair value with changes recognized in net earnings. ASU 2016-01 also eliminates the available-for-sale classification for equity investments that recognized changes in fair value as a component of other comprehensive income. Winland adopted ASU 2016-01 on January 1, 2018 prospectively, which resulted in a $3 cumulative-effect adjustment from accumulated other comprehensive loss to accumulated deficit. Adoption of ASU 2016-01 did not have a material impact on our results of operations and/or cash flows.

Subsequent Events: The Company has evaluated subsequent events through March 20, 2019, the date the consolidated financial statements were issued for events requiring adjustment to or disclosure in the consolidated financial statements.

Note 2. Major Customers

The Company has two customers that accounted for 10 percent (10%) or more of net sales for the years ended December 31, 2018 and 2017 as follows:

	For the Twelve Months Ended December 31,	
Sales percentage:	2018	2017
Customer A	52%	50%
Customer B	17%	14%

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

	As of December 31,	
Accounts receivable percentage:	2018	2017
Customer A	25%	59%
Customer B	51%	20%

Note 3. Inventories

The components of inventories were as follows net of reserves:

	December 31, 2018	December 31, 2017
Raw materials	$ 42	$ 6
Finished goods	859	431
Total, net	$ 901	$ 437

Note 4. Stock-Based Awards

Stock Option Plans: As of December 31, 2018, Winland had one equity-based compensation plan, the 2013 Equity Incentive Plan, from which stock-based compensation awards can be granted to eligible employees, officers or directors. Previous to this plan, stock-based compensation awards were granted from the 2008 and 2005 Equity Incentive Plans. The plans are as follows:

2013 Equity Incentive Plan – This plan provides awards in the form of incentive stock options, nonqualified stock options, and restricted stock. Currently, this is the only plan under which awards are authorized for grant. As approved by the shareholders in May 2013, up to 350,000 shares are authorized for issuance under the plan. As of December 31, 2018, there were no awards under this plan. For any awards to be made under the plan, the exercise price is equal to the fair market value of Winland's common stock at the date of grant. Options generally vest over five years and have a contractual life up to ten years. Option awards provide for accelerated vesting if substantially all of Winland's assets are transferred through an acquisition, merger, reorganization or other similar change of control transaction. The Company issues new shares upon the exercise of options.

2008 Equity Incentive Plan – This plan provided grants in the form of incentive stock options, nonqualified stock options, and restricted stock. This plan was terminated as to future grants in May 2013. As of December 31, 2018, there were 92,000 options outstanding under this plan of which 92,000 are vested.

2005 Equity Incentive Plan – This plan provided grants in the form of incentive stock options, nonqualified stock options, and restricted stock. This plan was terminated as to future grants in May 2008. As of December 31, 2018, there were no options outstanding.

Note 4. Stock-Based Awards (Continued)

Winland uses the Black-Scholes option pricing model to estimate the fair value of stock-based awards. Winland calculates the expected life of awards using historical data to estimate option exercises and employee terminations. Expected volatility is based on daily historical fluctuations of Winland's common stock using the closing market value for the number of days of the expected term immediately preceding the grant. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant for a bond with a similar term. The dividend yield is based on the expectation that Winland will not pay dividends.

Winland receives a tax deduction for certain stock option exercises and disqualifying stock dispositions during the period the options are exercised or the stock is sold, generally for the excess of the price at which the shares are sold over the exercise prices of the options. In accordance with FASB ASC 718-10-50-1, Winland revised its presentation in the Statements of Cash Flows to report any tax benefit from the exercise of stock options as financing cash flows. For the years ended December 31, 2018 and 2017, there were no such stock option exercises and disqualifying stock dispositions. No options were exercised for the years ended December 31, 2018 and 2017.

The Company redeemed 12,500 of outstanding, fully vested options for $9 during the year ended December 31, 2017. The redemption price was calculated as the difference between the current quoted price of the Company's stock at the redemption date and the strike price of the redeemed options. The redemption price exceeded the grant date fair value of the options by $4, which was recorded as stock-based compensation for the year ended December 31, 2017. There were no redemptions of options for the year ended December 31, 2018.

The following table represents stock option activity for the years ended December 31, 2018 and 2017:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Life	Aggregate Intrinsic Value
Outstanding options at January 1, 2017	171,000	$ 0.75		
Cancelled	(50,000)	0.58		
Redeemed	(12,500)	0.65		
Outstanding options at December 31, 2017	108,500	$ 0.83	3.0	$ 88
Exercisable at December 31, 2017	108,500	$ 0.83	3.0	$ 88
Cancelled	(16,500)	1.90		
Outstanding options at December 31, 2018	92,000	$ 0.64	2.5	$ 47
Exercisable at December 31, 2018	92,000	$ 0.64	2.5	$ 47

The aggregate intrinsic value of options outstanding and options exercisable is based upon the Company's closing stock price on the last trading day of the fiscal year for the in-the-money options.

No shares vested during the years ended December 31, 2018 and 2017.

Note 4. Stock-Based Awards (Continued)

The following table summarizes information about stock options outstanding at December 31, 2018:

	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
\$0.500 - \$0.599	35,000	3.5	\$ 0.51	35,000	\$ 0.51
\$0.600 - \$0.699	11,000	0.3	0.63	11,000	0.63
\$0.700 - \$0.799	35,000	2.4	0.70	35,000	0.70
\$0.800 - \$0.899	11,000	1.3	0.89	11,000	0.89
	92,000	2.5	\$ 0.64	92,000	\$ 0.64

At December 31, 2018, there was no unrecognized compensation cost, adjusted for estimated forfeitures, related to share-based payments.

Note 5. Income Taxes

The statutory income tax rate reconciliation for continuing operations to the effective rate is as follows:

	December 31, 2018	December 31, 2017
Statutory U.S. income tax rate	21 %	34 %
Change in valuation allowance	(21)	(34)
Effective income tax benefit rate	- %	- %

Deferred tax assets (liabilities) consist of the following components as of:

	December 31, 2018	December 31, 2017
Deferred tax assets:		
Inventory	\$ 13	\$ 17
Allowance for doubtful accounts	2	2
Non-qualified stock options	13	19
Accrued expenses	6	6
Research credit carryover	9	9
Net operating loss carryforward	1,676	1,671
Valuation allowance	(1,675)	(1,679)
	44	45
Deferred tax liabilities:		
Property and equipment	(3)	(5)
Marketable securities investments	(15)	-
Prepaid expenses	(9)	(10)
Investment	(17)	(30)
	(44)	(45)
Net deferred tax assets	\$ -	\$ -

Note 5. Income Taxes (Continued)

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 net change in the total valuation allowance for the years ended December 31, 2018 and 2017 was a decrease of $4 and $837, respectively. The full valuation allowance for deferred tax assets as of December 31, 2018 and 2017 was $1,675 and $1,679, respectively.

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 December 31, 2018, and 2017, 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 $22 pre-tax income for the year ended December 31, 2018. The Company had no income tax expense on its $232 pre-tax income for the year ended December 31, 2017.

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 consolidated 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 2015 through 2018 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 December 31, 2018 and 2017, the Company recognized no interest or penalties related to uncertain tax positions.

At December 31, 2018, the Company had net operating loss carryforwards of $6,291 for federal purposes and $4,581 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, 2018, the Company had Minnesota research and development tax credit carryforwards of $12, which begin to expire in the year 2023. Effective January 1, 2018, the Company restructured into a holding company, with the operations of Winland Electronics being dropped down into a subsidiary of Winland. Additional subsidiaries were created to operate new areas of business. With the restructuring, the tax attributes related to the net operating loss carryforwards and credit carryforwards remained at the parent level with Winland. Various other tax attributes directly related to the operations of the subsidiaries were dropped down to the subsidiaries at the time of restructuring. The Company will continue utilizing the net operating loss carryforwards and credit carryforwards and will evaluate the realization of the corresponding deferred tax asset at the consolidated company level.

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 on a consolidated level is insufficient to recognize the full benefit of such NOLs prior to their expiration. Additionally, the ability to fully utilize these tax assets could 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 6 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 6. Shareholder Rights Plan

The Company entered into a Section 382 Rights Agreement with its transfer agent Computershare Limited, dated as of February 27, 2014 (the "382 Rights Agreement"). The Rights expired on March 10, 2019. The purpose of the 382 Rights Agreement was 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 carryforwards to reduce potential future federal income tax obligations. The Company's ability to use its net loss carryforwards 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).

Under the 382 Rights Agreement, from and after the record date of March 10, 2014 (the "Record Date"), each share of Company Common Stock carried with it one preferred share purchase right (a "Right"). In connection with adoption of the 382 Rights Agreement, the Board declared a dividend distribution of the Rights to shareholders of record on the Record Date. Each Right allowed 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 were not exercisable until 10 days after the public announcement that a person or group had 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 had become an Acquiring Person, all holders of Rights except the Acquiring Person could have purchased, for payment of the Exercise Price, 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 did not give its holder any dividend, voting, or liquidation rights.

The Board had discretion under the 382 Rights Agreement to exempt any person or group from status as an Acquiring Person if the Board determined that such person or group's acquisition would not limit the Company's use of its net loss carryforwards.

Note 7. Commitments and Contingencies

Operating Leases: Winland has a month-to-month lease with Nortech Systems Inc. to lease 1,924 square feet of office space at 1950 Excel Drive, Mankato, MN. This office space is used for the Company's operations including customer service, technical support and finance.

Rent expense of $10 for both of the years ended December 31, 2018 and 2017 is included in general and administrative expenses.

On March 21, 2018, Winland and Nortech Systems Incorporated entered into a Manufacturing Agreement which provides Nortech exclusive rights to manufacture Winland's finished goods requirements relating to specified products at a mutually agreed upon price. The Manufacturing Agreement will expire on December 31, 2019.

Note 8. Employee Benefit Plans

Health Savings Account: Winland has a health savings account plan for its employees who meet certain service requirements. The plan provides for Winland to make contributions equal to one-half the deductible limit elected by the employee, but not exceeding the HSA contribution limits established by the IRS. If applicable, the employee may also make contributions up to the HSA contribution limits established by the IRS. Winland makes contributions to the plan on a per payroll basis. The contributions cannot be refunded to Winland if the employee's employment with Winland is terminated voluntarily or involuntarily. Winland contributed approximately $22 and $14 to the plan for the years ended December 31, 2018 and 2017, respectively.

Note 9. Severance Expense

As part of the Company's employment agreement with its President and Chief Financial Officer, if such executive officer is terminated without cause, severance payments may be due to such executive officer.

Note 10. Equity Method Investment

On July 10, 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 loss of $56 and $0 for the years ended December 31, 2018 and 2017, respectively on the investment in Northumberland which is included in other income on the statement of operations. A summary of the assets, liabilities, and results of operations of Northumberland for the years ended December 31, 2018 and 2017 is presented below:

	2018	2017
Total assets	$ 893	$ 1,230
Total liabilities	$ -	$ -
Net loss	$ (337)	$ (2)

Note 11. Selected Quarterly Financial Information (Unaudited)

The following table sets forth a summary of the Company's quarterly financial information for each of the four quarters ended December 31, 2018 and 2017 (in thousands except share and per share data).

	Quarter Ended			
	March 31	**June 30**	**September 30**	**December 31**
2018				
Net sales	$ 932	$ 1,105	$ 915	$ 813
Cost of sales	622	745	618	609
Gross profit	**310**	**360**	**297**	**204**
Operating expenses:				
General and administrative	153	161	141	166
Sales and marketing	104	120	69	186
Research and development	33	16	9	52
Total operating expenses	290	297	219	404
Operating income (loss)	**20**	**63**	**78**	**(200)**
Other income (loss)	(12)	2	21	50
Income (loss) before income taxes	**8**	**65**	**99**	**(150)**
Income tax expense	-	-	-	-
Net income (loss)	**$ 8**	**$ 65**	**$ 99**	**$ (150)**
Net income per common share				
Basic	$ 0.00	$ 0.02	$ 0.03	$ (0.04)
Diluted	$ 0.00	$ 0.02	$ 0.03	$ (0.04)
Weighted-average number of common shares outstanding				
Basic	3,789,522	3,789,522	3,789,522	3,789,522
Diluted	3,838,557	3,840,255	3,834,870	3,826,493
2017				
Net sales	$ 959	$ 913	$ 830	$ 874
Cost of sales	615	558	511	559
Gross profit	**344**	**355**	**319**	**315**
Operating expenses:				
General and administrative	150	167	139	169
Sales and marketing	119	130	109	121
Research and development	2	1	3	2
Total operating expenses	271	298	251	292
Operating income	**73**	**57**	**68**	**23**
Other income (loss)	-	17	(9)	3
Income before income taxes	**73**	**74**	**59**	**26**
Income tax expense	-	-	-	-
Net income	**$ 73**	**$ 74**	**$ 59**	**$ 26**
Net income per common share				
Basic	$ 0.02	$ 0.02	$ 0.02	$ 0.00
Diluted	$ 0.02	$ 0.02	$ 0.02	$ 0.00
Weighted-average number of common shares outstanding				
Basic	3,789,522	3,789,522	3,789,522	3,789,522
Diluted	3,886,298	3,874,971	3,866,216	3,839,363

Note 12. Financial Instruments

Marketable Securities: The Company's marketable equity securities are carried at fair value. Beginning January 1, 2018 realized and unrealized gains are reported in other income. Prior to January 1, 2018 realized and unrealized gains and losses, net of taxes, were 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 were reported in earnings in the current period. (See Note 1) 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 consolidated 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.

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-term marketable securities for the year ended December 31, 2018 and 2017, respectively:

Note 12. Financial Instruments (Continued)

Winland Holdings Corporation
Cash, Cash Equivalents, and Marketable Securities
(In Thousands)

For the Years Ended December 31,

2018

	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Short-Term Marketable Securities	Long-Term Marketable Securities
Cash	$ 849	$ -	$ -	$ 849	$ 849	$ -	$ -
Level 1:							
Investments	170	70	-	240	-	235	5
Total	$ 1,019	$ 70	$ -	$ 1,089	$ 849	$ 235	$ 5

2017

	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Short-Term Marketable Securities	Long-Term Marketable Securities
Cash	$ 1,596	$ -	$ -	$ 1,596	$ 1,596	$ -	$ -
Level 1:							
Investments	30	-	(3)	27	-	27	-
Total	$ 1,626	$ -	$ (3)	$ 1,623	$ 1,596	$ 27	$ -

Note 13. Other Income

Other income consisted of the following:

	For the Years Ended Deceember 31, 2018	2017
Northumberland (Note 10)	$ (56)	$ -
Other	1	1
Interest income	8	-
Marketable securities (Note 12)	108	-
Rights to payment	-	10
Other income	$ 61	$ 11

Note 14. Segment Reporting

Effective January 1, 2018, the Company began reporting results of operations by two unique reportable segments, Winland Electronics and Winland Capital Corp.

Included in the net assets for Winland Capital Corp. as of December 31, 2018 is $149 related to the Company's equity method investment in Northumberland. For the year ended December 31, 2018, the Company recognized a loss of $56 for the equity method investment in Northumberland. Included in the net assets for Winland Electronics as of December 31, 2017 is $205 related to the Company's equity method investment in Northumberland. For the year ended December 31, 2017, the Company recognized a loss of $0 for the equity method investment in Northumberland.

WINLAND HOLDINGS CORPORATION
SEGMENT REPORTING
($ in Thousands)

	Winland Electronics, Inc.	Winland Capital Corp.	Other	Total
Year ended December 31, 2018				
Equity method investment	$ -	$ 149	$ -	$ 149
Total assets	2,065	848	51	2,964
Net sales	3,765	-	-	3,765
Depreciation	16	-	-	16
Equity method investment loss	-	(56)	-	(56)
Income (loss) before taxes	(16)	-	38	22
Income tax expense	(2)	-	2	-
Year ended December 31, 2017				
Equity method investment	$ 205	$ -	$ -	$ 205
Total assets	2,807	-	-	2,807
Net sales	3,576	-	-	3,576
Depreciation	18	-	-	18
Equity method investment loss	-	-	-	-
Income before taxes	232	-	-	232
Income tax expense	-	-	-	-

Note 15. Investments

Winland Credit invested $354 in rights to payment for the year ended December 31, 2018. Winland Credit received proceeds of $32 in rights to payment for the year ended December 31, 2018.

Winland Capital invested $42 in a secured promissory note for the year ended December 30, 2018. Repayments of $8 were recognized for the year ended December 31, 2018. Subsequent to December 31, 2018, the remaining balance due was paid in full, therefore the investment is classified as short-term.

Note 16. Subsequent Events

On January 9, 2019, Winland Electronics and BMO Harris Bank N.A. opened a revolving credit agreement of $500 available for borrowing under terms of the agreement. The credit agreement bears interest at LIBOR plus 2.75% and is secured by substantially all assets of Winland Electronics. There was no outstanding balance as of March 20, 2019, the date the consolidated financial statements were issued.

Item 6 **Describe the Issuer's Business, Products and Services**

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

Winland is the holding company for Winland Electronics and Winland Capital Corp., both wholly-owned subsidiaries of the Company. Winland Electronics is an industry leader in critical condition monitoring devices. Products including EnviroAlert, WaterBug, and TempAlert are designed in-house to monitor critical conditions for industries including health and medical, grocery and food services, commercial and industrial, as well as agriculture and residential. Winland Electronics' products are compatible with any hardwired or wireless alarm system and are available through distributors worldwide. Winland Electronics offers a critical-environment monitoring solution called INSIGHT, an automated, cloud-based platform that provides early alerting, reporting, and logging services designed to ensure regulatory compliance. Winland Capital Corp. is the holding company for the Company's investment operations and includes wholly-owned subsidiaries Winland Credit and Winland Capital. The Company continues to explore 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 private credit, various rights to payment (including bankruptcy claims), and marketable securities. The Company is headquartered in Mankato, MN.

B. Date and State of Incorporation:

Issuer is a Corporation incorporated in the State of Minnesota on October 18, 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:

Winland Electronics provides a line of proprietary critical condition monitoring products to the security industry through distribution to dealers 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. Winland holds federal trademark registrations for marks used in its business as follows: WATERBUG, TEMP ALERT, and ENVIROALERT. Winland offers a critical-environment monitoring solution called Insight that is an automated, cloud-based platform that provides early alerting, reporting and logging, that ensures regulatory compliance. Insight is available through a reseller network or directly from Winland. Winland Capital Corp. is the holding company for the Company's investment operations and includes wholly-owned subsidiaries Winland Credit and Winland Capital. The investment operations include investments in private credit and public and private securities.

Item 7 **Describe the 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. The property is in good condition and suitable for the Company's current use.

Item 8 **Officers, Directors and Control Persons**

A. Names of Officers, Directors and Control Persons.

Name of Director/Officer	Age	Current Position with Winland Holdings Corp.	Director Since
Thomas Braziel	34	Co-Chairman and Co-Chief Executive Officer	2013
Matthew D. Houk	37	Co-Chairman and Co-Chief Executive Officer	2013
Brian D. Lawrence	48	President and Chief Financial Officer	n/a
Lorin E. Krueger	63	Director	1983
Thomas J. Brady	54	Director	2008
Murray Stahl	65	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 March 20, 2019 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, (iii) the named executive officers and (iv) all current executive officers and 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 March 20, 2019, 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)	15.30%
FRMO Corp.	568,428	(3)	15.00%
Matthew D. Houk	477,799	(4)	12.60%
David B. Houk	195,238	(5)	5.20%
Lorin E. Krueger	132,179	(6)	3.50%
Thomas J. Brady	75,798	(7)	2.00%
All Executive Officers and Directors as a Group (6 Individuals)	1,833,078	(8)	48.40%

(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, 2018, 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 15 East 67th Street, 6th Floor, New York, NY 10065.

(3) According to Murray Stahl, as of December 31, 2018, 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, 2018, 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 December 31, 2018, 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 41,000 shares which may be purchased by Mr. Krueger upon exercise of currently exercisable options.

(7) Includes 2,155 shares held by Mr. Brady's spouse and 51,000 shares which may be purchased by Mr. Brady upon exercise of currently exercisable options.

(8) Includes 92,000 shares which may be purchased by the executive officer and 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) 876-4500

Item 10 Issuer Certification

To Whom It May Concern:

We, Thomas Braziel, Co-Chairman and Co-Chief Executive Officer, Matthew Houk, Co-Chairman and Co-Chief Executive Officer, and Brian Lawrence, President and Chief Financial Officer, certify that:

1. We have reviewed this annual disclosure statement of Winland Holdings Corporation.

2. Based on our knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement;

3. Based on our knowledge, the consolidated financial statements, and other financial information included in this disclosure statement, 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 disclosure statement;

Dated: March 20, 2019

/s/ Thomas Braziel
Thomas Braziel
Co-Chairman and Co-Chief Executive Officer

/s/ Matthew D. Houk
Matthew D. Houk
Co-Chairman and Co-Chief Executive Officer

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