

wytec



Executive Summary

2019

Broadband is the great infrastructure challenge of the 21st century.

- FCC



In 2012, the FCC predicted that U.S. mobile operators would experience a significant challenge in serving America’s smartphone users due to an increase in mobile data usage that would threaten the future of mobile communications.

As the chart indicates, data demand has outpaced voice demand by a margin of 1,200% on a global basis. This accelerated growth and data traffic is being driven both by increased smartphone subscriptions and a continued increase in average data volume per subscription, fueled primarily by increased viewing of video content.

This challenge has long been evolving as a result of new smartphone technology requiring cellular carriers to increase network capacity in order to support data demanding applications. Even before 4G LTE became fully developed, carrier networks were experiencing network capacity challenges due to increased mobile data demand.

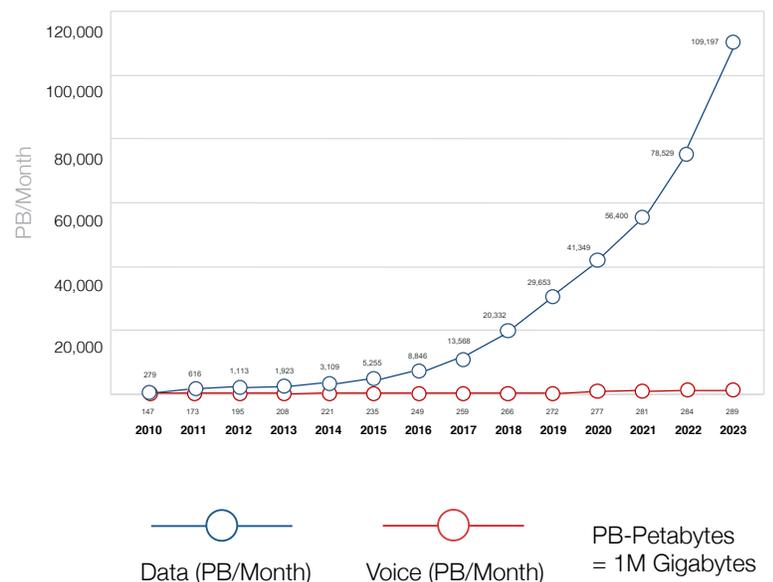
Data Demand has Outpaced Voice Demand by a Margin of

1,200%

As a result of this increased need for greater network capacity, cellular carriers are aggressively reviewing new technologies that will support the immense increase in the data demand. The next generation of cellular service, 5G, is the obvious answer to support next generation smart devices and applications and will have a tremendous impact on the entire ecosystem involving advancements in education, medicine, energy and public safety. For the U.S. cellular industry to meet this challenge, a radical new network architecture will need to be designed.

The vast majority of 4G LTE data traffic utilizes “macro” towers for cellular transmission delivery, which are easily recognized across America’s landscape standing several hundred feet in height and supporting antennas six to nine feet in length. These mammoth towers cost cellular operators millions of dollars to construct and millions more to operate. Macro towers are designed to transmit cellular signals in a radius of two miles or more to support millions of subscribers for the least amount of infrastructure cost.

Global Data vs. Voice Usage (PB/month)

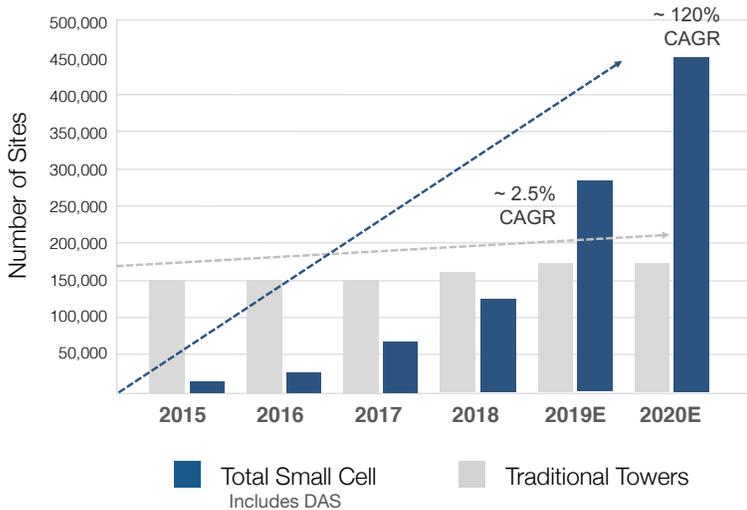


As shown by the chart, the growth of data usage vs voice usage as been growing at an alarming rate beginning in 2015 and has accelerated at a pace mobile carriers were never prepared to support.

As smartphones became more sophisticated, requiring more data to support next generation applications (particularly video), macro towers have become increasingly incapable of supporting the increase of data demand. To overcome this deficiency, 5G network architecture has introduced the emergence of “Small Cells” with one primary objective in mind. Small Cells are designed to support a coverage area of approximately 1,000 feet apart rather than the Macro Cell coverage of two miles or more. Thus, fewer subscribers are supported within a smaller, denser area allowing greater data support for each subscriber. Additionally, Small Cells are designed to be mounted on utility poles allowing for the 1,000-foot distance placement.

This new architecture has now become the primary infrastructure design for 5G deployments. Industry experts are expecting to see a Compound Annual Growth Rate (CAGR) of Small Cells to reach 120% more deployments over Macro Cells by 2020. (See Chart below).

Total U.S. Small Cell and Tower Sites



Source: S&P/SNL Kagan (2016), Barclay’s Research

Macro Tower



Size: **100+ ft.**

Cost: **\$1,000,000+**

Range: **2+ Miles**

Users: **1,300+**

Small Cell



Size: **< 30 ft.**

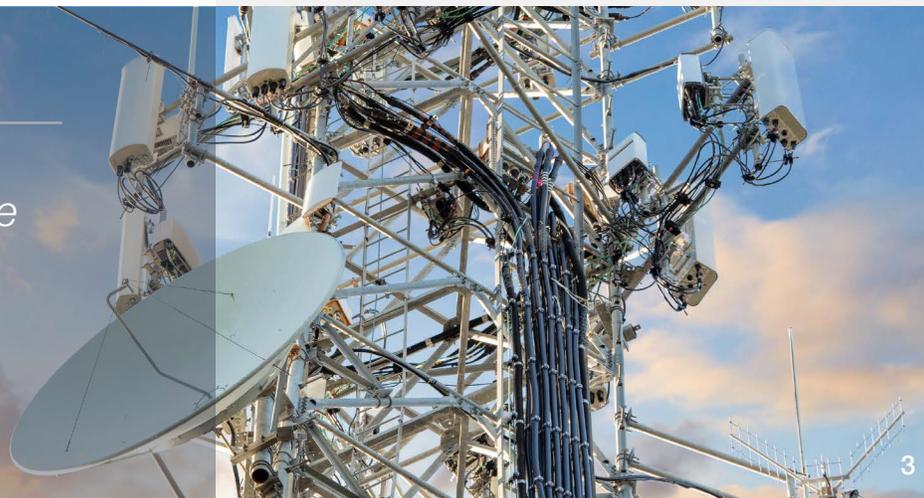
Cost: **< \$15,000**

Range: **1,200 ft.**

Users: **400+**



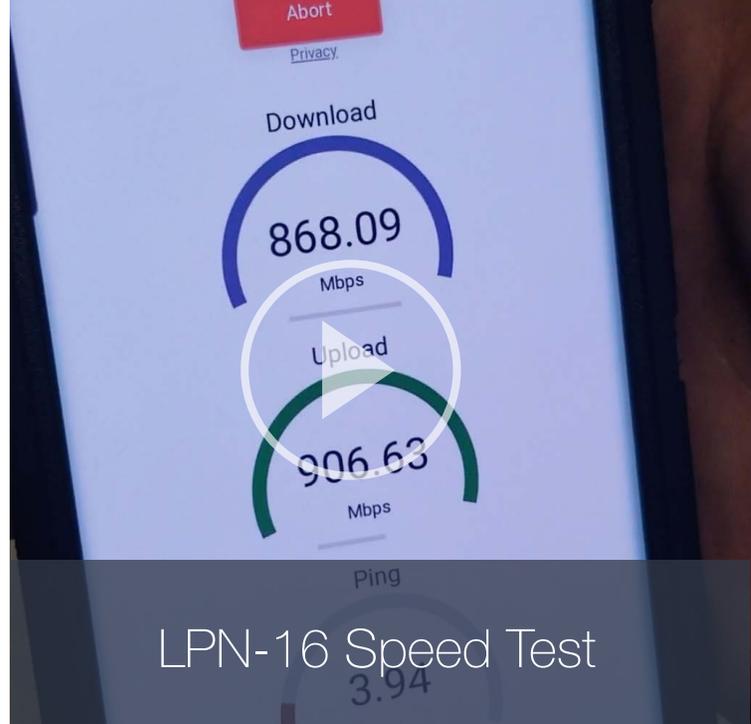
Macro towers have become increasingly incapable of supporting the increase in data demand.



The LPN-16

The Future of Small Cells

In 2017, Wytec International, Inc. began designing its own version of a small cell that would be capable of supporting multiple carrier transmitters (radios) in a device not more than three feet in length, weighing less than 30 pounds and capable of being installed on a utility pole. In September of 2019, Wytec's first prototype delivered speeds of 868.09 Mbps download and 906.63 Mbps upload with less than four milliseconds (ms) of latency. This smartphone performance meets and exceeds the International Telecommunication Union's 2020 standards for 5G.



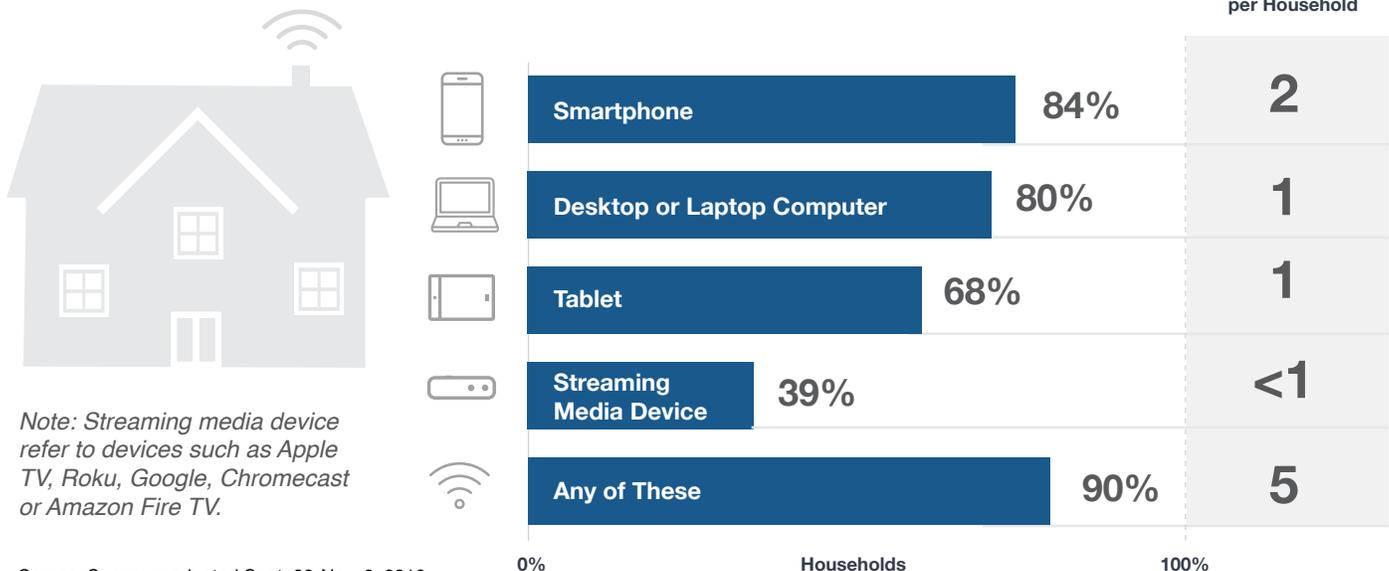
Wytec's Wholesale Customer Model

The mobile phone industry has been predominately controlled by the mobile operators through virtually all generations of mobile phone development. However, an unpredictable movement has occurred with the emergence of carrier-supported 5G. For carriers to develop their 5G networks, they need unencumbered access to utility poles. For the first time in mobile operator history, carriers have met significant resistance to utility pole access from local government. Due to this resistance, aggressive deployment of 5G services by mobile operators has been stifled. What has emerged is a new look at those operators with unencumbered access to utility poles known as "cable" operators. Cable operators have long enjoyed

favorable access to utility poles for almost 70 years. This has placed them in a uniquely powerful position for engaging in Small Cell deployment and an enviable position for developing a 5G "cellular" service to their over 50 million U.S. subscribers. Wytec recognized this developing dynamic and began targeting its business model to engage its LPN-16 technology to support over 400 cable operators within the U.S.

Thus, Wytec has aimed its primary revenue target to the cable industry in support of a "second to none" 5G mobile phone service to its existing subscriber base of more than 50 million residences with over 80% of average households owning two smart phones per household. This represents a total market opportunity to Wytec of more than 100 million mobile users.

Percent of U.S. Adults Who Say Their Household Contains a...



Note: Streaming media device refer to devices such as Apple TV, Roku, Google, Chromecast or Amazon Fire TV.

Source: Survey conducted Sept. 29-Nov. 6, 2016. PEW RESEARCH CENTER

Most recently, Wytec has executed an open source agreement with the sixth largest cable operator in the U.S. serving more than 1,000,000 residences within 19 markets residing in nine states. The agreement calls for Wytec to construct a Small Cell trial network in Columbus, Ohio consisting of 12 key test assessments representing the LPN-16 5G solution. Once completed, the trial will validate three primary key assumptions consisting of 1) upload and download speeds, 2) latency and 3) average revenue per LPN-16 site. The revenue assumption will be determined by a qualitative survey performed with the current cable subscribers. The remaining nine tests are key technology tests for validating Wytec’s engineering assumptions for supporting 5G.

6th Largest US Cable Operator

19 Markets
9 States
1,000,000 Households

Wytec Test Site
 Columbus, Ohio

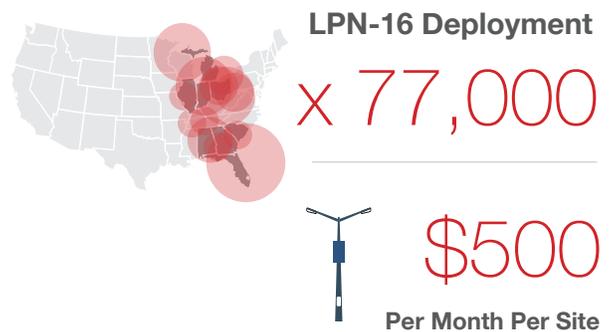
Revenue Assumptions

Though Wytec’s primary revenue source will be providing cellular services to cable operators, Wytec has other revenue opportunities such as

- Carrier offload services
- In-building cellular enhancement
- Commercial broadband services
- Smart City Internet of Things (IOT) services.

All services are charged on a data usage fee for data traffic utilizing Wytec’s LPN-16 Small Cell network within markets that Wytec has deployed its network.

Upon validating the test results of the Wytec trial, the Company plans to enter into a build-out agreement with the current cable operator for the deployment of approximately 77,000 LPN-16 sites within the 19 cable operators’ markets. The estimated revenue per site is forecasted to generate a minimum of \$500 per month resulting in a total annual revenue of \$422,116,718. The revenue forecast depicted in Wytec’s five financial projections does not include the other revenue sources discussed or include any revenues derived from other prospective cable operators. There are approximately 425 other cable operators in the U.S. desiring and needing Wytec’s 5G LPN-16 Small Cell cellular service.



Estimated Revenue



Capital Need Assumptions

The total capital needs to build out the first 19 markets under the current cable agreement is forecasted to cost approximately \$800 million in construction and deployment expenses. Wytec has engaged a premier investment banker to assist in addressing most of its capital needs under the current cable agreement. The funding structure consists of approximately 80% of the capital needs to be provided under a multi-tiered debt facility. This will allow Wytec to begin funding the bulk of the deployment costs upon the installation of approximately 1,500 LPN-16 sites. This number of sites is projected to support the debt service for the first tier of the debt facility estimated to be approximately \$10 million.

Wytec Issues \$15MM Pre-IPO Offering

Wytec is in its final technical trials for testing both Wi-Fi 6 and the latest FCC 3.5 GHz Citizens Broadband Radio Service (CBRS) spectrum for delivering 5G services. Cable operators are uniquely positioned to take advantage of delivering 5G services due to their current utility pole access for utilizing Wytec's LPN-16 technology. Wytec is targeting more than 400 U.S. cable operators to provide a Virtual Mobile Network Operator (MVNO) solution to their existing cable subscribers and is in preliminary contract negotiations with the sixth largest cable operator for introducing its latest MVNO solution. The contract would include the deployment of (when fully deployed) approximately 75,000 LPN-16s servicing more than 1,000,000 subscribers located in 19 U.S. markets and capable of generating more than \$455M in annual top-line revenue to Wytec.

On July 15th, 2019, Wytec received approval from the Federal Communications Commission (FCC) for temporary use of the 3.5 Ghz spectrum to complete its technical trials. On September 7th, 2019, Wytec signed an agreement with Google as its SAS provider for onboarding its Initial Commercial Deployment (ICD) of Wytec's 5G citywide services. To view Wytec's Investor Presentation:

[Click Here](#)

This summary may contain forward-looking statements and projections relating to the potential future operating results or financial condition of the company. Please be advised that the company's actual financial condition, operating results and business performance may differ materially from those projected or from those which may be inferred by any forward-looking statements, forecasts or historical information. There is no assurance that the company will achieve the financial results indicated in the forward-looking statements or in historical information. There is no assurance that the company will be profitable, that it will earn revenues or that investors will receive a return of their capital or any cash distributions. Any projections are estimates only based on assumptions which may prove to be incorrect. See "risk factors" in the memorandum.

Total Capital Needs

For Construction and Deployment

\$800 Million



Funding Structure

80%

of the capital needs to be provided under a multi-tiered debt facility



With the latest milestone achievements, Wytec is quickly positioning itself to provide its shareholders an attractive exit strategy to include either an IPO and/or being acquired.

- Wytec's President/CEO

