

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

WYTEC INTERNATIONAL INC

Form: 10-Q

Date Filed: 2018-08-14

Corporate Issuer CIK: 1560143

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

FORM 10-Q

✓ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended: **June 30, 2018**

or

“ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File Number: 333-215496

Wytec International, Inc.

(Exact Name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation)

46-0720717

(IRS Employer I.D. No.)

19206 Huebner Rd., Suite 202

San Antonio, TX 78258

(Address of principal executive offices and Zip Code)

(210) 233-8980

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☒

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

Large accelerated filer ☐

Non-accelerated filer ☐

Emerging growth company ☐

Accelerated filer ☐

Smaller reporting company ☒

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of August 14, 2018, there were, 4,213,416 shares outstanding of the registrant's common stock.

WYTEC INTERNATIONAL, INC.

FORM 10-Q

June 30, 2018

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

WYTEC INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2018	December 31, 2017
Assets	(Unaudited)	(Audited)
Current assets:		
Cash	\$ 2,330,224	\$ 3,496,516
Accounts receivable, net	180,005	702
Prepaid expense and other current assets	13,389	13,999
Related party receivable, CCI, net of allowance of \$419,433 and \$415,952	—	—
Total current assets	2,523,618	3,511,217
Property and equipment, net	214,493	307,670
Other assets:		
Construction in process	318,317	275,016
	318,317	275,016
Total assets	\$ 3,056,428	\$ 4,093,903
Liabilities and Stockholders' (Deficit)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 212,839	\$ 388,836
Deferred revenues, net of commissions	1,755,000	1,755,000
Total current liabilities	1,967,839	2,143,836
Total liabilities	1,967,839	2,143,836
Stockholders' (deficit):		
Preferred stock, \$0.001 par value 100,000,000 shares authorized:		
Series A convertible preferred stock, par \$.001, 4,100,000 shares designated, 3,260,000 and 3,260,000 shares issued and 3,160,000 shares and 3,160,000 shares outstanding	3,260	3,260
Series B convertible preferred stock, par \$.001, 6,650,000 shares designated, 3,735,784 shares and 3,735,784 shares issued, 3,691,249 shares and 3,691,249 shares outstanding	3,735	3,735
Series C convertible preferred stock, par \$.001, 1,000 shares designated and 1,000 shares and 1,000 shares outstanding	1	1
Common stock, \$0.001 par value, 495,000,000 shares authorized, 28,127,380 shares and 27,990,725 shares issued, 3,992,932 shares and 3,856,277 shares outstanding at June 30, 2018 and December 31, 2017, respectively	28,127	27,991
Additional paid-in capital	21,918,054	21,651,837
Receivable for issuance of common stock	—	(233,624)
Accumulated (deficit)	(15,505,120)	(14,143,665)
Treasury Stock:		
Common stock, at cost, 24,134,448 shares	(5,100,218)	(5,100,218)
Series A convertible preferred stock, at cost, 100,000 shares	(179,368)	(179,368)
Series B convertible preferred stock, at cost, 44,535 shares	(79,882)	(79,882)
Total stockholders' (deficit)	1,088,589	1,950,067
Total liabilities and stockholders' (deficit)	\$ 3,056,428	\$ 4,093,903

See accompanying notes to condensed consolidated financial statements.

WYTEC INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	\$ 177,319	\$ 12,114	\$ 188,637	\$ 24,151
Cost of sales	81,340	—	81,484	243
Gross profit (loss)	95,979	12,114	107,153	23,908
Expenses:				
Selling, general and administrative	761,502	773,556	1,339,788	1,274,628
Research and development	16,033	—	21,303	5,333
Depreciation	53,964	52,549	107,613	104,878
Total operating expenses	831,499	826,105	1,468,704	1,384,839
Net loss from operations	(735,520)	(813,991)	(1,361,551)	(1,360,931)
Other income (expense):				
Gain (loss) on sale of assets	—	(118)	—	1,049
Interest income	49	47	96	94
Total other income (expense)	49	(71)	96	1,143
Net loss	\$ (735,471)	\$ (814,062)	\$ (1,361,455)	\$ (1,359,788)
Weighted average number of common shares outstanding - basic and fully diluted	3,984,157	2,047,658	3,980,318	1,626,713
Net loss per share - basic and fully diluted	\$ (0.18)	\$ (0.40)	\$ (0.34)	\$ (0.84)

See accompanying notes to condensed consolidated financial statements.

WYTEC INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities		
Net loss	\$ (1,361,455)	\$ (1,359,788)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	107,613	104,878
(Gain) on sale of assets	—	(1,167)
Stock based payments	75	16,036
Decrease (increase) in assets:		
Accounts receivable	(179,303)	652
Prepaid expenses	609	4,216
Related party receivable, CCI	—	(371,028)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(175,997)	(16,613)
Deferred revenues	—	—
Net cash used in operating activities	<u>(1,608,458)</u>	<u>(1,622,814)</u>
Cash flows from investing activities		
Purchases of property and equipment	(14,435)	(10,923)
Purchase of construction in process equipment	(43,302)	—
Net cash used in investing activities	<u>(57,737)</u>	<u>(10,923)</u>
Cash flows from financing activities		
Proceeds from the issuance of preferred stock	—	120,000
Proceeds from the issuance of common stock	499,903	1,681,761
Net cash provided by financing activities	<u>499,903</u>	<u>1,801,761</u>
Net increase in cash	(1,166,292)	168,024
Cash - beginning	3,496,516	2,766,775
Cash - ending	<u>\$ 2,330,224</u>	<u>\$ 2,934,799</u>
Supplemental disclosures:		
Interest paid	<u>\$ —</u>	<u>\$ —</u>
Non-cash investing and financing activities:		
Issuance of preferred stock in exchange for deferred revenue obligation	\$ —	\$ 35,000

See accompanying notes to condensed consolidated financial statements.

WYTEC INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The interim consolidated financial statements included herein, presented in accordance with United States generally accepted accounting principles, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein.

Description of Business and Principles of Consolidation: Wytec International, Inc. ("Wytec"), a Nevada corporation, designs, manufactures, and installs carrier-class Wi-Fi Solutions in the 70 and 80 gigahertz licensed frequency program to local government, Mobile Service Operations, National Telecommunications Operators, and corporate enterprises. The accompanying Consolidated Financial Statements include the accounts of Wytec and its subsidiaries, after elimination of all material intercompany accounts, transactions, and profits. Consolidated subsidiaries of Wytec include:

Wylink Inc. ("Wylink"), a Texas corporation and wholly owned subsidiary, was until January 2016 engaged in the sale of Federal Communications Commission ("FCC") registered links participating in the 70 and 80 gigahertz licensed frequency program (the "Program"). The Program allowed qualified individuals to own a segment of the "backhaul" infrastructure of Wytec's city-wide business deployment.

Wytec, LLC, a Delaware limited liability held patents focused on high capacity millimeter wave technology.

Capaciti Networks, Inc. ("Capaciti"), a Texas corporation, was engaged in the sale of wired and wireless services, including products, wireless data cards, back office platform and rate plans to their commercial and enterprise clients. In November 2016, Wytec purchased 100% of the outstanding stock of Capaciti from Competitive Companies, Inc. ("CCI"), a related party entity through common control. Wytec accounted for the acquisition as a common control transaction and change in reporting entity.

Collectively, Wytec and subsidiaries, are referred to as "Company."

Basis of Accounting: The accompanying financial statements have been prepared by the Company's management in accordance with U. S. generally accepted accounting principles ("GAAP") and applied on a consistent basis.

Revenue Recognition: In accordance with ASC 606, revenue is recognized upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. To achieve the core principle of the new guidance, we take the following steps: (i) identify the contract with the customer; (ii) determine whether the promised goods or services are separate performance obligations in the contract; (iii) determine the transaction price, including considering the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract based on the standalone selling price or estimated standalone selling price of the good or service; and (v) recognize revenue when (or as) we satisfy each performance obligation.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. For arrangements that contain multiple goods or services, we determine whether such goods or services are distinct performance obligations that should be accounted for separately in the arrangement. Our contracts for the sale of Cel-Fi systems generally include three identified performance obligations: (i) sales of equipment, (ii) sales of installation services, and (iii) sales of testing, commissioning and integration services. The performance obligation for the sale of equipment is deemed to be satisfied on the date the customer takes physical possession of the equipment and has control of the equipment. For installation, testing, commissioning and integration services, the Company measures progress toward complete satisfaction of the performance obligations ratably as the services are performed.

Revenue on sales of FCC registered links is recognized once the link has been registered on behalf of the customer and the necessary equipment has been installed and is ready for use. Revenue is not recognized on the link sales until the link construction is completed and the link has been placed in service. Amounts collected prior to completion of all obligations to the customer are recorded as deferred revenue. Commission expense is a period cost and is recorded in the period in which the commission from the sale has been earned and paid, even though the revenue from the sale may not be recognized until a future period. Commissions are payable at collection of funds from link sale and are not dependent upon successful installation and operation of the link. Revenues from the sale of wired and wireless internet services is recognized in the month in which services are provided.

Cash and Cash Equivalents: The Company considers all bank deposits and short-term securities with a maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts: The allowance for doubtful accounts is evaluated on a regular basis through periodic reviews of the collectability of the receivables in light of historical experience, adverse situations that may affect our customers' ability to repay, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Accounts receivable are determined to be past due based on how recently payments have been received and those considered uncollectible are charged against the allowance account in the period they are deemed uncollectible. No allowance for trade accounts receivable was determined to be necessary at June 30, 2018 and December 31, 2017. The related party receivable from CCI has been fully reserved as of June 30, 2018 and December 31, 2017.

Property and Equipment: Property and equipment are stated at cost. Depreciation is computed using the estimated useful lives of the related assets, generally ranging from five to ten years. Expenditures for repairs and maintenance are charged to costs and expensed as incurred, while expenditures for renewal and betterments are capitalized. Leasehold improvements are amortized over the remaining term of the lease. Upon retirement or replacement, the cost of capitalized assets and the related accumulated depreciation and amortization is eliminated with the resulting gain or loss recognized.

Depreciable assets are evaluated for impairment on at least an annual basis or upon significant change in the operating or macro-economic environment. In these circumstances, if an evaluation of the undiscounted cash flows indicate impairment, the asset is written down to its estimated fair value, which is generally based on discounted future cash flows. Useful lives are periodically evaluated to determine whether events or circumstances have occurred which indicate the need to revise the useful lives. No impairment charges were incurred for the six-month periods ended June 30, 2018 and 2017.

Construction in Process: The cost of equipment and materials purchased, and contract labor incurred, for the construction of network, plant property and equipment, and the installation of registered links on behalf of customers are held in construction in process until construction is completed. No depreciation or amortization is applied to construction in process. Once construction is complete and network element is placed in service, the costs are either capitalized or expensed as cost of goods sold as appropriate.

Deferred Revenue: Deferred revenue consists of amounts billed and collected before services have been completed. Such amounts are deferred until the revenue recognition requirements have been met.

Income Taxes: The Company files an income tax return in the U.S. federal jurisdiction as part of the consolidated group with the Company's wholly owned subsidiaries. The Company is also subject to state income taxes (including franchise, margin and business entity taxes) in several states and such taxes are reflected in income taxes on the Consolidated Statements of Operations. Management is not aware of any uncertain tax positions the Company has taken. The Company is subject to routine examinations by taxing authorities; however, there are currently no examinations for any tax periods in progress and its tax returns for the last four years remain open to examination by its significant taxing jurisdictions.

Fair Value of Financial Instruments: The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses. The recorded values of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their fair values based on their short-term nature.

Concentrations of Credit Risk: Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments. The Company maintains cash deposits with financial institutions and limits the amount of credit exposure to any one financial institution. Deposits with financial institutions may on occasion exceed the federally insured limits. The Company periodically assesses the financial institutions and believes the risk of any loss is minimal.

Government Regulations: The Company is subject to federal, state and local provisions regulating the discharge of materials into the environment. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal, state and local requirements.

Subsequent Events: Subsequent events have been evaluated by management through the inclusion of this financial statement in the filing of Form 10-Q with the Securities and Exchange Commission ("SEC"). Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

Recently Adopted Accounting Pronouncement: In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09 entitled Revenue from Contracts with Customers (Topic 606). The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective with financial statements issued for the year ending December 31, 2018, and was implemented by the Company January 1, 2018. The effect of the new standard is not significant to the Company's operations.

New Accounting Pronouncements:

In February 2016, FASB issued ASU No. 2016-02, Leases, requiring entities that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. For leases which meet the criteria of short-term, lessees may elect an accounting policy to not recognize lease assets and liabilities and expense lease payments on a straight-line basis. A short-term lease is one in which the lease term is 12 months or less and there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise. Under current GAAP, lessees apply a classification test to determine the accounting for the lease arrangements as either capital leases, whereby the lease assets and liabilities would be recognized on the balance sheet, or operating leases, whereby the lessees would not recognize lease assets and liabilities. This ASU will be effective for the Company for the year ending December 31, 2019, and for interim periods therein. The Company is currently evaluating the effects the adoption of this guidance will have on its consolidated financial statements.

In June 2018, the FASB issued Accounting Standards Update "ASU No. 2018-07 – Compensation – Stock Compensation". The ASU expands the scope of current guidance to include all share-based payment arrangements related to the acquisition of goods and services from both non-employees and employees. The guidance in the ASU is effective for the Company in all fiscal years beginning after December 15, 2018. We are currently evaluating the impact of this standard on our consolidated financial statements, if any.

Use of Estimates: The preparation of the consolidated financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – GOING CONCERN

The consolidated financial statements are prepared using U.S. generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred continuous losses from operations, has an accumulated deficit of \$15,505,120 at June 30, 2018, and reported cash used by operations of \$1,608,458 for the six months ended June 30, 2018. In addition, the Company expects to have ongoing requirements for capital investment to implement its business plan. Finally, the Company's ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets and the competitive environment in which it operates.

Since inception, operations have primarily been funded through private equity financing. Management expects to continue to seek additional funding through private or public equity sources and will seek debt financing. The Company's ability to continue as a going concern is ultimately dependent on its ability to generate sufficient cash from operations to meet cash needs and/or to raise funds to finance ongoing operations and repay debt. There can be no assurance that the Company will be successful in these efforts. These factors, among others, indicate that the Company may be unable to continue as a going concern for a reasonable period of time.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should it be unable to continue as a going concern.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30, 2018	December 31, 2017
Telecommunication equipment and computers	\$ 1,014,192	\$ 999,756
Less: accumulated depreciation	(799,699)	(692,086)
	<u>\$ 214,493</u>	<u>\$ 307,670</u>

NOTE D – WARRANTS

The Company has common stock purchase warrants outstanding at June 30, 2018 to purchase 1,738,591 shares of common stock exercisable on various dates through December 31, 2018. The warrants are exercisable at the following amounts and rates: 1,738,591 of which are exercisable at an exercise price of \$5.00 per share.

The following is a summary of activity and outstanding common stock warrants:

	# of Warrants
Balance, December 31, 2016	7,109,280
Warrants granted	386,477
Warrants exercised	(2,585,392)
Warrants expired	<u>(3,060,119)</u>
Balance, December 31, 2017	1,850,246
Warrants granted	25,000
Warrants exercised	(136,655)
Warrants expired	<u>—</u>
Balance, June 30, 2018	<u>1,738,591</u>
Exercisable, June 30, 2018	<u>1,738,591</u>

NOTE E – STOCKHOLDERS' EQUITY (DEFICIT)

Holders of common stock are entitled to one vote per share. The common stock does not have cumulative voting rights in the election of directors. Accordingly, the holders of a majority of the outstanding shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Subject to preferential rights with respect to any series of preferred stock that may be issued, holders of the common stock are entitled to receive ratably such dividends as may be declared by the board of directors on the common stock out of funds legally available therefore and, in the event of liquidation, dissolution or winding-up of affairs, are entitled to share equally and ratably in all the remaining assets and funds.

Series A preferred stock is nonvoting capital stock but may be converted into voting common stock. Each share of series A preferred stock is convertible at the option of the holder at any time after the issuance into one share of common stock, subject to adjustment from time to time in the event (i) the Company subdivides or combines its outstanding common stock into a greater or smaller number of shares, including stock splits and stock dividends; or (ii) of a reorganization or reclassification of common stock, the consolidation or merger with or into another company, the sale, conveyance or other transfer of substantially all of the Company assets to another corporation or other similar event, whereby securities or other assets are issuable or distributable to the holders of the outstanding common stock upon the occurrence of any such event; or (iii) of the issuance to the holders of Company common stock of securities convertible into, or exchangeable for, such shares of common stock.

Each outstanding share of series A preferred stock will automatically convert into one share of common stock (a) if the common stock commences public trading on the NASDAQ capital market or better, (b) if the series A preferred stockholder receives distributions from the net profits pool equal to the original purchase price paid for their registered links, or (c) five years after the date of issuance of the series A preferred stock. The Company does not have any other right to require a conversion of the series A preferred stock into common stock. The Company does not have the option to redeem outstanding shares of series A preferred stock. A holder of the series A preferred stock has no preemptive rights to subscribe for any additional shares of any class of stock or for any issue of bonds, notes or other securities convertible into any class of stock. In the event of a liquidation, dissolution or winding-up whether voluntary or otherwise, after payment of debts and other liabilities, the holders of the series A preferred stock will be entitled to receive from the remaining net assets, before any distribution to the holders of the common stock, the amount of \$1.50 per share. After payment of the liquidation preference to the holders of series A preferred stock and payment of any other distributions that may be required with respect to any other series of preferred stock, the remaining assets, if any, will be distributed ratably to the holders of the common stock and the holders of the series A preferred stock on an as-if converted basis.

The series B preferred stock is voting capital stock. The holders of the series B preferred stock will vote on an as-converted basis with the common stock on all matters submitted to a vote of the shareholders. The holders of the series B preferred stock are not entitled to any dividends unless and until the series B preferred stock is converted into common stock. Each share of series B preferred stock is convertible at the option of the holder at any time after issuance into one share of common stock, subject to adjustment from time to time in the event (i) the Company subdivides or combines into outstanding common stock into a greater or smaller number of shares, including stock splits and stock dividends; or (ii) of a reorganization or reclassification of common stock, the consolidation or merger with or into another company, the sale, conveyance or other transfer of substantially all of the Company assets to another corporation or other similar event, whereby securities or other assets are issuable or distributable to the holders of the outstanding common stock upon the occurrence of any such event; or (iii) of the issuance by us to the holders of common stock of securities convertible into, or exchangeable for, such shares of common stock.

Each outstanding share of series B preferred stock will automatically convert into one share of common stock at a conversion rate equal to the lesser of \$3.00 per share or 75% of the average closing price of the Company's common stock as quoted on the public securities trading market on which our common stock is then traded with the highest volume, for ten (10) consecutive trading days immediately after the first day of public trading of common stock if common stock commences public trading on the NASDAQ capital market or better, but in any event no less than \$2.50 per share or at \$3.00 per share five years after the date of issuance of the series B preferred stock. In the event of a liquidation, dissolution or winding-up whether voluntary or otherwise, after payment of debts and other liabilities, the holders of the series B preferred stock will be entitled to receive from the remaining net assets, before any distribution to the holders of the common stock, and pari passu with the payment of a liquidation preference of \$1.50 per share to the holders of the series A preferred stock, the amount of \$3.00 per share. After payment of the liquidation preference to the holders of the series A preferred stock and the series B preferred stock, and payment of any other distribution that may be required with respect to any other series of preferred stock, the remaining assets, if any, will be distributed ratably to the holders of the common stock, the holders of the series A preferred stock, and the holders of the series B preferred stock on an as-if converted basis.

The series C preferred stock is voting capital stock. For so long as any shares of the series C preferred stock remain issued and outstanding, the holders thereof, voting separately as a class, shall have the right, on or after July 20, 2016, to vote in an amount equal to 51% of the total vote (representing a super majority voting power) with respect to all matters submitted to a vote of the shareholders of Wytec. Such vote shall be determined by the holder(s) of a majority of the then issued and outstanding shares of series C preferred stock. For example, if there are 10,000 shares of our common stock issued and outstanding at the time of such shareholder vote, the holders of the series C preferred stock, voting separately as a class, will have the right to vote an aggregate of 10,408 shares, out of a total number of 20,408 shares voting.

NOTE F – RELATED PARTY TRANSACTIONS

Shared Services: The Company has shared services agreements with an entity under common control, Competitive Companies, Inc. ("CCI"). Prior to the spin-off of Wytec shares from CCI on November 10, 2017, the Company paid for substantially all operating expenses and sought reimbursement from CCI for their portion of the expense through management fees. The Company is owed \$419,433 from CCI at June 30, 2018. All receivable balances due from CCI have been reserved by the Company as the amounts were deemed to be uncollectable. Total CCI costs paid for by the Company totaled \$3,481 for the six months ended June 30, 2018 and \$415,952 for the year ended December 31, 2017, respectively. Costs incurred by CCI and reimbursed by the Company largely consisted of a 2017 repayment of an SBA loan which was personally guaranteed by the CEO of the Company, payroll and other general operating expenses. The Company has no further plans to fund CCI expenses under this agreement.

NOTE G – SUBSEQUENT EVENTS

In July 2018, the Company issued 114 shares of common stock to 1 investor pursuant to the exercise of common stock purchase warrants.

In July 2018, the Company authorized the payment of a cash bonus of \$20,000 to its Chief Executive Officer.

In July 2018, the Company issued 440,000 common stock purchase warrants to 5 investors pursuant to our early conversion offer to our existing Series A Preferred Stockholders in accordance with Rule 506 (b) of Regulation D of the Securities Act.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about Wytec International, Inc. (hereinafter, with its subsidiary, "Wytec," "Company," "us," "we" or "our"), the industry in which we operate and other matters, as well as management's beliefs and assumptions and other statements regarding matters that are not historical facts. These statements include, in particular, statements about our plans, strategies and prospects. For example, when we use words such as "projects," "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "should," "would," "could," "will," "opportunity," "potential" or "may," and variations of such words or other words that convey uncertainty of future events or outcomes, we are making forward-looking statements.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause the Company's actual results to be materially different from any future results expressed or implied by the Company in those statements. The most important factors that could prevent the Company from achieving its stated goals include, but are not limited to, the following:

- (a) volatility or decline of our stock price;
- (b) potential fluctuation in quarterly results;
- (c) failure to earn revenues or profits;
- (d) inadequate capital to continue our business;
- (e) insufficient revenues to cover operating costs;
- (f) barriers to raising the additional capital or to obtaining the financing needed to implement our business plans;
- (g) dilution experienced by our shareholders in their ownership of the Company because of the issuance of additional securities by us, or the exercise of warrants or conversion of outstanding convertible securities;
- (h) inability to complete research and development of our technology with little or no current revenue;
- (i) lack of demand for our products and services;
- (j) loss of customers;
- (k) rapid and significant changes in markets;
- (l) technological innovations causing our technology to become obsolete;
- (m) increased competition from existing competitors and new entrants in the market;
- (n) litigation with or legal claims and allegations by outside parties;
- (o) inability to start or acquire new businesses, or lack of success of new businesses started or acquired by us, if any;
- (p) inability to effectively develop or commercialize our technology; and
- (q) inability to obtain patent or other protection for our proprietary intellectual property.

Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution you not to place undue reliance on the statements, which speak only as of the date of this Form 10-Q. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect the occurrence of unanticipated events.

The following discussion should be read in conjunction with our unaudited consolidated financial statements and notes to those statements. In addition to historical information, the following discussion and other parts of this annual report contain forward-looking statements and information that involves risks and uncertainties.

On October 25, 2016, the board of directors of CCI authorized management to pursue a plan to spin-off to its stockholders' common stock and warrants of a majority-owned subsidiary, Wytec. In the spin-off, record holders of each share of CCI common stock received approximately 0.0026 shares of Wytec common stock, rounded-up to the nearest whole share, and two Wytec common stock purchase warrants for every share of common stock issuable to the holder. The distribution of the Wytec shares of common stock and Spin-Off Warrants to CCI shareholders in the spin-off was effective as of November 20, 2017. Following the spin-off, CCI does not own any equity interest in us, and we operate independently from CCI.

Our consolidated financial statements have been prepared on a stand-alone basis, and reflect our financial position, results of operations and cash flows as we were historically managed, in conformity with GAAP. Our financial statements include certain assets and liabilities that have historically been held at the CCI corporate level but are specifically identifiable or otherwise attributable to us.

All intercompany transactions between us and CCI have been included in our financial statements and are considered to be settled in our consolidated financial statements at the time the spin-off became effective. The total net effect of the settlement of these intercompany transactions is reflected in our consolidated statements of cash flow as a financing activity and in our consolidated balance sheets.

The historical costs and expenses reflected in our financial statements include an allocation for certain corporate shared service functions historically provided by CCI including executive oversight, accounting, treasury, tax, legal, human resources, occupancy, procurement, information technology and other shared services. These expenses have been allocated to us on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis based on sales, headcount, tangible assets or other measures considered to be a reasonable reflection of the historical utilization levels of these services.

Overview of Current Operations

Wytec International, Inc., a Nevada corporation ("Wytec," the "Company," "we," "us," or "our") is the developer of a technology called the "LPN-16," consisting of chipsets, software, hardware designs and antennas that enable strengthened Wi-Fi and cellular transmission within a concentrated coverage area. The hardware consists of a chassis or framework approximately 32 inches in height with a radius of approximately 12 inches. It is designed to be installed in the communications zone of a utility pole or upper end of a light pole and can contain up to 16 radios of varying technologies and frequencies. The unit, referred to as an outdoor "small cell", is designed to increase Wi-Fi and cellular capacity and signal strength by placing a large number of them in densely populated areas as compared to a traditional large cellular tower covering a much larger area of approximately two (2) miles. The growth of small cells is a response to increasing global data traffic and in preparation for the next generation of cellular technology now referred to as 5G.

When Wytec was first founded, we obtained five (5) United States patents (the "Patents") related to local multipoint distribution service ("LMDS") originally designed for digital television transmission, and later discovered to be useful in wireless broadband technology. LMDS technology introduced us to the concept of using high frequency radio bands for broadband backhaul and led us into millimeter wave technology. LMDS technology commonly operates on [microwave](#) frequencies across the 26 GHz and 29 GHz bands. In the United States, frequencies from 31.0 through 31.3 GHz are also considered LMDS frequencies. Today Wytec utilizes the Millimeter Wave 70-80 GHz spectrum for our backhaul in a point to point configuration transmitting from the top of multiple buildings as an expansion of Wytec's next generation high speed network with further transmission through Wytec's LPN-16 patented technology. A new and improved design of this configuration is currently being developed to support the 5G standards for mobile data speeds up to 1Gbps Mbps.

The 5G network is expected to have a transformative impact as it connects people with devices, data, transport systems and cities in a smart networked communications environment. The 5G network will rely substantially on small cell technology to achieve its goals. To facilitate this, operators need reliable connections with strong signal integrity, significant bandwidth and low latency. Small cells bring improved connectivity (speeds, reliability, and low latency) to the edge of existing macro networks, serving smaller pockets, especially in rural and urban areas.

We believe the LPN-16 small cell can solve some of the long-term challenges faced by operators deploying small cells who need access to backhaul, lower total cost of ownership and easier site acquisition and access. It can also assist cities wrestling with the on-going technology upgrades, network growth demands, political hurdles and new business models needed to realize the benefits of a 5G world. In addition to aligning with technical and governmental issues, the LPN-16 is designed to meet the International Telecommunications Union (ITU) demands for 5G deployment and, for operator needs, and adheres to the Federal Communications Commission ("FCC") policy initiatives addressing the wide array of interests ranging from public safety entities and wireless innovators, to schools and libraries. Specifically, the FCC's Report and Order 14-153, *Acceleration of Broadband Deployment by Improving Wireless Facilities Siting Policies*, adopts rules to help spur wireless broadband deployment by facilitating the sharing of wireless transmission equipment using "neutral host" functionality to simultaneously support multiple providers. The LPN-16 was specifically designed to support a neutral host capability. The FCC's goal of "shared use" and "neutral host" seeks to expand coverage and capacity more quickly, reduce costs and promote access to infrastructure which reduces barriers to deployment and incentivizes sharing resources, rather than relying on new builds for every stakeholder, thereby safeguarding environmental, aesthetic, historic and local land-use values.

We have implemented an aggressive intellectual property strategy and continue to pursue patent protection for new innovations. In addition to the LPN-16 invention covered by our current patent, we have identified additional upgrades and additions to the LPN-16 which further tie it to the goals and timelines of the forthcoming 5G development, FCC policy initiatives and customer business usage. We believe that these upgrades are innovative and patentable. We intend to file for patent protection on these developments. Our strategy is to continually monitor the costs and benefits of our patent applications and pursue those that will best protect our business and expand the core value of the Company.

In addition to Wytec's intellectual property development, the Company has introduced two new product offerings known as G.fast and Cel-Fi, which further support our smart city initiatives. G.fast utilizes existing copper wire or coaxial cable to deliver gigabit broadband to underserved residential and commercial customers without the high cost and protracted construction time associated with traditional fiber optic construction. Cel-Fi is a smart indoor wireless technology that boosts cellular strength for the major carriers at a dramatically lower cost than distributed antenna systems. Management believes G.fast and Cel-Fi will strengthen the Company's ability to generate near-term revenue to complement long-term revenue and value expected from its LPN-16.

We have recruited and hired a seasoned management team with both private and public company experience and relevant technical and industry experience to develop and execute our operating plan. In addition, we have identified key engineering resources for intellectual property development, antenna development, hardware, software and firmware engineering, as well as integration and testing that will allow us to continue to expand our technology and intellectual property.

Beginning with this filing period the Company has reported revenue from the sale and installation of its new Cel-Fi product and anticipates a steady increase in revenues throughout the year on reported sales of both our new products and services, Cel-Fi and G.fast.

Most recently the company entered into a Memorandum of Understanding with Parallel Wireless, Inc. on July 25, 2018 to develop an enhanced LPN-16 prototype. The MOU addresses collaboration in three areas: (1) co-marketing and prototype development; (2) collaboration in establishing an LPN-16 with greater features and capabilities; and (3) collaboration on city-level tests to demonstrate new LPN-16 functionality derived through the combination of both parties' respective intellectual property. By combining the carrier neutral host capabilities of the LPN-16 with the carrier-agnostic network orchestration of Parallel Wireless' HetNet Gateway and other proprietary technology, Wytec and Parallel seek to create a system that can better serve multiple carriers, without the carrier's system seeing any difference from the traditional carrier supplied platform and further remove the traditional barriers to costly city-wide network development.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations, including the discussion on liquidity and capital resources, are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the estimated recoverable amounts of trade accounts receivable, impairment of long-lived assets, revenue recognition and deferred tax assets. We believe the following critical accounting policies require more significant judgment and estimates used in the preparation of the financial statements.

We maintain an allowance for doubtful accounts for estimated losses that may arise if any of our customers are unable to make required payments. Management specifically analyzes the age of customer balances, historical bad debt experience, customer credit-worthiness, and changes in customer payment terms when making estimates of the uncollectability of our trade accounts receivable balances. If we determine that the financial conditions of any of our customers deteriorated, whether due to customer specific or general economic issues, increases in the allowance may be made. Accounts receivable are written off when all collection attempts have failed.

Effective January 1, 2018, the Company adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606). The effect of the new standard is not significant to our operations. Previously, we followed the provisions of Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements" for revenue recognition and SAB 104.

Income taxes are accounted for under the asset and liability method. Under this method, to the extent that we believe that the deferred tax asset is not likely to be recovered, a valuation allowance is provided. In making this determination, we consider estimated future taxable income and taxable timing differences expected in the future. Actual results may differ from those estimates.

Results of Operations for the Six Months Ended June 30, 2018 and 2017

Revenue for the six months ended June 30, 2018 was \$188,637, as compared to revenue of \$24,151 for the six months ended June 30, 2017. This increase in revenue of \$164,486 or 681% was primarily due to increases in revenue from our network buildout services and other related engineering services.

Cost of sales for the six months ended June 30, 2018 was \$81,484, an increase of \$81,241, or 33,433%, from \$243 in the six months ended June 30, 2017. Our cost of sales increased to an increase in sales of our buildout services and other related engineering services.

General and administrative expenses were \$1,339,788 for the six months ended June 30, 2018, as compared to \$1,274,628 for the six months ended June 30, 2017. This resulted in an increase of \$65,160 or 5% compared to the same period in 2017. The increase in our general and administrative expenses was largely a result of increased salaries and wage expense which increased by \$25,994, or 4% for the six months ended June 30, 2018 as compared to the same period in 2017. The additional increase to our general and administrative expenses was from an increase in salary and wages incurred during the six months ended June 30, 2018.

Research and development costs were \$21,303 for the six months ended June 30, 2018, as compared to \$5,333 for the six months ended June 30, 2017. The increase of \$15,970 or 299% was due to an increase in expenses related to the development of Wytec's LPN-16 and related patent application.

Liquidity and Capital Resources

While we have raised capital to meet our working capital and financing needs in the past, additional financing will be required in order to meet our current and projected cash requirements for operations. As of June 30, 2018, we had working capital of \$555,779. As of June 30, 2018, \$1,755,000 of our current liabilities is deferred revenue on Link sales that have been funded by customers, for which obligations to the customers have not yet been completely performed, or the Link has not yet been repurchased by the Company.

During 2017, we entered into a Revolving Line of Credit Note (the "LOC") with CCI pursuant to which we may in our discretion advance up to \$800,000 to CCI. The outstanding principal will bear simple interest at the rate of five percent (5%) per annum, computed on the basis of the actual number of days elapsed in a year of 365 days, with all principal and accrued but unpaid interest due and payable in full on demand. Upon the occurrence of an Event of Default, as that term is defined in the LOC, all unpaid obligations under the LOC will bear interest at the default rate of twelve percent (12%) per annum. CCI has limited sales and cash flows and intends to fund the LOC from capital raised by CCI in their planned private placements of securities. Our commitment to advance funds to CCI under the LOC is discretionary and, if we do not have adequate capital to fund an advance, we will not make it. During 2017 we transferred \$391,215 of non-interest bearing debt owed to us by CCI into the LOC, which we treated as a single draw on credit facility on that date. The debt was incurred by CCI since December 31, 2016 but prior to spin off to fund the following requirements: The repayment of a Small Business Administration ("SBA") loan for the benefit of Discovernet, Inc., a prior subsidiary of CCI, and personally guaranteed by the President of CCI. Discovernet, Inc. was relieved of this debt in bankruptcy, however, the personal guarantee by the President of CCI was not. The board of directors of CCI determined to assist the President of CCI with repayment of the loan including principal, interest and penalties. CCI recorded the loan repayment as a bonus to Mr. Gray and grossed up the amount to cover the taxes. The loan repayment, grossed up to cover taxes, and the related payroll expenses totaled \$258,878. The balance of the loan proceeds was used to enable CCI to repurchase common stock held by two employees of CCI totaling \$20,187, and for operating expenses of CCI totaling \$112,150. We have established an allowance against amounts due to us from CCI of \$419,433 as of June 30, 2018. As of April 2, 2018, Wytec no longer lends funds to CCI.

We estimate that we will need approximately \$3,000,000 of capital or financing over the next 12 months to fund our planned operations, which we plan to satisfy as described below under "Satisfaction of our Cash Needs for the Next 12 Months."

We anticipate that we will incur operating losses in the next twelve months. Our revenue is not expected to exceed our investment and operating costs in the next twelve months. Our prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in their early stage of operations. To address these risks, we must, among other things, seek growth opportunities through investment and acquisitions, implement and successfully execute our business strategy, respond to competitive developments, and attract, retain and motivate qualified personnel. We cannot assure that we will be successful in addressing such risks, and the failure to do so could have a material adverse effect on our business prospects, financial condition and results of operations.

Cash Flow from Operating Activities

Cash flows used in operating activities during the six months ended June 30, 2018 were \$1,608,458 compared to \$1,622,814 during the six months ended June 30, 2017. This decrease of \$14,356 was primarily due to an increase in the related party receivable from the six months ended June 30, 2017 to the same period in 2018.

Cash Flow from Investing Activities

Cash flows used by investing activities during the six months ended June 30, 2018 were \$57,737 compared to the cash flows used by investing activities of \$10,923 during the six months ended June 30, 2017. The increase in cash flows used in investing activities during the six months ended June 30, 2018 as compared to the same period in 2017 reflects the purchase of equipment in 2018. Capital expenditures totaled \$14,453 and \$10,923 during the six months ended June 30, 2017 and June 30, 2018, respectively. Additionally, \$43,302 was expended for construction-in-process during the six months ended June 30, 2018.

Cash Flow from Financing Activities

Cash flows provided from financing activities during the three months ended June 30, 2018 were \$499,903 compared to \$1,801,761 during the six months ended June 30, 2017. These receipts represent proceeds from the sale of the Company's common and preferred stock.

Satisfaction of Our Cash Obligations for the Next 12 Months.

As of June 30, 2018, our cash balance was \$2,330,224. Our plan for satisfying our cash requirements for the next twelve months is through sales-generated income, private placements of our capital stock, third party financing, and/or traditional bank financing. We anticipate sales-generated income during that same period of time, but do not anticipate generating sufficient revenue to meet our working capital requirements. Consequently, we intend to attempt to find sources of additional capital in the future to fund our growth and expansion through additional equity or debt financing or credit facilities. There is no assurance that we will be able to meet our working capital requirements through the private placement of equity or debt or from any other source.

Impact of Distribution by CCI on our Financial Statements

On October 25, 2016, the board of directors of CCI authorized management to pursue a plan to spin-off (the "Spin-Off") to its stockholders common stock and warrants of Wytec. In the Spin-Off, record holders of each share of CCI common stock received approximately 0.0026 shares of Wytec's common stock, rounded-up to the nearest whole share, and two Wytec common stock purchase warrants for every share of Wytec's common stock issuable to the holder. Following the Spin-Off, CCI no longer owns any equity interest in Wytec, and Wytec operates independently from CCI. The record date for the Spin-Off was November 10, 2017 and the distribution date for the Spin-Off Warrants and Spin-Off common stock was November 20, 2017.

Deferred Revenue

Deferred revenue consists of amounts billed and collected before services have been completed. If Wytec, at its sole discretion, were to the refund the purchase price of Registered Links before the Links were installed, the cost to satisfy deferred revenue as of June 30, 2018 would be \$1,755,000. Wytec would incur estimated additional costs of \$650,000 to activate these Registered Links, complete the transaction and earn the \$1,755,000 of revenue. If Wytec repurchased the remaining outstanding Links under the current Series B Preferred Stock and warrant buy-back exchange offer, deferred revenue would be satisfied, no revenue would be earned, and shareholder equity would increase by \$1,755,000.

Going Concern

Our consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. We have incurred continuous losses from operations, have an accumulated deficit of \$15,505,120 at June 30, 2018, and have reported negative cash flows from operations over the last six years. In addition, we do not currently have the cash resources to meet our operating commitments for the next twelve months. The Company's ability to continue as a going concern must be considered in light of the problems, expenses, and complications frequently encountered by entrance into established markets and the competitive nature in which we operate.

Our ability to continue as a going concern is dependent on our ability to generate sufficient cash from operations to meet our cash needs and/or to raise funds to finance ongoing operations and repay debt. However, there can be no assurance that we will be successful in our efforts to raise additional debt or equity capital and/or that our cash generated by our operations will be adequate to meet our needs. These factors, among others, indicate that we may be unable to continue as a going concern for a reasonable period of time.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Recently Issued Accounting Standards

We have reviewed the standards issued by the Financial Accounting Standards Board ("FASB") through June 30, 2018 and which are not yet effective. None of the standards will have a material impact on our financial statements.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Not Applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

Our chief executive officer and principal financial officer, William H. Gray, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on this evaluation, our chief executive officer and principal financial officer has concluded that our disclosure controls and procedures were not effective as of June 30, 2018. Specifically, our disclosure controls and procedures were not effective in timely alerting our management to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings and ensuring that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief financial officer, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure, for the following reasons:

- We do not have an independent board of directors or audit committee.
- All of our financial reporting is generated by our financial consultant.
- We do not have an independent body to oversee our internal controls over financial reporting and we lack adequate segregation of duties due to the limited nature and resources of the Company.

We have begun to rectify these weaknesses by hiring additional accounting personnel and will create an independent board of directors once we have additional resources to do so.

Internal Control Over Financial Reporting

Our chief executive officer and principal financial officer is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The Company may be involved in legal actions and claims arising in the ordinary course of business from time to time. As of the date of the report, there are no legal matters of which management is aware.

Item 1A. Risk Factors.

While we attempt to identify, manage, and mitigate risks and uncertainties associated with our business to the extent practical under the circumstances, some level of risk and uncertainty will always be present. Our Registration Statement on Form S-1, dated October 5, 2017, and final Prospectus, dated October 10, 2017, describe some of the risks and uncertainties associated with our business that have the potential to materially affect our business, financial condition or results of operations.

Item 2. Unregistered Sales of Equity Securities.

During the six months ending June 30, 2018, we issued the following securities that were not registered under the Securities Act of 1933, as amended (the "Securities Act"):

In July 2018, the Company issued 114 shares of common stock to 1 investor pursuant to the exercise of 114 warrants for a total of \$570 in accordance with Rule 506 (b) of Regulation D of the Securities Act. of 1933, as amended the "Securities Act".

In July 2018, the Company issued 440,000 common stock purchase warrants to 5 investors pursuant to our early conversion offer to our existing Series A Preferred Stockholders in accordance with Rule 506 (b) of Regulation D of the Securities Act.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

<u>Exhibit</u>	<u>Description</u>
3.1	<u>Articles of Incorporation, dated November 7, 2011(1)</u>
3.2	<u>Amendment to Articles of Incorporation, dated January 14, 2014(1)</u>
3.3	<u>Amendment to Articles of Incorporation, dated June 13, 2014(1)</u>
3.4	<u>Bylaws(1)</u>
4.1	<u>Certificate of Designation for Series A Preferred Stock, dated February 14, 2014 (1)</u>
4.2	<u>Certificate of Designation for Series B Preferred Stock, dated June 13, 2014 (1)</u>
4.3	<u>Amendment to Certificate of Designation for Series B Preferred Stock, dated October 22, 2014 (1)</u>
4.4	<u>Amendment to Certificate of Designation for Series B Preferred Stock, dated March 4, 2015 (1)</u>
4.5	<u>Certificate of Designation for Series C Preferred Stock, dated July 26, 2016 (1)</u>
4.6	<u>Warrant distributed in Spin-Off (1)</u>
4.7	<u>Amended and Restated Warrant distributed in Spin-Off (2)</u>
10.1	<u>Separation and Distribution Agreement by and between Wytec International, Inc. and Competitive Companies, Inc. (1)</u>
10.2	<u>License Agreement by and between Wytec International, Inc. and Competitive Companies, Inc. (1)</u>
10.3	<u>Revolving Line of Credit Note by and between Wytec International, Inc. and Competitive Companies, Inc. (1)</u>
10.4	<u>Stock Purchase Agreement by and among Wytec International, Inc., Competitive Companies, Inc., and Capaciti Networks, Inc., dated November 17, 2016 (1)</u>
10.5	<u>Amendment to Stock Purchase Agreement by and among Wytec International, Inc., Competitive Companies, Inc., and Capaciti Networks, Inc., as of November 17, 2016 (2)</u>
10.6	<u>Employment Agreement by and between Wytec International, Inc. and Robert Merola, dated January 16, 2018 (3)</u>
14.1	<u>Code of Conduct (1)</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act *</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act *</u>
32.1	<u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act *</u>
32.2	<u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act *</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

(1) Incorporated by reference from the original filing of the Registration Statement on January 10, 2017.

(2) Incorporated by reference from the filing of Amendment No. 2 to the Registration Statement on Form S-1 on August 7, 2017.

(3) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated January 18, 2018.

* Filed herewith. Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

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

WYTEC INTERNATIONAL, INC.

By: /S/ William H. Gray

William H. Gray, Chairman, Chief Executive Officer,
President, and Chief Financial Officer (Principal
Executive Officer/Principal Accounting Officer)

Date: August 14, 2018

I, William H. Gray, certify that:

1. I have reviewed this report on Form 10-Q of Wytec International, 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 registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (of persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 14, 2018

/s/ William H. Gray

William H. Gray, Chief Executive Officer and President
(Principal Executive Officer)

I, William H. Gray, certify that:

1. I have reviewed this report on Form 10-Q of Wytec International, 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 registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (of persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 14, 2018

/s/ William H. Gray

William H. Gray, Chief Financial Officer
(Principal Accounting Officer)

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

In connection with the Quarterly Report of Wytec International, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2018 (the "Report") I, William H. Gray, Chief Executive Officer and President of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2018

/s/ William H. Gray

William H. Gray, Chief Executive Officer and President
(Principal Executive Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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

In connection with the Quarterly Report of Wytec International, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2018 (the "Report") I, William H. Gray, Chief Financial Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2018

/s/ William H. Gray
William H. Gray, Chief Financial Officer
(Principal Accounting Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.