

DIGERATI TECHNOLOGIES, INC.

FORM 8-K (Current report filing)

Filed 06/22/21 for the Period Ending 06/22/21

Address	825 W. BITTERS RD., SUITE 104 SAN ANTONIO, TX, 78216
Telephone	(210) 775-0888
CIK	0001014052
Symbol	DTGI
SIC Code	7374 - Services-Computer Processing and Data Preparation
Industry	Integrated Telecommunications Services
Sector	Telecommunication Services
Fiscal Year	07/31

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **June 22, 2021**

Digerati Technologies, Inc.
(Exact name of registrant as specified in its charter)

Nevada
(State or other Jurisdiction
of Incorporation)

001-15687
(Commission
File Number)

74-2849995
(IRS Employer
Identification No.)

825 W. Bitters Rd., Suite 104
San Antonio, Texas 78216
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(210) 614-7240**

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 8.01. Other Matters.

Digerati Technologies, Inc. (the “Company”) has prepared an investor presentation dated June 2021 (the “Investor Presentation”) for use in connection with investor presentations, which Investor Presentation is available on the Company’s website at <http://www.digerati-inc.com>. A copy of the Investor Presentation is attached hereto as Exhibit 99.1 and is incorporated herein by reference. On June 22, 2021, the Company has also issued a press release announcing the availability of the Investor Presentation on the Company’s website. A copy of the press release is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Identification of Exhibit
99.1	Investor Presentation dated June 2021
99.2	Press Release dated June 22, 2021

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 hereunto duly authorized.

Digerati Technologies, Inc.

Dated: June 22, 2021

By: /s/ Antonio Estrada Jr.

Name: Antonio Estrada Jr.

Title: Chief Financial Officer



Digerati

Unified Communications as a Service (UCaaS)

INVESTOR PRESENTATION
June 2021



This presentation is for discussion purposes only. Certain material is based upon third party information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Certain statements in this presentation constitute "forward-looking statements" relating to Digerati Technologies, Inc. ("DTGI," "Digerati" or the "Company") made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that are based on current expectations, estimates, forecasts and assumptions and are subject to risks and uncertainties. Words such as "anticipate," "assume," "begin," "believe," "budget," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "target," "would" and variations of such words and similar expressions are intended to identify such forward-looking statements. All forward-looking statements speak only as of the date on which they are made. Such forward-looking statements are subject to certain risks, uncertainties and assumptions relating to factors that could cause actual results to differ materially from those anticipated in such statements, including, without limitation, the following:

- the impact of the recent coronavirus outbreak on our results of operations and our business;
- our ability to effectively market and generate revenue from our applications;
- our ability to generate and maintain active subscribers and to effectively monetize our user base;
- the intense competition in the industries in which our business operates and our ability to effectively compete with existing competitors and new market entrants;
- legal and regulatory requirements related to holding and distributing cryptocurrencies and accepting cryptocurrencies as a method of payment for our services;
- risks related to our holdings of digital tokens, including risks related to the volatility of the trading price of the digital tokens and our ability to convert digital tokens into fiat currency;
- our ability to obtain additional capital or financing to execute our business plan, including through offerings of debt or equity; our ability to develop, establish and maintain strong brands;
- the effects of current and future government regulation, including laws and regulations regarding the use of the internet, privacy and protection of user data and blockchain and cryptocurrency technologies;
- our ability to offset fees associated with the distribution platforms that host our applications; our reliance on our executive officers; and
- our ability to release new applications on schedule or at all, as well as our ability to improve upon existing applications.

For a more detailed discussion of these and other factors that may affect our business, see our filings with the Securities and Exchange Commission, including the discussion under "Risk Factors" set forth in our latest Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We caution that the foregoing list of factors is not exclusive, and new factors may emerge, or changes to the foregoing factors may occur, that could impact our business. We do not undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this report, except to the extent required by applicable securities laws.

Only in the Cloud™



Cloud Communications,
Cloud Telephony,
Cloud WAN,
Cloud Call Center,
Cloud Mobile

Digerati focuses on serving the 'high-touch' small to medium-sized business (SMB) market in various industries including Healthcare, Banking, Financial Services, Legal, Real Estate, and Construction . Our primary market is in the U.S. with a strong presence in Texas and Florida, respectively the 2nd and 4th largest state economies by GDP in the USA.

Primary Services Sectors:



Municipalities



Financial Services



Healthcare



Professional Services



Real Estate



Banking



2,600+
Business Customers

Accolades

Digerati is a multi-year recipient of Deloitte's Fast500 and Fast50 Awards for recognition as one of the fastest growing technology companies in North America.

Successful Integrations



Newly Acquired Businesses



Acquisitions have been a key driver in increasing market share and revenue growth

Market Data

(as of 6/15/21)

Ticker (OTCQB) Share Price	DTGI \$0.175
Enterprise Value	\$38 million
LQA Revenue	\$15.0 million
LQA Adjusted EBITDA	\$1.284 million
Average Daily Volume	0.6 million shares

LQA = Last Quarter Annualized



HIGHLY EXPERIENCED MANAGEMENT TEAM

Over 125 years of combined experience in the telecommunication and cloud communication services industry



MARKET INSIGHT

Knowledge and access to high growth potential markets provides unique opportunity to rapidly expand each business line



ORGANIC & ACQUISITIVE GROWTH STRATEGY

Rapid advancements in communications technology and business migration towards Internet-based communications systems are driving exponential market growth



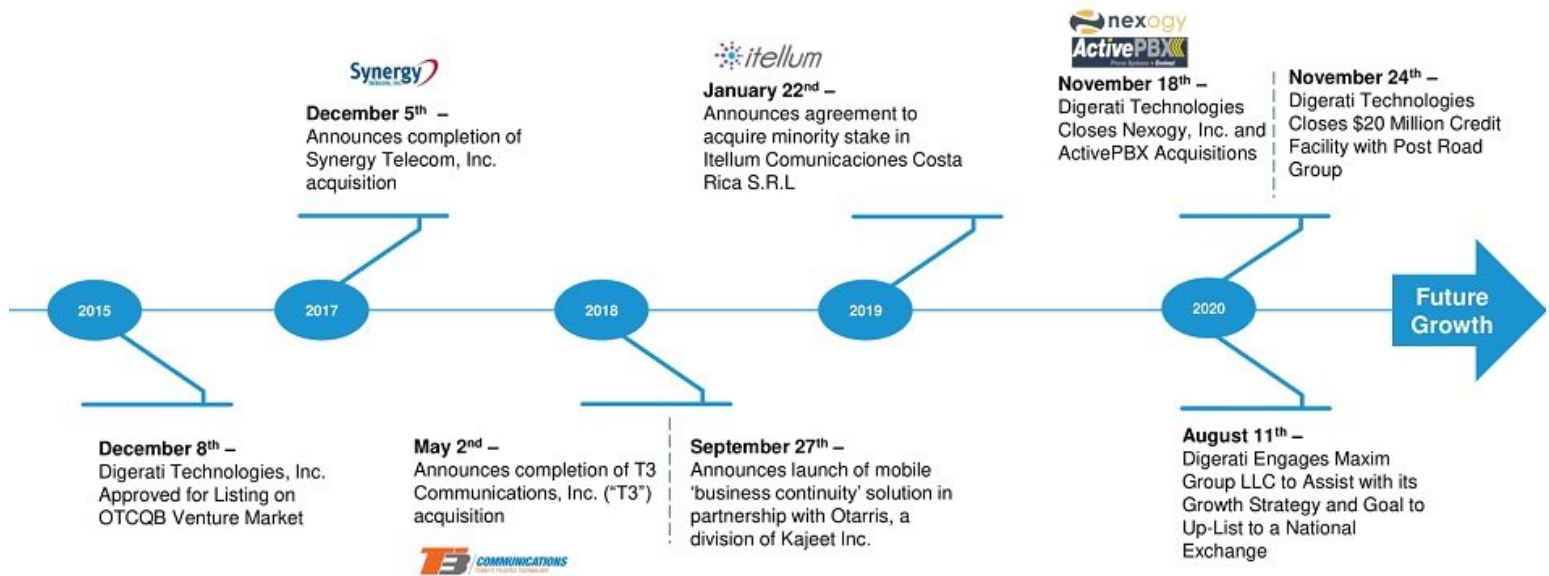
RECURRING REVENUE STREAMS

High-margin recurring revenue from multi-year contracts with business customers



CORPORATE TIMELINE

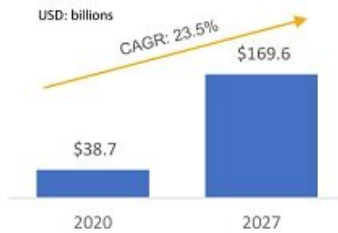
Digerati Technologies, Inc. | Ticker: DTGI





HIGH GROWTH MARKET

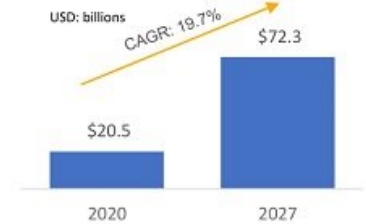
Global UCaaS Market Growth ¹



Business IP Traffic By Network (EB/mo)



Global CCaaS Market Growth ²



- Business IP-based voice and data traffic demand continues to accelerate as mission critical software applications migrate to the cloud
- Businesses are becoming increasingly comfortable with the delivery of core services in the cloud

**\$169
BILLION**

Global UCaaS Market will
be \$169 Billion by 2027

**\$72
BILLION**

Global CCaaS Market will
be \$72 Billion by 2027

Source: (1) Grand View Research, Inc. <https://www.grandviewresearch.com/press-release/global-unified-communications-as-a-service-market>
(2) Grand View Research, Inc. <https://www.grandviewresearch.com/press-release/global-contact-center-software-market>



- Businesses continue to migrate from legacy systems to cloud-based communication services
- Growth fueled primarily by business adoption stemming from both the cost effectiveness and innovation of cloud infrastructure vs. legacy systems
- SMBs prefer single source providers for their IT and communications needs and are redefining solution expectations within the cloud framework
- DTGI is positioned for third wave by focusing on integration with CRM and other collaboration software

Wave 1



- **Move to Internet Protocol (VoIP)**
- **Packet-switching**
- **Application-centric**

Wave 2

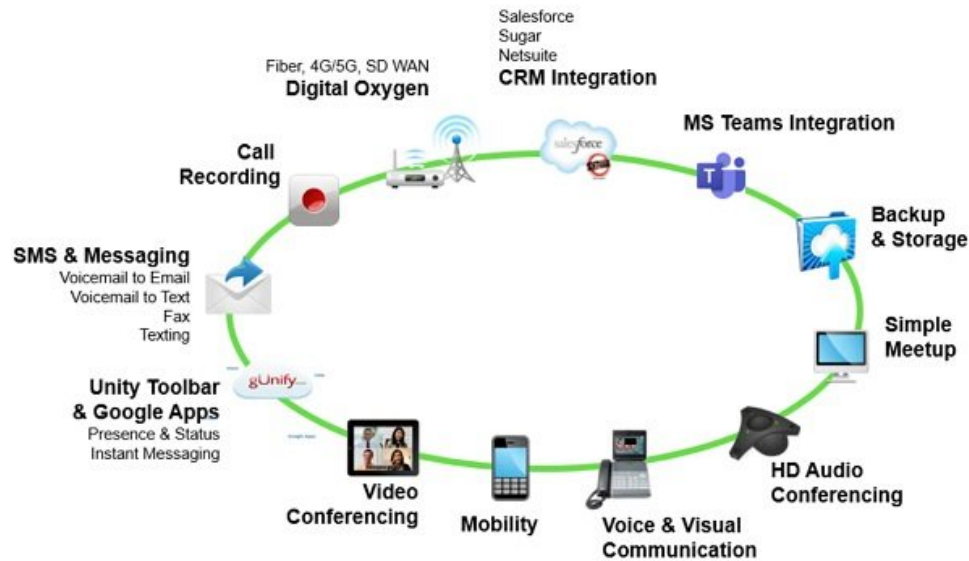


- **Move to Cloud-hosted services (e.g., UCaaS, CCaaS)**
- **Individual-centric**
- **Application/task-centric**

Market is entering third wave of Unified Communications and Collaboration transformation driving demand for cloud native integrated and collaborative capabilities with low-code/no-code integrations to many popular cloud applications



PRODUCTS AND SERVICES – UCaaS Services



- Robust UCaaS application that supports complete cloud communication capabilities and cloud telephony applications
- MS Teams integration
- CRM integration
- Contact Center platform and application (CCaaS)
- Complete mobility via mobile/web platform and softclient
- Real time communication from anywhere on any device
 - Voice, video, private chat, business SMS
- Delivery of digital oxygen and business continuity solutions
 - Fiber broadband
 - Cloud WAN (SD WAN)
 - Mobile broadband over 4G/5G



RECENTLY ACQUIRED BUSINESSES

Digerati Technologies, Inc. | Ticker: DTGI



- Miami-based provider of UCaaS and managed services
- Offers a portfolio of cloud-based solutions to SMB's; 1,500 business accounts and 14,000 users
- Serves various industries including Education, Health Care, Financial Services, and Real Estate.
- Product portfolio includes diverse cloud solutions: *Voice PBX – Broadband data – Collaboration – Managed services*



- Miami-based global provider of cloud-based business phone systems that increase productivity and mobility while reducing telecom expenses.
- Offers CRM integration with a robust contact center platform that integrates with all major CRM platforms
- Key partner agreements include Oracles NetSuite that provides for the delivery of an enterprise-class contact center to any business that utilizes NetSuite

Transaction Rationale

- Both acquisitions provide an increase in revenue and EBITDA contribution via a contracted customer base with recurring revenue stream.
- Provides access to greater pool of small and medium sized business customers in various industries.
- Combined with T3 Communications, resulted in over 300 channel partners as conduit for sales growth

Accretive M&A Outcomes / Improvements

\$8 Million

Annual Revenue
Contribution

\$1.5 Million

Annual EBITDA
Contribution

**2,600
Total Business
Customers**

**28,000
Total Users**



DIGERATI IS EXECUTING ON A WELL-DEFINED GROWTH PLAN

Digerati Technologies, Inc. | Ticker: DTGI



Secure Adequate Growth Capital

Continued balance sheet clean up and improve access to equity markets.

Well-position the Company to act on strategic and accretive acquisition opportunities.



Acquire Synergistic Business

Identify and acquire local and/or regional UCaaS/cloud telephony providers with high gross margins and predictable revenue streams.

Provides greater access to similar customers in banking/insurance, financial services, legal, municipalities, food service etc...



Drive Revenue Growth

Focus on integration of recently acquired businesses.

Targeting a range of YoY organic revenue growth between 5% and 10%.

Continued enhancements to its broadband product portfolio, improving the Company's UCaaS solutions, and implementing a total support model



Future Growth and National Listing

Continue to evaluate opportunistic and accretive acquisitions.

Drive operational efficiencies to increase EBITDA.

Work with Investment Banking partner to achieve a listing onto a national U.S. exchange.



Disciplined Approach in a Very Fragmented UCaaS Industry!




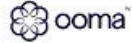

- Complements organic growth
- Greater than 50% of UCaaS industry is made up of local/regional providers
- Ability to replicate acquisition success of integration and re-energizing sales efforts
- Identify and implement best practices of acquisition targets
- Support by strong financial partner Post Road Group
- Potential to use public company stock currency in the future





COMPETITION

- Competition for SMB's is largely through fragmented market of local, regional providers. Larger competitors are primarily focused on enterprise customers (Fortune 1000 enterprise accounts).
- Larger competitors include:

					
Description	Provider of cloud communication services.	Provider of SaaS-based cloud unified communications and collaboration technology.	Provider of cloud-based enterprise-class telecommunication services created to enable mobility and global connectivity.	Provider of cloud-based smart platform intended to transform the landscape of home phone services.	Developer of a communication platform designed to provide small scale companies with big-business phone features.
Primary Industry	Communication Software	Communication Software	Telecommunication Service Providers	Telecommunication Service Providers	Communication Software
HQ Location	Holmdel, NJ	Belmont, CA	San Jose, CA	Sunnyvale, CA	Scottsdale, AZ



Q3 Fiscal Quarter ended April 30, 2021

- **140% increase** in revenue to \$3.751 million
- **\$15.0 million** LQA revenue
- **\$321K Adjusted EBITDA****
- **\$619K in OPCO EBITDA****

Fiscal Quarter Ended (\$000s)	April 30, 2021	April 30, 2020
Revenue	\$3,751	\$1,566
Net income (loss)*	\$(12,803)	\$(1,107)
Adjusted EBITDA**	\$321	\$(13)
Cash/Cash Equivalents Ending Balance	\$2,125	\$445

*For April 30, 2021 includes loss on derivative instruments of \$10.878 million, a non-cash expense

**Adjusted EBITDA and OPCO EBITDA excludes all non-cash items and one-time transactional expenses



Post Road Group - \$20 million Senior Debt Facility

- Private investment firm located in Stamford, Connecticut investing in corporate credit and real estate
- Initial funding used to close the acquisitions of Nexogy, Inc. and ActivePBX, and refinance existing debt
- Future draws may be used to fund additional acquisitions within the Company's robust M&A pipeline

Andrew Runk, Managing Director of Post Road Group, added, "We are excited to become Digerati's capital partner. With these recent acquisitions, Digerati's platform represents a springboard to growth and considerable scale in the SMB marketplace."

Since its founding in 2015, Post Road Group has completed over \$1 billion of investments. PRG's Corporate Credit platform provides growth capital through senior secured loans and structured equity investments in the Technology, Media, Telecommunications ("TMT"), and business service industries, with a focus on telecom infrastructure and communications services in the lower-middle market, providing high-growth companies with flexible capital for strategic acquisitions, organic growth, and other special situations.

**DTGI trades at over 30% discount Enterprise Value to Revenue multiple when compared to peer group average**

<i>in \$millions, as per 6/15/21</i> Company (Stock Symbol)	Enterprise		TTM	Operating P/L	Enterprise Multiples	
	Value	Revenue	Growth		Revenue	Operating P/L
ClearOne, Inc. (CLRO)	\$45	\$29.1	16%	(\$5.6)	1.5	NMF
Crexendo (CXDO)	\$85	\$17.0	15%	\$0.0	5.0	NMF
8x8 Inc. (EGHT)	\$2,830	\$509.1	21%	(\$152.3)	5.6	NMF
J2 Global (JCOM)	\$6,830	\$1,555.4	11%	\$357.8	4.4	19.1
Lantronix (LTRX)	\$145	\$68.2	30%	(\$4.0)	2.1	NMF
Ooma (OOMA)	\$355	\$168.9	11%	(\$2.8)	2.1	NMF
Vonage Holdings (VG)	\$3,790	\$1,283.4	6%	\$4.9	3.0	773.5
Group Average			16%		3.4	396.3
Digerati Technologies (DTGI)	\$38	\$15.0	30%	\$0.0	2.5	NMF

*DTGI revenue based on last fiscal quarter annualized for period ending April 30, 2021



SEASONED LEADERSHIP

Digerati Technologies, Inc. | Ticker: DTGI



Craig K. Clement

Executive Chairman

- Over 25 years of Telecom, Technology Industry, and public company experience
- Former Chief Operating Officer of XPEL Technologies Corp. (NASDAQ: XPEL); responsible for taking XPEL public in 2004
- Sr. VP Corporate Development with ATSI Communications, Inc. (AMEX: AI) that achieved a public market valuation in excess of \$500 million
- Founding CEO of GlobalSCAPE, Inc. (NYSE: GSB) that achieved nearly \$300 million in market value



Arthur L. Smith

Chief Executive Officer

- Over 30 years of Telecom, Technology Industry, and public company experience
- Founded and launched DTGI as International Telecom Business that reached a public market valuation in excess of \$500 million on AMEX (AMEX: AI)
- Founded and Spun-Off Internet Software Business: GlobalSCAPE, Inc. (NYSE: GSB) in 2000
- Has Completed 12 Acquisitions and Secured Investment of \$220 Million



Antonio Estrada

Chief Financial Officer

- Over 22 Years of Telecom Industry Experience and Accounting/Finance Experience
- 16 Years of CFO Public Company Experience With Over \$45 Million in Annual Revenue
- Completed 2 Acquisitions in the Oilfield Services Industry With Over \$40 Million in Annual Revenue
- Completed 5 Acquisitions in the Telecom Industry



Ken Ryon
CTO



Felipe Lahrssen
Executive VP
Sales & Operations



Ryan McDowell
VP Business
Development



Bryan Asher
VP Channel Sales



Colin Anderson
Executive Director
MIS and
Technology



Jennifer Crisp
Controller and HR

Thank you!

Digerati Technologies, Inc.
825 W. Bitters Road,
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San Antonio, TX 78216

www.digerati-inc.com
Phone: (210) GET-VOIP





Digerati Technologies Posts Investor Presentation on its Corporate Website

SAN ANTONIO, TX (GlobeNewswire) – June 22, 2021 – Digerati Technologies, Inc. (OTCQB: DTGI) (“Digerati” or the “Company”), a provider of cloud services specializing in UCaaS (Unified Communications as a Service) solutions for the small to medium-sized business (“SMB”) market, is pleased to announce that it has posted its investor presentation on its corporate website at the following link:

<https://digerati-inc.com/pdf/presentation.pdf>

Arthur L. Smith, CEO of Digerati, stated, “Coming off a successful quarter with 140% revenue growth and a steady improvement on key financial measures over the past two quarters, we decided it was an opportune time to provide our investor presentation to the public. Management will be updating the presentation on a quarterly basis to keep its shareholders informed on a summary basis of the Company’s financial performance, key milestones achieved and relevant market data.”

About Digerati Technologies, Inc.

Digerati Technologies, Inc. (OTCQB: DTGI) is a provider of cloud services specializing in UCaaS (Unified Communications as a Service) solutions for the business market. Through its operating subsidiaries T3 Communications (T3com.com) and Nexogy (Nexogy.com), the Company is meeting the global needs of businesses seeking simple, flexible, reliable, and cost-effective communication and network solutions including cloud PBX, cloud telephony, cloud WAN, cloud call center, cloud mobile, and the delivery of digital oxygen on its broadband network. Digerati has developed a robust integration platform to fuel mergers and acquisitions in a highly fragmented market as it delivers business solutions on its carrier-grade network and *Only in the Cloud*™. For more information, please visit www.digerati-inc.com or follow DTGI on LinkedIn, Twitter and Facebook.

Facebook: Digerati Technologies, Inc.

Twitter: @DIGERATI_IR

LinkedIn: Digerati Technologies, Inc.

Investors

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