

Reconciliation of Net Loss to Adjusted EBITDA

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts, unaudited)

	Three months ended October 31,	
	2021	2020
OPERATING REVENUES:		
Cloud software and service revenue	\$ 3,777	\$ 1,552
Total operating revenues	3,777	1,552
OPERATING EXPENSES:		
Cost of services (exclusive of depreciation and amortization)	1,490	748
Selling, general and administrative expense	1,788	1,011
Legal and professional fees	574	258
Bad debt	13	-
Depreciation and amortization expense	492	161
Total operating expenses	4,357	2,178
OPERATING LOSS	(580)	(626)
OTHER INCOME (EXPENSE):		
Gain (loss) on derivative instruments	4,433	178
Income tax benefit (expense)	(77)	(8)
Other income (expense)	(4)	-
Interest expense	(1,506)	(300)
Total other income (expense)	2,846	(130)
NET INCOME (LOSS) INCLUDING NONCONTROLLING INTEREST	2,266	(756)
Less: Net loss attributable to the noncontrolling interests	158	35
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	2,424	(721)
Deemed dividend on Series A Convertible preferred stock	(5)	(5)
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	\$ 2,419	\$ (726)
INCOME (LOSS) PER COMMON SHARE - BASIC	\$ 0.02	\$ (0.01)
INCOME (LOSS) PER COMMON SHARE - DILUTED	\$ (0.01)	\$ (0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	138,719,017	119,914,246
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	250,723,611	119,914,246

See notes to consolidated unaudited financial statements

Reconciliation of Net Income (Loss) to Adjusted EBITDA - OPCO, Net of Non-cash expenses & Transactional Costs.		
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS, as reported	\$ 2,424	\$ (721)
<u>EXCLUDING NON-CASH ITEMS TRANSACTIONAL COSTS & CORP EXP ADJUSTMENTS:</u>		
Stock compensation & warrant expense	24	343
Corp Expenses (Net of stock compensation & Transactional cost)	374	184
Legal and professional fees - transactional costs	368	180
Depreciation and amortization expense	492	161
Loss on derivative instruments	(4,433)	(178)
Bad Debt	13	-
<u>OTHER ADJUSTMENTS</u>		
Other income (expense)	4	-
Interest expense	1,506	300
Income tax	77	8
Less: Net loss attributable to the noncontrolling interest	(158)	(35)
ADJUSTED EBITDA - OPCO	\$ 691	\$ 242
ADD-BACKS Expenses		
Corp Expenses net of stock compensation & Transactional cost	374	184
ADJUSTED EBITDA - INCOME (LOSS)	\$ 317	\$ 58