

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts, unaudited)

	Three months ended January 31,		Six months ended January 31,	
	2021	2020	2021	2020
OPERATING REVENUES:				
Cloud software and service revenue	\$ 3,326	\$ 1,557	\$ 4,878	\$ 3,146
Total operating revenues	<u>3,326</u>	<u>1,557</u>	<u>4,878</u>	<u>3,146</u>
OPERATING EXPENSES:				
Cost of services (exclusive of depreciation and amortization)	1,434	776	2,182	1,579
Selling, general and administrative expense	1,965	1,118	2,976	2,310
Legal and professional fees	255	208	513	310
Bad debt	4	1	4	1
Depreciation and amortization expense	432	153	593	316
Total operating expenses	<u>4,090</u>	<u>2,256</u>	<u>6,268</u>	<u>4,516</u>
OPERATING LOSS	<u>(764)</u>	<u>(699)</u>	<u>(1,390)</u>	<u>(1,370)</u>
OTHER INCOME (EXPENSE):				
Gain (loss) on derivative instruments	(160)	783	18	318
Gain (loss) on settlement of debt	197	-	197	-
Income tax benefit (expense)	(51)	(7)	(59)	32
Interest expense	(1,202)	(578)	(1,502)	(1,002)
Total other income (expense)	<u>(1,216)</u>	<u>198</u>	<u>(1,346)</u>	<u>(652)</u>
NET LOSS INCLUDING NONCONTROLLING INTEREST	<u>(1,980)</u>	<u>(501)</u>	<u>(2,736)</u>	<u>(2,022)</u>
Less: Net loss attributable to the noncontrolling interests	30	44	65	57
NET LOSS ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	<u>(1,950)</u>	<u>(457)</u>	<u>(2,671)</u>	<u>(1,965)</u>
Deemed dividend on Series A Convertible preferred stock	(5)	-	(10)	-
NET LOSS ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	<u>\$ (1,955)</u>	<u>\$ (457)</u>	<u>\$ (2,681)</u>	<u>\$ (1,965)</u>
LOSS PER COMMON SHARE - BASIC	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>
LOSS PER COMMON SHARE - DILUTED	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	<u>122,706,601</u>	<u>38,118,032</u>	<u>121,578,716</u>	<u>31,598,490</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	<u>122,706,601</u>	<u>38,118,032</u>	<u>121,578,716</u>	<u>31,598,490</u>

See notes to consolidated unaudited financial statements

Reconciliation of Net Income (Loss) to Adjusted EBITDA - OPCO, Net of Non-cash expenses & Transactional Costs.				
reported	<u>\$ (1,950)</u>	<u>\$ (457)</u>	<u>\$ (2,671)</u>	<u>\$ (1,965)</u>
EXCLUDING NON-CASH ITEMS TRANSACTIONAL COSTS & CORP EXP ADJUSTMENTS:				
Stock compensation & warrant expense	381	323	724	834
Corp Expenses net of stock compensation & Transactional cost	200	240	384	390
Legal and professional fees - transactional costs	198	142	378	182
Depreciation and amortization expense	432	153	593	316
Loss on derivative instruments	160	(783)	(18)	(318)
Interest expense - debt discount	-	-	-	-
OTHER ADJUSTMENTS				
Interest expense	1,202	578	1,502	1,002
Income tax	51	7	59	(32)
Less: Net loss attributable to the noncontrolling interest	(30)	(44)	(65)	(57)
Gain (loss) on settlement of debt	(197)	-	(197)	-
ADJUSTED EBITDA - OPCO	<u>\$ 447</u>	<u>\$ 159</u>	<u>\$ 689</u>	<u>\$ 352</u>
ADD-BACKS Expenses				
Corp Expenses net of stock compensation & Transactional cost	200	240	384	390
ADJUSTED EBITDA - Income (Loss)	<u>\$ 247</u>	<u>\$ (81)</u>	<u>\$ 305</u>	<u>\$ (38)</u>