DIGERATI TECHNOLOGIES, INC.

FORM 8-K/A
(Amended Current report filing)

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

FORM 8-K/A

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) November 17, 2020

Digerati Technologies, Inc.

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or Other Jurisdiction of Incorporation)

001-15687	74-2849995
(Commission File Number)	(IRS Employer Identification No.)
825 W. Bitters, Suite 104, San Antonio, TX	78216
(Address of Principal Executive Offices)	(Zip Code)

(210) 614-7240

(Registrant’s Telephone Number, Including Area Code)

(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 (*see* General Instruction A.2. below):

☐ 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
None	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. ☐

Explanatory Note

On November 23, 2020, Digerati Technologies, Inc. (the "Company") filed a Current Report on Form 8-K (the "Initial Form 8-K") reporting under Item 2.01 the completion of the acquisition of: (a) ActiveServe, Inc., a Florida corporation ("ActiveServe") by our indirect, wholly owned subsidiary, T3 Communications, Inc., a Florida corporation, via an Asset Purchase Agreement; and (b) Nexogy, Inc., a Florida corporation ("Nexogy"). The acquisition was completed by Nexogy Acquisition, Inc., a Florida corporation (the "Acquisition Company"), a wholly owned subsidiary of T3 Communications, Inc. ("T3 Nevada"), with the Acquisition Company merging with and into Nexogy resulting in Nexogy becoming a wholly owned subsidiary of T3 Nevada (the "Merger").

On July 16, 2021, we filed Amendment No. 1 to the Initial Form 8-K ("Amendment No. 1") to amend and supplement the Initial Form 8-K to include ActiveServe's financial statements and unaudited pro forma financial information giving effect to the Company's acquisition of ActiveServe's assets.

This Amendment No. 2 to the Initial Form 8-K amends and supplements the Initial Form 8-K, as amended by Amendment No. 1 to include Nexogy's financial statements and unaudited pro forma financial information giving effect to the Company's acquisition of Nexogy permitted to be filed by amendment.

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of businesses acquired

The audited balance sheets of the Nexogy as of July 31, 2020, and July 31, 2019, the related audited Statements of Operations, Statements of Stockholders' deficit, and cash flows of the Nexogy for the years ended July 31, 2020 and 2019, the notes related thereto and the Report of Independent Registered Public Accounting Firm, are attached hereto as Exhibit 99.1, and incorporated herein by reference.

The unaudited balance sheet of the Nexogy as of October 31, 2020, the related unaudited Statements of Operations, Statements of Stockholders' deficit, and cash flows of the Seller for the Three Months ended October 31, 2020 and 2019, the notes related thereto, are attached hereto as Exhibit 99.2, and incorporated herein by reference.

(b) Pro forma financial information

The unaudited pro forma combined consolidated balance sheet of the Company as of October 31, 2020, the unaudited pro forma consolidated statement of operations of the Company for the Three Months ended October 31, 2020, and for the Year Ended July 31, 2020, and the notes to the unaudited pro forma consolidated financial statements, all giving effect to the Company's acquisition of Nexogy, Inc., are attached hereto as Exhibit 99.3 and incorporated herein by reference.

(c) Exhibits.

Exhibit No.	Description
99.1	Audited financial statements of Nexogy, Inc., for the years ended July 31, 2020, and 2019.
99.2	Unaudited Financial Statements of Nexogy, Inc. for the Three Months Ended October 31, 2020, and 2019.
99.3	Unaudited Pro Forma Consolidated Balance sheet of the Company as of October 31, 2020, Unaudited Pro Forma Consolidated Statements of Operations of the Company for the Three Months Ended October 31, 2020, and the Year Ended July 31, 2020, and Notes to the Unaudited Pro Forma Consolidated Financial Statements, all giving effect to the Acquisition by the Company of Nexogy, Inc.

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.

Dated: July 26, 2021

Digerati Technologies, Inc.

By: */s/ Antonio Estrada Jr.*
Antonio Estrada Jr.,
Chief Financial Officer

Exhibit 99.1

Financial Statements and Supplementary Data.

NEXOGY, INC.
Index to Financial Statements
July 31, 2020, and 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Nexogy, Inc.
Fort Myers, Florida

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Nexogy Inc. (the “Company”) as of July 31, 2020 and 2019, and the related statements of operations, stockholders’ deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of July 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ MaloneBailey, LLP
www.malonebailey.com
We have served as the Company’s auditor since 2020.
Houston, Texas
July 23, 2021

NEXOGY, INC.
BALANCE SHEETS
(In thousands)

	July 31, 2020	July 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 479	$ 38
Accounts receivable, net	720	734
Total current assets	1,199	772
LONG-TERM ASSETS:		
Other assets	57	51
Total assets	$ 1,256	$ 823
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 241	$ 323
Accounts payable, related party	-	58
Accrued liabilities	179	61
Note payable, current, related party	3,386	2,908
Equipment financing	75	131
Total current liabilities	3,881	3,481
LONG-TERM LIABILITIES:		
Note payable	451	-
Total long-term liabilities	451	-
Total liabilities	4,332	3,481
Commitments and contingencies		
STOCKHOLDERS' DEFICIT:		
Common stock, \$0.001, 25,000,000 shares authorized, 100,000 and 100,000 issued and outstanding, respectively	-	-
Accumulated deficit	(3,076)	(2,658)
Total stockholders' deficit	(3,076)	(2,658)
Total liabilities and stockholders' deficit	$ 1,256	$ 823

See accompanying notes to the financial statements

NEXOGY, INC.
STATEMENTS OF OPERATIONS
(In thousands)

	For the Years ended July 31, 2020	2019
OPERATING REVENUES:		
Cloud software and service revenue	$ 6,347	$ 6,488
Total operating revenues	6,347	6,488
OPERATING EXPENSES:		
Cost of services (exclusive of depreciation and amortization)	1,811	1,774
Selling, general and administrative expense	4,562	4,663
Legal and professional fees	109	92
Bad debt	94	126
Depreciation and amortization expense	13	163
Total operating expenses	6,589	6,818
OPERATING LOSS	(242)	(330)
OTHER INCOME (EXPENSE):		
Income tax benefit (expense)	(135)	(104)
Other income (expense)	(28)	(25)
Interest expense	(13)	(17)
Total other income (expense)	(176)	(146)
NET LOSS	$ (418)	$ (476)

See accompanying notes to the financial statements

NEXOGY, INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT
YEARS ENDED JULY 31, 2019 AND 2020
(In thousands, except for share amounts)

	Common Shares	Par	Additional Paid in Capital	Accumulated deficit	Total stockholders' deficit
BALANCE, July 31, 2018	**100,000**	**$ -**	**$ -**	**$ (2,182)**	**$ (2,182)**
Net loss	-	-	-	(476)	(476)
BALANCE, July 31, 2019	**100,000**	**$ -**	**$ -**	**$ (2,658)**	**$ (2,658)**
Net loss	-	-	-	(418)	(418)
BALANCE, July 31, 2020	**100,000**	**$ -**	**$ -**	**$ (3,076)**	**$ (3,076)**

See accompanying notes to the financial statements

NEXOGY, INC.
STATEMENTS OF CASH FLOWS
(In thousands)

	For the Years ended July 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (418)	$ (476)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	13	163
Bad debt expense	94	126
Changes in operating assets and liabilities:		
Accounts receivable	(80)	(135)
Other assets	(6)	(14)
Accounts payable	(82)	(21)
Accounts payable related party	(58)	14
Accrued expenses	118	(17)
Net cash used in operating activities	(419)	(360)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid in acquisition of equipment	(13)	-
Net cash used in investing activities	(13)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from third party promissory notes, net	451	-
Borrowings from related party	478	468
Principal payment on equipment financing	(56)	(44)
Net cash provided by financing activities	873	424
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	441	64
CASH AND CASH EQUIVALENTS, beginning of period	38	(26)
CASH AND CASH EQUIVALENTS, end of period	$ 479	$ 38
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	$ 10	$ 12
Income tax paid	$ -	$ -
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Equipment Financing on purchased assets	$ -	$ 175

See accompanying notes to the financial statements

NEXOGY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2020, AND 2019

NOTE 1 – DESCRIPTION OF BUSINESS

Nexogy, Inc., ("we", "our", "Company" or "Nexogy") was incorporated in the state of Florida on September 2, 2005. We provide cloud services specializing in Unified Communications as a Service ("UCaaS") solutions for the business market. Our product line includes a portfolio of Internet-based telephony products and services delivered through our cloud application platform and session-based communication network and network services including Internet broadband, fiber, and mobile broadband. Our services are designed to provide enterprise-class, carrier-grade services to the small-to-medium-sized business ("SMB") at cost-effective monthly rates. Our UCaaS or cloud communication services include fully hosted IP/PBX, mobile applications, Voice over Internet Protocol ("VoIP") transport, SIP trunking, and customized VoIP services. We provide services in various industries including banking, healthcare, financial services, legal, insurance, hotels, real estate, food services, and education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates. In preparing financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenue and expenses in the statement of operations. Actual results could differ from those estimates.

Basis of Presentation. These financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company and its wholly owned subsidiaries which are directly or indirectly owned by the Company.

Cash and cash equivalents. The Company considers all bank deposits and highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Concentration of Credit Risk. Financial instruments that potentially subject Nexogy to concentration of credit risk consist primarily of trade receivables. In the normal course of business, Nexogy provides credit terms to its customers. Accordingly, Nexogy performs ongoing credit evaluations of its customers. Nexogy maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits. Nexogy has not experienced any losses in such accounts and Nexogy does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Allowance for Doubtful Accounts. Bad debt expense is recognized based on management's estimate of likely losses each year based on past experience and an estimate of current year uncollectible amounts. As of July 31, 2020, and 2019, Nexogy's allowance for doubtful accounts balance was $0 and $0, respectively. For the Years Ended July 31, 2020, and 2019, Nexogy recognized bad debt expense of $94,000 and $126,000 respectively.

Revenue Recognition. On August 1, 2018, we adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of August 1, 2018. Results for reporting periods beginning after August 1, 2018, are presented under Topic 606. There was no impact to the opening balance of accumulated deficit or revenues for the year ended July 31, 2019, as a result of applying Topic 606.

Sources of revenue:

Cloud-based hosted Services. The Company recognizes cloud-based hosted services revenue, mainly from subscription services for its cloud telephony applications that includes hosted IP/PBX services, SIP trunking, call center applications, auto attendant, voice, and web conferencing, call recording, messaging, voicemail to email conversion, integrated mobility applications that are device and location agnostic, and other customized applications. Other services include enterprise-class data and connectivity solutions through multiple broadband technologies including cloud WAN or SD-WAN (Software-defined Wide Area Network), fiber, and Ethernet over copper. We also offer remote network monitoring, data backup and disaster recovery services. The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company's revenue is recognized at the time control of the products and services transfers to the customer.

Service Revenue

Service revenue from subscriptions to the Company's cloud-based technology platform is recognized over time on a ratable basis over the contractual subscription term beginning on the date that the platform is made available to the customer. Payments received in advance of subscription services being rendered are recorded as a deferred revenue. Usage fees, either bundled or not bundled, are recognized when the Company has a right to invoice. Professional services for configuration, system integration, optimization, customer training and/or education are primarily billed on a fixed-fee basis and are performed by the Company directly. Alternatively, customers may choose to perform these services themselves or engage their own third-party service providers. Professional services revenue is recognized over time, generally as services are activated for the customer.

Product Revenue

The Company recognizes product revenue for telephony equipment at a point in time, when transfer of control has occurred, which is generally upon delivery. Sales returns are recorded as a reduction to revenue estimated based on historical experience.

Disaggregation of Cloud-based hosted revenues

Summary of disaggregated revenue is as follows (in thousands):

	For the Years ended July 31,	
	2020	2019
Cloud software and service revenue	$ 6,193	$ 6,294
Product revenue	154	194
Total operating revenues	$ 6,347	$ 6,488

Related parties. The Company accounts for related party transactions in accordance with ASC 850 ("Related Party Disclosures"). A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

Income taxes. Nexogy recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. Nexogy provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Nexogy accounts for uncertain tax positions in accordance with the authoritative guidance issued by the Financial Accounting Standards Board on income taxes which addresses how an entity should recognize, measure and present in the financial statements uncertain tax positions that have been taken or are expected to be taken in a tax return. Pursuant to this guidance, Nexogy recognizes a tax benefit only if it is “more likely than not” that a particular tax position will be sustained upon examination or audit. To the extent the “more likely than not” standard has been satisfied, the benefit associated with a tax position is measured as the largest amount that is greater than 50% likely of being realized upon settlement. As of July 31, 2020, and 2019, we have no liability for unrecognized tax benefits.

Recently issued accounting pronouncements. Recent accounting pronouncements, other than below, issued by the Financial Accounting Standards Board (“FASB”) (including its Emerging Issues Task Force), the AICPA and the SEC did not, or are not, believed by management to have a material effect on the Company’s present or future financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases.” ASU 2016-02 requires a lessee to record a right of use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. ASU 2016-02 is effective for all interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest period presented in the financial statements. The Company adopted the new guidance on August 1, 2020.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or in management’s opinion will not have a material impact on the Company’s present or future consolidated financial statements.

NOTE 3 – GOING CONCERN

Financial Condition

The Company’s financial statements as of July 31, 2020, have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Since the Company’s inception in 2005, the Company has incurred net losses and accumulated a deficit of approximately $3,076,000, a working capital deficit of approximately $2,682,000 and total liabilities as of July 31, 2020 of $4,332,000, which includes $3,386,000 in notes payable to related parties, which raises substantial doubt about Nexogy’s ability to continue as a going concern.

Management Plans to Continue as a Going Concern

Management believes that available resources as of July 31, 2020, will not be sufficient to fund the Company’s operations and legal expenses over the next 12 months. The Company’s ability to continue to meet its obligations and to achieve its business objectives is dependent upon, and other things, raising additional capital, or generating sufficient revenue in excess of costs. At such time as the Company requires additional funding, the Company will seek to secure such best-efforts funding from various possible sources, including debt financing, sales of assets, or collaborative arrangements. If the Company raises additional funds by issuing debt, the Company may be subject to limitations on its operations, through debt covenants or other restrictions. If the Company obtains additional funds through arrangements with collaborators or strategic partners, the Company may be required to relinquish its rights to certain technologies. There can be no assurance that the Company will be able to raise additional funds or raise them on acceptable terms. If the Company is unable to obtain financing on acceptable terms, it may be unable to execute its business plan, the Company could be required to curtail its operations, and the Company may not be able to pay off its obligations, if and when they come due.

We have been successful in raising debt in the past and as described in Notes 6 and 8. The Company’s financial statements as of July 31, 2020, do not include any adjustments that might result from the inability to implement or execute the Company’s plans to improve our ability to continue as a going concern.

As described in Note 10, on November 17, 2020, Nexogy Acquisition, Inc., a Florida Corporation, a wholly owned subsidiary of T3 Communications, Inc. (“T3 Nevada”), merged with and into Nexogy, Inc. (“Nexogy”) resulting in Nexogy becoming a wholly owned subsidiary of T3 Nevada (the “Merger”). As part of this merger, Nexogy will have access to working capital from T3 Nevada. In addition, the Company anticipate realizing some costs savings as we consolidate networks and multiple technical, operational, and administrative functions. However, there can be no assurance that the planned costs savings will be realized during the anticipated periods. There can be no guarantee that the planned costs savings will generate the expected reductions on the schedule anticipated by management.

NOTE 4 – INCOME TAXES

The current tax year is subject to examination by the Internal Revenue Service and certain state taxing authorities. As of July 31, 2020, Nexogy had net operating loss carryforwards of approximately $1,972,000 to reduce future federal income tax liabilities; the loss carryforwards will start to expire in 2037. Under the recently enacted Tax Cuts and Jobs Act (TCJA), the new effective Corporate flat tax rate is 21% (effective for tax years beginning after December 31, 2017). Income tax benefit (provision) for the years ended July 31, 2020, and 2019 are as follows:

The effective tax rate for Nexogy is reconciled to statutory rates as follows:

	2020	2019
Expected Federal benefit (provision), at statutory rate	21.0%	21.0%
Change in valuation allowance	(21.0)%	(21.0)%
	0.0%	0.0%

Deferred tax assets are comprised of the following as of July 31, 2020, and 2019:

	2020	2019
Net operating loss carryover	$ 414,073	$ 361,829
Valuation allowance	(414,073)	(361,829)
Total deferred tax asset, net	$ -	$ -

At July 31, 2020, realization of Nexogy's deferred tax assets was not considered likely to be realized. The change in the valuation allowance for 2020 was resulted in a decrease of approximately $52,244. Management has evaluated and concluded that there are no significant uncertain tax positions requiring recognition in Nexogy's financial statements. The current year remains open to examination by the major taxing jurisdictions in which Nexogy is subject to tax. The Company files a calendar year return, and the net operating loss was adjusted for the fiscal year ended July 31, 2020.

We record unrecognized tax benefits as liabilities in accordance with ASC 740 and adjust these liabilities when our judgment changes as a result of the evaluate on new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the unrecognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company has the following leases:

Lease	Base Monthly Rent Payment	Commencement Date	Expiration Date	Additional Terms
Office	$ 12,933	October 11, 2011	July 31, 2022	Initial term for sixty-two (62) months, lease renewed for additional sixty-three (63) months.
Colocation	$ 4,130	June 8, 2020	June 8, 2023	With an option to extend for an additional twelve (12) months, and 5% increase in base monthly lease payment.
Rooftop	$ 704	December 18, 2013	July 31, 2021	Initial term for twenty-four (24) months, lease renewed for additional two (2) successive two (2) year periods. After, the lease shall remain on a month-to-month basis.
Rooftop	$ 1,075	August 28, 2014	July 31, 2021	Initial term for thirty-six (36) months. After the initial term, the lease shall remain on a month-to-month basis.
Rooftop	$ 268	November 27, 2013	July 31, 2022	Initial term for forty-eight (48) months, lease renewed for additional sixty-three (63) months.
Rooftop	$ 2,840	June 1, 2015	June 1, 2021	With an option to extend for five (5) additional one (1) year terms.
Rooftop	$ 1,101	December 1, 2015	December 1, 2025	Initial term for five (5) years, lease renewed for additional five (5) years.
Rooftop	$ 2,950	November 30, 2013	November 30, 2023	Initial term for five (5) years, lease renewed for additional five (5) years, with an option for a second renewal for an additional five (5) years.
Total monthly base rent:	$ 26,002			

The leased properties have a remaining lease term of twenty to sixty months as of July 31, 2020. At the option of the Company, it can elect to extend the term of the leases.

The Company recorded a total rent payment of $436,536 and $529,129, for the years ended July 31, 2020, and 2019, respectively.

During the years ended July 31, 2019, and 2020, the Company had a Colo lease with a monthly lease payment of $11,829, this Colo lease ended June 1, 2020.

The Future minimum lease payment under the operating leases are as follows:

Year Ending July 31,		**Lease Payments**
2021	$	292,307
2022		287,340
2023		91,787
2024		23,649
2025		14,874
Total:	$	709,957

NOTE 6 – RELATED PARTY TRANSACTIONS

During the years ended July 31, 2020, and 2019, the Company engaged an entity owned by one of its major shareholders to performed international and domestic termination services for $103,521 and $117,031, respectively. As of July 31, 2020, and July 31, 2019, the total outstanding balance was $0, and 58,005, respectively.

During the years ended July 31, 2020, and 2019, the Company engaged an entity owned by one of its major shareholders to performed programing services for $7,812 and $19,964, respectively.

During the years ended July 31, 2020, and 2019, the Company engaged an entity owned by one of its major shareholders to performed programing and provisioning services for $78,504 and $73,583, respectively.

During the years ended July 31, 2020, and 2019, the Company engaged an entity owned by one of its major shareholders to performed management services for $234,688 and $229,136, respectively.

As of July 31, 2020 & 2019, the Company borrowed working capital from its major shareholder in the aggregate amount of $2,511,000. These notes were non-interest bearing and due on demand.

During the years ended July 31, 2020, and 2019, the Company received proceeds from related party of $478,000 and $468,000, respectively. As of July 31, 2020, and July 31, 2019, the total outstanding related party note payable balance were approximately $3,386,000 and $2,908,000, respectively. Subsequently, on November 17, 2020, the notes were paid in full to the shareholders.

NOTE 7 – EQUIPMENT FINANCING

The Company entered into three financing agreements for equipment purchased. Under the terms of these transactions, assets with a cost of approximately $34,364, $96,954, and $43,916, were financed under three separate financing agreements dated August 20, 2018, November 2, 2018, and November 28, 2018, respectively. The equipment financing is net of costs associated with the assets such as maintenance, insurance and property taxes are for the account of the Company. The equipment financing agreements are for 36 months, with the first payments starting August 20, 2018, November 2, 2018, and November 28, 2018, respectively and monthly principal and interest payments of $1,081, $3,048, and $1,380, respectively. The interest rate under the financing agreements ranged from 8.21% to 8.70% per annum. During the years ended July 31, 2020, and 2019, the Company made total principal payments of $56,335 and $42,791, respectively. Subsequently, on September 10, 2020, the three financing agreements were paid in full.

NOTE 8 – NOTE PAYABLE

On April 16, 2020, the Company, entered into an unsecured promissory note (the "Note") for $450,500 made to the Company under the Paycheck Protection Program (the "PPP"). The PPP was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration (the "SBA"). The Note to the Company was made through City National Bank of Florida (the "Lender").

The Note provided for an interest rate of 1.00% per annum and matures two years after the issuance date. Beginning on the seventh month following the date of the Note, the Company is required to make 18 monthly principal payments in the amount of $25,028 and accrued interest. The Note was used for payroll costs, costs related to certain group health care benefits and insurance premiums. The Note contain events of default and other conditions customary for a Note of this type.

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all, or a portion of loan granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. The terms of any forgiveness may also be subject to further requirements in any regulations and guidelines the SBA may adopt. While the Company currently believes that its use of the Note proceeds will meet the conditions for forgiveness under the PPP, no assurance is provided that the Company will obtain forgiveness of the Notes in whole or in part. Subsequently, on December 12, 2020, the SBA informed the Company that the total outstanding principal balance of $450,500 and accrued interest of $2,986.88 were forgiven. Subsequentially, on December 12, 2020, the Company recognized a gain on settlement of debt of $450,500.

NOTE 9 – CAPITAL STOCK

As of July 31, 2020, and 2019, the Company had 25,000,000 authorized common shares, of which 100,000 founder shares were issued and outstanding, with a $0.001 par value per share.

NOTE 10 – SUBSEQUENT EVENTS

On November 17, 2020, Nexogy Acquisition, Inc., a Florida Corporation, a wholly owned subsidiary of T3 Communications, Inc. ("T3 Nevada"), merged with and into Nexogy, Inc. ("Nexogy") resulting in Nexogy becoming a wholly owned subsidiary of T3 Nevada (the "Merger"). Nexogy is a leading provider in South Florida of Unified Communications as a Service and managed services, offering a portfolio of cloud-based solutions to the high-growth SMB market.

The purchase price for Nexogy was $9 million in cash, plus an additional $452,000 in initial excess Net Working Capital, with $900,000 of the $9 million being placed in an indemnity escrow account and $50,000 of the $9 million being placed in a working capital escrow account. In addition, at the closing of the Merger, T3 Nevada paid a number of Nexogy's liabilities which were included in the $9 million purchase price.

Exhibit 99.2

NEXOGY, INC.
Unaudited Financial Statements
For the Three Months Ended October 31, 2020

NEXOGY, INC.
BALANCE SHEETS
(Unaudited)
(In thousands)

	October 31, 2020	July 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 177	$ 479
Accounts receivable, net	726	720
Prepaid expenses	7	-
Total current assets	910	1,199
LONG-TERM ASSETS:		
Equipment, net	13	-
Other assets	55	57
Right-of-use asset	442	-
Total assets	$ 1,420	$ 1,256
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 210	$ 241
Accrued liabilities	245	179
Note payable, current, related party	3,107	3,386
Equipment financing	-	75
Operating lease liability, current	199	-
Total current liabilities	3,761	3,881
LONG-TERM LIABILITIES:		
Note payable	451	451
Operating lease liability	243	-
Total long-term liabilities	694	451
Total liabilities	4,455	4,332
STOCKHOLDERS' DEFICIT:		
Common stock, $0.001, 25,000,000 shares authorized, 100,000 and 100,000 issued and outstanding, respectively	-	-
Accumulated deficit	(3,035)	(3,076)
Total stockholders' deficit	(3,035)	(3,076)
Total liabilities and stockholders' deficit	$ 1,420	$ 1,256

See accompanying notes to the unaudited financial statements

NEXOGY, INC.
STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands)

	For the Three Months ended October 31,	
	2020	2019
OPERATING REVENUES:		
Cloud software and service revenue	$ 1,672	$ 1,569
Total operating revenues	1,672	1,569
OPERATING EXPENSES:		
Cost of services (exclusive of depreciation and amortization)	482	460
Selling, general and administrative expense	1,100	1,180
Legal and professional fees	34	43
Bad debt	15	44
Depreciation and amortization expense	1	-
Total operating expenses	1,632	1,727
OPERATING INCOME (LOSS)	40	(158)
OTHER INCOME (EXPENSE):		
Income tax expense	(36)	(32)
Other income	37	6
Interest expense	-	6
Total other income (expense)	1	(20)
NET INCOME (LOSS)	$ 41	$ (178)

See accompanying notes to the unaudited financial statements

NEXOGY, INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT
THREE MONTHS ENDED OCTOBER 31, 2020
(Unaudited)
(In thousands, except for share amounts)

	Common Shares	Par	Additional Paid in Capital	Accumulated deficit	Total stockholders' deficit
BALANCE, July 31, 2020	**100,000**	**$ -**	**$ -**	**$ (3,076)**	**$ (3,076)**
Net income	-	-	-	41	41
BALANCE, October 31, 2020	**100,000**	**$ -**	**$ -**	**$ (3,035)**	**$ (3,035)**

See accompanying notes to the unaudited financial statements

NEXOGY, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 41	$ (178)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation and amortization	1	-
Bad debt expense	15	44
Amortization of ROU - operating	19	-
Changes in operating assets and liabilities:		
Accounts receivable	(21)	(68)
Prepaids & other assets	(5)	2
Right of use operating lease liability	(19)	-
Accounts payable	(31)	51
Accrued expenses	66	(45)
Net cash provided by (used in) operating activities	66	(194)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid in acquisition of equipment	(14)	-
Net cash used in investing activities	(14)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from related party	-	200
Principal payment to related party	(279)	-
Principal payment on equipment financing	(75)	(13)
Net cash (used in) provided by financing activities	(354)	187
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(302)	(7)
CASH AND CASH EQUIVALENTS, beginning of period	479	38
CASH AND CASH EQUIVALENTS, end of period	$ 177	$ 31
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	$ 1	$ 3
Income tax paid	$ -	$ -
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capitalization of ROU assets and liabilities - operating	$ 462	$ -

See accompanying notes to the unaudited financial statements

NEXOGY, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020, AND 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in connection with Nexogy, Inc.'s, business combination with Nexogy Acquisition, Inc., a Florida Corporation, a wholly owned subsidiary of T3 Communications, Inc. ("T3 Nevada"), merged with and into Nexogy, Inc. ("Nexogy") resulting in Nexogy becoming a wholly owned subsidiary of T3 Nevada (the "Merger"), a subsidiary of Digerati Technologies, Inc.("Digerati"), and to comply with the rules and regulations of the Securities and Exchange Commission ("SEC") for inclusion by Digerati in its current report on Form 8-K/A.

The accompanying unaudited interim financial statements of Nexogy, Inc. ("Company") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended July 31, 2020, included elsewhere in this Form 8-K/A. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the interim financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the year ended July 31, 2020, included elsewhere in this Form 8-K/A have been omitted.

NOTE 2 – GOING CONCERN

Financial Condition

The Company's financial statements as of October 31, 2020, have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Since the Company's inception in 2005, the Company has incurred net losses and accumulated a deficit of approximately $3,035,000, a working capital deficit of approximately $2,851,000 and total liabilities of $4,455,000, which includes $3,107,000 in notes payable to related parties, which raises substantial doubt about Nexogy's ability to continue as a going concern.

Management Plans to Continue as a Going Concern

Management believes that available resources as of October 31, 2020, will not be sufficient to fund the Company's operations and legal expenses over the next 12 months. The Company's ability to continue to meet its obligations and to achieve its business objectives is dependent upon, and other things, raising additional capital, or generating sufficient revenue in excess of costs. At such time as the Company requires additional funding, the Company will seek to secure such best-efforts funding from various possible sources, including debt financing, sales of assets, or collaborative arrangements. If the Company raises additional funds by issuing debt, the Company may be subject to limitations on its operations, through debt covenants or other restrictions. If the Company obtains additional funds through arrangements with collaborators or strategic partners, the Company may be required to relinquish its rights to certain technologies. There can be no assurance that the Company will be able to raise additional funds or raise them on acceptable terms. If the Company is unable to obtain financing on acceptable terms, it may be unable to execute its business plan, the Company could be required to curtail its operations, and the Company may not be able to pay off its obligations, if and when they come due.

We have been successful in raising debt in the past and as described in Notes 4 and 5. The Company's financial statements as of October 31, 2020, do not include any adjustments that might result from the inability to implement or execute the Company's plans to improve our ability to continue as a going concern.

As described in Note 6, on November 17, 2020, Nexogy Acquisition, Inc., a Florida Corporation, a wholly owned subsidiary of T3 Communications, Inc. ("T3 Nevada"), merged with and into Nexogy, Inc. ("Nexogy") resulting in Nexogy becoming a wholly owned subsidiary of T3 Nevada (the "Merger"). As part of this merger, Nexogy will have access to working capital from T3 Nevada. In addition, the Company anticipate realizing some costs savings as we consolidate networks and multiple technical, operational, and administrative functions. However, there can be no assurance that the planned costs savings will be realized during the anticipated periods. There can be no guarantee that the planned costs savings will generate the expected reductions on the schedule anticipated by management.

NOTE 3 – OPERATING LEASES

The leased properties have a remaining lease term of seventeen to fifty-seven months as of August 1, 2020. At the option of the Company, it can elect to extend the term of the leases.

The Company has the following leases:

Lease	Base Monthly Rent Payment	Commencement Date	Expiration Date	Additional Terms
Office	$ 12,933	October 11, 2011	July 31, 2022	Initial term for sixty-two (62) months, lease renewed for additional sixty-three (63) months.
Colocation	$ 4,130	June 8, 2020	June 8, 2023	With an option to extend for an additional twelve (12) months, and 5% increase in base monthly lease payment.
Rooftop	$ 704	December 18, 2013	July 31, 2021	Initial term for twenty-four (24) months, lease renewed for additional two (2) successive two (2) year periods. After, the lease shall remain on a month-to-month basis.
Rooftop	$ 1,075	August 28, 2014	July 31, 2021	Initial term for thirty-six (36) months. After the initial term, the lease shall remain on a month-to-month basis.
Rooftop	$ 268	November 27, 2013	July 31, 2022	Initial term for forty-eight (48) months, lease renewed for additional sixty-three (63) months.
Rooftop	$ 2,840	June 1, 2015	June 1, 2021	With an option to extend for five (5) additional one (1) year terms.
Rooftop	$ 1,102	December 1, 2015	December 1, 2025	Initial term for five (5) years, lease renewed for additional five (5) years.
Rooftop	$ 2,950	November 30, 2013	November 30, 2023	Initial term for five (5) years, lease renewed for additional five (5) years, with an option for a second renewal for an additional five (5) years.
Total monthly base rent:	$ 26,002			

‘Beginning August 1, 2020, operating ROU assets and operating lease liabilities are recognized based on the present value of lease payments, including annual rent increases, over the lease term at commencement date. Operating leases in effect prior to August 1, 2020, were recognized at the present value of the remaining payments on the remaining lease term as of August 1, 2020. Because none of our leases included an implicit rate of return, we used our incremental secured borrowing rate based on lease term information available as of the adoption date or lease commencement date in determining the present value of lease payments. The incremental borrowing rate on the leases is 9.0%.

The impact of ASU No. 2016-02 (“Leases (Topic 842)” on our consolidated balance sheet beginning August 1, 2020, was through the recognition of ROU assets and lease liabilities for operating leases. Amounts recognized on July 31, 2020, and October 31, 2020, for operating leases are as follows:

ROU Asset	August 1, 2020	$	461,472
Amortization		$	(19,319)
ROU Asset	October 31, 2020	$	442,153

Lease Liability	August 1, 2020	$	461,472
Amortization		$	(19,319)
Lease Liability	October 31, 2020	$	442,153

Lease Liability	Short term	$	198,759
Lease Liability	Long term	$	243,394
Lease Liability	Total	$	442,153

Operating lease cost:	$	72,669
Cash paid for amounts included in the measurement of lease labilities		
Operating cashflow from operating leases:	$	72,669
Weighted-average remain lease term-operating lease:		2.42 Years
Weighted-average discount rate		9.0%

For the period ended October 31, 2020, the amortization of operating ROU assets was $19,319.

For the period ended October 31, 2020, the amortization of operating lease liabilities was $19,319.

The Company recorded a total rent payment of $83,829 and $84,832, for the three months ended October 31, 2020, and 2019, respectively.

The Future minimum lease payment under the operating leases are as follows:

Year Ending July 31,		Lease Payments
2021	$	219,638
2022		287,340
2023		91,787
2024		23,649
2025		14,874
Total:	$	637,288

NOTE 4 – RELATED PARTY TRANSACTIONS

During the three months ended October 31, 2020, and 2019, the Company engaged an entity owned by one of the of its major shareholders to performed international and domestic termination services for $26,824 and $30,054, respectively. As of October 31, 2020, and July 31, 2020, the total outstanding balance was $6,618, and $0, respectively.

During the three months ended October 31, 2020, and 2019, the Company engaged an entity owned by one of the of its major shareholders to performed programing and provisioning services for $16,137 and $22,497, respectively.

As of October 31, 2020, and July 31, 2020, the total outstanding related party note payable balance were $3,107,000 and $3,386,000, respectively. During the months ended October 31, 2020, the Company made principal payments on the related party notes of $279,000. Subsequently, on November 17, 2020, the notes were paid in full to the shareholders.

NOTE 5 – NOTE PAYABLE

On April 16, 2020, the Company, entered into an unsecured promissory note (the "Note") for $450,500 made to the Company under the Paycheck Protection Program (the "PPP"). The PPP was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration (the "SBA"). The Note to the Company was made through City National Bank of Florida (the "Lender").

The Note provided for an interest rate of 1.00% per annum and matures two years after the issuance date. Beginning on the seventh month following the date of the Note, the Company is required to make 18 monthly principal payments in the amount of $25,028 and accrued interest. The Note was used for payroll costs, costs related to certain group health care benefits and insurance premiums. The Note contain events of default and other conditions customary for a Note of this type.

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all, or a portion of loan granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. The terms of any forgiveness may also be subject to further requirements in any regulations and guidelines the SBA may adopt. While the Company currently believes that its use of the Note proceeds will meet the conditions for forgiveness under the PPP, no assurance is provided that the Company will obtain forgiveness of the Notes in whole or in part. Subsequently, on December 12, 2020, the SBA informed the Company that the total outstanding principal balance of $450,500 and accrued interest of $2,986.88 were forgiven. Subsequentially, on December 12, 2020, the Company recognized a gain on settlement of debt of $450,500.

NOTE 6 – SUBSEQUENT EVENTS

On November 17, 2020, Nexogy Acquisition, Inc., a Florida Corporation, a wholly owned subsidiary of T3 Communications, Inc. ("T3 Nevada"), merged with and into Nexogy, Inc. ("Nexogy") resulting in Nexogy becoming a wholly owned subsidiary of T3 Nevada (the "Merger"). Nexogy is a leading provider in South Florida of Unified Communications as a Service and managed services, offering a portfolio of cloud-based solutions to the high-growth SMB market.

The purchase price for Nexogy was $9 million in cash, plus an additional $452,000 in initial excess Net Working Capital, with $900,000 of the $9 million being placed in an indemnity escrow account and $50,000 of the $9 million being placed in a working capital escrow account. In addition, at the closing of the Merger, T3 Nevada paid a number of Nexogy's liabilities which were included in the $9 million purchase price.

Exhibit 99.3

DIGERATI TECHNOLOGIES, INC. AND NEXOGY, INC.

Unaudited Pro Forma Consolidated Balance Sheet
and
Unaudited Pro Forma Consolidated Statements of Operations

On November 17, 2020, Digerati Technologies, Inc. (the "Company" "Digerati"), through Nexogy Acquisition, Inc., a Florida Corporation, a wholly owned subsidiary of T3 Communications, Inc. ("T3 Nevada"), a Digerati subsidiary, merged with and into Nexogy, Inc. ("Nexogy" "Seller") resulting in Nexogy becoming a wholly owned subsidiary of T3 Nevada (the "Merger"). Nexogy is a leading provider in South Florida of Unified Communications as a Service and managed services, offering a portfolio of cloud-based solutions to the high-growth SMB market.

The aggregate purchase price for Nexogy was $9 million in cash, plus an additional $452,000 in initial excess Net Working Capital, with $900,000 of the $9 million being placed in an indemnity escrow account and $50,000 of the $9 million being placed in a working capital escrow account. In addition, at the closing of the Merger, T3 Nevada paid a number of Nexogy's liabilities which were included in the $9 million purchase price.

The unaudited pro forma condensed consolidated combined financial information presented below has been prepared on the basis set forth in the notes below and have been presented to illustrate the estimated effects of the Nexogy Acquisition. The Nexogy Acquisition is being accounted for as a business combination using the acquisition method with the Company as the accounting acquirer in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 805, Business Combinations.

The historical financial information of the Company has been derived from the unaudited consolidated financial statements of the Company as of October 31, 2020, as found in Form 10Q which was filed with the Securities and Exchange Commissions on December 14, 2020.

The historical financial information of Nexogy has been derived from the unaudited financial statements of the Seller Parties as of and for the three months ended October 31, 2020, included in Exhibit 99.2 to the Company's Form 8-K/A filed with the SEC on July 26, 2021.

The historical financial information of the Company has been derived from the audited consolidated financial statements of the Company as of July 31, 2020, as found in Form 10K which was filed with the Securities and Exchange Commissions on October 29, 2020.

The historical financial information of Nexogy has been derived from the audited financial statements of the Seller Parties for the year ended July 31, 2020, included in Exhibit 99.1 to the Company's Form 8-K/A filed with the SEC on July 26, 2021

The following unaudited pro forma consolidated balance sheet as of October 31, 2020, and the unaudited pro forma consolidated statement of operations for the three months ended October 31, 2020, and twelve months ended July 31, 2020 (collectively, the "Pro Forma Statements") have been prepared in compliance with the requirements of SEC Regulation S-X Article 11 using accounting policies in accordance with U.S. GAAP.

The pro forma adjustments presented below are based on preliminary estimates and currently available information and assumptions that management believes are reasonable and appropriate under the circumstances and are factually supported based on information currently available. The notes to the unaudited pro forma condensed consolidated combined financial information provide a discussion of how such adjustments were derived and presented in the Pro Forma Statements. Changes in facts and circumstances or discovery of new information may result in revised estimates. As a result, there may be material adjustments to the Pro Forma Statements. Certain historical financial statement caption amounts for Nexogy have been reclassified or combined to conform to presentation and the disclosure requirements of the combined company.

DIGERATI TECHNOLOGIES, INC. AND NEXOGY, INC.
Unaudited Pro Forma Consolidated Balance Sheet
As of October 31, 2020

	Historical (unaudited) Digerati	Nexogy	Pro Forma Adjustments	Note 3	Pro Forma Consolidated
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 446	$ 177	$ -	(a)	$ 623
Accounts receivable, net	116	726	-		842
Prepaid and other current assets	732	7	-		739
Total current assets	1,294	910	0		2,204
LONG-TERM ASSETS:					
Intangible assets, net	1,357	-	6,900	(b)	8,257
Goodwill, net	810	-	2,118	(b)	2,928
Property and equipment, net	482	13	-		495
Other assets	43	55	-		98
Investment in Itellum	185	-	-		185
Right-of-use asset	139	442	-		581
Total assets	$ 4,310	$ 1,420	$ 9,018		$ 14,748
LIABILITIES AND STOCKHOLDERS' DEFICIT			-	-	
CURRENT LIABILITIES:					
Accounts payable	$ 1,821	$ 210	$ 90	(b)	$ 2,121
Accrued liabilities	1,887	245	-		2,132
Equipment financing	62	-	-		62
Convertible note payable, current, net $296	647	-	-		647
Note payable, current, related party, net $0	138	3,107	(3,107)	(b)	138
Note payable, current, net $0	1,616	-	-		1,616
Deferred income	138	-	-		138
Derivative liability	223	-	-		223
Operating lease liability, current	74	199	-		273
Total current liabilities	6,606	3,761	(3,017)		7,350
LONG-TERM LIABILITIES:					
Note payable, net $0	133	451	9,000	(b)	9,584
Equipment financing	20	-	-		20
Operating lease liability	64	243	-		307
Total long-term liabilities	217	694	9,000		9,911
Total liabilities	6,823	4,455	5,983		17,261
Commitments and contingencies					
STOCKHOLDERS' DEFICIT:					
Preferred stock, $0.001, 50,000,000 shares authorized					
Convertible Series A Preferred stock, $0.001, 1,500,000 shares designated, 225,000 issued and outstanding	-	-	-		-
Convertible Series B Preferred stock, $0.001, 1,000,000 shares designated, 407,477 issued and outstanding	-	-	-		-
Convertible Series C Preferred stock, $0.001, 1,000,000 shares designated, 0 issued and outstanding	-	-	-		-
Series F Super Voting Preferred stock, $0.001, 100 shares designated, 100 issued and outstanding	-	-	-		-
Common stock, $0.001, 150,000,000 shares authorized, 122,182,410 issued and outstanding (15,000,000 reserved in Treasury)	122	-	-		122
Additional paid in capital	87,199	-	-		87,199
(Accumulated deficit) Retained earnings	(89,418)	(3,035)	3,035	(b)	(89,418)
Other comprehensive income	1	-	-		1
Total Digerati's stockholders' deficit	(2,096)	(3,035)	3,035		(2,096)
Noncontrolling interest	(417)	-	-		(417)

Total stockholders' deficit	(2,513)	(3,035)	3,035	(2,513)
Total liabilities and stockholders' deficit	$ 4,310	$ 1,420	$ 9,018	$ 14,748

See accompanying notes to unaudited pro forma consolidated financial statements

DIGERATI TECHNOLOGIES, INC. AND NEXOGY, INC.
Unaudited Pro Forma Consolidated Statement of Operations
(In thousands, except per share amounts)
For the Three Months Ended October 31, 2020

	Historical (unaudited)		Pro Forma		Pro Forma
	Digerati	Nexogy	Adjustments	Note 3	Consolidated
OPERATING REVENUES:					
Cloud software and service revenue	$ 1,552	$ 1,672	$ -		$ 3,224
Total operating revenues	1,552	1,672	-		3,224
OPERATING EXPENSES:					
Cost of services (exclusive of depreciation and amortization)	748	482	-		1,230
Selling, general and administrative expense	1,011	1,100	-		2,111
Legal and professional fees	258	34	-		292
Bad debt	-	15	-		15
Depreciation and amortization expense	161	1	264	(d)	426
Total operating expenses	2,178	1,632	264		4,074
OPERATING (LOSS) INCOME	(626)	40	(264)		(850)
OTHER INCOME (EXPENSE):					
Gain on derivative instruments	178	-	-		178
Income tax expense	(8)	(36)	-		(44)
Other income	-	37	-		37
Interest expense	(300)	-	-		(300)
Total other income (expense)	(130)	1	-		(129)
NET LOSS INCLUDING NONCONTROLLING INTEREST	(756)	41	(264)		(979)
Less: Net loss attributable to the noncontrolling interests	35	-	45	(e)	80
NET LOSS ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	(721)	41	(219)		(900)
Deemed dividend on Series A Convertible preferred stock	(5)	-	-		(5)
NET (LOSS) INCOME ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	$ (726)	$ 41	$ (219)		$ (905)
LOSS PER COMMON SHARE - BASIC	$ (0.01)				$ (0.01)
LOSS PER COMMON SHARE - DILUTED	$ (0.01)				$ (0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	119,914,246				119,914,246
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	119,914,246				119,914,246

See accompanying notes to unaudited pro forma consolidated financial statements

DIGERATI TECHNOLOGIES, INC. AND NEXOGY, INC.
Unaudited Pro Forma Consolidated Statement of Operations
(In thousands, except share amounts)
For the Year Ended July 31, 2020

	Historical		Pro forma		Pro Forma
	Digerati	Nexogy	Adjustments	Note 3	Consolidated
OPERATING REVENUES:					
Cloud software and service revenue	$ 6,279	$ 6,347	$ -		$ 12,626
Total operating revenues	6,279	6,347	-		12,626
OPERATING EXPENSES:					
Cost of services (exclusive of depreciation and amortization)	3,035	1,811	-		4,846
Selling, general and administrative expense	4,106	4,562	-		8,668
Legal and professional fees	642	109	-		751
Bad debt	(5)	94	-		89
Depreciation and amortization expense	613	13	1,057	(d)	1,683
Total operating expenses	8,391	6,589	1,057		16,037
OPERATING LOSS	(2,112)	(242)	(1,057)		(3,411)
OTHER INCOME (EXPENSE):					
Gain on derivative instruments	263	-	-		263
Gain on settlement of debt	129	-	-		129
Income tax benefit (expense)	33	(135)	-		(102)
Other income (expense)	116	(28)	-		88
Interest expense	(1,853)	(13)	-		(1,866)
Total other expense	(1,312)	(176)	-		(1,488)
NET LOSS INCLUDING NONCONTROLLING INTEREST	(3,424)	(418)	(1,057)		(4,899)
Less: Net loss attributable to the noncontrolling interests	47	-	295	(e)	342
NET LOSS ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	(3,377)	(418)	(762)		(4,557)
Deemed dividend on Series A Convertible preferred stock	(19)	-	-		(19)
NET LOSS ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	$ (3,396)	$ (418)	$ (762)		$ (4,576)
LOSS PER COMMON SHARE - BASIC	$ (0.06)				$ (0.08)
LOSS PER COMMON SHARE - DILUTED	$ (0.06)				$ (0.08)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	53,883,966				53,883,966
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	53,883,966				53,883,966

See accompanying notes to unaudited pro forma consolidated financial statements

Notes to the Unaudited Pro Forma Consolidated Financial Statements

Note 1 — Basis of Presentation and Description of Transactions

The unaudited pro forma consolidated financial statements were prepared in accordance with U.S. GAAP and pursuant to the rules and regulations of SEC Regulation S-X and presents the pro forma financial position and results of operations of the combined companies based upon the historical data of the Company and Nexogy.

Description of Transaction

On November 17, 2020, Digerati Technologies, Inc. (the "Company" "Digerati"), through Nexogy Acquisition, Inc., a Florida Corporation, a wholly owned subsidiary of T3 Communications, Inc. ("T3 Nevada"), a Digerati subsidiary, merged with and into Nexogy, Inc. ("Nexogy" "Seller") resulting in Nexogy becoming a wholly owned subsidiary of T3 Nevada (the "Merger"). Nexogy is a leading provider in South Florida of Unified Communications as a Service and managed services, offering a portfolio of cloud-based solutions to the high-growth SMB market.

The aggregate purchase price for Nexogy was $9 million in cash, plus an additional $452,000 in initial excess Net Working Capital, with $900,000 of the $9 million being placed in an indemnity escrow account and $50,000 of the $9 million being placed in a working capital escrow account. In addition, at the closing of the Merger, T3 Nevada paid a number of Nexogy's liabilities which were included in the $9 million purchase price.

Basis of Presentation

The historical financial information of the Company has been derived from the unaudited consolidated financial statements of the Company as of October 31, 2020, as found in Form 10Q which was filed with the Securities and Exchange Commissions on December 14, 2020.

The historical financial information of Nexogy has been derived from the unaudited financial statements of the Seller Parties as of and for the three months ended October 31, 2020, included in Exhibit 99.2 to the Company's Form 8-K/A filed with the SECon July 26, 2021.

The historical financial information of the Company has been derived from the audited consolidated financial statements of the Company as of July 31, 2020, as found in Form 10K which was filed with the Securities and Exchange Commissions on October 29, 2020.

The historical financial information of Nexogy has been derived from the audited financial statements of the Seller Parties for the year ended July 31, 2020, included in Exhibit 99.1 to the Company's Form 8-K/A filed with the SEC on July 26, 2021.

The historical consolidated financial statements have been adjusted in the pro forma consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the Nexogy Acquisition, (2) factually supportable and (3) with respect to the pro forma consolidated statement of operations, expected to have a continuing impact on the combined results of the Company following the Nexogy Acquisition.

The Nexogy Acquisition is being accounted for as a business combination using the acquisition method with the Company as the accounting acquirer in accordance with ASC Topic 805, Business Combinations. As the accounting acquirer, the Company has estimated the fair value of Nexogy assets acquired and liabilities assumed and conformed the accounting policies of Nexogy to its own accounting policies.

The pro forma consolidated financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

Note 2 Preliminary purchase price allocation

On November 17, 2020, Digerati Technologies, Inc. (the "Company" "Digerati"), through Nexogy Acquisition, Inc., a Florida Corporation, a wholly owned subsidiary of T3 Communications, Inc. ("T3 Nevada"), a Digerati subsidiary, merged with and into Nexogy, Inc. ("Nexogy" "Seller") resulting in Nexogy becoming a wholly owned subsidiary of T3 Nevada (the "Merger"). Nexogy is a leading provider in South Florida of Unified Communications as a Service and managed services, offering a portfolio of cloud-based solutions to the high-growth SMB market.

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The following table presents the preliminary allocation of the purchase price to the assets acquired and liabilities assumed for the Nexogy Acquisition:

	Nexogy (In thousands)	
Cash	$	358
Accounts receivables		278
Intangible Assets and Goodwill		9,018
Property and equipment, net		164
Other Assets		83
Total identifiable assets	$	9,901
Less: liabilities assumed		270
Total Purchase price	$	9,631

The following table summarizes the cost of intangible assets related to the acquisition:

	Nexogy (In thousands)		Useful life (years)
Customer Relationships	$	4,100	7
Trade Names & Trademarks		2,600	7
Non-compete Agreement		200	2-3
Goodwill		2,118	-
	$	9,018	

Note 3 Pro forma adjustments

The pro forma adjustments are based on preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma consolidated financial statements:

a) Adjustment for the acquisition of Nexogy by the Company:

- Represents cash secured by the Company for $9 million for the initial cash payment made at closing for the Nexogy Acquisition and included in the Long Term Note payable in the pro forma balance sheet. The financing is part of the Credit Agreement and Notes secured from Post Road and previously disclosed. ***(filed as Exhibits 4.1 and 4.2 to Form 8-K filed with the SEC on November 23, 2020.)***

b) Other adjustments for the acquisition:

- Cash paid of $9 million at the closing of Nexogy's Acquisition;

- Preliminary purchase price allocated to the intangible assets based on the estimated fair values as follows:

  Customer relationships: The fair value of the customer relationships was determined using an income approach based upon management's assessment of prospective financial information and a discount rate based upon the Company's weighted average cost of capital.

  Trade Names and Trademarks: The fair value of the Trade names and trademarks were determined using an income approach based upon management's assessment of prospective revenues, a royalty rate selected from a range of comparable licensing transactions and a discount rate based upon the Company's weighted average cost of capital.

  Non-compete provisions: The fair value of the non-compete provisions, was determined using an income approach based upon management's assessment of prospective financial information, including an estimated impact of competition, and a discount rate based upon the Company's weighted average cost of capital.

- **Goodwill:** Represents the preliminary purchase price allocated to goodwill in the Nexogy Acquisition. Goodwill represents the excess of the consideration transferred over the preliminary fair value of the net tangible and intangible assets acquired. Goodwill will not be amortized, but instead will be tested for impairment at least annually and whenever events or circumstances have occurred that may indicate a possible impairment. In the event management determines that the value of goodwill has become impaired, the combined company will incur an accounting charge for the amount of the impairment during the period in which the determination is made.

- Adjustment for additional payables assumed by the Company.

- Adjustment to eliminate Related party notes payable, the Seller paid in full these notes at closing.

- Adjustment to eliminate Nexogy's historical accumulated deficit.

c) Represents the future annual amortization of the intangible assets based upon their estimated useful lives. The estimated useful lives were determined based on a review of the time period over which the economic benefit of each intangible asset is estimated to be generated.

d) Adjustment to allocate T3 Communications, Inc., Digerati's operating subsidiary, net (loss) to redeemable noncontrolling interest holders, this is reflected in Digerati's consolidated financial statements. The net (loss) allocated to noncontrolling interest is computed by applying the 19.99% ownership interest in T3 Communications, Inc.