

**Reconciliation of Net Income (Loss) to Adjusted EBITDA**

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts, unaudited)

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
<b>OPERATING REVENUES:</b>				
Cloud software and service revenue	\$ 8,163	\$ 3,751	\$ 15,959	\$ 8,629
Total operating revenues	<u>8,163</u>	<u>3,751</u>	<u>15,959</u>	<u>8,629</u>
<b>OPERATING EXPENSES:</b>				
Cost of services (exclusive of depreciation and amortization)	3,161	1,526	6,203	3,708
Selling, general and administrative expense	4,296	1,993	8,211	4,969
Legal and professional fees	756	204	2,505	717
Bad debt	36	5	51	9
Depreciation and amortization expense	1,540	611	2,514	1,204
Total operating expenses	<u>9,789</u>	<u>4,339</u>	<u>19,484</u>	<u>10,607</u>
OPERATING LOSS	<u>(1,626)</u>	<u>(588)</u>	<u>(3,525)</u>	<u>(1,978)</u>
<b>OTHER INCOME (EXPENSE):</b>				
Gain (loss) on derivative instruments	6,827	(10,878)	7,835	(10,860)
Loss on extinguishment of debt	-	-	(5,480)	-
Gain on settlement of debt	-	150	-	347
Income tax benefit (expense)	(167)	(63)	(285)	(122)
Other income (expense)	2	-	-	-
Interest expense	(1,676)	(1,577)	(4,563)	(3,079)
Total other income (expense)	<u>4,986</u>	<u>(12,368)</u>	<u>(2,493)</u>	<u>(13,714)</u>
NET INCOME (LOSS) INCLUDING NONCONTROLLING INTEREST	<u>3,360</u>	<u>(12,956)</u>	<u>(6,018)</u>	<u>(15,692)</u>
Less: Net loss attributable to the noncontrolling interests	546	158	1,306	223
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	<u>3,906</u>	<u>(12,798)</u>	<u>(4,712)</u>	<u>(15,469)</u>
Deemed dividend on Series A Convertible preferred stock	(4)	(5)	(14)	(15)
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	<u>\$ 3,902</u>	<u>\$ (12,803)</u>	<u>\$ (4,726)</u>	<u>\$ (15,484)</u>
INCOME (LOSS) PER COMMON SHARE - BASIC	<u>\$ 0.03</u>	<u>\$ (0.09)</u>	<u>\$ (0.03)</u>	<u>\$ (0.12)</u>
LOSS PER COMMON SHARE - DILUTED	<u>\$ (0.01)</u>	<u>\$ (0.09)</u>	<u>\$ (0.03)</u>	<u>\$ (0.12)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	<u>139,751,107</u>	<u>136,719,871</u>	<u>139,285,833</u>	<u>126,524,312</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	<u>254,167,793</u>	<u>136,719,871</u>	<u>139,285,833</u>	<u>126,524,312</u>

See notes to consolidated unaudited financial statements

<b>Reconciliation of Net Income (Loss) to Adjusted EBITDA - OPCO, Net of Non-cash expenses &amp; Transactional Costs.</b>				
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS, as reported	<u>\$ 3,906</u>	<u>\$ (12,798)</u>	<u>\$ (4,712)</u>	<u>\$ (15,469)</u>
<b>EXCLUDING NON-CASH ITEMS TRANSACTIONAL COSTS &amp; CORP EXP</b>				
<b>ADJUSTMENTS:</b>				
Stock compensation & warrant expense	28	183	75	906
Corp Expenses (Net of stock compensation & Transactional cost)	412	298	1,169	682
Legal and professional fees - transactional costs	579	110	1,968	488
Depreciation and amortization expense	1,540	611	2,514	1,204
Bad Debt	36	5	51	9
<b>OTHER ADJUSTMENTS:</b>				
Gain (loss) on derivative instruments	(6,827)	10,878	(7,835)	10,860
Loss on extinguishment of debt	-	-	5,480	-
Gain (loss) on settlement of debt	-	(150)	-	(347)
Other income (expense)	(2)	-	-	-
Interest expense	1,676	1,577	4,563	3,079
Income tax	167	63	285	122
Less: Net loss attributable to the noncontrolling interest	(546)	(158)	(1,306)	(223)
ADJUSTED EBITDA - OPCO	<u>\$ 969</u>	<u>\$ 619</u>	<u>\$ 2,252</u>	<u>\$ 1,311</u>
ADD-BACKS Expenses				
Corp Expenses net of stock compensation & Transactional cost	412	298	1,169	682
ADJUSTED EBITDA - INCOME	<u>\$ 557</u>	<u>\$ 321</u>	<u>\$ 1,083</u>	<u>\$ 629</u>