

DIGERATI TECHNOLOGIES, INC.

FORM 8-K (Current report filing)

Filed 01/13/22 for the Period Ending 01/13/22

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): **January 13, 2022**

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 7.01 Regulation FD Disclosure.

Digerati Technologies, Inc. (the “Company”) has prepared an investor presentation dated January 2022 (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 January 13, 2022, 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.

Investors and others should note that the Company routinely announces material information to investors and the marketplace using filings with the Securities and Exchange Commission (the “SEC”) and the Company’s Investors section of its website at <https://digerati-inc.com>. The information posted on the Company’s website is not incorporated by reference in this report or in any other report or document the Company files with the SEC. While not all of the information that the Company posts to the Investors section of its website is of a material nature, some information could be deemed to be material. Therefore, the Company encourages investors, the media and others interested in the Company to review the information it makes public in these channels.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Identification of Exhibit
99.1	Investor Presentation dated January 2022
99.2	Press Release dated January 13, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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: January 13, 2022

By: /s/ Antonio Estrada Jr.

Name: Antonio Estrada Jr.

Title: Chief Financial Officer



Digerati

Unified Communications as a Service (UCaaS)

INVESTOR PRESENTATION
January 2022



SAFE HARBOR

Digerati Technologies, Inc. | OTCQB: DTGI

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," "began," "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, through offerings of debt and 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 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



ABOUT DIGERATI TECHNOLOGIES

Digerati Technologies, Inc. | OTCQB: DTGI

3,100+
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

SKYNET TELECOM

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

Market Data

(as of 1/7/22)

Ticker (OTCQB)	DTGI
Price	\$0.11
Enterprise Value	\$35 million
LQA Revenue	\$15.1 million
LQA Adjusted EBITDA	\$1.268 million
Average Daily Volume	0.2 million shares

LQA = Last Quarter Annualized



INVESTMENT HIGHLIGHTS

Digerati Technologies, Inc. | OTCQB: DTGI



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



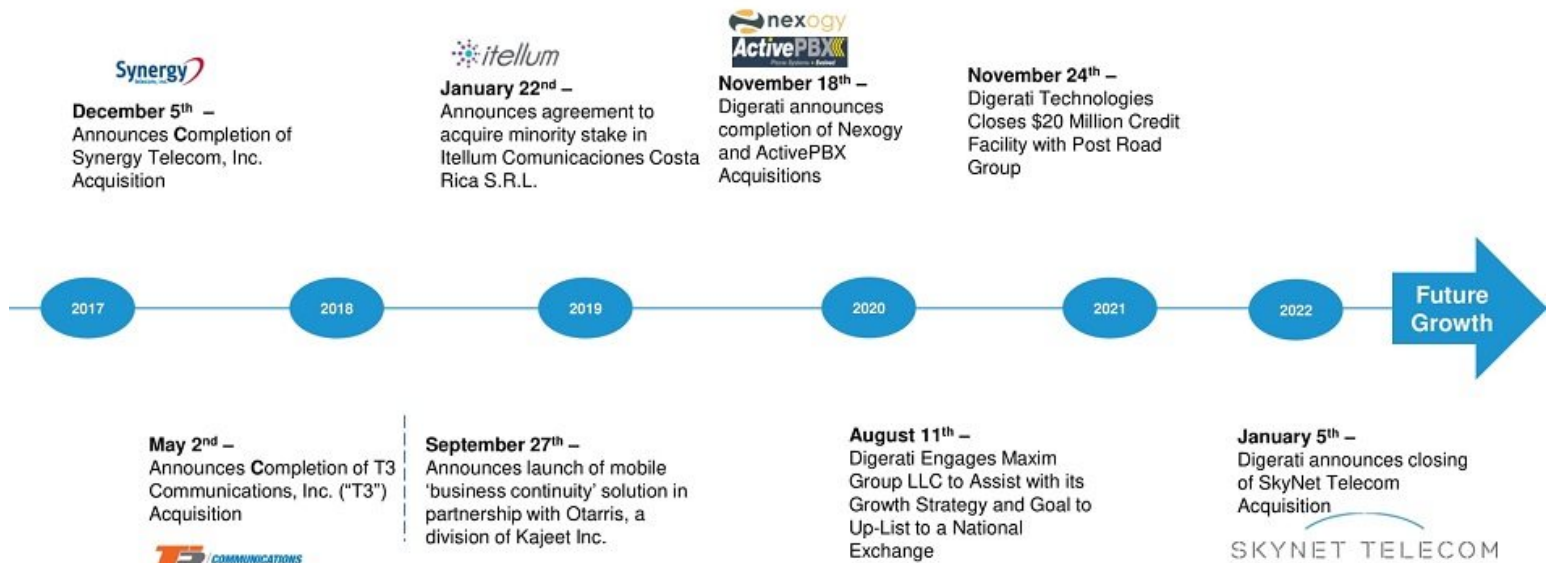
RECURRING REVENUE STREAMS

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



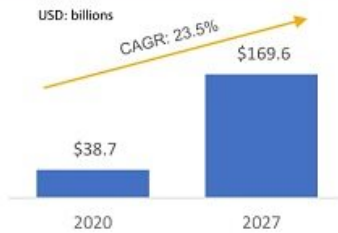
CORPORATE TIMELINE

Digerati Technologies, Inc. | OTCQB: DTGI





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



- 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. | OTCQB: 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

SKYNET TELECOM

- Texas-based provider of cloud communication and broadband solutions
- Expands service and support capabilities in the large and growing Texas market
- Executing go-to-market strategy in secondary and tertiary high-growth markets
- Adds 500 business customers and 5,000 total users

Transaction Rationale

- 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

\$11.5 Million

Annual Revenue
Contribution

\$1.5 Million

Annual EBITDA
Contribution

**3,100
Total Business
Customers**

**33,000
Total
Users**



DIGERATI IS EXECUTING ON A WELL-DEFINED GROWTH PLAN

Digerati Technologies, Inc. | OTCQB: 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


SKYNET TELECOM





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

**FINANCIAL
HIGHLIGHTS****Q1 Fiscal Quarter ended October 31, 2021**

- **143% increase** in revenue to \$3.777 million
- **\$15.1 million** LQA revenue
- **\$317K Adjusted EBITDA****
- **\$691K in OPCO EBITDA****

Fiscal Quarter Ended (\$000s)	October 31, 2021	October 31, 2020
Revenue	\$3,777	\$1,552
Net income (loss)*	\$2,419	\$(726)
Adjusted EBITDA**	\$317	\$58
Cash/Cash Equivalents Ending Balance	\$1,646	\$446

*For October 31, 2021 includes gain on derivative instruments of \$4,433 million, a non-cash income

**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
- Subsequent financing under facility funded acquisition of SkyNet Telecom
- 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.



COMPARABLE VALUATIONS

Digerati Technologies, Inc. | OTCQB: DTGI

DTGI trades at over a 45% discount Enterprise Value to Revenue multiple when compared to peer group average

in \$millions, as per 1/7/22 Company (Stock Symbol)	Enterprise		TTM	Operating P/L	Enterprise Multiples	
	Value	Revenue	Growth		Revenue	Operating P/L
ClearOne, Inc. (CLRO)	\$28	\$30.3	13%	(\$5.8)	0.9	NMF
Crexendo (CXDO)	\$107	\$23.4	48%	(\$1.9)	4.6	NMF
8x8 Inc. (EGHT)	\$2,270	\$581.3	18%	(\$151.3)	3.9	NMF
Lantronix (LTRX)	\$263	\$82.0	28%	(\$4.9)	3.2	NMF
Nextiva (private)	\$2,500	\$250.0	NA	NA	10.0	NA
Ooma (OOMA)	\$433	\$186.1	12%	(\$2.4)	2.3	NMF
Vonage Holdings (VG)	\$5,680	\$1,366.0	11%	\$30.7	4.2	185.0
Group Average			22%		4.2	185.0
Digerati Technologies (DTGI)	\$35	\$15.1	30%	\$1.2	2.3	29.2

*DTGI revenue based on last fiscal quarter annualized



SEASONED LEADERSHIP

Digerati Technologies, Inc. | OTCQB: 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 of \$615 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 \$615 million market value 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



Brian Asher
VP Channel Sales



Colin Anderson
Executive Director
MIS and
Technology



Jennifer Crisp
Controller and HR

Thank you!

Digerati Technologies,
Inc.
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San Antonio, TX 78216

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





Digerati Technologies Posts Updated Investor Presentation on its Corporate Website

SAN ANTONIO, TX (GlobeNewswire) – January 13, 2022 – – 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, announced today that it has posted its updated 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 another successful quarter with 143% revenue growth as reported on December 15, 2021, along with the acquisition of SkyNet Telecom announced on January 5, 2022, we have updated our investor presentation as listed on our corporate website. Management will periodically refresh the presentation 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), Nexogy (Nexogy.com), and SkyNet Telecom (Skynettelecom.net), the Company is meeting the global needs of small 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. The Company 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 and follow DTGI on LinkedIn, Twitter and Facebook.

Facebook: Digerati Technologies, Inc.

Twitter: @DIGERATI_IR

LinkedIn: Digerati Technologies, Inc.

Investors

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