

Digerati

Unified Communications as a Service

*Investor Presentation
January 2024*

DBA:

Verve[™]
Only in the Cloud[™]



Safe Harbor

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;
- 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 and privacy and protection of user data;
- 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.

Digerati Management Team



Craig K. Clement

Executive Chairman

25+ Years

Telecom, technology industry, and public company experience

Former COO,
XPEL, Inc.
(Nasdaq:XPEL)
2.3B Market Cap¹

Founding CEO,
GlobalSCAPE, Inc.
(NYSE: GSB)

Mr. Clement and Mr. Smith co-founded GlobalSCAPE, Inc. in 1996 as a start-up and wholly-owned subsidiary of DTGI (f/k/a ATSI Communications, Inc.), eventually taking it public via spin off to DTGI shareholders. GlobalSCAPE subsequently listed on the New York Stock Exchange American and was sold in 2020 for \$217.0M in an all-cash transaction²



Arthur L. Smith

Chief Executive Officer

31+ Years

Telecom, technology industry, and public company experience

14 Acquisitions

Completed in the telecom industry

Co-Founder,
GlobalSCAPE, Inc.
(NYSE: GSB)

Founded and launched DTGI (formerly ATSI Communications, Inc.) as international telecom business that reached a \$615 million market value on AMEX (AMEX: AI)



Derek M. Gietzen

President

20+ Years

Telecom, technology industry, and public company experience

5 Acquisitions

Completed in the telecom industry



Antonio Estrada

Chief Financial Officer

25+ Years

Telecom, technology industry, financial/accounting, and public company experience

7 Acquisitions

Completed in the telecom industry

17+ Years

Public company experience as CFO

¹ Market cap of XPEL, Inc. common stock as of 8/21/2023
² <https://www.globenewswire.com/en/news-release/2020/08/28/2085379/0/en/HelpSystems-Completes-Tender-Offer-to-Acquire-GlobalSCAPE-to-Grow-Data-Security-Portfolio.html>

Digerati at a Glance

Steady customer base

Average contract
24 Months with a monthly ARPU of \$614, contracting (4) services.

Business size
46 Employees with an average of 30 Hosted Seats/Lines

Sales cycle
6 Months with less than 1% turnover

Successful Track Record

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. (Received in 2001, 2008, 2009)

History of successful integrations from:



Financial Highlights

\$31.6M
Cloud and network services revenue for 12 months ended 7/31/2023

50,000
Business users¹

31% YoY
Revenue growth from FY2022 to 2023

400+
Channel partners¹

5,000
Business customers

\$50M
Enterprise value²

1. Digerati Closes Acquisition of NextLevel Internet | <https://www.globenewswire.com/en/news-release/2022/02/08/2380889/0/en/Digerati-Closes-Acquisition-of-NextLevel-Internet.html>
2. All public market data reflective of the close on: 08/18/2023
Source: All financial data from Capital IQ, Pitchbook and Company Filings

Only in the Cloud™

We provide a full suite of Unified Communications as a Service (“UCaaS”) products focused on serving the ‘high-touch’ small to medium-sized business (SMB) market in various industries.

Primary services sectors:



Real Estate



Professional Services



Banking



Municipalities



Financial Services



Healthcare

High-touch local footprint:



California¹

1st in nominal GDP
(\$3.5 Trillion in 2021)

Texas¹

2nd in nominal GDP
(\$2.1 Trillion in 2021)

Florida¹

4th in nominal GDP
(\$1.3 Trillion in 2021)

1. "GDP by State". GDP by State | U.S. Bureau of Economic Analysis (BEA). Bureau of Economic Analysis. Retrieved 26 March 2021. <https://www.bea.gov/sites/default/files/2022-06/gdpstate0622.pdf>

Well-Defined Investment Thesis



Highly experienced management team

Over 125 years of combined experience in the telecommunication and cloud communication services industry



Organic & acquisitive growth strategy

Rapid advancements in communications technology and business migration towards Internet-based communications systems are driving exponential market growth



Market insights

Knowledge and access to high growth potential markets provides unique opportunity to rapidly expand each business line



Recurring revenue streams

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

Diverse Client Base



Multifaceted Growth Initiative



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

- Continue to evaluate opportunistic and accretive acquisitions.
- Drive operational efficiencies to increase EBITDA.

M&A Strategy: Disciplined Approach in a Fragmented UCaaS Industry

Opportunities exist to acquire UCaaS providers:

- Enhancing solution portfolio
- Increase client base for cross-selling
- Increase distribution channels
- Expand management and technical expertise
- Increase cash flow

The UCaaS industry is highly fragmented and littered with many local/regional providers

- Identify and implement best practices of acquisition targets
- Potential to use public company stock currency in the future

Complementary to organic growth

- Acquire synergistic and cash flow positive companies
- Support by strong financial partner Post Road Group (PRG)
- Ability to replicate acquisition success of integration and re-energizing sales efforts



A History of Successful Accretive Acquisitions

\$0.7M

Annualized revenue

● **2017**
December 5th
 Digerati announces completion of Synergy Telecom, Inc. acquisition

\$6.0M

Annualized revenue

● **2018**
May 2nd
 Announces Completion of T3 Communications, Inc. ("T3") Acquisition

\$14.0M

Annualized revenue

● **2020**
November 18th
 Announces Nexogy, Inc. & ActivePBX Acquisitions, more than Doubling Annual Revenue to Greater than \$14 Million

+\$20.0M

Growth Capital

● **2020**
November 24th
 Digerati Technologies Announces \$20 Million Credit Facility with Post Road Group

\$18.5M

Annualized revenue

● **2022**
January 5th
 Digerati Announces Acquisition of SkyNet Telecom – Adds \$3.4M in Annual Revenue

\$33.0M

Annualized revenue

● **2022**
February 8th
 Digerati Announces Acquisition of NextLevel Internet – Adds \$13.0M in Annual Revenue

 Digerati Announces increase in size of PRG Credit Facility by \$10 Million

Acquisitions



- 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



- California based provider of cloud-based Unified Communications and Collaboration (“UC&C”), Contact Center, and Managed Connectivity services
- Expands reach of Digerati’s cloud communications and broadband solutions to include strong west coast presence
- Expected to be accretive to earnings and add over \$13 Million in annual revenue, increasing Digerati’s annualized consolidated revenue to \$31.5 Million
- Adds 1,000 business customers and 12,000 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 400 channel partners as conduit for sales growth.

Accretive M&A Outcomes / Improvements

\$33 Million
Annualized consolidated revenue¹

4,000
Total Business Customers¹

45,000
Total Users¹

1. Digerati Closes Acquisition of NextLevel Internet | https://www.sec.gov/Archives/edgar/data/0001014052/000121390022006475/ea155302ex99-1_digerati.htm

Products and Services – UCaaS Services

Well thought-out growth initiatives and accretive acquisitions have transformed Digerati into a full-service UCaaS platform, positioning the company for swifter market penetration at every angle.



Taking a full-service approach to its product portfolio:

UCaaS

- Voice, visual and mobile communications
- SMS and messaging
- Videoconferencing
- Audioconferencing
- Voicemail to email/text
- Mobility
- Call recording

Integration

- Microsoft Teams
- CRM
- NetSuite

Digital Oxygen

- Fiber/Wireless services
- 4G/5G connectivity
- SD WAN

CCaaS Services

- 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

Industry verticals include:

- Healthcare
- Restaurants/Hospitality
- Retail

U.S. and Global UCaaS Market: Facts and Figures

Market Stats¹

More Than 10 million SMB's in CA, TX and FL

– Significant segment of the market has not yet migrated to the cloud

Highly-fragmented market littered with cloud com providers

– National providers lack local touch and cause high customer churn while Incumbents provide inadequate support to SMB market

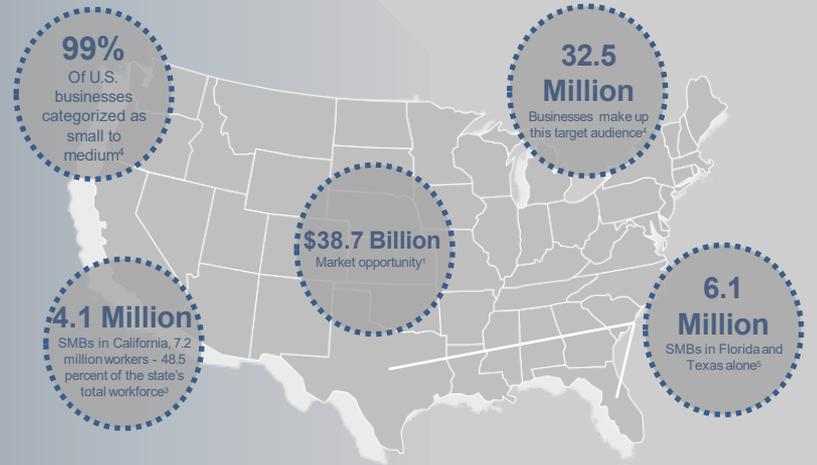
Bandwidth costs continue to drop for SMBs

– More bandwidth=improved cloud performance and provides additional ROI

Global UCaaS Market Growth (2021-2028)¹



Global CCaaS Market Growth (2020-2030)²



1. Unified Communication As A Service Market Report Scope <https://www.grandviewresearch.com/industry-analysis/unified-communications-as-a-service-market>

2. Grand View Research, inc. <https://www.grandviewresearch.com/press-release/global-contact-center-software-market>

3. Small Business Fact Sheet | chrome-extension://efaidnbnmnbbpcjpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Fwww.gov.ca.gov%2Fwp-content%2Fuploads%2F2020%2F09%2FSmall-Business-Fact-Sheet-9.9.20.pdf&clen=130226&chunk=true

4. 2021 U.S. Small Business Administration Office of Advocacy: chrome-extension://efaidnbnmnbbpcjpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Fcdn.advocacy.sba.gov%2Fwp-content%2Fuploads%2F2021%2F08%2F30143723%2FSmall-Business-Economic-Profile-

US.pdf&clen=2431253&chunk=true

5. OBERLO-No. of Small Businesses in the U.S. (2017-2022); <https://www.oberlo.com/statistics/number-of-small-business-in-the-us>

Favorable Trends in a Changing Landscape

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

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 of the industry shift by focusing on integration with CRM and other collaboration software

Industry shifting transaction



Vonage acquired by Ericsson¹
(Closed July 21, 2022)

Purchase Price: \$21 per share
 (Total: Approx. \$6.2 Billion in Cash)

Ericsson's acquisition marks Vonage's ascension to enterprise, forming a void in an already fragmented SMB market in need of a full-service cloud solution. Such vacancy provides a strategic opening for Digerati to expand and penetrate previously inaccessible markets

1. <https://www.ericsson.com/en/press-releases/2022/7/ericsson-completes-acquisition-of-vonage>

Competitive Landscape



<i>in \$millions, as per 1/11/24</i> Company (Stock Symbol)	Enterprise		TTM		Enterprise Multiples	
	Value	Revenue	Growth	Operating P/L	Revenue	Operating P/L
ClearOne, Inc. (CLRO)	\$30	\$18.6	-22%	(\$6.5)	1.6	NMF
Crexendo (CXDO)	\$125	\$50.5	52%	(\$0.9)	2.5	NMF
CSP (CSPI)	\$40	\$64.6	-8%	\$2.2	0.6	18.2
8x8 Inc. (EGHT)	\$830	\$737.2	17%	\$10.9	1.1	76.1
Lantronix (LTRX)	\$235	\$132.4	4%	\$1.3	1.8	180.8
Nextiva (private)	\$2,500	\$250.0	NA	NA	10.0	NA
Ooma (OOMA)	\$288	\$231.5	5%	\$7.4	1.2	38.9
RingCentral (RNG)	\$4,720	\$2,160.0	9%	\$31.0	2.2	152.3
Group Average			10%		2.6	93.3
Digerati Technologies (DTGI)	\$50	\$31.6	5%	\$4.5	1.6	11.1

Note: Information and opinions related to public or private companies, other than Digerati, presented in this presentation have been obtained or derived from sources that Digerati and its representatives believe to be reliable, but Digerati and its representatives makes no representation as to their accuracy or completeness. Digerati and its representatives accept no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such loss is caused by specific statutes or regulations applicable to it. This report is not to be relied upon in substitution for the exercise of independent judgment.

Financial Highlights

Annual Revenue & OPCO EBITDA
(\$ amounts in Thousands)



Source: All financial data from Capital IQ, Company Filings and press releases

1. FYE Revenues (unconsolidated) reflect the revenue numbers Digerati Technologies, Inc. reported in its 2022 10-K filings.
2. Pro-forma revenues (annualized and consolidated) reflects the total revenues recognized as a result of acquisitions made by the Company.

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Thank you

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